FINTREX finance

YOUR TRUSTED FINANCE PARTNER

# ACCELERATING FINANCE EMPOWERING FUTURES



Integrated Annual Report 2025/26

FINTREX finance

YOUR TRUSTED FINANCE PARTNER

# ACCELERATING FINANCE, EMPOWERING FUTURES

In a world that is changing and developing at a growing pace, keeping momentum is a winning attribute in the financial sphere. During the year under review, Fintrex Finance continued to accelerate its transformation through progress, combining digital innovation with disciplined execution to deliver financial solutions that are faster, smarter and more accessible.

Our investment in technology strengthened the foundations of our business, from modernising core systems and streamlining customer journeys to enhancing operational efficiency and data-driven decision-making. These advancements enabled us to respond to changing customer needs with greater agility, while maintaining the resilience and reliability expected of a trusted financial institution.

This progress has been guided by a robust governance framework that ensures accountability, transparency and prudent risk management remain central to every decision. At the same time, our commitment to financial inclusion continued to expand access to meaningful financial opportunities through innovative products designed to empower individuals, entrepreneurs and communities across Sri Lanka.

As we continue to embrace innovation while upholding the highest standards of governance and sustainable growth, we remain focused on creating lasting value for our customers, shareholders, employees and the wider community. Together, we are accelerating finance and empowering futures.

**Integrated Annual Report 2025/26**



We believe sustainable business success is achieved by balancing strong financial performance with social responsibility, environmental stewardship, and sound governance while rewarding our shareholders and delivering sustainable long-term value for all stakeholders.

## Chairman's Message

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At Fintrex, we believe that smart finance is not defined by growth alone. It is defined by the ability to grow responsibly, serve customers meaningfully, empower people, embrace technology, and build an institution that is resilient, trusted and future-ready.

## CEO's Review

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Annual Report
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# ACCELERATING FINANCE EMPOWERING FUTURES

## Sustainability, Governance and Risk

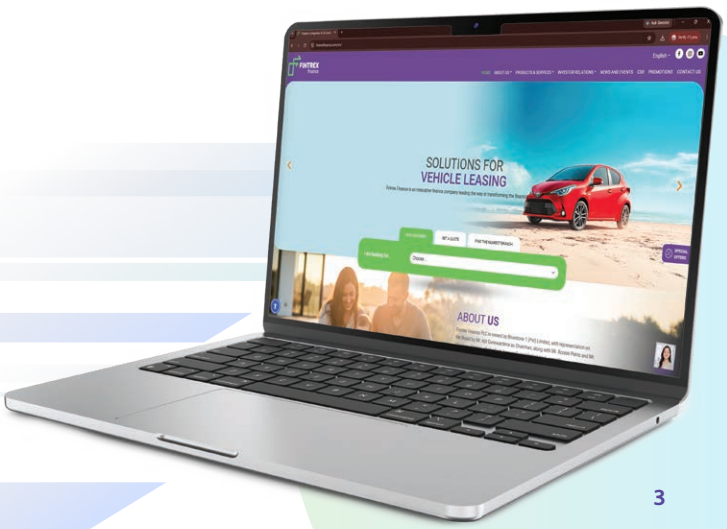

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# Introduction to Our Integrated Report

**We are pleased to present the fifth Integrated Annual Report of Fintrex Finance PLC (FFL/FFPLC or the Company) for the financial year 2025/26.**

**This Report provides a balanced and concise account of how the Company navigated a challenging operating environment to deliver sustainable value to its stakeholders. It offers insights into the operating landscape, governance framework, stakeholder value creation, financial performance, and the Company's response to evolving market dynamics.**




## Scope and Boundary

GRI 2-2, 2-3

The reporting period spans from 1 April 2025 to 31 March 2026, in accordance with our established annual cycle for financial and sustainability reporting. This Report considers internal operations and external factors influencing the organisation's value creation process. It addresses the material matters most relevant to stakeholders, providing a comprehensive, balanced, and transparent view of our performance and impact.

Fintrex Finance PLC operates as a Licensed Finance Company within the non-bank financial services sector. The Company's principal activities include lending and deposit mobilization. Its lending portfolio encompasses leasing facilities, vehicle loans, SME loans, gold loans, device finance, and other tailored credit solutions designed to meet diverse customer needs.
Fintrex maintains strong business relationships with strategic partners, including dealer and vendor networks for asset-backed financing, as well as collaborations with financial institutions to support funding diversification.

FFL has no affiliated entities, and accordingly, all financial information is fully and accurately reflected in the audited financial statements.

## Accessing This Report

The Annual Report will be published on the Colombo Stock Exchange (CSE) website as well as on our corporate website on 31 July 2026. The Annual Report for FY 2025/26, together with previous reports, is available under the "Investor Relations" section of the corporate website at **www.fintrexfinance.com**

## Target Audience

The Integrated Annual Report of FFL for FY 2025/26 is targeted to address the information needs of a diverse range of stakeholders. These include shareholders and investors, customers, employees, suppliers and business partners, regulators, as well as the wider community and the environment.

## Reporting Excellence

The excellence of our reporting reflects our ongoing commitment to transparency, integrated thinking, and high standards of corporate disclosure. Progressive recognition over the years demonstrates continuous enhancements in report quality, closer alignment with global best practices, and a clear articulation of our value creation journey.

## Forward-Looking Statements

This Integrated Annual Report may contain forward-looking statements intended to enhance the future orientation of the Report. Such statements are based on information available at the time of preparation, including reliable publicly available data, internal information, and our current perceptions and assumptions.

Given the inherently volatile and unpredictable nature of the financial markets and operating environment, actual outcomes may differ materially from those expressed or implied in these forward-looking statements. We recognise that unforeseen events and disruptions may impact the achievement of anticipated milestones, and while every effort has been made to ensure the reliability of the information presented, no assurance can be given that future results will align precisely with expectations.

Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, as they involve risks and uncertainties that may cause actual performance or results to differ significantly from those anticipated.

## Restatements of information

GRI 2-4, 2-6

There were no restatements of audited financial, non-financial, or sustainability information reported in the previous year, as no material changes were identified that required restatement. There were no significant changes to the ownership structure or business operations that required retrospective adjustment during the reporting period.

## Applying Integrated Thinking

This Report highlights our application of integrated thinking across our organisational activities, adopting a cohesive and holistic approach to value creation that supports informed and balanced decision making. In doing so, we align stakeholder interests with our strategy, capitals, business model, risk management, governance, performance, inputs, outputs, and outcomes. This integrated perspective enables a deeper understanding of the interdependencies across the business, supporting a more connected, resilient, and future-focused organisation.

## Reporting Frameworks

Below is a full list of frameworks and guidelines used in preparing this Report.

### 1 Financial Reporting Frameworks

- Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRSs) and Lanka Accounting Standards (LKASs) issued by CA Sri Lanka
- Companies Act No. 07 of 2007
- Finance Business Act No. 42 of 2011
- Listing Rules of the Colombo Stock Exchange (CSE)

### 2 Corporate Governance and Regulatory Frameworks

- Finance Business Act Direction No. 05 of 2021on Corporate Governance issued by Central Bank of Sri Lanka
- Listing Rules of the Colombo Stock Exchange (CSE), including the revised Section 9 which was issued in August 2023
- Companies Act No. 07 of 2007 and amendments thereto
- Directions issued under Finance Business Act No. 42 of 2011

### 3 ESG and Sustainability Reporting Frameworks

- Global Reporting Initiative (GRI) standards - 'In Accordance with the GRI Standards' issued by the Global Sustainability Standards Board
- United Nations Sustainable Development Goals (SDGs)
- Guideline on Environmental, Social and Governance (ESG) Reporting issued by the Colombo Stock Exchange (CSE)
- Disclosure on Gender Parity Reporting issued by CA Sri Lanka

### 4 Integrated Reporting Frameworks

- The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- A Preparer's Guide to Integrated Reporting issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

### 5 Assurance

- Sri Lanka Auditing Standards (SLAuSs)
- Sri Lanka Standard on Assurance Engagements (SLSAE) 3000; Assurance Engagements other than Audits or Review of Historical Financial Information, issued by CA Sri Lanka

## Assurance

GRI 2-5

We have adopted a combined assurance framework to ensure the accuracy, completeness, and reliability of the financial and non-financial information presented in this Integrated Annual Report.

| Area of Assurance | Level of Assurance | Assurance Provider | Reference |
|---|---|---|---|
| Financial statements | Reasonable Assurance | External Auditors Messrs Ernst & Young | Independent Auditor's Report – Page 296 |
| Information Presented in accordance with GRI Standards. | Limited Assurance | Messrs Ernst & Young | Independent Practitioner's Assurance Report – Page 178 |
| Director's Statement on Internal Control | Independent Assurance | Messrs Ernst & Young | Independent Assurance Report– Page 294 |
| Other Non-Financial Content | Initial Verification | Respective Department Heads | Internal review |

## Our Guiding Principles

### Connectivity
This Report presents a holistic view of our value creation over time by demonstrating how the various capitals are utilised and interconnected within its business model.

### Strategic Focus and Future Orientation
The Report provides a comprehensive review of our strategy and our contribution to long-term value creation, with a clear emphasis on future opportunities, challenges, and prospects.

### Stakeholder Engagement
The Report offers insights into how we identify, engage with, and respond to the needs and concerns of its stakeholders.

### Materiality
We have identified and disclosed material matters that significantly influence our ability to create value over the short, medium, and long term.

### Conciseness
The Report delivers a clear, focused, and easy to understand narrative, presenting essential information in a manner that is accessible and meaningful to stakeholders.

### Reliability and Completeness
The Report provides timely, accurate, and balanced information, covering both positive and negative impacts and outcomes for the financial year. The reliability of the information is supported through internal controls and independent external assurance.

### Consistency and Comparability
The Report presents information that is consistent over time, enabling meaningful comparison of performance across reporting periods.

| Capitals | Stakeholders | Strategic Initiatives |
|---|---|---|
| Financial Capital | Employees | Digital Transformation and Innovation |
| Human Capital | Customers | Portfolio Diversification and Responsible Growth |
| Manufactured Capital | Community | Customer Experience & Market Expansion |
| Intellectual Capital | Business Partners | Partnerships Development |
| Social and Relationship Capital | Shareholders and Investors | Brand Building, Marketing & Community Engagement |
| Natural Capital | Regulators | People, Culture & Organisational Excellence |
| | | Corporate Social Responsibility (CSR) & Sustainability |

## Board Responsibility Statement

GRI 2-14

The Board of Directors of Fintrex Finance PLC, bearing ultimate responsibility for the accuracy of the Integrated Annual Report, affirms to all stakeholders that due consideration of materiality was a paramount focus during the Report's preparation. While we have presented the Company's value creation process through the six-capital reporting framework, we have also voluntarily adhered to the GRI standards, UN SDGs and several other sustainability standards in disclosing our sustainability commitment during the reporting period. Therefore, the Report presents a comprehensive review of the matters that are most material to the Company, stakeholder considerations and the strategies in place to drive sustainable progress.

The Board is committed to ensuring this Report provides an honest and comprehensive reflection of FFL's progress during FY 2025/26. This dedication to transparency and accountability underscores the Company's ethos of reporting of its performance without omissions. In addition, Independent Assurance on the Financial Statements for the year ended 31 March 2026 have been provided by the Company's external auditors, Messrs. Ernst & Young Chartered Accountants, which form an integral part of this report.

Signed on behalf of the Board of Directors,

**Jayathilake Bandara**
*Chief Executive Officer*

## Feedback & Inquiries

GRI 2-3

We are committed to continually enhancing our reporting practices and welcome feedback that can help improve the quality and usefulness of future reports. Please share your suggestions or comments with us:

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Dr Danister De Silva Mawatha,
Colombo 14.
E-mail : shivanthi@fintrexfinance.com
Telephone : 0117 200 100

Overview

# About Fintrex Finance

GRI 2-1

**Fintrex Finance PLC, is a progressive, customer-centric, non-bank financial institution committed to expanding access to responsible finance and supporting Sri Lanka's economic development. Anchored by a strong financial foundation, an expanding digital ecosystem, and a clear focus on financial inclusion, we are well positioned to accelerate sustainable growth while delivering meaningful and long-term value to our stakeholders.**

Incorporated in 2007, Fintrex Finance PLC is a Registered Finance Company regulated by the Central Bank of Sri Lanka, operating in compliance with all applicable financial and leasing regulations. Over the years, we have established a strong presence in the domestic non bank financial services sector through robust governance frameworks, prudent risk management practices, and an unwavering commitment to regulatory integrity.

Fintrex Finance PLC (FFL) is owned by Bluestone 1 (Pvt) Limited, a Special Purpose Entity (SPE) backed by a consortium of internationally recognized investors. The majority stake of 70% is held by the HWIC Asia Fund, while Amaliya (Pvt) Ltd and Rosewood (Pvt) Ltd collectively own 24% of the Company's equity. The remaining 6% shareholding is distributed among other investors.

The Board of Directors benefits from the expertise and strategic guidance of distinguished corporate leaders, including Mr. Ajit Gunewardene, Chairman, Mr. Ronnie Peiris, and Mr. Shantanu Nagpal, who represent the Company's investor base and bring extensive experience across diverse industries.

The Company's registered office is situated at No. 851, Dr. Danister De Silva Mawatha, Colombo 14. At present, Fintrex Finance PLC conducts all its operations within Sri Lanka, focusing exclusively on serving the domestic market through its range of financial products and services.

We offer a diversified portfolio of financial solutions, including leasing, savings, fixed deposits, SME loans,gold loans, device financing, and green financing. With a strategic emphasis on empowering small- and medium-sized enterprises, widely recognised as the backbone of the national economy, we play a meaningful role in fostering entrepreneurship, strengthening financial resilience, and promoting inclusive economic growth.

Digital innovation remains a key enabler of our strategy. By leveraging technology to enhance operational efficiency, accessibility, and customer experience, we continue to meet the evolving expectations of a digitally savvy customer base while contributing to a reduced environmental footprint.

The brand name "Fintrex" reflects the spirit of financial entrepreneurs and experts, embodying a culture defined by agility, decisive action, and adaptability. This mindset enables us to deliver impactful, forward-looking financial solutions that support the long-term financial wellbeing of individuals and businesses alike.

At the core of our success is our skilled and committed workforce. Through continuous learning, employee engagement, and leadership development, we empower our people to better understand customer needs and contribute meaningfully to value creation, reinforcing our position as one of Sri Lanka's most trusted and forward-looking financial institutions.

During FY 2024/25, we achieved a defining milestone by issuing Sri Lanka's first-ever high yield bond, raising Rs. 1 billion and securing its listing on the Colombo Stock Exchange. This landmark achievement underscored our innovation and market leadership and marked our successful transition into a Public Limited Company as Fintrex Finance PLC.



# Vision

## Be within the top 5 financial solution providers by creating value to everyone we engage with.

# Mission

**Create Value to:**

Our customers by offering services at their convenience through innovative technology.

Our staff by developing and empowering to offer superior service.

Our shareholders by optimizing returns.

Our society by committing good governance.

Our nation by contributing to their wellbeing.

# Values

| | |
|---|---|
| **F**airness | We treat people equitably |
| **I**nnovation | We seek creativity in everything we do |
| **N**urture | We develop our employees and customers |
| **T**ransparent | We will be open and honest in all our dealings |
| **R**espect | We treat all individuals with dignity |
| **E**levate | We help in uplifting the social wellbeing of our nation |
| **X**enial | We are sincere to all our stakeholders |

# Our Socio-economic Impact

GRI 203-2

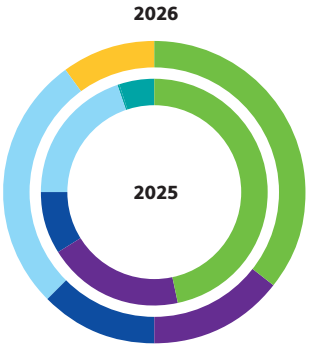
At Fintrex Finance PLC, we are committed to creating positive socio economic impact across Sri Lanka. Our sustainability initiatives are aligned with the Global Reporting Initiative (GRI) Standards, ensuring transparency, accountability, and consistency in how we measure and report our performance. This section outlines our efforts and achievements across key areas of socio economic development, reflecting our longstanding commitment to sustainable growth and community well-being.

Our purpose extends beyond financial intermediation to advancing inclusive and sustainable economic progress. We recognise the vital role the non-banking financial services sector plays in strengthening economic resilience and shaping a nation's long-term development. Through focused initiatives that deepen financial inclusion, simplify and enhance digital transaction experiences, empower communities, and promote environmental stewardship, we contribute meaningfully to Sri Lanka's economic growth while creating sustainable long-term value for all our stakeholders.

## Economic Value Added

In line with GRI 201-1, we focus on creating and delivering sustainable economic value for our stakeholders. Our strong financial performance contributes meaningfully to the national economy through taxes, dividends, and reinvestments, while also enabling continued support for community initiatives and development projects. This commitment to economic value creation is embedded in our strategic investments, disciplined capital allocation, and sustainable business practices.

### Economic Value Distributed




| | 2026 | 2025 |
|---|---|---|
| To Depositors and Lenders | 35.81 | 46.75 |
| To Employees | 14.37 | 19.45 |
| To the Government | 12.56 | 9.00 |
| To Suppliers | 27.35 | 19.73 |
| To the Community | 0.09 | 0.17 |
| Economic Value Retained | 9.82 | 4.90 |

## Sustainable Employment Generation

We foster a supportive work environment that encourages continuous learning and professional growth, supported by structured training programmes aligned with GRI 404-2. Beyond our workforce, we promote job creation, entrepreneurship, and innovation by strategically directing capital towards sectors that enhance productivity and generate long-term, sustainable employment.

**A registered practical training institution of ICASL, supporting the development of future finance professionals**

Rs. 966.79 Mn
**Salaries and benefits paid to employees**

16,003
**Total Training Hours**

Rs. 5.72 Mn
**Investment in employee training and development**

## Uplifting Communities

Our Corporate Social Responsibility (CSR) initiatives are designed to uplift communities and enhance the quality of life across Sri Lanka. In line with GRI 413-1, we engage with local communities to understand their needs and deliver targeted programmes in health, education, social welfare, infrastructure, and youth development. These initiatives have positively impacted thousands of lives, fostering social cohesion, inclusive development, and long-term socio economic resilience.

Rs. 6.09 Mn
**Investment in CSR**

Beneficiaries
**Students 550+**
**General Public**
**Local Sports Community**

### Empowering Women and Promoting Gender Equality

We support women's economic empowerment by expanding access to finance, delivering entrepreneurship support, and investing in leadership development programmes. In line with GRI 405-1, we foster an inclusive workplace that values diversity, promotes equal opportunity, and enables all employees to realise their full potential.

| 26.32% | LKR 7,828 Mn |
|---|---|
| **Women customers** | **Value of loans disbursed to women** |

### Regional Economic Development

We support local businesses and entrepreneurs by providing financial and advisory support aligned with GRI 203-1, contributing to infrastructure development and regional economic growth. Through these efforts, we help create sustainable livelihoods and reduce economic disparities within local communities.

| 17 | Support to 42.07% |
|---|---|
| **Branches** | **of business outside Colombo** |

### Supporting SMEs and Entrepreneurship

We support the growth of Small and Medium Enterprises (SMEs) through tailored financial solutions and advisory services. In line with GRI 203-2, these efforts promote entrepreneurship, economic inclusion, and sustainable development, contributing to job creation and long-term economic resilience.

| LKR 943 Mn | 54 |
|---|---|
| **Loans granted to the SMEs** | **No. of SME Customers Supported** |

### Sustainable Procurement and Local Supplier Engagement

Our procurement policies are designed to ensure ethical sourcing and environmental sustainability. In line with GRI 204-1, we aim to create positive social and economic impacts through our supply chain management. By working closely with local suppliers, we help build their capacity and promote fair trade practices.

| 52 | LKR 480 Mn |
|---|---|
| **Newly registered suppliers** | **Payments to Local suppliers** |

### Ethical Business Practices and Anti-Corruption Measures

We uphold robust anti-corruption measures and strict compliance with legal and regulatory requirements, reinforcing our commitment to ethical business practices. Through strong corporate governance and transparency, we strive to maintain the highest standards of integrity across all stakeholder engagements.

| Anti-Bribery and Anti-Corruption Policy | 224 |
|---|---|
| | **Training Hours** |

## Managing Indirect Economic Impacts

GRI 3-3

At Fintrex, we manage our indirect economic impacts by promoting financial inclusion, supporting entrepreneurship, and improving access to finance for underserved individuals, SMEs, and micro-enterprises. Through responsible lending, tailored financial solutions, and customer education initiatives, we empower businesses and individuals to achieve sustainable growth, create employment opportunities, and enhance economic participation. Our continued engagement with local communities contributes to economic development and social well-being. By enabling customers and businesses to thrive, we create a positive ripple effect that supports stronger communities and a more resilient economy.

# Historical Milestones

## 2012

**FEBRUARY**
Received the finance license from Central Bank of Sri Lanka to commence finance business

**OCTOBER**
Opening of the Head office premises by Governor of Central Bank of Sri Lanka
A N Cabral & Group Chairman D H S Jayawardena & commenced business operations

## 2013

**MAY**
The Company was rated Fitch A+(lka)

**SEPTEMBER**
Opening of first Branch in Kurunegala by Group Chairman - Deshamanya D H S Jayawardena

**NOVEMBER**
Opening of Matara branch

## 2014

**MARCH**
Opening of Kandy branch
Rights Issue of Rs. 650 Mn
SLITAD People Development Award 2014 Bronze Winner

**JULY**
Opening of Negombo branch

**OCTOBER**
First Foreign Currency Loan of USD 10Mn

## 2015

**MARCH**
Recorded PBT of Rs. 100 Mn and Total Assets reached to Rs. 5 Bn

**AUGUST**
Opening of Kiribathgoda Service Center
Opening of Kegalle branch

**OCTOBER**
Relocation of Kandy branch

## 2016

**MARCH**
Opening of Kuliyapitiya Branch

**NOVEMBER**
Opening of Gampaha Branch

**DECEMBER**
Opening of Kaluthara Branch

## 2018

**APRIL**
Change of ownership- Acquired by Bluestone 1 (Pvt) Ltd

**SEPTEMBER**
Name changed to Fintrex Finance Limited

## 2019

**JANUARY**
Opening of Dambulla Branch

**MARCH**
Recorded PBT of Rs. 200 Mn and Total Assets reached to Rs. 8 Bn

## 2020

**FEBRUARY**
Opening of City Branch

**JUNE**
Rating upward from Fitch B (lka) to B+ (lka)

## 2021

**MAY**
Branch relocation - Kiribathgoda

**JUNE**
The Fastest Growing Finance Company
Awarded 'Great Place to Work' Certification

**MARCH**
Recorded PAT of Rs. 327.5 Mn and Total Assets reached to Rs. 12.6 Bn

New Branches
Galle - November 2021
Malabe - February 2022
Maharagama - February 2022
Pettah - March 2022

## 2022

**MAY**
Awarded 'Great Place to Work' Certification

**JUNE**
Opening of Nugegoda Branch

**DECEMBER**
Won the Bronze Award (NBFI -Total group assets up to 20 Bn) at the Annual Reports TAGS awards.

**AUGUST**
Recognized as Most Respected Entities - LMD

New products launched- Dream Planner, Over Drive, Flexy Fix and Gold Purchase loan

## 2023

**AUGUST**
Recognized as Most Respected Entities - LMD

**DECEMBER**
Won the Bronze Award (NBFI Sector - total group asset up to Rs. 20Bn) at the Annual Report TAGS Awards.

**MARCH**
Awarded Great Place to Work Certification.

Relocation of Kurunegala Branch.

Relocation of City Branch and renamed as "Signature Branch".

Recorded PAT of Rs. 110Mn and total asset and deposit base reached to Rs. 15Bn and Rs. 6.3Bn respectively.

Introduced new product Fintrex Smart Phone Loan, Fintrex Study Pulse, Fintrex Solar Loan and re-branded agriculture loan scheme as Fintrex AgriNex.

## 2024

**MAY**
Launched Island-Wide Mobile Financing Solution

**AUGUST**
Credit rating was upgraded from B+ to BB- by Fitch Ratings

**SEPTEMBER**
Relocation of Kuliyapitiya Branch

**NOVEMBER**
Relocation of Gampaha Branch

**DECEMBER**
Honored with the Silver Award at Annual Report Tags Awards Ceremony (NBFI Sector -Total Group Assets up to Rs. 25 Bn).

**JANUARY**
Credit rating was upgraded from BB- to BB by Fitch Ratings

**FEBRUARY**
Issued Sri Lanka's First High-Yield Bond worth of Rs. 1Bn

**MARCH**
Legal Status of the Company has been changed to "Public Limited Company (PLC)" on 26th March 2025.

## 2025

**June 2025**
Honoured the CRIB Data Management and Compliance Award 2025

**July 2025**
Awarded Great Place to Work Certification.

**August 2025**
Expanded the branch network with the opening of Piliyandala Branch

Recognised as Most Respected Entitites - LMD

Relocation of Kandy Branch

**September 2025**
Launched Laptop Financing

**October 2025**
Commenced the Core Banking System migration through a strategic Partnership with APTS and Craft Silicon

**December 2025**
Strengthened the capital base through a Rs. 500 million Tier II capital infusion

**February 2026**
Honored with the Silver Award at Annual Report TAGS Awards Ceremony (NBFI Sector -Total Group Assets up to Rs. 25 Bn).

**March 2026**
Recorded the highest profit of Rs. 660 Mn with total assets and deposit base reaching Rs. 31 Bn and Rs. 13Bn respectively.

# Highlights of the Year at a Glance

### A Year of Record-Breaking Profits

We achieved a record-breaking financial performance, reporting a historic profit that reflects our strong business growth, disciplined financial management, and the effective execution of our strategic initiatives. This milestone underscores our continued focus on delivering sustainable value and strengthening our market position.

### Recognition for Excellence

We were honoured to receive the Silver Award at TAGS Annual Report Awards Ceremony for the NBFI sector (Total Group Assets up to Rs. 25 billion) organized by Institute of Chartered Accountants of SL, recognizing our commitment to transparency, accountability, and excellence in reporting. This achievement reflects our strong governance standards and stakeholder-focused approach.

### Expanding Our Footprint

Strengthened our market presence with the opening of our Piliyandala branch, marking a key milestone in our continued growth and expansion journey.

### Empowering People. Enabling Excellence.

Recognizing our unwavering commitment to fostering an inclusive, engaging, and high-performance workplace culture, we were certified as a Great Place to Work® for the fourth consecutive year. This milestone highlights our focus on employee well-being, continuous learning, and creating an environment where people can grow, collaborate, and perform at their best.

### Empowering Digital Access Through Smart Financing

Enhanced our portfolio of innovative solutions with the launch of laptop financing, promoting digital access and empowering individuals and businesses to embrace technology.

### A Recognition of Trust and Respect

Recognized among Sri Lanka's Most Respected Entities by LMD, this achievement reflects our steadfast commitment to integrity, ethical business practices, and sustainable value creation. It underscores the trust placed in us by our stakeholders and our dedication to delivering excellence while creating a positive impact on customers, communities, and the broader economy.

### Strengthening Trust Through Data Stewardship

Awarded the CRIB Data Management and Compliance Award, this recognition highlights our strong data governance framework and disciplined approach to information management. It showcases our ability to maintain high standards of data quality, regulatory adherence, and operational reliability in an increasingly data-driven environment.


















Daily FT

## FINTREX Finance joins Hambantota Tuskers in historic Ceylon Golf League partnership



In a landmark moment for Sri Lankan golf, FINTREX Finance PLC has signed a three-year partnership with the Hambantota Tuskers, one of the eight franchises of the inaugural Ceylon Golf League (CGL). The announcement, made at the Royal Colombo Golf Club last week, marks a significant step in elevating golf in the country.

unique identity and roster, will compete to showcase the finest golfing talent the nation has to offer.

The Hambantota Tuskers, owned by visionary Tech Entrepreneur Sanjeewa Wickramanayake, Rohan Amirthiah, Avancka Herat – a distinguished group of shareholders – managed by Chandana Weerasinghe,

The team comprises a plethora of talented gentlemen and ladies' golfers, each with extensive experience and numerous accolades to their names. Their combined expertise, international exposure, and competitive spirit promise a high-octane display of skill and determination, setting the stage for a thrilling first season.

Fintrex Finance, a licenced non-bank financial institution in Sri Lanka regulated by the Central Bank, this partnership symbolises a powerful alignment of sporting excellence and financial empowerment. With a comprehensive portfolio of financial solutions-including leasing for four-wheelers, three-wheelers and motorbikes, gold loans, SME and business loans, mobile and laptop loans, as well as savings and fixed deposits-Fintrex has earned a reputation as a fast, flexible, and customer-focused financial partner. Supported by strong international and local investors, the company continues to drive innovation, responsible lending, and accessibility through its expanding island-wide branch network and robust digital platforms.

Fintrex Finance Chairman Ajith Gunawardane highlighted the shared vision of both organisations in fostering the sport and creating new opportunities for players. CEO/General Manager Jayathilake Bandara affirmed that the partnership is poised to deliver long-term benefits to both the sporting community and the business sector.



# Awards and Accolades


















# Our Product Lines

## Leasing & Vehicle Financing

FINTREX easy ලීසිං

A vehicle financing solution designed to support individuals and businesses in acquiring vehicles without financial strain. It offers affordable and convenient installment plans with flexible terms, tailored to suit diverse customer needs and vehicle types.

FINTREX Vehicle Loan

A swift and reliable financing option designed to facilitate the purchase of brand-new or reconditioned motor vehicles, offering manageable repayment structures that align with the borrower's financial capacity.

FINTREX smart Draft

A highly flexible vehicle finance option that provides the convenience of monthly interest repayments. It is structured to accommodate specific cash flow requirements, offering borrowers more control over their financial commitments.

FINTREX OVER DRIVE

A flexible credit facility that provides an additional cash reserve through a single application. It allows for multiple drawdowns within a pre-approved limit, helping customers manage cash flow, handle unexpected emergencies, or seize timely bargains. Capital repayments can be made during the tenor to reduce the overall liability, making it an ideal financial tool for both individuals and businesses.

## Business & Corporate Financing

FINTREX Business Loans

A business financing facility designed to provide structured funding for medium to long-term needs. This includes acquiring assets such as property, vehicles, and machinery, as well as supporting business expansion and operational improvements. The facility offers defined repayment periods and flexible terms tailored to suit the specific requirements of different clients.

FINTREX Revolving Loan

A flexible facility that provides customers with an additional cash reserve through a single application. It allows for multiple drawdowns within a pre-approved credit limit, helping individuals and businesses manage varying cash flows, handle emergencies, or take advantage of timely opportunities. Customers can make capital repayments during the tenor to reduce their liability, making it an ideal and manageable financial tool.

FINTREX SOLAR LOAN

A financing solution catering to residential consumers, corporate entities, and Small and Medium Enterprises (SMEs). This loan enables customers to invest in solar energy solutions, helping them drive sustainable development, significantly reduce operational costs, and bolster their Corporate Social Responsibility (CSR) initiatives.

# Our Product Lines

## Fixed and Savings Deposits

FINTREX විශ්වාස
ස්ථාවර තැන්පතු ගිණුම

Vishwasa Fixed Deposits offer an excellent opportunity for individuals and corporates looking to enhance their financial security while earning attractive returns. Meticulously designed with a focus on the safety of the investments, this product caters to a wide audience. At Fintrex, we understand that each customer has unique financial goals, which provides a range of flexible deposit options tailored to meet diverse preferences and timelines. Available in terms ranging from 1 month up to 60 months, Vishwasa caters to both short-term and long-term financial planning needs. This flexibility enables savers to confidently allocate funds for specific projects, educational plans, or future expenses.

FINTREX ප්‍රවිශ්ධ
ළමා ඉතිරිකිරීමේ ගිණුම

Invest in child's future with savings that flourish. The Pravishta Account is thoughtfully designed for children aged 10 and above, offering highly attractive interest rates to help their savings grow steadily, building a strong and secure financial foundation for their future.

FINTREX ශ්‍රේෂ්ඨ
ජ්‍යෙෂ්ඨ පුරවැසි ගිණුම

At Fintrex, we honour our senior citizens who have played a vital role in shaping the future and empowering generations to thrive, succeed, and enjoy life. In recognition of these invaluable contributions, we offer exclusive, higher interest rates on savings accounts designed specifically for senior citizens. Our ultimate goal is to ensure that the customer continue to benefit from hard-earned savings, providing the financial stability needed to enjoy a comfortable and fulfilling life ahead.

FINTREX විශිෂ්ට
සාමාන්‍ය ඉතුරුම් ගිණුම

The Fintrex Vishishta Savings Account offers attractive interest rates and valuable benefits. Vishishta provides an ideal opportunity to begin journey toward a stable financial future. Individuals aged 18 and above are invited to start their savings journey with a minimum initial deposit of just Rs. 1,000.

FINTREX FleXy Fix Deposit

The Fintrex Flexy Fix Money Market Savings Account is aimed at corporates, High Net Worth Individuals (HNWIs), and SMEs seeking a product that offers superior fund management capabilities for short-term investments, assuring direct returns. Built on the promise of 'higher returns for a shorter period,' Flexy Fix provides the flexibility needed to manage short-term investments at convenience. Customers enjoy enhanced interest rates, daily interest accrual, and the freedom to make withdrawals at any time without compromising their investment potential.

FINTREX DreamPlan
Investment account

At Fintrex, we believe in helping customers plan for the future and supporting the journey toward dreams. A Dream Planner account is a tailored savings solution for customers who need a structured plan to reach their goals and aspirations. It enables customers to commit to a fixed monthly savings amount, ensuring disciplined savings towards their desired financial goals. With a guaranteed interest rate on savings, a customer can select the plan that brings dreams to life.

**Features**:

- Guaranteed interest rate
- Investment plans ranging from Rs. 100,000 up to Rs. 10 million
- Flexible savings tenors ranging from 1 to 5 years
- Flexible investment plans designed to support individual financial aspirations
- Option for premature account closure subject to applicable terms and conditions

## Device Financing

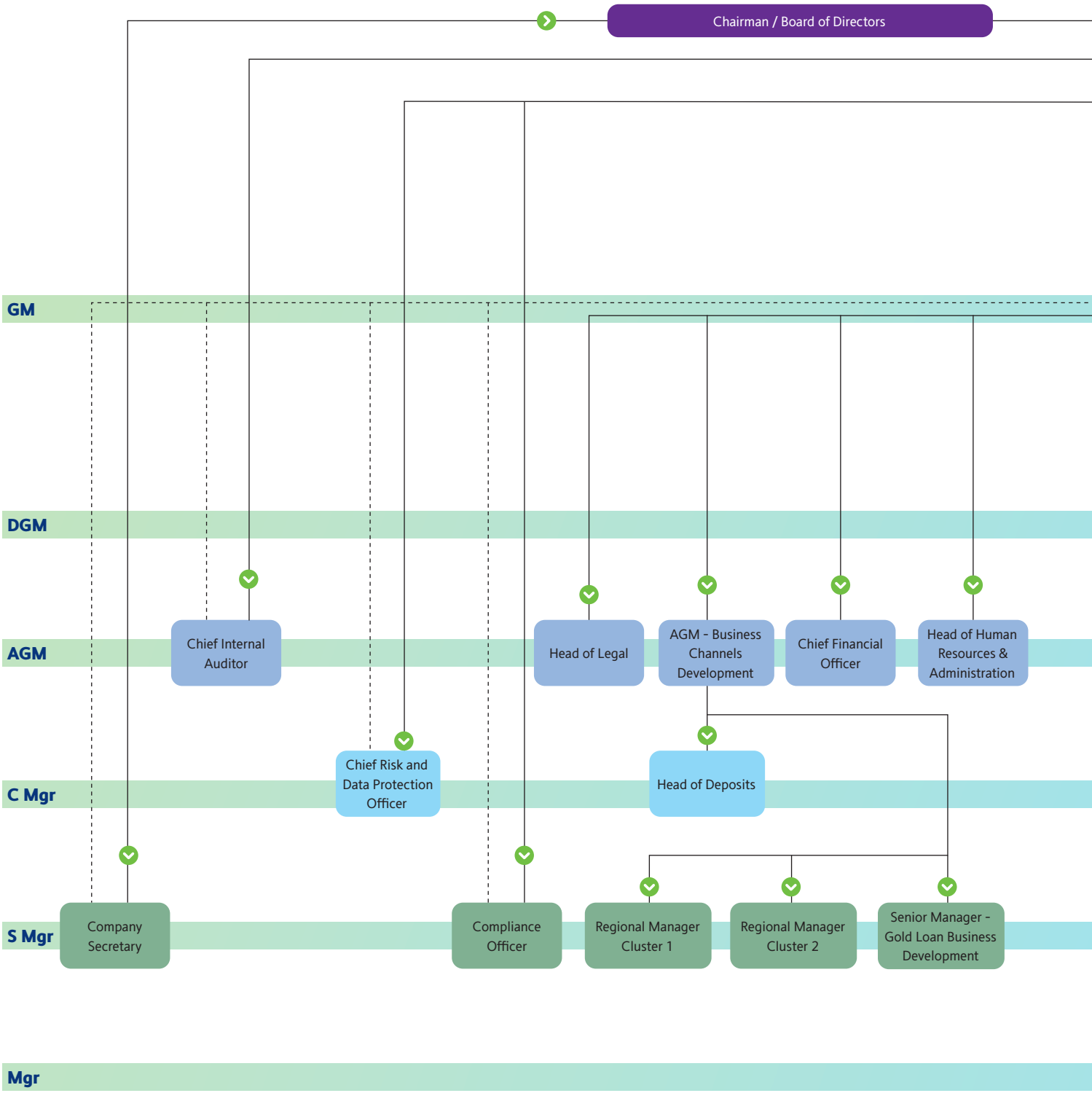
The Fintrex Mobile Loan is a convenient financing solution that makes the latest smartphones and mobile technology accessible without the burden of high upfront costs. By offering flexible, easy installment plans, customers can purchase their desired devices immediately and spread the expense over a comfortable period. With manageable monthly payments, this facility allows the customer to upgrade tech and stay connected without straining daily cash flow or savings.

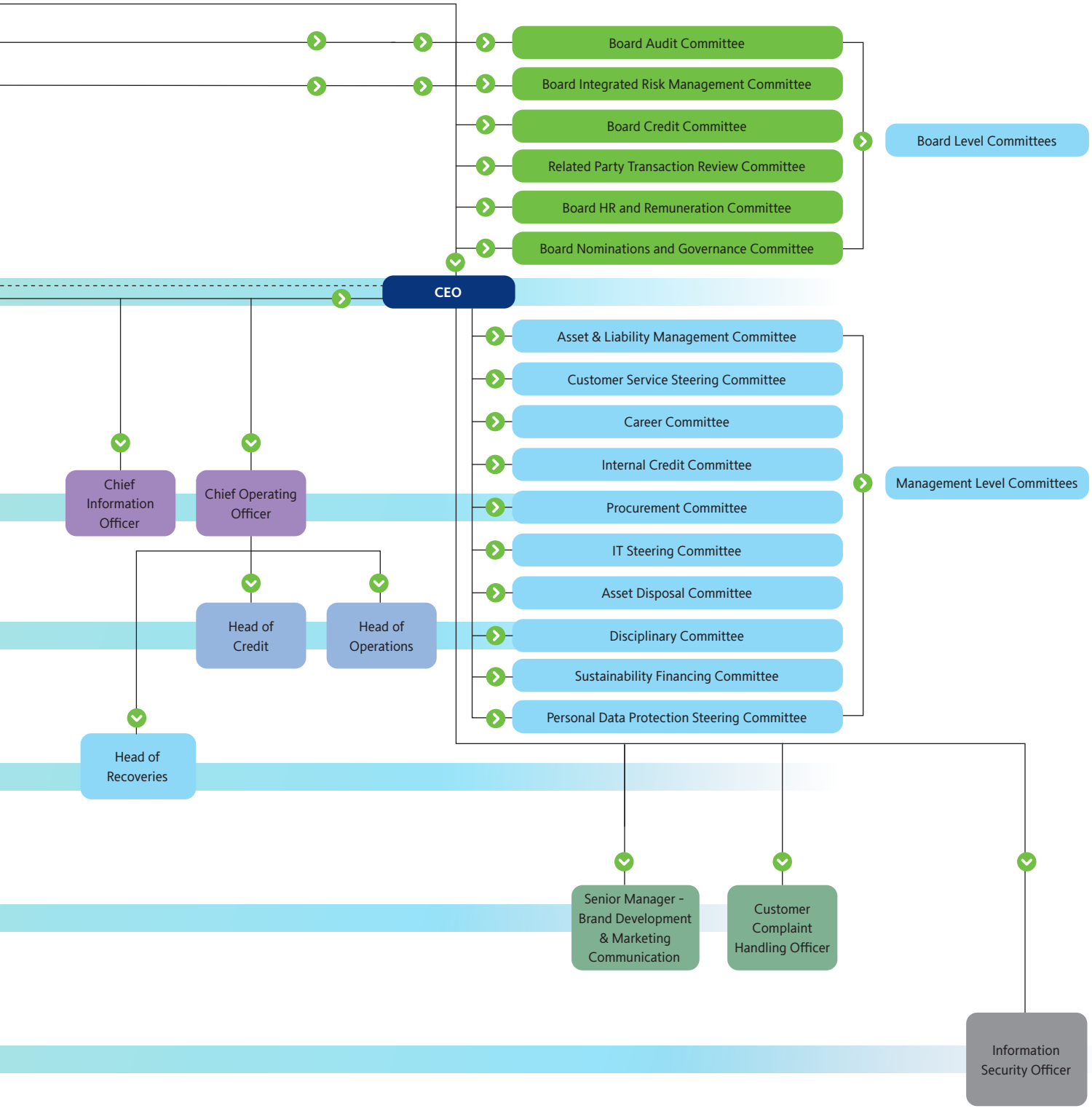
The Fintrex Laptop Loan is a tailored financing facility designed to help people easily acquire the latest laptops for education, work, business, or personal use. Rather than paying a large, upfront sum, customers can utilize structured, easy installment plans to own top-tier technology right away. By breaking down the cost into affordable monthly payments, this solution ensures the availability of essential computing tools when need while maintaining complete control over the budget.

## Gold Financing

Unlock the true value of gold investments with the Ran Shakthi Gold Loan facility. With Ran Shakthi, customers can maximize their borrowing power by benefiting from significantly higher loan advances against their gold jewellery, all while enjoying some of the most competitive interest rates in the market. Managing unexpected emergencies, bridging a temporary cash flow gap, or funding a timely opportunity, this facility offers a swift, secure, and hassle-free solution to ensure financial stability for the future.

# Organizational Structure

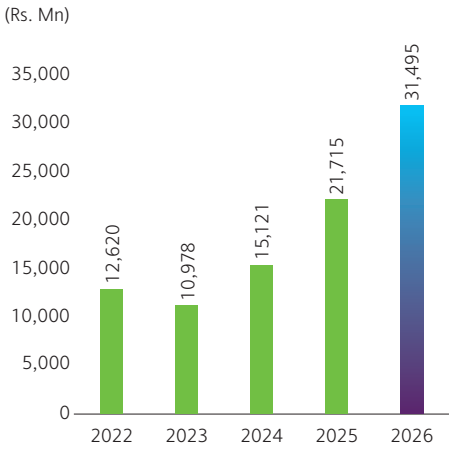



Board Audit Committee
Board Integrated Risk Management Committee
Board Credit Committee
Related Party Transaction Review Committee
Board HR and Remuneration Committee
Board Nominations and Governance Committee
Board Level Committees
CEO
Asset & Liability Management Committee
Customer Service Steering Committee
Career Committee
Internal Credit Committee
Procurement Committee
IT Steering Committee
Asset Disposal Committee
Disciplinary Committee
Sustainability Financing Committee
Personal Data Protection Steering Committee
Management Level Committees
Chief Information Officer
Chief Operating Officer
Head of Credit
Head of Operations
Head of Recoveries
Senior Manager - Brand Development & Marketing Communication
Customer Complaint Handling Officer
Information Security Officer

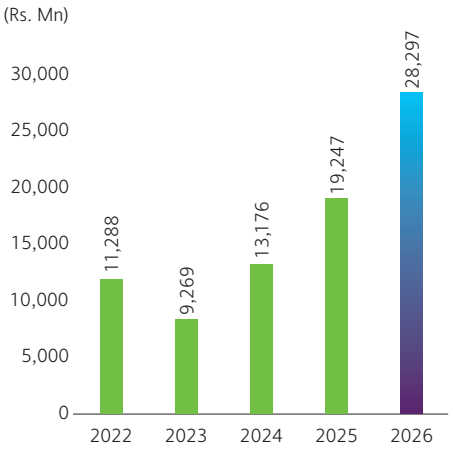
# Financial Highlights

| For the Year Ended 31 March, | 2025/26 | 2024/25 | Change |
|---|---|---|---|
| **Results for the year (LKR '000)** | | | |
| Gross Income | 6,726,901 | 3,755,154 | 79% |
| Interest Income | 5,746,776 | 3,498,928 | 64% |
| Interest Expense | 2,408,590 | 1,755,645 | 37% |
| Impairment (Charges)/ Reversals | (1,028,469) | (271,672) | 279% |
| Operating Expenses | 1,791,188 | 1,207,876 | 48% |
| Profit Before Income Tax | 1,094,877 | 321,236 | 241% |
| Profit After Income Tax | 660,378 | 183,994 | 259% |
| **Financial Position (LKR '000)** | | | |
| Shareholder's Fund | 4,384,963 | 3,230,446 | 36% |
| Deposits from Customers | 12,922,613 | 9,736,479 | 33% |
| Leases, Loans and Advances | 28,297,373 | 19,246,766 | 47% |
| Debt Issued and Other Borrowed Funds | 12,055,763 | 7,534,651 | 60% |
| Total Assets | 31,495,295 | 21,715,360 | 45% |
| **Investor Information (LKR)** | | | |
| Earnings Per Share | 2.77 | 0.78 | 255% |
| Net Assets Per Share | 15.28 | 13.63 | 12% |
| **Financial Indicators (%)** | | | |
| Return on Shareholders' Funds | 17.34 | 5.86 | 196% |
| Return on Average Assets | 2.48 | 1.00 | 148% |
| Net Interest Margin | 12.67 | 9.70 | 31% |
| Cost to Income Ratio | 41.48 | 60.41 | -31% |
| Gross Non-Performing Loan | 8.36 | 8.63 | -3% |
| Net Non-Performing Loan | 4.74 | 6.09 | -22% |
| **Statutory Ratios (%)** | | | |
| Core Capital Ratios – (Minimum Requirement 8.5%) | 12.75 | 13.55 | -6% |
| Total Risk Weighted Capital Ratio - (Minimum Requirement 12.5%) | 16.81 | 18.32 | -8% |
| Capital Funds to Deposit Liabilities Ratio - (Minimum Requirement 10%) | 43.21 | 39.94 | 8.18% |

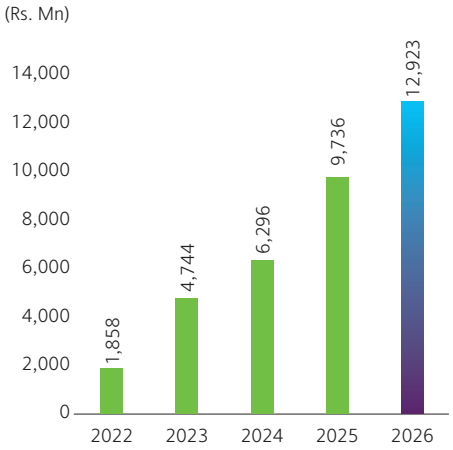
Total Assets




Total Net Portfolio



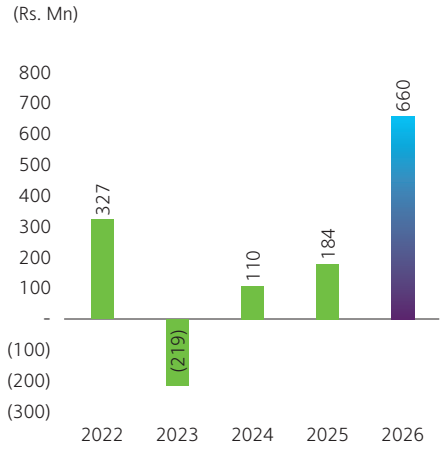

Deposits Base



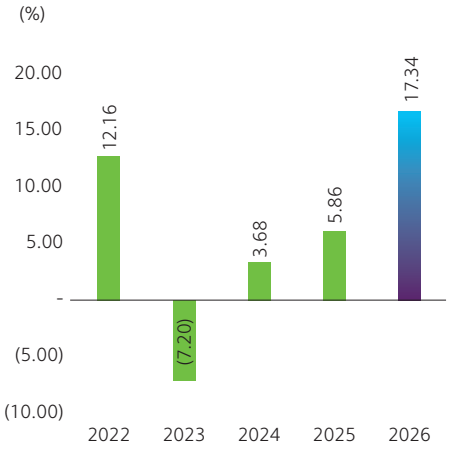
## Return on Assets




## Profit After Tax



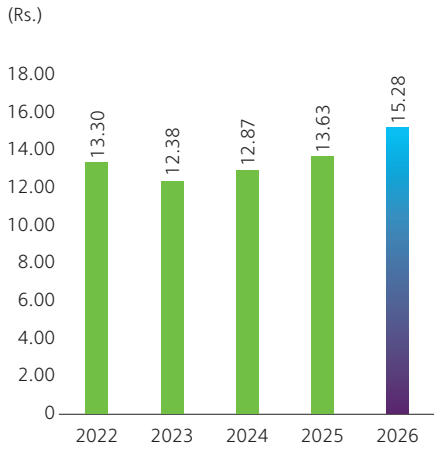

## Return on Equity



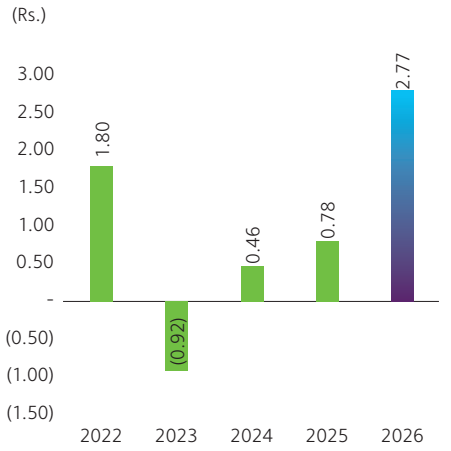

## Profit Before Tax



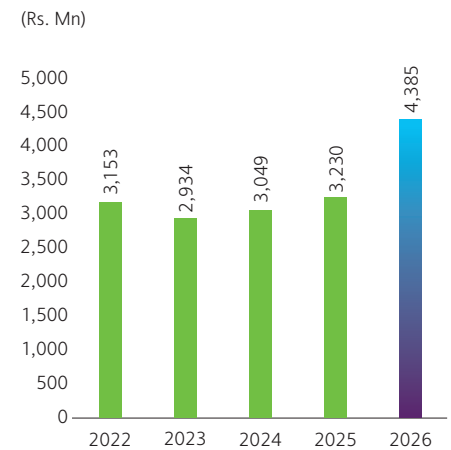

## Net Assets Per Share



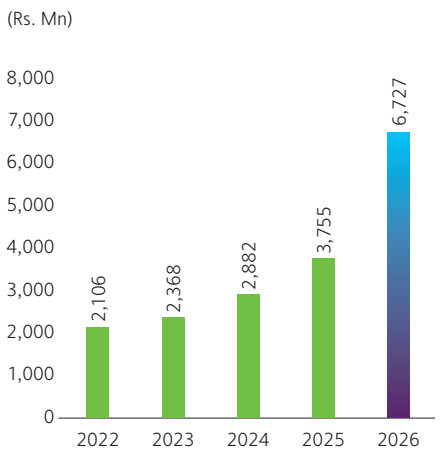

## Earnings Per Share



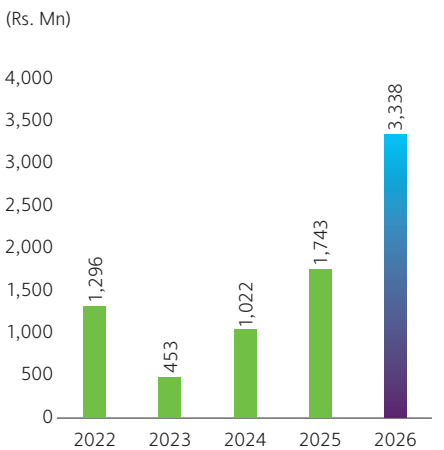

## Total Equity




## Gross Income




## Net Interest Income



# Non-Financial Highlights

## Natural Capital

**Electricity Consumption (GJ)**

1,629.26 (25/26)

1,184.31 (24/25)

38%

**Fuel Consumption (GJ)**

553.88 (25/26)

445.40 (24/25)

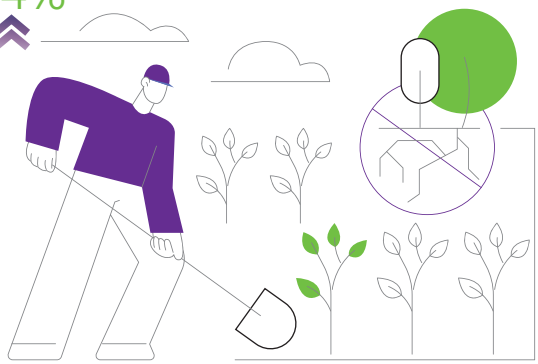
24%

**Water Consumption (ML)**

4.32 (25/26)

10.54 (24/25)

59%



## Human Capital

**Total Workforce (Number)**

402 (25/26)

309 (24/25)

30%

**New Recruitment (Number)**

320 (25/26)

166 (24/25)

93%

**Average Training Hours/ Employee (Hours)**

40 (25/26)

21 (24/25)

90%

**Male Employees (Number)**

233 (25/26)

201 (24/25)

16%

**Investment in Training (Rs. Million)**

5.72 (25/26)

3.06 (24/25)

87%

**Employees Benifits (Rs. Million)**

966.79 (25/26)

730.47 (24/25)

32%



**Total Training Hours (Hours)**

16,003 (25/26)

6,642 (24/25)

141%

**Staff Promotions (Number)**

55 (25/26)

62 (24/25)

11%

**Female Employees (Number)**

169 (25/26)

108 (24/25)

56%

**Value Added per Employee (Rs. Million)**

6.9 (25/26)

4.4 (24/25)

59%

## Social and Relationship Capital

**Payments to Suppliers (Rs. Million)**

755.20 (25/26)

420.55 (24/25)

80%

**Investment in CSR (Rs. Million)**

6.09 (25/26)

6.47 (24/25)

6%

**Suppliers (Number)**

475 (25/26)

423 (24/25)

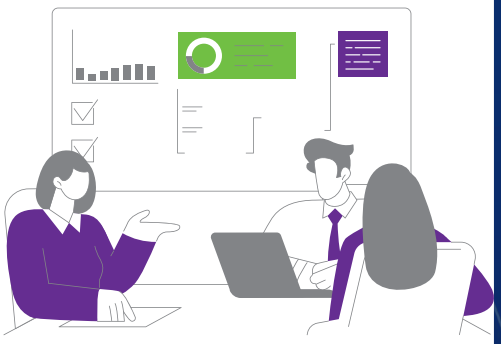
12%

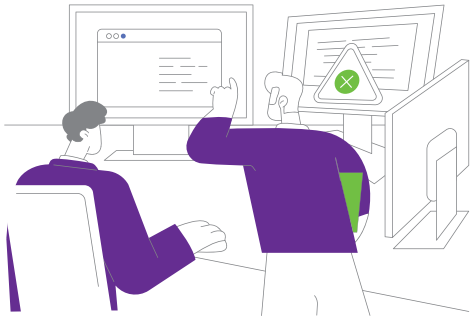
**Customers (Numbers)**

294,683 (25/26)

50,180 (24/25)

487%





## Intellectual Capital

**Investment in IT Development (Rs. Million)**

130.88 (25/26)

24.09 (24/25)

443%

**Credit Rating**

BB (Fitch) (25/26)

BB (Fitch) (24/25)

## Manufactured Capital

**Property, Plant and Equipment (Rs. Million)**

231.87 (25/26)

130.24 (24/25)

78%

**Investment in Property, Plant, and Equipment (Rs. million)**

160.53 (25/26)

85.12 (24/25)

89%

**Branches (Numbers)**

17 (25/26)

16 (24/25)

6%

**Branches Outside Colombo District (Numbers)**

11 (25/26)

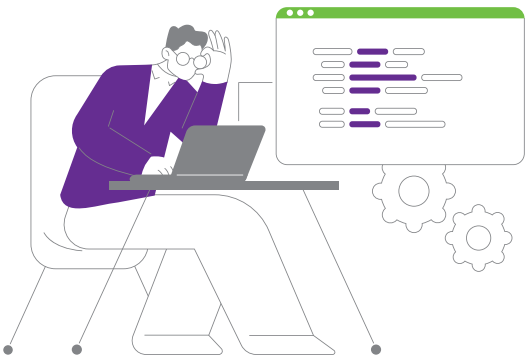
11 (24/25)

**Gold Centres (Numbers)**

17 (25/26)

16 (24/25)

6%



# EMPOWERING EVERY JOURNEY

***True progress is not measured by how fast we move, but by how many people are able to move forward. Meaningful financial support helps individuals, businesses, and communities turn aspirations into achievements. In doing so, progress becomes a journey that benefits all.***





# Chairman's Message



> We believe sustainable business success is achieved by balancing strong financial performance with social responsibility, environmental stewardship, and sound governance while rewarding our shareholders and delivering sustainable long-term value for all stakeholders.

**Dear Shareholders,**

It gives me great pleasure to present the Annual Report and Financial Statements of Fintrex Finance PLC for the financial year ended 31 March 2026.

The year under review marks a defining chapter in the Company's growth journey. Against a backdrop of improving macroeconomic stability and renewed business confidence, Fintrex delivered its strongest financial performance to date. This achievement underscores the effectiveness of our strategic direction, disciplined execution, and unwavering commitment to sustainable value creation.

Our performance during the year reflects the successful execution of key strategic initiatives implemented over the recent years to strengthen our franchise, enhance operational capabilities, diversify funding sources, and build a scalable platform for long-term growth. As a result, Fintrex enters its next phase of development from a position of strength, resilience, and confidence.

## Strengthening Economic Fundamentals

Sri Lanka's economic recovery continued during the year, supported by fiscal and monetary reforms, progress in debt restructuring, improved external sector stability, and easing inflationary pressures. The declining interest rate environment and improving business sentiment stimulated economic activity and strengthened demand for financial services.

While challenges remain, particularly in relation to global economic uncertainties and domestic fiscal adjustments, the overall operating environment improved considerably compared to previous years. This created meaningful opportunities for well-managed financial institutions to expand their business while maintaining prudent risk management standards.

Against this backdrop, Fintrex successfully leveraged its growing market presence, customer-centric approach, and operational agility to capture emerging opportunities across its key business segments.

## Financial Performance

I am pleased to report that Fintrex delivered strong financial results for the year under review.

Profit After Tax increased by 259% year-on-year (YoY) to LKR 660.4 million compared to LKR 184.0 million recorded in the previous year. Profit Before Tax rose by 241% to LKR 1.10 billion, while operating profit before taxes on financial services grew by 188% to LKR 1.50 billion.

Gross income increased by 79% to LKR 6.73 billion, supported by strong growth across both lending and fee-based business segments. Net Interest Income expanded by 91% to LKR 3.34 billion, reflecting the successful growth of earning assets and improved operating efficiencies. Fee and commission income recorded a growth of 324%, highlighting the increasing diversification of our revenue streams and the growing acceptance of our value-added financial solutions.

The balance sheet also recorded significant expansion during the year. Total assets increased by 45% to LKR 31.5 billion, while the loans and advances portfolio increased by 76%, to reach LKR 19.5 billion. The lease portfolio remained resilient and contributed positively to overall earnings.

These results underscore the strength of our business model, the quality of our customer relationships, and the dedication of our employees, whose commitment continues to drive superior performance across the organisation.

## Balancing Growth with Prudent Risk Management

While pursuing aggressive business growth, we remained firmly committed to maintaining prudent risk management practices and preserving asset quality.

The Board and management continued to strengthen enterprise-wide risk governance, enhance credit underwriting standards, and improve portfolio monitoring mechanisms. This disciplined approach enabled Fintrex to achieve a well-balanced alignment between growth and risk, ensuring that expansion was underpinned by robust controls and sound decision-making.

Furthermore, the Company continued to maintain appropriate provisions in line with regulatory and accounting requirements, reinforcing the resilience of our balance sheet and preserving stakeholder confidence.

As we continue to scale our operations, maintaining strong asset quality and safeguarding capital will remain key strategic priorities.

## Strengthening Capital and Funding Diversification

During the latter part of the year, our parent, Bluestone 1 (Private) Limited infused LKR 500 million of equity, increasing the Company's stated capital to LKR 2.87 billion. This strengthened our capital adequacy position, creating additional capacity to support future business growth.

The utilisation of the proceeds from our LKR 1 billion listed high-yield bond issuance completed in the previous financial year further strengthened our funding profile and diversified our liability base. Together, these initiatives have enhanced financial flexibility, improved funding resilience, and positioned the Company to capitalise on future expansion opportunities.

Our continued ability to access both debt and equity capital markets reflects growing investor confidence in Fintrex's business model, governance framework, and long-term growth prospects.

## Digital Transformation and Operational Excellence

Technology continues to play a pivotal role in shaping the future of financial services. During the year, Fintrex accelerated its digital transformation agenda under the theme “Accelerating Finance, Empowering Futures.”

The Company made significant investments in technology infrastructure, process automation, analytics capabilities, and customer experience enhancements aimed at improving efficiency, scalability, and service quality.

These initiatives are designed not only to support business growth but also to enhance operational resilience, strengthen risk management capabilities, and create a seamless and consistent customer experience across all channels.

As customer expectations continue to evolve, digital innovation will remain a key pillar of our long-term strategy.

## Sustainability and Responsible Business Practices

GRI 2-22

At Fintrex, we believe sustainable business success is achieved by balancing financial performance with social responsibility, environmental stewardship, and sound governance.

We continue to integrate Environmental, Social and Governance (ESG) considerations into our decision-making processes and business practices. Our sustainability agenda focuses on responsible lending, employee development, customer empowerment, community engagement, and ethical business conduct.

The Board remains committed to ensuring that sustainability principles are embedded within the Company's strategy and culture, enabling us to create long-term value for all stakeholders.

## Governance and Board Oversight

Strong governance remains the foundation upon which Fintrex continues to build trust and credibility.

The Board provides strategic leadership and independent oversight, ensuring that the Company upholds the highest standards of integrity, accountability, transparency, and regulatory compliance.

Supported by its Board Committees, the Board continues to strengthen governance frameworks, risk management processes, and internal control systems to ensure that stakeholder interests remain protected while supporting sustainable growth.
We remain steadfast in our commitment to maintaining governance standards that meet the expectations of regulators, investors, rating agencies, customers, and the wider community.

## Translating Growth into Shareholder Value

I am delighted to note that, in recognition of the Company's exceptional financial performance during the year under review, the Board of Directors has proposed a final dividend of Rs. 0.23 per ordinary voting share, subject to the approval of shareholders at the forthcoming Annual General Meeting. This represents a total distribution of Rs. 65.99 million, equivalent to a prudent dividend payout ratio of 10%. The Board's decision reflects its confidence in the Company's financial strength, healthy cash flows, and ability to sustain future growth while delivering meaningful returns to our shareholders.

The proposed dividend symbolizes our unwavering commitment to delivering sustainable value to our shareholders while maintaining a balanced approach to capital allocation. It acknowledges the trust and confidence our shareholders have placed in the Company throughout its transformation journey and reinforces our commitment to responsible corporate stewardship. We believe that establishing a consistent record of shareholder returns will further strengthen investor confidence, enhance the Company's reputation in the capital market, and support future capital-raising initiatives that will enable us to pursue new growth opportunities and create long-term value for all stakeholders.

## Outlook

The financial year 2025/26 has laid a solid foundation for the future. While external uncertainties persist, we remain optimistic about the opportunities ahead. Our strengthened capital base, diversified funding profile, expanding customer franchise, improved earnings capacity, and ongoing digital transformation initiatives position us favourably to sustain our growth trajectory.

The Board remains focused on delivering profitable growth, strengthening asset quality, enhancing operational efficiency, and creating sustainable long-term value for shareholders.

We will continue to pursue our vision of building Fintrex into one of Sri Lanka's most dynamic and trusted financial institutions, distinguished by innovation, customer centricity, operational excellence, and responsible business practices.

## Appreciation

On behalf of the Board of Directors, I wish to express my sincere appreciation to our Chief Executive Officer, Mr. Jayathilake Bandara, the senior management team, and every member of the Fintrex family, for their dedication, resilience, and exceptional contribution during this remarkable year.

I also extend my gratitude to my fellow Board members for their invaluable guidance, wisdom, and unwavering commitment to the Company's success. On behalf of the Board, I extend my sincere appreciation to Mr. Ronnie Peiris, who retired from the Board on 29 June 2026, for his dedicated service and invaluable contributions to the Company. His strategic insight, wise counsel, and unwavering commitment have been instrumental in supporting the Company's growth and success.

I also take this opportunity to extend a warm welcome to Mrs. Nirodha Kalansooriya and Mr. Udesh Gunawardena, who were appointed to the Board on 18 June 2026 and 24 July 2026, respectively. Their distinguished professional expertise, accomplished leadership, and broad strategic insight will further enrich the Board's collective capabilities, strengthen the Company's governance framework, and support the successful execution of our long-term strategic priorities

We convey our sincere thanks to the Central Bank of Sri Lanka, the Colombo Stock Exchange, Fitch Ratings, our customers, depositors, investors, bankers, business partners, and all other stakeholders for their continued confidence and support.
Most importantly, I thank our shareholders for their trust and belief in the future of Fintrex Finance PLC.
Together, we look forward to building on the strong foundation established this year and creating enduring value over the long term.



**Ajit D Gunewardene**
*Chairman*

27 July 2026

# CEO's Review



> At Fintrex, we believe that smart finance is not defined by growth alone. It is defined by the ability to grow responsibly, serve customers meaningfully, empower people, embrace technology, and build an institution that is resilient, trusted and future-ready.

***Accelerating Finance. Empowering Futures. – Driven by digital innovation, disciplined growth, and strong governance.***

**Dear Stakeholder,**
It is my great pleasure to present the CEO's Review of Fintrex Finance PLC for the financial year ended 31 March 2026.

The year under review represents a landmark period in the Company's journey, marked by exceptional financial performance, meaningful balance sheet expansion, strengthened capital, a broader customer reach, enhanced digital capabilities, and several prestigious recognitions that affirmed the strength of our governance, people, brand and stakeholder confidence.

FY 2025/26 was a year in which Fintrex advanced with renewed purpose and momentum. We further strengthened our position in the Non-Bank Financial Institution sector through disciplined execution, responsible growth, and a clear focus on delivering sustainable value to our customers, depositors, shareholders, employees, and business partners.

## A Strong Financial Performance

Fintrex delivered one of the strongest financial performances in its recent history. Gross income increased by 79% to LKR 6.73 billion, compared with LKR 3.76 billion in the previous year. Interest income grew by 64% to LKR 5.75 billion, supported by strong expansion in earning assets and improved business volumes.

Net Interest Income increased by 91% to LKR 3.34 billion, reflecting disciplined asset growth, improved pricing strategies, and effective funding management. Net fee and commission income recorded exceptional growth of 324% to LKR 950.3 million, highlighting the increasing contribution of diversified income streams to the Company's performance.

Total operating income increased by 116% to LKR 4.32 billion, while net operating income rose by 91% to LKR 3.30 billion, despite the recognition of an impairment charge of LKR 1.03 billion. This reflects our prudent approach to provisioning and risk management, and our continued focus on responsible growth.

Operating profit before taxes on financial services increased by 188% to LKR 1.50 billion, while Profit Before Tax grew by 241% to LKR 1.10 billion. Profit After Tax increased by an exceptional 259% to LKR 660.4 million, compared to LKR 184.0 million in the previous year. Earnings per share improved to LKR 2.77 from LKR 0.78, reflecting the substantial value created for the shareholders during the year.

## Balance Sheet Growth and Capital Strength

Fintrex continued to build scale and resilience during the year. Total assets increased by 45% to LKR 31.50 billion as at 31 March 2026, compared with LKR 21.72 billion in the previous year. Loans and advances increased by 76% to LKR 19.45 billion, while lease receivables stood at LKR 8.85 billion, demonstrating healthy growth across key business lines.

Customer deposits increased by 33% to LKR 12.92 billion, reflecting growing public confidence in the Company and the success of our deposit mobilisation strategy. Debt issued and other borrowings increased to LKR 11.94 billion, supporting the expansion of our lending portfolio while further strengthening our diversified funding base.

A key milestone during the year was the strengthening of the Company's capital base. In March 2026, Fintrex secured a LKR 500 million Tier 1 capital infusion from its parent company, Bluestone 1 (Private) Limited, through the allotment of 50 million ordinary shares. This capital infusion, together with the previous LKR 1 billion listed subordinated bond issuance and further Tier 2 capital initiatives, strengthened our capital adequacy position and provided a solid foundation for future growth.

Total equity increased by 36% to LKR 4.39 billion, while net assets per share improved to LKR 15.28 from LKR 13.63. These results reflect the confidence of our shareholders and the continued strengthening of Fintrex as a resilient and growth-oriented financial institution.

## Business Growth, Innovation and Customer Reach

Our growth during the year was broad-based, with strong contributions from loans, leases, and other financial services. The loans segment recorded a profit contribution of LKR 385.6 million, while the leases segment contributed LKR 274.9 million, underscoring the strength and diversity of our business model.

We continued to enhance our product portfolio to meet the evolving needs of customers. Leasing, business loans, SME financing, gold loans, fixed deposits, savings, mobile phone financing, and laptop financing were part of a practical, customer-centric value proposition. The expansion of laptop financing was particularly timely in an increasingly digital economy, supporting customers in accessing technology for education, employment, entrepreneurship, and business productivity.

Our partnership-driven model also gained further momentum. The Fintrex–SnapPay Game Changers Summit 2025 recognised the contribution of our mobile sales dealer partners and reinforced the value of collaborative ecosystems in extending access to finance through technology-enabled platforms.

We also strengthened our physical presence and service experience. The opening of the Piliyandala branch expanded our reach in a commercially vibrant, fast-growing market, while the relaunch of the Negombo branch, with a refreshed look, reflected our commitment to enhancing customer convenience, brand visibility, and service standards. Branch openings, refurbishments, and relocations remain key investments in deepening customer engagement and regional growth.

## Digital Discipline, Data Governance and Regulatory Focus

Digital transformation remained a central pillar of our strategy. Our focus extends beyond simply digitising existing processes to reimagining customer journeys, enhancing decision-making capabilities, improving operational efficiency, and building scalable platforms for future growth.

During the year, Fintrex was named the "Winner" at the CRIB Data Management & Compliance Award 2025, awarded by the Credit Information Bureau of Sri Lanka. This recognition is particularly meaningful in a sector where data accuracy, credit discipline, responsible lending, and regulatory compliance are fundamental to institutional credibility.

As a licensed finance company, we remain fully committed to strong governance, prudent risk management and regulatory discipline. The regulatory environment continues to place increased emphasis on capital adequacy, credit risk management, technology risk, consumer protection, cyber resilience and transparency. We view these not merely as compliance obligations, but as essential disciplines that protect customers, depositors, shareholders, and the wider financial system.

## Recognitions and Brand Reputation

The year under review brought several notable recognitions that affirmed the progress of Fintrex across governance, reporting, workplace culture and corporate reputation.

Fintrex was honoured with the Silver Award at the TAGS Awards 2025, organised by CA Sri Lanka, in the Finance Companies, Leasing Companies and Other Financial Institutions category for entities with total assets up to LKR 25 billion. This recognition reflects our commitment to transparency, accountability, governance, and sustainability in corporate reporting.

We were also recognised by LMD as one of Sri Lanka's Most Respected Entities in 2025, a significant endorsement of the trust and reputation the Company continues to build among customers, employees, business partners, and the broader market.

Equally significant, Fintrex was recognised as a Great Place to Work for the fourth consecutive year. This achievement reflects the strength of our workplace culture, the commitment of our people, and the values that guide the way we work together.

## Our People, Culture and Community Engagement

Our people remain at the heart of Fintrex. The exceptional results achieved during the year were made possible by the dedication, energy and resilience of our teams across branches, head office, sales, credit, recoveries, finance, IT, operations, compliance, and customer service functions.

We continued to invest in employee engagement, learning, recognition, and well-being. Staff events, including the Sinhala and Tamil New Year celebrations, fostered a sense of unity and belonging across the organisation. A motivated and engaged team is essential to delivering superior customer service and sustaining business growth.

Fintrex also continued to engage meaningfully with communities through sports and partnerships. We renewed our partnership with CR & FC as Co-Sponsor for the 2025/2026 rugby season, marking the second consecutive year of supporting one of Sri Lanka's most respected sporting institutions. The club's championship success was a proud moment, reflecting shared values of teamwork, discipline, and excellence that align strongly with Fintrex.

We also partnered with the Hambantota Tuskers in the inaugural Ceylon Golf League at the Royal Colombo Golf Club, where the team secured third place. These initiatives reflect our broader commitment to supporting national sports, emerging talent, and community engagement beyond traditional financial services.

## Outlook

Sri Lanka's economy continues to show signs of stabilisation and recovery, supported by improving macroeconomic conditions, renewed business confidence, and the gradual normalisation of credit demand. While challenges remain, the environment presents meaningful opportunities for well-capitalised, agile, and customer-focused financial institutions.

Fintrex enters the new financial year from a position of strength, supported by a stronger balance sheet, improved profitability, enhanced capital buffers, an expanding customer base, a broader product portfolio, a committed team, and growing market recognition. Our strategic priorities will remain focused on sustainable asset growth, portfolio quality, deposit mobilisation, digital transformation, product innovation, customer experience, capital strength, and operational efficiency.

The theme "Accelerating Finance. Empowering Futures." captures the direction of our journey. To us, smart finance means deploying capital responsibly, understanding and serving customers intelligently, leveraging technology effectively, and making decisions with discipline. A smarter future is one where customers are empowered, employees are inspired, shareholders are rewarded, and the institution continues to earn enduring trust.

## Appreciation

I extend my sincere appreciation to the Chairman and the Board of Directors for their strategic guidance, insights and stewardship. Their leadership has been invaluable in shaping the direction of Fintrex and strengthening the Company's governance and growth agenda.

I also thank our shareholders for their continued confidence and support, clearly demonstrated through the successful capital strengthening initiatives undertaken during the year. My gratitude is further extended to our regulators, bankers, investors, business partners, dealer networks, and service providers for their continued partnership and trust.

To our valued customers and depositors, I offer my deepest appreciation for the confidence you place in Fintrex. Your trust remains the cornerstone of our progress, and we are committed to serving you with integrity, responsiveness, and care.

Finally, I thank every member of the Fintrex team. The achievements of FY 2025/26 are a direct reflection of your dedication, resilience, and belief in our shared vision. Together, we have built strong momentum, and together, we will continue to move forward with confidence, discipline, and purpose.



**Jayathilake Bandara**
*Chief Executive Officer*

27 July 2026

# Board of Directors



**Mr. Ajit Gunewardene**
Chairman
Non-Independent
Non-Executive Director



**Mr. Ronnie Peiris**
Non-Independent
Non-Executive Director
*Retired w.e.f. 29-06-2026*



**Mr. Shantanu Nagpal**
Non-Independent
Non-Executive Director



**Mr. Ahamed Sabry Ibrahim**
Senior Independent
Non-Executive Director



**Mr. Shrihan B. Perera**
Non-Independent
Non-Executive Director



**Mr. Nilam Jayasinghe**
Independent Non-Executive
Director



**Mr. J. F. R. De Fonseka**
**Independent Non-Executive Director**



**Mr. Indrajit Asela Wickramasinghe**
**Non-Independent Non-Executive Director**



**Mr. Darshan Perera**
**Independent Non-Executive Director**



**Mrs. Nirodha Kalansooriya**
**Independent Non-Executive Director**
*Appointed w.e.f. 18-06-2026*



**Mr. Udesh Gunawardena**
**Independent Non-Executive Director**
*Appointed w.e.f. 24-07-2026*

# Board of Directors

## Mr. Ajit Gunewardene

**Chairman**
**Non-Independent, Non-Executive Director**

Mr. Ajit Gunewardene is the Founder and Chief Executive Officer of Bluestone Capital (Pvt) Ltd, bringing over 40 years of management experience across diverse industries. He served as Deputy Chairman of John Keells Holdings PLC, Sri Lanka's largest listed conglomerate, where he was a Board member for more than 24 years. During his tenure, he held key leadership roles including Chairman of Union Assurance PLC, a leading life insurance provider, and Chairman of Nations Trust Bank PLC. Currently, Mr. Ajit is the Chairman of Fintrex Finance PLC and Ingame Entertainment Ltd, a pioneer in Sri Lanka's esports industry and Giga Foods Pvt Ltd , a fast growing multi brand QSR and cloud kitchen enterprise. His previous appointments also include Chairman of the Colombo Stock Exchange and Board member of the Board of Investment (BOI). His expertise spans strategic business leadership and corporate governance, private equity and investment management, financial services and banking, retail and consumer markets, the leisure industry as well as public sector advisory and policy development. Mr. Ajit holds a degree in Economics and is widely recognized for his significant contributions to both the private and public sectors of Sri Lanka.

## Mr. Ronnie Peiris

**Non-Independent, Non-Executive Director**

Mr. Peiris was, till end December 2017, an Executive Director on the Board of John Keells Holdings PLC (JKH) and was its Finance Director. He was also a Director in several Listed and Non-Listed Companies involved in leisure/hoteliering, food and beverage manufacturing/ retailing, financial services including banks, insurance and brokering, property development/ real estate, information technology, plantations/plantation services and transportations, logistics and ports. Prior to JKH, he was the Managing Director, Anglo American Corporation (Central Africa) Limited, a subsidiary of Anglo American PLC, a company listed in the UK Stock Exchange. Mr. Peiris has 53 plus years of finance and general management experience with more than 48 of them at Senior Management level in Sri Lanka, Zambia, Zimbabwe and South Africa.

In addition to holding a Masters in Business Administration (MBA) from the University of Cape Town, South Africa with specialization in Marketing and Human Resource Management, Mr. Peiris is a Fellow of the Chartered Institute of Management Accountants (FCMA), UK, a Fellow of the Chartered Association of Certified Accountants (FCCA), Scotland, a Fellow Member of the Society of Certified Management Accountants (FSCMA), Sri Lanka and a Fellow of the Zambia Institute of Certified Accountants (FZICA), Zambia.

He was recognized by the Chartered Institute of Management Accountants, Sri Lanka, as its Business Icon of 2014.

Mr. Peiris was an active member of the Ceylon Chamber of Commerce (CCC) during the period 2004 to 2017 and was the Chairman of its Taxation Sub Committee for several years. He is a Past President of the Sri Lanka Institute of Directors.

Mr. Peiris is now a Coach/Mentor to many C-Suite Executives since his formal retirement from JKH. He consults on strategic issues at many prominent organisations. He has been and is a presenter of Papers on various topics at workshops, seminars and other forums and is the author of "Tough Journey Great Destination" – a behavioural guide for professionals and leaders.

## Mr. Shantanu Nagpal

**Non-Independent, Non-Executive Director**

Mr. Nagpal is a Co-Founder of Bluestone Capital (Pvt) Ltd. Mr. Nagpal worked in asset management and equity research for 20 years, in Hong Kong and London before he moved to Sri Lanka. He has worked as portfolio manager for UBS Asset Management, Ellerston Asset Management and Brevan Howard Asset Management. He holds a Bachelor's degree in Philosophy, Politics and Economics from Oxford University where he was a Chevening Scholar, and an MBA with Distinction from INSEAD where he was a Misys Scholar. Mr. Nagpal started his career at the Tata Administrative Service, where he worked with several CEOs of various Tata Group companies on strategic projects.

Mr. Nagpal started working in UBS Hong Kong in 1995 in the equity research department and was responsible for three sectors where he covered the automobile, metal and shipping sectors in the region. Mr. Nagpal's move to asset management took place in London, where he moved to UBS Asset Management, O'Connor and was subsequently posted to Hong Kong where, as Portfolio Manager, he covered Japan, China, Hong Kong, India and the sub-continent.

In 2011, Mr. Nagpal moved to Sri Lanka with his family and joined the Expolanka Group, specifically to restructure their holdings and find an exit for the largest shareholders, which after a two- year restructure, culminated in a strategic sale of the Company to Sagawa, Japan.

### Mr. Ahamed Sabry Ibrahim
**Senior Independent, Non-Executive Director**

Mr. Ahamed Sabry Ibrahim was appointed as a Director at Fintrex Finance PLC with effect from 14th June 2021. Prior to this appointment, he was Chief Executive Officer/General Manager at People's Leasing and Finance PLC. Mr. Ibrahim has over 37 years of banking experience, primarily in the areas of corporate banking, treasury management and risk management and has held very senior positions both locally and internationally including Senior Deputy General Manager, Wholesale Banking (October 2014 to September 2016) and Senior Deputy General Manager, Risk Management (August 2007 to October 2014) of People's Bank, Deputy General Manager, Head of Treasury, Head of Corporate Banking and Recoveries, Chief Risk Officer and Chief Credit Officer of Hatton National Bank PLC (2004 to July 2007) and Head of Credit and GSAM, Standard Chartered Bank (2002 to 2004).

Mr. Ibrahim is also a Director of Union Bank of Colombo and Regal Images International Ltd. He has also been a Director of HNB Securities Ltd. (2005 to 2007) and People's Merchant Bank PLC (2009 to 2011). In addition, he held the positions of Director of People's Insurance PLC, People's Micro-Commerce Ltd, People's Leasing Fleet Management Limited, People's Leasing Property Development Limited and People's Leasing Havelock Properties Limited, and Lankan Alliance Finance Limited. He holds an Honours Degree (B.Sc) from the University of Colombo and is a Fellow of the Chartered Institute of Bankers – UK (FCIB).

### Mr. Shrihan Blaise Perera
**Non-Independent, Non-Executive Director**

Mr. Shrihan B. Perera was appointed to the Board of Kotagala Plantations PLC on 31st December, 2024. He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019 and Brandix Apparel Solutions Limited from January 2010 to March 2018. Mr. Perera previously held positions of Group Financial Controller & Treasurer, Group Accounts Manager and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in and amongst competitive conditions and multidimensional challenges. He served as Accounts and Administrative Controller at Al Mulla Group of Companies in Kuwait from January 1991 to December 1995. He has wide operational exposure in FMCG, garment and textile manufacture and service industry (overseas).

He holds a Bachelor of Science Degree in Mechanical Engineering-2nd Class Upper Honours from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants/CGMA, UK. Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC and some of its Subsidiaries and on the Boards of Fintrex Finance PLC, C.W. Mackie PLC and on the Boards of certain other listed and unlisted entities of The Colombo Fort Land & Building Group. He also functions as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.

### Mr. Nilam Jayasinghe
**Independent, Non-Executive Director**

Mr. Nilam Jayasinghe was appointed as a Director of Fintrex Finance PLC with effect from 01st October 2021. He is presently an Independent Consultant and was Group Director Finance of the CBL Group (Ceylon Biscuits) and an Executive Director of CBL Investments Limited, (the Holding Company), from 2012, until his retirement in July 2021 and subsidiary company Boards until December 2024. Prior to joining CBL, he was a Vice President, NDB Bank for sixteen years handling finance & planning, treasury, resource mobilisation and audit & compliance, and also served on the Boards of subsidiary companies of the NDB Group. He was the Group Treasurer of the Aitken Spence Group and a Director of Aitken Spence Corporate Finance Ltd and was responsible for introducing the Corporate Treasury concept in Sri Lanka and certain financial instruments including derivatives. Prior to this, he was Finance and Commercial Manager of Lanka Tiles PLC, when the company was originally set up in 1984.

He is an alumnus of KPMG. Mr. Jayasinghe is a Fellow of the Chartered Institute of Management Accountants UK, a Past President of CIMA Sri Lanka Division and served on the Global Board of CIMA UK and was the Vice Chair of the Global Markets Committee. Under his Presidency at CIMA, he was instrumental in the visit of Professor Robert Kaplan of the Harvard University which introduced the Balance Scorecard and Activity-Based Costing in Sri Lanka. He was a past Chairman of the Industrial Association of Sri Lanka affiliated to the Ceylon Chamber of Commerce for two terms and has served on the Main Committee of the Ceylon Chamber of Commerce, the Company Law Reforms Commission, and also on the Board of the Sri Lanka Accounting and Auditing Standards Monitoring Board for two terms. He also chaired a committee set up by CBSL and the SLBA to help improve the Risk and Internal Control environment, across the banking industry. He also served as an Independent Director, Bank of Ceylon until December 2019 and chaired its Audit Committee. Mr Jayasinghe possesses over 35 years of experience in the areas of Board governance, general management, finance & planning, corporate finance, banking, treasury, risk, audit and compliance.

# Board of Directors

### Mr. Jayashanta Francis Rovindra De Fonseka
**Independent, Non-Executive Director**

Mr. De Fonseka has over 30 years of professional experience in the field of information technology. He held the positions of Director, John Keells Software Technologies, and was Assistant Vice President of the Group IT Division prior to moving to MAS Holdings to head the IT function of the swimwear cluster. Mr. De Fonseka has broad experience in information technology, cyber security, enterprise resource planning, manufacturing and retail systems, project management, and process improvement. Mr. De Fonseka has an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura and is a Certified SAP Consultant.

### Mr. Indrajit Asela Wickramasinghe
**Non Independent, Non Executive Director**

Mr. Indrajit Wickramasinghe is a veteran in the banking and finance sectors, Mr. Wickramasinghe brings over 36 years of extensive management experience, having worked with leading local and multinational organizations in the financial and FMCG sectors.

Prior to joining the Board of Fintrex Finance PLC, Mr. Wickramasinghe served as the Director/Chief Executive Officer of Union Bank of Colombo PLC for over nine years, steering the bank towards significant growth and innovation until his retirement in August 2024.

He holds a MBA from the Post Graduate Institute of Management, University of Sri Jayewardenepura, and is a Fellow of the Chartered Institute of Marketing UK. He has been exposed to Executive Education Programmes at the National University of Singapore, The Said Business School of the University of Oxford UK and INCEAD (France). He is a member of the Oxford Business Alumni, University of Oxford UK.

Prior to his appointment as Director/CEO of Union Bank he served as the Chief Operating Officer of NDB Bank where he was responsible for all business areas including Retail Banking, Corporate Banking, Sme Banking And Project Finance. Prior to joining the financial services sector, he was with the leading Multinational Company Reckitt and Colman where he held numerous senior management positions.

Mr. Wickramasinghe has also served on a number of Boards as an Executive Director and Non-Executive Director. He was the Chairman of the Financial Ombudsman Sri Lanka (Guarantee) and a Director of the Credit Information Bureau of Sri Lanka.

He currently also serves on the Boards of AIA Insurance Lanka, Diesel and Motor Engineering PLC, Three Acre Farms PLC, Ceylon Grain Elevators PLC, C.W. Mackie PLC, The Colombo Fort Land and Building PLC , DFCC Bank and Overseas Realty (Ceylon) PLC.

### Mr. Darshan Perera
**Independent, Non-Executive Director**

Mr. Darshan Perera is a seasoned professional with over 30 years of experience in the investment banking and corporate advisory sectors across Sri Lanka, Bangladesh, and the Maldives. He holds professional qualifications as an Associate of the Institute of Bankers of Sri Lanka (1990) and the Chartered Institute of Marketing, UK (2002), and is a Passed Finalist of the Chartered Institute of Management Accountants, UK (1996). His academic credentials include a Bachelor of Science Degree from the University of Colombo (1994) and a Master of Business Administration from the same university (1998).

Mr. Perera served at NDB Investment Bank Ltd (NDBIB) for 23 years plus (2001–2024), including 15 years as the Chief Executive Officer. During his tenure, he has led the NDBIB team to successfully execute, the highest number of Equity IPOs (over 20) in both Colombo Stock Exchange (including the 2 largest IPOs) and Maldivian Stock Exchange (including the largest), a significant number of M&As, and debt raisings via debentures, loan syndications and other short/long-term debt instruments amounting to over LKR 500 billion.

Over the years, he has contributed significantly towards innovation and introduction of various new products, structures and concepts to the capital market of Sri Lanka. Mr. Perera currently serves as a Consultant Director at CT CLSA Holdings Ltd (since January 2025) and was recently appointed as an Independent Non-Executive Director of Commercial Bank of Maldives.

Formally, he has held directorships at NDB Capital Ltd, Bangladesh, and NDB Investment Bank Ltd. His previous roles include senior positions at Vanik Incorporation Ltd, Informatics (Pvt) Ltd, and Commercial Bank of Ceylon PLC, with experience spanning across investment banking, project management, corporate restructuring, financial analysis, marketing and banking operations.

**Mrs. Nirodha Supekshalie Kalansooriya**
**Independent, Non-Executive Director**

Mrs. Nirodha S. Kalansooriya is an Attorney-at-Law and Notary Public with extensive experience in banking, corporate, and civil law. She holds an LL.B from the Open University of Sri Lanka and an LL.M from the University of Colombo in information technology, intellectual property, company law, and banking law, as well as an LL.M from the University of Staffordshire, United Kingdom, in Business Law. She has obtained a Post-Attorney Diploma in banking, finance, and insurance from Sri Lanka Law College and is currently reading for PhD at the University of Colombo.

Mrs. Kalansooriya has held senior legal positions in leading financial institutions, including Sampath Bank PLC and Nations Trust Bank PLC, and has served as Head of Legal at Associated Motorways (Pvt) Ltd and Capital Leasing and Finance PLC.

Mrs. Kalansooriya has contributed to law reform initiatives as a Convenor and Committee Member appointed by the Ministry of Justice and has served as Chairperson of the Notarial Practice Committee of the Bar Association of Sri Lanka. She is an experienced civil law practitioner and was a panel lawyer for several major banks. Ms. Kalansooriya was a former council member of University of Peradeniya and was a visiting lecture at General Sir John Kotelawala Defence University.

In addition to her professional practice, she contributes to legal education as a visiting lecturer at the Sri Lanka Law College.

**Mr. Udesh Gunawardena**
**Independent, Non-Executive Director**

Mr. Udesh Gunawardena is a seasoned finance professional with over 25 years of extensive experience in the financial services sector, both locally and internationally, possessing demonstrated expertise in financial services, operations, corporate governance, risk management, treasury and financial management, auditing, process re-engineering, and company secretarial practices.

Mr. Gunawardena has held several senior leadership positions, including serving as Chief Operating Officer and Acting Chief Executive Officer of a leading financial institution in Sri Lanka. He also possesses international exposure, having served as Chief Financial Officer and Company Secretary of an overseas operation in Bangladesh.

He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and brings a wealth of strategic, operational, and governance expertise gained through an accomplished professional career.

# Corporate Management



**Mr. Jayathilake Bandara**
General Manager/ Chief Executive Officer



**Mr. Kamal Kumarasinghe**
Chief Operating Officer



**Mr. Nishantha Hettiarachchi**
Chief Information Officer



**Mr. Manjula Tennakoon**
Chief Financial Officer



**Mr. Sanjeewa Buwanakabahu**
Head of Human Resources & Administration



**Mr. Dinesh Gunasekara**
AGM - Business Channels Development



**Mr. Namal Sumanaratne**
Head of Credit



**Mr. Niroshan Karunathilaka**
Chief Internal Auditor



**Mr. Weranga Jayasekara**
Head of Operations



**Mrs. Theja Malawaraarachchi**
Head of Legal

**Mr. Jayathilake Bandara**
**General Manager/ Chief Executive Officer**

Mr. Jayathilake Bandara is a distinguished banking professional with more than three-and-a-half decades of proven leadership experience in the financial services sector. His career spans a wide spectrum of banking disciplines, including SME and commercial banking, corporate and wholesale banking, factoring, leasing, and hire purchase, positioning him as a well-rounded and highly respected industry figure.

He began his professional journey in banking with Seylan Bank PLC in 1989, where he developed a strong grounding in core banking operations. In 1998, he expanded his professional exposure by joining Emirates Bank International PJSC in Dubai, UAE, serving as Officer – Credit Administration, a role that further strengthened his competence in credit management within an international banking environment.

Working his way up the legendary ladder in his banking career, he joined Nations Trust Bank (NTB) as the Branch Manager – Kurunegala and progressed to the position of Deputy General Manager - SME Banking. At the time of leaving NTB he was designated as Senior Executive Vice President Commercial Banking, Member of the Corporate Management and several other management and Board committees.

Widely recognized for his results-driven leadership style, Mr. Bandara combines strong analytical thinking with a deep understanding of business dynamics to design and execute effective growth strategies. His contribution to Nations Trust Bank's expansion and success, particularly in the SME and commercial banking space, is regarded as both significant and lasting.

Mr. Bandara holds an MBA from American City University, Wyoming, USA, and a Diploma in Financial Management from Wigan & Leigh College, UK. He also holds professional banking qualifications from the Institute of Bankers of Sri Lanka. A firm believer in continuous learning, leadership development, and capacity building, he has participated in several renowned leadership and strategic management programs both locally and internationally. In addition to his corporate leadership roles, Mr. Bandara currently serves as a Director of the Finance House Association (FHA) and holds the position of Vice Chairman of the FHA Council, contributing actively to the development and governance of the financial services industry in Sri Lanka.

**Mr. Kamal Kumarasinghe**
**Chief Operating Officer**

Mr. Kamal Kumarasinghe is a seasoned finance professional with over 22 years of extensive experience in the finance and leasing industry. His career spans a broad spectrum of functional areas, including branch operations, deposit mobilization, leasing business development, and recoveries, providing him with a comprehensive understanding of the sector and its operational dynamics.

He has held progressive leadership roles in reputed financial institutions, with nearly a decade of service at Fintrex and over 12 years at Asian Finance Ltd. During his tenure at these organizations, Mr. Kumarasinghe served in various managerial capacities, steadily advancing through the ranks and making significant contributions to business expansion and operational effectiveness. His professional journey reflects strong expertise in business development and sales, underpinned by a consistent ability to identify growth opportunities and drive sustainable revenue generation.

Further, he has gained extensive hands-on experience in the field of recoveries, where he has provided strong leadership and effective mentoring to teams for the successful implementation of core recovery strategies. He has demonstrated a proven ability to design and execute targeted recovery initiatives aligned with organizational objectives, resulting in significant improvements in portfolio quality and bottom line profitability.

Complementing his extensive professional experience, Mr. Kumarasinghe holds a Master of Business Administration (MBA) from London Metropolitan University. This academic qualification has further strengthened his foundation in business management and strategic thinking, equipping him with the analytical and leadership capabilities required to navigate the complexities and evolving demands of the finance and leasing industry.

**Mr. Nishantha Hettiarachchi**
**Chief Information Officer**

Mr. Hettiarachchi has been with Fintrex since 2018 and brings with him more than 27 years of comprehensive experience in Information Technology, primarily within the financial services sector. His professional background includes 19 years in the banking industry and 6 years in the non-banking financial services sector, complemented by 14 years in senior corporate management roles across both domains.

Prior to joining Fintrex, he held the position of Assistant Vice President Information Technology at the National Development Bank (NDB). During his tenure, he played a pivotal role in strengthening IT operations through business aligned technology solutions. He has successfully guided numerous complex system and software initiatives, demonstrating strong leadership in project execution and technology governance.

With recognized expertise in Core Banking System Transformations, Mr. Hettiarachchi has led and delivered several major implementation programs. His exposure is not limited to the local market; he has also served as a core banking implementation consultant to an overseas bank in Nigeria, providing him with valuable international experience in banking technology transformation.

Mr. Hettiarachchi has been a key contributor to digital and operational transformation initiatives, driving improvements through process re-engineering, deployment of robust and scalable IT solutions, the integration of data-driven decision-making models, and the establishment of effective IT governance structures, including policies, frameworks, and operational procedures.

He holds an MSc in Information Technology from the University of Colombo, a BSc

(Honours) in Industrial Management from the University of Kelaniya, and a Diploma in Business Administration from ICFAI University, India. In addition, he is a member of the British Computer Society (BCS), underscoring his commitment to professional standards and continuous development.

### Mr. Manjula Tennakoon
**Chief Financial Officer**

Mr. Tennakoon is a highly accomplished finance professional with strong academic credentials and extensive industry experience. He is a member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Institute of Certified Management Accountants (CMA) of Sri Lanka, reflecting his professional standing and commitment to excellence in the field of accounting and finance.

He holds a Bachelor of Business Administration (Special) Degree from the University of Colombo and an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura. Further strengthening his professional expertise, he has obtained a Diploma in Taxation from the Sri Lanka Institute of Taxation and is also a Certified Information Systems Auditor, demonstrating his strong competency in taxation, financial controls, and information systems auditing.

Mr. Tennakoon commenced his professional career as a Management Trainee at George Steuart & Co. Ltd, one of Sri Lanka's leading conglomerates, where he gained valuable exposure to corporate operations and financial management. Over the course of more than 15 years, he has built a distinguished career in the non-bank financial services sector, holding both managerial and senior managerial positions.

His extensive experience spans several leading finance companies, including The Finance Company PLC, Prime Finance PLC, HNB Finance PLC, and Orient Finance PLC. Throughout his career, he has been actively involved in strategic financial management, regulatory compliance, risk management, and operational leadership, contributing significantly to organizational growth and governance. His broad exposure across multiple institutions has enabled him to develop a deep understanding of the Sri Lankan financial services industry and best practices in financial management.

### Mr. Sanjeewa Buwanakabahu
**Head of Human Resources & Administration**

Mr. Sanjeewa Buwanakabahu has over 20 years of professional experience across the banking and finance, manufacturing, and service sectors. He has served as a strategic Human Resources Business Partner with several leading organizations, including People's Bank, Modern Pack Lanka (Pvt) Ltd, CBL Foods International (Pvt) Ltd, Siyapatha Finance PLC, and the Renuka Group of Companies. His expertise lies in securing top talent, fostering a positive and safe work environment, and driving a performance-oriented culture that enhances employee engagement and productivity.

Academically, Mr. Buwanakabahu holds a Master of Business Administration (MBA) from the University of Colombo, where he was awarded the Gold Medal in Human Resources Management in recognition of his academic excellence. He also holds a Bachelor of Science in Business Administration (Special) Degree from the University of Sri Jayewardenepura. Complementing his academic qualifications, he possesses a strong portfolio of professional certifications, including Lean Black Belt Practitioner, Advanced 5S Lead Auditor and Instructor, and OHSAS 18001 / Occupational Health and Safety Lead Auditor qualifications accredited by IRCA, United Kingdom. In addition, he is a Certified Corporate Trainer, underscoring his commitment to continuous learning and professional development.

Deeply passionate about training, people development, and continuous improvement, Mr. Buwanakabahu has made noteworthy contributions to the advancement of HR and general management practices in Sri Lanka. He has shared his knowledge and practical experience as a visiting lecturer and corporate trainer at leading institutions such as the University of Sri Jayewardenepura, the University of Kelaniya, and the Vocational Training Authority of Sri Lanka. Through these roles, he has actively supported the development of future professionals and leaders, reinforcing his standing as a respected practitioner and educator in the field of human resource management.

### Mr. Dinesh Gunasekara
**Assistant General Manager - Business Channels Development**

Mr. Dinesh Gunasekara is an experienced finance and banking professional with over 23 years of extensive experience, demonstrating a strong commitment to excellence and deep expertise, particularly within the specialized field of leasing.

Throughout his career, he has consistently delivered impactful results by driving market share growth, strengthening brand positioning, and enhancing revenue performance. His comprehensive understanding of both assets and liability propositions has enabled him to successfully design and implement targeted business initiatives that promote customer acquisition and improve overall profitability.

Mr. Gunasekara is widely recognized for his leadership capabilities. A significant part of his professional journey was spent at Nations Trust Bank, where he served for 17 years in progressively responsible roles. Beginning his career there as an Assistant Manager in Corporate Leasing, he steadily advanced through the ranks to ultimately hold the position of Vice President - Leasing, reflecting his consistent performance and leadership excellence.

Academically, Mr. Gunasekara holds a Master of Business Administration (MBA) from Cardiff Metropolitan University. He is also a Certified Management Accountant through CMA Australia, further strengthening his financial expertise.

**Mr. Namal Sumanaratne**
**Head of Credit**

Mr. Namal Sumanaratne is a highly experienced banking and finance professional with over 32 years of service in the banking and finance sectors. His career reflects a strong foundation in both credit management and operational functions, comprising more than 23 years of specialized experience in credit management and a further 9 years in operations, portfolio management, and branch banking.

He has gained extensive hands-on experience in credit management relating to specialized financial products such as leasing and factoring, along with in-depth exposure to SME and MME credit portfolios. Over a sustained period, Mr. Sumanaratne has developed strong competencies in credit evaluation, risk assessment, portfolio monitoring, and credit administration within these segments.

Mr. Sumanaratne commenced his professional career at Seylan Bank as a Banking Assistant, where he built a solid grounding in banking operations and customer service. He subsequently held progressively responsible positions at Mercantile Leasing Ltd and Nations Trust Bank, serving in roles such as Operations Executive, Portfolio Manager, and Manager – Credit. In these capacities, he was responsible for managing leasing, factoring, and SME/MME credit portfolios and played a key role in strengthening credit processes and portfolio performance.

Prior to joining Fintrex Finance PLC, Mr. Sumanaratne was associated with Softlogic Finance PLC, where he held the position of Head of Factoring and Business Loans. In recognition of his leadership and expertise in credit risk management, he was later promoted to the position of Head of Credit.

**Mr. Niroshan Karunathilake**
**Chief Internal Auditor**

With over 15 years of professional experience, including extensive time in the financial services sector and several years in external auditing, Mr. Niroshan Karunathilake brings strong expertise in finance. His diverse expertise and strong technical foundation have enabled him to build a well-rounded career in accounting, auditing, and risk management.

He is an Associate Member of both the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Association of Accounting Technicians of Sri Lanka (AATSL), reflecting his commitment to professional excellence and adherence to industry standards.

Mr. Karunathilake holds a Bachelor's degree in Business Management from the University of Kelaniya. Further strengthening his credentials, he has earned a Diploma in Bank Integrated Risk Management with a Merit Pass from the Institute of Bankers of Sri Lanka (IBSL), demonstrating his specialized knowledge in banking risk frameworks and financial oversight.

Prior to joining Fintrex Finance PLC, Mr. Karunathilake served as Manager – Internal Audit at Siyapatha Finance PLC, where he played a key role in strengthening internal controls and governance practices. Earlier in his career, he gained valuable experience in both external and internal auditing as a Senior Auditor at VS & Associates, Chartered Accountants, for over three years, further enhancing his expertise in audit processes and compliance.

With a proven track record in audit, risk management, and financial analysis, Mr. Karunathilake continues to contribute effectively to organizational performance and governance.

**Mr. Weranga Jayasekara**
**Head of Operations**

Mr. Weranga Jayasekara possesses over 25 years of extensive expertise in the financial services industry, with a strong background in banking, leasing, insurance, and operational management. With strong corporate exposure and a proven track record in the industry, he has demonstrated exceptional leadership and expertise in driving business growth and operational excellence.

He holds a Master of Business Administration (MBA) from Cardiff Metropolitan University, UK, which complements his broad industry knowledge and strategic management capabilities. Prior to joining Fintrex Finance PLC, Mr. Jayasekara served as the Channel Manager – Bancassurance at Union Assurance Limited, where he played a key role in strengthening insurance distribution channels and customer engagement initiatives. He has also held Branch Manager positions at Nations Trust Bank and Pan Asia Bank Corporation PLC, contributing significantly to branch performance, customer relationship management, and business development.

Mr. Jayasekara began his professional journey at Hatton National Bank and further advanced his career at LOLC Finance, gaining valuable expertise in financial operations and customer-centric banking solutions. His diverse experience and leadership continue to add value to the financial services industry.

**Mrs. Theja Malawaraarachchi**
**Head of Legal**

Mrs. Theja Malawaraarachchi is a seasoned legal professional with nearly 18 years of experience in the corporate legal domain, spanning the banking and financial services sectors as well as large-scale corporate conglomerates. She holds her legal qualifications from Sri Lanka Law College and has earned a Master of Laws (LL.M) from the University of Colombo, further strengthening her expertise in commercial and corporate law.

Her career began in private practice as an Attorney-at-Law, after which she transitioned into the corporate sector. She served as Assistant Manager – Consumer Litigation at Nations Trust Bank PLC, followed by her role as Deputy Manager – Legal at LOLC Finance PLC, where she played a pivotal role in managing legal risk and regulatory compliance.

Currently serving as Head of Legal, Mrs. Malawaraarachchi brings strategic legal insight, leadership, and a deep understanding of the regulatory landscape to the organization. She is also an active member of the Bar Association of Sri Lanka.

# Senior Management



**Mr. Yenuka Geemal**
Head of Treasury
*Served until 21-04-2026*



**Mr. Salika Wijesekara**
Chief Manager - Credit Risk Management



**Mr. Samila Imbulana**
Head of Deposits



**Mr. Isuru Kumarage**
Chief Risk and Data Protection Officer



**Mrs. Apeksha Perera**
Compliance Officer



**Mr. Maduka De Silva**
Senior Manager - Recoveries



**Mr. Upul Ranjan**
Senior Manager - Gold Loan Operations



**Mr. Indika Bogala**
Senior Manager - IT



**Mr. Aruna Fernando**
Senior Manager - Recoveries



**Mr. Sameera Indrajith**
Regional Manager-Business Development



**Mr. Nalin Perera**
Senior Manager - Administration
*Served until 30-06-2026*



**Mr. Lasantha Hettiarachchi**
Senior Manager-Business Development



**Mr. Amila Sandaruwan**
Senior Branch Manager



**Mr. Dimuthu Kumara**
Senior Manager - Brand & Marketing Communication



**Mr. Sagara Saman Kumara**
Senior Branch Manager



**Mr. Chathura Rambukwella**
Senior Manager - Human Resources



**Mrs. Udara Jayasundara**
Senior Manager - Deposits Mobilization



**Mr. Sanjeewa Danasiri**
Senior Manager - Finance



**Mr. Roshan Zaruck**
Senior Manager - Device Financing Recovery



**Mrs. Lalanee Wathsala**
Senior Manager - Finance



**Mrs. Christeen Wickramanayake**
Company Secretary



**Mr. Nipuna Hannadige**
Senior Branch Manager

# Business Model GRI 2-6

## Operating Environment

**Capital Inputs**
Key resources and capital inputs that underpin value-generating activities, fostering resilience, sustainable growth, and enduring value for stakeholders.

**Our Core Functions and Activities**
Core and supporting activities that transform key resources and capital inputs into outputs and outcomes, driving growth, enhancing stakeholder value, managing risk, and creating sustainable value across all capitals.

### Financial Capital
- Total Assets: Rs. 31.5 Bn
- Total Liabilities: Rs. 27.11 Bn
- Total Net Portfolio: Rs. 28.3 Bn
- Shareholder Equity: Rs. 4.38 Bn
- Total Borrowing: Rs. 12.1 Bn
- Trust Certificate: Rs. 0.5 Bn

### Human Capital
- 402 Employees
- Rs. 5.72 Mn. Training and Development
- Talent management
- Health and well-being
- Diversity and Inclusion

### Manufactured Capital
- Rs. 160.53 Mn Investment in Fixed Assets
- Network of 17 Branches
- 17 Gold Loan Centres
- Digital Lending Platform
- Fintrex Hub Mobile App

### Intellectual Capital
- Rs. 137 Mn. Investment in IT Systems and processes
- Brand reputation
- Knowledge-based assets
- Best practices
- Credit Rating
- Cybersecurity

### Social and Relationship Capital
- 294,683 Customer relationships
- 475 Suppliers
- Rs. 6.09 Mn. CSR investment

### Natural Capital
- Energy Consumption 2,183.14 GJ
- Water Consumption 4.32 ML
- Green Lending Initiatives
- Energy Management
- Water Management
- Waste Management

## Our Vision

## Our Mission

### Strategic Initiatives
- Digital Transformation and Innovation
- Portfolio Diversification and Responsible Growth
- Customer Experience & Market Expansion
- Partnerships Development
- Brand Building, Marketing & Community Engagement
- People, Culture & Organisational Excellence
- Corporate Social Responsibility (CSR) & Sustainability

### Business Lines
- Leasing
- Vehicle loans
- Deposits
- Business Loans
- Gold Loans
- Smart Draft
- Device Finance
- Solar Loans

### Supporting Divisions
- Finance
- IT
- Credit & Operations
- Legal
- Recovery
- Marketing
- HR & Administration
- Internal Audit
- Business Development
- Risk & Compliance



| Outputs<br>The products, services, and other deliverables produced through the Company's value-creation process, addressing stakeholder needs while generating sustainable value across all capitals. | Outcomes<br>The tangible and intangible value delivered to stakeholders through the Company's activities, reflecting sustainable growth and positive impact across financial, social, and environmental dimensions. | |
|---|---|---|
| * Rs. 660.38 Mn Profit After Tax<br>* Rs. 38 Bn Loan Disbursements<br>* Total Tax Contribution Rs .844.93 Mn<br>* Rs. 2.77 EPS | * 258.91% Increases in PAT<br>* 240.83% Increase in PBT<br>* 45.04% Increase In Assets | Stakeholders<br>SDGs<br>Strategic Pillar |
| * 16,003 Hours of Training and Development<br>* 56% Female Employees<br>* Number of Employee Promotions - 55<br>* Rs. 966 Mn. Salaries and Benefits<br>* Certified as a Great Place to Work | * 56% Increase in Female Employees<br>* A Motivated and Committed Team | Stakeholders<br>SDGs<br>Strategic Pillar |
| * New Core Banking System<br>* Opened one New Branch<br>* Relocated one Branch<br>* Capacity enhanced and relaunch of three branches | * Improved Productivity<br>* Enhanced Efficiency<br>* Improved Access to Financial Services<br>* Sustainable cities and communities | Stakeholders<br>SDGs<br>Strategic Pillar |
| * Automated Systems and Processes<br>* IT Training for Employees<br>* Strengthened Governance<br>* Enhanced Data Protection and Security Practices<br>* Introduced "Fintra", an AI-powered virtual assistant<br>* ZERO Incidents of Breach | * Culture of Learning and Development<br>* Advanced Technology<br>* Secure Systems<br>* Strengthened Operational Resilience | Stakeholders<br>SDGs<br>Strategic Pillar |
| * 550+ CSR beneficiaries<br>* Rs. 755.20 Mn. Paid to Suppliers<br>* Diverse Product Portfolio | * Strong business relationships<br>* Empowered Communities<br>* Loyal Customer Base | Stakeholders<br>SDGs<br>Strategic Pillar |
| * Paper Usage Reduction | * Water Consumption Reduced by 59%<br>* Energy Usage Per Employee 4.58 GJ | Stakeholders<br>SDGs<br>Strategic Pillar |

# Operating Landscape

## Global Economic Environment

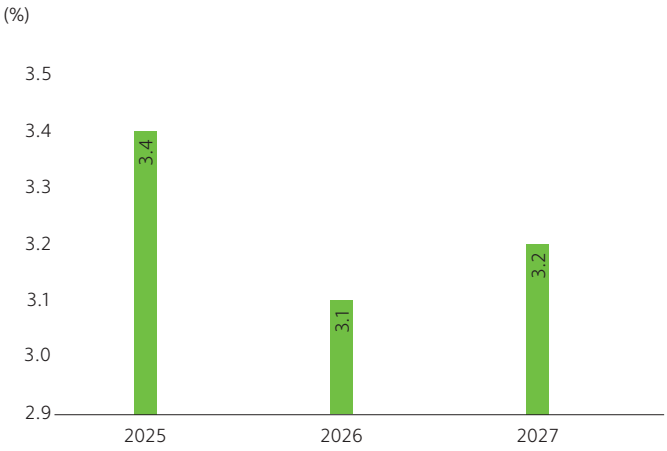
The global economy in FY 2025/26 experienced moderate but uneven growth amid easing inflation, geopolitical uncertainty, and rapid technological advancement. Economic activity remained positive, though below long-term averages, supported by resilient consumer demand, policy support, and continued investment, particularly in technology. Inflationary pressures eased during the year, enabling several central banks to begin a gradual shift toward more accommodative monetary policies, although interest rates remained relatively elevated.

Geopolitical tensions and conflicts continued to contribute to uncertainty and volatility in global energy markets, influencing inflation and growth prospects. At the same time, technological transformation, driven by artificial intelligence and digitalisation, accelerated investment across sectors such as cloud computing, semiconductors, and automation, with stronger gains observed in advanced economies.

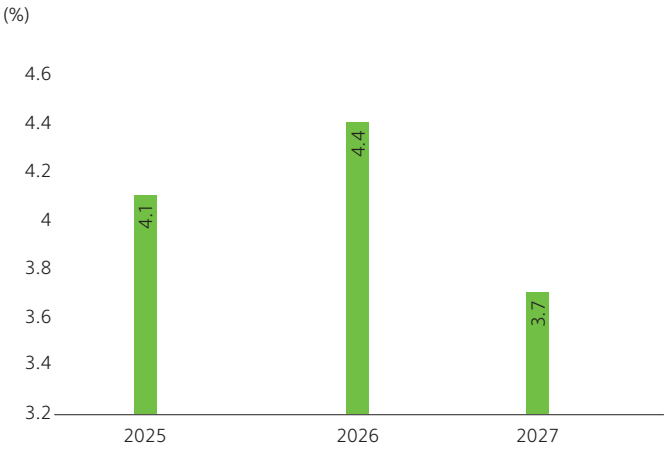
Global trade growth remained subdued due to protectionist policies and supply chain realignment, while fiscal pressures persisted as high debt levels and rising borrowing costs constrained government spending, particularly in emerging markets. Emerging Asia remained a key growth driver, led by India's strong domestic demand, while China's growth moderated.

Sustainability and green investment gained further momentum globally, with increasing focus on renewable energy and ESG integration. However, financial markets experienced periodic volatility, and many developing economies continued to face an uneven recovery due to limited fiscal space, climate vulnerabilities, and weaker investment trends.

Gloabl Growth




Global Inflation




*Source: IMF World Economic Outlook – April 2026 update*

## Sri Lanka Economic Environment

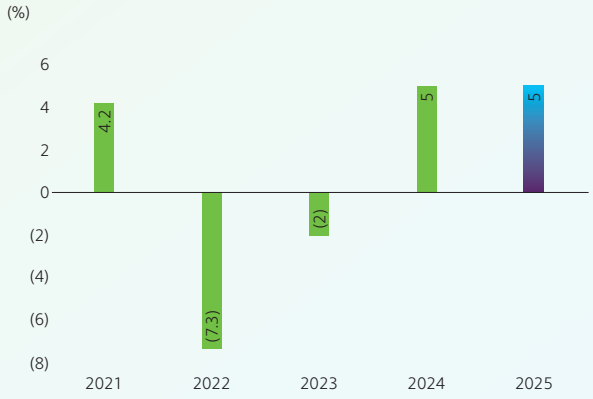
Sri Lanka's economy continued its recovery trajectory during FY 2025/26, supported by macroeconomic stabilisation efforts, IMF-backed reform programmes, improved fiscal performance, easing inflationary pressures, and a gradual revival in economic activity. These developments contributed to increased confidence, a more stable macroeconomic framework, and improved external sector conditions.

However, the recovery remained fragile, with ongoing exposure to external shocks, limited fiscal space, and challenges related to debt restructuring. These factors continued to pose risks to sustaining growth momentum and maintaining long-term economic stability.

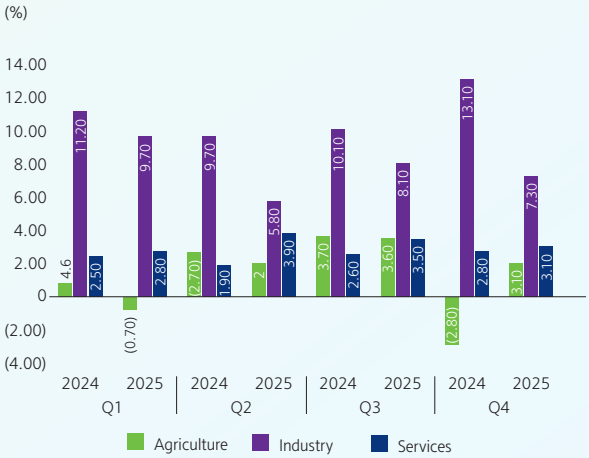
**Economic Growth and Recovery**

Sri Lanka recorded strong economic growth during the year, with real GDP expanding to approximately 5% in 2025, reflecting a significant recovery from the 2022–2023 crisis. Growth was driven by improvements in tourism, industry, construction, financial services, and strengthening domestic demand.

GDP Growth




GDP growth




*Source: The CBSL*

**Impact on Fintrex**

Sustained demand for lending, albeit at a gradually stabilising pace.

**Our Response**

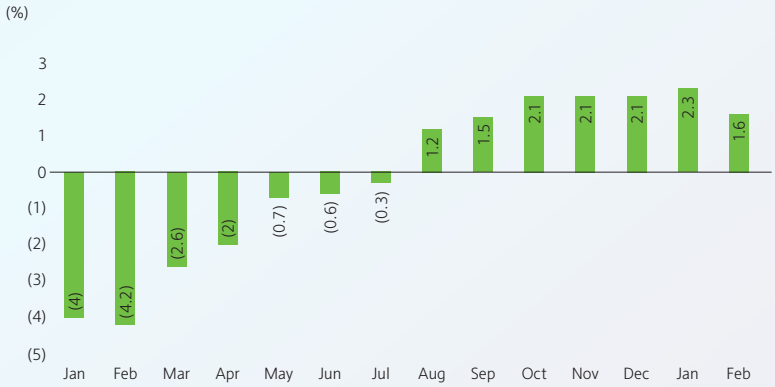
Focused on sustainable portfolio growth and risk-adjusted lending practices.

**Inflation and Price Stability**

Inflation remained largely contained for most of FY 2025/26, supported by prudent monetary policy and improved supply conditions.

However, upward pressure re-emerged toward the latter part of the year due to global energy price increases and administered price adjustments, with inflation trending toward the Central Bank's medium-term target of around 5%.

Inflation - 2025




*Source: The CBSL*

**Impact on Fintrex**

The relatively stable inflation environment for most of FY 2025/26 supported greater economic predictability and affordability, enabling Fintrex to sustain lending growth while maintaining stable asset quality. However, inflationary pressures re-emerged toward the latter part of the year, driven by rising energy costs and adjustments to administered prices, which increased cost burdens for both customers and businesses.

**Our Response**

Fintrex capitalised on stable inflation to support lending growth, while responding to emerging price pressures through prudent risk pricing, and enhanced portfolio monitoring.

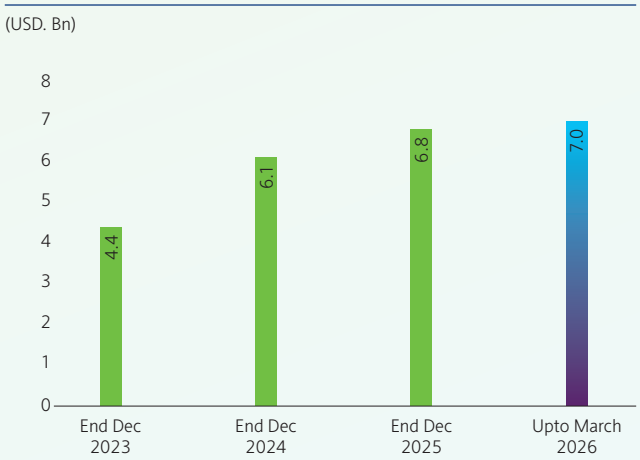
# Operating Landscape

**External Sector Performance**

The external sector improved significantly, supported by higher tourism earnings, increased worker remittances, and stronger export performance. The improvement in gross official reserves to USD 7.0 billion by end of FY 2025/26, alongside increased workers' remittances and a recovery in tourist arrivals, reflects strengthening external sector resilience.

Foreign exchange reserves strengthened compared to crisis levels, contributing to exchange rate stability, although rising energy import costs exerted some pressure toward year-end.

Gross Reserves




Exchange Rate




*Source: The CBSL*

**Impact on Fintrex**

This favourable macroeconomic environment enhanced market confidence and liquidity conditions, enabling Fintrex to operate with greater stability while capitalising on emerging growth opportunities.

**Our Response**

Fintrex effectively leveraged the strengthening in external sector conditions, to operate within a more stable and confidence-driven economic environment. This enhanced stability supported improved funding conditions and customer sentiment, enabling the Company to pursue lending growth while maintaining prudent liquidity and risk management practices.

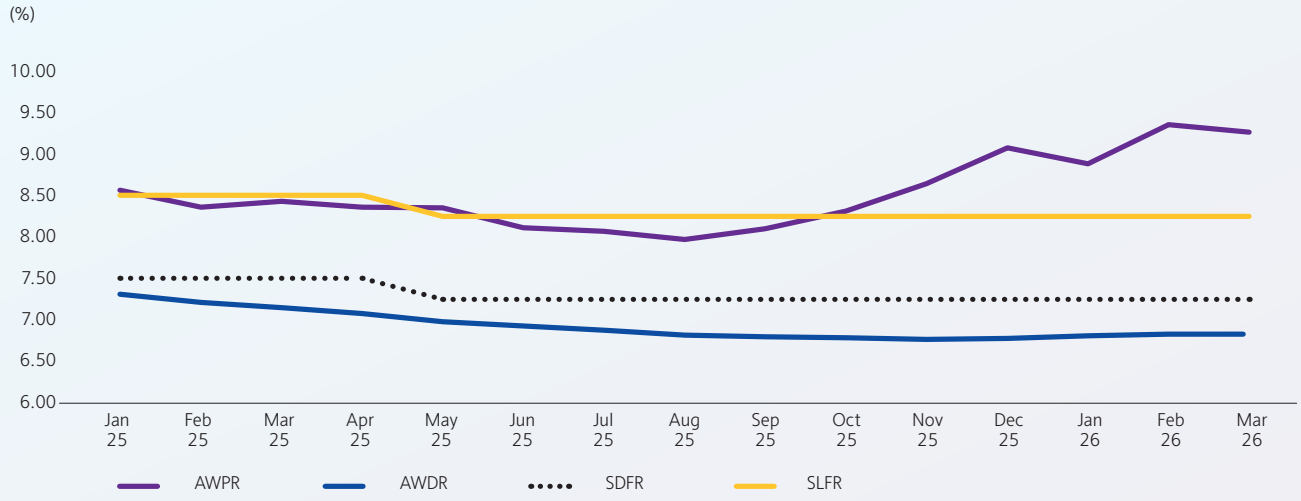
**Interest Rate Environment**

Market interest rates continued to trend downward during 2025, reflecting an accommodative monetary policy stance, a low-inflation environment, and well-anchored inflation expectations. The Central Bank of Sri Lanka (CBSL) reduced the Overnight Policy Rate (OPR) by 25 basis points, from 8.00% to 7.75%, effective 22nd May 2025, and maintained this level through the end of the financial year. Accordingly, the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were adjusted to 7.25% and 8.25%, respectively.

The CBSL expected that the accommodative monetary policy stance would help steer inflation toward the 5% target amid global uncertainties and subdued inflationary pressures. The easing of monetary policy contributed to a decline in market interest rates, thereby strengthening liquidity conditions across the financial system.

Improved investor confidence and a reduction in risk premia, supported by enhancements in the country's credit profile, further contributed to the overall easing of rates. However, a modest uptick was observed toward the latter part of the year, driven by temporary adjustments in short-term market rates.

Interest Rates




*Source: The CBSL*

**Impact on Fintrex**

The decline in lending rates supported a recovery in private sector credit growth, positively influencing Fintrex's business volumes, stimulating customer investment appetite, and reinforcing consumer spending trends. The accommodative interest rate environment provided a strong foundation for Fintrex Finance PLC to strategically expand its lending portfolio while offering customers more accessible and cost-effective financing solutions.

**Our Response**

Fintrex responded to the lower interest rate environment by strategically expanding its lending portfolio, leveraging improved market conditions to drive credit growth. The Company capitalised on increased customer demand and enhanced affordability by offering competitive and accessible financing solutions, thereby supporting business expansion while maintaining asset quality and prudent risk management.

# Operating Landscape

**Regulatory Environment and IMF-led Reforms**

Ongoing IMF-supported reforms and fiscal consolidation measures continued to strengthen macroeconomic stability while increasing regulatory and tax compliance requirements.

**Impact on Fintrex**

Higher regulatory compliance and taxation pressures.

**Our Response**

Ensured strict regulatory alignment and enhanced governance and compliance practices.

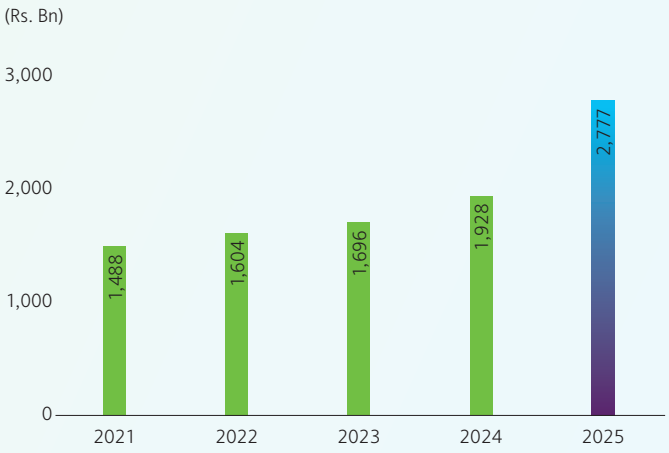
## Non-Banking Financial Institutions (NBFI) Sector

The NBFI sector maintained strong growth momentum in 2025, with significant expansion in credit, assets, and lending portfolios. The sector remained resilient, supported by adequate capital and liquidity buffers, while asset quality improved as reflected by a decline in Stage 3 loans. By end-2025, the sector comprised 32 FCs, accounting for 6.8% of total financial system assets, with a wide regional presence through 1,998 branches, the majority located outside the Western Province. In addition, Phase II of the consolidation masterplan was initiated to further strengthen sector resilience over the medium term.

### Assets Growth

The NBFI sector recorded strong asset growth of 44.0% in 2025, driven primarily by a significant expansion in loans and advances, which accounted for over 80% of total assets. The lending portfolio increased by 56.0%, with finance leases and vehicle loans remaining dominant, followed by gold-backed lending, both segments showing robust growth. In contrast, the investment portfolio recorded modest growth, reversing the contraction observed in the previous year.

Total Assets

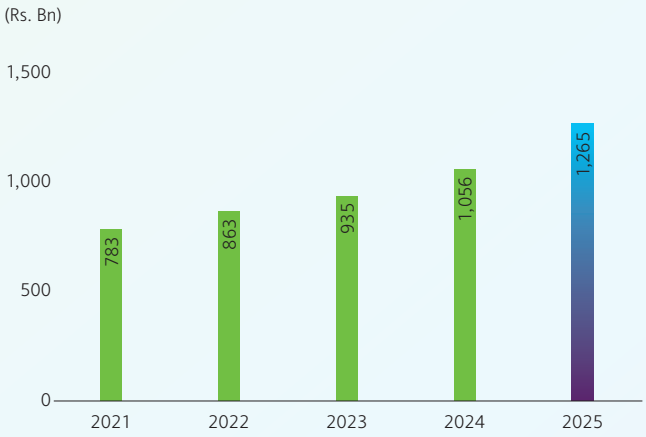



*Source: The CBSL*

### Public Deposits and Borrowings

Public deposits remained the primary funding source for the NBFI sector, accounting for 45.6% of total funding, followed by borrowings at 30.6%. Total deposits grew by 19.8% year-on-year in 2025, reflecting continued depositor confidence, compared to 13.0% growth in 2024. Meanwhile, borrowings recorded a significant increase of 178.1%, driven largely by term loans and securitisation facilities, which together accounted for 81.0% of total borrowings by end-2025.

Total Deposits



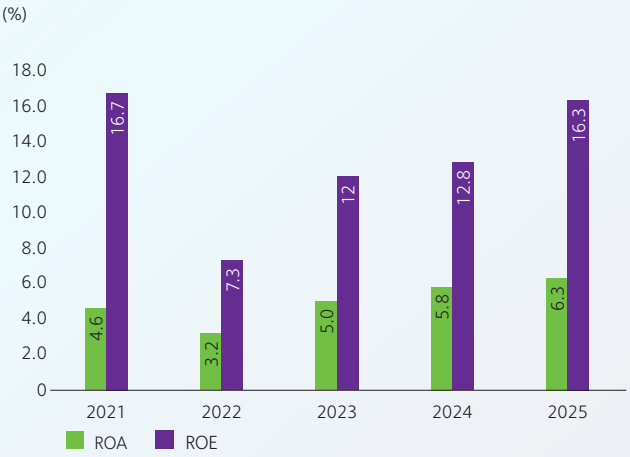

*Source: The CBSL*

### Liquidity and Profitability Performance

The sector-maintained liquidity levels were well above the minimum regulatory requirement throughout 2025. Total regulatory liquid assets stood at Rs. 226.4 bn at end 2025, resulting in a liquidity surplus of Rs. 74.3 bn, compared to Rs. 105.1 bn recorded in the previous year.

Profitability improved significantly, with Profit After Tax increasing by 49.9% to Rs. 88.5 bn in 2025, driven by higher net interest income and impairment reversals. This was reflected in stronger return indicators, with ROA and ROE rising to 6.7% and 17.5%, respectively, compared to 6.0% and 13.3% in 2024.

ROA and ROE



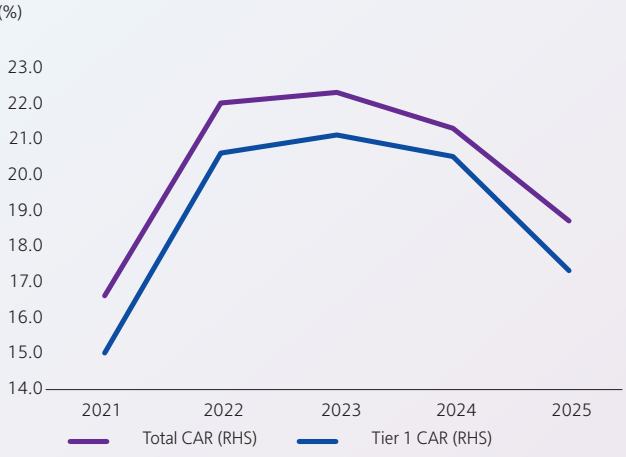

*Source: The CBSL*

### Capital Adequacy

The capital base of the sector strengthened, increasing by Rs. 84.0 bn to reach Rs. 442.4 bn by end-2025, reflecting growth of 23.4%. However, one finance company remained non-compliant with minimum core capital and/or capital adequacy requirements during the year.

Capital adequacy ratios moderated, with Tier 1 Capital Adequacy Ratio (CAR) and Total CAR declining to 17.3% and 18.7%, respectively, from 20.5% and 21.3% in 2024, primarily due to the expansion in lending activities and the resulting increase in risk-weighted assets (RWA).

Capital Adequacy




*Source: The CBSL*

# Operating Landscape

### Assets Quality

The sector recorded a notable enhancement in asset quality in 2025, underpinned by a sharp contraction in non-performing loan exposures. Consequently, the Gross Stage 3 loans ratio declined significantly to 6.1%, compared to 11.5% in 2024.

The improvement in asset quality was further evidenced by a decline in the Net Stage 3 loans ratio to 3.2% from 6.5% in the prior year. Concurrently, the industry strengthened its provisioning practices, with the impairment coverage ratio increasing to 47.8% compared to 43.4% in 2024.

Non-Performing Advances




*Source: The CBSL*

### Private Sector Credit Expansion

Private sector credit growth continued during the year, driven by increased demand from retail and SME segments as economic activity recovered.

**Impact on Fintrex**
Growth in demand for lending products across key segments.

**Our Response**
Expanded targeted lending solutions supported by prudent credit evaluation frameworks.

### Vehicle Import Liberalisation and Leasing Market Growth

The Government fully resumed private motor vehicle imports from 1 February 2025, reversing earlier restrictions. This policy supported revenue generation, enhanced market competition, and contributed to economic normalisation.

**Impact on Fintrex**
The resumption of private motor vehicle imports created a significant opportunity for Fintrex, particularly in its leasing and vehicle financing segments. It increased vehicle availability and market activity, leading to higher demand for financing solutions. This enabled the Company to expand its asset portfolio, enhance lending volumes, and strengthen revenue growth, while catering to increased customer demand in a more competitive market environment.

**Our Response**
Fintrex proactively capitalised on the resumption of private motor vehicle imports by strengthening its presence in the vehicle financing segment. The Company expanded its leasing portfolio, introduced competitive financing solutions, and enhanced dealer and supplier relationships to capture the increased market demand. At the same time, Fintrex maintained prudent credit underwriting and risk assessment practices to ensure sustainable portfolio growth amidst intensifying market competition.

**Key Sector Performance Indicators – Fintrex (FFL) vs NBFI Sector - 2025/26**

| Category | Indicator Ratio | FFL (%) | NBFI Sector (%) |
|---|---|---|---|
| Capital Adequacy | Tier 1 Capital after Adjustments to Risk-Weighted Assets | 12.75 | 16.60 |
| | Total Capital to Risk-Weighted Assets (Total Capital Ratio) | 16.81 | 18.42 |
| Asset Quality | Gross Non-Performing Advances to Total Advances | 8.36 | 4.42 |
| | Net Non-Performing Advances to Total Advances | 4.74 | 2.43 |
| | Stage 3 Impairment Coverage Ratio | 43.27 | 45.15 |
| Profitability | Return on Assets (ROA) (Annualised) | 2.48 | 6.22 |
| | Return on Equity (ROE) (Annualised) | 17.34 | 17.16 |
| | Net Interest Margin (NIM) | 12.67 | 11.11 |
| Liquidity | Liquid Assets to Total Assets | 6.83 | 8.86 |
| | Liquid Assets to Deposits | 16.65 | 19.73 |
| | Liquid Assets to Short-Term Liabilities (less than 03 months) | 40.68 | 39.59 |
| Growth | Asset Growth (YoY) | 45.03 | 10.02 |
| | Deposit Growth (YoY) | 32.72 | 8.51 |

# ADVANCING A DIGITAL FUTURE

***Technology has become a gateway to knowledge, opportunity, and advancement. Laptop financing solutions help students pursue their education, professionals enhance their capabilities, and entrepreneurs transform ideas into reality. Greater digital access empowers individuals to reach their potential and contribute to a more connected future.***





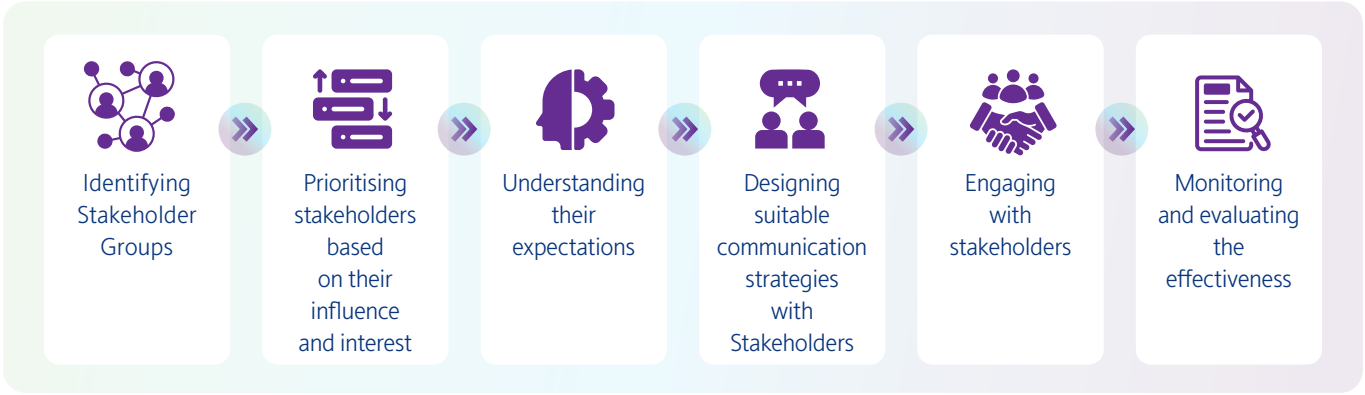
# Stakeholder Engagement

We recognise stakeholder engagement as a cornerstone of sustainable value creation and long-term growth. We proactively engage with key stakeholders through structured and transparent channels to understand their expectations and address concerns. This systematic approach enables the continuous integration of stakeholder feedback into strategic decision-making and operational improvements.

## Stakeholder Engagement Process

GRI 2-29

We have adopted a six-stage stakeholder engagement model to identify, understand, engage, and manage stakeholder relationships throughout our business processes. While we continuously assess and refine our engagement strategies in response to evolving trends in the financial ecosystem and changing stakeholder needs, this structured approach enables us to identify opportunities for improvement and better integrate stakeholder engagement into our value creation process.




## Our Guiding Principles for Stakeholder Engagement

The purpose of these Stakeholder Engagement Principles is to provide a clear, consistent, and accountable approach to building and maintaining effective relationships with our stakeholders. We recognise that sustainable growth and long-term value creation are supported by ethical, transparent, and mutually beneficial engagement with those who are affected by, or have an interest in, our activities.

Stakeholder engagement is an essential element of effective corporate governance, strategic planning, risk management, sustainability, and responsible business conduct. We strive to understand stakeholder needs and expectations, address legitimate concerns, and consider stakeholder perspectives, where appropriate, in our decision-making processes.

To achieve this, we are guided by the following principles:

**1. Inclusiveness**
We seek to identify and engage all relevant stakeholder groups and provide meaningful opportunities for participation. Our engagement processes are fair, inclusive, and free from discrimination, with appropriate consideration given to vulnerable, marginalised, or underrepresented stakeholders.

**2. Transparency**
We are committed to communicating with stakeholders in an open, honest, and timely manner. Information shared will be relevant, accurate, balanced, and easily understood, while complying with applicable legal, regulatory, and disclosure requirements. We will not engage in misleading, selective, or deceptive communications.

**3. Accountability**
We are accountable for managing stakeholder relationships responsibly and ensuring that stakeholder concerns are appropriately considered in decision-making. Roles and responsibilities for stakeholder engagement are clearly defined and embedded across the organisation.

**4. Respect**
We treat all stakeholders with dignity, courtesy, fairness, and professionalism, regardless of their influence, background, views, or relationship with the Company.

**5. Responsiveness**
We listen to stakeholder feedback and strive to address concerns promptly, respectfully, and effectively. Where immediate resolution is not possible, we will communicate the process, expected timelines, and progress toward addressing the issue.

**6. Continuous Improvement**
We are committed to regularly evaluating and strengthening our stakeholder engagement practices to ensure they remain effective, relevant, and aligned with evolving stakeholder expectations, business priorities, and emerging best practices.

**7. Integrity and Ethical Conduct**
All stakeholder interactions are conducted with honesty, integrity, and professionalism, and in accordance with the Company's values, Code of Conduct, and applicable ethical standards.

**8. Confidentiality**
We will protect confidential, proprietary, and commercially sensitive information obtained through stakeholder engagement activities. Personal data will be collected, processed, stored, and safeguarded in accordance with applicable privacy and data protection laws and regulations.

## Stakeholder Identification

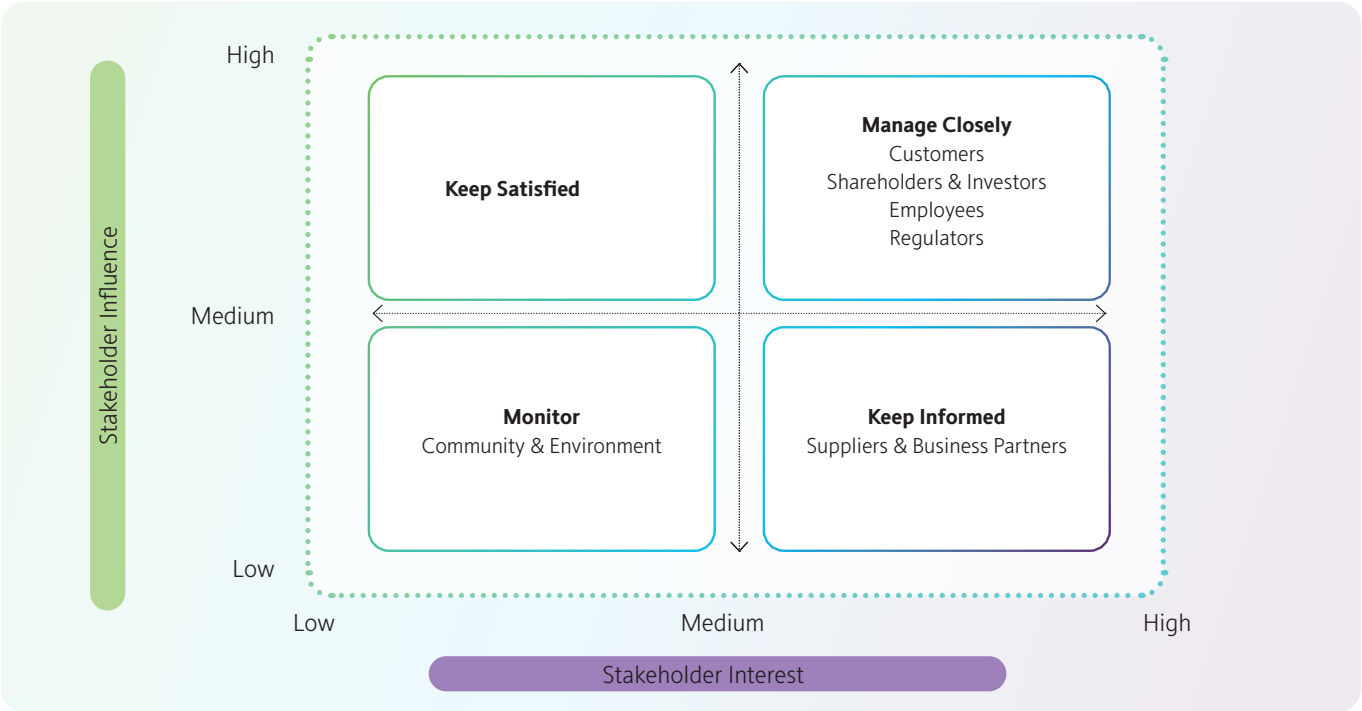
Stakeholders are identified through a structured and ongoing process that considers individuals, groups, and organisations that may influence, or be influenced by, the Company's activities, decisions, and performance. This process ensures that stakeholder interests and expectations are appropriately recognised and incorporated into decision-making. Key steps include:

1. **Internal Assessment** – Identifying key internal stakeholders, including employees, management, shareholders, and Board members.
2. **External Assessment** – Identifying external stakeholders such as customers, suppliers, regulators, investors, financial institutions, local communities, government authorities, industry associations, and non-governmental organisations.
3. **Business Relationship Mapping** – Reviewing the Company's value chain, operations, products, services, and strategic partnerships to identify parties with direct or indirect relationships to the business.
4. **Impact and Influence Analysis** – Evaluating the extent to which stakeholders influence the Company's operations and the degree to which they are affected by the Company's activities and decisions.
5. **Regulatory and Industry Considerations** – Recognising stakeholders identified through applicable legal, regulatory, and industry-specific requirements and obligations.
6. **Stakeholder Engagement and Feedback** – Gathering insights through surveys, meetings, consultations, feedback channels, employee forums, customer interactions, and grievance mechanisms to identify emerging stakeholder concerns and expectations.
7. **Periodic Review and Validation** – Regularly reviewing and updating the stakeholder register to reflect changes in the business environment, operational activities, stakeholder expectations, and other relevant developments.

## Stakeholder Mapping

As our stakeholders play a critical role in supporting our business operations and influencing the effectiveness of our business model, we strive to maintain a balance between their expectations to ensure the long-term sustainability of our business.

The table below outlines our process for identifying and analysing stakeholders based on their level of influence on the Company's business activities.



# Stakeholder Engagement

## Value Creation for Stakeholders

The Value-Added Statement presented below illustrates how we created and distributed economic value during the financial year 2025/26 among our key stakeholders. It reflects our commitment to maintaining a balanced and sustainable business model, ensuring that the value generated through our operations is shared responsibly among those who contribute to our success.

During the year, we generated significant economic value through our core financial intermediation activities, operational excellence, and strategic initiatives. This value was created through the collective contributions of our customers, employees, providers of capital, regulatory authorities, and the wider community. The Value-Added Statement demonstrates how this wealth was distributed in alignment with our strategic priorities, stakeholder commitments, and long-term sustainability objectives, reinforcing our dedication to creating shared value for all.

| Depositors and Lenders | Employees | Suppliers | Government | Local Communities |
|---|---|---|---|---|
| **Rs. 2,409Mn** | **Rs. 967Mn** | **Rs. 1,840Mn** | **Rs. 845 Mn** | **Rs. 6.09 Mn** |
| 2024/25 – **Rs. 1,756Mn** | 2024/25 – **Rs. 730Mn** | 2024/25 – **Rs. 741 Mn** | 2024/25 – **Rs. 338 Mn** | 2024/25 – **Rs. 6.47Mn** |
| Interest paid on Deposits & Borrowings | Salaries, EPF/ETF, Gratuity and Other Benefits | Payments to Suppliers | Tax on Financial Services (VAT & SSCL) and Corporate Tax | Investment in CSR Activities |

## Customers

Level of engagement: **Strong**

| Engagement Mode | Frequency |
|---|---|
| Branch interactions | Daily |
| Customer Contact Centre | Continuous |
| Digital platforms | Continuous |
| Marketing channels | Ongoing |

**Key concerns raised**

- Service quality
- Product innovation
- Accessibility
- Complaint handling
- Data security
- Product Awareness
- Flexibility in Repayments

**Relevant Material Topics**

- Customer Satisfaction and Service Quality
- Digital Transformation & Innovation
- Customer Privacy

**Our strategic response/value proposition**

- Enhance digital systems and capabilities
- Improve service quality and standards
- Strengthen complaint resolution mechanisms
- Ensure robust data protection and security
- Develop innovative products

Link to Capitals



Link to Strategy



Relevant SDGs




Value created

- Higher customer satisfaction
- Increased trust
- Improved service accessibility

## Employees

Level of engagement **Strong**

| Engagement Mode | Frequency |
|---|---|
| Staff meetings | Ongoing |
| Performance appraisals | Annual/Mid-Year |
| Training programs | Continuous |
| Internal communications | As required |
| Engagement Activities | Continuous |
| Digital Platforms -Social Media | Continuous |
| Company Magazine | Biannually |

### Key concerns raised

- Remuneration and benefits
- Career growth
- Work-life balance
- Training and development
- Equality and safety

### Relevant Material Topics

- Talent Attraction and Retention
- Occupational Health and Safety
- Employee Development & Training
- Diversity and Equal Opportunity
- Non-Discrimination
- Child Labour, Forced or Compulsory Labour

### Our strategic response/value proposition

- Conduct regular training programmes
- Implement recognition and reward schemes
- Strengthen HR policies; Facilitate flexible work arrangement
- Encourage Internal promotions
- Organise employee engagement activities

Link to Capitals



Link to Strategy



Relevant SDGs




Value created

- Higher employee engagement
- Improved productivity
- Strong retention
- Skilled workforce

# Stakeholder Engagement

## Shareholders & Investors

Level of engagement: **Strong**

| Engagement Mode | Frequency |
|---|---|
| Annual General Meeting | Annual |
| Financial reporting | Quarterly/Annual |
| Investor meetings | As required |
| CSE announcements and disclosures | Continuous |

**Key concerns raised**

- Financial performance
- Shareholder Returns
- Transparency
- Governance
- Tax compliance and reporting

**Relevant Material Topics**

- Financial Performance and Sustainable Growth
- Tax Approach
- Fraud and Anti-Corruption
- Regulatory Compliance

**Our strategic response/value proposition**

- Provide timely financial disclosures
- Strengthen governance frameworks
- Maintain transparent tax practices and compliance
- Maintaining solid liquidity
- Ethical business

Link to Capitals



Link to Strategy



Relevant SDGs




Value created

- Improved investor confidence
- Enhanced transparency
- Strong governance

## Regulators

Level of engagement: **Moderate**

| Engagement Mode | Frequency |
|---|---|
| Regulatory submissions | Ongoing |
| CBSL Audits | Periodic |
| Meetings | As required |
| Direct Regulatory Communication | As required |

**Key concerns raised**

- Compliance
- Transparency
- Financial stability
- Tax obligations
- Good Governance

**Relevant Material Topics**

- Tax Approach
- Fraud and Anti-Corruption
- Regulatory Compliance

**Our strategic response/value proposition**

- Ensure accurate and timely regulatory reporting
- Maintain compliance with CBSL regulations and guidelines
- Strengthen internal controls to enhance governance and risk management
- Timely payment of taxes

Link to Capitals



Link to Strategy



Relevant SDGs




Value created

- Regulatory compliance
- Risk management

## Suppliers and Business Partners

Level of engagement **Moderate**

| Engagement Mode | Frequency |
|---|---|
| Service agreements | As required |
| Meetings | As required |
| Direct communication | Ongoing |
| Performance Review | Annual |

### Key concerns raised

- Timely payments
- Fair business dealings
- Transparency
- Partnership continuity
- Streamlined processes

### Relevant Material Topics

- Supplier Management and Responsible Procurement
- Digital Transformation & Innovation

### Our strategic response/value proposition

- Ensure prompt and efficient settlement of payments
- Promote transparency and fairness in procurement processes
- Maintain clear, consistent, and timely communication
- Recognise top-performing dealers and reward them with attractive and value-driven benefits
- Strengthen digital integration with dealers

Link to Capitals



Link to Strategy



Relevant SDGs




Value created

- Stronger partnerships
- Operational stability
- Business continuity

## Communities

Level of engagement **Moderate**

| Engagement Mode | Frequency |
|---|---|
| CSR initiatives | Periodic |
| Public engagement | As required |
| Social media | Continuous |

### Key concerns raised

- Financial inclusion
- Environmental impact
- Community development
- Ethical business conduct

### Relevant Material Topics

- Local Communities
- Regulatory Compliance

### Our strategic response/value proposition

- Implement impactful Corporate Social Responsibility (CSR) initiatives
- Promote financial literacy and responsible money management
- Support and expand access to digital education
- Adopt sustainable and eco-friendly operational practices
- Empower women entrepreneurs
- Green financing
- Optimise resource usage

Link to Capitals



Link to Strategy



Relevant SDGs




Value created

- Positive social impact
- Sustainable development
- Community upliftment
- Access to digital education and enhanced learning opportunities for students

# Materiality

GRI 3-1

## Approach to Determining Materiality

We define material matters as the key factors that significantly influence our ability to achieve our strategic objectives and deliver sustainable value creation. Our capacity to create value for the Company and our stakeholders is shaped by elements such as the operating environment, stakeholder expectations, the evolving risk landscape, and our strategic priorities.

In this section, we present the most critical factors that may materially impact our performance and value creation across the short, medium, and long term. By identifying and proactively addressing these material matters, we aim to remain aligned with our long-term strategy, effectively manage risks, and continuously enhance the value we deliver to our stakeholders.

## Materiality Determination Process

Our materiality determination process involves a comprehensive assessment of internal and external environments to identify factors that could influence our strategy, performance, and future prospects. This evaluation considers issues that may have either positive or adverse impacts on our organisation.

We adopt a structured, multi-step approach to materiality assessment, designed to incorporate both internal insights and external stakeholder perspectives. This ensures that our material matters are identified in a consistent, transparent, and robust manner, supporting informed decision-making and effective strategic alignment.

**Stakeholder Mapping and Engagement**

We identify and engage with key stakeholder groups, including shareholders and investors, regulators, customers, suppliers and business partners, employees, and the wider community and environment. Stakeholder engagement is conducted to understand their expectations, concerns, and priorities.

**Identification of Potential Material Topics**

Drawing on stakeholder input, industry benchmarks (such as GRI and SASB standards), peer analysis, and internal risk assessments, we compile a comprehensive list of potential material topics relevant to our operations and strategy.

**Assessment of Impacts and Risks**

We evaluate each identified topic based on two key dimensions:
**Impact materiality:** the significance of the topic's impact on the environment and society.

**Financial materiality:** the potential financial implications for the Company, including risks and opportunities.

**Prioritisation and Validation**

We prioritise material topics using a structured scoring methodology that considers both the severity of impacts and the likelihood of financial consequences. The outcomes are reviewed and validated by senior management and relevant subject matter experts to ensure accuracy and strategic alignment.

**Disclosure and Integration**

We disclose our material topics in our sustainability and annual reports and integrate them into our strategic planning, decision-making, and risk management processes to ensure effective oversight and continuous value creation.

## Methodology

We have adopted a Double Materiality Assessment approach, which is increasingly recognised as best practice under leading frameworks such as the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

Double materiality broadens the traditional concept of materiality by considering both the financial implications of environmental, social, and governance (ESG) issues on the Company, as well as the impacts of our activities on the environment and society. This dual perspective enables a more comprehensive and balanced assessment of material matters.

Our approach encompasses the following two dimensions:

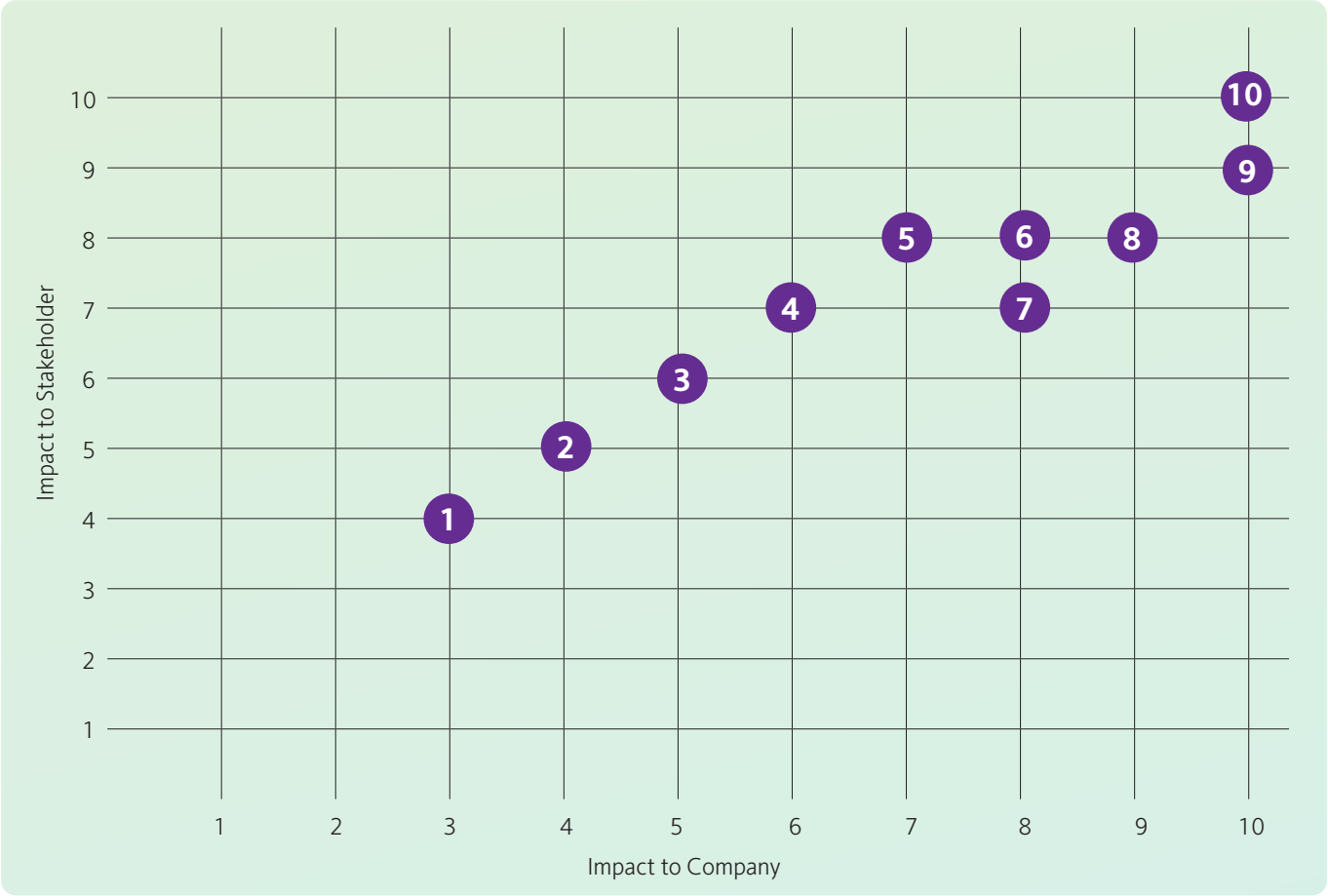
### Impact Materiality ("Inside-Out")

We assess how our operations, investments, products, and services impact the environment and society. This includes evaluating both positive and negative effects across our value chain, such as environmental impact, social outcomes, and broader stakeholder implications.

### Financial Materiality ("Outside-In")

We evaluate how sustainability-related risks and opportunities, such as climate change, regulatory developments, and social factors, may affect our financial performance, position, and long-term value creation. This includes assessing potential impacts on revenue, costs, asset values, and access to capital.

## Materiality Matrix




**1.** - Water Consumption
**2.** - Effluents and Waste
**3.** - Energy Consumption
- Forced or Compulsory Labor
- Child Labor

**4.** - Non-discrimination
- Supplier Management & Responsible Procurement

**5.** - Diversity & Equal Opportunity
- Local Communities

**6.** - Employee Development & Training
- Occupational Health & Safety
- Talent Attraction & Retention
- Marketing & Labelling

**7.** - Approach to tax
**8.** - Digital Transformation & Innovation
**9.** - Financial Performance & Sustainable Growth
- Customer Satisfaction & Service Quality
- Economic Performance
- Fraud and Anti - Corruption

**10.** - Regulatory Compliance
- Customer Privacy

# Materiality

## List of Material Topics GRI 3-2

| | Material Topic | Impact on the economy, environment and people | Whether the negative impacts are from company activities or business relationships | Policies or commitments regarding the material topic | Capitals impacted |
|---|---|---|---|---|---|
| Economic | 1) Economic Performance | Macroeconomic uncertainties impact overall stakeholder value creation and financial stability. | No material negative impacts identified to date. | Commitment to SDG 8 – Decent Work and Economic Growth. |  |
| Economic | 2) Financial Performance and Sustainable Growth | Sustained financial performance supports long-term value creation for stakeholders. | No material negative impacts identified. | Commitment to SDGs 1 and 8. |  |
| Economic | 3) Tax Approach | Compliance enhances corporate reputation and stakeholder trust. | No negative impacts identified. | Full compliance with applicable tax regulations. |  |
| Economic | 4) Fraud and Anti-Corruption | Corruption risks may adversely affect reputation and performance. | Potential exposure from internal or external relationships. | Anti-Bribery and Anti-Corruption Policy. |  |
| Economic | 5) Indirect Economic Impacts | Supports local economic growth by enabling access to finance for underserved communities and SMEs. | To date, no negative impact | Commitment to community development |  |
| Environmental | 6) Energy Consumption | Increased operations may raise energy usage and emissions. | Operational activities. | Energy monitoring practices. |  |
| Environmental | 7) Water Consumption | Efficient water use supports sustainability. | Minimal impact to date. | Commitment to SDG 12. |  |
| Environmental | 8) Supplier Management and Responsible Procurement | Ethical sourcing supports sustainability and local economic development. | Limited impact identified. | Sustainable procurement policy. |  |
| Environmental | 9) Waste Management | E-waste poses environmental risks; paper waste is manageable. | Internal operations. | Reduce, reuse, and recycle policy. |  |

Increased Decreased No Change

| Most affected stakeholders | Actions to risk mitigation and maximising opportunities | Tracking the effectiveness of the actions taken | Change in level of materiality, YoY | GRI | SDG |
|---|---|---|---|---|---|
| | Implementation of adaptive sales strategies, introduction of new product lines, enhanced marketing, and expanded communication channels. | Growth in the lending portfolio, expanding customer base, and workforce growth. | | GRI 201 | |
| | Prudent financial strategies, cost optimisation, revenue diversification, market expansion, and maintenance of liquidity buffers. | Revenue growth, improved margins, favourable financial ratios, and asset growth. | | GRI 201 | |
| | Timely and accurate tax compliance supported by external tax consultant. | Ongoing monitoring of tax accuracy and compliance. | | GRI 207 | |
| | Risk assessments, governance strengthening, staff training, and internal control implementation. | Continuous improvement of the governance framework and compliance monitoring. | | GRI 205 | |
| | Expand financial services to underserved regions and SMEs.<br>Support entrepreneurship through microfinance and advisory services.<br>Partner with local organizations for community development projects. | Monitor the number and value of loans disbursed to underserved communities.<br>Conduct annual impact assessments and stakeholder feedback surveys. | | GRI 203 | |
| | Energy-saving initiatives and employee awareness programs. | Regular monitoring of energy consumption. | | GRI 302 | |
| | Awareness programs to reduce water wastage. | Periodic monitoring of water usage. | | GRI 303 | |
| | Supplier code of conduct, local sourcing, audits, and capacity building. | Supplier compliance tracking and performance reviews. | | GRI 204 | |
| | Digitalisation, reduced paper usage, proper disposal systems. | Monitoring paper consumption and waste management practices. | | GRI 306 | |

# Materiality

| | Material Topic | Impact on the economy, environment and people | Whether the negative impacts are from company activities or business relationships | Policies or commitments regarding the material topic | Capitals impacted |
|---|---|---|---|---|---|
| Social | 10) Talent Attraction and Retention | Effective recruitment and talent management support customer value creation and long-term strategic execution. | No negative impacts identified to date. | Human Resource Policy | |
| | 11) Occupational Health and Safety | A safe and healthy work environment enhances employee well-being, productivity, and job satisfaction. | No negative impacts identified to date. | OHSAS 18001 guidelines; Hazard Identification and Risk Assessment (HIRA) | |
| | 12) Employee Development & Training | Employee skill development improves productivity and strengthens long-term business performance. | No negative impacts identified to date. | Training and Development Framework (needs analysis, annual calendar, performance management) | |
| | 13) Diversity and Equal Opportunity | Promotes an inclusive and equitable workplace, enhancing organisational culture and performance. | No negative impacts identified to date. | Non-discrimination policy; commitment to SDG 5 & 10 | |
| | 14) Customer Satisfaction and Service Quality | High-quality customer service is a key differentiator in a competitive industry, supporting customer satisfaction, retention, and overall business performance. | No negative impacts identified to date. | Customer Complaint Handling Policy & Procedure | |
| | 15) Non-Discrimination | Supports a fair and inclusive workplace, improving employee morale and organisational integrity. | No negative impacts identified to date. | Equal opportunity policy | |
| | 16) Child Labour | Protects children's rights and promotes ethical supply chain practices. | No negative impacts identified to date. | Child labour policy | |

| Most affected stakeholders | Actions to risk mitigation and maximising opportunities | Tracking the effectiveness of the actions taken | Change in level of materiality, YoY | GRI | SDG |
|---|---|---|---|---|---|
| | ✱ Recruit the right talent for appropriate roles<br>✱ Provide learning and development opportunities<br>✱ Conduct training needs analyses<br>✱ Implement effective retention strategies | Structured, unbiased recruitment processes and workforce growth tracking | | GRI 401 | |
| | ✱ Maintain high workplace safety standards<br>✱ Ensure compliance with safety requirements<br>✱ Conduct employee awareness and training programmes | Monitoring safety practices and fostering a strong safety culture | | GRI 403 | |
| | ✱ Conduct regular training and development programmes<br>✱ Provide career development opportunities | KPI-based performance evaluations, retention metrics, and post-training feedback | | GRI 404 | |
| | ✱ Promote workforce diversity and inclusion<br>✱ Ensure equal pay and opportunities for all employees | Grievance mechanisms and diversity monitoring practices | | GRI 405 | |
| | ✱ Continuous improvement of customer service through employee training and development<br>✱ Monthly Customer Steering Committee meetings, chaired by the CEO, to drive innovation and service enhancement initiatives | Monitoring is conducted through the Customer Steering Committee, with customer complaints reported at management meetings and summarised for Board meetings. | | | |
| | ✱ Enforce zero-tolerance policy on discrimination<br>✱ Conduct diversity and inclusion training<br>✱ Maintain confidential grievance reporting channels | Workforce diversity analysis, grievance tracking, and employee surveys | | GRI 406 | |
| | ✱ Include child labour clauses in supplier agreements<br>✱ Conduct due diligence and audits<br>✱ Raise supplier awareness<br>✱ Collaborate with relevant organisations | Supplier audits, compliance tracking, and corrective action monitoring | | GRI 408 | |

# Materiality

| | Material Topic | Impact on the economy, environment and people | Whether the negative impacts are from company activities or business relationships | Policies or commitments regarding the material topic | Capitals impacted |
|---|---|---|---|---|---|
| | 17) Forced or Compulsory Labour | Ensures labour rights are upheld and prevents exploitation across operations and supply chains. | No negative impacts identified to date. | Forced labour policy | |
| | 18) Local Communities | Strengthens community development and supports socio-economic progress. | No negative impacts reported during the year. | Community engagement policy | |
| | 19) Digital Transformation & Innovation | Enables operational efficiency and meets increasing demand for digital financial services. | No negative impacts identified to date. | IT policies and procedures | |
| Governance | 20). Customer Privacy | Protecting customer data is critical to safeguarding the Company's reputation, maintaining customer trust, and ensuring regulatory compliance. | No negative impacts reported during the year. | Compliance with CBSL regulations; IT security and IT risk management policies. | |
| | 21). Marketing & Labelling | Responsible marketing and accurate product disclosure enhance customer trust and ensure compliance with regulatory expectations. | No negative impacts identified to date. | Compliance with CBSL regulations; adherence to business ethics policies. | |
| | 22). Regulatory Compliance | Ensures adherence to applicable laws and regulations, strengthening stakeholder confidence and maintaining operational integrity. | No negative impacts identified during the period excluding incident mentioned in page 190. | Comprehensive compliance framework comprising policies, procedures, internal controls, and monitoring mechanisms. | |

| Most affected stakeholders | Actions to risk mitigation and maximising opportunities | Tracking the effectiveness of the actions taken | Change in level of materiality, YoY | GRI | SDG |
|---|---|---|---|---|---|
|   | ✱ Require supplier compliance certifications<br>✱ Conduct risk assessments<br>✱ Train procurement teams<br>✱ Maintain whistleblowing channels | Supplier audits, risk assessments, and monitoring of incident reports |  | GRI 409 |  |
|  | ✱ Engage communities through consultations<br>✱ Support financial literacy and employment initiatives<br>✱ Partner with NGOs for development projects | Community feedback, participation metrics, and impact assessments |  | GRI 413 |  |
|    | ✱ Strengthen digital platforms and information security<br>✱ Transition manual processes to digital systems.<br>✱ Create a competitive advantage through innovative financial products and services. | Tracking digital adoption and system performance improvements |  | |   |
|  | ✱ Continuous enhancement of IT security systems and data protection measures to safeguard customer information. | Monitoring customer feedback and complaints; periodic IT security reviews and updates. |  | GRI 418 |  |
|  | ✱ Implementation of fair, transparent, and responsible marketing and communication practices. | Monitoring customer feedback and complaints received through direct channels, social media, and digital platforms. |  | GRI 417 | |
|    | ✱ Implementation of a robust compliance management framework, including continuous monitoring of regulatory developments, periodic compliance reviews, internal audits, and strong internal controls. | Tracking key compliance indicators, including:<br>• Number of breaches or non-compliance incidents<br>• Number of fines, penalties, or sanctions<br>• Employee compliance training completion rates<br>• AML/KYC exceptions identified and resolved<br>• Frequency of policy reviews and updates | New | |   |

## Management of Material Topics

GRI 3-3

Our theme for the year, "Accelerating Finance, Empowering Futures," reflects our commitment to delivering sustainable value through innovation, resilience, and a strong focus on stakeholder needs. As a responsible financial institution, we recognise that our activities generate significant economic, environmental, social, and governance (EESG) impacts.

In alignment with the GRI Universal Standards (2021), we have identified and prioritised our material topics, those that represent our most significant impacts and are of greatest importance to our stakeholders. For the financial year 2025/26, these topics have been further refined through a structured materiality assessment, incorporating both internal insights and external stakeholder feedback.

Each material topic is managed through clearly defined policies, robust governance frameworks, performance monitoring mechanisms, and continuous stakeholder engagement. These priorities not only ensure regulatory compliance but also underpin our long-term value creation strategy, strengthening organisational resilience while contributing to a more sustainable and inclusive financial ecosystem in Sri Lanka.

| Material Topic | Management Approach |
|---|---|
| Economic Performance | The financial services sector in Sri Lanka continues to navigate a complex and evolving macroeconomic landscape, shaped by factors such as inflation, interest rate volatility, currency fluctuations, and fiscal policy developments. These dynamics have a direct influence on market conditions, financial stability, and stakeholder value creation.<br><br>In response, we maintain a proactive approach to monitoring economic indicators and market trends, enabling us to anticipate risks and capitalise on emerging opportunities. This supports informed decision-making that balances financial stability with sustainable business growth.<br><br>Our resilience is further strengthened through adaptive sales strategies, the introduction of innovative product offerings, and the enhancement of marketing and communication channels. These initiatives allow us to deepen market penetration, strengthen customer relationships, and respond effectively to evolving customer needs.<br><br>Aligned with SDG 8 – Decent Work and Economic Growth, we remain committed to supporting broader economic development by facilitating access to financial solutions and promoting economic activity.<br>The effectiveness of our approach is reflected in the continued expansion of our lending portfolio, a growing customer base, and a strengthened workforce, demonstrating our ability to remain resilient and deliver sustainable value in a challenging economic environment. |
| Financial Performance and Sustainable Growth | Maintaining financial stability and profitability is fundamental to delivering sustainable value to our stakeholders. We recognise that consistent financial performance underpins long-term growth, strengthens stakeholder confidence, and enhances organisational resilience in a dynamic operating environment.<br><br>Our approach is grounded in prudent financial management and disciplined strategic execution. We adopt robust financial strategies focused on cost optimisation, revenue diversification, and market expansion, while maintaining adequate liquidity buffers. These measures enable us to effectively balance growth ambitions with risk management, ensuring stability across varying economic conditions.<br><br>Financial planning and performance management are fully integrated into our core operations, supported by continuous monitoring of key financial indicators. This enables us to respond proactively to emerging risks and opportunities, sustaining performance over the long term. Aligned with SDGs 1 and 8, we are contributing to broader socio-economic development by promoting inclusive growth and economic stability through our financial services.<br><br>The effectiveness of our approach is reflected in strong performance outcomes, including revenue growth, improved profit margins, strengthened financial ratios, and overall asset expansion, demonstrating our ability to sustain financial performance while creating long-term value. |

| Material Topic | Management Approach |
|---|---|
| Approach to tax | We recognise that a responsible approach to taxation is fundamental to maintaining corporate integrity, regulatory compliance, and stakeholder trust. Tax compliance is a key component of our governance framework and reflects our commitment to ethical business practices.<br><br>Our approach is centred on full adherence to applicable tax laws and regulations. We maintain robust processes and internal controls to ensure the accuracy and timely submission of tax filings and payments. To further enhance compliance, we engage external advisors to provide guidance in line with best practices and evolving regulatory requirements.<br><br>Transparency and accountability underpin all our tax-related activities, ensuring that obligations are met consistently and responsibly. This reinforces our reputation as a compliant and trustworthy financial institution.<br><br>The effectiveness of our tax management practices is supported by continuous monitoring and periodic reviews. These oversight mechanisms enable us to identify potential gaps, strengthen controls, and drive ongoing improvement in our tax processes. |
| Fraud and Anti-Corruption | We recognise that exposure to fraud and corruption risks can adversely affect our reputation, financial performance, and stakeholder confidence. Accordingly, we are committed to upholding the highest standards of ethical conduct across our operations and business relationships.<br><br>Our approach is guided by a comprehensive Anti-Bribery and Anti-Corruption Policy, which establishes a zero-tolerance stance toward bribery, fraud, and all forms of unethical behaviour. This policy is embedded within our corporate governance framework and applies to all employees as well as relevant external stakeholders.<br><br>To effectively manage these risks, we adopt a proactive and disciplined approach, incorporating regular risk assessments, strong governance practices, and robust internal controls. Targeted employee awareness and training programmes further strengthen our ability to identify, prevent, and report suspicious activities, while reinforcing a culture of integrity and accountability.<br><br>We continuously review and enhance our control environment to address evolving risks across both internal operations and external engagements. Ongoing compliance monitoring and governance evaluations ensure the effectiveness and alignment of our framework with regulatory expectations.<br><br>Through this strong commitment to transparency, accountability, and ethical conduct, we safeguard our organisation and reinforce stakeholder trust. |
| Energy Consumption | As a forward-thinking financial institution, we recognise the critical role of energy efficiency in reducing environmental impact and supporting long-term sustainability. With the continued expansion of our operations and increasing reliance on digital technologies, we remain mindful of the associated energy demands across our infrastructure and services.<br><br>Our approach to energy management focuses on enhancing operational efficiency through consistent monitoring and the adoption of energy-conscious practices. We regularly assess energy consumption patterns to identify opportunities for optimisation and responsible use.<br><br>These efforts are complemented by targeted energy-saving initiatives and employee awareness programmes that promote responsible consumption in day-to-day activities. Together, they help foster a culture of sustainability while improving overall resource efficiency.<br><br>We also maintain a strong focus on tracking and evaluating energy usage to measure the effectiveness of our initiatives and drive continuous improvement. Through this approach, we aim to manage energy responsibly while advancing our broader commitment to sustainable operations. |

# Materiality

| Material Topic | Management Approach |
|---|---|
| Water Consumption | We recognise that responsible water management, while not a core operational driver, remains an important aspect of our overall environmental responsibility. Although our activities have minimal direct impact on water resources, we are committed to promoting efficient water use and supporting sustainable practices.<br><br>Our approach centres on encouraging responsible water consumption across our facilities through awareness-driven initiatives. Employee engagement programmes are conducted to promote water conservation and minimise unnecessary wastage in daily operations.<br><br>Aligned with SDG 12 – Responsible Consumption and Production, we aim to foster a culture of sustainability by embedding resource-conscious behaviours throughout the organisation.<br><br>These efforts are supported by periodic monitoring of water usage, enabling us to track consumption patterns and identify opportunities for continuous improvement. Through this approach, we ensure that even with a relatively low impact, water resources are managed responsibly in line with our broader environmental commitments. |
| Supplier Management and Responsible Procurement | We recognise that our procurement practices play an important role in promoting ethical sourcing, sustainability, and local economic development. While the direct impact of our procurement activities may be relatively limited, we remain committed to ensuring that our supply chain reflects our values of responsible and ethical business conduct.<br>Our approach is guided by a Sustainable Procurement Policy, which ensures that suppliers are selected and managed in accordance with defined ethical, environmental, and governance standards. We actively engage with our suppliers to promote compliance with applicable laws and our internal expectations.<br><br>To strengthen responsible procurement, we have implemented a Supplier Code of Conduct outlining clear expectations on ethical behaviour, labour standards, and environmental responsibility. Where feasible, we prioritise local sourcing and support our suppliers through engagement, performance reviews, and capacity-building initiatives to enhance compliance and overall performance.<br><br>We maintain oversight of our supply chain through ongoing monitoring and periodic evaluations, enabling us to track adherence to our standards and identify opportunities for improvement.<br>Through this approach, we aim to reinforce responsible procurement practices, contribute to sustainable value creation, and support the growth of local economies. |
| Waste Management | Minimising waste and ensuring its responsible management remain key elements of our environmental approach. As we continue to digitalise our operations, we are committed to reducing reliance on physical resources while promoting sustainable practices across the organisation.<br><br>Our initiatives focus on minimising paper usage through digital documentation and ensuring the safe and responsible disposal of electronic and office waste. We also implement waste segregation practices and engage certified service providers to support environmentally sound disposal.<br><br>These efforts are reinforced through internal awareness programmes and operational guidelines that encourage responsible consumption behaviours. We continuously monitor paper usage and waste management practices to evaluate effectiveness and drive ongoing improvements. |

| Material Topic | Management Approach |
|---|---|
| Talent Attraction and Retention | We believe our people are the foundation of our success. Therefore, we are committed to fostering a fair, inclusive, and empowering workplace, guided by a robust Human Resource Policy that underpins our people practices.<br><br>Our approach focuses on attracting, developing, and retaining talent to support long-term strategic objectives and deliver customer value. We emphasise merit-based, transparent, and unbiased recruitment processes to ensure the right talent is placed in the right roles.<br>Employee growth is supported through structured learning and development initiatives, including regular training needs assessments and continuous professional development opportunities. In parallel, we implement targeted retention strategies to enhance employee engagement and support career progression within the organisation.<br><br>The effectiveness of our approach is reflected in structured recruitment practices and ongoing workforce growth, enabling us to build a capable, motivated, and future-ready team aligned with our organisational goals. |
| Occupational Health & Safety | The health, safety, and well-being of our employees are of paramount importance to us. Accordingly, we have established a comprehensive occupational health and safety framework that integrates preventive measures, regular training, and emergency preparedness protocols. Our objective is to provide a safe and healthy work environment where employees can perform effectively without risk to their physical or mental well-being.<br><br>To strengthen our occupational health and safety framework, we have adopted the OHSAS 18001 standards as a guiding framework for the effective management of workplace health and safety. In line with this, Hazard Identification and Risk Assessment (HIRA) studies are conducted periodically to systematically identify potential hazards and evaluate associated risks. These assessments enable the implementation of appropriate corrective and preventive measures, ensuring a safer and more controlled working environment across the organisation.<br><br>We also foster a strong culture of care and shared responsibility, encouraging employees to actively contribute to maintaining a safe and secure workplace. |
| Employee Development & Training | We place strong emphasis on building a skilled, future-ready workforce. Our approach to employee development focuses on enhancing capabilities through structured learning and continuous skill development.<br><br>We offer a range of training programmes covering technical competencies, regulatory requirements, customer service, and personal development, ensuring employees are well-equipped to meet evolving business demands.<br><br>By fostering a culture of continuous learning and improvement, we empower our employees to enhance their performance, adapt to change, and contribute effectively to the organisation's growth. |
| Diversity & Equal Opportunity | Diversity and inclusion are integral to our values and organisational culture. Therefore, we foster an inclusive and equitable workplace where all employees are treated with fairness, respect, and provided equal opportunities for growth and development.<br><br>Our approach is guided by a Non-Discrimination Policy and aligned with SDGs 5 and 10. We promote workforce diversity, ensure equitable access to opportunities, and work to remove barriers to inclusion across all aspects of employment.<br><br>These efforts are supported by established grievance mechanisms and ongoing diversity monitoring, enabling us to strengthen an inclusive workplace culture and drive improved organisational performance. |

# Materiality

| Material Topic | Management Approach |
|---|---|
| Customer Satisfaction and Service Quality | Delivering high-quality customer service is a key priority and a critical differentiator in a competitive industry. We strive to understand and respond to the evolving needs of our customers by providing accessible, transparent, and responsive financial solutions that enhance satisfaction and build long-term relationships.<br><br>Our approach is guided by a Customer Complaint Handling Policy and Procedure, supported by continuous improvement initiatives, including employee training and development. Additionally, monthly Customer Steering Committee meetings, chaired by the CEO, are conducted to drive service enhancements and foster innovation.<br><br>The effectiveness of our approach is monitored through structured oversight mechanisms, with customer complaints and feedback regularly reviewed at the management level and consolidated for Board-level visibility. This ensures accountability and supports the continuous enhancement of service quality. |
| Non-discrimination | We maintain a zero-tolerance approach to discrimination in all its forms. Our policies ensure that every individual is treated with dignity, fairness, and respect, regardless of gender, ethnicity, religion, age, disability, or any other characteristic.<br><br>Our approach is guided by an equal opportunity framework, supported by diversity and inclusion training programmes that promote awareness and foster inclusive behaviours across the organisation. We also provide confidential grievance reporting channels to ensure that any concerns are addressed promptly and effectively.<br><br>These efforts are reinforced through workforce diversity monitoring, grievance tracking, and regular employee feedback, enabling us to maintain an inclusive workplace culture and uphold strong organisational integrity. |
| Child Labor | We are committed to upholding the rights of children and strictly prohibit the use of child labour across our operations and supply chain. Our approach is guided by a formal Child Labour Policy, and we require all vendors and partners to comply with applicable labour laws and relevant international conventions.<br><br>Moreover, we incorporate child labour provisions into supplier agreements and carry out due diligence, monitoring, and awareness initiatives to identify and mitigate potential risks.<br><br>These efforts are supported by ongoing supplier compliance tracking and corrective action processes, ensuring that our business practices consistently promote the protection and well-being of children. |
| Forced or Compulsory Labour | We are committed to ensuring that all employment within our organisation and supply chain is freely chosen.<br><br>Our human resource policies are aligned with internationally recognised labour standards, reinforcing the principles of voluntary employment, fair treatment, and the absence of any form of coercion.<br><br>We conduct regular assessments to ensure ongoing compliance and take prompt corrective action where necessary. This approach reflects our commitment to upholding human rights and maintaining the highest standards of ethical business conduct. |
| Local Communities | We maintain strong and enduring relationships with the communities we serve, engaging with local stakeholders to understand their needs and contribute to their development. Our initiatives are focused on key areas such as education, health, and entrepreneurship.<br><br>Furthermore, our community engagement efforts are designed to deliver meaningful and sustainable outcomes by promoting inclusion, building resilience, and creating growth opportunities. Through these initiatives, we aim to empower individuals and support the long-term development of the communities in which we operate.<br><br>By investing in community well-being, we contribute to strengthening the social fabric and advancing sustainable national development. |

| Material Topic | Management Approach |
|---|---|
| Digital Transformation & Innovation | Digital transformation and innovation are key drivers of operational efficiency and enhanced customer experience. We continue to invest in strengthening our digital capabilities to meet the growing demand for accessible, efficient, and customer-centric financial services.<br><br>Our approach is guided by robust IT policies and procedures, with a focus on enhancing digital platforms, strengthening information security, and transitioning manual processes to streamlined digital systems. We also foster innovation by developing competitive financial products and services that respond to evolving customer needs.<br><br>The effectiveness of these initiatives is measured through digital adoption rates and system performance improvements, enabling the continuous enhancement of our digital ecosystem. |
| Customer Privacy | Safeguarding customer privacy is a fundamental aspect of our commitment to ethical and responsible business conduct. In an increasingly digital financial landscape, protecting personal and financial information is not only a regulatory requirement but also a cornerstone of customer trust.<br><br>At FFL, we adhere to the customer protection guidelines issued by the Central Bank of Sri Lanka and comply with the Financial Consumer Protection Regulations No. 01 of 2023. This reflects our commitment to maintaining high standards of transparency, fairness, and ethical behaviour in all customer interactions, while also aligning with evolving regulatory expectations.<br><br>We have established both a Consumer Protection Policy and an Accessibility Policy to strengthen customer safeguards across the organisation. These policies provide a structured framework to promote confidence in our financial services by ensuring non-discriminatory access, responsible business practices, fair treatment, and clear, transparent communication of financial information.<br><br>Our approach is aligned with the CBSL regulations and supported by robust IT security and risk management policies. We have implemented a comprehensive data protection framework governing the collection, storage, processing, and sharing of customer information, ensuring confidentiality, integrity, and accountability.<br><br>Moreover, we continuously strengthen our IT security infrastructure and data protection practices to mitigate emerging risks. The effectiveness of these measures is supported through ongoing monitoring, including customer feedback and complaint analysis, as well as periodic IT security assessments and system updates. |
| Marketing & Labelling | We recognise that clear and responsible communication is essential to building and maintaining customer trust. We ensure that all marketing and product-related information is transparent, accurate, and easy to understand, enabling customers to make informed financial decisions.<br><br>Our marketing approach is grounded in ethical practices and strict regulatory compliance. We ensure that all communications are fair and straightforward, avoiding any form of misrepresentation or unnecessary complexity that could hinder customer understanding. Product and service information is presented clearly, including key terms, conditions, and potential risks.<br><br>We also leverage our communication channels to promote responsible financial behaviour and enhance customer awareness, supporting more informed decision-making and broader financial inclusion. By maintaining a disciplined and responsible approach to marketing and product communication, we enhance transparency, reduce the risk of misunderstanding, and empower customers to make decisions aligned with their financial needs and long-term well-being. |

# Materiality

| Material Topic | Management Approach |
|---|---|
| Regulatory Compliance | Adherence to applicable laws and regulations is fundamental to maintaining operational integrity and strengthening stakeholder confidence. Our approach is supported by a comprehensive compliance framework, incorporating policies, procedures, internal controls, and monitoring mechanisms to ensure consistent compliance across all operations.<br><br>We implement a robust compliance management system that includes continuous monitoring of regulatory developments, periodic compliance reviews, internal audits, and strengthened internal controls. This enables us to proactively identify and address potential compliance risks while maintaining alignment with evolving regulatory requirements.<br><br>The effectiveness of our compliance practices is measured through key performance indicators, including the number of non-compliance incidents, fines or penalties incurred, employee training completion rates, AML/ KYC exceptions and their resolution, and the frequency of policy reviews and updates. These measures enhance transparency, strengthen accountability, and support continuous improvement within our compliance framework. |

# Strategy and Resource Allocation



**Our strategy is anchored in creating sustainable value for all stakeholders by driving business performance and supporting the country's long-term development. To remain responsive to a dynamic operating environment and evolving industry demands, we conduct annual reviews of our strategic plan to ensure continued relevance and alignment. This disciplined approach enables us to adapt proactively, identify emerging opportunities, and capitalise on growth amid changing market conditions.**

We remain steadfast in our commitment to enhancing the financial independence of enterprises and individuals in the SME segment, including women entrepreneurs, through tailored financial solutions. Through this focus, we strive to promote broad-based financial inclusion and empower underserved communities.

- Digital Transformation and Innovation
- Portfolio Diversification and Responsible Growth
- Customer Experience & Market Expansion
- Partnerships Development
- Brand Building, Marketing & Community Engagement
- People, Culture & Organisational Excellence
- Corporate Social Responsibility (CSR) & Sustainability

## Strategic Initiatives and Resource Allocation

Our strategy is built on the following seven pillars. Aligned with globally recognised best practices, including the Global Reporting Initiative (GRI), our strategic direction responds to the evolving socio-economic landscape, stakeholder expectations, and national development priorities. Regular strategic reviews ensure agility, resilience, and the consistent creation of long-term value in a rapidly changing financial services environment.

## Operating Context

Sri Lanka's economy grew by 5% in 2025, marking a second consecutive year of expansion despite global uncertainties and adverse weather conditions, supported by macroeconomic stabilisation and structural reforms. Inflation turned positive in August 2025, while accommodative monetary policy and declining interest rates supported consumption, investment, and record private sector credit growth, partly driven by the removal of vehicle import restrictions. The Sri Lankan rupee depreciated moderately during the year, reflecting increased merchandise imports, particularly in the latter half of 2025.

# Digital Transformation and Innovation

## Overview

**Digital transformation and the advancement of financial inclusion continue to underpin our strategic priorities. The mobile financing initiative has gained sustained momentum, making a meaningful contribution to expanding access to essential financial services, particularly among underserved and unbanked segments. In response to evolving customer expectations and the need to enhance operational efficiency, we continued to accelerate our digitalisation efforts across key business processes and delivery channels.**

### Key Highlights for 2025/26

- Introduced laptop financing to support entrepreneurs, students, and individuals seeking to enhance their digital capabilities through affordable and flexible payment plans.
- Developed "Fintra", Fintrex AI Chatbot is an intelligent digital assistant designed to enhance customer engagement and streamline service delivery through advanced artificial intelligence and conversational technology. It provides real-time, automated support to customers across digital channels, enabling quick access to information on products, services, and account-related queries.
- In partnership with APTS and Craft Silicon, we are in the process of onboarding a new Core Banking System. This strategic investment is expected to enhance operational resilience, improve scalability, strengthen governance and control frameworks, and deliver improved and consistent customer experience.

### Resources Allocated

IT infrastructure and digitalisation

Rs. 137 Million

### Future Focus

The planned launch of the Fintrex Mobile Banking App represents a further step in strengthening digital access, enabling customers to conduct secure online transactions, submit loan applications, settle utility bills, and access a broader suite of financial services with greater convenience and efficiency.

### Relevant SDG




### Relevant Material Topics

- Digital Transformation and Innovation

### Related Stakeholders



### Relevant Capitals



# Portfolio Diversification and Responsible Growth

## Overview

**During the year, we strengthened our capital position to support long-term growth initiatives and ensure continued compliance with regulatory requirements. In parallel, we continued to diversify and innovate across our lending and deposit portfolios to advance inclusive finance and meet the evolving needs of a broad customer base.**

### Key Highlights for 2025/26

- Secured a Rs. 500 million Tier I capital infusion from our parent company, Bluestone 1 (Private) Limited. This strategic capital injection further reinforced our capital base and underscored sustained shareholder commitment to long-term stability and growth. Bluestone 1 is backed by strong institutional investors with a long-term investment horizon.
- Deposit mobilisation was further strengthened through the introduction of competitive fixed deposit schemes and customised savings products, supporting liquidity stability and diversifying the funding base.
- Scaled up the mobile loan facility and introduced the Fintrex Laptop loan for university students and enterprises.

### Resources Allocated

Funding raised

Rs. 8,353 Million

### Future Focus

Launch new digital products tailored to evolving customer needs

### Relevant SDG




### Relevant Material Topics

- Economic Performance
- Financial Performance and Sustainable Growth

### Related Stakeholders



### Relevant Capitals



## Customer Experience & Market Expansion

### Overview

**Strengthening customer experience and expanding our market presence by enhancing accessibility, modernising service delivery channels, and extending our footprint in strategically important locations.**

#### Key Highlights for 2025/26

- We expanded our presence with the opening of our newest branch in Piliyandala, marking another important milestone in our growth journey and market expansion strategy.
- The Kalutara Branch was refurbished, enhancing functionality, service quality, and the overall experience for both customers and employees.
- Our Negombo and Kegalle branches were relaunched at their existing locations with expanded capacity, presenting a refreshed look aligned with our evolving brand and service standards.
- Kandy branch was relocated to a more strategically positioned premises with enhanced facilities and accessibility.

#### Resources Allocated

Branch Opening / Relocation and Upgrades

Rs. 6 Million

#### Future Focus

In alignment with our commitment to sustainable and inclusive growth, we will continue to enhance customer experience and expand our market presence through a balanced integration of digital innovation, physical accessibility, and responsible business practices.

#### Relevant SDG




#### Relevant Material Topics

- Customer Satisfaction and service quality
- Customer Privacy

#### Related Stakeholders

#### Relevant Capitals

# Partnerships Development

## Overview

**Strengthening our partnership ecosystem by collaborating with strategic stakeholders to enhance market reach, drive innovation, and deliver sustainable value to customers and shareholders. We maintain strong and mutually beneficial relationships with our suppliers and dealer network, recognizing them as key stakeholders in our value chain**

### Key Highlights for 2025/26

- Recognised and celebrated the outstanding performance of our mobile sales dealer partners at the Fintrex–SnapPay Game Changers Summit 2025, acknowledging their significant contribution to business growth and customer outreach.
- Entered into a strategic partnership with TVS Lanka through a Memorandum of Understanding (MOU) to offer innovative, technology driven leasing solutions for two-and three-wheelers, enabling more affordable and accessible vehicle ownership for Sri Lankans.
- Continued our collaboration with First Capital Advisory Services in relation to capital structuring initiatives, supporting the strengthening of our capital base and long-term financial resilience.
- Partnered with Asia Pacific Technology Systems (APTS) and Craft Silicon as part of our digital transformation journey.
- Entered into a strategic partnership with Mega Pay (Pvt) Limited (Pay&Go) to enhance access to digital payment solutions.
- Partnered with Auto Miraj, a leading automotive care and services provider in Sri Lanka, to offer exclusive discounts on a range of vehicle services for our customers and staff.

### Resources Allocated

Invest in Partnership Collaboration

Rs. 745 Million

### Future Focus

Strengthen strategic partnerships that expand market reach, drive digital innovation, and deliver inclusive, sustainable financial solutions, while fostering collaborative ecosystems that create long-term value in alignment with SDGs and GRI principles.

### Relevant SDG

17 PARTNERSHIPS FOR THE GOALS

### Relevant Material Topics

- Financial Stability & Profitability
- Procurement Practices

### Related Stakeholders

### Relevant Capitals

# Brand Building, Marketing & Community Engagement

## Overview

**Strengthening our brand presence and stakeholder engagement by investing in purposeful marketing initiatives and actively supporting community and sport development across the country.**

### Key Highlights for 2025/26

- Implemented Above-the-Line (ATL) marketing initiatives through strategic digital campaigns in collaboration with leading media partners.
- Strengthened our brand visibility by becoming the official golf sponsorship partner of the Hambantota Tuskers, reflecting our broader commitment to supporting national talent and contributing to the development of local sporting excellence.
- Renewed our partnership with the Ceylonese Rugby & Football Club (CR & FC) as a co-sponsor for the 2025/2026 rugby season, marking the second consecutive year of sponsorship. This continued association underscores our commitment to promoting sportsmanship, teamwork, and youth development within Sri Lanka's sporting community.
- Recorded our first-ever participation at the Mercantile Games, delivering an exceptional performance by securing notable victories and setting four new Mercantile Records at the Mercantile Swimming Meet, further reinforcing employee engagement and team spirit.

### Resources Allocated

Brand Building and Marketing Activities

Rs. 116 Million

### Future Focus

Strengthen brand visibility and stakeholder engagement through data-driven, purpose-led marketing initiatives, while fostering community partnerships and responsible communication practices that create sustainable social and business value.

### Relevant SDG




### Relevant Material Topics

- Local Communities
- Marketing & Labelling

### Related Stakeholders

### Relevant Capitals

# People, Culture & Organisational Excellence

## Overview

**Fostering a high performance, inclusive culture by investing in our people, strengthening organisational capabilities, and promoting excellence, well-being, and continuous learning across the Company.**

### Key Highlights for 2025/26

- Continued to invest in capability building through targeted customer service training programmes, health and wellness awareness sessions, and comprehensive Office 365 and cybersecurity training, aimed at enhancing employee skills, wellbeing, and digital readiness.
- Celebrated excellence and employee engagement at "Fintrex Laureates Night 2025," held at Hotel Galadari, where staff and management from Head Office and branches came together to recognise outstanding achievements, dedication, and teamwork. The event reinforced our performance-driven culture and our commitment to fostering pride, collaboration, and organisational unity.
- Organised "Fintrex Premier League 2025", a celebration of Team Spirit and Sportsmanship held on 22 November 2025 at Kotte Ananda Shastralaya playground. The tournament brought together teams across the organisation for a day filled with energy, excitement and camaraderie.
- Celebrated the Sinhala and Tamil New Year "Fintrex Senehase Awrudu 2025" on 19 April 2025 at Vinrich Lake Resort. The day was filled with traditional games, delicious food, and cultural performances that highlighted the rich heritage and diversity of our community.

### Resources Allocated

Employee Benefits

Rs. 966 Million

### Future Focus

We will continue to invest in building a resilient and future-ready workforce by strengthening leadership pipelines, enhancing digital and professional competencies, and fostering a culture of accountability, innovation, and inclusivity. Emphasis will also be placed on employee well-being and continuous learning to sustain high performance and support long-term value creation.

**Relevant SDG**




**Relevant Material Topics**

- Talent Attraction and Retention
- Diversity and Equal Opportunity
- Employee Development and Training
- Occupational Health and Safety
- Non- Discrimination

**Related Stakeholders**

**Relevant Capitals**

# Corporate Social Responsibility (CSR) & Sustainability

## Overview

**Integrating social responsibility and sustainability into our business strategy by contributing meaningfully to community development, promoting inclusive growth, and supporting long-term national progress.**

### Key Highlights for 2025/26

- Continued our Schools Empowerment Programme, a key initiative under our CSR framework.
- Donated 10 personal computers to enhance the school's IT laboratory, improving access to digital learning and expanding educational opportunities for students.
- Distributed stationery packs to support students' academic needs and encourage continued engagement in learning.
- In collaboration with local authorities, the Company supported a nationwide dengue awareness initiative across eight locations, contributing to community health and promoting public awareness on dengue prevention and control.
- The Company officially renewed its sponsorship agreement with the Ceylonese Rugby and Football Club (CR & FC), reaffirming its commitment as a co-sponsor for the 2025/2026 rugby season.
- The Company became the Official Partner of the Hambantota Tuskers through a golf sponsorship, reaffirming its commitment to supporting sports development and engaging with the wider sporting community.

### Resources Allocated

CSR Activities

Rs. 6.09 Million

### Future Focus

We will strengthen our CSR and sustainability agenda by expanding structured community development initiatives, enhancing financial inclusion for underserved segments, and embedding ESG principles across our operations. Moreover, we will leverage digital innovation, strategic partnerships, and responsible business practices to promote inclusive growth while contributing meaningfully to long-term national and environmental sustainability.

**Relevant SDG**




**Relevant Material Topics**

- Local Communities

**Related Stakeholders**

**Relevant Capitals**

# Capital Management Reports


Financial Capital / **88**

Manufactured Capital / **106**

Intellectual Capital / **112**

Human Capital / **122**

Social and Relationship Capital / **142**

Natural Capital / **158**

# Financial Capital



**Our financial capital consists of the funds and borrowings accessible to the Company, providing the financial strength required to support operations, drive strategic growth, and generate long-term value for stakeholders.**

### Contribution to Our Core Values

- **F**airness
- **I**nnovation
- **N**urture
- **T**ransparent

## Key Highlights

| | | | | |
|---|---|---|---|---|
| Revenue Growth<br>Gross Income +79%<br>to Rs. 6.73 Bn | Profitability Growth<br>PAT +259% to<br>Rs. 660 Mn | Portfolio Expansion<br>Lending Portfolio<br>+47% Growth | Earnings Strength<br>NII +92% to<br>Rs. 3.34 Bn | Financial Resilience<br>CAR 16.81% &<br>Liquidity 149% |

## Strategic Initiatives

- Digital Transformation and Innovation
- Portfolio Diversification and Responsible Growth

## Relevant Material Topics

- Economic Performance
- Financial Stability & Profitability
- Tax Approach
- Anti-Corruption
- Indirect Economic Impacts
- Regulatory Compliance

## Relevant Stakeholders

## Commitment to SDGs

## Key Components of Our Human Capital

- Equity and Shareholder Funds
- Debt Capital and Borrowings
- Profitability and Retained Earnings
- Capital Adequacy and Liquidity Buffers
- Investment Portfolio

## Focus Areas

| Focus Area | Key Initiatives in FY 2025/26 |
|---|---|
| **Liquidity and Funding Management** | Strengthened liquidity resilience amid tighter market conditions by diversifying funding sources, deepening banking relationships, enhancing treasury oversight, and improving cash flow forecasting capabilities. |
| **Credit Risk and Asset Quality Enhancement** | Improved portfolio quality through strengthened credit underwriting standards, data-driven risk assessment frameworks, enhanced portfolio monitoring, and proactive recovery and early warning mechanisms. |
| **Interest Rate and Margin Management** | Mitigated the impact of interest rate volatility through dynamic portfolio repricing, optimised funding strategies, and effective asset-liability management to support margin stability. |
| **Regulatory Compliance and Governance Strengthening** | Enhanced governance and compliance frameworks by reinforcing internal controls, strengthening regulatory oversight, and ensuring alignment with evolving CBSL requirements and industry best practices. |
| **Digital Transformation and Innovation** | Accelerated digitalisation efforts through investments in digital lending solutions, process automation, and advanced analytics to improve operational efficiency, scalability, and customer experience. |
| **Market Expansion and Product Diversification** | Expanded growth opportunities through product innovation, targeted market penetration strategies, and the development of tailored financial solutions for underserved customer segments. |
| **Capital Structure and Financial Resilience** | Strengthened financial resilience by optimising the capital structure, exploring alternative financing avenues, maintaining prudent capital buffers, and enhancing long-term funding sustainability. |

## Key Risks and Opportunities

| Risk | Impact on Fintrex | Our Response | Outlook |
|---|---|---|---|
| Credit Risk (Customer Default Risk) | Increased borrower defaults, particularly within SME and retail portfolios, may adversely affect profitability, asset quality, and cash flows. | Strengthened credit appraisal processes, enhanced risk-based pricing models, and intensified collection and recovery efforts. | Expected to remain a significant risk; however, improved portfolio quality and stronger recovery mechanisms are likely to mitigate exposure. |
| Liquidity Risk | Cash flow pressures may arise from mismatches between loan disbursements and repayment inflows, particularly in a high interest-rate environment. | Maintained adequate liquidity buffers, diversified funding sources, and enhanced cash flow forecasting and monitoring. | Liquidity levels are expected to remain stable, supported by prudent treasury management and a diversified funding structure. |
| Interest Rate Risk | Fluctuations in market interest rates may impact funding costs, lending yields, and net interest margins. | Periodically repriced lending portfolios, optimised the funding mix, and closely monitored margin sensitivities. | With anticipated market stabilisation, margin pressures are expected to moderate, supported by effective repricing strategies. |

| Risk | Impact on Fintrex | Our Response | Outlook |
|---|---|---|---|
| Regulatory Risk (CBSL Compliance) | Changes in regulatory requirements may affect capital adequacy, lending practices, governance, and provisioning obligations. | Strengthened compliance frameworks, enhanced regulatory engagement, and aligned internal policies with evolving requirements. | The regulatory environment is expected to remain stringent; however, proactive compliance and robust governance frameworks position Fintrex well to adapt. |
| Asset Quality Deterioration | Rising non-performing loans (NPLs) could adversely affect earnings, capital adequacy, and provisioning requirements. | Enhanced portfolio monitoring, implemented early warning mechanisms, and accelerated recovery and restructuring initiatives. | Asset quality is expected to improve gradually through tighter credit controls and continued recovery efforts. |
| Funding and Capital Risk | Limited access to cost-effective funding may constrain business growth and place pressure on capital adequacy levels. | Expanded funding options through institutional borrowings, capital market instruments, and other strategic financing initiatives. | A resilient capital base and diversified funding strategy are expected to support sustainable growth and regulatory compliance. |

**Responding to challenges and opportunities**

| Challenges | Opportunities | Impact on Fintrex | Our Response |
|---|---|---|---|
| Tight liquidity conditions and elevated funding costs | Greater access to diversified funding sources, strategic partnerships, and capital market instruments. | Higher funding costs may exert pressure on margins, profitability, and lending capacity. | Strengthened treasury management practices, diversified the funding base, and optimised funding costs through proactive financing strategies. |
| Rising non-performing loans (NPLs) in certain customer segments | Leveraging advanced credit analytics and risk-based pricing to enhance portfolio quality. | Deterioration in asset quality may result in increased provisioning requirements and reduced earnings. | Enhanced credit assessment processes, strengthened recovery mechanisms, and implemented early warning systems to improve portfolio performance. |
| Interest rate volatility | Opportunities to improve margin management through dynamic portfolio repricing and funding optimization. | Fluctuations in interest rates may impact net interest margins and earnings stability. | Actively managed the asset-liability profile and adopted responsive pricing strategies to mitigate rate-related risks. |
| Evolving regulatory and compliance requirements (CBSL) | Strengthened governance standards, enhanced stakeholder confidence, and improved institutional resilience. | Increased compliance obligations may lead to higher operational costs and greater process complexity. | Enhanced compliance frameworks, aligned policies with regulatory developments, and reinforced internal control mechanisms. |
| Accelerating digital transformation and technology investment demands | Expansion of digital financial services, operational efficiencies, and enhanced customer experience. | Significant upfront investments may affect short-term profitability and capital allocation. | Invested in digital platforms, process automation, and technology-driven solutions to support long-term growth and competitiveness. |
| Intensifying competition within the financial services sector | Market expansion, customer acquisition, and product innovation opportunities. | Competitive pressures may contribute to margin compression and erosion of market share. | Focused on product differentiation, customer-centric solutions, and strategic market positioning to sustain competitive advantage. |

## Our Commitment to the UN Sustainable Development Goals (SDGs)

| Focus Area | Key Initiatives | SDG Contribution |
|---|---|---|
| **Financial Inclusion and Poverty Reduction** | Expanded access to affordable financing solutions for individuals, SMEs, and underserved communities. |  |
| **Economic Growth and Enterprise Development** | Supported entrepreneurship, business expansion, and job creation through responsible lending and capital deployment. |  |
| **Digital Transformation and Innovation** | Invested in digital technologies, automation, and fintech solutions to enhance customer experience and operational efficiency. |  |
| **Financial Inclusion and Equal Access** | Improved access to financial services for marginalised and geographically remote populations through customer-centric products and expanded service channels. |  |
| **Sustainable Finance and Climate Resilience** | Integrated environmental risk considerations into financing decisions and promoted sustainable and green financing practices. |  |
| **Strategic Partnerships and Collaboration** | Leveraged partnerships with regulators, technology providers, and industry stakeholders to strengthen innovation, financial inclusion, and sustainable development. |  |

## Capital Trade- Offs

| | |
|---|---|
|  | Capital deployed towards technological innovation, digital solutions, and process automation enhances operational efficiency, knowledge creation, and competitive advantage. While significant upfront investments may be required, these initiatives generate long-term value through improved productivity and scalability. |
|  | Investments in energy-efficient technologies and environmentally responsible practices reduce resource consumption and environmental impact. Although such initiatives may involve higher initial capital expenditure, they contribute to long-term cost savings, operational resilience, and sustainable business practices. |
|  | Financial resources allocated to employee development, continuous learning, and competitive reward structures enhance workforce capability, engagement, and retention. While these investments increase short-term operating costs, they strengthen organisational productivity, innovation, and long-term performance. |
|  | Investments in digital platforms and customer service enhancements improve customer satisfaction, accessibility, and stakeholder trust. In addition, funding CSR initiatives strengthens community relationships and corporate reputation, although these commitments require ongoing financial resources and may temporarily impact short-term profitability. |
|  | Strategic investments in branch expansion, infrastructure enhancement, and technology-enabled facilities strengthen service delivery capabilities and market reach. While these investments increase capital commitments, they support business growth, operational efficiency, and customer accessibility over the long term. |

# Financial Capital

## Management Approach

GRI 3-3

We manage and nurture our financial capital through a disciplined and integrated approach focused on prudent capital allocation, diversified funding sources, and strong financial governance. We direct our investments toward high-impact areas such as core lending operations, digital transformation, and market expansion, guided by rigorous risk-return evaluations. We actively manage our liquidity position and capital structure to maintain financial stability, while robust credit risk management practices help safeguard asset quality and cash flows.

At the same time, we drive operational excellence through continuous process improvements, cost optimisation initiatives, and digital innovation, enhancing efficiency and profitability across our operations. Through transparent reporting, strict regulatory compliance, and proactive stakeholder engagement, we strengthen investor confidence and reinforce our financial resilience, enabling us to create sustainable long-term value for all stakeholders.

## Nurturing Our Financial Capital

At Fintrex, financial capital serves as the foundation for sustainable growth, operational resilience, and long-term value creation. Guided by prudent financial management practices and robust governance, we focus on optimising capital allocation, strengthening funding sources, enhancing profitability, and maintaining a resilient financial position to support our strategic objective of “Accelerating Finance, Empowering Futures.”

### Prudent Capital Allocation

We allocate financial resources strategically to areas that generate sustainable returns and support long-term growth. Investments are directed towards core lending operations, digital transformation initiatives, process enhancements, and market expansion opportunities, ensuring that capital is deployed efficiently and aligned with our business objectives.

### Diversified Funding and Liquidity Management

Maintaining a strong and diversified funding base remains a key priority. We actively manage our liquidity position and capital structure to ensure adequate funding for business growth, operational requirements, and market uncertainties while preserving financial stability and resilience.

### Risk Management and Asset Quality

Our disciplined risk management framework supports the effective identification, assessment, and mitigation of financial and credit risks. Through robust credit appraisal processes, portfolio monitoring, and proactive risk management practices, we safeguard asset quality, maintain healthy cash flows, and strengthen the sustainability of our lending portfolio.

### Operational Efficiency and Profitability Enhancement

We continuously pursue opportunities to improve operational efficiency through process optimization, cost management, and digital innovation. Automation, technology-driven solutions, and productivity enhancements enable us to reduce costs, improve service delivery, and support sustainable profitability.

### Governance, Transparency, and Stakeholder Confidence

Strong financial governance, transparent reporting, and regulatory compliance underpin our approach to managing financial capital. Through regular stakeholder engagement, timely disclosures, and sound financial stewardship, we foster investor confidence, strengthen stakeholder trust, and reinforce the Company's reputation as a responsible and resilient financial institution.

### Sustainable Growth and Long-Term Value Creation

By maintaining a balanced approach to growth, risk management, and financial discipline, we continue to strengthen our financial resilience and create sustainable value for shareholders, customers, employees, and the wider community. This enables us to support economic development while delivering consistent long-term returns to our stakeholders.

## Total Revenue

During FY 2025/26, Fintrex recorded a commendable growth in revenue, with gross income increasing to Rs. 6.73 billion from Rs. 3.76 billion in the previous financial year, representing a 79.1% increase. This performance reflects the continued expansion of the Company’s lending portfolio, strong customer acquisition, growing demand for financing solutions, and the successful execution of strategic initiatives across its key business segments. The substantial increase in income demonstrates the effectiveness of Fintrex’s growth strategy, enhanced market penetration, and its ability to capitalise on emerging opportunities while strengthening its core revenue-generating activities.

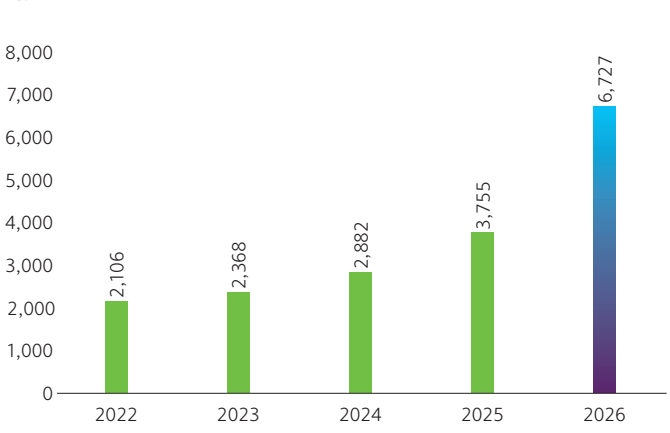
The Company’s revenue base continued to be predominantly driven by its core lending operations. Interest income amounted to Rs. 5.75 billion, accounting for approximately 85% of total gross income, underscoring the strength, resilience, and scalability of Fintrex’s financing business. The sustained growth in interest earnings was supported by the expansion of the lending portfolio, prudent portfolio management, and improved operational efficiencies, enabling the Company to generate stable and recurring income streams.

In line with its strategy of broadening revenue sources, Fintrex also achieved significant growth in non-interest income. Other operating income reached Rs. 980 million, contributing approximately 15% of total gross income, reflecting the Company’s continued efforts to diversify its revenue base through fee-based services and value-added financial solutions. Fee and commission income recorded an exceptional increase

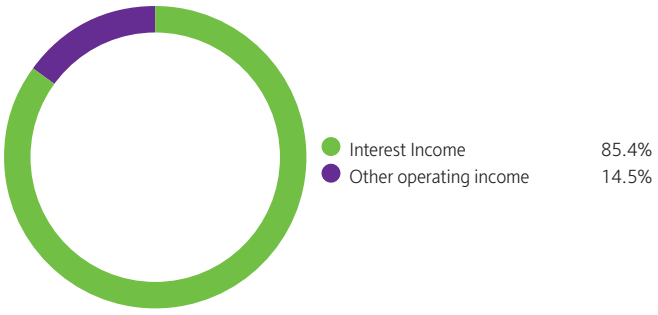
of 324%, primarily driven by the rapid expansion of the device financing portfolio, increased transaction volumes, and the growing adoption of innovative financing products by customers.

Overall, the strong revenue performance highlights Fintrex's ability to sustain growth momentum in a competitive operating environment while maintaining a balanced mix of interest and non-interest income. The Company's success in expanding its lending operations, diversifying revenue streams, and responding effectively to evolving customer needs has strengthened its earnings capacity and enhanced long-term value creation. Looking ahead, Fintrex remains committed to further strengthening its revenue base through digital innovation, product diversification, enhanced customer engagement, operational excellence, and prudent risk management, while continuing to support financial inclusion and contribute to Sri Lanka's economic recovery.

### Gross Income




### Composition of Gross Income




## Interest Income

Interest income remained the primary driver of Fintrex's revenue growth in FY 2025/26, increasing to Rs. 5.75 billion, reflecting the continued expansion of the Company's lending portfolio and strong earnings generated from its core financing activities. This represents a significant increase from Rs. 3.50 billion in FY 2024/25, demonstrating the Company's ability to capitalise on growing credit demand, enhance portfolio performance, and achieve sustained business growth despite challenging market conditions.

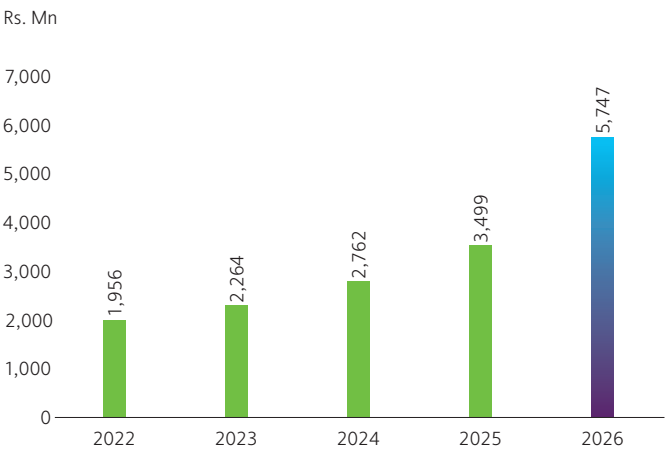
Loans and advances contributed the largest share of interest income, generating Rs. 2.38 billion, which accounted for 41.4% of total interest income. This was followed by finance leases, which generated Rs. 1.79 billion, representing 31.1% of the total, underscoring the strength of the Company's leasing business and its continued importance as a key earnings contributor.

Vehicle loans contributed Rs. 675.7 million, accounting for 11.8% of interest income, while overdue interest amounted to Rs. 455.5 million, representing 7.9% of total interest income. Gold loan operations contributed Rs. 255.7 million, or 4.5%, reflecting the growing role of this product segment within the overall portfolio.

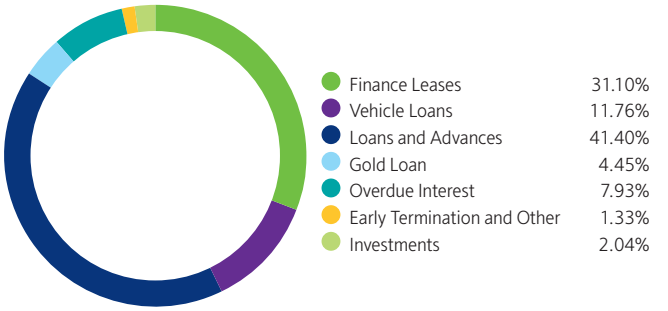
Additional contributions were derived from investment income, which amounted to Rs. 117.1 million (2.0%), and early termination and other income, which contributed Rs. 76.4 million (1.3%).

The composition of interest income highlights the Company's well-diversified lending portfolio and balanced revenue structure, with strong contributions from leasing, loans and advances, vehicle financing, and gold loans. During the year, the finance lease portfolio increased by 64.2%, from Rs. 3,498.93 million to Rs. 5,746.78 million, while loans and advances expanded by 87.9%, from Rs. 9,828.64 million to Rs. 18,467 million. The gold loan portfolio also recorded healthy growth of 32.5%, increasing from Rs. 1,501.78 million to Rs. 1,990 million.

### Interest Income



### Composition of Interest Income




## Interest Expense

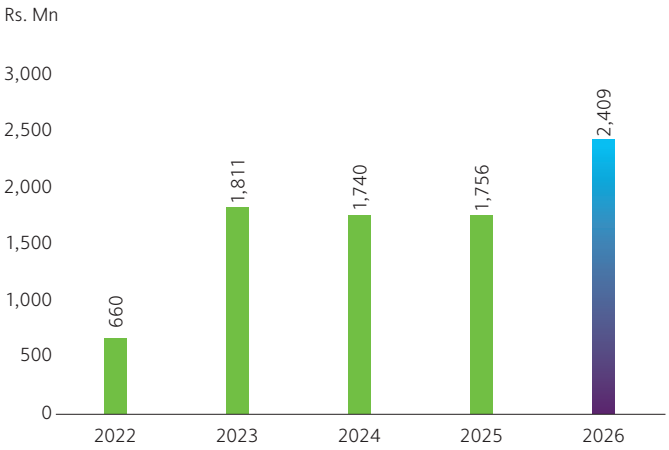
Total interest expenses, comprising interest paid on customer deposits, bank borrowings, and other funding sources, increased to Rs. 2.41 billion in FY 2025/26 from Rs. 1.76 billion in FY 2024/25, representing a 37% increase. The rise in finance costs was primarily attributable to the significant growth in the Company's funding base required to support the expansion of its lending portfolio and overall business activities. Despite the increase in borrowing levels, Fintrex continued to maintain a prudent funding structure and effective treasury management practices to optimise funding costs and preserve profitability.

The financial year was marked by a gradual improvement in macroeconomic conditions, supported by easing inflationary pressures, declining market interest rates, and a recovery in economic activity. These developments contributed to improved business and consumer confidence, stimulating demand for credit across both retail and SME segments and creating favourable conditions for portfolio growth and revenue generation. Although declining interest rates exerted pressure on lending yields across the financial services sector, Fintrex successfully mitigated these challenges through disciplined portfolio management, strategic pricing initiatives, and effective asset-liability management. As a result, the Company was able to sustain healthy margins while continuing to expand its lending operations and strengthen its market position.

Customer deposits continued to be a key source of funding, increasing from Rs. 9.74 billion to Rs. 12.92 billion, representing a growth of 32.7% during the year. Correspondingly, interest on deposits increased to Rs. 1.27 billion from Rs. 1.07 billion in the previous year and accounted for approximately 53% of total interest expenses.
Borrowings from banks and other financial institutions increased significantly from Rs. 7.53 billion to Rs. 12.06 billion, representing a growth of 60.0%. As a result, interest on institutional borrowings rose substantially to Rs. 1.11 billion from Rs. 657 million in FY 2024/25, accounting for approximately 46% of total interest expenses. The increase was primarily driven by the higher utilisation of bank credit lines and other funding facilities to support the rapid expansion of the lending portfolio, particularly in loans and advances, leasing, and other financing products. The increased reliance on institutional funding enabled the Company to meet growing customer demand and sustain business growth while maintaining adequate liquidity levels.

Interest on lease creditors remained relatively stable at Rs. 31 million, compared to Rs. 30 million in the previous year, contributing approximately 1% of total interest expenses.

### Interest Expenses




### Composition of Interest Expenses




## Net Interest Income

Fintrex recorded a strong growth in Net Interest Income (NII) during FY 2025/26, with NII increasing to Rs. 3.34 billion from Rs. 1.74 billion in the previous year. This significant improvement was primarily driven by the robust expansion of the Company's lending portfolio, improved asset yields, and sustained growth across its key financing products, which enabled interest income to grow at a much faster pace than funding costs.

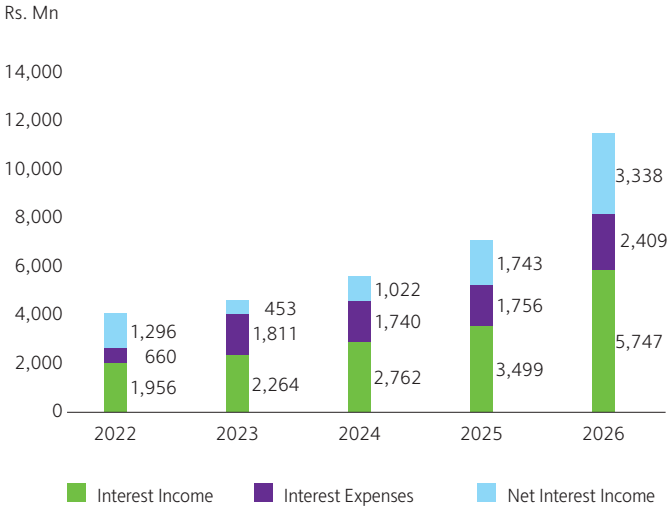
Interest Income increased from Rs. 3.50 billion in FY 2024/25 to Rs. 5.75 billion in FY 2025/26, representing a strong growth of 64.2%. This increase was largely attributable to the substantial growth in loans and

advances, finance leases, vehicle loans, and gold loan facilities, supported by increased customer demand, portfolio expansion initiatives, and improved earnings from the Company's core financing activities.

Meanwhile, Interest Expenses rose from Rs. 1.76 billion to Rs. 2.41 billion, representing an increase of 37.2%. The increase was primarily driven by the growth in the Company's funding base, with customer deposits increasing by 32.7% from Rs. 9.74 billion to Rs. 12.92 billion, while borrowings from banks and other financial institutions increased by 60.0% from Rs. 7.53 billion to Rs. 12.06 billion. These additional funding sources were strategically mobilised to support the rapid growth of the earning asset portfolio and meet increasing customer financing requirements.

Despite the increase in funding costs, the growth in interest income significantly outpaced the increase in interest expenses, resulting in a substantially wider interest spread and a 91.5% increase in Net Interest Income compared to the previous year. This performance underscores the effectiveness of Fintrex's funding, pricing, and portfolio management strategies, as well as its ability to optimise asset-liability management in a dynamic interest rate environment. Furthermore, the gradual recovery in economic activity and improving business sentiment during the year supported increased demand for financing solutions and portfolio growth opportunities.

Interest Income, Interest Expenses and NII




## Other Operating Income

During FY 2025/26, fee and commission income increased by 324.4%, rising from Rs. 223.90 million in the previous year to Rs. 950.28 million. This exceptional growth was primarily driven by the rapid expansion of the Company's device financing portfolio, which generated higher processing fees, service charges, and other related commission income. The increase also reflects higher business volumes, a growing customer base, and the successful execution of strategies aimed at expanding fee-based revenue streams.

As a result, fee and commission income became the largest contributor to non-interest income during the year, demonstrating the Company's increasing ability to generate revenue beyond traditional interest-earning activities. This strong performance not only enhanced overall profitability but also strengthened the quality and sustainability of earnings by reducing reliance on interest income alone.

The substantial growth in non-interest income highlights Fintrex's continued focus on revenue diversification, innovation in product offerings, and the development of value-added financial solutions that create additional income opportunities while supporting long-term business growth.

The significant increase in other operating income reflects the Company's strategic emphasis on product innovation, value-added financial solutions, and income diversification. By strengthening non-interest revenue sources, Fintrex enhanced earnings resilience, reduced dependence on interest income, and improved its ability to create sustainable long-term value for shareholders and other stakeholders.

## Total Operating Income

The Company's total operating income, consisting of Net Interest Income and Other Operating Income, recorded robust growth during FY 2025/26. Net Interest Income increased by 91.49%, while Other Operating Income grew by 282.52%, reflecting strong growth in lending activities and a significant fee increase- and commission-based income.

In addition, Fintrex continued to invest in process improvements, digital transformation initiatives, technology infrastructure, and operational support functions aimed at improving efficiency, scalability, and customer experience. These investments are expected to generate long-term benefits through enhanced productivity, stronger internal controls, and improved service delivery capabilities.

## Overhead Cost Management

Operating expenses increased during the year, reflecting Fintrex Finance's continued investment in business expansion and operational development. Personnel expenses rose by 32%, mainly driven by the strengthening of existing teams and the recruitment of additional staff to support higher business volumes, portfolio growth, and expanding operational activities.
These investments were necessary to build organisational capacity and sustain the Company's long-term growth objectives.

## Impairment Charges

The Company recorded an impairment charge of Rs. 1,028 million in FY 2025/26, compared to Rs. 272 million in FY 2024/25, reflecting a significant increase in expected credit loss provisions during the year. The increase was primarily driven by the substantial growth in the lending portfolio, which expanded

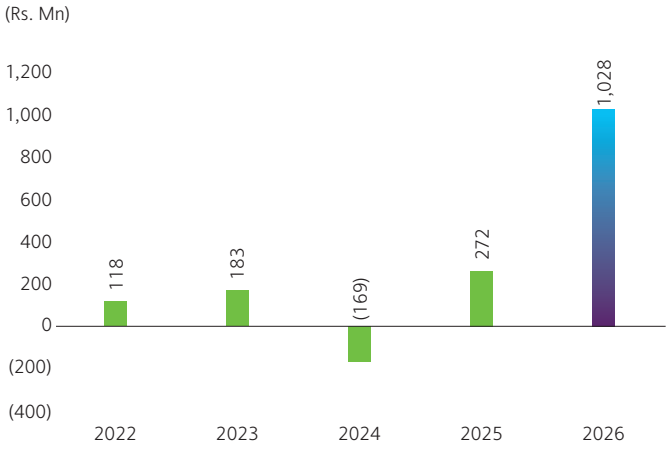
by 47.2% compared to the previous year. In line with prudent risk management practices and regulatory requirements, the Company strengthened its impairment provisions to ensure adequate coverage against potential credit losses arising from the enlarged portfolio.

Despite the higher impairment charge, key asset quality indicators showed notable improvement during the year. The gross Stage 3 loan ratio decreased to 8.36% from 8.63%, while the net Stage 3 loan ratio improved significantly to 4.74% from 6.09%, reflecting enhanced collection efforts, improved credit monitoring, and effective recovery strategies.

Furthermore, the Stage 3 impairment coverage ratio increased substantially to 43.27% from 29.48%, demonstrating the Company's strengthened provisioning position against impaired loans. The total impairment coverage ratio also improved to 4.82% from 3.70%, indicating a more robust buffer against potential credit losses across the overall portfolio.

| LKR | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| Impairment Charge (LKR Mn) | 118 | 183 | (169) | 272 | 1028 |
| Number of days past due | 180 | 120 | 90 | 90 | 90 |

Impairment Charges




## Taxation

GRI 207-1

The Company's total tax contribution increased significantly during FY 2025/26, reflecting its strong financial performance, enhanced profitability, and growing scale of operations. Income Tax increased from Rs. 137.24 million in FY 2024/25 to Rs. 434.50 million in FY 2025/26, representing a substantial increase of 217%. This growth was primarily driven by the significant improvement in profit before tax resulting from higher operating income, increased net interest earnings, and strong business expansion during the year.

Similarly, Tax on Financial Services increased from Rs. 198.72 million to Rs. 403.78 million, representing a 103% increase compared to the previous year. The increase reflects the growth in the Company's financial services activities, higher transaction volumes, and the expansion of its lending and fee-based business operations.

As a result, the total tax expense increased from Rs. 335.96 million in FY 2024/25 to Rs. 838.28 million in FY 2025/26, representing an increase of approximately 150%. This substantial increase demonstrates the Company's strong earnings growth and its increasing contribution to government revenue through direct taxation.

The higher tax contribution is indicative of Fintrex's improved financial performance and sustainable growth trajectory, while reaffirming its commitment to maintaining full compliance with all applicable tax regulations and statutory obligations.

| Year (LKR Mn) | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| Income Tax | 113 | (226) | 105 | 137 | 434 |
| Tax on FS | 135 | - | 154 | 199 | 404 |

Income Tax & Tax on FS




### Approach to Tax

GRI 207-1, 207-2

At Fintrex Finance PLC, responsible tax management forms an integral part of our corporate governance framework and commitment to sustainable business practices. We conduct our tax affairs with integrity, transparency, accountability, and full compliance with applicable tax laws and regulations. Our approach ensures the accurate, timely, and transparent reporting and payment of all tax obligations, including corporate income tax, VAT, withholding taxes, levies, and employee-related taxes.

The Chief Financial Officer (CFO) is responsible for implementing the Company's tax strategy and oversees the management of all tax-related matters. The tax strategy is periodically reviewed and updated by the CFO in consultation with external tax advisers to ensure alignment with legislative developments, regulatory requirements, and emerging best practices.

Fintrex Finance PLC does not engage in aggressive tax planning or artificial tax arrangements. Business decisions and transactions are undertaken based on genuine commercial substance, ensuring that taxes are paid where economic value is created. Through robust internal controls, management oversight, external audit review, and proactive tax risk management, we seek to identify, assess, and mitigate tax risks while maintaining a transparent and constructive relationship with tax authorities.

By meeting our tax obligations responsibly, we contribute to Sri Lanka's economic development and broader social progress. Our tax governance practices support stakeholder confidence and form an important component of the Company's Environmental, Social, and Governance (ESG) commitments and long-term sustainable growth objectives.

## Stakeholder Engagement and Management of Tax-Related Concerns

GRI 207-3

Fintrex Finance PLC recognizes the importance of maintaining transparent and constructive relationships with stakeholders on tax-related matters. Our approach to stakeholder engagement is guided by principles of accountability, compliance, and open communication, ensuring that stakeholder concerns are appropriately considered in our tax governance and decision-making processes.

### Engagement with Tax Authorities

We maintain a professional, transparent, and cooperative relationship with tax authorities and regulatory bodies. The Company is committed to timely compliance with filing, reporting, and payment obligations and seeks clarification from relevant authorities where tax regulations are unclear or subject to interpretation. Any tax inquiries, assessments, or audits are managed proactively to ensure accurate and timely resolution.

### Stakeholder Feedback and Concerns

Fintrex considers the perspectives of both internal and external stakeholders in managing tax-related matters. Stakeholder views and concerns are gathered through established communication channels, including interactions with regulators, investors, customers, auditors, industry bodies, and professional advisors. Tax-related concerns are reviewed by management and, where necessary, escalated through the Company's governance framework to ensure appropriate consideration and resolution. This process supports transparency, enhances stakeholder confidence, and strengthens the Company's overall tax governance framework.

### 2025/26 Tax Commitment Statement

During the financial year 2025/26, Fintrex Finance PLC remained committed to maintaining the highest standards of tax compliance and ethical conduct. The Company fulfilled its tax obligations in accordance with applicable laws and regulations and continued to strengthen its tax governance framework to support transparency, accountability, and responsible corporate citizenship. Through this approach, we reaffirm our commitment to contributing positively to national development while safeguarding stakeholder confidence and trust.

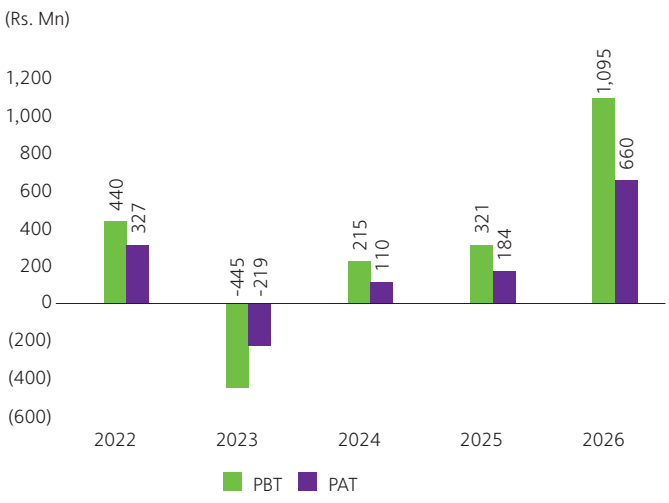
## Profitability

Fintrex delivered a strong financial performance in FY 2025/26, achieving growth in both Profit Before Tax (PBT) and Profit After Tax (PAT). The Company's lending portfolio expanded by 47.2% during the year, driving strong growth in its core financing operations and significantly enhancing revenue generation. As a result, Net Interest Income increased by 91.5%, reflecting the expansion of earning assets and the Company's ability to generate higher returns while managing funding costs.

Supported by this business momentum, Profit Before Tax increased from Rs. 321 million in FY 2024/25 to Rs. 1,095 million in FY 2025/26, representing a more than threefold increase over the previous year. This performance was driven by robust growth in interest income, the significant increase in fee and commission income, and improved operating leverage arising from the expanding scale of operations.

Despite higher funding costs associated with the growth in deposits and borrowings, increased impairment provisions in line with portfolio expansion, and a higher tax charge resulting from improved profitability, the Company maintained strong earnings momentum throughout the year. Consequently, Profit After Tax increased from Rs. 184 million in FY 2024/25 to Rs. 660 million in FY 2025/26, representing an increase of approximately 259%.

PBT & PAT



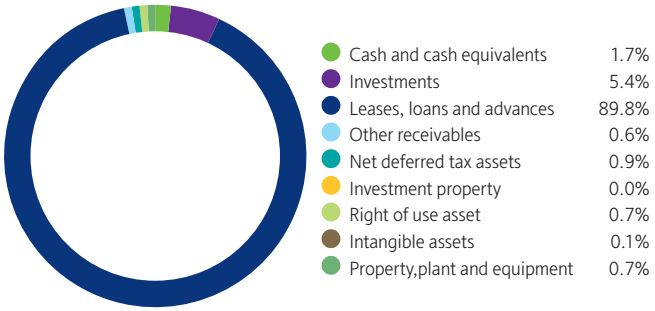
## Total Assets

Total assets increased significantly during FY 2025/26, primarily driven by the growth in the net lending portfolio. The 47.2% expansion in lending activities contributed substantially to the increase in earning assets, reinforcing the Company's market position and revenue-generating capacity.

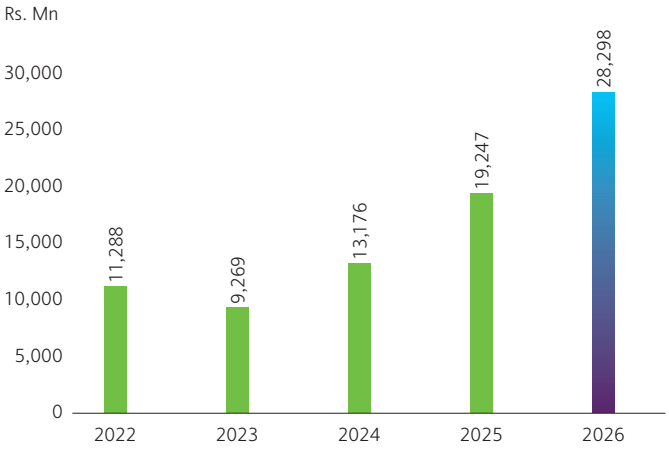
The lending portfolio continued to shift towards loans and advances, which increased to 62.1% in 2026 from 49.2% in 2025. In contrast, the share of finance leases declined from 43.3% to 31.2%, while gold loans represented 6.69% of the portfolio. As a result, loans and advances together with finance leases accounted for 93.3% of the total lending portfolio, underscoring the Company's strategic focus on its core lending business.

| Product | 2026 (LKR Mn) | % | 2025 (LKR Mn) | % |
|---|---|---|---|---|
| Finance Lease | 9,275 | 31% | 8,655 | 43% |
| Loans and Advances | 18,467 | 62% | 9,829 | 49% |
| Trade Finance | - | - | - | - |
| Gold Loans | 1,990 | 7% | 1,502 | 8% |
| **Grand Total** | **29,732** | **100%** | **19,986** | **100%** |

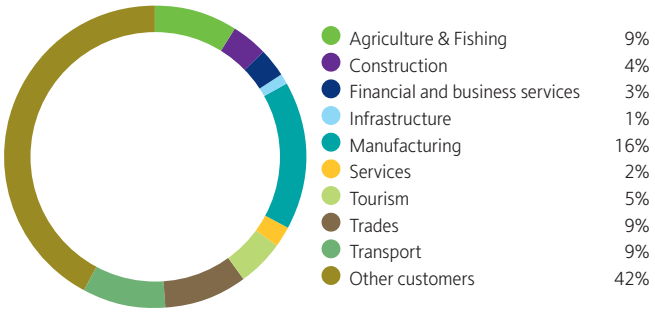
### Composition of Total Assets



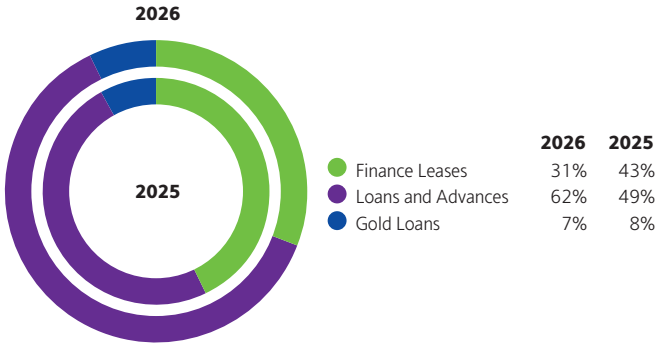

### Net Lending Portfolio




### Industry Analysis of Gross Portfolio - As at 31st March 2026




### Composition of Gross Lending Portfolio



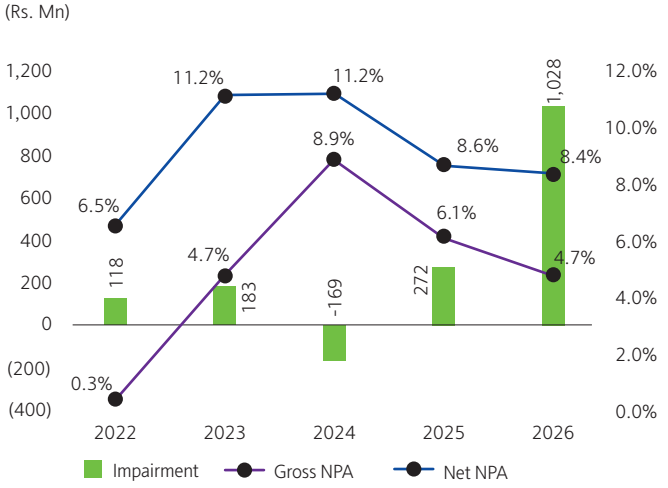
## Asset Quality

The Expected Credit Loss (ECL) framework under SLFRS 9 continued to underpin the Company's impairment provisioning methodology during the year. The ECL model incorporates forward-looking economic indicators and management overlays to ensure that impairment provisions adequately reflect evolving credit risks and the prevailing economic environment.

Impairment charges on loans and receivables increased significantly to Rs. 1,028 million in FY 2025/26, compared to Rs. 272 million in the previous financial year. This increase was primarily attributable to the expansion of the lending portfolio, changes in portfolio risk characteristics, and the Company's prudent provisioning approach in response to ongoing economic uncertainties. The higher impairment charge underscores management's commitment to maintaining adequate loss reserves, preserving balance sheet strength, and supporting sustainable portfolio growth while safeguarding long-term financial stability.

The Company continued to strengthen its asset quality despite the rapid expansion of its lending portfolio. The Net Stage 3 (NPA) ratio improved to 4.74% from 6.09% in the previous year, reflecting effective credit risk management, enhanced recovery efforts, and disciplined underwriting practices. This improvement demonstrates the Company's ability to achieve portfolio growth while maintaining healthy asset quality standards.

Asset Quality




## Treasury Management

Fintrex maintained a strong focus on balance sheet growth and portfolio expansion during FY 2025/26. The total net lending portfolio increased by 47.2%, rising from Rs. 19.25 billion to Rs. 28.30 billion, reflecting robust growth across the Company's core lending segments.

This expansion was supported by prudent treasury management practices, enabling the Company to meet increasing customer demand while maintaining adequate liquidity and capital resources.

## Liquidity Management

The Company maintained a strong liquidity position throughout the year. The ratio of total liquid assets to the minimum liquid asset requirement stood at 149%, well above the regulatory requirement, providing a comfortable liquidity buffer. In addition, the Company had access to undrawn credit facilities amounting to Rs. 3.0 billion, further strengthening its funding flexibility. The successful share issue of Rs. 500 million also enhanced liquidity and supported future business growth initiatives.

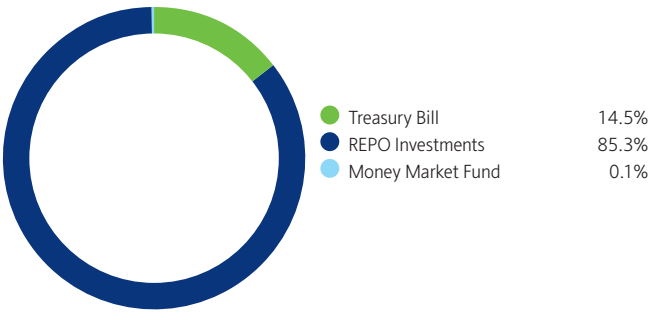
## Funding and Investments

Fintrex further strengthened its funding and investment base during the year. The total investment portfolio increased by 30.5%, from Rs. 1.29 billion to Rs. 1.69 billion. A notable contributor to this growth was the significant increase in REPO investments, which rose from Rs. 50.04 million to Rs. 1.44 billion, reflecting the Company's focus on optimising surplus funds through short-term, low-risk investment opportunities.

To diversify funding sources and support portfolio growth, the Company also issued Rs. 500 million of Trust Certificates, strengthening its long-term funding structure and enhancing funding stability.

| Investment Type | 2026 (LKR Mn) | % | 2025 (LKR Mn) | % |
|---|---|---|---|---|
| Treasury Bill | 246 | 14.5% | 659 | 51% |
| REPO Investments | 1,441 | 85.3% | 50 | 4% |
| Money Market Fund | 2 | 0.1% | 585 | 45% |
| **Total** | **1,688** | **100%** | **1,295** | **100%** |

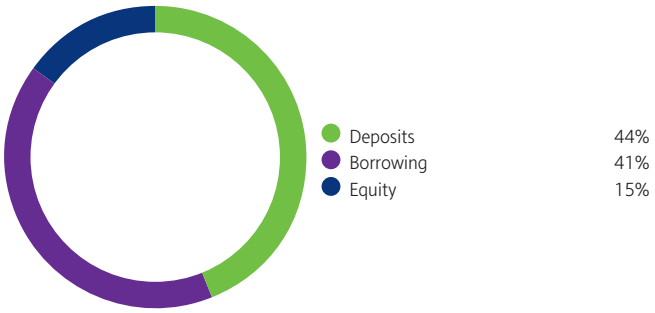
Investment Mix



# Financial Capital

| Funding Source | 2026 (LKR Mn) | % | 2025 (LKR Mn) | % |
|---|---|---|---|---|
| Deposits | 12,923 | 44% | 9,736 | 47.5% |
| Borrowings & Debt Issued | 12,056 | 41% | 7,535 | 36.7% |
| Equity | 4,385 | 15% | 3,230 | 15.8% |
| **Total** | **29,364** | **100%** | **20,500** | **100.0%** |

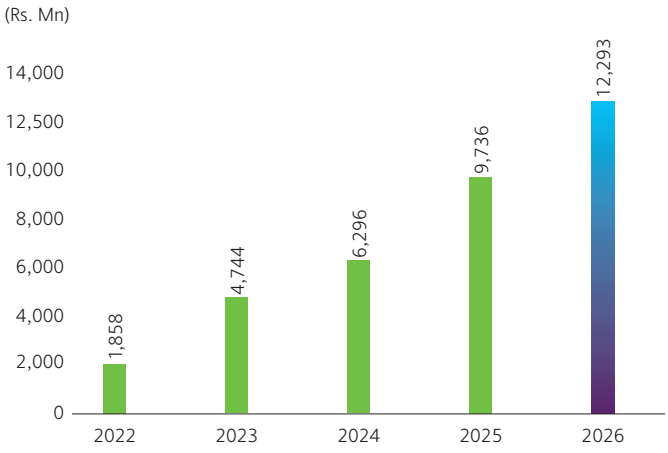
## Funding Mix




## Deposit Base 2026




## Deposits Growth




## Deposit Base 2025




## Capital Adequacy

The Company's capital adequacy ratios declined during FY 2025/26 primarily due to the rapid expansion of the lending portfolio, which resulted in a significant increase in risk-weighted assets. In addition, the impact of capital write-offs contributed to the reduction in capital adequacy levels. Nevertheless, the Company continued to maintain capital levels in compliance with applicable regulatory requirements while supporting strong asset growth.

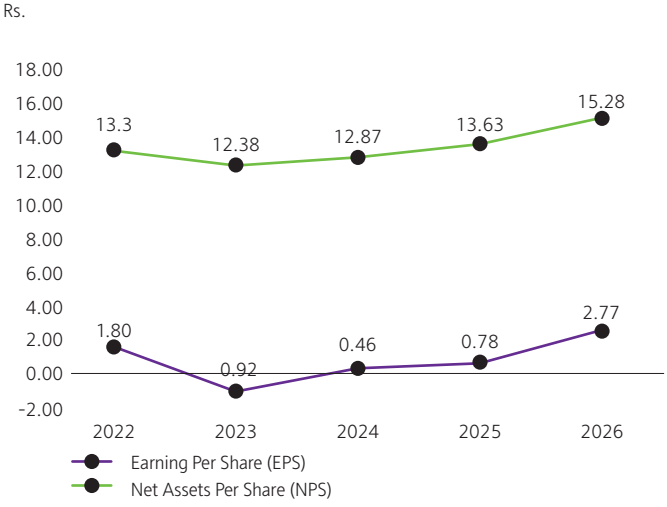
Shareholders' funds increased by 35.7% to Rs. 4,384.96 million from Rs. 3,230.45 million, supported by strong growth in retained earnings. The statutory reserve fund grew from Rs. 68.62 million to Rs. 101.64 million, while retained earnings increased substantially from Rs. 519.08 million to Rs. 1,413.76 million. As a result, net assets per share improved to Rs. 15.28 from Rs. 13.63 in the previous year, reflecting enhanced value creation for shareholders. The Company's total capital adequacy ratio remained well above the minimum regulatory requirement, underscoring its strong capital base and providing sufficient capacity to support future business expansion and growth opportunities.

| Capital Adequacy Ratio | Regulatory Minimum (%) | 2026 (%) | Buffer Above Minimum (%) |
|---|---|---|---|
| Tier 1 Capital Ratio | 8.50 | 12.75 | 4.25 |
| Total Capital Ratio | 12.50 | 16.81 | 4.31 |

## Shareholders' Funds

Shareholders' funds increased by 35.7% during the year, supported by the successful Rs. 500 million share issuance and strong profit retention. Retained earnings increased by 172%, reflecting the significant improvement in profitability and the Company's ability to internally generate capital to support future growth.

EPS & NPS




ROE & ROA




## DuPont Analysis of Return on Equity (ROE)

The Company's Return on Equity (ROE) increased significantly from 5.86% in 2024/25 to 17.34% in 2025/26, reflecting a substantial improvement in overall financial performance and shareholder value creation. The DuPont analysis indicates that this enhancement was driven by stronger profitability, improved asset efficiency, and increased financial leverage.

Net Profit Margin improved from 4.90% to 9.82%, demonstrating the Company's ability to generate higher earnings from each rupee of revenue. This improvement was supported by robust revenue growth and a proportionately higher increase in net profit, reflecting enhanced cost management and operational performance.

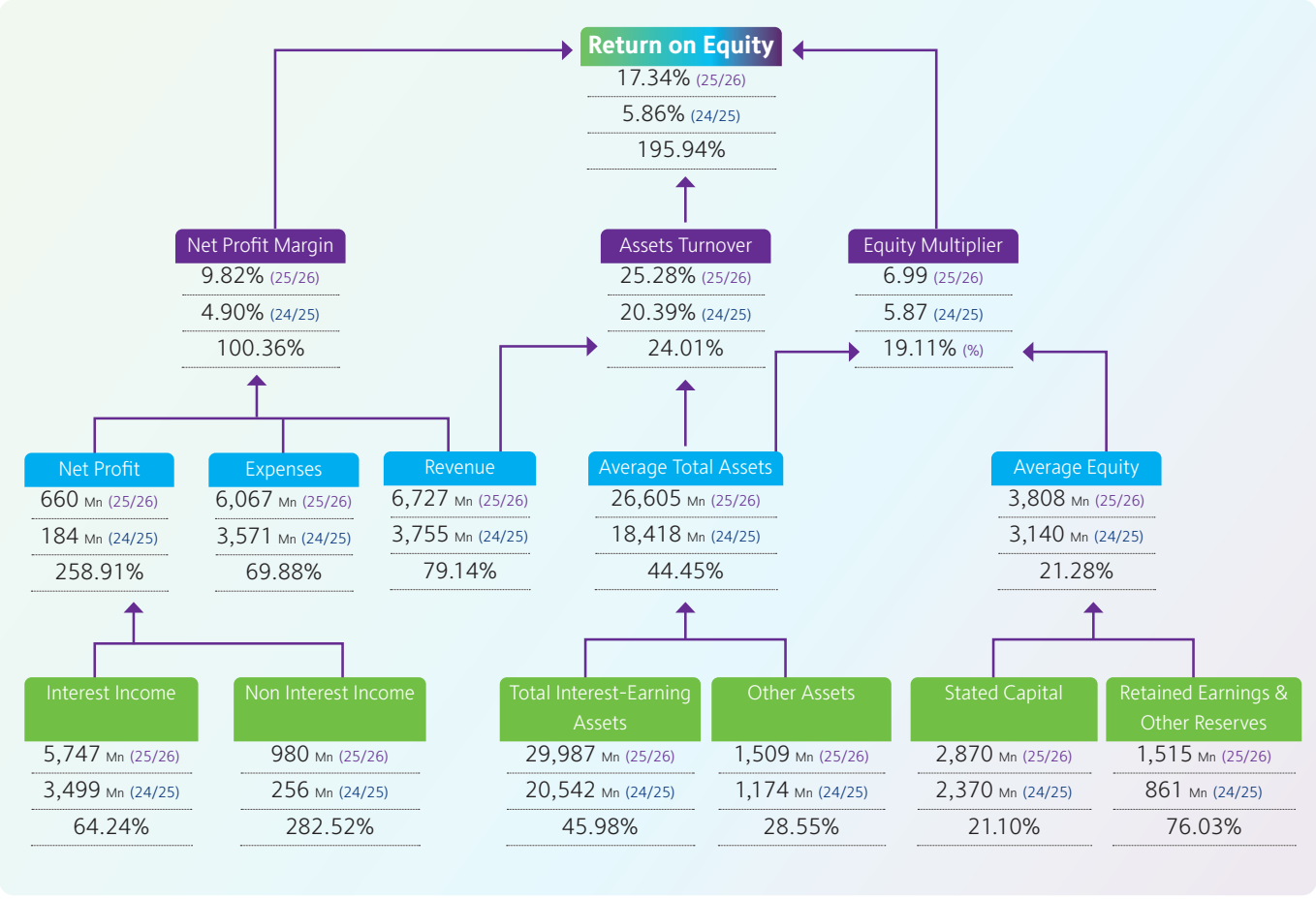
Asset Turnover increased from 20.39% to 25.28%, indicating more efficient utilisation of the Company's assets to generate revenue. The higher turnover ratio reflects improved productivity of the asset base and stronger operational effectiveness during the year.

Equity Multiplier rose from 5.87 times to 6.99 times, signifying a higher degree of financial leverage. While the increased use of leverage contributed positively to the growth in ROE, it also indicates a greater dependence on liabilities to support asset expansion and business operations.

Overall, the Company's stronger ROE performance was primarily driven by the marked improvement in profitability, complemented by enhanced asset utilisation and the strategic use of financial leverage. The combined effect of these factors demonstrates the Company's success in improving operational efficiency and maximising returns to shareholders.

The graph below illustrates the movement of the key DuPont components, Net Profit Margin, Asset Turnover, and Equity Multiplier, and their respective contributions to the Company's ROE for the financial years 2024/25 and 2025/26.

**Comparison Tree (2025/26 vs 2024/25)**



## Management Efficiency

The Company achieved a substantial improvement in management efficiency and overall financial performance during FY 2025/26. Profit after tax increased by 258.9%, rising from Rs. 183.99 million to Rs. 660.38 million. This exceptional growth was driven by strong expansion in the lending portfolio, higher net interest income, significant growth in fee and commission income, and effective cost management. The results demonstrate management's success in executing its growth strategy while enhancing profitability and shareholder value.

## Direct Economic Value Generated and Distributed

GRI 201-1

Fintrex's sustainability strategy is focused on creating long-term economic value for its stakeholders, including depositors and lenders, employees, government institutions, suppliers, communities, and shareholders.

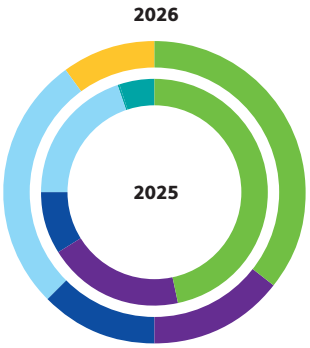
Through responsible growth, prudent financial management, and a commitment to sustainable business practices, the Company continues to generate and distribute value across its stakeholder ecosystem.

During FY 2025/26, Fintrex generated Rs. 6.73 billion in economic value, compared to Rs. 3.76 billion in the previous financial year, representing an increase of Rs. 2.97 billion or 79.1%. This growth was driven by the expansion of the lending portfolio, higher interest income, and strong growth in non-interest income.

The highest share of economic value was distributed to depositors and lenders, amounting to Rs. 2.41 billion (35.8%), reflecting the Company's strong funding relationships and business growth. Economic value distributed to suppliers and service providers amounted to Rs. 1.85 billion (27.5%), while employees received Rs. 967 million (14.4%) in salaries and benefits. Contributions to the Government through taxes and statutory levies totalled Rs. 845 million (12.6%), and Rs. 6.5 million was invested in community development and corporate social responsibility initiatives.

As a result of its improved financial performance, Fintrex retained Rs. 654 million, equivalent to 9.7% of total economic value generated, compared to Rs. 184 million (4.9%) in the previous year. This enhanced retained value strengthens the Company's capacity to support future growth and create sustainable long-term value for its stakeholders

Economic Value Distributed




| | 2026 % | 2025 % |
|---|---|---|
| To Depositors and Lenders | 35.81 | 46.75 |
| To Employees | 14.37 | 19.45 |
| To the Government | 12.56 | 9.00 |
| To Suppliers | 27.35 | 19.73 |
| To the Community | 0.09 | 0.17 |
| Economic Value Retained | 9.82 | 4.90 |

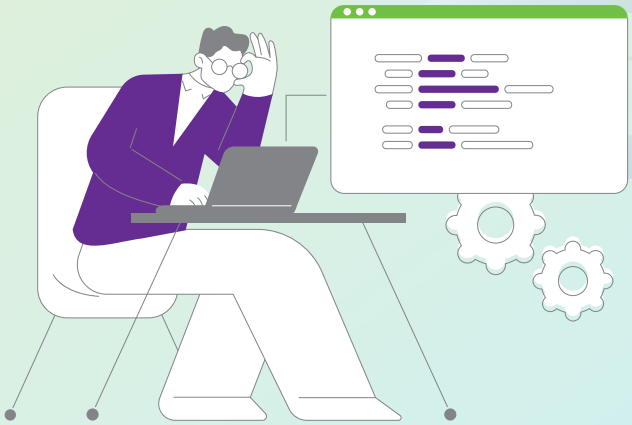
# Financial Capital

| | 2026 | | 2025 | | Change | |
|---|---|---|---|---|---|---|
| | LKR Million | % | LKR Million | % | LKR Million | % |
| **Economic Value Generated** | | | | | | |
| Interest income | 5,746.78 | | 3,498.93 | | 2,247.85 | |
| Other income | 980.13 | | 256.23 | | 723.90 | |
| Total | 6,726.91 | | 3,755.16 | | 2,971.75 | |
| | | | | | | |
| **Economic Value Distributed** | | | | | | |
| **To Depositors and Lenders** | | | | | | |
| Interest expenses | 2,408.59 | | 1,755.65 | | 652.94 | |
| | 2,408.59 | 35.81% | 1,755.65 | 46.75% | 652.94 | 21.97% |
| | | | | | | |
| **To Employees** | | | | | | |
| Salaries and other benefits | 966.79 | | 730.47 | | 236.32 | |
| | 966.79 | 14.37% | 730.47 | 19.45% | 236.32 | 7.95% |
| | | | | | | |
| **To the Government** | | | | | | |
| Income tax | 434.50 | | 137.24 | | 297.26 | |
| Tax on financial service | 403.78 | | 198.72 | | 205.06 | |
| Crop Insurance Levy | 6.65 | | 1.84 | | 4.81 | |
| | 844.93 | 12.56% | 337.80 | 9.00% | 507.13 | 17.07% |
| | | | | | | |
| **To Suppliers** | | | | | | |
| Other operating expenses | 748.55 | | 420.54 | | 328.01 | |
| Impairment charges | 1,028.47 | | 271.67 | | 756.80 | |
| Depreciation and amortisation | 63.11 | | 48.56 | | 14.55 | |
| | 1,840.13 | 27.35% | 740.77 | 19.73% | 1,099.36 | 36.99% |
| | | | | | | |
| **To Community** | | | | | | |
| Corporate Social Responsibility Activities | 6.09 | | 6.47 | | -0.38 | |
| | 6.09 | 0.09% | 6.47 | 0.17% | -0.38 | -0.01% |
| | | | | | | |
| **Economic Value Retained** | 660.38 | 9.82% | 183.99 | 4.90% | 476.39 | 16.03% |
| **Total** | 6,726.91 | 100.00% | 3,755.16 | 100.00% | 2,971.75 | |

## Our Future Focus

| | |
|---|---|
| **Short Term (1–2 years)**  | ✱ Optimise capital structure through operational efficiency, disciplined cost management, and digital transformation initiatives.<br>✱ Implement AI-enabled financial reporting and performance management dashboards.<br>✱ Expand fee-based income streams through digital financial services, advisory solutions, and value-added offerings.<br>✱ Enhance credit risk assessment through AI-powered analytics and alternative data models.<br>✱ Improve operational efficiency through process automation, workflow optimisation, and shared services.<br>✱ Strengthen transparency through enhanced investor engagement, integrated reporting, and stakeholder communication.<br>✱ Align budgeting and performance management with strategic and ESG objectives.<br>✱ Reinforce cybersecurity, data governance, and regulatory compliance frameworks.<br>✱ Enhance customer experience through omnichannel engagement and self-service platforms. |
| **Medium Term (3–5 years)**  | ✱ Strengthen the capital base through diversified funding sources, including Tier II capital and alternative financing mechanisms.<br>✱ Integrate advanced analytics and predictive modelling into financial planning and decision-making processes.<br>✱ Accelerate growth in SME financing, green financing, and value-chain lending portfolios.<br>✱ Deploy intelligent early-warning systems and advanced portfolio monitoring capabilities.<br>✱ Digitise procurement, vendor management, and enterprise workflow processes.<br>✱ Introduce ESG-linked products and sustainability-focused financing solutions.<br>✱ Embed climate risk assessment and resilience planning into strategic decision-making.<br>✱ Invest in cloud-native platforms, scalable digital infrastructure, and advanced data capabilities. |
| **Long Term (5+ years)**  | ✱ Maintain a resilient and sustainable capital position aligned with evolving Basel III/IV and CBSL regulatory requirements.<br>✱ Establish a fully intelligent finance function powered by automation, real-time insights, and data-driven decision-making.<br>✱ Position Fintrex as a leading regional provider of innovative and sustainable financial solutions.<br>✱ Achieve industry-leading asset quality and sustained excellence in non-performing loan (NPL) management.<br>✱ Sustain a best-in-class cost-to-income ratio through continuous innovation and operational excellence.<br>✱ Establish Fintrex as a recognised leader in sustainable finance, corporate governance, and responsible business practices.<br>✱ Drive leadership in climate finance, green bonds, and responsible investment solutions.<br>✱ Build a resilient, future-ready digital financial ecosystem that supports sustainable growth and innovation. |

# Manufactured Capital



**Manufactured capital refers to the physical and tangible assets used to support our operations. This includes both our physical infrastructure, such as the head office building and branch network, and our digital infrastructure, comprising IT assets and network architecture. Together, these resources enable us to deliver value to our stakeholders while sustaining our competitive position.**

**Contribution to Our Core Values**

Innovation | Elevate

## Key Highlights

| | | | | |
|---|---|---|---|---|
| New Branch opened at Piliyandala | Relocation of Kandy Branch | Relaunching of Branches with enhanced capacity | Migration to new core banking system | Launching innovative digital products |

## Strategic Initiatives

## Relevant Material Topics

- Digital Transformation and Innovation
- Customer Privacy
- Customer Satisfaction and Service Quality

## Relevant Stakeholders

## Commitment to SDGs

## Key Components of Our Human Capital

Branch Network — Digital Channels

## Focus Areas

| Focus Area | Key Initiatives in FY 2025/26 |
|---|---|
| **Branch Expansion** | • Opened a new branch at the strategic location of Piliyandala<br>• Relocated branches to improve accessibility<br>• Strategically relocated the Kandy branch to a more prominent location<br>• Enhanced capacity and relaunched branches in Kegalle, Kalutara, and Negombo |
| **New Core Banking System** | • Implemented a new core banking system as a key technological advancement |
| **Adopting AI driven technology** | • Leveraged AI chatbot solutions to enhance customer engagement and operational efficiency |
| **Innovation in Digital Business** | • Introduced new digital initiatives, including launching credit facilities for laptops |

## Key Risks and Opportunities

| Challenges | Opportunities | Impact on Fintrex | Response |
|---|---|---|---|
| Rising costs of technological advancements | Enhanced customer convenience and accessibility | Improved customer satisfaction | Invested in scalable IT infrastructure |
| Cybersecurity threats | Increased operational efficiency and cost savings | Reduction in manual processes and errors | Conducted cybersecurity awareness training and strengthened information security systems |
| Ensuring data integrity and compliance | Improved service quality | Strengthened brand visibility and trust | Enhanced data security frameworks and compliance mechanisms |
| Customer adaptation to AI-driven services | Long-term cost efficiencies | Improved customer engagement | Implemented AI-driven chatbot services for customers |
| Managing risks associated with digital transformation | Broader market reach through digitalisation | Reduced environmental impact | Innovated and expanded digital-driven business solutions |

# Manufactured Capital

## Our Commitment to the UN Sustainable Development Goals (SDGs)

| Focus Area | Key Initiatives | SDG Contribution |
|---|---|---|
| **Decent Work and Economic Growth** | Expanded branch and service networks, enhanced customer access points, and strengthened digital service delivery channels to improve access to financial services across urban and rural communities. These initiatives supported business growth, financial inclusion, economic participation, and employment generation while enabling individuals and businesses to achieve their financial aspirations. |  |
| **Industry, Innovation and Infrastructure** | Continued investments in digital transformation through the deployment of smart kiosks, mobile banking solutions, automated service channels, and technology-driven process improvements. These initiatives enhanced operational efficiency, customer convenience, service accessibility, and organisational resilience while supporting innovation and sustainable infrastructure development. |  |
| **Sustainable Cities and Communities** | Expanded access to financial services through strategically located branches and service centres while providing financing solutions for housing, transportation, SMEs, and micro-enterprises. These efforts contributed to inclusive economic development, improved community resilience, and the creation of sustainable urban and rural communities. |  |
| **Responsible Consumption and Production** | Promoted environmentally responsible operations through the adoption of energy-efficient technologies, digitalisation initiatives, paperless processes, and sustainable resource management practices. These measures reduced resource consumption, improved operational efficiency, and supported the organisation's commitment to minimising its environmental footprint. |  |

## Capital Trade Offs

| | |
|---|---|
|  | Relocation and refurbishment may require substantial capital investment with long-term implications. While such investments may strain finances in the short term, they support long-term revenue growth through improved infrastructure and enhanced customer convenience. |
|  | Improving digital infrastructure enables the transformation of manual processes into digital formats, leading to a reduced carbon footprint. |
|  | A well-designed, safe workspace enhances employee comfort and efficiency, while upgraded infrastructure and ergonomic facilities improve satisfaction, reduce stress, and support retention. |
|  | Enhanced customer relationships through an expanded branch network and improved accessibility. A wider branch presence and robust digital platforms make transactions more convenient, strengthening overall customer engagement. |
|  | Enhanced visibility and technology-driven solutions strengthen the brand image. Advanced IT systems and digital platforms enable employees to collaborate effectively, share insights, and access real-time data, thereby enhancing organisational knowledge. |

## Management Approach

GRI 3-3

We continuously strengthen our manufactured capital through strategic planning, disciplined resource allocation, and targeted investments in infrastructure, technology, and operational capabilities. These investments are aligned with our strategic priorities, supporting business expansion, improving efficiency, replacing obsolete assets, and enhancing service delivery channels.

Through a structured asset management approach, we ensure our infrastructure remains relevant, resilient, and responsive to evolving customer and stakeholder needs. In parallel, we advance our digital transformation agenda by investing in secure, scalable IT systems, data management, and innovative service platforms, driving greater efficiency, resilience, and customer-centricity. We also promote environmental sustainability through resource-efficient practices and increased adoption of digital solutions.

## Nurturing Our Manufactured Capital

We nurture our manufactured capital through strategic foresight, continuous improvement, and alignment with evolving technological advancements. Our focus is on investments that strengthen infrastructure, support digital transformation, and ensure long-term sustainability.

### Investment in Branch Infrastructure

We continue to modernise our branch network to create welcoming, efficient, and secure environments for both customers and employees. Enhancements include ergonomic designs, energy-efficient systems, and customer-centric layouts that elevate service delivery and reinforce our brand image.

### Investment in Advanced Technology

Recognising the transformative power of technology, we invest in advanced solutions to enhance operational efficiency and service quality. Key initiatives include strengthening cybersecurity frameworks, and integrating AI-driven tools to streamline operations and support data-driven decision-making.

### Upgrading Technology and Infrastructure

We regularly review and upgrade our IT infrastructure to ensure scalability, reliability, and resilience. This includes cloud adoption, infrastructure-as-code practices, and process automation to reduce manual intervention and improve efficiency.

### Investment in Branch Expansion and Relocation

We strategically expand and relocate branches based on market potential, customer demand, and accessibility. During the year, selected branches were relocated to more prominent locations.

In addition, a new branch equipped with modern technology and staffed by skilled personnel was opened to provide enhanced customer service. These decisions are guided by data-driven insights and aligned with our long-term growth objectives.

## Our Manufactured Capital

| Category | 31 March 2026 (Rs. Mn) | 31 March 2025 (Rs. Mn) | 31 March 2024 (Rs. Mn) | 31 March 2023 (Rs. Mn) |
|---|---|---|---|---|
| Furniture & Fittings | 75.64 | 69.43 | 47.24 | 56.42 |
| Office Equipment | 41.55 | 31.07 | 29.54 | 28.83 |
| Computer Equipment | 111.45 | 26.83 | 12.87 | 15.67 |
| Mobile Devices & Tabs | 1.26 | 0.30 | 0.04 | 0.39 |
| Motor Vehicle | 1.98 | 2.59 | – | – |

## Our Branch Network

### Branch Network

Our extensive branch network, spanning 17 strategic locations, continues to serve as a key customer touchpoint at the regional level. We have ensured that our branches are positioned in prime locations, including major commercial and metropolitan hubs in the Western Province, as well as key regions across the country. This strategic placement enhances our visibility and enables greater accessibility, allowing customers to conveniently engage with our services.



### Branch Relocations and Enhancements

During the year, we strategically relocated and enhanced several branches to strengthen our presence in key regions and capitalize on emerging growth opportunities:

- Kandy Branch – Relocated to a more prominent location
- Piliyandala Branch – New branch opening
- Kegalle Branch – Capacity enhancement and relaunch
- Kalutara Branch – Capacity enhancement and relaunch
- Negombo Branch – Capacity enhancement and relaunch

These initiatives were aimed at improving accessibility, expanding our customer base, and increasing visibility in strategically important locations.

All upgraded and new branches have been equipped with modern technological infrastructure, supported by comprehensive staff training to build a team of skilled financial professionals. This enables us to deliver seamless, efficient, and personalised services tailored to diverse customer needs.

Our continued focus on enhancing employee capabilities and service standards strengthens our competitive position within the industry. These efforts support sustained growth, reinforce our market presence, and position the Company for long-term success.

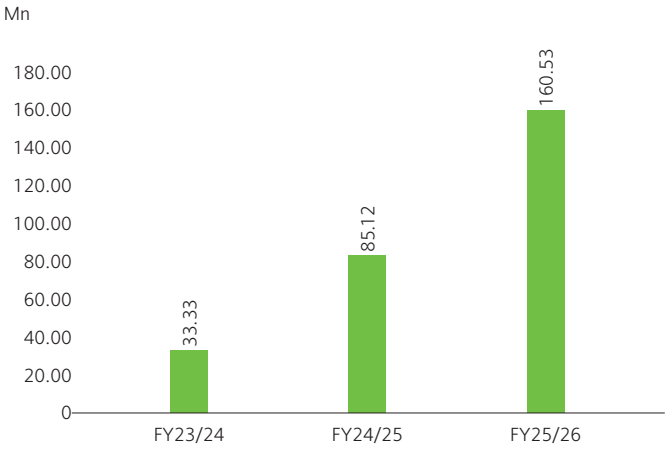


*Opening of Piliyandala Branch*



*Relocation of Kandy Branch*

Capital Expenditure




### Empowering Digital Access Through Smart Financing

The launch of the Fintrex Laptop Financing marked a significant step in expanding the Company's portfolio of innovative financial solutions and supporting greater digital inclusion across Sri Lanka. Designed to make technology more accessible, the product offers affordable and flexible financing options for university students, entrepreneurs, professionals, and businesses seeking to enhance their digital capabilities through the acquisition of laptops and related devices. By reducing the upfront financial burden of purchasing essential technology, the facility empowers individuals and enterprises to improve productivity, access educational opportunities, and participate more effectively in an increasingly digital economy. This initiative reflects Fintrex's commitment to leveraging innovation to meet evolving customer needs while promoting financial inclusion and supporting the country's digital transformation agenda.



## Customer Contact Centre (CCC)

Our Customer Contact Centre (CCC) efficiently manages customer interactions while also driving lead generation. It supports First Call Resolution (FCR) and leverages sentiment analysis to gain valuable insights into customer behaviour and concerns, enabling more informed decision-making. In addition, the CCC plays a key role in directly managing and resolving customer grievances, ensuring a responsive and customer-centric service experience.

## Our Technology Platform

In line with our theme, "Accelerating Finance, Empowering Futures," we made significant progress in strengthening our technology platform through the seamless integration of advanced digital solutions across our operations and customer service ecosystems. These initiatives have enhanced service delivery, improved operational efficiency, and reinforced our resilience, agility, and sustainability in an increasingly dynamic financial landscape. By leveraging innovation and digital transformation, we continue to advance our vision of becoming a more customer-centric, future-ready institution, delivering greater value to customers, stakeholders, and the communities we serve.

Our digital transformation journey is supported by a robust governance framework and is aligned with the Global Reporting Initiative (GRI) standards, particularly in areas such as customer privacy (GRI 418) and economic performance and innovation (GRI 203). Through these efforts, we aim to deliver secure, efficient, and inclusive financial services while optimising internal resources and minimising our environmental footprint.

### Technology Improvements in FY 2025/26

- **Automation of Customer-Facing Processes**
  Streamlined approval workflows for device finance and two-/three-wheeler products, enabling faster turnaround times and improved service delivery.
- **End-to-End Digital Workflows**
  Implemented seamless digital processes across the customer journey, reducing paperwork and minimising processing delays.
- **Improved System Performance and Reliability**
  Upgraded core systems to ensure faster, more reliable, and consistent service availability.
- **Enhanced Data Accuracy and Accessibility**
  Strengthened data management practices to ensure accurate, timely, and secure handling of customer information.
- **Faster Transaction Processing**
  Automated key processes, such as bank reconciliations, to accelerate transaction validation and enhance customer confidence.
- **Employee Digital Enablement**
  Equipped frontline teams with digital tools and training to deliver efficient, responsive, and informed customer service.

For more information on our Technological Infrastructure, please refer to the intellectual capital on page 112.

### IT Security Upgrades During FY 2025/26

For information on IT security, please refer to the Intellectual Capital on page 112.

## Our Future Focus

| | |
|---|---|
| **Short Term (1–2 years)**  | **Advancing Our Digital Capabilities**<br>We aim to enhance our digital capabilities by launching a mobile banking application to improve speed and convenience, expanding digital lending platforms, strengthening cybersecurity infrastructure, and optimising our Customer Contact Centre with plans to offer 24/7 support for a more responsive and seamless customer experience. |
| **Medium Term (3–5 years)**  | **Enhancing Digital and Operational Capabilities**<br>Focus on developing a smart branch concept that seamlessly integrates digital and physical services to improve customer experience. At the same time, we are expanding customer payment channels to enhance accessibility and convenience. Our efforts also include establishing green IT infrastructure to support sustainable operations, while strengthening vendor partnerships to drive innovation and deliver advanced technology solutions. |
| **Long Term (5+ years)**  | **Driving Digital Leadership and Innovation**<br>Foster a culture of AI and machine learning integration while advancing towards fully paperless work environments. Through technology-driven initiatives, we aim to promote financial inclusion and position Fintrex as a leading digital finance provider, delivering innovative, accessible, and future-ready financial solutions. |

# Intellectual Capital



**Intellectual capital refers to our intangible assets, which are non-physical in nature but essential for creating value, driving innovation, and sustaining a competitive advantage. Our intellectual capital comprises ICT systems, the knowledge and expertise of our human resources, brand reputation, and organisational culture, each of which plays a vital role in enhancing our overall value and competitiveness.**

**Contribution to Our Core Values**

Innovation | Elevate | Nurture

## Key Highlights

| | | | | |
|---|---|---|---|---|
| Data Protection and Security Enhancement | Automation of Lending Processes | Adopting AI-driven Solutions | Workforce Capability Development | Launching Innovative Digital Products |

## Strategic Initiatives

Digital Transformation and Innovation

## Relevant Material Topics

- Digital Transformation & Innovation
- Customer Privacy
- Employee Development & Training

## Relevant Stakeholders

## Commitment to SDGs

## Key Components of Our Human Capital

Technological Infrastructure — Human Expertise — Brand Reputation — Organisational Culture

## Focus Areas

| Focus Area | Key Initiatives in FY 2025/26 |
|---|---|
| **Workforce Capability Development** | • Conducting continuous employee training programmes<br>• Implementing digital skills development initiatives<br>• Conducting employee awareness programmes |
| **Process Optimisation and Automation** | • Automation of device finance workflows<br>• Automation of 2W/3W approval processes<br>• Streamlining bank reconciliation<br>• Automation of other internal operations to improve efficiency and accuracy |
| **Strengthening IT Governance** | • Review and enhancement of IT policies and procedures<br>• Conducting regular internal audits<br>• External audit processes<br>• Strengthened the segregation of duties |
| **Data Protection and Security Enhancement** | • Implementation of enhanced encryption standards<br>• Enabling role-based access controls (RBAC)<br>• Conducting employee data security awareness programmes |
| **Innovation and Digital Enablement** | • Leveraging technology to improve operational processes<br>• Enabling scalable business operations<br>• Enhancing efficiency and resilience through digital solutions |

## Key Risks and Opportunities

| Challenges | Opportunities | Impact on Fintrex | Response |
|---|---|---|---|
| Adapting to the new Core Banking System | Enhancing operational efficiency with the new system | Stronger Digital Finance Capabilities | Invested in IT enhancements and cybersecurity |
| Heightened cyber and data governance requirements | Developing new digital products and services | Better Customer Experience | Strengthened data governance practices |
| Training employees on the new system | Supports business expansion and increasing transaction volumes | Improved Branch Productivity | Conduct role-based training programs |
| Attracting and retaining top tech talent | Easier integration with digital channels and emerging technologies | Enhanced Risk and Compliance Management | Automated regulatory reporting |
| Managing cost associated with system implementation | Scalability for future growth | Increased satisfaction from real-time transactions and digital services | Focus on cost management and efficiency measures |

## Our Commitment to the UN Sustainable Development Goals (SDGs)

| Focus Area | Key Initiatives | SDG Contribution |
|---|---|---|
| **Human Capital Development** | Continued investment in employee training, digital capability enhancement, leadership development, and awareness programmes delivered through both internal and external resource persons. These initiatives strengthened workforce competencies, improved productivity, and supported a culture of continuous learning and professional growth. |  |
| **Process Innovation and Automation** | Automated key operational processes, including device finance and 2W/3W approval workflows, bank reconciliation processes, and other critical business functions. These improvements enhanced efficiency, accuracy, scalability, and service delivery while reducing manual intervention and operational risks. |  |
| **Strengthened Governance** | Enhanced IT governance frameworks, policies, internal controls, risk management processes, and oversight mechanisms to improve transparency, accountability, compliance, and organisational resilience in an evolving regulatory and technological landscape. |  |
| **Enhanced Data Protection and Security Practices** | Strengthened information security through the implementation of robust encryption standards, role-based access controls, data loss prevention measures, regular security assessments, and employee awareness programmes. These initiatives reinforced responsible data management, regulatory compliance, and customer trust. |  |

## Capital Trade-Offs

| | |
|---|---|
|  | Investing financial capital to strengthen our intellectual capital, through employee training and automation, may result in short-term cash outflows, but it creates long-term value by enhancing productivity, reducing costs, and driving sustainable financial returns. |
|  | Enhanced automation has reduced paper usage by replacing manual processes, contributing to improved environmental sustainability. |
|  | Automation enhances employee efficiency and overall productivity. |
|  | Advanced systems, digitalisation, and continuous process improvements have strengthened customer convenience and improved overall service delivery. |

## Management Approach

GRI 3-3

Our intellectual capital is a key enabler of our objective to accelerate finance and empower futures. It comprises the knowledge, innovation, systems, capabilities, and organisational strengths that drive sustainable growth, operational excellence, and long-term value creation. Our digital infrastructure, skilled workforce, brand reputation, and collaborative culture collectively enable us to respond effectively to evolving customer needs and a rapidly changing business environment.

In support of our strategic direction, we continue to invest in digital innovation, strengthen employee capabilities, enhance customer-centric solutions, and foster a culture of continuous improvement. These investments enable us to deliver efficient and responsible financial services, drive disciplined growth, and create meaningful value for customers, shareholders, and the communities we serve. By leveraging our intellectual capital effectively, we remain agile, resilient, and well-positioned to capitalise on emerging opportunities while maintaining the highest standards of governance, data security, and stakeholder trust.

## Nurturing Our Intellectual Capital

We nurture and strengthen our intellectual capital through strategic investments in technology, people, brand development, and workplace culture. By continuously enhancing our technological infrastructure, developing employee skills and capabilities, strengthening brand reputation, and fostering an inclusive and collaborative work environment, we create a strong foundation for innovation, operational excellence, and sustainable long-term value creation.

### Investing in Technological Infrastructure

We invest in advanced digital technologies, automation, cybersecurity, and customer-facing platforms to enhance operational efficiency, service delivery, and business resilience.

### Enhancing Employee Skills and Knowledge

We develop a future-ready workforce through continuous learning, professional development, leadership training, and skills enhancement initiatives. By fostering a culture of continuous learning, we empower our employees to adapt to evolving industry trends, enhance performance, and contribute meaningfully to the Company's success.

### Building Brand Reputation

We strengthen our brand through customer-centric service, strategic marketing, stakeholder engagement, ethical business practices, and a commitment to innovation and excellence.

### Fostering a Conducive Workplace Environment

We strive to create an inclusive, collaborative, and high-performing workplace that supports employee well-being, engagement, and professional growth. Our people-centric culture promotes diversity, equal opportunity, open communication, teamwork, and innovation.

## Our Technologies

One of our core intangible assets is the robust digital infrastructure we have strategically developed over the years, which continues to drive our growth and success. To remain competitive in an increasingly technology-driven financial landscape, we continuously modernise our internal systems in alignment with emerging technological advancements. This ongoing transformation has significantly enhanced operational efficiency, reduced our environmental footprint, and elevated the overall customer experience. Through cutting-edge digital solutions, we offer faster transaction processing, seamless accessibility, and strengthened security, ensuring greater convenience and trust for our customers.

Moreover, our highly automated ecosystem empowers employees to operate in a digitally enabled environment, fostering innovation and enabling the implementation of solutions that streamline and improve business processes. We further reinforce these capabilities through regular IT knowledge-sharing sessions, equipping our workforce with the latest digital skills and insights necessary to thrive in a rapidly evolving industry.

## Investing in Technological Infrastructure

We prioritise digitalisation as a key driver of our transformation into a digitally driven financial institution. By leveraging advanced technologies and integrating digital solutions across our operations, we enhance efficiency, strengthen governance, and deliver superior customer experiences. Our focus on automation, system optimisation, data management, and employee digital enablement ensures that we remain agile, innovative, and responsive in an increasingly technology-driven landscape.




### Data-Driven Decision-Making

To strengthen informed decision-making across our organisation, we have embraced a data-driven approach, leveraging empirical evidence and quantitative analysis to continuously assess and enhance our operations. This approach enables us to make timely, strategic decisions based on real-time insights, thereby improving efficiency and performance across key business functions. Our data-driven framework is underpinned by several core initiatives, including the development of interactive dashboards, process automation, and enhancements to our Management Information Systems (MIS).

### Dashboards

We have implemented interactive dashboards that consolidate real-time data from multiple sources, providing a comprehensive view of key performance indicators (KPIs) and actionable insights. These dashboards enable management and team leaders to monitor performance, identify emerging trends, and evaluate operational effectiveness at a glance. Through advanced data visualisation tools, we are able to detect inefficiencies, highlight areas for improvement, and take corrective action on time, supporting faster, more informed decision-making across the organisation.

### Process Automation

To further enhance operational efficiency, we expanded the use of process automation tools that leverage data to streamline workflows and minimise human error. By automating repetitive and time-intensive tasks such as data entry, reporting, and approvals, we have improved the accuracy, consistency, and reliability of our business processes while reducing turnaround times. This has enabled our teams to focus on higher-value, strategic activities, thereby driving greater productivity and responsiveness across the organisation.

During the year, we automated key operational processes, including Device Finance and two wheeler/three wheeler approval workflows, as well as bank reconciliations and other internal activities. These initiatives have strengthened internal controls, improved governance, and contributed to a more efficient and resilient operating environment.

### Enhancing Management Information Systems (MIS)

We strengthened our Management Information Systems (MIS) to enable more accurate, timely, and insight-driven reporting. By integrating a broader range of data points, we have enhanced our ability to generate deeper operational insights and monitor performance more effectively. These improvements support informed, data-driven decision-making by providing comprehensive reports, trend analyses, and real-time visibility across business functions.

The enhanced MIS framework also facilitates better resource allocation, proactive operational adjustments, and more effective long-term planning, ensuring that the organisation remains agile and responsive in a dynamic business environment.

### Adopting AI driven technology for customer service

We introduced “Fintra”, an AI-powered virtual assistant designed to enhance customer engagement and deliver a seamless digital service experience. Leveraging advanced artificial intelligence and conversational technologies, Fintra provides real-time,

automated support across multiple digital channels, enabling customers to quickly and efficiently access information on products, services, and account-related inquiries. By offering instant assistance, improving accessibility, and reducing response times, Fintra enhances customer satisfaction while supporting the delivery of efficient, customer-centric financial services.

### Core Banking System Transformation

As a key component of our intellectual capital, the transformation of our core banking system represents a significant step in strengthening our technological capabilities and innovation capacity. In partnership with Asia Pacific Technology Systems (APTS) and Craft Silicon, we have embarked on a transformative journey that marks a major milestone in our digital banking evolution, formalised through the recent agreement to implement a state-of-the-art core banking platform.

This strategic collaboration reflects our commitment to enhancing institutional knowledge, operational efficiency, and customer-centric innovation. By leveraging Craft Silicon's globally recognised fintech solutions alongside APTS's expertise in technology integration, we are advancing our digital infrastructure, streamlining processes, and enabling the delivery of seamless and efficient financial services.

Beyond a technology upgrade, this initiative reinforces our intellectual capital by embedding advanced systems, strengthening internal capabilities, and fostering a culture of continuous innovation, ultimately enhancing our long-term competitiveness and value creation.







## IT Security

We continued to strengthen our IT security posture through periodic vulnerability assessments, penetration testing, and IT general control reviews, enabling us to identify potential risks and enhance existing security controls. Our IT risk management framework was also continuously reinforced in line with Central Bank of Sri Lanka (CBSL) guidelines and regulatory requirements, ensuring compliance with evolving industry standards.

In addition, we have established a comprehensive Business Continuity Plan (BCP) to enhance operational resilience and minimise potential disruptions. Our IT policies are regularly reviewed and updated to align with industry best practices and emerging regulatory expectations. To further reinforce our security culture, we conduct ongoing cybersecurity awareness programmes and simulation drills, equipping employees with up-to-date knowledge on evolving threats and promoting vigilant, responsible digital behaviour across the organisation.

During the year, we implemented several key initiatives to strengthen our cybersecurity posture further:

- **SIEM Implementation:**
  Deployed an enterprise Security Information and Event Management (SIEM) solution to enhance real-time log monitoring, threat detection, and incident response capabilities.
- **Security Operations Centre (SOC):**
  Established an outsourced Security Operations Center (SOC) to enable continuous security monitoring and efficient incident management.
- **Patch Management:**
  Implemented and operationalised a Patch Management Solution to ensure the timely identification and remediation of system vulnerabilities.
- **TechCERT Collaboration:**
  Partnered with TechCERT under a Managed Security Services agreement to enhance cybersecurity monitoring and obtain specialised advisory support.

## Ensuring Customer Privacy

As part of our ongoing commitment to safeguarding data and maintaining customer trust, we have further enhanced and implemented a robust Data Loss Prevention (DLP) solution across the organisation.

Ensuring customer privacy is not only a regulatory requirement but also a core value that underpins our operations and stakeholder relationships. This implementation reflects our commitment to upholding the highest standards of integrity, security, and accountability.

During the year, we further strengthened our data protection framework through the following initiatives:

- **Encryption Controls:**
  We strengthened our data protection framework by implementing robust encryption standards for both data at rest and data in transit. These measures provide enhanced protection for sensitive customer and business information, reducing the risk of unauthorized access and reinforcing information security across our operations.
- **Role-Based Access Controls (RBAC):**
  We enhanced access management through the implementation of role-based access controls, ensuring that sensitive information is accessible only to authorised personnel on a need-to-know basis. This approach is supported by regular access reviews and monitoring processes to maintain appropriate access rights and strengthen security governance.
- **Employee Awareness and Training:**
  We continue to invest in employee awareness and capacity-building programmes to promote a strong culture of data privacy and information security. Through regular training and awareness initiatives, employees are equipped with the knowledge and responsibilities required to safeguard information assets, comply with regulatory requirements, and adopt best practices in cybersecurity and data protection.

These measures have strengthened our ability to prevent accidental or malicious data leaks, safeguard Personally Identifiable Information (PII) and financial records, ensure compliance with regulatory and industry standards, and foster customer trust through responsible data handling practices.

## IT Governance

We have strengthened our IT governance framework and policy architecture to create a more resilient, transparent, and accountable technology environment. The enhanced framework provides clear strategic direction, ensuring that digital initiatives, technology investments, and transformation programmes are aligned with the organisation's business objectives and long-term growth strategy. It also supports effective resource allocation, strengthens governance and oversight, and enhances the management of technology-related risks and regulatory compliance.

To reinforce operational resilience and continuous improvement, the IT Steering Committee and Information Security Committee provide ongoing oversight of IT projects, system performance, cybersecurity, information security, and the implementation of the Central Bank's Technology Risk Management and Resilience Framework. Through these efforts, we continue to strengthen our digital capabilities, safeguard critical information assets, and support the delivery of secure, reliable, and efficient services.

During the year, we further strengthened our IT governance framework through targeted enhancements across policies, controls, and oversight mechanisms, including:

- **Policy and Procedure Enhancements:**
  We continuously review and update our IT policies, standards, and operating procedures to ensure alignment with evolving regulatory requirements, industry best practices, and emerging technology risks. During the year, key policy frameworks were strengthened to support cybersecurity, data privacy, technology risk management, business continuity, and digital operations. These enhancements provide clear guidance to employees, promote consistent governance practices, and ensure that technology-related activities are conducted in a secure, compliant, and efficient manner.
- **Regular Audits:**
  We conduct both internal and independent external audits to assess the effectiveness of our IT governance framework, information security controls, and technology operations. These reviews help evaluate compliance with regulatory requirements, internal policies, and industry standards while identifying opportunities for improvement. Audit findings are systematically monitored, and corrective actions are implemented in a timely manner to strengthen controls, improve operational resilience, and support a culture of continuous improvement.
- **IT Risk Assessments:**
  Periodic IT and cybersecurity risk assessments are undertaken to identify, evaluate, and mitigate risks arising from evolving technologies, cyber threats, third-party dependencies, and operational changes. These assessments enable proactive management of vulnerabilities, support informed decision-making, and ensure that appropriate controls are implemented to safeguard critical systems and information assets. The outcomes of these assessments are integrated into our broader Enterprise Risk Management framework, enhancing organizational resilience and preparedness.

- **Segregation of Duties:**
  We have strengthened segregation of duties across critical systems, processes, and technology functions to reduce operational, financial, and cybersecurity risks. Access rights and responsibilities are clearly defined to ensure that no individual has end-to-end control over critical activities, thereby minimising the risk of unauthorised actions, fraud, errors, or conflicts of interest. Regular access reviews, approval workflows, and monitoring mechanisms further reinforce accountability, transparency, and the effectiveness of our internal control environment.

## IT Training and Development

During the financial year 2025/26, we conducted a series of targeted IT training programmes aimed at enhancing digital competencies, strengthening cybersecurity awareness, and equipping employees with up-to-date technological skills. These initiatives supported the effective adoption of new technologies, reinforced best practices in information security, and enabled our workforce to operate confidently in an increasingly digital environment.

| Description | Type | Mode | Training Hours |
|---|---|---|---|
| Induction for new employees | Induction Programme | Physical | 1,673.0 Hours |
| Cybersecurity Awareness | Ongoing Awareness Programme | Virtual and Physical | 1,080.5 Hours |
| AI and Emerging Technologies | Training Programme | Virtual and Physical | 234.5 Hours |
| Core Banking Application Training | Training Programme for New Core Banking System | Physical | 1,509.3 Hours |
| Awareness on Microsoft 365 | Training sessions on O365 | Virtual | 103.0 Hours |
| Avoiding Phishing Emails | Townhall Meeting focused on Phishing Email Simulation Awareness | Virtual | 65.5 Hours |







## Our Brand

We remain focused on strengthening our brand presence to create a lasting and differentiated impression in the minds of our stakeholders, recognising it as a key driver of our long-term success. In doing so, we continue to implement strategic initiatives aimed at sustaining our valued customer base while expanding our portfolio and reinforcing our position as a trusted and respected financial institution in Sri Lanka.

During the year, we implemented a range of targeted marketing and customer engagement initiatives to strengthen brand visibility, enhance market penetration, and support business growth. Leveraging both digital and branch-based channels, we conducted focused social media campaigns to promote our products, services, and brand proposition, enabling us to connect with a broader and more diverse customer base. Complementing these efforts, our branch network actively engaged local communities through direct marketing activities, including the distribution of promotional materials and tailored campaigns designed to increase product awareness and customer outreach. These initiatives enhanced customer engagement, reinforced our brand presence across key markets, and contributed to the acquisition of new customers while supporting cost-effective marketing outcomes.

To enhance brand visibility and expand market reach, we implemented a range of Above-The-Line (ATL) marketing initiatives in partnership with leading media networks, including Hiru TV, TV Derana, Sirasa FM, Hiru FM, and Derana FM. These campaigns strengthened brand recognition and increased awareness of our products and services among a broader audience. We also leveraged influencer marketing to amplify our digital presence, engage diverse customer segments, and deliver authentic, relatable content across social media platforms.

In parallel, we continued to strengthen our customer engagement strategy through a multi-channel, customer-centric communication framework. By utilising digital platforms such as WhatsApp, Viber, Messenger, SMS, and targeted e-marketing campaigns, we delivered timely, personalised, and convenient interactions that enhanced customer experience, improved responsiveness, and fostered stronger relationships with our customers.

Throughout the year, we continued to strengthen our digital presence across Facebook, Instagram, LinkedIn, and TikTok through a dynamic mix of engaging and informative content. Our social media strategy encompassed product promotions, educational and brand awareness campaigns, short-form video content, public relations features, recruitment initiatives, special-day observances, and highlights of corporate events and employee celebrations. LinkedIn remained a key platform for showcasing our strategic milestones, business achievements, industry insights, and developments within our lending portfolio, reinforcing our corporate reputation and thought leadership within the financial services sector.

These digital engagement efforts were complemented by a series of strategic public relations initiatives and collaborative partnerships with leading organisations, including TVS Lanka, CR & FC (as Co-Sponsor for the 2025/2026 season), SnapPay through the "Game Changers Summit 2025," TMR Auto Mobiles Lanka, Kushara Motor Trading (Pvt) Ltd, Kusum Car Sale, KayJay Electronics, Auto Miraj, and the Mobile Phone Awards. Through these partnerships, we expanded our market reach, enhanced brand visibility, strengthened customer engagement across diverse segments, and further positioned us as a trusted and innovative financial solutions provider.

*For further information on our marketing and communication initiatives, please refer to the Social and Relationship Capital section of this Report.*

## Personalised Customer Engagement

During the financial year, we remained committed to fostering meaningful and long-lasting relationships with our customers through personalised engagement initiatives. As part of this effort, we recognised and celebrated important milestones in our customers' lives, including birthdays, through tailored communications and thoughtful gestures.

Personalised birthday messages were shared to express our appreciation for their continued loyalty, reinforcing the strong relationships we strive to build. In addition, we extended tokens of appreciation, including customised gifts for our longstanding customers, thoughtfully aligned with their preferences and interests.

## Our People Strength

Our people represent a key pillar of our intellectual capital, with their collective expertise, skills, and potential driving sustainable growth and long-term value creation. This strong human capital base enables us to maintain our competitive position in an evolving financial landscape.

We recruit individuals with strong financial expertise, industry knowledge, and professional acumen, and further invest in enhancing their capabilities through continuous learning and development opportunities. This approach has enabled us to build a well-rounded pool of financial specialists across diverse disciplines, equipped to guide customers through their financial journeys and support them in strengthening their financial foundations.

Our employees play a vital role in sustaining our client base by delivering exceptional service, fostering trust, and building meaningful, long-term relationships. Their dedication and commitment are central to ensuring high levels of customer satisfaction and loyalty.

During the year, we continued to invest in employee learning and capability development through a range of training initiatives designed to enhance technical competencies, professional skills, leadership capabilities, and regulatory awareness across the organisation. These programmes were delivered through a combination of in-house expertise and external subject matter experts, providing employees with access to diverse perspectives, industry knowledge, and best practices. By adopting a blended learning approach, we strengthened employee performance, supported career development, and equipped our workforce with the skills and knowledge required to meet evolving business needs and drive the Company's long-term success.

*For further information on our training and development initiatives, please refer to the Human Capital section of this Report.*

## Our Corporate Culture

We cultivate a values-driven, people-centric, and innovation-oriented corporate culture, underpinned by agility, accountability, and strong governance. This culture serves as a key intangible asset, guiding our operations and ensuring alignment with our strategic objectives and core values.

Our commitment to employee development and engagement is central to this environment, with continuous learning, knowledge sharing, and professional growth embedded across the organisation. We promote an inclusive and supportive workplace where employees feel valued, empowered, and motivated to contribute meaningfully.

Collaboration remains a defining strength, with cross-functional teamwork enabling the effective exchange of knowledge and expertise. At the same time, our deeply embedded customer-centric mindset drives service excellence, supported by targeted initiatives that enhance customer satisfaction and build lasting relationships.

A robust governance framework further reinforces our culture by clearly defining roles, responsibilities, and decision-making processes. This ensures transparency, accountability, and alignment with regulatory requirements, industry best practices, and ethical standards. Our proactive approach to risk identification and management strengthens organisational resilience, enabling us to navigate challenges while capitalising on growth opportunities.

In addition, our open and transparent environment encourages employees to share ideas, perspectives, and concerns freely, fostering trust, innovation, and strong collaboration between employees and management.

## Nurturing Tacit Knowledge

We place strong emphasis on cultivating tacit knowledge across the organisation by fostering a continuous learning culture and encouraging knowledge sharing at all levels. Key initiatives include:

- Encouraging ongoing learning and development to enhance employees' practical knowledge, skills, and expertise.
- Enhancing collaboration between branches and departments to facilitate the seamless exchange of knowledge, best practices, and experiences.
- Accelerating employee adaptation to the new core banking system through targeted training, hands-on exposure, and continuous support.
- Embedding structured on-the-job learning and mentoring programmes to transfer institutional knowledge, strengthen capabilities, and build future-ready talent.

## Memberships and Affiliations

GRI 2-28

Our memberships and affiliations play a vital role in enhancing the value we deliver across our operations. These associations reinforce our professional credibility, strengthen stakeholder confidence, and provide access to platforms for knowledge sharing, industry collaboration, and policy dialogue. By aligning with reputable industry bodies, we remain well-informed of emerging trends, regulatory developments, and best practices, enabling us to continuously improve our service offering and operational effectiveness.

Memberships:

- The Finance House Association of Sri Lanka
- Credit Information Bureau of Sri Lanka
- The Financial Ombudsman, Sri Lanka
- The Leasing Association of Sri Lanka
- The Employers' Federation of Ceylon

## Awards and Accolades

Our awards and accolades reflect our commitment to excellence, strong governance, and continuous improvement. These recognitions highlight the dedication of our people, the strength of our processes, and the trust placed in us by our stakeholders, reinforcing our position as a reliable and forward-thinking financial institution.

- **Silver Award – Annual Report 2025:** Recognised at the CA Sri Lanka TAGS Awards in the category for entities with a total asset base up to Rs. 25 Mn
- **CRIB Data Management & Compliance Award 2025:** Honoured for excellence in data management and regulatory compliance
- **Great Place to Work® Certification:** Certified in recognition of fostering a positive, inclusive, and engaging workplace environment

## Our Future Focus

| | |
|---|---|
| **Short Term (1–2 years)**  | **System implementation and process enhancement** We aim to complete the Core Banking System (CBS) project, while driving meaningful enhancements and integrating new capabilities within the device finance business processes. |
| **Medium Term (3–5 years)**  | **Digital expansion and optimisation** We aim to introduce mobile banking platforms, while progressing system consolidation, adopting AI-driven capabilities, conducting Information Systems (IS) audits, and aligning with ISO 27001 standards to strengthen our overall digital ecosystem. |
| **Long Term (5+ years)**  | **Innovation and digital maturity** We aim to implement card-less cash withdrawal solutions while continuing to expand our digital business models and enhance our overall digital capabilities, driving greater convenience and innovation for our customers. |

# Human Capital



**Our people are the cornerstone of our success. Our human capital represents the collective skills, knowledge, experience, and expertise of our employees, enabling them to perform effectively and contribute to the creation of sustainable economic value.**

**By focusing on attracting, developing, and inspiring talent, we create an environment where individuals can thrive and reach their full potential. Investing in our people empowers them to shape not only their own futures but also the future of our organisation.**

**Contribution to Our Core Values**

Fairness | Innovation | Nurture | Respect

## Key Highlights

| | | | | |
|---|---|---|---|---|
| Great Place to Work Certification | Invest in Capacity Building -Training Hours 16,003 | Employee Engagement Activities | Health and Safety and Employee Protection | Diversity, Equity and Inclusion |

## Strategic Initiatives

## Relevant Material Topics

- Economic Performance
- Financial Performance and Sustainable Growth
- Talent Attraction and Retention
- Occupational Health and Safety
- Employee Development & Training
- Diversity and Equal Opportunity
- Non-Discrimination
- Child Labour
- Forced or Compulsory Labour
- Regulatory Compliance

## Relevant Stakeholders

## Commitment to SDGs

## Key Components of Our Human Capital

Talent acquisition and workforce planning | Learning, development, and capability building | Performance management and merit-based advancement | Employee engagement, well-being, and retention | Ethical culture and governance | Health, safety, and employee protection | Digital enablement of HR practices

## Focus Areas

| Focus Area | Key Initiatives in FY 2025/26 |
|---|---|
| **Strengthening a High-Performance Culture** | • Continued focus on performance accountability, ethical conduct, transparency, and collaboration across the organisation |
| **Talent Development & Capability Building** | • Delivery of structured learning programmes across credit, risk, governance, compliance, and digital capabilities using blended learning approaches |
| **Employee Well-being, Engagement and Retention** | • Implementation of policies supporting work–life balance, fair remuneration, and engagement initiatives such as staff events and recognition programmes |
| **Diversity, Equity and Inclusion (DEI)** | • Promotion of equal opportunity employment, merit-based advancement, and inclusive workplace practices |
| **Health, Safety and Employee Protection** | • Maintenance of occupational health and safety standards, employee awareness on workplace safety and data security, and a zero-tolerance approach to misconduct |
| **Digital Enablement of HR Practices** | • Increased use of digital tools and process improvements to enhance efficiency, transparency, and data-driven decision-making |
| **Responsible Employment & Long-Term Value Creation** | • Alignment of HR strategy with business objectives, risk management frameworks, and sustainability priorities |

## Key Risks and Opportunities

| Challenges | Opportunities | Impact on Fintrex | Response |
|---|---|---|---|
| Managing talent retention in a competitive financial services labour market | Strengthening employer brand and internal talent pipelines | Potential talent gaps in critical and high skill roles | Enhanced focus on employee engagement, career progression, and internal promotions |
| Building leadership depth and succession readiness | Developing second line leadership and internal successors | Improved management continuity and reduced key person risk | Strengthened succession planning |
| Maintaining consistent performance standards across a growing workforce | Embedding a high performance culture | Improved productivity and accountability | Ongoing refinement of performance management processes |
| Adapting workforce capabilities to regulatory, risk, and digital demands | Upskilling employees in compliance, risk, and digital competencies | Stronger operational resilience and regulatory compliance | Continued investment in structured learning and development programmes |

## Our Commitment to the UN Sustainable Development Goals (SDGs)

| Focus Area | Key Initiatives | SDG Contribution |
|---|---|---|
| **Strengthening a High Performance Culture** | Continued emphasis on embedding performance accountability, ethical conduct, transparency, respect, and collaboration across the organisation |  |
| **Talent Development and Capability Building** | Ongoing investment in learning programmes covering leadership, credit, risk, governance, compliance, and digital skills; focus on succession planning and internal talent progression through blended learning approaches |  |
| **Employee Well-being, Engagement and Retention** | Implementation of policies promoting work–life balance, fair remuneration, and employee support initiatives |  |
| **Diversity, Equity and Inclusion (DEI)** | Commitment to equal opportunity, merit-based advancement, non-discrimination, and fostering gender diversity and inclusive leadership |  |
| **Health, Safety and Employee Protection** | Maintenance of occupational health and safety standards; promotion of awareness on safety, data security, and ethical conduct; zero tolerance for misconduct |  |
| **Digital Enablement of HR Practices** | Increased adoption of digital tools and process improvements to enhance efficiency, transparency, and data-driven HR decision-making |  |
| **Responsible Employment and Long-Term Value Creation** | Alignment of HR strategy with long-term business goals, risk management, and sustainability priorities to ensure responsible and stable growth |  |

## Capital Trade-Offs

| | |
|---|---|
|  | Investment in employee training and development requires upfront financial resources |
|  | Training increases employees' tacit knowledge, capabilities, and organisational expertise |
|  | Improved employee productivity and awareness contribute to more efficient and responsible use of resources |
|  | A more skilled workforce enhances customer service, strengthening relationships and stakeholder trust |
|  | Skilled human capital enhances the utilisation, efficiency, and productivity of physical and technological assets |

## Management Approach

GRI 3-3

We manage our human capital through a structured, governance-driven approach aligned with our strategic goals and regulatory requirements. Our focus is on attracting, developing, engaging, and retaining talent while fostering a culture of accountability, ethics, and high performance. We prioritise transparent recruitment, continuous learning and development, performance management, succession planning, and employee well-being, with strong oversight from the Board and BHRRC. This ensures compliance, risk awareness, and a resilient workforce capable of delivering sustainable long-term value.

## Nurturing Our Human Capital

In line with our theme, "Accelerating Finance, Empowering Futures," we recognise that our people are the driving force behind our ability to accelerate growth, enhance innovation, and create meaningful value for the communities we serve. As we continue our journey toward becoming a more customer-centric, future-ready, and sustainable financial institution, nurturing human capital remains a strategic priority. We are committed to creating a workplace where every employee feels valued, supported, and empowered to grow, contribute, and thrive.

### Learning and Development

We build a skilled, adaptable, and future-ready workforce through continuous learning, leadership development, professional training, and knowledge-sharing initiatives.

### Performance Management

We promote employee growth and accountability through structured performance evaluations, regular feedback, and development-focused performance management practices.

### Diversity, Equity, and Inclusion

We foster a diverse and inclusive workplace that provides equal opportunities and values the contributions of all employees.

### Employee Engagement and Work-Life Balance

We support employee well-being and engagement through recognition programmes, communication initiatives, wellness activities, celebration activities and work-life balance practices.

### Employee Relations and Grievance Management

We maintain transparent and confidential grievance mechanisms that promote trust, fairness, and a respectful workplace culture.

### Health, Safety, and Well-being

We prioritise employee health and well-being through comprehensive safety measures, wellness programmes, medical benefits, and supportive workplace initiatives.

## HR Governance




Human capital governance at Fintrex Finance PLC is underpinned by a well-defined structure with clear lines of oversight and accountability at multiple levels. The Board of Directors retains ultimate responsibility for human capital management and is supported by dedicated sub-committees, most notably the Board Human Resource and Remuneration Committee (BHRRC).

The Committee provides strategic direction and governance oversight on matters relating to talent management, remuneration, succession planning, employee development, and human resource policies. The Board is regularly updated on the Committee's deliberations, and approvals are obtained where required in accordance with governance requirements. The Committee met four times during the financial year that ended 31 March 2026.

The Managing Director/Chief Executive Officer provides strategic leadership, shaping organisational culture, setting performance expectations, and driving talent development.

The Human Resources Departement is led by the Head of Human Resources and Administration, who is responsible for developing and implementing people strategies, policies, and initiatives that align workforce capabilities with the Company's business goals.

# Human Capital

Through the implementation of clear policies and robust frameworks, we have established a consistent foundation to guide employee behaviour. These structures foster a workplace culture anchored in ethics, transparency, and trust, while clearly defining roles and responsibilities. Consequently, accountability is strengthened, and operations remain closely aligned with the organisation's strategic objectives at every level.

Furthermore, we remain committed to maintaining a transparent, accountable, and people-centric governance framework. Through well-defined policies, structured processes, and ethical leadership practices, the Company fosters a culture of integrity, trust, and accountability while ensuring that employee actions and organisational objectives remain aligned at every level.

### HR Policy Framework

| Policy | Purpose of the Policy |
|---|---|
| **Human Resources Policy** | Serves as a comprehensive framework governing all HR functions, including recruitment, onboarding, development, employee relations, and workplace governance. |
| **Performance Management Policy** | Establishes a structured framework for evaluating employee performance, fostering continuous development, ensuring accountability, and promoting transparency in the appraisal process. |
| **Internal Code of Business Conduct and Ethics Policy** | Defines the standards of professional behaviour, ethical conduct, and integrity expected of all employees, fostering a responsible and compliant organisational culture. |
| **Disciplinary Policy** | Provides a fair, consistent, and transparent framework for addressing employee misconduct and administering corrective actions. |
| **Staff Leave Policy** | Outlines employee entitlements and procedures for various types of leave, supporting well-being, work–life balance, and compliance with statutory requirements. |
| **Succession Plan Policy and Procedure** | Ensures leadership continuity by identifying and developing high-potential employees for critical roles, minimising talent gaps and organisational risk. |
| **Staff Promotion Policy** | Establishes clear and equitable criteria for career progression, ensuring that promotions are merit-based, transparent, and aligned with business needs. |
| **Staff Remuneration Policy** | Defines principles for employee compensation to ensure fairness, market competitiveness, and alignment with organisational performance. |
| **Festival Advance Policy** | Provides financial assistance to employees during festive periods, supporting their personal and cultural commitments. |
| **Staff Vehicle Loan Policy** | Offers vehicle financing options as part of the employee benefits package, enhancing mobility, and overall employee satisfaction. |
| **Professional Membership Fee Reimbursement Policy** | Supports continuous professional development by reimbursing fees for memberships in recognised professional bodies relevant to employees' roles. |
| **Gift Acceptance Policy** | Establishes guidelines for the acceptance and disclosure of gifts, preventing conflicts of interest and upholding ethical standards. |
| **Overseas Travel Policy** | Provides clear guidelines for official international travel, ensuring cost-effectiveness, accountability, and transparency in approval and reimbursement processes. |
| **Key Management Personnel (KMP) Identification Policy** | Defines the criteria and procedures for identifying individuals with significant authority and influence, ensuring regulatory compliance and clarity in organisational accountability. |

## The Fintrex Team

GRI 2-7

Our workforce consisting of 402 employees remains the cornerstone of our success, sustaining our competitive edge within the industry. The total staff includes 400 permanent employees and 2 employees engaged on a contract basis, who are provided with the same employee benefits as permanent staff. In alignment with our operational framework, both contractual and permanent staff members are engaged on a full time basis.

The Company does not maintain any part-time positions within its prevailing staffing structure.

Details of employees on contract basis

| Gender | Location | Province |
|---|---|---|
| **Male** | Head Office – Legal | Sabaragamuwa |
| **Male** | Head Office – IT | Western |

Drawn from diverse racial, ethnic, socioeconomic, and cultural backgrounds, our workforce is supported by a robust non-discrimination policy that ensures fairness and equal opportunity for all.

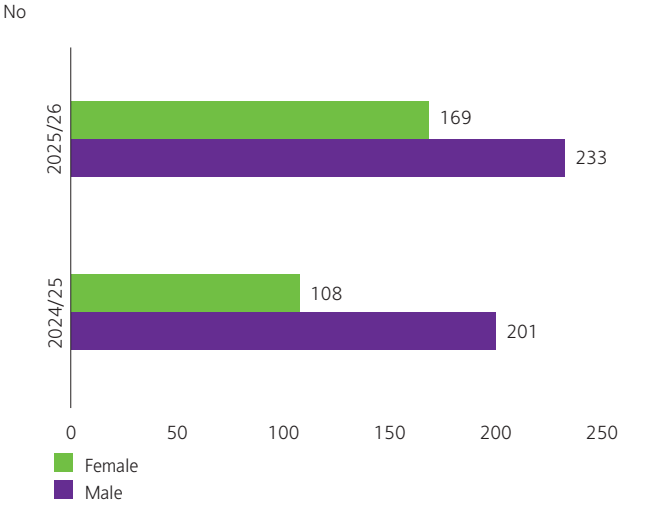
As an equal-opportunity employer, we are committed to cultivating an inclusive workplace that values diverse perspectives and encourages meaningful contributions from every individual. We take pride in this diversity, with 42% female and 58% male representation of employees, reflecting inclusivity and a dynamic, future-ready workforce.

Our team profile is outlined below.

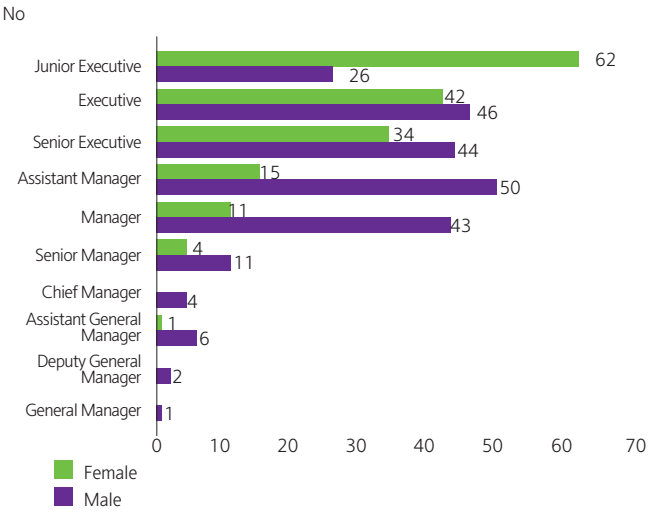
### Gender Diversity

| | 2025/26 | | 2024/25 | |
|---|---|---|---|---|
| | No. | % | No. | % |
| Male | 233 | 58% | 201 | 65% |
| Female | 169 | 42% | 108 | 35% |
| **Total** | **402** | **100%** | **309** | **100%** |

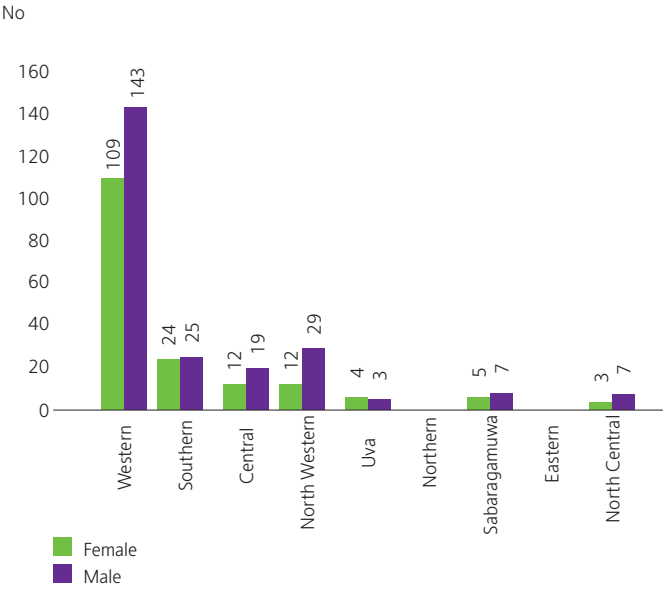
### Employees by Gender




### Employees by Category and gender




### Employees by Province and Category



# Human Capital

GRI 405-1

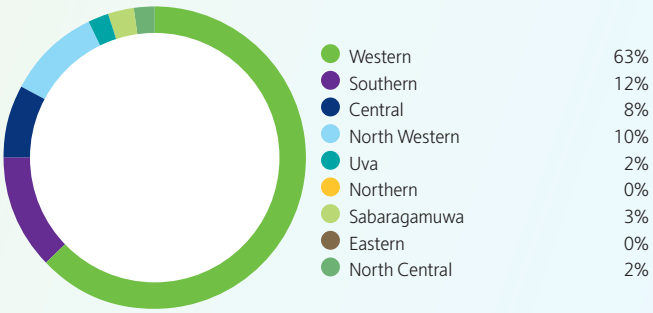
## Diversity of Permanent Employees by Province and Gender

| Province | Male | | Female | | Total |
|---|---|---|---|---|---|
| | No of Employees | % | No of Employees | % | Number |
| Central | 19 | 5 | 12 | 3 | 31 |
| North Central | 7 | 2 | 3 | 1 | 10 |
| North Western | 29 | 7 | 12 | 3 | 41 |
| Sabaragamuwa | 6 | 2 | 5 | 1 | 11 |
| Southern | 25 | 6 | 24 | 6 | 49 |
| Uva | 3 | 1 | 4 | 1 | 7 |
| Western | 142 | 36 | 109 | 27 | 251 |
| Eastern | - | 0 | - | 0 | - |
| Northern | - | 0 | - | 0 | - |
| Total | 231 | 58 | 169 | 42 | 400 |

## Diversity of Employees by Employment Category and Gender

| Employee Grade | Male | | Female | | Total |
|---|---|---|---|---|---|
| | No. of employees | % | No. of employees | % | |
| General Manager | 1 | 0.2 | - | 0.0 | 1 |
| Deputy General Manager | 2 | 0.5 | - | 0.0 | 2 |
| Assistant General Manager | 6 | 1.5 | 1 | 0.2 | 7 |
| Chief Manager | 4 | 1.0 | - | 0.0 | 4 |
| Senior Manager | 11 | 2.7 | 4 | 1.0 | 15 |
| Manager | 43 | 10.7 | 11 | 2.7 | 54 |
| Assistant Manager | 50 | 12.4 | 15 | 3.7 | 65 |
| Senior Executive | 44 | 10.9 | 34 | 8.5 | 78 |
| Executive | 46 | 11.4 | 42 | 10.4 | 88 |
| Junior Executive | 26 | 6.5 | 62 | 15.4 | 88 |
| Total | 233 | 58.0 | 169 | 42.0 | 402 |

### Employee Distribution

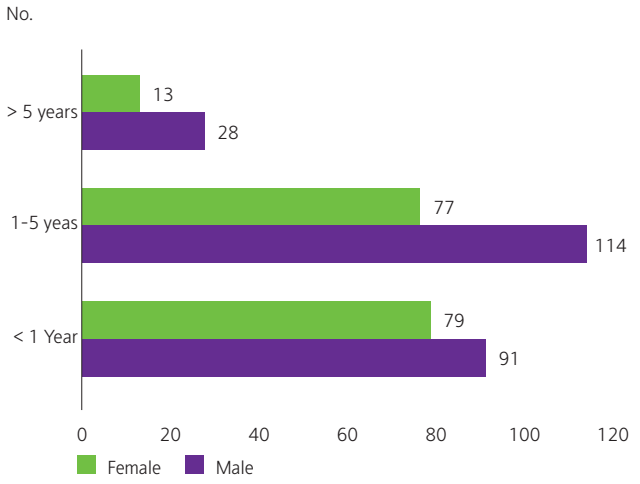



Of our 17 branches, a substantial majority of 10 branches are strategically located within the Western Province. This concentration results in a correspondingly higher proportion (63%) of employees being based in the region.

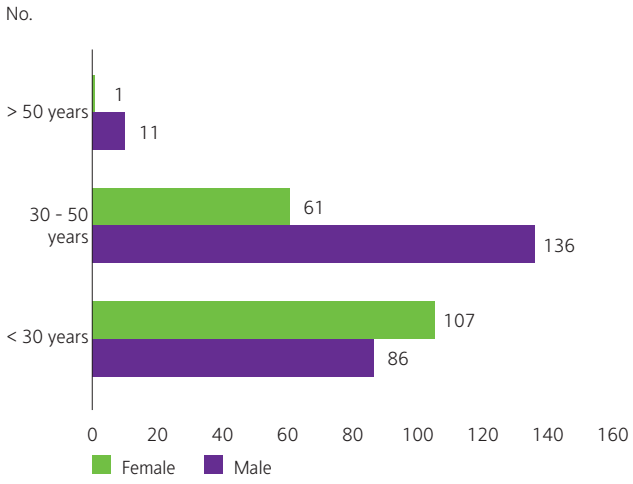
As a key economic hub, the Western Province offers superior infrastructure, accessibility, and business opportunities, which have influenced our decision to establish a stronger presence there.

Consequently, workforce distribution is weighted toward this province, reflecting operational priorities and the need to effectively serve regional demand.

### Employees by Years of Service and Gender




### Employees by Age and Gender




### Employees by gender, employment category, and years of service

| | Below 1 year | | 1 – 5 years | | Above 5 years | | Total |
|---|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female | |
| General Manager | - | - | 1 | - | - | - | 1 |
| Deputy General Manager | - | - | - | - | 2 | - | 2 |
| Assistant General Manager | - | - | 5 | 1 | 1 | - | 7 |
| Chief Manager | 1 | - | 2 | - | 1 | - | 4 |
| Senior Manager | 2 | 3 | 7 | 1 | 2 | - | 15 |
| Manager | 8 | 1 | 24 | 8 | 11 | 2 | 54 |
| Assistant Manager | 20 | 9 | 23 | 2 | 7 | 4 | 65 |
| Senior Executive | 15 | 9 | 26 | 19 | 3 | 6 | 78 |
| Executive | 24 | 16 | 21 | 25 | 1 | 1 | 88 |
| Junior Executive | 21 | 41 | 5 | 21 | - | - | 88 |
| **Total** | **91** | **79** | **114** | **77** | **28** | **13** | **402** |

### Employees by employment category, and age group

| Employee Category | Below 30 years | | 30 – 50 years | | Above 50 years | | Total |
|---|---|---|---|---|---|---|---|
| | No of Employees | % | No of Employees | % | No of Employees | % | |
| General Manager | 0 | 0.0 | 0 | 0.0 | 1 | 0.2 | 1 |
| Deputy General Manager | 0 | 0.0 | 1 | 0.2 | 1 | 0.2 | 2 |
| Assistant General Manager | 0 | 0.0 | 5 | 1.2 | 2 | 0.5 | 7 |
| Chief Manager | 0 | 0.0 | 4 | 1.0 | 0 | 0.0 | 4 |
| Senior Manager | 0 | 0.0 | 14 | 3.5 | 1 | 0.2 | 15 |
| Manager | 0 | 0.0 | 50 | 12.4 | 4 | 1.0 | 54 |
| Assistant Manager | 15 | 3.7 | 49 | 12.2 | 1 | 0.2 | 65 |
| Senior Executive | 35 | 8.7 | 41 | 10.2 | 2 | 0.5 | 78 |
| Executive | 60 | 14.9 | 28 | 7.0 | 0 | 0.0 | 88 |
| Junior Executive | 83 | 20.6 | 5 | 1.2 | 0 | 0.0 | 88 |
| **Total** | **193** | **48.0** | **197** | **49.0** | **12** | **3.0** | **402** |

## Workers who are not employees

GRI 2-8

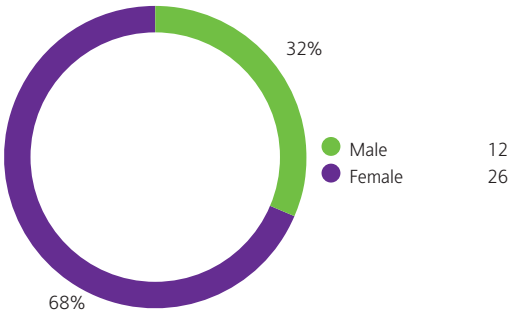
In addition to our permanent workforce, we engage third-party service providers to support certain ancillary operations such as customer contact centre, janitorial services and security services.

In total, this arrangement comprises 38 individuals who are not directly employed by the Company, but whose activities are managed and supervised to ensure alignment with organisational standards and operational requirements.

A snapshot of employees distribution by gender, location:

| Gender | Location |
|---|---|
| **Female (5)** | Head Office – Customer Contact Centre |
| **Female (4)** | Head Office – Janitorial Service |
| **Male (2)** | Head Office – Janitorial Service |
| **Male (1)** | Signature Branch - Janitorial Service |
| **Female (17)** | Other Branches - Janitorial Service |
| **Male (2)** | Head Office -Office Support Assistance |
| **Male (1)** | Signature Branch -Office Support Assistance |
| **Male (2)** | Head Office –Security Services |
| **Male (4)** | Signature Branch and Yard–Security Services |

Workers Who are not Employees




Moreover, we provide structured training opportunities for both university undergraduates and students pursuing professional qualifications. As a registered training institution in Institute of Chartered Accountants of Sri Lanka we are authorized to offer practical training and development opportunities that support students in fulfilling their professional training requirements while gaining valuable industry experience. At the end of the year, 61 interns were engaged across the Company, reaffirming its commitment to nurturing future talent and contributing to the development of the next generation of professionals.

## Diversity and Equal Opportunity

GRI 406-1

Our continued commitment to fostering an inclusive and high-performing workplace has enabled us to build a strong foundation that embraces diverse backgrounds, perspectives, and talents. This diversity enriches collaboration, drives innovation, and contributes to sustained success.

Through the implementation of a robust non-discrimination policy, we ensure fairness and equal opportunity for all employees, empowering individuals to contribute their best in an environment free from bias and discrimination. We firmly believe that a diverse and equitable workplace not only celebrates individual strengths but also cultivates a culture where everyone is supported to grow, excel, and realise their full potential. Accordingly, during the year under review, there were no Incidents of discrimination and no corrective actions taken.

The following measures were implemented across our organisation:

- Updated and formalised internal policies to ensure equitable treatment, transparent processes, and non-discrimination across the organisation.
- Reinforced initiatives to promote a safe, respectful, and supportive working environment for all employees.
- Continued to adopt recruitment practices that prioritise equal opportunity, ensuring hiring decisions are free from bias related to gender, age, or background.
- Standardised access to employee benefits, career development opportunities, and training programmes, ensuring fairness regardless of gender, province, or employment category.
- Maintained pay equity monitoring mechanisms to ensure compensation decisions remain consistent, transparent, and free from bias.
- Ensured equal access to training and development opportunities, enabling employees from diverse backgrounds to build future-ready skills and capabilities.

## Gender Parity

We promote gender parity by ensuring equal opportunities, non-discriminatory employment practices, and a truly inclusive workplace culture. Accordingly, we ensure that recruitment, training, performance evaluation, and career progression are conducted on a gender-neutral, merit-based basis, providing all employees with fair and equitable access to opportunities.

In line with the recommendations issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) on Gender Parity Reporting, we have voluntarily adopted and disclosed gender parity-related information as part of our commitment to transparency, diversity, equity, and inclusion.

This disclosure highlights our efforts to foster an inclusive workplace, promote equal opportunities, and monitor progress in achieving gender balance across all levels of the organisation.

## Equitable Remuneration Practices and Career Advancement

GRI 405-2

We are committed to upholding equitable and non-discriminatory remuneration practices. Accordingly, all our employees are compensated in accordance with industry benchmarks relevant to their respective roles, without discrimination based on gender, background, or any other prohibited criteria. We maintain pay equity, ensuring a 1:1 remuneration ratio between male and female employees for comparable positions for all employee categories.

To support this commitment, we undertake regular market assessments and periodic salary benchmarking exercises to evaluate the competitiveness of our compensation structures. Based on these evaluations, remuneration frameworks, including base salary and total compensation, are reviewed and adjusted as needed to ensure alignment with market standards and organisational performance.

Promotions and associated salary adjustments are awarded through a structured, well-governed process in consultation with relevant departmental leadership, ensuring that decisions are merit-based, transparent, and consistent with established policies and corporate objectives.

During FY 2025/26, we awarded 55 promotions across the organisation, compared with 62 promotions in the previous financial year. Of the promotions granted during the year, 33 were awarded to male employees and 22 to female employees, reflecting our ongoing commitment to providing equitable opportunities for professional growth and advancement across the workforce.

Our promotion outcomes demonstrate our continued investment in developing internal talent, strengthening leadership succession, and recognising employees who consistently contribute to the achievement of our strategic objectives. By rewarding performance and creating clear pathways for advancement, we aim to cultivate a motivated workforce capable of driving Fintrex's long-term growth and success.

Our staff promotions details:

Staff Promotions by Gender





| | | |
|---|---|---|
| 25/26 | **22** | **33** |
| 24/25 | 22 | 40 |

### Grade-wise

| Grade | 2025/26 | 2024/25 |
|---|---|---|
| Chief Manager | 2 | 5 |
| Deputy General Manager | 2 | 0 |
| Assistant General Manager | 2 | 1 |
| Senior Manager | 2 | 2 |
| Manager | 12 | 12 |
| Assistant Manager | 10 | 14 |
| Senior Executive | 20 | 20 |
| Executive | 5 | 8 |
| **Total** | **55** | **62** |

## Recruitment

GRI 401-1

We are committed to attracting, developing, and retaining high calibre talent to support our long term sustainable growth. Our recruitment efforts focus on identifying individuals with the requisite skills, knowledge, experience, and competencies required for each role. In addition to technical capabilities, we assess candidates' behavioural attributes to ensure alignment with our values and organisational culture.

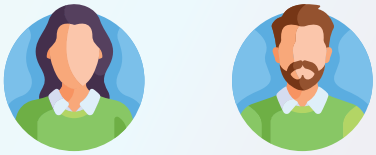
All appointments are conducted through a structured and well-governed recruitment process, which includes interviews, background verification checks, and formal onboarding programmes. We also prioritise internal candidates for vacant positions in line with our internal recruitment and staff referral framework, thereby supporting employee development and career progression. Where suitably qualified internal candidates are not available, we extend our search to external candidates through appropriate channels, including digital platforms, to attract a diverse and qualified talent pool.

# Human Capital

Furthermore, we adhere to a fair, transparent, and merit-based recruitment framework, ensuring all hiring decisions are based strictly on job related criteria. Additionally, we provide equal opportunity to all candidates, without discrimination on any prohibited grounds, thereby upholding the principles of fairness, inclusivity, and integrity in all our recruitment practices.

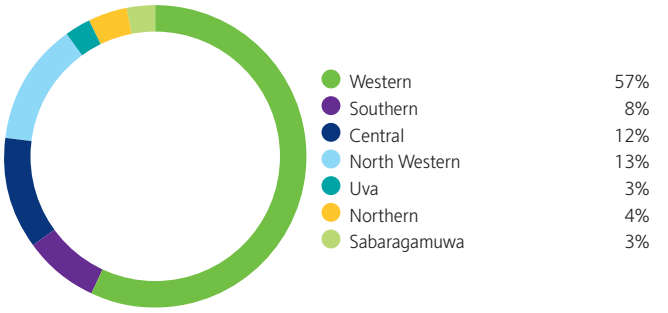
During the year under review, we recruited 320 employees, with hiring primarily concentrated in the Western Province and supplemented by other regions. Female employees comprised 59.1% of new hires, exceeding male representation at 40.9%, while 77.5% of recruits were below 30 years of age, reflecting a strong focus on building a young, diverse, and future-ready workforce.

## Recruitment by Gender

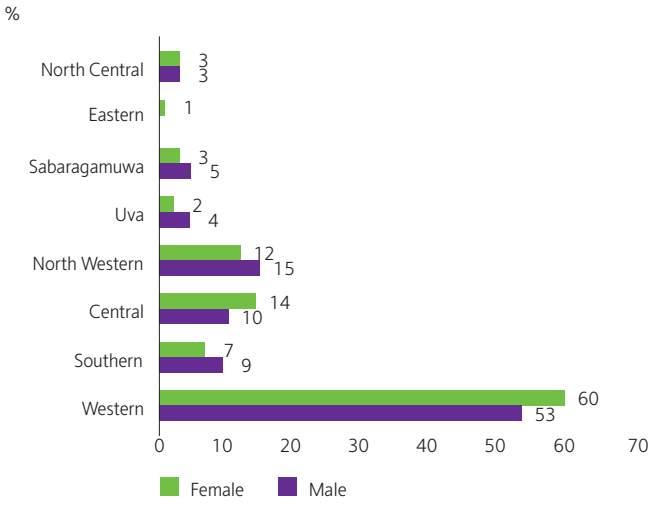


| | | |
|---|---|---|
| 25/26 | **59.1%** | **40.9%** |
| 24/25 | 39.2% | 60.8% |

## Employee Recruitment by Province



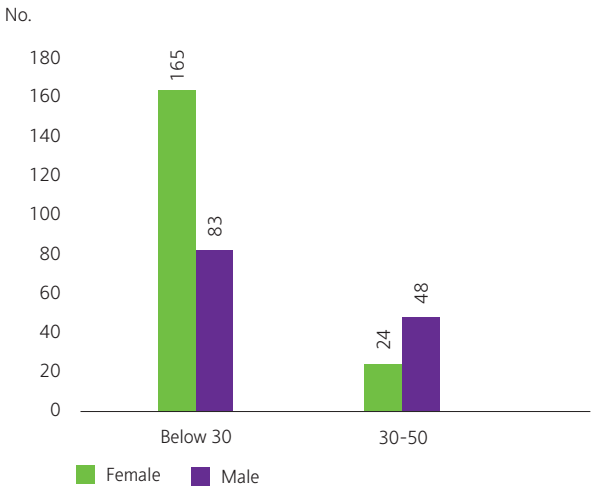

## Employee Recruitments by Province and Gender




## Employee Recruitment by Gender and Age Group

| Gender | Below 30 | 30 to 50 | Total | % |
|---|---|---|---|---|
| Male | 83 | 48 | 131 | 40.9% |
| Female | 165 | 24 | 189 | 59.1% |
| Total | 248 | 72 | 320 | 100.0% |
| **%** | **77.5%** | **22.5%** | **100.0%** | |

## Employee Recruitments by Age Group



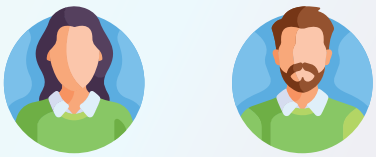
### Employee Recruitment by Gender and Province

| Province | Male | Female | Total |
|---|---|---|---|
| Western | 70 | 113 | 183 |
| Southern | 12 | 13 | 25 |
| Central | 13 | 26 | 39 |
| North Western | 20 | 23 | 43 |
| Uva | 5 | 3 | 8 |
| Northern | - | - | - |
| Sabaragamuwa | 7 | 5 | 12 |
| Eastern | 0 | 1 | 1 |
| North Central | 4 | 5 | 9 |
| **Total** | **131** | **189** | **320** |

## Employee Turnover

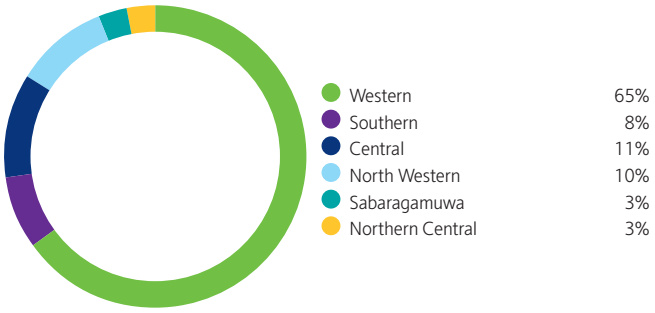
During the FY 2025/26, the total employee turnover was 118, with male employees accounting for 63.6% and female employees 36.4%. Turnover was primarily concentrated in the Western Province, with lower levels observed across other regions, while no exits were reported in several provinces. Attrition was mainly within the below 30 and 30–50 age groups, reflecting typical workforce mobility among early- and mid-career employees. The employee turnover ratio for the period was 3.58%

Employee Turnover by Gender

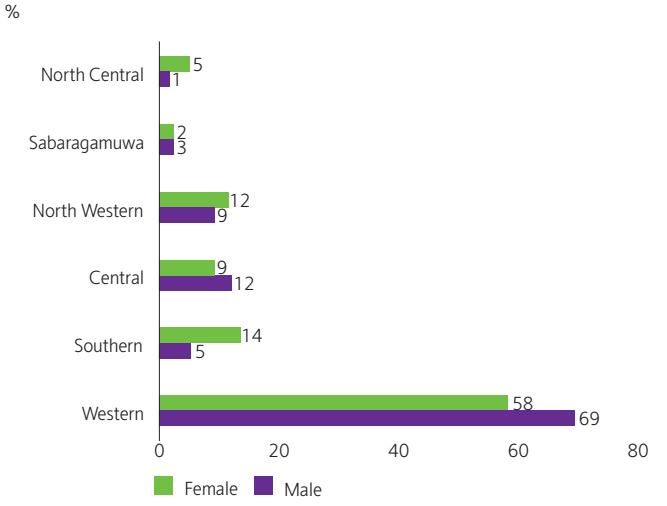


| | | |
|---|---|---|
| 25/26 | **36.4%** | **63.6%** |
| 24/25 | 28.9% | 71.1% |

Employee Turnover by Province



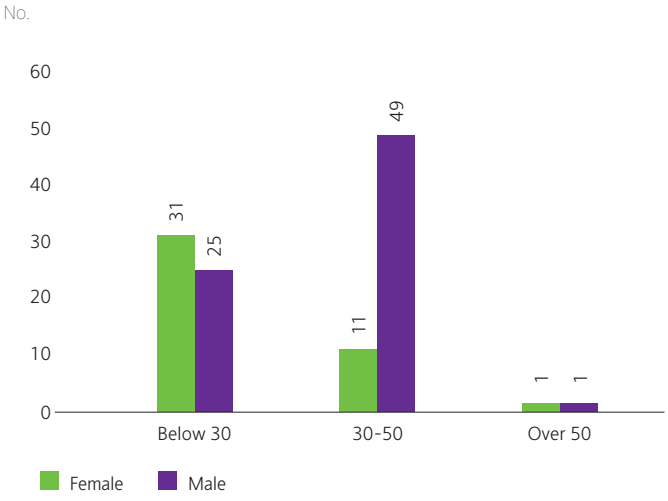

Employee Turnover by province and Gender




### Employee Turnover by Gender and Age Group

| Gender | Below 30 | 30 to 50 | Over 50 | Total | % |
|---|---|---|---|---|---|
| Male | 25 | 49 | 1 | 75 | 63.6% |
| Female | 31 | 11 | 1 | 43 | 36.4% |
| **Total** | **56** | **60** | **2** | **118** | **100.0%** |
| % | 47.5% | 50.8% | 1.7% | 100.0% | |

Employee Turnover by Age Group



### Employee Turnover by Gender and Province

| Province | Male | Female | Total |
|---|---|---|---|
| Western | 52 | 25 | 77 |
| Southern | 4 | 6 | 10 |
| Central | 9 | 4 | 13 |
| North Western | 7 | 5 | 12 |
| Uva | - | - | - |
| Northern | - | - | - |
| Sabaragamuwa | 2 | 1 | 3 |
| Eastern | - | - | - |
| North Central | 1 | 2 | 3 |
| **Total** | **75** | **43** | **118** |

## Performance Management

We operate a structured and performance-driven performance management framework designed to align individual objectives with our strategic business goals. Our KPI driven system evaluates employee performance against clearly defined targets, ensuring consistency, accountability, and transparency in the appraisal process.

Performance reviews are conducted periodically, including mid-year and year-end evaluations, providing employees with constructive feedback on their performance and identifying areas for development. The overall evaluation process is overseen by our Career Committee, ensuring fairness, governance, and objectivity in all assessments.

Performance outcomes are directly linked to career development, training needs, and merit-based advancement. Employees who demonstrate exceptional performance are recognised through performance-based rewards, including bonuses, salary increments, and promotions. Moreover, we provide short-term incentives across all employee categories, including support services staff and the recovery team.

We also maintain a structured Performance Improvement Plan (PIP) to support employees in enhancing their performance. The enhanced PIP framework adopts a more systematic and developmental approach, ensuring clarity, fairness, and accountability while engaging key stakeholders across the organisation.

### Performance and Career Development Reviews

GRI 404-3

During the financial year, 70.9% of employees received formal performance and career development reviews, reflecting the Company's commitment to continuous learning, professional growth, and a structured performance management framework. Of the employees who received performance and career development reviews, 41% were male and 59% were female.

Through the Performance Improvement Plan (PIP) and Probation Evaluation Initiative, the Company continued to strengthen the alignment between individual development and organisational objectives. These programmes support regular performance assessments, constructive feedback, and targeted development plans tailored to employees' roles, responsibilities, and competency levels, fostering a culture of accountability, growth, and continuous improvement.

| Empoyee Grade | Female | Male | Grand Total | % of employees receiving regular performance and career development reviews |
|---|---|---|---|---|
| General Manager | - | 1 | 1 | 0.25 |
| Deputy General Manager | - | 2 | 2 | 0.50 |
| Assistant General Manager | 1 | 6 | 7 | 1.74 |
| Chief Manager | - | 2 | 2 | 0.50 |
| Senior Manager | 3 | 9 | 12 | 2.99 |
| Manager | 10 | 37 | 47 | 11.69 |
| Assistant Manager | 15 | 36 | 51 | 12.69 |
| Senior Executive | 24 | 35 | 59 | 14.68 |
| Executive | 29 | 26 | 55 | 13.68 |
| Junior Executive | 36 | 13 | 49 | 12.19 |
| **Grand Total** | **118** | **167** | **285** | **70.90** |

These initiatives were supported by our HR team and line managers, who underwent specialised training in conducting performance discussions, setting SMART objectives, and delivering continuous feedback, resulting in improved communication, quicker role alignment, and enhanced employee engagement, particularly among new recruits. To further enhance effectiveness, we use performance tracking tools that enable real-time monitoring of KPIs, facilitating data-driven decision-making and timely interventions.

The initiative has also enabled us to identify high potential talent who, with targeted mentorship and structured development plans, are already contributing to key organisational initiatives.Scaling these initiatives across all departments enables us to foster a culture of accountability, continuous feedback, and performance excellence. This approach reinforces our belief that our people are our most valuable asset, and their development remains critical to sustaining our competitive advantage in a dynamic and evolving business environment.

## Succession Planning

We continue to strengthen our succession planning process to ensure leadership continuity and long-term organisational sustainability. Our approach focuses on identifying critical roles, developing internal talent, and building leadership capability through structured performance evaluations and targeted development initiatives, aligned with our strategic objectives and risk management framework to ensure readiness for both planned and unplanned transitions.

We adopt a structured and forward-looking methodology to identify high-potential employees through performance assessments, evaluating their capabilities, leadership potential, and competency gaps. These insights are incorporated into our organisation-wide training and development plans, ensuring that employees are equipped to progress into leadership roles.

Selected employees are supported through tailored development plans, including mentorship, coaching, and targeted training interventions designed to address identified gaps. Their progress is continuously monitored to ensure alignment with both individual career aspirations and organisational priorities.

Through this systematic approach, we aim to build a strong internal leadership pipeline while enhancing employee engagement and retention by providing clear and transparent pathways for career advancement. Our succession planning framework reflects our commitment to strengthening leadership capability, fostering organisational resilience, and ensuring sustained long term performance.

## Remuneration and Benefits

GRI 401-2

We recognise and value the contributions of our employees and are committed to providing a rewarding and fulfilling work environment that fosters motivation, engagement, and high performance. Accordingly, we offer industry comparable remuneration aligned with a structured salary framework, complemented by a comprehensive range of benefits in line with market practices.

We ensure full compliance with all applicable statutory requirements relating to employee compensation, including minimum wage regulations, contributions to the Employee Provident Fund (EPF) and Employee Trust Fund (ETF), applicable allowances, sales related incentives, gratuity, and tax obligations.

As part of our employee value proposition, we provide a comprehensive benefits package for full-time employees. This includes medical insurance coverage for employees and their immediate family members with enhanced OPD benefits, medical leave entitlements, eligibility for annual performance-based bonuses, and annual salary increments based on performance and organisational guidelines. In addition, we offer financial support mechanisms such as staff vehicle loan facilities and festival advances to assist employees during significant cultural and personal milestones.

### Remuneration Governance

GRI 2-19, 2-20, 201-3

Our remuneration policy is designed to establish a fair, competitive, and performance-oriented compensation and benefits framework capable of attracting, motivating, and retaining the skills and expertise required to support the Company's value creation objectives.

The policy is developed and periodically reviewed by the Head of Human Resources and Administration, in consultation with corporate management, to ensure alignment with organisational strategy, market practices, and regulatory requirements.

The policy is subject to a robust governance process and becomes effective upon approval by the Board of Directors, following review and recommendation by the Board Human Resources and Remuneration Committee, thereby ensuring oversight, transparency, and accountability in all remuneration-related decisions.

| Employee benefits | 2025/26 (Rs. Mn) | 2024/25 (Rs. Mn) |
|---|---|---|
| Salaries and wages | 554.78 | 447.06 |
| Staff bonus paid during the year | 22.72 | 13.70 |
| Other staff-related costs | 235.60 | 188.28 |
| Defined contribution plan cost- EPF (12%) & ETF (3%) | 78.40 | 61.59 |
| Gratuity Benefits paid during the year | 1.85 | 3.92 |

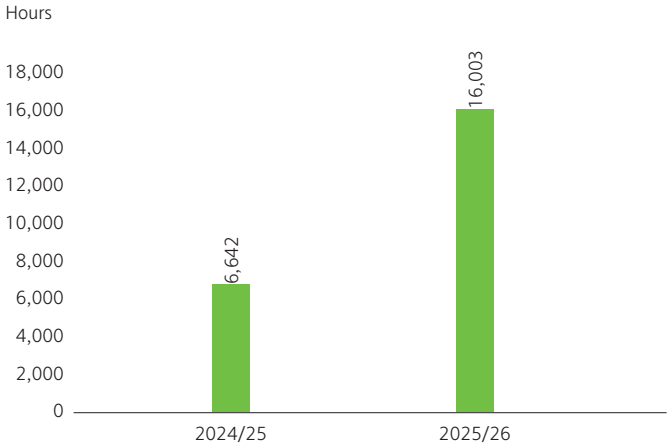
## Training and Development

GRI 404-1, 404-2

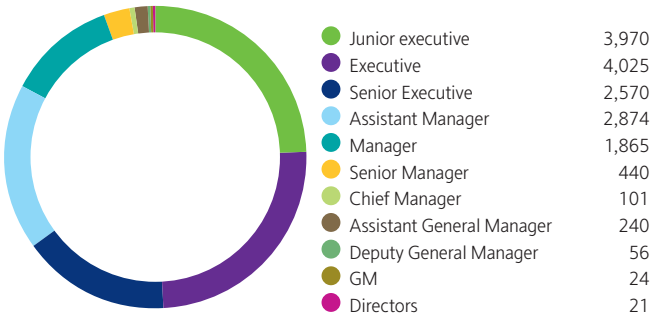
We recognise that our people are our greatest asset, and we strive to foster a culture of continuous learning and development. During the year under review, we strengthened our training initiatives, with the average training hours per employee increasing to 39.8 hours, compared to 21.5 hours in the previous financial year. This reflects our strategic focus on enhancing employee capabilities to meet evolving industry demands and support our vision of building a future ready workforce.

Training needs are systematically identified through the annual performance evaluation process, enabling us to design targeted learning interventions that address specific skill and knowledge gaps. During the year, we conducted a total of 163 training programmes, with an investment of Rs. 5.7 million, delivered through a combination of coaching, mentorship, and both internal and external training resources.

### Total Hours of Training and Development




### Total Training Hours per Employee per Category




| Training Type | Number of Programmes | Training Hours |
|---|---|---|
| External | 43 | 3616.0 |
| Internal | 120 | 12,387.5 |
| **Total** | **163** | **16,003.5** |

### Training Hours by Employment Category - FY 25/26

| Gender | Training Hours | Average Training Hours per Employee |
|---|---|---|
| Male | 7,809.6 | 33.5 |
| Female | 8,193.9 | 48.5 |
| Total | 16,003.5 | 39.8 |

Key Training Programmes conducted in FY 25/26

| Type of training | Areas Covered |
|---|---|
| Technical Training | Cybersecurity, Gold loan training for branch managers, Customer Service training, Fire Demonstration at Branches, Cross selling, Training on Copilot, One Drive and Fintra, Strengthening Regulatory and AML/CFT/ CPF Governance Compliance, FD trainings, Dual Key Handling, Workshop on Personal Data Protection Act, Internal Controls and Auditing for Financial Institutions, Controls on Anti-Money Laundering and Countering the Financing of Terrorism |
| On the job training | Cashier Trainings, New Core Banking Trainings, O365 Training, Smart Collector Training, Documentation for Marketing Officers |
| Coaching and mentoring | Induction programs |
| Awareness Sessions | BCP awareness sessions, Awareness Session on Staff Medical Insurance, Phishing Email Simulation Awareness |

### Training Hours by Employment Category – FY 2025/26

| Employment Category | Training Hours | Average Training Hours per Employee |
|---|---|---|
| Directors | 21 | 2.3 |
| GM | 23.5 | 23.5 |
| DGM/ AGM | 295.5 | 32.8 |
| Chief / Senior Manager | 540.1 | 28.4 |
| Manager / Assistant Manager | 4738.3 | 39.8 |
| Senior Executive / Executive / Junior Executive | 10,385.1 | 40.9 |
| **Total** | **16,003.5** | **39.8** |

## Maternity and Parental Leave

GRI 401-3

We provide maternity leave to female employees in full compliance with the provisions of the Shop and Office Employees Act, No. 19 of 1954. Eligible employees are entitled to 84 days of maternity leave, excluding weekly holidays, Poya days, and statutory holidays, ensuring adequate support during this important period.

While a formal paternity leave policy is not currently in place, we extend flexibility to male employees by granting leave, as required, to support their parental responsibilities. Our parental leave information for FY 2025/26 is given below:

| | Female |
|---|---|
| Total number of employees that were entitled to parental leave | 169 |
| Total number of employees that took parental leave | 03 |
| Total number of employees that returned to work in the reporting period after parental leave ended | 02 |
| Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work | 03 |
| Return to work and retention rates of employees that took parental leave | 66% |

## Employee Work–Life Balance

We recognise that employee well being is fundamental to sustained performance and organisational resilience, and we are committed to fostering a supportive and flexible work environment. Employees are encouraged to maintain a healthy balance between professional responsibilities and personal commitments, with arrangements managed within operational requirements on a case-by-case basis.

We promote flexibility by offering adjusted work schedules, including flexible hours and work from home arrangements where feasible, particularly for employees with specific needs such as long commuting distances or personal obligations. Employees are also encouraged to utilise their entitled leave, while management actively supports reasonable adjustments to work schedules.

## Employee Relations and Collective Bargaining

GRI 2-30

The Company maintains open and constructive communication with employees through established human resource policies, employee engagement initiatives, and grievance handling mechanisms. As at the end of the financial year, there were no collective bargaining agreements in place, and no employees were covered by collective bargaining arrangements.

## Employee Engagement

During FY 2025/26, we undertook a range of initiatives to strengthen employee engagement, promote teamwork, and foster a strong sense of belonging across the organisation. Social and cultural activities, including an inter-employee cricket match “Fintrex Premier League” and “Fintrex Senehase” Avurudu celebrations, provided opportunities for cross-functional interaction, cultural inclusivity, and team bonding in an informal environment. We also recognised and celebrated employee contributions through the Fintrex Awards Night (Laureates’ Night), highlighting exceptional performance and reinforcing a performance-driven culture. Collectively, these initiatives enhanced employee morale, collaboration, and engagement, supporting a positive workplace culture aligned with our organisational values.















## 'We Care for You' Programme

We are committed to fostering a supportive and inclusive work environment where every employee feels valued, heard, and genuinely cared for. As part of this commitment, we have continued the 'We Care for You' Programme, which includes a 24/7 HR Support Hotline that offers employees confidential and immediate access to guidance on both work-related and personal matters.




Recognising that employee needs may arise beyond standard working hours, this service ensures continuous support through a secure and compassionate platform. All interactions are handled with strict confidentiality, and employees can seek prompt assistance on HR-related queries, leave matters, and workplace concerns. Where appropriate, additional support is facilitated through referrals to qualified external professionals, including mental health specialists.

This initiative forms part of our broader vision to build a workplace culture grounded in empathy, responsiveness, and employee well-being. Complementing our flexible work arrangements and wellness initiatives, the programme reinforces our belief that supporting our people is essential to their growth, engagement, and overall success.

## Fintrex Sports & Welfare Club

The Fintrex Sports & Welfare Club serves as a key platform for promoting employee well being and social cohesion within the organisation. The Welfare Fund is sustained through voluntary contributions from staff members and is administered by an Advisory Committee comprising 16 members. The Committee is chaired by the AGM - Business Channels Development, who serves as President, while the Chief Executive Officer acts as the Patron, ensuring strong leadership oversight and alignment with organisational values.



*Committee Members*

As at 31 March 2026, the Welfare Fund amounted to Rs. 4.8 million and is subject to an annual independent audit to ensure transparency, accountability, and sound financial governance. The Executive Committee, which oversees the implementation of welfare initiatives, is reappointed biennially to maintain continuity and adherence to established policies and ethical standards.

During the financial year, a total of Rs. 1.53Mn was disbursed to support employees through welfare initiatives, including death donations and childbirth benefits. Through these efforts, the Club plays a vital role in fostering a supportive and inclusive workplace culture, while reinforcing our commitment to employee care and well-being.

We marked a significant milestone in 2025 by participating in the Mercantile Games for the first time and delivering an outstanding performance that surpassed expectations. Demonstrating exceptional talent, determination, and team spirit, our employees secured multiple victories while setting four new Mercantile records, bringing pride and recognition to the Fintrex family. The initiative was spearheaded and successfully coordinated by the Fintrex Sports and Welfare Club, whose efforts fostered employee engagement, teamwork, and a culture of excellence beyond the workplace. This remarkable achievement reflects the dedication, resilience, and excellence of our people, reinforcing our commitment to fostering a culture that encourages both professional and personal success.




## Great Place to Work Certification

People remain at the heart of our success. In recognition of our continued commitment to fostering an inclusive, empowering, and high-performing workplace culture, we were awarded the prestigious Great Place to Work® Certification for the fourth consecutive year in 2025. This achievement reflects the trust, engagement, and dedication of our employees, as well as our sustained focus on creating a work environment where individuals are valued, respected, and inspired to excel. At Fintrex, we believe that a strong organisational culture is a key driver of sustainable growth, innovation, and customer excellence. This recognition reaffirms our commitment to investing in our people, promoting employee well-being, and nurturing a workplace that enables every team member to thrive and contribute meaningfully to the Company's long-term success.




## Grievance Handling

GRI 2-25, 2-26

We have established a formal Grievance Handling Policy to ensure that employee concerns, disputes, or dissatisfaction are addressed in a fair, transparent, and timely manner. A grievance is defined as any issue or disagreement arising in the course of employment, and we are committed to resolving such matters in an impartial and structured manner.

Responsibility for grievance resolution is assigned based on the nature and complexity of the issue, involving Line Managers or Department Heads, the Head of Human Resources, and Corporate Management as appropriate. All grievances are required to be reviewed and resolved within a stipulated timeframe of seven days, reinforcing our commitment to prompt and effective resolution.

Grievances relating to compensation and benefits are managed separately through established performance management and remuneration frameworks. Matters concerning sexual harassment are handled with the highest level of sensitivity and confidentiality and are managed directly by the Head of Human Resources and the Chief Executive Officer/General Manager. Where necessary, such cases are escalated to the Disciplinary Committee for independent review and final determination, with safeguards in place to ensure objectivity, particularly when senior management is involved.

Through this structured framework, we aim to uphold fairness, accountability, and respect, while fostering a positive and harmonious workplace environment.

## Whistleblowing Policy

We have established a Whistleblowing Policy to promote a culture of integrity, transparency, and accountability by encouraging employees to report, in good faith, any suspected misconduct, illegal activity, unethical behaviour, or non-compliance with the Company's policies and applicable laws. The policy applies to all employees, including permanent, contract, outsourced, and interns.

The policy provides clear guidance on reportable matters, which include fraud, corruption, ethical violations, breaches of legal or regulatory requirements, misuse of company assets or authority, unauthorised disclosure of confidential information, non-compliance with internal policies or directives of the Central Bank of Sri Lanka (CBSL), and any conduct inconsistent with the Company's values.

Employees are provided with multiple, confidential reporting channels, including telephone, email, registered post, and other appropriate means. Reports may be submitted directly to designated members of the Board, the Chief Executive Officer, or through a dedicated whistleblowing email platform established by the Company, ensuring accessibility and protection for individuals raising concerns.

## Employee Well-being and Occupational Health and Safety

**GRI 403-1,403-2,403-3, 403-4 ,403-5,403-6,403-7,403-8, 403-9**

We place strong emphasis on safeguarding the physical, mental, and emotional well-being of our employees, recognising that a healthy workforce is essential for sustained performance and organisational resilience. Accordingly, we adopt a holistic approach to employee well-being by fostering a supportive, inclusive, and balanced work environment.

To promote workplace safety of all the employees including outsourced employees and interns, the Company adopted a structured occupational health and safety management system which maintains high standards of occupational health and safety through regular workplace inspections, risk identification, and the implementation of appropriate safety protocols and procedures. Our health and safety practices are guided by OHSAS 18001 standards, supported by Hazard Identification and Risk Assessment (HIRA) processes to systematically evaluate risks and implement corrective measures where necessary.

We also conduct specialised training such as fire drills, first aid training for designated fire wardens and first aid personnel to ensure effective emergency response and safe evacuation procedures, while enabling immediate assistance in the event of workplace incidents.

In addition, we support employee well-being through medical insurance coverage, wellness initiatives, and a range of employee engagement programmes that foster social connection, enhance morale, and promote a sense of belonging. Regular communication, recognition initiatives, and employee forums further contribute to maintaining high levels of engagement and psychological safety.

Through these integrated efforts, we reaffirm our commitment to employee health, safety, and well-being, recognising our people as a key driver of long-term value creation.

During the financial year, the Company recorded zero fatalities due to work-related injuries among its employees.

## Talent Recognition and Employee Value

We recognise that attracting, retaining, and motivating talented employees is critical to our long term organisational success. Accordingly, we place strong emphasis on identifying and acknowledging employee contributions through structured, transparent, and performance driven people management practices.

Employee performance is formally evaluated through our performance management framework, which assesses individuals against defined objectives, role responsibilities, and behavioural expectations. This ensures a fair, consistent, and objective basis for recognising high performers and differentiating contributions across all levels of the organisation.

Talent recognition is further reinforced through structured career progression pathways, including internal promotions, role enhancements, and expanded responsibilities based on demonstrated performance and capability. Employees identified as high potential are also considered for succession planning and targeted development initiatives, strengthening our internal talent pipeline. During the year under review, 55 employees were granted promotions.

In addition, we implemented complementary recognition mechanisms to acknowledge both individual and team achievements in a timely manner.









## Improvements to HR Function in FY 2025/26

During the year under review, we strengthened our Human Resources function through a series of structural, policy-driven, and process enhancements aimed at improving governance, operational effectiveness, and overall employee experience. HR processes were streamlined through improved documentation, clearly defined workflows, and closer coordination with line management, enabling more efficient and timely execution of key activities such as confirmations, promotions, transfers, and employee movements.

In addition, we enhanced employee engagement and communication through structured forums, internal communications, and awareness programmes, contributing to a more inclusive, responsive, and transparent workplace culture. These improvements have strengthened the HR function's ability to support our strategic objectives while fostering a disciplined, performance-oriented, and people-centric organisational environment.

## Compliance with Labour Laws and Regulations

GRI GRI 408-1,409-1

During the financial year 25/26, we remained fully committed to complying with all applicable labour laws and employment related regulations in Sri Lanka. We continued to adhere to statutory requirements governing key aspects of employment, including wages, working hours, employee benefits, occupational health and safety, and employee relations.

Our Human Resources function, in close collaboration with management, ensured that all HR policies, procedures, and practices were aligned with prevailing labour legislation and regulatory standards. Periodic reviews were conducted to maintain compliance, and any regulatory updates were promptly incorporated into internal frameworks and processes.

During the year under review, no material instances of non-compliance with labour laws were reported. We remain committed to upholding the highest standards of legal and ethical compliance, reinforcing our approach to responsible employment practices and sustainable human capital management.

Employee records and statutory documentation were maintained in accordance with legal requirements, while employee entitlements were administered accurately and in a timely manner. We also maintained well-defined grievance handling and disciplinary procedures to ensure fairness, transparency, and due process across all employee matters.

The Company does not engage in child labour, forced labour, or compulsory labour, and its operations do not present a significant risk of such practices. During the financial year under review, there were no reported incidents of child labour, forced labour, or compulsory labour within the Company's operations.

## Our Future Focus

| | |
|---|---|
| **Short Term (1–2 years)**  | We will focus on strengthening core HR governance and operational effectiveness. Key priorities include completing ongoing HR initiatives, refining performance management processes, ensuring full implementation of Board-approved HR policies, and enhancing internal communication and awareness across the organisation. We will also place greater emphasis on improving employee engagement and strengthening compliance monitoring frameworks. |
| **Medium Term (3–5 years)**  | We aim to build talent depth and organisational capability. This will involve strengthening succession planning and leadership development for critical roles, enhancing talent recognition and career progression frameworks, and further embedding a performance-driven culture. Additionally, we will increase our focus on employee learning, skills development, and targeted well being initiatives to support sustained performance. |
| **Long Term (5+ years)**  | We aspire to position the Human Resources function as a strategic business partner that supports growth, resilience, and long-term value creation. This will include continuous improvement of people practices, deeper alignment of human capital strategy with corporate strategy, adoption of digital and data driven HR solutions where appropriate, and fostering an inclusive, agile, and future -ready workforce aligned with our values and regulatory expectations. |

# Social and Relationship Capital



**Social and Relationship Capital represents the value we derive from our connections and interactions with stakeholders. It is built on mutually beneficial relationships that we have carefully nurtured, enabling us to create shared value for all.**

**The foundation of our Social and Relationship Capital lies in the strong connections we maintain with customers, business partners, and communities. We engage with these groups to foster trust, confidence, and mutual benefit.**

**Contribution to Our Core Values**

Nurture | Innovation | Transparent | Elevate | Xenial

## Key Highlights

| | | | | |
|---|---|---|---|---|
| Establish Collaborative Partnerships | Ensure Robust Data Privacy | CSR Activities and Community Engagement | Enhance Customer Service | Strengthening the Customer Communication |

## Strategic Initiatives

## Relevant Material Topics

- Customer Satisfaction and Service Quality
- Supplier Management and Responsible Procurement
- Economic Performance
- Local Communities
- Financial Performance and Sustainable Growth
- Marketing & Labelling
- Customer Privacy

## Relevant Stakeholders

## Commitment to SDGs

## Key Components of Our Human Capital

Customer Relationship Management | Supplier Relationship Management | Community Empowerment | Management of Investors and Shareholders' Interest | Management of Regulatory Relationships

## Focus Areas

| Focus Area | Key Initiatives in FY 2025/26 |
|---|---|
| **Establish Collaborative Partnerships** | • Form strategic alliances with business partners<br>• Leverage partnerships to expand reach and enhance social impact |
| **Community Engagement** | • Conducted local community engagement through CSR initiatives<br>• Donated 10 personal computers to enhance a school's IT lab and improve access to digital learning<br>• Distributed stationery packs to support students and encourage academic progress.<br>• Partnered with the Hambantota Tuskers in the inaugural Ceylon Golf League at the Royal Colombo Golf Club<br>• Renewed our partnership with CR & FC as Co-Sponsor for the 2025/2026 rugby season, reaffirming our commitment to the development of Sri Lankan rugby and extending our support to one of the country's most esteemed sporting institutions for a second consecutive year. |
| **Enhance Customer Service** | • Introduced an AI-powered chatbot to enable efficient self-service<br>• Provide training to staff to improve customer service quality |
| **Data Privacy and Compliance** | • Ensure robust data privacy and regulatory compliance frameworks |

## Key Risks and Opportunities

| Challenges | Opportunities | Impact on Fintrex | Response |
|---|---|---|---|
| Ensuring data security and privacy in the digital age | Enhance data security to strengthen customer trust | Increased customer loyalty | Ensure data privacy and integrity through robust security measures |
| Adapting to rapid technological changes | Leverage technology to enhance customer service | Improved customer satisfaction through technological advancements | Strengthen stakeholder engagement and continuously upgrade systems |
| Meeting evolving regulatory requirements | Expand financial literacy initiatives | Increased market share through sustained growth | Engage in community outreach and awareness programs |
| Managing short-term financial risks and uncertainties | Build enduring trust through responsible governance and ethical conduct | Enhanced operational efficiency | Maintain strategic partnerships and reinforce governance practices |
| Maintaining long-term customer loyalty | Refine service processes to improve efficiency | Improved regulatory compliance and service quality | Monitor customer complaints and continuously improve service delivery |

# Social and Relationship Capital

## Our Commitment to the UN Sustainable Development Goals (SDGs)

| Focus Area | Key Initiatives | SDG Contribution |
|---|---|---|
| **Financial Inclusion and Accessible Mobility Solutions** | Partnered with TVS Lanka to offer affordable, technology-enabled vehicle financing solutions, improving customer access to mobility and financial services. |  |
| **Digital Transformation and Innovation** | Collaborated with APTS and Craft Silicon to modernise core banking operations, enhance digital capabilities, and improve customer experience and operational efficiency. |  |
| **Community Development and Sports Sponsorship** | Continued support for local sports through the renewal of the CR & FC sponsorship, promoting community engagement, teamwork, leadership, and youth development. |  |
| **Customer Value and Strategic Partnerships** | Established strategic partnerships to provide value-added benefits, enhance customer experience, and strengthen stakeholder relationships through exclusive service offerings. |  |

## Capital Trade-Offs

| | |
|---|---|
| | Financial resources are allocated to support community development initiatives, deliver financial literacy programmes, and enhance customer service capabilities. |
| | Community initiatives aimed at reducing our environmental footprint support our broader sustainability goals. These efforts focus on protecting ecosystems and promoting responsible practices, resulting in enhancing and preserving natural capital. |
| | Employee engagement in community initiatives enhances workforce satisfaction, while the focus on customer service excellence drives continuous staff training and development. These efforts strengthen collaboration, trust, and engagement, fostering skill development and motivation, and ultimately enhancing overall human capital. |
| | Strengthening our brand reputation and investing in technological advancements enhances our intellectual capital. These efforts accelerate knowledge exchange and foster innovation, key drivers in building and sustaining intellectual capital. |

## Management Approach

GRI 3-3

We continue to strengthen our relationships with stakeholders by consistently delivering enhanced value. In doing so, we consider the interests of investors, shareholders, regulators, and the wider community in our decision-making, proactively addressing their needs to build trust and loyalty.

Our value creation efforts include designing tailored products to meet diverse customer requirements, introducing digital innovations to improve efficiency, and catering to the expectations of increasingly tech-savvy clients. We also implement community initiatives that contribute to meaningful social change.

At the same time, we focus on strengthening our financial capital within a robust framework of ethical governance and risk management, ensuring sustained value delivery to investors, shareholders, and regulators. The strength of these relationships underpins our long-term success and drives sustainable growth.

## Nurturing Our Social and Relationship Capital

We continued to strengthen stakeholder relationships, deepen customer trust, and create shared value for all those we serve. By fostering meaningful partnerships, promoting responsible business practices, and delivering innovative, customer-centric solutions, we advance our objective of "Accelerating Finance, Empowering Futures" while contributing to sustainable growth, financial inclusion, and long-term stakeholder prosperity.

### Customer Experience and Engagement

- Promoting customer-centric and relationship-driven growth through tailored financial solutions and service excellence.
- Enhancing customer support through dedicated customer care and recovery clinics.
- Leveraging AI-powered self-service technologies to improve accessibility, convenience, and responsiveness.
- Gathering customer insights through surveys and feedback mechanisms to continuously enhance products and services.
- Encouraging innovation through customer steering committees that provide valuable input for product and service development.

### Stakeholder and Investor Relations

- Strengthening stakeholder relationships through transparent communication and value creation initiatives.
- Maintaining active engagement with investors, lenders, regulators, and other external stakeholders to foster trust and support informed decision-making.

### Strategic Partnerships and Business Ecosystem Development

- Building strategic partnerships and collaborative ecosystems to expand market reach, enhance service offerings, and create sustainable growth opportunities.
- Working closely with business partners to deliver innovative, customer-focused financial solutions and value-added services.

### Community Engagement and Social Impact

- Supporting local communities through targeted Corporate Social Responsibility (CSR) initiatives.
- Contributing to social and economic development by promoting financial inclusion and community empowerment.

### Governance, Privacy, and Trust

- Prioritising customer information privacy through robust data protection and cybersecurity measures.
- Ensuring compliance with regulatory requirements and industry standards to maintain transparency, accountability, and stakeholder confidence.

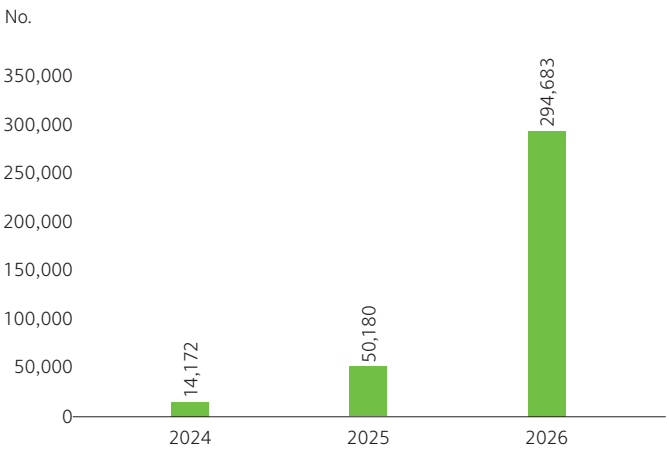
## Customers

### Our Customer Base

We promote financial inclusion across the nation by building and strengthening lasting relationships with our customers. By prioritising engagement with this key stakeholder group, we aim to foster loyalty and trust, expand our market presence, and reinforce our position as a reliable and trusted financial services provider.

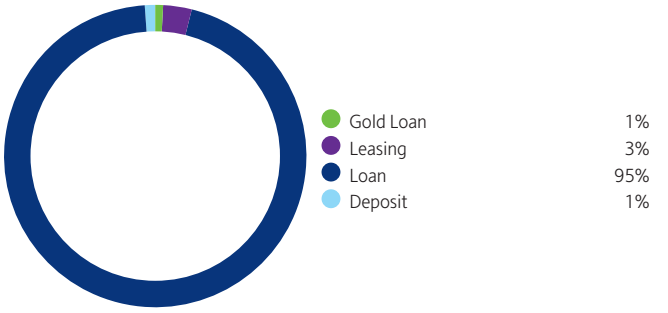
We view nurturing customer relationships not only as a driver of business performance but as a core value that underpins our commitment to inclusivity and the creation of meaningful, long-term connections.

Active Customers



# Social and Relationship Capital

## Product Wise Customer Base




### Investment in Infrastructure

We view infrastructure not simply as an enabler, but as a strategic foundation for customer-centric innovation and sustainable growth. Guided by our commitment to ***Accelerating Finance, Empowering Futures,*** and underpinned by digital innovation, disciplined growth, and strong governance, we continue to invest in and enhance our technology platforms, operational capabilities, physical network, and security frameworks.

Through these investments, we aim to deliver financial services that are more accessible, seamless, reliable, and secure. By building resilient, scalable, and future-ready infrastructure, we strengthen operational efficiency, support long-term growth, and create lasting value for our customers and stakeholders while remaining agile and responsive to evolving market dynamics and customer expectations.

During the financial year 2025/26, we implemented several key advancements in our infrastructure:

1. **Investment in Branch Infrastructure**

   Our branch network strategy is guided by a commitment to enhancing customer accessibility while supporting sustainable business growth. During the year, selected branches were strategically relocated to high-potential locations to improve visibility, convenience, and market penetration. In addition, a new branch was established in Piliyandala, equipped with modern infrastructure, advanced technology, and a team of experienced professionals dedicated to delivering an enhanced customer experience. These initiatives underscore our continued investment in strengthening and expanding our service network. Driven by comprehensive market analysis, evolving customer expectations, and long-term strategic objectives, they position us to better serve our customers while creating a strong foundation for future growth.

2. **Automation of Customer-Facing Processes**

   We streamlined approval workflows for device finance and 2W/3W products, significantly reducing turnaround times and enhancing overall service efficiency. This improvement has enabled faster credit decisions and more efficient service delivery, leading to greater customer satisfaction and operational consistency.

3. **End-to-End Digital Workflows**

   Seamless digital processing was introduced across the customer journey, minimising paperwork, reducing delays, and improving the overall customer experience. By minimising paperwork and reducing processing delays, we have created a more convenient, transparent, and user-friendly experience for our customers.

4. **Enhanced System Performance and Reliability**

   Core system upgrades were carried out to deliver faster processing speeds, improved stability, and consistent service availability. These improved digital infrastructures ensure reliable service delivery, support higher transaction volumes, and provide a stronger technological foundation for future growth.

5. **Improved Data Accuracy and Accessibility**

   Strengthened data management practices ensured accurate, timely, and secure handling of customer information, supporting better decision-making and service delivery. This has enhanced reporting capabilities, supported informed decision-making, and improved overall service quality while maintaining high standards of data governance.

6. **Faster Transaction Processing**

   Key processes such as bank reconciliation were automated to accelerate transaction validation. This has improved financial accuracy, increased operational efficiency, and enhanced customer confidence through quicker and more transparent transactions.

7. **Employee Digital Enablement**

   Frontline teams were equipped with advanced digital tools and targeted training, enabling them to deliver more responsive, informed, and efficient customer service. This initiative has empowered employees to deliver faster, more informed, and personalised customer service, while also improving productivity and adaptability in a digitally driven environment.

## Effective and Responsible Customer Communication

GRI 417-1, 417-2, 417-3

We continued to strengthen our customer communication framework by adopting a multi-channel, customer-centric approach. Through a combination of digital and direct platforms, including WhatsApp, Viber, Messenger, SMS, and targeted e-marketing campaigns, we engaged with our customers in a timely, relevant, and personalised manner.

To further enhance accessibility and responsiveness, we prioritised the accuracy and reliability of our customer contact points. This included the continuous updating of branch contact information and digital channels, ensuring that our customers could easily reach us whenever needed.

At the same time, we advanced our digital infrastructure to deliver greater convenience and seamless service access. Through upgraded web platforms, we enabled customers to efficiently manage key services such as loan applications, account inquiries, and product information.

These efforts were underpinned by robust corporate communication and marketing policies, ensuring that all our interactions remained transparent, compliant with regulatory requirements, and aligned with the highest ethical standards.

Through this integrated approach, we strengthened our ability to deliver clear, accessible, and customer-focused communication, enhancing overall customer experience while building trust and long-term engagement.

There were no incidents of non-compliance reported concerning marketing communication and product and service information and labeling in FY 2025/26.

### Street Promotions

To coincide with the opening of the Piliyandala Branch, we conducted a comprehensive street-level promotional campaign to enhance brand visibility and increase awareness among the local community. The campaign involved distributing promotional materials, including brochures, leaflets, and other marketing collateral, across the branch's catchment area to effectively engage potential customers.

This campaign provided a valuable platform for direct interaction with the public, enabling the team to introduce our products and services while clearly communicating their key benefits and value propositions. These face-to-face engagements helped create a strong first impression and foster meaningful connections with prospective customers, thereby strengthening the Company's presence in the area.

In addition to promoting brand awareness, the campaign also served as a valuable market intelligence-gathering exercise. The team engaged with residents, business owners, prospective customers and the community to better understand local customer behaviour, financial needs, preferences, and expectations. The insights collected provided a deeper understanding of the target market, including preferred financial products, service expectations, and factors influencing purchasing and borrowing decisions.





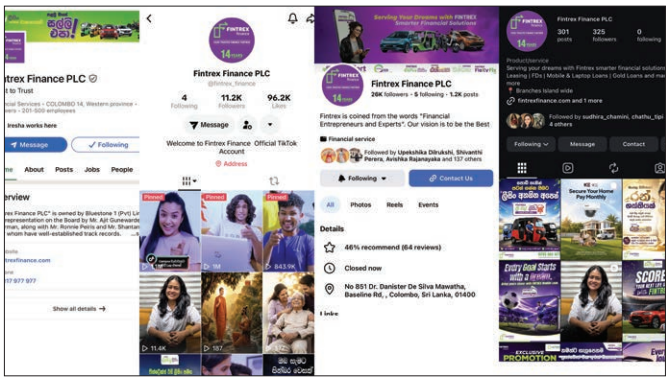

## Strengthening Digital Presence and Customer Engagement

***Strengthening Digital Presence***

Throughout the year, we strengthened our digital presence across Facebook, Instagram, LinkedIn, and TikTok through a diverse and strategically curated range of content. Our platforms featured product-focused posts and reels, PR articles, short-form recruitment videos, special day campaigns, as well as coverage of corporate events and internal celebrations.

On LinkedIn in particular, we focused on sharing organisational milestones and achievements, while highlighting key developments within our lending portfolio to reinforce our corporate positioning and industry presence.

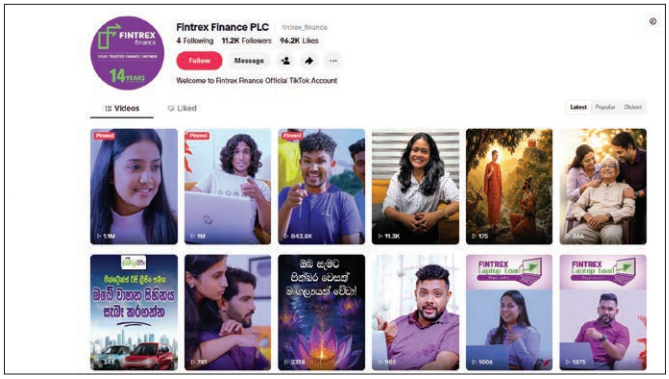
# Social and Relationship Capital




***Expanding Reach Through Creative Content***

We expanded our reach to a wider and more dynamic audience through the production of TikTok videos. Our content delivery followed a hybrid approach, combining in-house production with outsourced collaborations to ensure high-quality execution while preserving the authentic voice of our brand.

A significant portion of the creative work was conceptualised and executed internally, reflecting the creativity and capability of our team.




***Employee Engagement in Content Creation***

We actively involved our employees in content creation, providing them with opportunities to participate as cast members and showcase their talents. Notably, our walk-in interview campaign was developed entirely in-house, from scripting to casting, demonstrating our collaborative culture and strong internal synergy.



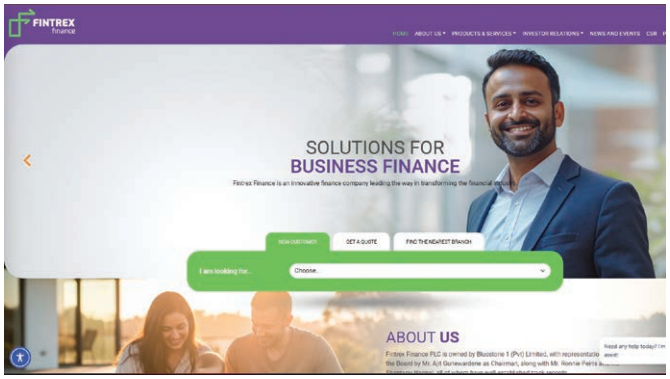

***Content Strategy and Brand Storytelling***

Our content strategy is rooted in authenticity and emotional connection. Each post and reel is thoughtfully crafted to resonate with audiences, delivering not only promotional value but also meaningful, relatable, and life-oriented messages.



***Website Enhancement and Digital Experience***

In parallel, we undertook a comprehensive revamp of our official website to enhance accessibility and improve the overall customer experience. The upgraded platform enables customers to easily access product information, submit inquiries, and connect with the most relevant branch based on their needs, providing a seamless and user-friendly interface.




***Strategic Partnerships and Campaigns***

To further strengthen product visibility and audience reach, we implemented Above-The-Line activities targeting digital campaigns in collaboration with leading media partners such as Hiru TV, TV Derana, Sirasa FM, Hiru FM, and FM Derana. In addition, we leveraged influencer marketing initiatives to enhance brand visibility, connect with broader audience segments, and create more engaging and relatable content across our digital platforms.

## New Products Launch in FY 2025/26

***Fintrex Laptop Loan***

Our Fintrex Laptop Loan is a tailored financing solution designed to make owning the latest laptops simple and accessible for education, work, business, or personal use. Instead of making a large upfront payment, customers benefit from flexible and convenient instalment plans that suit their financial needs.

By spreading the cost into affordable monthly payments, we enable customers to access high-quality technology immediately while maintaining full control over their budget. This solution empowers customers to stay connected, productive, and ahead in today's digital world, without financial strain.




## Facilitating Customer Engagement

We facilitated customer engagement through a strategic combination of digital and direct outreach initiatives. Accordingly, we leveraged social media platforms to build meaningful relationships with our customers by sharing product updates, customer testimonials, CSR initiatives, and financial education content, while encouraging two-way communication and real-time feedback.

In parallel, we adopted personalised engagement strategies, using data-driven insights to deliver more relevant and tailored customer interactions. Our robust multi-channel approach integrated our physical branch network with digital platforms, ensuring consistent, accessible, and seamless experiences across all customer touchpoints.

Additionally, we carried out targeted direct marketing initiatives and branch-level interactions to strengthen relationships and enhance engagement on a more personal level.

These efforts were further reinforced through strategic PR articles that communicated our key initiatives, alongside collaborations and partnerships with leading organisations such as TVS Lanka, CR & FC (as Co-Sponsor for 2025/26), SnapPay through the Game Changers Summit 2025, TMR Auto Mobiles Lanka, Kushara Motor Trading (Pvt) Ltd, Kusum Car Sale, KayJay Electronics, Auto Miraj, and the Mobile Phone Awards. These partnerships enhanced our brand visibility and strengthened customer connections across multiple segments.

Through this integrated and customer-centric approach, we ensured consistent, accessible, and meaningful engagement across all touchpoints, reinforcing our commitment to delivering superior customer experience.









# Social and Relationship Capital

## Customer Privacy and Data Protection

GRI 418-1

Our commitment to safeguarding customer information remained steadfast throughout the financial year, with a continued focus on upholding the highest standards of IT security, risk management, and governance. Through ongoing investments in advanced technology, employee training, and policy development, we strengthened our defences against cyber threats and vulnerabilities, thereby fostering trust and confidence among our customers.

Recognising the evolving nature of the regulatory landscape and emerging risks, we adopt a proactive and forward-looking approach to managing information security. As part of this commitment, we aim to further strengthen our IT risk management framework in alignment with Central Bank of Sri Lanka (CBSL) guidelines, ensuring a comprehensive response to emerging threats and vulnerabilities.

Importantly, during the year under review, no verified complaints were reported relating to customer privacy breaches or data losses, reflecting the effectiveness of our controls and governance practices.

During the financial year, we placed significant emphasis on strengthening customer privacy and data protection, recognising the critical importance of safeguarding customer information in an increasingly digital business environment. Various initiatives were undertaken to enhance the security, confidentiality, and integrity of customer data while ensuring compliance with applicable regulatory and information security requirements.

- **Enhanced Encryption:**
  We implemented robust encryption protocols for both full-disk storage and data in transit, ensuring that sensitive customer information is protected against unauthorised access.
- **Strengthened Access Controls:**
  We reinforced Role-Based Access Controls (RBAC) to ensure that customer data is accessible strictly on a need-to-know basis, supported by periodic access reviews and continuous monitoring.
- **Employee Awareness and Training:**
  We conducted ongoing training and awareness programmes to enhance employee accountability and promote best practices in data privacy, cybersecurity, and responsible data handling.
- **Improved Governance and Monitoring:**
  We strengthened our data governance framework and implemented continuous monitoring mechanisms to ensure compliance with regulatory requirements and the timely identification and mitigation of potential risks.

## Customer Relationship Management

We adopt a customer-centric, technology-driven, and multi-channel approach to customer relationship management, with a focus on enhancing customer experience, accessibility, and long-term relationship value.

### *1. Multi-Channel Customer Engagement Framework*

We implemented a comprehensive multi-channel communication strategy, integrating both digital and physical touchpoints to ensure consistent and accessible customer engagement. Our key channels include:

- Social media platforms such as Facebook, Instagram, TikTok and LinkedIn
- Direct communication tools, including SMS and messaging platforms
- Branch-level interactions and targeted direct marketing initiatives
- AI-powered chatbot communication through “Fintra”

This integrated approach enables real-time engagement, enhances accessibility, and ensures consistent customer experience across all touchpoints.

### *2. Digital Transformation and Process Automation*

We leveraged digital technologies to streamline customer interactions and improve service delivery through:

- End-to-end digital workflows across the customer journey
- Automation of approval processes (e.g., device finance and 2W/3W products)
- Faster transaction processing and reduced turnaround times
- AI-driven customer support via our chatbot “Fintra”

These initiatives have improved operational efficiency, minimized processing delays, and enhanced overall customer convenience.

### *3. Enhanced Customer Experience and Accessibility*

We continued to enhance accessibility and service quality by:

- Upgrading our web platforms for seamless service access
- Improving system performance to ensure reliability and consistency
- Enabling customers to conveniently access services such as loan applications, account inquiries, and payments

These improvements have contributed to a more intuitive, responsive, and customer-friendly experience.

### *4. Employee Enablement and Service Delivery*

We strengthened our Customer Relationship Management (CRM) effectiveness by:

- Equipping frontline staff with advanced digital tools and targeted training
- Enabling them to deliver responsive, informed, and efficient customer service

This ensures that all customer interactions remain consistent, professional, and aligned with our service excellence standards.

## Customer Complaints Management

GRI 2-25, 2-26

During the financial year 2025/26, we maintained a structured and effective customer complaints handling framework to ensure the timely resolution of concerns while supporting continuous improvement in our service delivery.

We received a total of 26 customer complaints during the year, of which 23 were successfully resolved, representing a resolution rate of approximately 88%. Overall complaint volumes remained low and stable, reflecting our consistent operational performance and service standards.

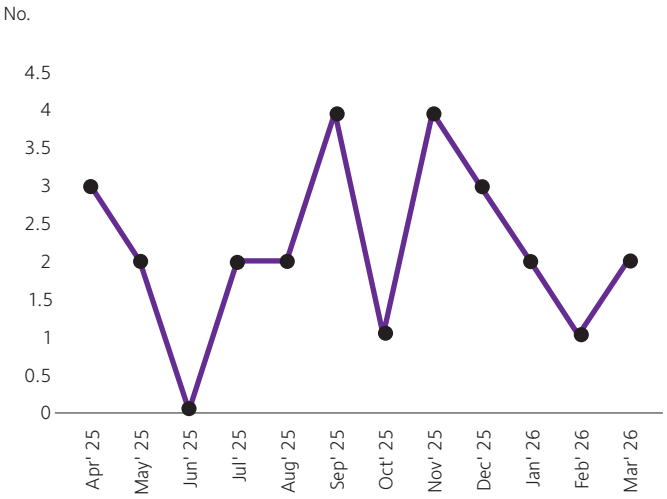
The complaints primarily related to miscellaneous operational matters, recovery and repossession processes, customer misunderstandings, and communication-related issues, with other categories contributing minimally.

In line with GRI 2-25, we are committed to remediating any negative impacts resulting from our operations or services. Our internal escalation process ensures that unresolved concerns are reviewed by Senior Management, with appropriate corrective actions implemented to address issues and prevent their recurrence.

In line with GRI 2-26, we encourage customers to seek advice and raise concerns without fear of discrimination or delay. Our grievance mechanisms are regularly reviewed and strengthened based on customer feedback, regulatory requirements, and industry best practices to ensure timely and effective resolution of concerns.




No. of Complaints Received




We continue to focus on enhancing customer communication, improving process clarity, particularly in recovery-related activities, and strengthening our complaint classification and monitoring systems to further elevate service quality.

Overall, we demonstrated effective management of customer complaints during FY 2025/26, supported by low complaint volumes and a strong commitment to timely resolution and continuous improvement.

## Our Suppliers and Business Partner

GRI 2-6

We continue to strengthen and nurture our relationships with suppliers and business partners, recognising them as key contributors to our success. Through ongoing collaboration and open engagement, we aim to build trust and create shared value that benefits all stakeholders. These long-term, mutually beneficial partnerships support sustainable growth and reinforce our commitment to operational excellence.

At Fintrex Finance PLC, we recognise that our ability to deliver smart, future-ready financial solutions is grounded in the strength, trust, and integrity of our business partnerships. In line with our theme, “Accelerating Finance. Empowering Futures.”, we have cultivated a diverse and resilient network of partners who support our operations, innovation, and service delivery across the value chain. Driven by digital innovation, disciplined growth, and strong governance, we continue to strengthen these partnerships to create sustainable value for all stakeholders.

Our business partners include:

# Social and Relationship Capital




## Nurturing Strong Business Partner Relationships and Supply Chain Management

GRI 204-1

We continued to strengthen and nurture mutually beneficial relationships with our suppliers and business partners throughout the financial year 2025/26, guided by a structured, transparent, and engagement-driven approach aligned with our core values of fairness, integrity, and trust.

Aligned with our stakeholder-centric strategy, we maintained open communication, responsiveness, and consistent engagement with suppliers and partners. This integrated approach enabled us to build resilient, mutually beneficial relationships that support our long-term strategic objectives.

### Supplier Base and Network Expansion

We maintain a large and stable supplier network that supports uninterrupted service delivery and operational continuity. Our ongoing efforts to onboard new suppliers further strengthen and diversify our network, enhancing resilience and flexibility across our operations.

### Structured Procurement and Governance Framework

Our procurement activities are guided by Board-approved policies and well-defined operational frameworks, ensuring:

- Fair and transparent supplier selection processes
- Compliance with regulatory and internal governance standards
- Accountability and integrity across all procurement-related activities

These frameworks reinforce disciplined decision-making and promote ethical business practices.

### Supplier Relationship Management

We adopt a relationship-driven approach to supply chain management, focusing on long-term collaboration and value creation. We maintain strong partnerships with key service providers across areas such as telecommunications, security services, utilities, IT systems, and operational support.

Our approach emphasises:

- Reliability and continuity in service delivery
- Mutual trust and long-term engagement
- Strategic alliances that enhance operational effectiveness

This enables us to ensure business continuity while creating sustained value across the value chain.

### Payment and Financial Discipline

A key strength of our supply chain management lies in our structured and disciplined payment framework. We utilise multiple controlled channels, including fund transfers, utility payments, and cheque settlements, to ensure:

- Timely and consistent payments to suppliers
- Strong supplier confidence and trust
- Financial reliability across all partnerships

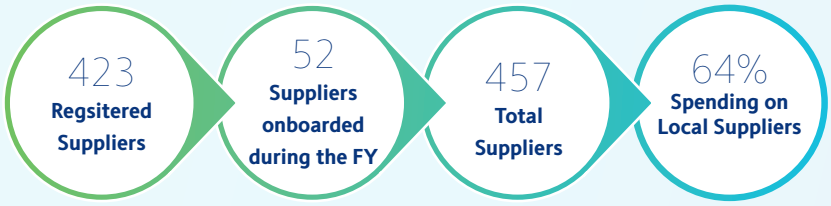
### Transparency, Communication, and Engagement

We maintain high levels of engagement with our suppliers and business partners through:

- Open and transparent communication channels
- Responsive issue resolution mechanisms
- Continuous engagement to align expectations and performance

This collaborative approach fosters a resilient, responsive, and mutually beneficial supply chain ecosystem, supporting both operational stability and partner satisfaction.

*Supplier Relationships – FY 2025/26*




## Key Strategic Partnerships in FY 2025/26

### *Strategic Partnership with TVS Lanka*

We entered into a strategic partnership with TVS Lanka through the signing of a Memorandum of Understanding (MOU). Through this collaboration, we offer attractive leasing facilities for TVS-branded two-wheelers and three-wheelers, featuring competitive interest rates and quick, tech-driven approvals. This initiative is designed to make vehicle ownership more accessible and convenient for Sri Lankans, particularly those seeking reliable and affordable mobility solutions.

With over 210 dealer touchpoints across the island, TVS Lanka manufactures premium models such as the TVS NTORQ, TVS Raider, and the TVS iQube electric scooter at its state-of-the-art facility in Horana, adhering to the highest international standards.



### *Digital Transformation with APTS and Craft Silicon*

We partnered with Asia Pacific Technology Systems (APTS) and Craft Silicon as part of our digital transformation journey. This collaboration marks a significant milestone in our evolution toward modern digital banking.

By leveraging Craft Silicon's globally recognised fintech solutions alongside APTS's expertise in technology integration, we aim to enhance operational efficiency, streamline processes, and deliver a seamless, customer-centric banking experience.




### *Partnership with Pay&Go*

As part of our ongoing digital transformation journey, Fintrex Finance PLC entered into a strategic partnership with Mega Pay (Pvt) Limited (Pay&Go) to enhance customer convenience and expand access to digital payment solutions. This collaboration enables customers to make loan repayments and other eligible transactions through the Pay&Go payment network, providing a secure, efficient, and user-friendly payment experience. The partnership reflects Fintrex's commitment to leveraging technology-driven solutions to improve accessibility, convenience, and service delivery while supporting the Company's vision of building a smarter and more inclusive financial ecosystem. This initiative further strengthens Fintrex's digital capabilities and contributes to delivering seamless financial services to customers across Sri Lanka.



***Partnership with Auto Miraj***

We partnered with Auto Miraj, a leading automotive care and services provider in Sri Lanka, to offer exclusive discounts on a range of vehicle services for our customers and staff.
These benefits can be accessed at any Auto Miraj service centre upon presentation of valid Fintrex identification. This initiative aims to deliver added value while strengthening customer and employee benefits.




## Community

### Local Community Engagement Initiatives

GRI 413-1, 203-1

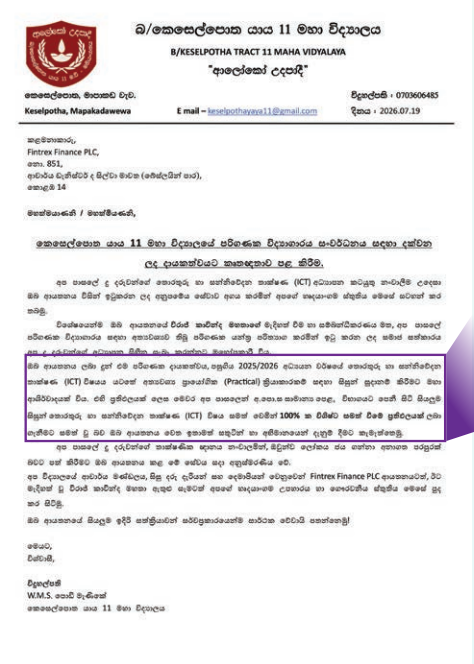
We continued to demonstrate our commitment to community development through impactful and targeted initiatives during the year.

We strengthened our engagement with local communities through our schools empowerment programme, continuous relationship-building initiatives and an active branch-level presence. This included enhancing accessibility through infrastructure improvements, such as the strategic relocation of branch facilities, enabling us to better serve and connect with the communities in which we operate.

Leveraging our branch network and Head Office presence, we engage with local communities to better understand their needs and priorities. Guided by these insights, we implement targeted initiatives that create meaningful, sustainable, and long-term social value while promoting inclusive community development and strengthening our stakeholder relationships.

During the year, we invested Rs. 6.09 million, representing 0.09% of the economic value we created, in community development initiatives. This investment reflects our commitment to advancing sustainable social development, enhancing community well-being, and creating shared value for the communities we serve.

| Description | Investment | No. of Beneficiaries |
|---|---|---|
| **1. Empowering the Future Through Education**<br><br>As part of our Schools Empowerment Programme, we continued our commitment to uplifting rural communities through education. In October 2025, we visited Keselpotha Yaya 11 Maha Vidyalaya, where we donated 10 computers to enhance the school's IT laboratory, providing students with improved access to digital learning opportunities. In addition, stationery packs were distributed to support students in their academic journey. This initiative reflects our ongoing commitment to empowering the next generation through quality education.<br><br>  <br><br>  | Rs. 150,000 +<br><br>The wiring and cabling installation was undertaken with the support of supplier sponsorship, demonstrating valuable collaboration in enhancing the project's infrastructure. | Over 550 students |



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Keselpotha, Mapakadawewa E mail – keselpothayaya11@gmail.com දිනය : 2026.07.19

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විශේෂයෙන්ම ඔබ ආයතනයේ විරාම් කාර්යාල මණ්ඩලය මෙතෙක් බැලීමත් විට හා සම්බන්ධීකරණය මත, අප පාසලේ පරිගණක විද්‍යාගාරය සඳහා අත්‍යවශ්‍ය නිල පරිගණක යන්ත්‍ර සවිකරන කටයුත් ඉදුරු කරන ලද කෙන්ත් සන්තෝෂය අප දූ දරුවන්ගේ අධ්‍යාපනය තිබීම ඇබ්බ කැක්කෙන්ට ඔබ්බෙන්ම ය.

ඔබ ආයතනය ලබා දුන් එම පරිගණක දායකත්වය, පසුගිය 2025/2026 අධ්‍යයන වර්ෂයේ තොරතුරු හා සන්නිවේදන තාක්ෂණ (ICT) විෂයය යටතේ අත්‍යවශ්‍ය ප්‍රායෝගික (Practical) ක්‍රියාකාරකම් සඳහා සිසුන් සූදානම් කිරීමට මහා ආශිර්වාදයක් විය. එහි ප්‍රතිඵලයක් ලෙස මෙවර අප පාසලෙන් අ.පොස.ස සාමාන්‍ය පෙළ, විභාගයට පෙනී සිටි සියලුම සිසුන් තොරතුරු හා සන්නිවේදන තාක්ෂණ (ICT) විෂය සමත් වෙමින් 100% ක විශිෂ්ට සමත් වීමේ ප්‍රතිඵලයක් ලබා ගැනීමට සමත් වූ බව ඔබ ආයතනය වෙත ඉතාමත් සතුටින් හා අභිමානයෙන් දැනුම් දීමට කැමැත්තෙමු.

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අප විද්‍යාලයේ ආචාර්ය මණ්ඩලය, සිසු දරු දැරියන් සහ දෙමාපියන් වෙනුවෙන් Fintrex Finance PLC ආයතනයටත්, ඊට වැඩිහිත් වූ විරාම් කාර්යාල මණ්ඩලය අතුළු සැමටත් අපගේ හෘදයාංගම උපහාරය හා මෛත්‍රීමය ස්තුතිය මෙහේ පුදු කර සිටිමු.

ඔබ ආයතනයේ සියලුම දෙවිරි සත්ක්‍රියාවන් සර්වඥතාණෙන්ම සාරධාම වෙවායි පතන්නෙමු!

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W.M.S. පෙරේ මැණිකේ
කෙසෙල්පොත යාය 11 මහා විද්‍යාලය



ඔබ ආයතනය ලබා දුන් එම පරිගණක දායකත්වය, පසුගිය 2025/2026 අධ්‍යයන වර්ෂයේ තොරතුරු හා සන්නිවේදන තාක්ෂණ (ICT) විෂයය යටතේ අත්‍යවශ්‍ය ප්‍රායෝගික (Practical) ක්‍රියාකාරකම් සඳහා සිසුන් සූදානම් කිරීමට මහා ආශිර්වාදයක් විය. එහි ප්‍රතිඵලයක් ලෙස මෙවර අප පාසලෙන් අ.පොස.ස සාමාන්‍ය පෙළ, විභාගයට පෙනී සිටි සියලුම සිසුන් තොරතුරු හා සන්නිවේදන තාක්ෂණ (ICT) විෂය සමත් වෙමින් **100%** ක විශිෂ්ට සමත් වීමේ ප්‍රතිඵලයක් ලබා ගැනීමට සමත් වූ බව ඔබ ආයතනය වෙත ඉතාමත් සතුටින් හා අභිමානයෙන් දැනුම් දීමට කැමැත්තෙමු.






| Description | Investment | No. of Beneficiaries |
|---|---|---|
| **2. Dengue Awareness and Prevention Campaign**<br>In collaboration with local authorities, we supported a nationwide Dengue awareness initiative across 8 locations. Dedicated hoardings were installed to promote health and safety guidelines, encouraging the public to eliminate mosquito breeding grounds, maintain clean surroundings, and adopt preventive measures to combat the spread of Dengue. This initiative highlights our commitment to community well-being and sustainable development. | Rs. 2.64Mn + | General Public |






| Description | Investment | No. of Beneficiaries |
|---|---|---|
| **3. Support National Sports and Emerging Talents**<br><br>We officially renewed our sponsorship agreement with the Ceylonese Rugby and Football Club (CR & FC), continuing our role as Co-Sponsor for the 2025/2026 rugby season.<br><br>Now in its second year, this successful collaboration reflects our ongoing commitment to supporting the local sporting community. We view rugby as a powerful platform for fostering essential values such as discipline, teamwork, and strategic thinking; qualities that resonate strongly with our organisational ethos.<br><br>  <br> | Rs. 3.30Mn + | Local sports community |
| We become the official partner of Hambantota Tuskers on a golf sponsorship<br>We have signed a three-year partnership with the Hambantota Tuskers, one of the eight franchises of the inaugural Ceylon Golf League (CGL)<br>These initiatives reflect our commitment to advancing national sports, empowering emerging talent, and strengthening community engagement, demonstrating our contribution beyond conventional financial services<br><br>  <br><br>  | | |

## Social Impact Assessment

Our community investment initiatives are designed to create sustainable social value by addressing key areas of national importance, including education, public health, and sports development. Through strategic partnerships and targeted interventions, we aim to enhance the quality of life of the communities we serve while contributing to the country's long-term socio-economic development.

Our Schools Empowerment Programme strengthened access to digital education by improving information technology facilities at a rural school and providing essential learning materials to students. By equipping over 550 students with enhanced digital learning resources, the initiative helped reduce disparities in access to technology, foster digital literacy, and create a more conducive learning environment for future academic and career success.

Our Dengue Awareness and Prevention Campaign contributed to promoting healthier communities by supporting nationwide public awareness efforts across eight locations. Through visible awareness campaigns and collaboration with local authorities, the initiative encouraged preventive health practices, reinforced community responsibility in controlling mosquito breeding, and supported national efforts to reduce the spread of Dengue.

Our continued investment in sports development through partnerships with the Ceylonese Rugby & Football Club (CR & FC) and the Hambantota Tuskers under the Ceylon Golf League reflects our commitment to promoting youth development, healthy lifestyles, and social cohesion. These partnerships provide opportunities for athletes to develop their talents while encouraging values such as discipline, teamwork, leadership, resilience, and fair play. By supporting nationally recognised sporting platforms, we also contribute to community engagement and the growth of Sri Lanka's sporting ecosystem.

Collectively, these initiatives have strengthened stakeholder relationships, enhanced community well-being, and reinforced our commitment to responsible corporate citizenship. By aligning our social investments with identified community needs and national development priorities, we continue to create meaningful and lasting social impact while supporting the United Nations Sustainable Development Goals (SDGs), particularly SDG 3 – Good Health and Well-being, SDG 4 – Quality Education, and SDG 17 – Partnerships for the Goals.

## Our Future Focus

| | |
|---|---|
| **Short Term (1–2 years)**  | ✱ Implement CSR initiatives across key areas such as education, healthcare, and environmental sustainability<br>✱ Drive joint promotional campaigns with fintech partners and retail collaborators to enhance market reach<br>✱ Establish a 24/7 customer contact centre to improve accessibility and service responsiveness |
| **Medium Term (3–5 years)**  | ✱ Introduce AI-based solutions to enhance operational efficiency and process improvements<br>✱ Launch digital self-service portals to empower customers with greater control and convenience<br>✱ Conduct financial literacy workshops to promote responsible financial awareness within communities |
| **Long Term (5+ years)**  | ✱ Automate back-office operations to achieve greater efficiency and scalability<br>✱ Launch comprehensive rural empowerment programmes to support inclusive growth<br>✱ Establish long-term partnerships with NGOs to drive sustainable community development initiatives |

# Natural Capital



**Natural capital represents the stock of natural resources and environmental assets that underpin long term economic sustainability. We are committed to mitigating climate related risks by adopting appropriate environmental best practices across our operations.**

**Accordingly, we integrate responsible natural resource management into our operations to support long term sustainability.**

**Contribution to Our Core Values**

Nurture | Transparent | Elevate

## Key Highlights

| | | | | |
|---|---|---|---|---|
| Energy Conservation Practices | Efficient Water Management | Digital Transformation Process | Energy Efficieny Initiatives | Strenghthened ESG Governance |

## Strategic Initiatives

## Relevant Material Topics

- Energy Consumption
- Water Consumption
- Waste Management

## Relevant Stakeholders

## Commitment to SDGs

## Key Components of Our Human Capital

Energy | Water | Paper & Forests | Land & Ecosystems | Waste & E Waste | Air & Climate

## Focus Areas

| Focus Area | Key Initiatives in FY 2025/26 |
|---|---|
| **Energy Efficiency & Emissions Reduction** | • Monitoring electricity and fuel consumption across branches and the Head Office<br>• Adoption of energy-efficient lighting and office equipment<br>• Rationalisation of fuel usage for operational travel |
| **Digitalisation & Paper Reduction** | • Expansion of paperless loan processing and approval workflows<br>• Digital documentation and secure electronic record keeping<br>• Increased use of e-statements and electronic customer communications |
| **Responsible Waste Management** | • Proper segregation and disposal of paper and office waste<br>• Safe handling and disposal of electronic waste (e-waste)<br>• Compliance with applicable environmental regulations |
| **Environmental Risk Management in Lending** | • Integration of environmental considerations into credit appraisal processes<br>• Sector-specific environmental risk screening (e.g. agriculture, SMEs)<br>• Incorporation of environmental risks into enterprise risk management |
| **Governance, Monitoring & Reporting** | • Board-level oversight through integrated risk governance structures<br>• Monitoring of key environmental indicators (energy, fuel, paper consumption)<br>• GRI-aligned sustainability and integrated reporting |

## Key Risks and Opportunities

| Challenges | Opportunities | Impact on Fintrex | Response |
|---|---|---|---|
| Rising energy consumption due to branch expansion and business growth | Improve operational efficiency through energy-saving technologies | Increased electricity and fuel costs; higher carbon footprint | • Monitored electricity and fuel consumption across branches and the Head Office<br>• Introduced energy-efficient lighting and office equipment<br>• Promoted disciplined energy use practices across operations |
| Increased paper usage from loan processing, compliance, and customer documentation | Accelerate digital transformation and paperless operations | Higher paper costs and increased environmental impact | • Expanded digital loan processing and approval workflows<br>• Increased use of e-statements and electronic communications<br>• Reduced reliance on physical documentation and printing |
| Management of electronic waste arising from IT upgrades and digitalisation | Strengthen responsible disposal and environmental compliance | Risk of improper disposal and potential reputational impact | • Ensured safe and responsible disposal of e-waste<br>• Complied with regulatory guidelines on waste handling<br>• Optimised IT equipment replacement cycles |
| Indirect environmental risks associated with lending activities (e.g., SMEs, agriculture) | Promote sustainable lending and reduce portfolio risk | Potential exposure to environmentally harmful borrower activities | • Integrated environmental considerations into credit appraisal processes<br>• Conducted sector-specific environmental risk screening<br>• Embedded environmental risk into the Integrated Risk Management Framework |
| Increasing regulatory and stakeholder expectations for ESG transparency | Strengthen governance and sustainability credibility | Compliance and reputational risks if disclosures are inadequate | • Strengthened Board-level oversight of sustainability matters<br>• Disclosed natural capital performance through Integrated Reporting<br>• Adopted GRI-aligned sustainability reporting practices |

## Our Commitment to the UN Sustainable Development Goals (SDGs)

| Focus Area | Key Initiatives | SDG Contribution |
|---|---|---|
| **Energy Efficiency and Emissions Reduction** | Improved energy efficiency through optimised electricity consumption, energy-efficient equipment, and monitoring of fuel usage. |  |
| **Digitalisation and Paperless Operations** | Expanded digital processes, electronic documentation, and paperless workflows to reduce resource consumption and operational waste. |  |
| **Responsible Waste Management** | Implemented responsible waste disposal practices, efficient use of consumables, and compliance with environmental regulations. |  |
| **Sustainable Financing and Environmental Risk Management** | Integrated environmental considerations into lending decisions and risk management processes to support responsible financing. |  |
| **Environmental Governance and Transparency** | Strengthened environmental oversight, sustainability monitoring, and transparent reporting through governance and risk management frameworks. |  |

## Capital Trade-Offs

| | |
|---|---|
|  | Environmental sustainability involves upfront investment but delivers long-term value by reducing environmental and regulatory risks, improving financial stability, and strengthening overall business resilience. |
|  | Developing expertise in environmental risk assessment and green finance strengthens our organisational knowledge assets. In parallel, process automation initiatives support operational efficiency while reducing paper consumption and associated environmental impacts. |
|  | Training staff on sustainable lending practices has enhanced employee engagement and retention. In addition, internal awareness raising initiatives have helped cultivate an environmentally conscious workforce across the organisation. |
|  | Supporting natural capital initiatives helps strengthen trust with customers, business partners, and communities. The sustainable use of natural resources also promotes long-term economic relationships and constructive collaboration among stakeholders. |

## Management Approach

GRI 3-3

We manage our natural capital through responsible internal operations, robust environmental risk management, and the promotion of environmentally positive economic activity. As a financial services institution rather than a resource-intensive manufacturer, our approach focuses on minimising our operational environmental footprint while systematically integrating sustainability considerations into our financing and investment decisions.

## Nurturing Our Natural Capital

As a Non-Bank Financial Institution (NBFI), our direct environmental footprint remains relatively low. Nevertheless, we recognise our responsibility to manage environmental impacts and contribute to sustainable development through responsible business practices. During FY 2025/26, our approach to nurturing natural capital focused on resource efficiency, environmental risk management, sustainable financing, and strong governance, helping to reduce our environmental impact while supporting long-term value creation.

### Resource Efficiency and Environmental Stewardship

We continued to improve operational efficiency through initiatives aimed at reducing energy consumption, optimising resource utilisation, and minimising waste generation. Digitalisation, paperless processes, energy-efficient technologies, and responsible waste management practices helped lower our environmental footprint and enhance operational sustainability.

### Digital Transformation and Sustainable Operations

Our ongoing digital transformation initiatives reduced reliance on paper-based processes and physical documentation through automated workflows, digital records management, and electronic customer communications. These efforts improved efficiency while supporting responsible consumption of natural resources.

### Responsible Financing and Environmental Risk Management

We integrated environmental considerations into our lending and risk management processes to promote responsible financing practices. By assessing environmental risks within credit evaluation and portfolio management activities, we support sustainable economic development while strengthening the resilience of our lending portfolio.

### Environmental Governance and Accountability

Environmental considerations are embedded within our governance and risk management frameworks. Through structured oversight, sustainability monitoring, and transparent reporting, we ensure that environmental risks and opportunities are appropriately managed and aligned with our broader sustainability objectives.

## Governance

Our approach to natural capital management is underpinned by robust governance structures, including Board-level oversight through the Integrated Risk Management Committee, annual sustainability reporting aligned with GRI Standards, and transparent disclosure of environmental performance indicators in our Integrated Reports. This governance framework ensures accountability, transparency, and continuous improvement, embedding environmental responsibility into core decision-making rather than limiting it to one-off CSR initiatives.

## Our Natural Capital Strategy

In 2025/26, our natural capital strategy focused on impact avoidance, improved operational efficiency, and responsible finance rather than large-scale environmental projects. This approach is appropriate for a non-bank financial institution and demonstrates alignment with several Sustainable Development Goals (SDGs) through our core business practices as given below:

- Reduced resource intensity across operations
- Technology-enabled sustainability initiatives
- Environmentally conscious capital allocation
- Strong governance, transparency, and disclosure practices

## Creating Employee Awareness on Environmental Sustainability

We strengthened employee awareness of environmental sustainability by embedding responsible practices into everyday operations, workplace behaviour, and organisational culture. Our approach focused on making sustainability practical, visible, and relevant to daily decision making.

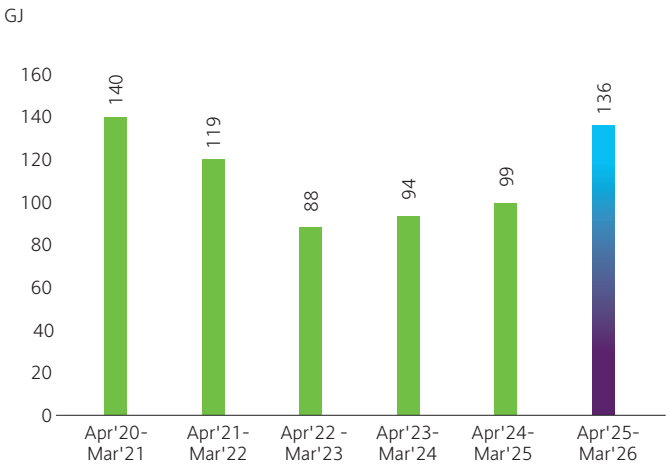
| Initiative | Impact |
|---|---|
| **Promotion of a digital-first work culture**<br>We encouraged employees to adopt paperless and digital work practices through the use of paperless loan processing, digital approvals, electronic records, and reduced printing. | Employees experienced first-hand how daily work habits influence resource consumption, reinforcing responsible behaviour as part of routine operations |
| **Energy conservation at the workplace**<br>We promoted energy-saving behaviours across head office and branches through internal guidance on electricity use, visible adoption of energy-efficient equipments, and branch-level monitoring. | Employees gained a clearer understanding of their role in reducing energy consumption and emissions through disciplined operational practices |
| **Responsible waste and e-waste awareness**<br>Despite low waste volumes, we reinforced proper disposal practices for paper and electronic waste, particularly during IT upgrades, in line with regulatory requirements. | Employees were sensitised to the environmental risks associated with improper waste and e-waste handling |
| **Integration into corporate culture and communication**<br>Environmental responsibility was consistently communicated through internal messaging, governance frameworks, and sustainability disclosures. | Sustainability was viewed not as a standalone initiative, but as an integral part of how we operate responsibly |
| **Leadership and governance signalling**<br>Board-level oversight and transparent reporting reinforced the importance of environmental stewardship across the organisation. | Clear leadership commitment strengthened employee alignment with environmental goals and accountability. |

## Energy Management

GRI 302-1, 302-4, 302-5

Energy consumption, primarily electricity and fuel, represents our most material direct natural capital impact, influencing both operating costs and greenhouse gas emissions. As we continue to expand our branch network, effective energy management remains a key priority to support business growth while minimising environmental pressure.

Electricity Consumption Monthly Average




We manage energy use through continuous monitoring, efficiency enhancements, and responsible operational practices, with electricity and fuel consumption recognised as material elements within our Integrated Reporting framework.

Through these efforts, we reduced demand on finite energy resources, lowered emissions, and strengthened climate resilience, reinforcing our commitment to responsible natural capital stewardship.

Total fuel consumption increased during the year, largely attributable to the expansion of the branch network, including the opening of new branches, five vehicles are assigned for heads of business lines and issued fuel cards, and new recruitments to the recovery staff. Fuel consumption increased from 123,723 litres in FY 2024/25 to 153,854 litres in FY 2025/26, resulting in total energy consumption rising from 445.40 GJ to 553.88 GJ, representing an increase of approximately 24.4%.

Despite the increase in energy demand associated with business expansion, we are committed to improving energy efficiency, optimising resource utilisation, and reducing our environmental footprint through responsible operational and facility management practices.

### Electricity Consumption by Non-Renewal Sources

| Source | 2025/26 | 2024/25 |
|---|---|---|
| Electricity Consumption (Units) | 452,572.00 | 328,976.00 |
| Total Electricity Consumption (GJ) | 1,629.26 | 1,184.31 |

### Fuel Consumption by Non-Renewable Sources

| Source | 2025/26 | 2024/25 |
|---|---|---|
| Fuel Consumption (Litres) | 153,854.42 | 123,723.00 |
| Total Fuel Consumption (GJ) | 553.88 | 445.40 |

Total energy consumption increased by 34% during the year, primarily driven by the expansion of our branch network, including the opening of new branches, relocation of existing branches to larger premises, and refurbishment initiatives undertaken to extend the capacity of three branches.

### Our Energy Footprint

GRI 302-3

| | 2025/26 | 2024/25 |
|---|---|---|
| Total Electricity Consumption (Units) | 452,572.00 | 328,976.00 |
| Total Fuel Consumption (Liters) | 153,854.42 | 123,723.00 |
| Total Energy Consumption (GJ) | 2,183.14 | 1,629.72 |
| Energy Intensity – Per Employee (GJ) | 5.43 | 5.27 |
| Energy Intensity – Per Location (GJ) | 109.16 | 85.77 |

### Contribution to SDG




#### Scope of our energy use

- Electricity consumption at the Head Office and branch network
- Fuel usage for operational travel and logistics

#### Outcomes

- Controlled growth in electricity consumption despite business expansion
- Reduced fuel usage and transport-related emissions
- Lower indirect emissions through reduced printing and document handling
- Improved employee awareness of individual responsibility in energy conservation

Key Initiatives implemented to manage energy consumption in FY 2025/26

- **Monitoring and control**
  - Continuous tracking of electricity consumption across offices and branches
  - Monitoring of fuel usage linked to operational travel
- **Energy-efficient infrastructure**
  - Adoption of energy-efficient lighting (including LED systems)
  - Gradual replacement of legacy office and IT equipment with energy-efficient alternatives
- **Fuel rationalisation**
  - Improved travel planning to reduce unnecessary fuel consumption
  - Encouragement of efficient operational travel practices
- **Digitalisation to reduce energy intensity**
  - Expansion of paperless workflows and digital approvals
  - Reduced reliance on printers and physical document handling
- **Employee awareness and behavioural change**
  - Internal guidance promoting responsible energy use (lighting, equipment, HVAC)
  - Branch-level visibility of energy usage to strengthen accountability

## Emissions Management

We managed emissions primarily by preventing and reducing our indirect greenhouse gas (GHG) emissions associated with energy consumption, fuel use, paper usage, and operational travel. Given our service-oriented business model, emissions management focused on operational efficiency, employee behaviour, digitalisation, and strong governance rather than direct emission abatement technologies.

At present, our emissions are primarily associated with Scope 2 (electricity consumption across our branches and head office) and Scope 3 (employee commuting and business travel). While we do not formally report emissions across all three scopes, we are taking steps to strengthen the required data infrastructure and build internal capacity to enable comprehensive emissions reporting in the future.

**Governance, Monitoring, and Disclosure**

Emissions management is embedded within the Natural Capital component of our Integrated Reporting framework and supported by Board-level oversight through risk and sustainability governance structures. Transparent disclosure of energy and resource consumption strengthens accountability, supports continuous improvement, and ensures alignment with regulatory and stakeholder ESG expectations.

**Contribution to SDG**




## Key Initiatives implemented to manage emissions in FY 2025/26

| Initiatives | Impact |
|---|---|
| **Energy-related emissions (Scope 2)**<br>We continued to reduce emissions from purchased electricity through:<br>• Monitoring electricity consumption across the Head Office and branch network<br>• Adopting energy-efficient lighting and office/IT equipment<br>• Phasing out inefficient equipment where feasible | Moderated Scope 2 emissions and lower reliance on fossil-fuel-based power generation. |
| **Fuel-related emissions (Scope 1)**<br>Fuel consumption linked to operational travel was managed through:<br>• Monitoring fuel usage for administrative and business travel<br>• Encouraging efficient travel planning and limiting non-essential travel<br>• Issuing fuel cards with pre-approved spending limits to employees utilising company-maintained vehicles. | Lower transport-related emissions and a reduced operational carbon footprint. |
| **Digitalisation and paperless operations**<br>To address indirect emissions across the document lifecycle, we:<br>• Expanded paperless loan processing and digital approvals<br>• Increased use of e-statements, electronic records, and digital communication<br>• Reduced dependence on printers, physical storage, and courier services | Lower indirect emissions from paper production, printing, transport, and disposal, alongside reduced energy and fuel usage. |
| **Employee awareness and behaviour**<br>We promoted emissions reduction through everyday operational discipline by:<br>• Encouraging employees to switch off lights and equipment when not in use<br>• Embedding conscious energy and resource use into workplace practices<br>• Promoting employee awareness on energy savings initiatives through the regular circulation of e-flyers | Behaviour-driven reductions in electricity-related emissions and stronger employee ownership of sustainability goals. |
| **Responsible waste and e-waste management**<br>Emissions associated with waste handling were mitigated through:<br>• Proper disposal of paper waste and obsolete IT equipment<br>• Environmentally responsible management of electronic waste | Avoidance of emissions and environmental harm linked to improper waste disposal. |

## Waste Management

GRI 306-1, 306-2

As a service-oriented non-bank financial institution, we generate relatively low volumes of physical waste. Accordingly, our approach to waste management in 2025/26 focused on waste prevention, responsible disposal, employee awareness, and governance, rather than large-scale treatment or recycling programmes. We apply basic waste segregation, controlled use of consumables, and responsible disposal procedures as part of our operational controls. Waste management is overseen within the Natural Capital component of our Integrated Reporting framework and aligned with applicable environmental regulations.

### Scope of Waste Streams

- Paper waste generated through office operations
- Electronic waste (e-waste) from IT equipment and devices
- General office consumables

### Contribution to SDG




### Key Initiatives implemented to manage waste in FY 2025/26

| Initiatives | Impact |
|---|---|
| **Waste reduction at source through digitalisation**<br>We prioritised waste prevention by reducing paper use across operations through:<br>* Expanded paperless loan processing and digital approvals<br>* Increased use of electronic records and digital communication<br>* Reduced reliance on printing, physical storage, and courier services | Minimised paper waste generation and reduced the downstream environmental impacts associated with paper production, transportation, and disposal. |
| **Responsible paper waste management**<br>Where paper use was unavoidable, we ensured responsible handling by:<br>* Controlling and reducing paper usage across offices and branches<br>* Proper disposal of paper waste generated through regulatory and operational requirements | Supported responsible consumption practices and prevented unnecessary waste accumulation while meeting compliance needs. |
| **Safe Management of Electronic Waste (E-Waste)**<br>We managed e-waste responsibly through:<br>* Environmentally sound disposal of obsolete IT equipment and electronic devices<br>* Regulated handling of e-waste during system upgrades and digital transformation initiatives | Prevented potential soil, water, and air pollution associated with improper disposal of electronic waste. |
| **Employee Awareness and Waste Reduction Behaviour**<br>We reinforced responsible waste practices by:<br>* Encouraging employees to minimise waste generation in daily operations<br>* Promoting proper handling of paper and electronic waste at branch and office levels | Fostered a culture of waste consciousness across the organisation, despite the inherently low waste volumes of a service-based business model. |
| **Governance, Compliance, and Reporting**<br>Waste management is governed through:<br>* Inclusion under the Natural Capital component of our Integrated Reporting framework<br>* Compliance with applicable environmental and waste disposal regulations<br>* Transparent disclosure of waste-related practices in sustainability and integrated reports | Ensured accountability, regulatory compliance, and transparency in our approach to waste stewardship. |

## Water Management

GRI 303-5

As a service-based non-bank financial institution, our direct water usage is limited and primarily related to office sanitation and daily operations. Nevertheless, we recognise water as a critical natural resource and remain committed to its responsible and efficient use.

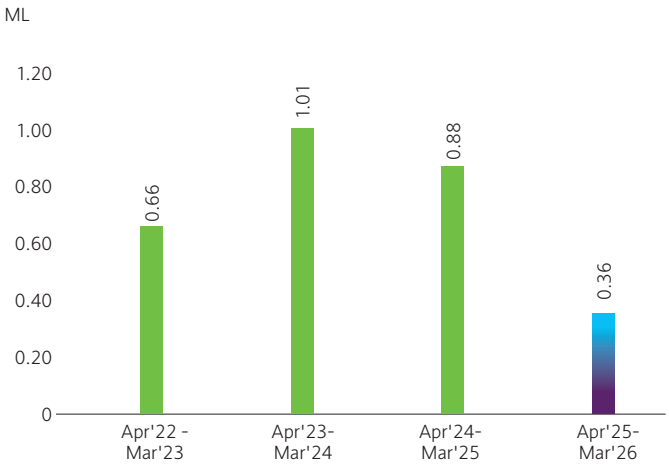
### Contribution to SDG




## Key Initiatives implemented to manage water in FY 2025/26

| Initiatives | Impact |
|---|---|
| **Monitoring and responsible use**<br>We monitored water consumption across the Head Office and branch network to ensure controlled and efficient use for operational needs. | Maintained low and stable water consumption levels despite business growth. |
| **Integration of water efficiency into workplace practices**<br>We promoted mindful water use among employees and discouraged unnecessary consumption as part of everyday operational discipline. | Reinforced a culture of responsible water use, even within a low water-intensity operating environment. |
| **Preventive maintenance of facilities**<br>Routine inspections and timely maintenance of plumbing infrastructure were conducted to address leaks and faulty fittings. | Avoided unnecessary freshwater loss, supported operational efficiency, and reduced indirect utility costs. |
| **Digitalisation and indirect water conservation**<br>By expanding paperless operations and digital documentation, we reduced demand for paper, and the associated indirect water use in paper production. | Contributed indirectly to water conservation through reduced resource intensity. |
| **Compliance and governance**<br>We adhered to applicable utility and environmental regulations related to water use and sanitation. | Ensured regulatory compliance and mitigated environmental and reputational risks. |

Water Consumption Monthly Average




### Our Water Footprint

**Total Water Consumption –**

**4.32 ML**

**10.54 ML (2024/25)**

**Per employee -**

**0.011ML**

**0.034 ML (2024/25)**

### Responsible Water Stewardship

During FY 2024/25, we observed a relatively high level of water consumption at our Head Office, prompting us to undertake a comprehensive assessment of water usage patterns and supporting infrastructure. As part of our commitment to environmental sustainability and the responsible use of natural resources, we conducted a detailed inspection of the existing water distribution system to identify inefficiencies and opportunities for improvement.

Following this assessment, we implemented a key infrastructure enhancement by installing an overhead water storage tank, replacing the previous arrangement that relied solely on a direct piped water supply. This initiative was designed to strengthen water management practices, minimise unnecessary wastage, and promote the more efficient and controlled utilisation of water resources.

The introduction of the overhead tank has enabled us to optimise water distribution, reduce excess consumption, and improve overall operational efficiency. This proactive measure reflects our ongoing commitment to sustainable resource management and supports our broader environmental objectives of reducing our ecological footprint. Through continuous monitoring and responsible consumption practices, we remain focused on conserving water, improving resource efficiency, and fostering a culture of environmental stewardship across our operations. As a result of these efforts, we achieved a significant reduction in water consumption compared to the previous year.

## Integration of Sustainability into Corporate Culture and Communication

We embedded environmental responsibility into our corporate culture by aligning sustainability principles with our values, governance practices, and day-to-day operations. Sustainability messaging was consistently reinforced through internal communications, management discussions, and Integrated Reporting, ensuring alignment with our ethical standards and governance framework.

**Impact:**

By integrating sustainability into our communications and operational practices, employees increasingly viewed environmental responsibility not as a standalone initiative, but as an integral part of how we conduct our business responsibly.

### Integrating environmental considerations into lending decisions

We recognise that our most significant indirect environmental impact arises from the activities we finance. Accordingly, environmental considerations were incorporated into our lending processes to promote responsible financing and mitigate environmental risk.

Key actions included:

- Embedding environmental risk considerations within credit appraisal processes
- Conducting sector-specific environmental risk screening (e.g., SMEs and agriculture)
- Integrating environmental risks into the Integrated Risk Management Framework

**Impact:**

This approach supports the mitigation of risks associated with financing activities that may negatively affect land, ecosystems, and natural resources, while also encouraging more sustainable economic activity and strengthening the long-term resilience of our portfolio.

## Our Future Focus

| | |
|---|---|
| **Short Term (1–2 years)**  | **Strengthen operational control, efficiency, and awareness**<br>We will further reduce energy, fuel, and paper consumption through enhanced branch-level monitoring and deeper digitalisation, while improving employee awareness and behavioural change. Focus will also be placed on strengthening measurement, internal tracking of natural capital indicators, and ensuring full regulatory compliance and consistent integrated reporting. |
| **Medium Term (3–5 years)**  | **Embed sustainability into business and risk decision-making**<br>We aim to integrate environmental and climate-related risks more explicitly into credit appraisal and portfolio management, explore green and sustainability-linked financial products, and introduce more structured waste and e-waste management programmes. Strengthening ESG governance frameworks, performance targets, and data quality will support evolving stakeholder and regulatory expectations. |
| **Long Term (5+ years)**  | **Position Fintrex as a responsible, climate-aware financial institution**<br>We will align our strategy with national and global climate goals, support sustainable economic transformation through responsible capital allocation, and develop climate resilient lending portfolios in higher risk sectors. Enhanced ESG and climate disclosures will enable greater transparency, while indirectly contributing to natural capital preservation through sustainable customer practices. |


WILDISH



# DRIVING AMBITION

***Behind every achievement lies a dream, determination, and the courage to take the next step. Through flexible financial solutions, Fintrex supports individuals in pursuing their aspirations. Making life's important journeys more accessible and achievable.***

# Sustainability Reporting

## Our Approach to Sustainability

We have embedded sustainability at the core of our corporate philosophy and strategic direction. Guided by the Global Reporting Initiative (GRI) Standards, we adopt a structured and transparent approach that responds to the evolving expectations of our stakeholders and the broader socio-economic landscape of Sri Lanka.

In an increasingly dynamic financial services environment, we recognise that sustainable growth extends beyond financial performance. Guided by our theme, "Accelerating Finance. Empowering Futures," we seek to create long-term value for our stakeholders by integrating environmental, social, and governance considerations into our business strategy, operations, and decision-making processes. Through innovation, operational excellence, and sound governance, we are building a more sustainable and resilient future.

## Integrating ESG into our Strategy

Our ESG priorities are reflected across our strategic planning and operational practices to drive sustainable value creation and strengthen long-term resilience. Through a robust governance framework, we proactively identify, assess, and manage sustainability-related risks and opportunities, ensuring that our actions create lasting value while supporting responsible business growth. Our ESG approach is guided by a commitment to ethical practices, environmental stewardship, social responsibility, and sound governance, and is anchored on the following key pillars:

### Embedding ESG in decision-making

ESG considerations are integrated into strategic planning, business operations, and risk management processes. Sustainability factors are assessed alongside financial considerations in credit evaluations, investment decisions, product development, and enterprise-wide decision-making to support responsible and sustainable growth.

### Robust governance and oversight

Sustainability is overseen through established governance structures, including Management-level oversight and the Sustainability Finance Committee. These mechanisms provide accountability, promote transparency, and ensure that ESG priorities remain aligned with the Company's strategic objectives and stakeholder expectations.

### Integration into risk management

ESG-related risks and opportunities are systematically identified, assessed, monitored, and managed through a structured sustainability risk assessment process. These considerations are embedded within the Enterprise Risk Management (ERM) framework to enhance resilience and support informed decision-making.

### Advancing sustainable finance

ESG principles are incorporated into financial decision-making through the promotion of sustainable financing opportunities, support for renewable energy and environmentally responsible projects, and the development of financial solutions that contribute to sustainable economic development.

### Stakeholder engagement and transparent reporting

Fintrex engages with customers, employees, investors, regulators, and other stakeholders to understand evolving sustainability expectations and identify material ESG issues. Transparent reporting aligned with GRI and other recognised frameworks enhances accountability and supports continuous improvement.

### Capacity building and culture

ESG awareness and sustainability-focused training programmes help strengthen employee understanding and engagement across the organization. Through cross-functional collaboration and continuous learning, Fintrex fosters a culture that encourages responsible business practices and shared ownership of sustainability objectives.

## ESG Governance and Stewardship

Our ESG governance framework establishes clear oversight, accountability, and responsibilities to ensure the effective implementation of sustainability initiatives across the organisation. Through active Board oversight and strong management leadership, we embed sustainability considerations into our governance structures and risk management practices. This integrated approach enables the consistent execution of our ESG commitments, strengthens organisational resilience, and supports sustainable long-term value for our stakeholders.




## Our ESG Policy Framework

Our ESG Policy Framework ensures the consistent integration of environmental, social, and governance principles across all business functions, guiding responsible decision-making and sustainable value creation.

It establishes the principles, requirements, and responsibilities that guide responsible conduct, effective risk management, and regulatory compliance across the organisation. Key components of the framework include the Environmental, Social and Governance (ESG) Policy and the Sustainable Finance Policy, which support the implementation of our sustainability commitments and objectives.

# Environmental (E) Policies and Practices

We recognise that responsible environmental stewardship is an integral component of sustainable business operations. As a financial institution, we seek to manage our direct environmental footprint while supporting environmentally responsible practices through our operations and financing activities. Through effective policies, awareness initiatives, and continuous improvement efforts, we are committed to reducing environmental impacts, enhancing resource efficiency, and contributing to broader climate and sustainability objectives.

### Energy Management and Efficiency

We promote responsible energy management across our operations by encouraging the efficient use of electricity, fuel, and other energy resources. We continuously explore opportunities to improve energy performance through the adoption of energy-efficient technologies, equipment, and workplace practices. Employee awareness initiatives also support the responsible use of energy, helping to reduce consumption and minimise our environmental footprint.

### Waste Reduction and Resource Conservation

We minimise waste generation and promote the efficient use of resources. Efforts include reducing paper consumption through digitalisation, encouraging responsible procurement practices, and supporting recycling and waste segregation initiatives wherever feasible. By optimising resource utilisation, we aim to reduce operational waste while improving overall environmental performance.

### Carbon Footprint Management

We strive to identify and reduce sources of greenhouse gas emissions associated with our business activities. Accordingly, we encourage environmentally responsible operational practices, including reduced paper usage, efficient energy consumption, and the adoption of digital solutions that lower resource requirements. These initiatives support our efforts to contribute to a low-carbon and climate-resilient future.

### Renewable Energy and Sustainable Solutions

Where practical, we support the adoption of renewable energy solutions and environmentally sustainable technologies. We also recognise our role as a financial institution in facilitating sustainable development and seek to support initiatives and financing opportunities that contribute to renewable energy generation and environmental sustainability.

### Environmental Health, Safety, and Compliance

We maintain a comprehensive Environmental, Health and Safety (EHS) framework that promotes a safe and healthy workplace while supporting environmental responsibility. The framework addresses workplace safety, pollution prevention, efficient resource use, emergency preparedness, and compliance with applicable environmental laws and regulations. Regular monitoring and continuous improvement initiatives help ensure that environmental and safety standards are maintained across the organisation.

### Environmental Awareness and Continuous Improvement

We promote environmental awareness among employees and encourage participation in sustainability initiatives that support responsible environmental practices. Through training, communication, and engagement activities, we seek to foster a culture of environmental responsibility and continuous improvement, ensuring that sustainability remains an important consideration in day-to-day operations and long-term business planning.

Please refer to the Natural Capital section on page 158 for more information

## Social (S) Policies and Practices

**Ethics, Integrity, and Code of Conduct**
We promote a culture of integrity, professionalism, and accountability through our Code of Conduct, which guides ethical behaviour, responsible decision-making, regulatory compliance, and fair treatment of all stakeholders.

**Employee Engagement, Development, and Well-being**
We foster an inclusive and supportive work environment by investing in employee learning, leadership development, well-being initiatives, and practices that encourage collaboration, engagement, and work-life balance.

**Diversity, Equity, and Inclusion**
We are committed to providing equal opportunities and maintaining a diverse and inclusive workplace where employees are respected, valued, and empowered to contribute to organisational success.

**Stakeholder Engagement and Relationship Management**
We engage with customers, employees, regulators, investors, and communities through structured communication channels to understand stakeholder expectations, enhance transparency, and build lasting relationships.

**Customer Focus and Responsible Financial Services**
We deliver responsible and customer-centric financial solutions by ensuring fair treatment, transparency, data privacy, and high service standards that promote customer trust and satisfaction.

**Financial Inclusion and Community Development**
We support inclusive economic growth by expanding access to financial services, promoting financial literacy, and contributing to community development initiatives that create positive social impact.

**Health, Safety, and Workplace Well-being**
We maintain a safe, healthy, and productive workplace through appropriate health and safety measures, employee wellness initiatives, and a strong focus on workplace well-being.

Please refer to the Human Capital section on page 122 and Social and Relationship Capital on page 142 for more information

## Governance (G) Policies and Practices

**Sustainability Governance and Oversight**
We maintain a robust sustainability governance framework with Board oversight and a dedicated Sustainability Financing Committee to drive ESG implementation, strengthen accountability, and align sustainability objectives with business strategy.

**ESG Risk Management and Integration**
We integrate ESG-related risks and opportunities into its Enterprise Risk Management (ERM) framework through structured identification, assessment, monitoring, and reporting processes, supporting informed decision-making and organisational resilience.

**Transparency, Reporting, and Accountability**
We promote transparency and accountability through regular sustainability disclosures aligned with recognised frameworks, including GRI Standards, enabling stakeholders to assess the Company's ESG performance and progress.

**Ethical Business Conduct and Regulatory Compliance**
We uphold high standards of ethical conduct and regulatory compliance through comprehensive policies, strong internal controls, and ongoing employee awareness initiatives that reinforce integrity, accountability, and responsible business practices.

## Impact of sustainability on our capitals

### Financial Capital

Sustainability enhances our financial capital by improving operational efficiency, reducing costs, and strengthening risk management. Sustainable practices increase investor confidence, improve access to capital, and lower potential financial risks. Moreover, by offering responsible financial solutions, we create new revenue opportunities while building customer trust and loyalty. Additionally, a strong sustainability culture attracts and retains talented employees, boosting productivity and performance. These benefits contribute to long-term profitability, business resilience, and sustainable growth.

### Intellectual Capital

Our sustainability agenda enhances intellectual capital by fostering a culture of innovation, continuous learning, and knowledge sharing across our organisation. Through sustainable business practices, digital transformation, strong governance frameworks, and employee development initiatives, we strengthen organisational knowledge, improve decision-making capabilities, and drive the development of innovative financial solutions. These efforts enhance our adaptability, competitiveness, and long-term capacity to create sustainable value for stakeholders.

### Human Capital

Sustainability creates a safe, inclusive, and supportive workplace that promotes employee well-being and engagement. Through continuous learning, training, and professional development opportunities, employees build the skills needed to adapt and succeed in a changing environment. Sustainable practices also foster diversity, equity, and ethical conduct, helping attract and retain talented individuals. As a result, we develop a motivated, skilled, and resilient workforce that drives innovation, productivity, and long-term organisational success.

## Our ESG Journey and Strategic Approach

Our ESG framework is designed to drive sustainable growth and reinforce our commitment to responsible finance, sound governance, and regulatory compliance. By embedding ESG priorities into our strategic and operational agenda, we strengthen our resilience while delivering positive outcomes for our stakeholders.

Our ESG approach is anchored on five strategic pillars, namely, Resilient Finance, Inclusive Prosperity, Green Innovation, Empowered Workforce, and Trust and Transparency, which collectively guide our efforts in addressing material ESG priorities and advancing our sustainability objectives. These pillars provide a structured foundation for responsible business practices, stakeholder value creation, and long-term success.

### Environmental (Green Innovation)

We continue to promote green lending initiatives by financing environmentally responsible projects, with a strong focus on solar energy solutions and electric vehicle financing. At the same time, we are reducing our operational environmental footprint through digitalisation and the adoption of paperless processes. Looking ahead, we aim to expand our support to sectors affected by adverse weather conditions while further strengthening our commitment to renewable and sustainable initiatives.

### Social (Inclusive Prosperity & Empowered Workforce)

We are committed to advancing financial inclusion by extending credit facilities to SMEs and underserved segments. We continue to strengthen initiatives that support gender-inclusive lending, particularly for women-led SMEs. In parallel, we invest in employee development, engagement, and well-being to build a motivated, capable, and resilient workforce.

### Governance (Trust & Transparency)

We maintain strong governance practices through transparent reporting, compliance with CBSL regulatory requirements, and robust internal controls. Our focus remains on upholding ethical business conduct, strengthening accountability, and ensuring data security across all operations.

### Economic(Resilient Finance)

We ensure financial stability through prudent risk management, disciplined capital and liquidity management, and ongoing digital transformation to enhance efficiency and resilience.

### Manufactured Capital

Our sustainability initiatives promote investment in efficient, resilient, and technology-driven infrastructure. Through digital transformation, paperless operations, resource-efficient facilities, and continuous improvements to operational systems, we strengthen the quality and effectiveness of our physical and technological assets. These initiatives improve operational efficiency, reduce environmental impacts, and support the delivery of sustainable, innovative financial services, creating long-term value for stakeholders.

### Natural Capital

Our sustainability focus enables us to reduce environmental impacts through digitalisation, promote efficient use of resources, and engage in responsible waste management. Moreover, advancing environmentally sustainable projects through our financing activities encourages environmentally responsible practices among employees and stakeholders. These initiatives help conserve natural resources, strengthen climate resilience, and contribute to long-term environmental sustainability and business resilience.

### Social and Relationship Capital

Sustainability enables us to foster trust, transparency, and meaningful engagement with our customers, employees, regulators, investors, and communities. Through ethical business practices, responsible governance, customer-centric services, and community development initiatives, we strengthen stakeholder relationships and build long-term confidence in our organisation. These efforts promote collaboration, enhance our reputation, and create shared value, contributing to sustainable growth and long-term stakeholder success.

## Alignment with the CBSL Sustainable Finance Roadmap 2.0

We align our sustainability efforts with the regulatory direction set by the Central Bank of Sri Lanka (CBSL) through the Sustainable Finance Roadmap 2.0. Our approach incorporates the Sri Lanka to guide the classification of green finance activities, enabling us to systematically assess and ensure the eligibility of projects under our sustainable lending portfolio.

This alignment strengthens our ability to channel financing toward environmentally responsible initiatives while maintaining consistency with national regulatory expectations and global best practices.

Sustainable Development Strategy with Defined and Measurable Performance Targets

● Fully Achieved the Target ● Equal and Less than 25% gap between the target ● More than 25% gap between the target

| Strategic Focus | KPI | Target | Current Position (2025/26) | Our Expectation | | Related Capitals |
|---|---|---|---|---|---|---|
| | | | | (2026/27) | (2030/31) | |
| Resilient Finance | Non-Performing Loan (NPL) Ratio (%) | < 10% | ● | ● | ● | |
| | Capital Adequacy Ratio (CAR %) | > 13% | ● | ● | ● | |
| | Liquidity Coverage Ratio (LCR %) | 110% | ● | ● | ● | |
| | Digital Transaction Volume (% of total) | 60% | ● | ● | ● | |
| | Stress Testing Frequency (annual) | > 4 tests | ● | ● | ● | |

# Sustainability Reporting

| Strategic Focus | KPI | Target | Current Position (2025/26) | Our Expectation | | Related Capitals |
|---|---|---|---|---|---|---|
| | | | | (2026/27) | (2030/31) | |
| Inclusive Prosperity | Loans to SMEs (% of portfolio) | > 20% | 🔴 | 🟡 | 🟢 | |
| | Female Borrowers (% of total) | > 40% | 🔴 | 🟡 | 🟢 | |
| | Financial Literacy Programs (No.) | > 20 programs | 🟢 | 🟢 | 🟢 | |
| | Rural Outreach Branches (No.) | > 10 branches | 🟡 | 🟡 | 🟢 | |
| | Customer Satisfaction Index | > 95% | 🟢 | 🟢 | 🟢 | |
| Green Innovation | Green Loan Portfolio (% of total) | > 20% | 🟡 | 🟡 | 🟢 | |
| | Carbon Footprint ($tCO_2e$) | < 800 | 🟡 | 🟡 | 🟢 | |
| | Paperless Transactions (% of total) | > 50% | 🟡 | 🟡 | 🟢 | |
| | Renewable Energy Use (% of energy) | > 40% | 🟡 | 🟡 | 🟢 | |
| | Green Partnerships (MoUs) | > 3 | 🔴 | 🟡 | 🟢 | |
| Empowered Workforce | Employee Engagement Score | 100% | 🟡 | 🟡 | 🟢 | |
| | Women in Leadership (%) | > 25% | 🔴 | 🟡 | 🟢 | |
| | Training Hours per Employee | > 20 hours | 🟢 | 🟢 | 🟢 | |
| | Internal Promotion Rate (%) | > 20% | 🟡 | 🟢 | 🟢 | |
| | Employee Retention Rate (%) | > 90% | 🔴 | 🟡 | 🟢 | |
| Trust & Transparency | ESG Disclosure (GRI-aligned) | Full compliance | 🟡 | 🟡 | 🟢 | |
| | Customer Grievance Resolution Time | < 5 days | 🟢 | 🟢 | 🟢 | |
| | Operations Audited (%) | 100% | 🟡 | 🟢 | 🟢 | |
| | Anti-Corruption Training Coverage | 100% of staff | 🟡 | 🟢 | 🟢 | |
| | Stakeholder Engagement Frequency | Quarterly | 🟢 | 🟢 | 🟢 | |

## Sustainability-related risks and opportunities

| Material Matter / Risk | Management Approach | Related Strategy |
|---|---|---|
| Dependence on non-renewable energy sources | Improve energy efficiency across branches and offices through energy audits, efficient lighting, equipment upgrades, and responsible energy-use practices. Increase the adoption of renewable energy where feasible, monitor energy consumption, and establish reduction targets to lower carbon emissions. |  |
| Employee turnover and talent retention challenges | Foster a high-performing and inclusive workplace through employee engagement initiatives, well-being programmes, competitive rewards, learning and development opportunities, leadership development, and succession planning to attract, develop, and retain talent. |  |
| Volatility in the operating environment | Enhance organisational resilience through proactive risk monitoring, scenario planning, business continuity management, portfolio diversification, and regular reviews of strategic priorities to navigate economic and market uncertainties effectively. |  |
| Cybersecurity and information security risks | Strengthen information security through robust cybersecurity governance, continuous monitoring, vulnerability assessments, access management, employee awareness programmes, and effective incident response capabilities to safeguard business and customer data. |  |
| Operational inefficiencies and legacy systems | Drive operational excellence through process optimisation, automation, workflow digitisation, and technology modernisation. Continuously improve operational performance by eliminating inefficiencies and enhancing customer experience. |  |
| Increasing market competition | Strengthen market positioning through customer-centric innovation, service excellence, data-driven insights, and continuous market intelligence to deliver differentiated financial solutions and enhance customer loyalty. |  |
| Climate-related impacts | Integrate climate considerations into business planning by improving resource efficiency, reducing operational emissions, strengthening climate resilience, and identifying climate-related risks and opportunities that support sustainable growth. |  |
| Evolving regulatory requirements | Maintain a robust compliance framework through ongoing regulatory monitoring, periodic compliance assessments, policy updates, and proactive engagement with regulators and industry stakeholders to ensure adherence to applicable requirements. |  |
| Supply chain interruptions | Enhance supply chain resilience through supplier diversification, regular supplier evaluations, contingency planning, and alternative sourcing strategies to support operational continuity and sustainable procurement practices. |  |
| Reputational challenges | Uphold strong corporate governance and ethical business conduct through transparent stakeholder engagement, responsible business practices, proactive reputation management, and a consistent focus on customer trust and service excellence. |  |
| Rapid technological advancements | Invest in digital transformation, emerging technologies, innovation capabilities, and workforce upskilling to enhance operational effectiveness, improve customer outcomes, and maintain long-term competitiveness. |  |
| Changing customer expectations and behaviours | Continuously assess evolving customer needs through research and feedback mechanisms, and tailor products, services, and engagement channels to deliver personalised, accessible, and seamless customer experiences. |  |
| Financial market uncertainties | Maintain prudent financial and treasury management practices through disciplined risk management, diversified funding sources, active liquidity monitoring, and adequate capital buffers to withstand market volatility. |   |
| Constraints on natural and operational resources | Promote responsible resource management through sustainable procurement, waste reduction, digitalisation, resource-efficiency initiatives, and the adoption of circular economy principles where practical. |  |

# Independent Practitioner's Assurance Report




Shape the future with confidence

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Chartered Accountants
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ey.com

**Independent practitioner's assurance report to the Board of Directors of Fintrex Finance PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY2025/26**

## Scope

We have been engaged by Fintrex Finance PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Fintrex Finance PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Fintrex Finance PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

## Criteria applied by Fintrex Finance PLC

In preparing the Subject Matter, Fintrex Finance PLC applied the following criteria ("Criteria"):

The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

## Fintrex Finance PLC's responsibilities

Fintrex Finance PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

## Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Fintrex Finance PLC on 03 June 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

## Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), I K H I Fonseka FCA, P V K N Sajeewani FCA, A A J P Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Paranavitane ACA ACMA (UK) LLB (Colombo), B Vasanthan ACA ACMA (UK), W D P L Perera ACA, M U M Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

Principals: T P M Rubaru FCMA (UK) FCCA MBA, G B Goudian ACMA (UK), D L B Karunathilaka ACMA (UK), W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

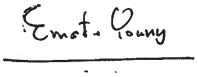
## Emphasis of matter

Economic, Environment, Social management data/ information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

## Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Fintrex Finance PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



31 July 2026
Colombo

# Corporate Governance

**At Fintrex Finance PLC (FF PLC), Corporate Governance remains firmly anchored in best practices, fostering transparency, accountability, and ethical business conduct across all operations. As the regulatory environment and global governance standards continue to evolve, the Company remains agile and responsive while continuously strengthening its Corporate Governance Framework. This commitment ensures a clear strategic direction, reinforces robust internal controls, and supports the effective achievement of the Company's long-term objectives.**

## Governance Framework

### Commitment to Strong Corporate Governance

The Company is committed to enhancing shareholder value through the adoption of the highest standards of corporate governance, supported by well-defined policies, procedures, and clear lines of responsibility. Its governance framework provides a structured approach to setting and achieving strategic objectives, identifying and managing risks, and monitoring performance effectively. Designed to promote sustainable value creation for all stakeholders, the framework also supports the Company's long-term growth and resilience. Through sound governance practices, the Company strives to make a trusted, positive, and meaningful contribution to the nation's financial system.

### Governance Framework at Fintrex

FF PLC maintains a dynamic and effective Corporate Governance Framework, underpinned by a comprehensive set of policies, procedures, and control mechanisms designed to safeguard stakeholder interests and promote sustainable value creation. The framework fosters transparency, accountability, and independence across all levels of the organisation, guided by regulatory requirements and the Company's own governance standards.

The governance structure is built on clearly defined roles, responsibilities, and reporting lines that facilitate effective decision-making and oversight. It establishes a strong foundation of accountability between the Board of Directors, Board Sub-Committees, Corporate Management, Senior Leadership Team, and operational functions.

The Board of Directors and its Sub-Committees provide strategic direction, determine the Company's risk appetite, and exercise independent oversight of the business. Corporate Management and the Senior Leadership Team, supported by Executive Committees, are responsible for executing strategy, managing operations, and driving organisational performance. Business units and support functions operate within an established risk management and control environment, ensuring that risks are identified, managed, and monitored under Management's supervision.

Through this structured governance approach, FF PLC maintains sound business practices, strengthens stakeholder confidence, and supports its long-term growth objectives.

### Regulatory Compliance Framework

The Corporate Governance Framework of FF PLC is broadly aligned with and guided by the following regulatory and statutory requirements:

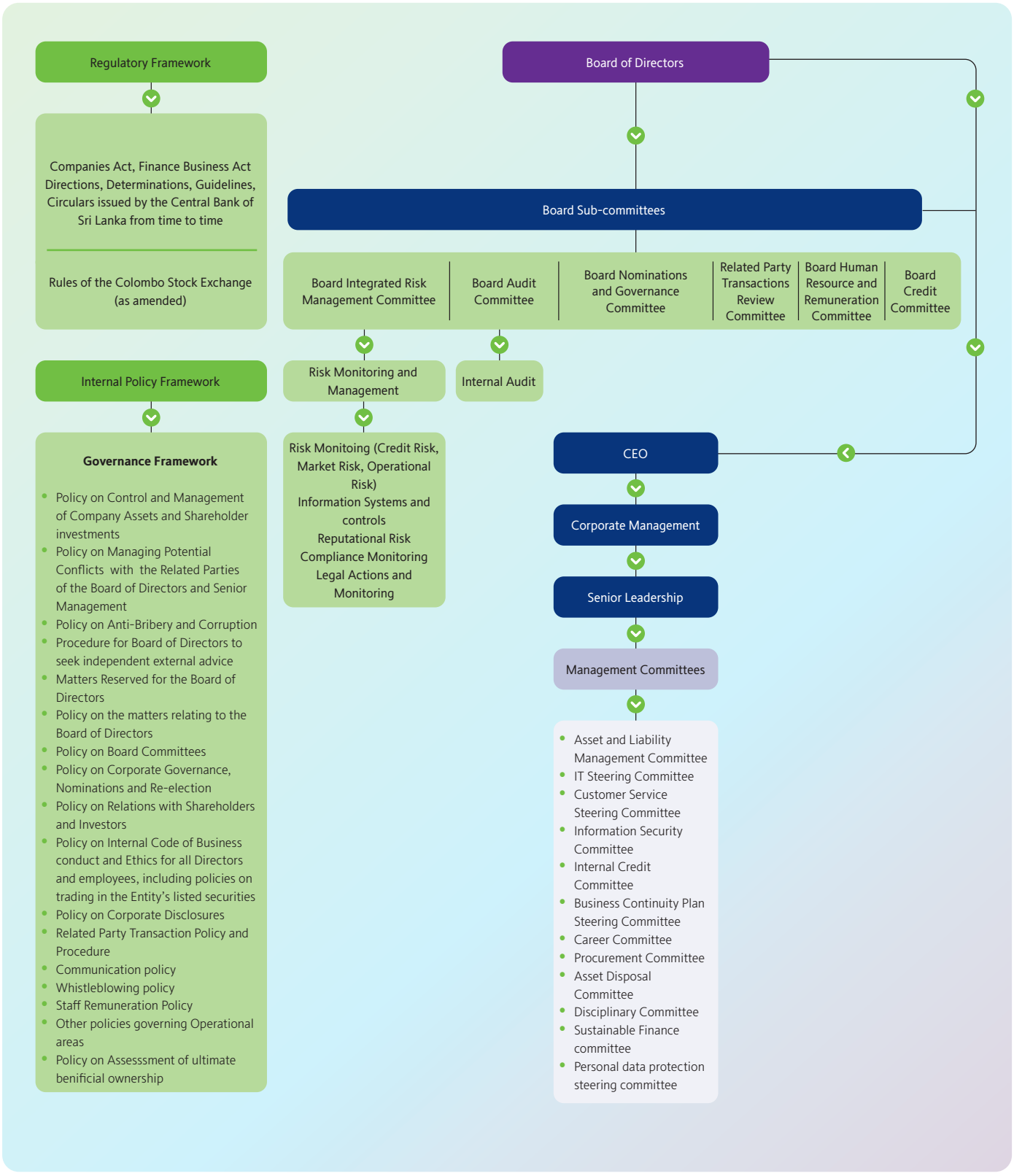
- Companies Act No. 7 of 2007
- Finance Business Act No. 42 of 2011
- Finance Leasing Act No. 56 of 2000
- Directions, rules, determinations, notices, and guidelines issued by the Central Bank of Sri Lanka applicable to Licensed Finance Companies, including:
- Finance Business Act Direction No. 05 of 2021 – Corporate Governance
- Finance Business Act Direction No. 06 of 2021 – Assessment of Fitness and Propriety of Key Responsible Persons
- Listing Rules of the Colombo Stock Exchange (CSE)

By aligning its governance practices with these regulatory requirements and industry best practices, FF PLC reinforces its commitment to ethical conduct, prudent risk management, regulatory compliance, and the creation of sustainable value for all stakeholders.

The diagram below illustrates the Company's approach to corporate governance and highlights the interconnectedness of the elements considered essential for embodying the principles of best practices in corporate governance.

## Governance Structure

GRI 2-9



**Corporate Governance Highlights during FY 2025/26**

- Automated the transaction monitoring process to strengthen the timely identification, review and escalation of potentially unusual transactions.
- Enhanced the capacity and scope of the Compliance Department through the recruitment of additional staff.
- Strengthened the Financial Consumer Protection Framework through the enhancement of relevant policies and procedures.
- Reinforced Board oversight of technology, cybersecurity and digital transformation initiatives.
- Strengthened the alignment of the Information Technology Strategy with FFP's overall business objectives.
- Enhanced cybersecurity governance through ongoing threat monitoring and staff security awareness initiatives.
- Strengthened oversight of third-party technology service providers and cloud-based services.
- Conducted business continuity, disaster recovery and operational resilience testing to enhance organisational preparedness by enhancing procedural developments.
- Enhanced the compliance scope with applicable technology-related regulatory requirements in line with the CBSL Technology Risk Management and Resilience Directions.
- Enhanced periodic reporting to the Board and relevant Board Committees on key technology and cybersecurity risk indicators.
- Formation of sustainable finance committee to enforce sustainable activities
- Formation of personal data protection and steering committee to rollout PDPA requirements.
- Strong adherence to CSE Listing rules and applicable corporate governance requirements.

## The Board

GRI 2-9, 405-1

The Board of Directors of FFPLC bears ultimate responsibility for the stewardship, governance, and oversight of the Company and its activities, including its economic, environmental, and social impacts. In fulfilling this role, the Board ensures that the Company is managed in a prudent, responsible, and sustainable manner, while maintaining accountability to shareholders and other stakeholders.

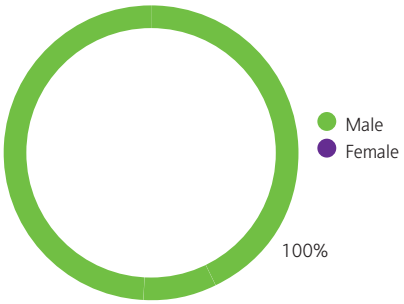
As at 31 March 2026, the Board comprised nine (9) Directors, including four (4) Independent Non-Executive Directors and five (5) Non-Independent Non-Executive Directors. The separation of the roles of Chairman and Chief Executive Officer, held by Mr. A. D. Gunewardene and Mr. Jayathilake Bandara respectively, ensures an appropriate balance of power, authority, and independent oversight within the governance structure.

The Board benefits from a diverse blend of skills, experience, industry expertise, tenure, and perspectives, enabling it to provide effective strategic guidance and oversight of the Company's operations. This balanced composition promotes robust deliberations, objective decision-making, and prevents the concentration of authority in any single individual.

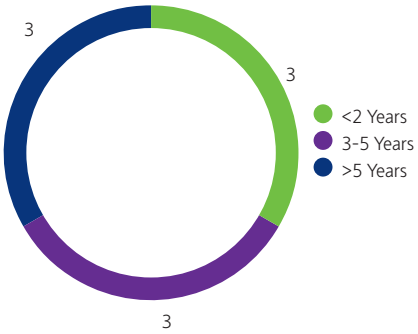
To ensure continued effectiveness, the Board periodically reviews the Company's governance framework, policies, and practices to maintain alignment with its strategic objectives, regulatory expectations, evolving business environment, and emerging technological developments. Through this continuous oversight, the Board reinforces its commitment to sound governance, prudent risk management, and the creation of long-term stakeholder value.

### Board Composition As of 31 March 2026

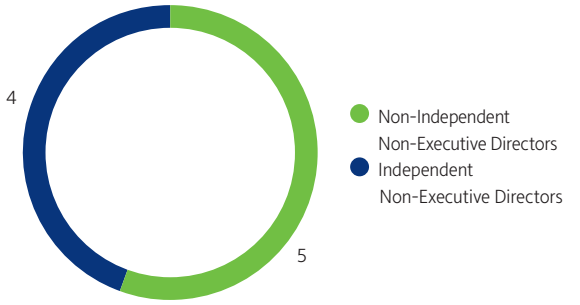
Gender Diversity



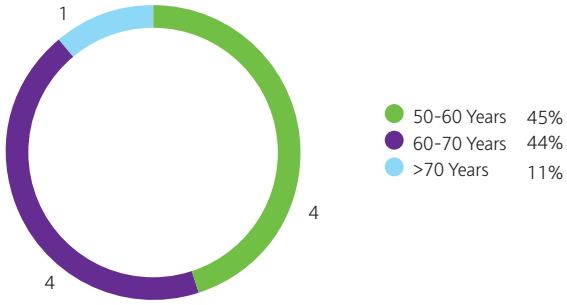

Tenure of Service (No. of Directors)



## Board Balance (No. of Directors)




## Age Diversity (No. of Directors)




### Changes in the Board composition during the financial year 2025/26

| New Appointments | Resignations | Retirements |
|---|---|---|
| Mr. Darshan Gayathral Perera *(w.e.f. 08.07.2025)* | None | None |

### Changes in the Board composition from 1 April 2026 to 31 July 2026

| New Appointments | Resignations | Retirements |
|---|---|---|
| Mrs. Nirodha Supekshalie Kalansooriya *(w.e.f. 18.06.2026)*<br><br>Mr. Udesh Gunawardena *(w.e.f. 24.07.2026)* | None | Mr. James Ronnie Felitus Peiris *(w.e.f. 29.06.2026 )* |

### Other Directorships Held by Directors as at 31 March 2026

In accordance with good corporate governance practices, the Board maintains transparency regarding directorships held by its members in other organisations. These external appointments bring valuable expertise, diverse perspectives, and extensive industry knowledge that contribute to effective Board deliberations and decision-making.

| Director | Other Directorships/Positions Held |
|---|---|
| Mr. James Ronnie Felitus Peiris – Retired w.e.f. 29.06.2026 | Director – Bluestone 1 (Pvt) Limited |
| Mr. Ahamed Sabry Ibrahim | Director – Union Bank PLC<br>Director – Regal Images International<br>Chairman/Director – Asset Trust Management Ltd |
| Mr. Ajit Damon Gunewardene | Founder – Bluestone Capital (Pvt) Ltd<br>Chairman – Bluestone 1 (Pvt) Ltd<br>Chairman – Bluestone 2 (Pvt) Ltd<br>Chairman – Bluestone 3 (Pvt) Ltd<br>Chairman – Bluestone 4 (Pvt) Ltd<br>Chairman – Bluestone 5 (Pvt) Ltd<br>Chairman – Digital Mobility Solutions PLC<br>Chairman – Teejay Lanka PLC<br>Chairman – Ingame Entertainment (Pvt) Ltd<br>Chairman – Agility Innovation (Pvt) Ltd<br>Chairman – Giga Foods (Pvt) Ltd |
| Mr. Seminda Nilam Jayasinghe | Corporate Consultant – LTL Holdings Ltd / Lakdhanavi Ltd<br>Corporate Consultant – SPAR Sri Lanka (Supermarkets) |
| Mr. Shrihan Blaise Perera | Director – Teejay Lanka PLC and Teejay Lanka Prints (Pvt) Ltd<br>Director – C.W. Mackie PLC; Agarapatana Plantations PLC; Kotagala Plantations PLC; Lankem Developments PLC; Beruwala Resorts PLC; Marawila Resorts PLC; Sigiriya Village Hotels PLC; Lankem Ceylon PLC; E.B. Creasy & Company PLC; Muller & Phipps (Ceylon) PLC; Laxapana PLC; Consolidated Tea Plantations Ltd; The Colombo Fort Land & Building PLC; Ceylon Tapes (Pvt) Ltd; J.F. Packaging PLC<br>Chairman/Director – Nubian Threads (Egypt) |
| Mr. Jayashanta Francis Rovindra De Fonseka | No other directorships |
| Mr. Indrajit Asela Wickramasinghe | Director – Ceylon Grain Elevators PLC; Three Acre Farms PLC; AIA Insurance Lanka Ltd; Colombo Fort Land and Building PLC; Diesel & Motor Engineering PLC; DFCC Bank PLC,<br>Director – C.W. Mackie PLC<br>Director – Overseas Realty (Ceylon) PLC |
| Mr. Darshan Gayathral Perera | Director – Commercial Bank of Maldives<br>Consultant Director – CT Smith Holdings Ltd |
| Mr. Shantanu Nagpal | Co-Founder – Bluestone Capital (Pvt) Ltd<br>Director – Bluestone 1 (Pvt) Ltd<br>Director – Bluestone 2 (Pvt) Ltd<br>Director – Bluestone 3 (Pvt) Ltd<br>Director – Bluestone 4 (Pvt) Ltd<br>Director – Bluestone 5 (Pvt) Ltd<br>Director – Giga Foods (Pvt) Ltd<br>Director – Agility Innovation (Pvt) Ltd |
| Mrs. Nirodha Supekshalie Kalansooriya – Appointed w.e.f. 18.06.2026 | No other directorships |
| Mr. Udesh Gunawardena – Appointed w.e.f. 24.07.2026 | No other directorships |

## Remuneration Policy

GRI 2-19, 2-20

The Company's Remuneration Policy is designed to establish a clear and transparent link between employee rewards, individual performance, and the overall achievement of organisational objectives. Fintrex is committed to maintaining a competitive and equitable compensation and benefits framework that attracts, retains, and motivates employees with the requisite skills, qualifications, and professional attributes required to drive sustainable business success.

The remuneration framework is structured to recognise and reward performance, encourage accountability, and foster a high-performance culture aligned with the Company's strategic goals. By promoting a merit-based approach, the Policy supports employee engagement, professional development, and long-term value creation. The Policy is formulated and periodically reviewed by the Head of Human Resources.

## Directors' Remuneration

The total remuneration paid to Directors during the financial year under review is disclosed in Note 11 to the Financial Statements and in "Corporate Governance - Finance Leasing (Corporate Governance) Direction No. 05 of 2021" on page number 225 of this Annual Report.

## Board Meetings

The Board meets every month to discharge its governance and oversight responsibilities, with additional special meetings convened as and when required to address business needs and emerging matters. During the financial year under review, the Board held a total of 12 meetings.

At these meetings, the Chief Executive Officer provides the Board with regular updates on the Company's performance, key business developments, and the progress of strategic initiatives. The Board also receives reports and recommendations from its Sub-Committees, enabling informed decision-making and effective oversight across all areas of the business.

To facilitate meaningful participation and deliberation, meeting notices, agendas, and relevant Board papers are circulated to Directors at least 07 days before each meeting, allowing adequate time for review and preparation.

The Board agenda is developed by the Chairman in consultation with the Company Secretary. It serves as a structured framework for discussions, ensuring that strategic, operational, governance, and risk-related matters are addressed in a timely and effective manner.

| Director | Board (12) | Audit Committee (17) | Board Integrated Risk Management Committee (14) | Related Party Transactions Review Committee (4) | Human Resources & Remuneration Committee (4) | Nominations & Governance Committee (5) |
|---|---|---|---|---|---|---|
| Mr. A. D. Gunewardene | 12/12- Chairman | N/A | N/A | N/A | N/A | 5/5 – Member |
| Mr. A. S. Ibrahim | 12/12 | 5/5* (Ceased to be a member w.e.f. 28.07.2025) | 14/14 (Chairman) | N/A | 2/2* (Ceased to be a member w.e.f. 28.07.2025) | 4/4** (Appointed w.e.f. 28.07.2025)- Member |
| Mr. J. R. F. Peiris *(Retired w.e.f.29.06.2026)* | 12/12 | N/A | 12/12- Member | N/A | 4/4-Member | N/A |
| Mr. S. Nagpal | 12/12 | N/A | 8/8** (Appointed w.e.f. 28.07.2025)- Member | N/A | N/A | N/A |
| Mr. S. N. Jayasinghe | 12/12 | 17/17 (Chairman) | N/A | 4/4 (Chairman) | N/A | 5/5 (Chairman) |

| Director | Board (12) | Audit Committee (17) | Board Integrated Risk Management Committee (14) | Related Party Transactions Review Committee (4) | Human Resources & Remuneration Committee (4) | Nominations & Governance Committee (5) |
|---|---|---|---|---|---|---|
| Mr. J. F. R. De Fonseka | 12/12 | N/A | 12/12 | 1/1* (Ceased to be a member w.e.f. 28.07.2025) | 4/4 (Chairman) | 1/1* (Ceased to be a member w.e.f. 28.07.2025) |
| Mr. I. A. Wickramasinghe | 12/12 | N/A | 14/14- Member | N/A | N/A | N/A |
| Mr. S. B. Perera | 11/12 | 17/17- Member | N/A | 4/4-Member | N/A | N/A |
| Mr. D. G. Perera | 9/9** | 12/12** (Appointed w.e.f. 28.07.2025) | N/A | 3/3** (Appointed w.e.f. 28.07.2025) | 2/2** (Appointed w.e.f. 28 07.2025) | N/A |
| ***Mrs. N. S. Kalansooriya (*Appointed w.e.f 18.06.2026)* | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr.R.P.U.P. Gunawardena *(Appointed w.e.f.24.07.2026)* | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:

- N/A – Not a member of the respective Committee.
- Ceased to be a Committee member with effect from 28 July 2025.
- ** Appointed to the Board/Committee with effect from 28 July 2025 (Board appointment effective 08 July 2025 for Mr. D. G. Perera) and attendance is shown based on meetings held subsequent to appointment.
- Board meetings were held on 21 April, 20 May, 20 June, 18 July, 18 August, 17 September, 20 October, 20 November and 19 December 2025, and 19 January, 16 February and 16 March 2026.
- Committee attendance is based on meetings convened during the financial year.
- *** Appointed to the Board with effect from 18 June 2026.

## Role of the Company Secretary

In compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance, the Company has appointed an in-house Company Secretary who is a qualified Chartered Secretary and a Registered Company Secretary under the Companies (Secretaries) Regulations No. 01 of 2023, issued under Section 527 read with Section 222 of the Companies Act No. 07 of 2007.

The Company Secretary plays a key role in promoting sound corporate governance and ensuring compliance with applicable laws, regulations, directions, rules, and statutory requirements. The responsibilities include advising the Board on governance matters, facilitating effective Board processes, maintaining statutory and corporate records, and ensuring adherence to legal and regulatory obligations.

The Company Secretary supports the effective functioning of the Board and its Sub-Committees by coordinating meetings, ensuring the timely circulation of Board papers, recording deliberations and decisions, and providing guidance on governance and regulatory developments. This enables Directors to effectively discharge their fiduciary duties and responsibilities while upholding high standards of corporate governance.

All Directors have unrestricted access to the Company Secretary for independent advice and assistance on governance matters, Board procedures, and applicable legal and regulatory requirements, thereby facilitating informed decision-making and further strengthening the Company's governance framework.

## Appointment, Resignation, Retirement and Re-election of Directors

GRI 2-10

New Directors are appointed to the Board subject to the approval of the Director, Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka. The Nominations and Governance Committee identifies and recommends suitable candidates in line with the Fitness and Propriety requirements prescribed under the Finance Business Act, while the Board evaluates and approves such nominations.

The Board comprises individuals with diverse skills, expertise, industry experience, and perspectives, enabling effective oversight and strategic guidance. Directors are selected based on their professional competence, industry knowledge, leadership capabilities, and financial and commercial acumen, ensuring an appropriate balance of skills for effective governance.

The appointment, tenure, resignation, retirement, and re-election of Directors are governed by the Company's Articles of Association, the Companies Act No. 07 of 2007, and Finance Business Act Direction No. 05 of 2021 on Corporate Governance. Profiles of the Directors are provided on pages 34 to 39 of this Annual Report.

During the year under review, one (01) Director was appointed, while no Directors resigned or retired.

## Role of the Chairman

GRI 2-11

The Non-Executive Chairman of Fintrex Finance PLC provides strategic leadership to the Board and is responsible for ensuring its effective and efficient functioning in overseeing the Company's strategy, performance, risk management, and governance framework. He fosters a culture of constructive challenge, open dialogue, and objective decision-making, while facilitating effective Board deliberations and ensuring that Directors receive timely, accurate, and relevant information to enable the proper discharge of their duties.

The Chairman serves as the principal link between the Board, management, shareholders, regulators, and other key stakeholders, promoting effective communication and alignment on matters of strategic importance. He also plays a pivotal role in upholding the highest standards of corporate governance, transparency, accountability, and ethical conduct, thereby supporting the long-term sustainability, resilience, and success of the Company and safeguarding the interests of all stakeholders.

## Balance of Power

The roles of Chairman and Chief Executive Officer (CEO) are clearly separated to maintain an appropriate balance of power, authority, and accountability within the Company. The Chairman provides leadership to the Board and is responsible for ensuring its effective functioning, governance, and oversight of the Company's strategic direction, performance, and risk management framework.

The CEO, as the highest-ranking executive officer, is responsible for the day-to-day management of the Company's operations and business activities, implementing the strategy and policies approved by the Board, and leading the executive management team to achieve the Company's objectives.

## Independence

As the Chairperson is not considered independent, the Board has designated an Independent Director to serve as the Senior Independent Director, with formally approved Terms of Reference, to reinforce independent oversight and governance. The Senior Independent Director acts as a liaison for Directors and shareholders when circumstances warrant such engagement. Additionally, the Non-Executive Directors, under the leadership of the Senior Independent Director, conduct an annual evaluation of the Chairperson's performance and effectiveness.

## Role of the Highest Governance Body in Overseeing the Management of Impacts

GRI 2-12

The Board holds ultimate responsibility for establishing and overseeing the Company's vision, mission, values, strategies, policies, and objectives in relation to sustainable development. It provides oversight of the systems, frameworks, and processes implemented to identify, evaluate, and manage the Company's economic, environmental, and social impacts. While the day-to-day management and execution of these responsibilities are entrusted to senior management, the Board receives regular reports and updates on progress, performance, and significant developments to enable effective oversight and informed decision-making.

## Delegation of Responsibility for Managing Impacts

GRI 2-13

To support the discharge of its governance and oversight responsibilities, the Board has delegated specific duties to its Board Sub-Committees in alignment with the Company's strategic priorities. Each Sub-Committee operates under an approved Charter or Terms of Reference and assists the Board by reviewing matters within its scope and providing recommendations for consideration. Accordingly, the respective Chairpersons of the Board Sub-Committees oversee the management of sustainability-related impacts falling within their areas of responsibility and regularly report to the Board on progress, key initiatives, and outcomes.

## Board Sub-Committees

| Name of the Committee | Key Responsibility |
|---|---|
| Board Audit Committee | Oversee the integrity of financial reporting, the effectiveness of internal controls, compliance processes, and the internal and external audit functions. The Committee Report is available on pages 270 to 271. |
| Board Integrated Risk Management Committee | Provides oversight of the Company's enterprise-wide risk management framework and monitors key risks to ensure effective risk identification, assessment, mitigation, and reporting. The Committee Report is available on page 272. |
| Board Human Resources and Remuneration Committee | Oversee the remuneration framework and human resource policies to ensure alignment with the Company's strategy, performance objectives, and governance requirements. The Committee Report is available on page 273. |
| Board Credit Committee | Oversee the Company's credit risk management framework and reviews significant credit exposures to ensure prudent lending practices and portfolio quality. The Committee Report is available on page 276. |
| Board Nominations and Governance Committee | Oversee Board composition, succession planning, and the nomination and appointment of Directors and the CEO, while promoting sound corporate governance practices. The Committee Report is available on pages 274 to 275. |
| Related Party Transactions Review Committee | Reviews and approves Related Party Transactions prior to execution to ensure compliance with regulatory requirements and that such transactions are conducted on an arm's-length basis. The Committee Report is available on page 277. |

In addition to the Board and its Sub-Committees, the Chief Executive Officer (CEO) and Corporate Management oversee and monitor the Company's performance through a structured governance framework comprising several management committees and review forums. These forums facilitate effective decision-making, performance monitoring, risk management, and operational oversight across the organization. The key management forums are outlined below:

| Management Forum | Key Responsibility | Meeting Frequency |
|---|---|---|
| Overall Performance Review Meeting of the Senior Leadership Team with the CEO | Reviews the performance of all business units and support functions, aligns strategic priorities, and monitors the achievement of organisational objectives. | Monthly |
| Asset and Liability Management Committee (ALCO) | Oversees liquidity management, funding strategies, interest rate risk, asset-liability mismatches, and balance sheet management. | Monthly |
| IT Steering Committee | Reviews the status of IT projects, system performance, technology investments, digital initiatives, and key IT-related issues. | Monthly |
| Customer Service Steering Committee | Monitors customer service performance, reviews customer experience initiatives, addresses service-related issues, and drives process improvements. | Monthly |
| Information Security Committee (ISC) | Serves as the apex management forum responsible for overseeing information security, cyber resilience, technology risk management, and business technology continuity. | Bi-monthly |
| Internal Credit Committee | Reviews and approves credit facilities within delegated authority limits and ensures adherence to credit policies and risk parameters. | As Required |
| Business Continuity Plan (BCP) Steering Committee | Oversee business continuity and disaster recovery preparedness to ensure the uninterrupted functioning of critical operations during disruptions. | Bi-annually and as Required |
| Career Committee | Evaluates employee performance, succession potential, promotions, and annual remuneration adjustments in line with the Company's talent management framework. | Annually |

| Management Forum | Key Responsibility | Meeting Frequency |
|---|---|---|
| Procurement Committee | Ensures that the procurement of goods and services is conducted in a transparent, competitive, ethical, and cost-effective manner, delivering optimal value to the Company. | As Required |
| Asset Disposal Committee | Oversee the disposal of Company assets to ensure transparency, accountability, regulatory compliance, and value optimisation. | As Required |
| Disciplinary Committee | Reviews cases of employee misconduct and recommends appropriate disciplinary action in accordance with the Company's Disciplinary Policy and applicable procedures. | As Required |
| Sustanable finance committee | Driving the Company's sustainability agenda by overseeing the implementation of Environmental, Social and Governance (ESG) initiatives, promoting sustainable finance activities, and ensuring alignment with regulatory requirements and stakeholder expectations | Monthly |
| PDPA steering committee | Overseeing the Company's data protection framework, ensuring compliance with PDPA requirements, monitoring data privacy risks, safeguarding personal information, and driving continuous improvement in data privacy governance across the organization. | Quartely |

## Role of the highest governance body in sustainability reporting

GRI 2-14

The Board of Directors has ultimate responsibility for overseeing the integrity, quality, and transparency of the Company's sustainability reporting. As part of its governance responsibilities, the Board reviews and approves sustainability-related disclosures and assesses the adequacy and effectiveness of the underlying internal control processes and reporting frameworks. Through this oversight, the Board helps ensure that sustainability information disclosed to stakeholders is accurate, reliable, balanced, and credible.

## Conflict of Interest

GRI 2-15

**a) Measures Adopted by the Board to Prevent and Manage Conflicts of Interest**

The Board has established procedures to identify, disclose, and manage actual or potential conflicts of interest that may arise from Directors' personal relationships, external affiliations, or other interests that could influence, or be perceived to influence, their independent judgment. Directors are required to promptly disclose any such interests and, where a conflict exists, refrain from participating in the discussion, deliberation, or decision-making process relating to the relevant matter, including abstaining from voting. All disclosures of interests and related abstentions are formally recorded in the minutes of the respective Board meetings by the Company Secretary.

**b) Disclosure of Conflicts of Interest to Stakeholders**

The Company maintains transparency in relation to conflicts of interest through appropriate disclosures to stakeholders. Details of Related Party Transactions are disclosed in Note 41 to the Audited Financial Statements. In addition, Directors and other members of Key Management Personnel are required to submit annual declarations of their interests in related parties and related party transactions involving the Company. These disclosures support effective governance, accountability, and transparency in dealings with stakeholders.

## Communication of critical concerns

GRI 2-16

The Board receives regular updates on significant matters and emerging issues through monthly Board papers and management reports submitted for consideration and oversight. These reports enable the Board to monitor key developments and address critical concerns, where applicable, in a timely manner. During the reporting period, no material or critical concerns were escalated to the Board for its attention.

## Collective Knowledge of BOD on Sustainable Development

GRI 2-17

FF PLC's Board consists of individuals who recognise the importance of sustainable development and are committed to advancing the Company's purpose of empowering people towards economic prosperity. The Board provides strategic direction and oversight to ensure that sustainability principles are embedded within the Company's business strategy, operations, and decision-making processes.

To further strengthen its effectiveness in this area, the Company promotes continuous learning and development for Directors and senior management through relevant training and capacity-building initiatives. These efforts help enhance their knowledge,

competencies, and awareness of sustainability-related matters, enabling them to respond effectively to evolving opportunities, risks, and stakeholder expectations while supporting the Company's long-term sustainability objectives.

## Board Evaluation

GRI 2-18

As part of the Company's governance framework, each Director is required to undertake an annual self-assessment to evaluate the effectiveness of the Board in discharging its responsibilities. The assessment covers key areas including strategic leadership and oversight, risk management, internal controls, corporate governance, and the effectiveness of Board Sub-Committees. It also evaluates the Board's collective performance and contribution towards the achievement of the Company's strategic objectives.

The results of the evaluation are reviewed to identify opportunities for enhancing Board effectiveness and supporting continuous improvement. The process also assists in determining whether Directors continue to possess the skills, experience, qualifications, and competencies required to effectively fulfil their roles. Based on the outcomes of the assessment, the Chairman may recommend appropriate measures to strengthen the Board, including Board renewal, succession planning, or changes in Board composition where considered necessary.

## Compliance with Laws and Regulations

GRI 2-27

During the year under review, the Company was subjected to an administrative penalty by the Financial Intelligence Unit (FIU) in relation to non-compliance with statutory reporting requirements under the applicable Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) framework. The penalty was imposed due to the failure to report five (5) Electronic Fund Transfer (EFT) transactions, each exceeding the prescribed reporting threshold of Rs. 1,000,000 or its equivalent in foreign currency, within the stipulated timeframe.

The administrative penalty amounting to Rs. 1,000,000 was imposed on 07 July 2025 and was settled in full on 23 July 2025. Following the examination findings, the Company strengthened its internal monitoring and reporting processes and implemented enhanced controls to ensure timely regulatory reporting and continued compliance with all applicable AML/CFT obligations.

### Ethics and Integrity

Fostering a strong culture of ethics and integrity is a fundamental priority of the Company. Employees at all levels are expected to uphold the highest standards of professional conduct and ethical behaviour in the performance of their duties. To support this commitment, the Company has established a comprehensive framework of policies and procedures, including the Code of Conduct, Whistleblowing Policy, and Disciplinary Policy, which provide clear guidance on expected behaviours, ethical decision-making, and compliance requirements.

In addition, the Company maintains a robust grievance and reporting mechanism that enables employees to raise concerns relating to unethical conduct, integrity issues, policy violations, or unlawful activities without fear of retaliation. These mechanisms promote transparency, accountability, and responsible corporate behaviour, while ensuring that all reported matters are addressed appropriately and in accordance with established procedures.

### Risk Management

The Board maintains a comprehensive understanding of the risks arising from FF PLC's operations and provides strategic direction in establishing and strengthening the Company's risk management framework and internal control systems. In fulfilling these responsibilities, the Board is supported by the Board Integrated Risk Management Committee (BIRMC). Further details are provided in the Risk Management Report on page 248.

## Policy Framework

GRI 2-23, 2-24

FF PLC embeds its commitment to responsible business conduct through strong governance, effective leadership, and a culture of accountability. The Board of Directors and senior management provide strategic oversight to ensure that ethical principles are integrated across all areas of the organisation. Their responsibilities include ensuring compliance with regulatory requirements, strengthening risk management practices, and fostering an inclusive workplace that promotes equality, diversity, and non-discrimination. Through these efforts, FF demonstrates its unwavering commitment to integrity, transparency, and responsible business practices at every level of its operations.

The Company's policies are reviewed periodically and updated, amended, revised, or withdrawn as deemed necessary to ensure their continued relevance and effectiveness. All policies are approved by the Board of Directors and are accessible to all employees through the Company's intranet. Compliance with these policies is reinforced across all levels of the organisation through regular training programmes and structured communication initiatives.

The Company's business strategies are aligned with the approved policy framework, while procedure manuals and other operational documents are developed in accordance with the established policies. These commitments extend beyond the organization to encompass relationships with customers, suppliers, regulators, and other stakeholders, ensuring ethical, responsible, and sustainable business conduct throughout the value chain.

## List of Policies

| No. | Division | Policies / Procedures Covered |
|---|---|---|
| 1 | Administration | Outsourcing Policy; Security Policy; Procedure – CCTV Operations for AML/CFT Purposes; Procurement Policy; Business Continuity Plan & Policy; Customer Complaint Handling Policy and Procedure; Accessibility Policy; Consumer Protection Policy |
| 2 | Human Resources | Policy on Identifying Key Management Personnel (KMP); Human Resources Policy; Staff Promotion Policy; Staff Remuneration Policy; Disciplinary Policy; Staff Leave Policy; Internal Code of Business Conduct and Ethics Policy; Staff Loan Policy; Succession Plan Policy and Procedure; Gift Acceptance Policy; Professional Membership Fee Reimbursement Policy; Festival Advance Policy; Overseas Travel Policy; Performance Management Policy |
| 3 | Recovery | Recovery/Collection Policy; Recoveries Procedure Manual; Policy on Court Bonded Vehicles Operating Mechanism and Provision Requirement; Policy on Overdue (Penal) Interest Rate; Allocation of Payment Policy; Manual of Procedure – Repossession; Manual of Procedure – Yard Operations; Write-Off Policy |
| 4 | Business Channel Development | Business Expansion and Operations Policy (Business Location Opening/Relocation Policy) |
| 5 | Corporate Secretariat | Procedure for Board Members to Seek Independent External Advice; Matters Reserved for the Board; Policy on Matters Relating to the Board of Directors; Policy on Board Committees; Policy on Corporate Governance, Nominations and Re-election; Policy on Relations with Shareholders and Investors; Internal Code of Business Conduct and Ethics Policy; Policy on Control and Management of Company Assets and Shareholder Investments; Governance Framework; Policy on Managing Potential Conflicts with Related Parties; Policy on Related Party Transactions; Policy on Corporate Disclosures |
| 6 | Credit | SME Credit Policy; Lending Policy; Credit Policy for 2W, 3W and 4W Leasing and Loans; Policy on Unsecured Lending; Credit Risk Management Strategy; Policy and Procedure on Valuation of Immovable Property; ESG Sustainability Policy; Procedure Manual for Leasing and Loans; Operational Procedure for SME Facilities; Sustainable Finance Policy |
| 7 | Deposit Operations | Procedure Manual for Fixed Deposits and Savings; Fixed Deposits and Savings Policy; Procedure Manual for Cash Backed Loans against Fixed Deposits and Savings |
| 8 | Finance & Treasury | Finance Procedure Manual; Fixed Asset Management Procedure Manual; Statutory Returns Procedure Manual; Dividend Policy; Accounting Policy; ALCO Policy; Investment Policy; Unidentified Direct Deposits Procedure; Impairment Policy & Procedure; Provisioning Discount Policy and Procedure; Classification and Measurement of Credit Facilities Policy; Contingency Funding Plan Policy; Liquidity Risk Management Framework; ICAAP; PPE Management Policy; PPE Management Procedure Manual; Policy on Control and Management of Company Assets and Shareholder Investments |
| 9 | Gold Loan Operations | Gold Loan Operations Policy; Gold Loan Procedure Guidelines |
| 10 | Information Technology | IT Asset Management Policy; User Access Management Policy; Backup Policy; Green IT Policy; Firewall Access Management Policy; Incident Response Policy; Remote Access Policy; Laptop Policy; Email Policy; Password Policy; IT Security Policy; Network and Wireless Security Policy; Disaster Recovery Policy; Information Classification Policy; Software Change Management Policy; Information Transfer Policy; Security Event Log Management Policy; Physical & Environmental Security Policy; Malware Protection Policy; System Acquisition, Development and Maintenance Policy; Acceptable Use Policy; Identification of Critical Information Systems; Mobile Based e-Money Services Policy; Mobile Banking & Internet Banking Policy; Emergency Access Policy; Information Security Management and Accountability Policy |
| 11 | Legal | Legal Policy; Legal Procedures |
| 12 | Marketing | Communication Policy; Marketing Policy; New Product Development Process |
| 13 | Operations | Procedure for Archiving Documents; Insurance Procedure Manual |
| 14 | Compliance | Compliance Charter; Compliance Policy; AML/CFT and KYC Policy; Governance Framework; Ultimate Beneficial Ownership Policy; UNSCR Sanctions and AML Name Screening Policy and Procedure; Policy on Managing Potential Conflicts with Related Parties; Anti-Bribery and Corruption Policy; Compliance Department Procedures Manual |
| 15 | Risk Management | Stress Testing Policy; Risk Management Policy; Market Risk Management Policy; Risk Appetite Statement; Operational Risk Management Framework; Credit Risk Management Framework |
| 16 | Internal Audit | Internal Audit Charter; Board Audit Committee Charter; Whistleblowing Policy; Policy on Non-Audit Services Provided by the External Auditor; Internal Audit Operational Manual |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
|---|---|---|---|
| **1** | **Board's overall responsibilities** | | |
| 1.1 | The Board shall assume overall responsibility and accountability for the operations of the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements.<br><br>The Board shall carry out the functions listed in Direction 1.2 to 1.7 below, but not limited to, in effectively discharging its responsibilities | Complied | The Board of Directors retains overall responsibility and accountability for the Company's operations, including providing strategic direction, establishing an effective governance framework and corporate culture, and ensuring compliance with all applicable regulatory requirements. |
| **1.2** | **Business Strategy and Governance Framework** | | |
| 1.2a | Approving and overseeing the implementation of the FC's overall business strategy with measurable goals for next three years and update annually in view of the developments in the business environment. | Complied | The original Strategic Plan for FYs 2026/27, 2027/28, and 2028/29 were approved by the Board on 19 December 2025. Subsequently, the plan was updated based on the actual opening balances as at 31 March 2026, and the revised three-year Strategic Plan, together with the Budget for 2026/27, was approved by the Board on 16 April 2026. The plan outlines the overall business strategy and measurable objectives and is reviewed and updated annually to reflect changes in the business environment. |
| 1.2b | Approving and implementing FCs governance framework commensurate with the FCs size, complexity, business strategy and regulatory requirements. | Complied | The Board-approved Governance Framework that is proportionate, accessible, and aligned with the Company's size, complexity, business strategy, and applicable regulatory requirements. |
| 1.2c | Assessing the effectiveness of its governance framework periodically | Complied | The Board periodically assesses the effectiveness of the governance framework to ensure its continued adequacy and effectiveness. |
| 1.2d | Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities | Complied | The Board has appointed a Chairman and a Chief Executive Officer with clearly defined roles and responsibilities. A clear separation exists between the Board's oversight responsibilities and the Company's day-to-day operations, ensuring an appropriate balance of power and authority.<br><br>The Chairman is responsible for leading the Board and promoting its effectiveness, while the GM/CEO is responsible for managing the Company's business operations with the support of Corporate Management and the Senior Leadership Team. |

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| **1.3** | **Corporate Culture and Values** | | |
| 1.3a | Ensuring that there is a sound corporate culture within the FC which reinforces ethical, prudent and professional behavior. | Complied | The Board ensures the establishment and maintenance of a sound corporate culture that promotes ethical, prudent, and professional conduct. The Company's Code of Conduct reinforces its commitment to operating with integrity and maintaining high standards of ethical behavior. |
| 1.3b | Playing a lead role in establishing the FCs corporate culture and values, including developing a code of conduct and managing conflicts of interest. | Complied | The following Board-approved policies have been established and are in effect:<br>i) Code of Conduct<br>ii) Policy on Managing Potential Conflicts with Related Parties of the Board of Directors and Senior Management. |
| 1.3c | Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies. | Complied | The Company is committed to promoting sustainable finance by integrating environmental, social, and governance (ESG) considerations into its business strategy. This approach aligns with the Company's corporate values and supports long-term sustainability, resilience, and responsible business growth. |
| 1.3d | Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers and creditors in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators. | Complied | A Board-approved Communication Policy is in place to facilitate effective engagement with all stakeholders, including Depositors, Creditors, Shareholders, and Borrowers. The Board of Directors, together with officers and employees, adheres to this policy to ensure transparent, timely, and effective communication in the best interests of all stakeholders. |
| **1.4** | **Risk Appetite, Risk Management and Internal Controls** | | |
| 1.4a | Establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework | Complied | A Board-approved Risk Appetite Statement (RAS) has been established. The company reviewed this during the 2025/26 financial period and has established an annual review frequency. |
| 1.4b | Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently. | Complied | Risk management has been strengthened through the implementation of structured frameworks, regular monitoring and review processes, and enhanced internal controls. Governance practices have also been strengthened through clear accountability, periodic risk reporting, and continuous improvement initiatives to address emerging risks. These measures support proactive risk management and alignment with regulatory requirements and organizational objectives. |

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| 1.4c | Adopting and reviewing the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically. | Complied | The Board Audit Committee is committed to reviewing the adequacy and effectiveness of the Company's internal control systems and Management Information Systems (MISI) on a regular basis. |
| 1.4d | Approving and overseeing the business continuity and disaster recovery plan for the FC to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances. | Complied | Board-approved Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) policies are in place to ensure operational continuity and resilience in the event of unforeseen disruptions. These frameworks support the protection of critical operations and services while maintaining business continuity. The company conducted organization-wide fire training during the 2025/26 period as part of its Business Continuity Plan (BCP). In addition, the company carried out Disaster Recovery Plan (DRP) testing in November 2025. |
| **1.5** | **Board Commitment and Competency** | | |
| 1.5a | All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the FC. | Complied | The Board ensures that views and perspectives on matters under consideration are appropriately evaluated and recorded in the minutes. The Board retains overall responsibility for the Company's affairs and remains mindful of its obligations to shareholders and other stakeholders.<br><br>The Board also devotes sufficient time to the Company's affairs through regular participation in Board and Board Committee meetings. |
| 1.5b | All members of the Board shall possess necessary qualifications, adequate skills, knowledge and experience. | Complied | All Board members possess knowledge, expertise, and experience across diverse business sectors, contributing significant value to the Company. Their varied backgrounds support effective decision-making in matters relating to strategy, performance, and resource management. The profiles of the Directors are provided on pages 34 to 39. |
| 1.5c | The Board shall regularly review and agree the training and development needs of all the members. | Complied | The Directors recognize the importance of continuous professional development and actively participate in relevant training and development initiatives to effectively discharge their responsibilities. They also seek insights from market experts and professional service providers to remain informed of emerging developments. Relevant training programmes are communicated to Board members for their participation. |

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| 1.5d | The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Board as a whole and that of its committees and maintain records of such assessments. | Complied | A process is in place for the annual self-assessment of individual Directors, the Board as a whole, and its committees. The Company Secretary maintains records of these assessments. |
| 1.5e | The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the FC. | Complied | A Board-approved procedure is in place to enable Directors to seek independent external advice, where necessary, in the discharge of their duties. No such instances arose during the financial year under review. |
| **1.6** | **Oversight of Senior Management** | | |
| 1.6a | Identifying and designating senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management | Complied | A Board-approved Policy on Identifying Key Management Personnel (KMPs) representing the Senior Management of the Company is in effect.<br><br>In line with the Directions on Corporate Governance issued by the Central Bank of Sri Lanka (CBSL), the General Manager/Chief Executive Officer, Chief Information Officer, Chief Financial Officer, Chief Internal Auditor, AGM – Recoveries and Portfolio Management, Head of Credit, Head of Legal, Head of Human Resources and Administration, AGM – Business Channels Development, Head of Operations, Company Secretary, Risk Officer, Compliance Officer, and Head of Deposits have been identified as Senior Management personnel and designated as Key Management Personnel (KMPs). |
| 1.6b | Defining the areas of authority and key responsibilities for the senior management. | Complied with | The authority and responsibilities of the Board of Directors have been established and are adhered to. The GM/CEO and Senior Management are responsible for the day-to-day operations and management of the Company. Their responsibilities are defined in their respective Job Descriptions (JDs), while their authority is exercised in accordance with the approved Delegation of Authority (DA) limits. |
| 1.6c | Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives. | Complied | The Senior Management of the Company is appointed in compliance with the Central Bank of Sri Lanka Direction No. 6 of 2021 on the Assessment of Fitness and Propriety of Key Responsible Persons, ensuring that individuals possess the required qualifications, skills, knowledge, and experience. Further, annual assessments are conducted to ensure their continued suitability as members of Senior Management. |

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| 1.6d | Ensuring there is an appropriate oversight of the affairs of the FC by senior management. | Complied | The affairs of the Company and the progress of business achievements presented by Senior Management are reviewed by the Board at its monthly meetings. |
| 1.6e | Ensuring the FC has an appropriate succession plan for senior management. | Complied | A succession plan has been established. The Board Nomination and Governance Committee evaluates the need for additional or new expertise in succession planning for Key Responsible Persons (KRPs). |
| 1.6f | Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives. | Complied | The Board meets monthly to review policies, establish lines of communication, and monitor progress towards the achievement of corporate objectives. |
| **1.7** | **Adherence of the Existing Legal Framework** | | |
| 1.7a | Ensuring that the FC does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders. | Complied | The Board has implemented a governance framework aligned with applicable regulatory requirements to ensure that the Company does not engage in any activities that may adversely affect the interests of its stakeholders. |
| 1.7b | Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards. | Complied | The Company complies with the directions, regulations, rules, and circulars issued by the Central Bank of Sri Lanka. In addition, it ensures adherence to internal policies and procedures by all employees. A Board-approved Code of Conduct is in effect for all employees, and the Board regularly oversees compliance with the Code. |
| 1.7c | Acting with due care and prudence, and with integrity and being aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently. | Complied | Due care has been exercised in the discharge of duties and responsibilities. A Whistleblowing Policy is in place to facilitate the reporting of misconduct or wrongdoing and to ensure appropriate action is taken. |

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| 2 | Governance Framework | | |
| 2.1 | Board shall develop and implement a governance framework in line with these directions and including but not limited to the following.<br>a) role and responsibilities of the Board<br>b) matters assigned for the Board.<br>c) delegation of authority<br>d) composition of the Board.<br>e) the Board's independence.<br>f) the nomination, election and appointment of directors and appointment of senior management.<br>g) the management of conflicts of interests<br>h) access to information and obtaining independent advice.<br>i) capacity building of Board members.<br>j) the Board's performance evaluation.<br>k) role and responsibilities of the chairperson and the CEO.<br>l) role of the company secretary.<br>m) Board sub-committees and their role; and<br>n) limits on related party transactions. | Complied | The Board-approved Governance Framework is in effect. |
| **3** | **Composition of the Board** | | |
| 3.1 | The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the FC. | Complied | All members of the Board possess the requisite qualifications, skills, knowledge, and experience to effectively discharge their responsibilities. |
| 3.2 | The number of directors on the Board shall not be less than seven (07) and not more than thirteen (13). | Complied | During the year under review, the Board consists of nine (09) Directors. |
| 3.3 | The total period of service of a director other than a director who holds the position of CEO/ executive director shall not exceed nine years, subject to direction 3.4. | Complied | According to the Company's records, no Director has served on the Board for more than nine years. |
| 3.4 | Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however number of non-executive directors eligible to exceed 9 years are limited to one-fourth (1/4) of the total number of directors of the Board. | Complied | No such requirment has been identified |

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| **3.5** | **Executive Directors** | | |
| 3.5a | Only an employee of a FC shall be nominated, elected and appointed, as an executive director of the FC, provided that the number of executive directors shall not exceed one-third (1/3) of the total number of directors of the Board. | Complied | No executive Directors on the Board |
| 3.5b | A shareholder who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3. | Complied | No such requirment has been identified |
| 3.5c | In the event of presence of the executive directors, CEO shall be one of the executive directors and may be designated as the managing director of the FC. | Complied | As the Company does not have Executive Directors, this requirement is not applicable. |
| 3.5d | All Executive directors shall have a functional reporting line in the organization structure of the FC. | Complied | As the Company does not have Executive Directors, this requirement is not applicable. |
| 3.5e | The executive directors are required to report to the Board through CEO. | Complied | As the Company does not have Executive Directors, this requirement is not applicable. |
| 3.5f | Executive directors shall refrain from holding executive directorships or senior management positions in any other entity | Complied | As the Company does not have Executive Directors, this requirement is not applicable. |
| **3.6** | **Non-Executive Directors** | | |
| 3.6a | Non-executive directors shall possess credible track records, and have necessary skills, competency and experience to bring independent judgment on the issues of strategy, performance, resources and standards of business conduct. | Complied | All Non-Executive Directors possess the requisite academic and professional qualifications across diverse fields. The diversity of skills, expertise, and experience contributes to the effective functioning of the Board. Profiles of the Directors are provided on pages 34 to 39. |
| 3.6b | A non-executive director cannot be appointed or function as the CEO/executive director of the FC. | Complied | The CEO is a permanent employee of the Company and is employed on a contractual basis. |

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| **3.7** | **Independent Directors** | | |
| 3.7a | The number of independent directors of the Board shall be at least three (03) or one-third (1/3) of the total number of directors, whichever is higher. | Complied | The Board currently consists of ten Directors and Six out of them are Independent Non-Executive Directors. |
| 3.7b | Independent directors appointed shall be highest caliber, with professional qualifications, proven track record and sufficient experience. | Complied | All Independent Directors possess the requisite academic and professional qualifications across diverse fields. The diversity of their skills, expertise, and experience contributes to effective Board oversight and decision-making. Profiles of the Independent Directors are provided on pages 34 to 39 . |
| 3.7c | A non-executive director shall not be considered independent if such: | | |
| i | Director has a direct or indirect shareholding exceeding 5% of the voting rights of the FC or exceeding 10% of the voting rights of any other FC. | Complied | Mr. A. D. Gunewardena and Mr. S. Nagpal have been classified as Non-Independent Non-Executive Directors. |
| ii | Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position. | | There was not any incident identified during the reporting period that would impair or compromise the independence of the Independent Directors. |
| iii | Director has been employed by the FC or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director. | | There was not any incident identified during the reporting period that would impair or compromise the independence of the Independent Directors. |
| iv | Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the FC or its affiliates during the one year preceding the appointment as director. | | There was not any incident identified during the reporting period that would impair or compromise the independence of the Independent Directors. |
| v | Director has a relative, who is a director or senior management of the FC or has been a director or senior management of the FC during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the FC or exceeding 20% of the voting rights of another FC. | | There was not any incident identified during the reporting period that would impair or compromise the independence of the Independent Directors. |
| vi | Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC. | | There was not any incident identified during the reporting period that would impair or compromise the independence of the Independent Directors. |

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| vii | Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, in which any of the other directors of the FC is employed or is a director. | | Mr. S. B. Perera and Mr. I. A. Wickramasinghe fall within the scope of this requirement. |
| viii | Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, which has a transaction with the FC as defined in direction 12.1(c), or in which any of the other directors of the FC has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC. | | There was not any incident identified during the reporting period that would impair or compromise the independence of the Independent Directors. |
| 3.7d | The nomination committee and Board should determine whether there is any circumstance or relationship, which is not listed at direction 3.7, which might impact a director's independence, or the perception of the independence. | | No such instances were identified during the year under review. |
| 3.7e | An independent director shall immediately disclose to the Board any change in circumstances that may affect the status as an independent director. In such a case, the Board shall review such director's designation as an independent director and notify the Director, Department of Supervision of Non-Bank Financial Institutions in writing of its decision to affirm or change the designation. | | This requirement did not arise during the financial year under review. |
| **3.8** | **Alternate Directors** | | |
| 3.8a | Representation through an alternate director is allowed only; | | As the Company does not have any Alternate Directors on the Board, this requirement is not applicable. |
| I | With prior approval of the Director, Department of Supervision of Non-Bank Financial Institutions under Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) or as amended; and | | As the Company does not have any Alternate Directors on the Board, this requirement is not applicable. |
| Ii | If the current director is unable to perform the duties as a director due to prolonged illness or unable to attend more than three consecutive meetings due to being abroad. | | As the Company does not have any Alternate Directors on the Board, this requirement is not applicable. |
| 3.8b | The existing directors of the FC cannot be appointed as an alternate director to another existing director of the FC. | | As the Company does not have any Alternate Directors on the Board, this requirement is not applicable. |
| 3.8c | A person appointed as an alternate director to one of the directors cannot extend the role as an alternate director to another director in the same Board. | | As the Company does not have any Alternate Directors on the Board, this requirement is not applicable. |

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| 3.8d | An alternate director cannot be appointed to represent an executive director. | | As the Company does not have any Alternate Directors on the Board, this requirement is not applicable. |
| 3.8e | In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that apply to an independent director. | | As the Company does not have any Alternate Directors on the Board, this requirement is not applicable. |
| **3.9** | **Cooling Off Periods** | | |
| 3.9a | There shall be a cooling off period of six months prior to an appointment of any person as a director, CEO of the FC, who was previously employed as a CEO or director, of another FC. Any variation thereto in exceptional circumstances where expertise of such persons requires to reconstitute a Board of a FC which needs restructuring, shall be made with prior approval of the Monetary Board. | Complied | Mrs. N. Kalansooriya was appointed on 18 June 2026 following the completion of a one-year cooling-off period. |
| 3.9b | A director, who fulfills the criteria to become an independent director, shall only be considered for such appointment after a cooling off period of one year if such director has been previously considered as non- independent under the provisions of this Direction | | No instances relating to this requirement arose during the financial year under review. Accordingly, this requirement is not applicable to the Company. |
| 3.10 | Common Directorship | | |
| | Director or a senior management of a FC shall not be nominated, elected or appointed as a director of another FC except where such FC is a parent company, subsidiary company or an associate company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f). | | No instances relating to this requirement arose during the financial year under review. Accordingly, this requirement is not applicable to the Company. |
| 3.11 | The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a FC shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/bodies, including subsidiaries and associates of the FC. | Complied | No director exceeds 20 directorships. |
| **4** | **Assessment of Fitness and Propriety Criteria** | | |
| 4.1 | No person shall be nominated, elected or appointed as a director of the FC or continue as a director of such FC unless that person is a fit and proper person to hold office as a director of such FC in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended. | Complied | Directors are appointed upon the receipt of approval by CBSL in accordance with the Finance Business Act Direction No. 6 of 2021 on Assessment of Fitness and Propriety of Key Responsible Persons. |

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| 4.2 | A person over the age of 70 years shall not serve as a director of a FC. | Complied | Mr. J. R. F. Peiris attained the age of 75 years on 29 June 2026 and retired with effective from 29.06.2026 from the Board in accordance with the applicable CBSL regulatory requirements. CBSL approval was obtained to serve upto 25.06.2026. |
| 4.3 | Notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2025, is permitted to continue in office as a director, exceeding 70 years of age up to maximum of 75 years of age subject to the following, | Complied | Please refer comments provided on 4.2 above |
| 4.3a | Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction. | Complied | Affidavits and support documents have been submitted to the Director, Supervision of Non Bank Financial Institutions of CBSL and received concurrence dated 14.07.2026 on Fitness & Propriety of the Continuation of Directors. |
| 4.3b | Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a). | | |
| 4.3c | The maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors. | Complied | The Board has been comprised by the required number of directors as mentioned in the direction and only one director has exceeded 70 years of age during the year 2025/26.<br>Please refer comments provided on 4.2 above. |
| 4.3d | The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval. | Complied | Mr. J.R.F. Peiris, director concerned, had completed a minimum period of 3 continuous years in office, as at the date of the first approval.<br>Please refer comments provided on 4.2 above. |
| **5** | **Appointment and resignation of directors and senior management** | | |
| 5.1 | The appointments, resignations or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction. | Complied | Appointments, resignations, and removals during the year 2025/26 were carried out in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 06 of 2021a. – During the financial year under review Mr. D. G. Perera was appointed to the Board on receiving CBSL approval on 08.07.2025. |
| **6** | **The Chairperson and the CEO** | | |
| 6.1 | There shall be a clear division of responsibilities between the chairperson, and CEO and responsibilities of each person shall be set out in writing. | Complied | A Board-approved Terms of Reference for the Chairman is in place. |

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| 6.2 | The chairperson shall be an independent director, subject to 6.3 below. | Complied | Since the Chairman is non-independent and non-executive director, an independent and non-executive director is designated as the Senior Director.<br><br>The appointment has been documented in the TOR and the Chairman's assessment has been carried out annually. |
| 6.3 | In case where the chairperson is not independent, the Board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as the intermediary for other directors and shareholders.<br><br>Non-executive directors, including senior director, shall assess the chairperson's performance at least annually. | | |
| **6.4** | **The responsibilities of the chairperson shall at least include the following:** | | |
| 6.4a | Provide leadership to the Board. | Complied | The Board has approved the key responsibilities and duties of the Chairman, and a self-evaluation process is in place to assess compliance with these requirements. The Company Secretary prepares the Board agenda in consultation with the Chairman, pursuant to the authority delegated by the Chairman. During the year 2025/26, self-evaluation forms were completed.<br><br>In addition, a Board-approved Communication Policy is in place to facilitate engagement with all stakeholders, including Depositors, Creditors, Shareholders, and Borrowers.<br><br>The Chairman does not engage in the direct supervision of Senior Management or participate in the day-to-day operations of the Company. |
| 6.4b | Maintain and ensure a balance of power between executive and non executive directors. | Complied | No executive Directors on the Board. However, board has been comprised with non – executive directors and Independent non-executive directors. |
| 6.4c | Secure effective participation of both executive and non-executive directors | | |
| 6.4d | Ensure the Board works effectively and discharges its responsibilities. | Complied | The Company complies with these requirements. The Chairman ensures the effective functioning of the Board, facilitates the timely consideration of key matters, supports the implementation of regulatory directives, oversees the Board meeting process through the Company Secretary, and does not engage in the direct supervision of Senior Management or day-to-day operational activities. |
| 6.4e | Ensure all key issues are discussed by the Board in a timely manner. | | |
| 6.4f | Implement decisions/directions of the regulator. | | |
| 6.4g | Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary | | |
| 6.4h | Not engage in activities involving direct supervision of senior management or any other day-to-day operational activities. | | |

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| 6.4i | Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board. | Complied | Company has taken appropriate actions to maintain effective communication with shareholders. |
| 6.4j | Annual assessment on the Performance and the contribution during the past 12 months of the Board and the CEO. | Complied | The Chairman assesses the performance and contribution of the Board and the CEO annually. The assessment for the preceding 12 months has been completed and submitted to the Director of the Department of Supervision of Non-Bank Financial Institutions. |
| **6.5** | **Responsibilities of the CEO** | | |
| | The CEO shall function as the apex executive-in-charge of the day-to-day management of the FC's operations and business. The responsibilities of the CEO shall at least include:<br>a) Implementing business and risk strategies in order to achieve the FC's strategic objectives.<br>b) Establishing a management structure that promotes accountability and transparency throughout the FC's operations and preserves the effectiveness and independence of control functions.<br>c) Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.<br>d) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.<br>e) Strengthening the regulatory and supervisory compliance framework.<br>f) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.<br>g) CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another company, subject to Direction 3.10. | Complied | The Board has established the roles, responsibilities, and authority of the GM/CEO. The GM/CEO is responsible for the day-to-day management and operations of the Company and serves as the primary link between the Board and Management. |
| **7** | **Meetings of the Board** | | |
| 7.1 | The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible. | Complied | The Board held 12 meetings during the financial year 2025/26. |

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| 7.2 | The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the Board to be represented in the agenda for scheduled Board Meetings. | Complied | All Directors are provided with an equal opportunity to include matters and proposals relating to business development and risk management in the agenda for regular Board meetings. |
| 7.3 | A notice of at least 3 days shall be given for a scheduled Board meeting. For all other Board meetings, a reasonable notice shall be given. | Complied | The schedule of monthly Board meetings is agreed upon at the beginning of each calendar year. In addition, the notice of meeting and Board papers are circulated to Directors at least seven days prior to the meeting. |
| 7.4 | A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions. | Complied | The views and perspectives of the Board of Directors on matters under consideration are duly deliberated and recorded in the minutes of Board meetings. |
| 7.5 | A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one fourth (1/4) of the number of directors that constitute the quorum at such meeting are independent directors. | Complied | All Directors attended the monthly Board meetings held during the financial year. |
| 7.6 | The chairperson shall hold meetings with the non-executive directors only, without the executive directors being present, as necessary and at least twice a year | Complied | All the Directors are non-executive. |
| 7.7 | A director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested, and he shall not be counted in the quorum for the relevant agenda item in the Board meeting. | Complied | The Company has established procedures for the management of conflicts of interest. Directors are required to identify and disclose any actual or potential conflicts of interest arising from personal relationships or external associations. Any Director having an interest in a contract, transaction, or matter under consideration abstains from related deliberations and voting, and such disclosures and abstentions are duly recorded in the minutes by the Company Secretary. |

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| 7.8 | A director who has not attended at least two-thirds (2/3) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors. | | No such instances were identified during the financial year 2025/26. |
| 7.9 | Scheduled Board Meetings and Ad Hoc Board Meetings | | No such requirement during 2025/2026. |
| | For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where director cannot attend on a short notice, participation through electronic means is acceptable. | Complied | During the financial year 2025/26, the Board met 12 times. |
| **8** | **Company Secretary** | | |
| 8.1 | The Board shall appoint a company secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings, and to carry out other functions specified in the statutes and other regulations. | Complied | The Board has appointed an experienced and professionally qualified Company Secretary since 31.03.2024 to provide secretarial services to the Board and Shareholder meetings and to perform such other duties and responsibilities as required. |
| | The Board shall appoint its company secretary, subject to transitional provision stated in 19.2below, a person who possesses such qualifications as may be prescribed for a secretary of a company under section 222 of the Companies Act, No. 07 of 2007, on being appointed the company secretary, such person shall become an employee of FC and shall not become an employee of any other institution. | Complied | The Company continues to maintain an in-house Company Secretary since 31.03.2024 |
| 8.2 | All directors shall have access to advice and services of the company secretary with a view to ensuring the Board procedures laws, directions, rules and regulations are followed. | Complied | All Directors have unrestricted access to the Company Secretary for advice and services on matters relating to the affairs of the Company and the discharge of their duties and responsibilities. |
| 8.3 | The company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function. | Complied | The Chairman has delegated the responsibility for preparing the agenda for Board meetings to the Company Secretary. |
| 8.4 | The Company Secretary maintains the minutes of Board meetings together with all submissions made to the Board and/or voice and video recordings, for a minimum period of six years. | Complied | The Company maintains the minutes of Board meetings for the last 10 years |

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| 8.5 | The company secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC. | Complied | The Company Secretary maintains the minutes of Board meetings in an orderly manner and ensures compliance with the procedures set out in the Articles of Association of the Company. |
| 8.6 | Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following:<br>a) a summary of data and information used by the Board in its deliberations;<br>b) the matters considered by the Board;<br>c) the fact-finding discussions and the issues of contention or dissent, including contribution of each individual director;<br>d) the explanations and confirmations of relevant parties, which indicate compliance with the Board's strategies and policies and adherence to relevant laws, regulations, and directions;<br>e) the Board's knowledge and understanding of the risks to which the FC is exposed and an overview of the risk management measures adopted; and<br>f) the decisions and Board resolutions. | Complied | Minutes of Board meetings are maintained with sufficient detail in accordance with the requirements specified in the Direction. |
| 8.7 | The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director. | Complied | The minutes of Board meetings are available for inspection by any Director at a reasonable time upon reasonable notice. |
| **9** | **Delegation of Functions by the Board** | | |
| 9.1 | The Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC. | Complied | A Board-approved Delegation of Authority (DA) framework is in place, clearly setting out the matters that require Board approval and providing directions to Senior Management on decision-making authority exercised on behalf of the Company. |
| 9.2 | In the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself. | Complied | The Board has appointed the sub-committees specified in Direction 10 and ensures that the functions stipulated thereunder are duly carried out, including those undertaken by the Board where applicable. |

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| 9.3 | The Board may establish appropriate senior management level subcommittees with appropriate DA to assist in Board decisions. | Complied | The Board has established senior management-level committees with appropriate Delegation of Authority (DA) to support decision-making and the effective management of the Company's operations. The following committees are in operation:<br>✱ Asset and Liability Committee (ALCO)<br>✱ IT Security Committee (ISC)<br>✱ IT Steering Committee (ITSC)<br>✱ Internal Credit Committee (ICC)<br>✱ Business Continuity Plan Steering Committee<br>✱ Customer Service Steering Committee<br>✱ Career Committee<br>✱ Disciplinary Committee<br>✱ CEO's Monthly Review Meeting |
| 9.4 | The Board shall not delegate any matters to a Board sub-committee, executive directors or senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions. | Complied | The Board may delegate powers vested in it to a Board Committee, the GM/CEO, or any other person, where appropriate and permissible, to facilitate the effective discharge of duties and responsibilities. |
| 9.5 | The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the FC. | Complied | The Board regularly reviews delegated authorities and related limits to ensure that such delegations do not impede its ability to effectively discharge its responsibilities and functions. |
| **10** | **Board Sub Committees** | | |
| 10.1 a | FCs with asset base of more than Rs. 20 bn.<br><br>**Board Sub-Committees -**<br>Shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination Committee, Human Resource and Remuneration Committee and Related Party Transactions Review Committee.<br><br>**Meetings**<br>Meetings shall be held at least once in two months for BAC and BIRMC. Other committees meet at least annually. | Complied | All sub-committees are in place as per the CBSL requirement. |
| 10.1.b | Each sub-committee shall have a written terms of reference specifying clearly its authority and duties. | Complied | Terms of reference (TOR) for each sub-committee is in place. |
| 10.1.c | The Board shall present a report on the performance of duties and functions of each committee, at the annual general meeting of the company. | Complied | The Board presents a report on the discharge of its duties and responsibilities at the Annual General Meeting (AGM) of the Company. |

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| 10.1.d | Each sub-committee shall appoint a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee. | Complied | The Company Secretary serves as the Secretary to the Board Sub-Committees and provides the necessary secretarial support for their proceedings and activities. |
| 10.1.e | Each board sub-committee shall consist of at least three Board members and shall only consist of members of the Board, who have the skills, knowledge and experience relevant to the responsibilities of the board sub-committees. | Complied | The composition of the Board Sub-Committees is aligned with the applicable regulatory requirements. The skills, knowledge, and experience of the members are disclosed on pages 34 to 39. |
| 10.1.f | The Board may consider occasional rotation of members and of the Chairperson of Board sub-committees as to avoid concentration of the power and promote new perspective. | Complied | The Chairman and members of Board Sub-Committees may be considered for rotation, where necessary. Changes made to the composition of the Board Sub-Committees are disclosed on pages 183 to 185. |
| **10.2** | **Board Audit Committee (BAC)** | | |
| | The following shall apply in relation to the Audit Committee | | |
| 10.2.a | The chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit | Complied | The Chairman of the Audit Committee is an Independent Non- Executive Director with necessary qualifications and industry expertise. Please refer Board Audit Committee report available on pages 270 to 271 and refer profile of chairman of the BAC on page 36. |
| 10.2.b | The Board members appointed to the BAC shall be non-executive directors and majority shall be independent directors with necessary qualifications and experience relevant to the scope of the BAC. | Complied | All three members of the Committee are Non-Executive Directors. Two of the three members are Independent Directors, thereby fulfilling the applicable regulatory requirement. Further details are provided in the Board Audit Committee Report on pages 270 to 271. |
| 10.2.c | The secretary to the audit committee shall preferably be the chief internal auditor (CIA) | Complied | Draft minutes are prepared by the Company Secretary and reviewed by the Chief Internal Auditor (CIA) prior to being submitted to the Board Audit Committee for approval. |
| **10.2.d** | **External Audit Function** | | |
| 10.2.d.i | The BAC shall make recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the auditor. | Complied | The Board Audit Committee (BAC) reviews and recommends the appointment, tenure, and remuneration of the External Auditor for Board approval. |

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| 10.2.d.ii | Engagement of an audit partner shall not exceed five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, Company shall not use the service of the same external audit firm for more than ten years, consecutively. | Complied | The Board Audit Committee ensures compliance with the applicable requirements relating to the rotation of the audit partner and the engagement of the External Auditor. The Committee ensures that the audit partner does not serve for more than five years and is not re-engaged before the expiry of three years from the completion of the previous term. The Committee also ensures that the same external audit firm is not engaged for more than ten consecutive years. |
| 10.2.d.iii | Audit partner of a Company shall not be a substantial shareholder, director, senior management or employee of any Company. | Complied | The Committee ensures that the Audit Partner of the Company is not a substantial shareholder, Director, member of Senior Management, or employee of the Company. |
| 10.2.d.iv | The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices. | Complied | The Board Audit Committee obtains confirmation from the External Auditors regarding their independence and overseas the conduct of the audit in accordance with applicable standards and professional requirements. |
| 10.2.d.v | Audit partner shall not be assigned to any non-audit services with the Company during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity. | Complied | The Committee has established and implemented a Board-approved policy governing the engagement of External Auditors for the provision of non-audit services permitted under the applicable laws, regulations, requirements, and guidelines. |
| 10.2.d.vi | The BAC shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the audit, including:<br>(i) an assessment of the Company's compliance with Directions issued under the Act and the management's internal controls over financial reporting;<br>(ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and<br>(iii) the co-ordination between auditors where more than one auditor is involved. | Complied | The Board Audit Committee has discussed and finalized the nature and scope of the audit prior to the commencement of the audit, with the External Auditors in accordance with Sri Lanka Auditing Standards. |

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| 10.2.d.vii | The BAC shall review the financial information of the Company, in order to monitor the integrity of the financial statements of the Company in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgements contained therein. In reviewing the Company's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on:<br>(i) major judgemental areas;<br>(ii) any changes in accounting policies and practices;<br>(iii) significant adjustments arising from the audit;<br>(iv) the going concern assumption; and<br>(v) the compliance with relevant accounting standards and other legal requirements. | Complied | The Board Audit Committee reviews and recommends the Quarterly and Annual Financial Statements to the Board for approval. In carrying out this responsibility, the Committee reviews significant accounting policies, key judgmental areas, material audit matters, the going concern assumption, and compliance with applicable Accounting Standards and legal requirements. Any necessary clarifications are obtained prior to making its recommendations to the Board. |
| 10.2.d.viii | The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of key management personnel, if necessary. | Complied | The Board Audit Committee discusses matters arising from interim and annual audits with the External Auditors, including any issues, concerns, or observations identified during the audit process. The Committee also meets with the External Auditors without the presence of Management to facilitate independent discussions on relevant audit matters. |
| 10.2.d.ix | The BAC shall review the external auditor's management letter and the management's response thereto within 3 months of submission of such, and report to the Board. | Complied | The Board Audit Committee reviewed the External Auditor's Management Letter (ML) for the FY 2024/25 and the corresponding management responses relating to the audit for the financial year 2025/26. |
| 10.2.e | The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls. | Complied | As per the BAC approved Risk and Significance Based Annual Internal Audit Plan, Internal Audit Department (IAD) conducts audits on all the Departments/ Processes and Branches of the company and the effectiveness of the internal control mechanism is checked during such audits. Outcomes are reported to the BAC with relevant management comments.<br><br>The effectiveness of the Company's internal control mechanism has been certified by the Directors on pages 292 to 293 of the Annual Report under the heading "Directors' Statement on Internal Controls over Financial Reporting". |

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| 10.2.f | The BAC shall ensure that the senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non- compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to internal audit function of an Company. | Complied | The Board Audit Committee monitors the progress of internal audit observations and recommendations relating to branches and departments through monthly reports submitted by the Internal Audit Department. |
| **10.2.g** | **Internal Audit function:** | | |
| 10.2.g.i | The committee shall establish an independent internal audit function either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the Company's internal control, risk management, governance systems and processes. | Complied | There is an in-house Internal Audit Department. |
| 10.2.g. ii | The internal audit function shall have a clear mandate, be accountable to the BAC, and be independent of the audited activities. It shall have sufficient expertise and authority within the Company to carry out their assignments effectively and objectively. | Complied | A Board-approved Internal Audit Charter is in place, setting out the purpose, authority, and responsibilities of the Internal Audit function and ensuring its independence. The Board Audit Committee reviews and approves the Annual Internal Audit Plan and Internal Audit Reports, together with management comments, and provides recommendations to Management to strengthen internal controls, where necessary. |
| 10.2.g.iii | The BAC shall take the following steps with regard to the internal audit function of the Company: | | |
| | (i) Review the adequacy of the scope, functions and skills and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work; | Complied | The Board Audit Committee has evaluated the adequacy of the scope, functions and resources of the Internal Audit Department. |
| | (ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit ; | Complied | The Board Audit Committee has reviewed and approved the Annual Internal Audit Plan. Internal Audit Reports, along with management comments, have been thoroughly discussed and actions have been taken to address any identified issues. |
| | (iii) Assess the performance of the head and senior staff members of the internal audit department; | Complied | The Board Audit Committee has carried out the performance appraisal of the Head of Internal Audit for the FY2025/2026. |

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| | (iv) Ensure that the internal audit function is independent and activities are performed with impartiality, proficiency and due professional care; | Complied | Internal Audit function is headed by the Chief Internal Auditor (CIA) and reports independently to the Board Audit Committee (BAC). Audit function is performed with impartiality proficiency and with due care. |
| | (v) Ensure internal audit function carry out periodic review of compliance function and regulatory reporting to regulatory bodies. | Complied | BAC reviews the annual audit plan to ensure the conduct of required audits by Internal Audit Function. |
| | (vi) Examine the major findings of internal investigations and management's responses thereto. | Complied | BAC peruse the reports submitted by the Audit Department on major findings of internal investigations and Management responses. |
| 10.2.h | Committee shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly. | Complied | BAC reviews on a quarterly basis the progress of implementation of recommendations of CBSL on-site investigation report. |
| **10.2.i** | **Meetings of the Committee** | | |
| | i. The committee shall meet as specified in direction 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. | Complied | Every BAC meeting is duly recorded, and minutes are submitted to the Board for its information. |
| | ii. Other Board members, senior management or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview. | Complied | Meetings of the Board Audit Committee are attended by its members and other management staff as per TOR and as applicable for matters under their purview. |
| | iii. BAC shall meet at least twice a year with the external auditors without any other directors/ senior management/employees being present. | Complied | External Auditors were met at two occasions without any other directors / senior management being present. |
| **10.3** | **The following shall apply in relation to the BIRMC:** | | |
| 10.3.a | The committee shall be chaired by an independent director. The Board members appointed to BIRMC shall be non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee. | Complied | The Committee is composed of 5 Non-Executive Directors.<br><br>The Chairman of the Committee is an Independent Non-Executive Director.<br>The Committee members have sufficient knowledge and experience in banking, finance, risk management issue and practices.<br><br>The CEO, CRO and relevant Senior Management personnel attended the meetings by invitation for discussion of risk related reports and matters. The Committee makes decisions on behalf of the Board within the Board approved Terms of Reference of the Committee. |

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| 10.3.b | The secretary to the committee may preferably be the CRO. | Complied | Draft minutes are prepared by the Company Secretary. Such minutes are reviewed and finalised by the Chief Risk Officer prior to submission to the BIRMC for approval. |
| 10.3.c | The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, Compliance and technology to the Company at least on once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board; | Complied | The Committee has established an appropriate process to monthly assess the impact of all risks through identified risk indicators and management information. Furthermore, the Committee makes recommendations regarding risk strategies and the risk appetite to the Board. |
| 10.3.d | Developing Company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a Company will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the Company is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision making and establishing the means to raise risk issues and strategic concerns throughout the Company.; | Complied | The Committee has established an appropriate framework to periodically assess the Company's risk profile through Key Risk Indicators (KRIs), risk tolerance limits, and management information reports covering all material risk categories. The Committee reviews emerging and existing risks, evaluates their potential impact on the Company, and provides recommendations to the Board on risk management strategies, risk appetite, and risk tolerance levels.<br><br>The Company's Risk Appetite Statement (RAS) is in place and is operationalized through Board-approved Risk Tolerance Limits, which define the level of risk that Fintrex Finance PLC is willing to accept in pursuit of its strategic and business objectives. The RAS incorporates quantitative measures covering capital adequacy, earnings, asset quality and credit risk, liquidity, market risk, operational risk, compliance risk, and other key financial metrics. In addition, it includes qualitative parameters to address reputational and strategic risks.<br><br>The Committee regularly monitors compliance with the approved risk appetite and risk tolerance limits and reviews risk exposures against established thresholds. Compliance-related matters, including anti-money laundering and countering the financing of terrorism (AML/CFT) controls, regulatory compliance, and other significant risk matters, are also reviewed and discussed during Committee meetings, with appropriate recommendations made to the Board where necessary. |

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| 10.3.e | The BIRMC shall review the Company's risk policies including RAS, at least annually. | Complied | Risk policies including RAS are reviewed by the BIRMC within FY 2025/26. |
| 10.3.f | The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee. | Complied | The BIRMC evaluated the adequacy and effectiveness of Management Committees such as Assets & Liabilities Committee (ALCO), Information Security Committee (ISC), in managing risks within established quantitative and qualitative risk limits. |
| 10.3. g | The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans. | Complied | Business Continuity Plan and Disaster Recovery Plan are reviewed by the BIRMC |
| 10.3.h | BIRMC shall annually assess the performance of the Compliance Officer and the CRO. | Complied | The performance appraisal of the Compliance Officer (CO) was conducted by the Chairman of the Board Integrated Risk Management Committee (BIRMC).<br>Following the resignation of the Chief Risk Officer (CRO) in August 2025, the Compliance Officer overlooked the Risk Management function on an interim basis until the appointment of the current CRO with effect from 2 February 2026. |
| 10.3. i | Compliance function | | |
| 10.3.i (i) | BIRMC shall establish an independent compliance function to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations. | Complied | The company has an established, dedicated compliance division responsible for assessing and monitoring the overall compliance framework of the organization. |
| 10.3.i (ii) | For Companies with asset base of more than Rs. 20 bn, a dedicated compliance officer considered to be senior management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income- generating functions, and there shall not be 'dual hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer. | Complied | The company has appointed a dedicated compliance officer who reports directly to the BIRMC, with no involvement in operational activities or positions within the company. |
| 10.3.i (iii) | For Companies with asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest. | Complied | A compliance officer has been appointed and reports directly to the BIRMC. |
| 10.3.i (iv) | The responsibilities of a compliance officer would broadly encompass the following: | | |

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| | i) develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements; | Complied | The compliance officer has implemented policies and procedures to assess the company's compliance status. |
| | ii) ensure compliance policies and procedures are clearly communicated to all levels of the Company to enhance the compliance culture; | Complied | All policies and procedures have been communicated to the relevant management and the BIRMC. |
| | iii) ensure that reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards; | Complied | Reviews have been conducted in accordance with regulatory guidelines and internal compliance standards. |
| | iv) understand and apply all new legal and regulatory developments relevant to the business of Company; | Complied | All new rules and guidelines relevant to the company's operations have been properly understood and communicated to the relevant parties. |
| | v) secure early involvement in the design and structuring of new products and systems, to ensure that they conform to regulatory requirements, internal compliance and ethical standards | Complied | The Compliance Division is involved at an early stage in the design and structuring of new products and systems to ensure compliance requirements are appropriately considered. |
| | vi) highlight serious or persistent compliance problems and where appropriate, work with the management to ensure that they are rectified within an acceptable time; and | Complied | As a compliance officer, identified compliance issues are communicated to management, and necessary corrective actions are taken. |
| | vii) maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with highest integrity | Complied | Facilitates all on-site and off-site examinations and provides information to relevant regulatory bodies in a timely manner. Maintains regular communication with regulators and fosters a good working relationship. |
| **10.3.j** | **Risk management function** | | |
| 10.3.j (i) | BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the Company. | Complied | The BIRMC has established an independent risk management function for managing the risk of the Company. The Chief Risk Officer and staff of the Risk Department do not perform any operational roles and report directly to the BIRMC, ensuring independence of the risk management function. |
| 10.3.j (ii) | For Company's with asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO considered to be senior management shall carry out the risk management function and report to the BIRMC periodically. | Complied | The Company has complied with this requirement through the establishment of an independent Risk Management Department headed by the Chief Risk Officer, who is a member of Senior Management. The Chief Risk Officer reports periodically to the Board Integrated Risk Management Committee (BIRMC) on risk management activities and the Company's overall risk profile. |

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| 10.3.j (iii) | The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the Company's risk management function is robust and effective to support its strategic objectives and to fulfil broader responsibilities to various stakeholders. | Complied | Chief Risk Officer has taken measures to implement the Risk management policies and monitor the Risk Appetite based on the Board approved RAS. |
| 10.3.j (iv) | The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers:<br>a. various potential risks and frauds possible sources of<br>b. such risks and frauds;<br>c. mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing<br>d. effective measures to control and mitigate risks at prudent levels; and<br>e. relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually. | Complied | The Chief Risk Officer is responsible for developing and implementing a Board-approved, integrated risk management framework that encompasses:<br><br>a) The identification and assessment of all relevant risks, including potential fraud risks;<br>b) The identification of possible sources and drivers of such risks and fraud events;<br>c) The establishment of robust mechanisms for the identification, assessment, monitoring, and reporting of risks and frauds, incorporating both quantitative and qualitative analyses, including stress testing where appropriate. |
| 10.3.j (v) | The chief risk officer shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc. and make recommendations on risk management | Complied | The Chief Risk Officer participates in key decision-making processes, including capital and liquidity planning, new product developments, and make recommendations on risk management processes. |
| 10.3.j (vi) | The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis. | Complied | The Risk Report and Key Risk Indicators (KRIs) are submitted to the BIRMC on a monthly basis. |
| 10.3.j (vii) | The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions. | Complied | Board was informed by BIRMC of their risk assessment of the Company by forwarding the risk report and recommendation made by BIRMC for upcoming Board meeting seeking Board's views. |
| **10.4** | **Nomination Committee** | | |
| | The following shall apply in relation to the Nomination Committee: | | |
| 10.4.a | The committee shall be constituted with non-executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at meetings by invitation of the committee. | Complied | The committee is renamed as the Nomination and Governance Committee with the effect of Listing in the Colombo Stock Exchange (CSE) w.e.f. 11/03/2025. And it is comprised of Non-Executive Directors and two third of the directors are Independent. |

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|---|---|---|---|
| 10.4.b | Secretary to the nomination committee may preferably be the company secretary. | Complied | The Secretary to the Nomination and Governance Committee is the Company Secretary. |
| 10.4.c | The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management.<br>Senior management are to be appointed with the recommendation of CEO, excluding CIA, CRO and Compliance officer. | Complied | Selection and appointments of KRPs are carried out in accordance with the TOR. |
| 10.4.d | The committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the FBA (Assessment of Fitness and propriety of Key Responsible Persons) | Complied | The Committee ensures Compliance with the terms of Finance Business Act Directions No. 6 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons). |
| 10.4.e | The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities. | Complied | The Selection and Recruitment is performed in accordance to the Finance Business Act Directions No. 6 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons). |
| 10.4.f | The committee shall strive to ensure 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 and the Company as a whole. | Complied | The composition of the Board is not in any manner dominated by an individual or a small group of individuals. |
| 10.4.g | The committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management. | Complied | The qualifications and experience of GM/ CEO and KMPs have been documented in job descriptions (JDs) which were recommended by the Committee and approved by the Board of Directors. |
| 10.4.h | Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent. | Complied | Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the Company Secretary to ensure timely and transparent disclosure to shareholders. |
| 10.4.i | The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the Company and contribution made by the director concerned towards the discharge of the Board's overall responsibilities. | Complied | The committee undertakes a thorough evaluation of current directors to consider and recommend (or not recommend) their re-election. |

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| 10.4.j | The committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management | Complied | The Committee considers and recommends the additional requirements/ new expertise for the retiring Directors and Senior Management in accordance to the Succession arrangements. |
| 10.4.k | A member of the Nomination Committee shall not participate in decision making relating to own appointment/reappointment and the Chairperson of the Board should not chair the Committee when it is dealing with the appointment of the successor. | Complied | The Committee ensures adherence to the Governance Framework and abstain from the meetings where decisions are relating to their own appointment/ retirement. |
| **10.5** | **Human Resources and Remuneration Committee:** | | |
| | The following shall apply in relation to the Human Resources and Remuneration Committee: | | |
| 10.5.a | The committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors. | Complied | The Committee comprises of three Non-Executive Directors and chaired by an Independent Non-Executive Director. |
| 10.5.b | The secretary to the human resource and remuneration committee may preferably be the company secretary. | Complied | Draft minutes are prepared by the Company Secretary. Such minutes are reviewed and finalized by the Head of Human Resources and Administration prior to submission to the BHHRC for approval. |
| 10.5.c | The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to executive directors and senior management of the Company and fees and allowances structure for non-executive directors. | Complied | The Remuneration Policy of the Company, the salaries, allowances, and other financial benefits related to senior management is decided by the BHRRC. No Executive Directors appointed to the Board of Directors. |
| 10.5.d | There shall be a formal and transparent procedure in developing the remuneration policy. | Complied | The Remuneration Policy of the Company is in place to ensure fair and equitable benefits, supported by transparent guidelines that align with contemporary market-related remuneration practices. |
| 10.5.e | The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the Company. The policy shall be subject to periodic review of the Board, including when material changes are made. | Complied | The Board approved Remuneration Policy is in place and reviewed periodically. |
| 10.5.f | The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the Company. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest. | Complied | The Company's remuneration structure is designed in line with its strategic objectives and includes safeguards to mitigate conflicts of interest. Incentive schemes are structured to promote responsible behavior and discourage excessive risk-taking |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
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| 10.5.g | The committee shall review the performance of the senior management (excluding chief internal auditor, compliance officer, chief risk officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives. | Complied | The performance of Senior management, excluding the Chief Internal Audit, Risk Officer and Compliance Officer, has been evaluated by the Board Human Resources and Remuneration Committee (BHRRC). Financial benefits have been determined based on their performance outcomes. |
| 10.5.h | The committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed. | Complied | No such situation has occurred for the period. |
| **11.** | **Internal Controls** | | |
| 11.1 | Companies shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks | Complied | Succession plans, code of conduct and business ethics, competency, policy frameworks, segregation of duties and internal controls are in operation. Adequate internal controls, systems and procedures are in place and effectiveness is evaluated by the Internal Audit Department as per Annual Audit Plan. |
| 11.2 | A proper internal control system shall:<br>a) promote effective and efficient operation;<br>b) provide reliable financial information;<br>c) safeguard assets;<br>d) minimize the operating risk of loss from irregularities, fraud and errors;<br>e) ensure effective risk management systems; and<br>f) ensure compliance with relevant laws, regulations and internal policies. | | |
| 11.3 | All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives | | |
| **12.** | **Related Party Transactions** | | |
| 12.1 | Board shall establish a policy and procedures for related party transactions, which covers the following | Complied | The Board approved Related Party Transaction Policy and Procedure is in effect. |
| 12.1.a | All Companies shall establish a Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director and the members shall consist of non- executive directors. | Complied | The Board has formed a Related Party Transactions Review Committee in accordance with the established guidelines. |
| 12.1.b | All party-related transactions shall be prior reviewed and recommended by the RPTRC. | Complied | The mechanism is in effect as detailed in the Board approved Related Party Transaction Policy and Procedure. |
| 12.1.c | The business transactions with a related party that are covered in this Direction shall be the following: | | |
| 12.1.c i. | Granting accommodation; | Complied | The mechanism is in effect as detailed in the Board approved Related Party Transaction Policy and Procedure and Credit Policy. |

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| 12.1.c ii. | Creating liabilities to the Company in the form of deposits, borrowings and any other payable; | Complied | The mechanism is in effect as detailed in the Board approved Related Party Transaction Policy and Procedure |
| 12.1.c iii. | Providing financial or non-financial services to the Company or obtaining those services from the Company; or | Complied | The Related Party Transaction Policy and Procedure, along with the Policy for Managing Potential Conflicts with the Board of Directors' related parties, outlines the various types of related party transactions that the Company should avoid preventing any potential conflicts of interest. |
| 12.1.c iv. | Creating or maintaining reporting lines and information flows between the Company and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party. | Complied | |
| 12.2 | The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the Company with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises. | Complied | The Board recognizes the importance of identifying related party transactions. The Board-approved Related Party Transaction Policy and Procedure and Policy on managing potential conflicts with the related parties of the BoD, are intended to serve as a resource to help the Company mitigate any potential conflicts of interest that may arise from its transactions. |
| 12.2.a | Directors and senior management. | | |
| 12.2.b | Shareholders who directly or indirectly holds more than 10% of the voting rights of the Company. | | |
| 12.2.c | Subsidiaries, associates, affiliates, holding company, ultimate parent company and any party (including their subsidiaries, associates and affiliates) that the Company exert control over or vice versa | | |
| 12.2.d | Directors and senior management of legal persons in paragraph (b) or (c). | | |
| 12.2.e | Relatives of a natural person described in paragraph (a), (b) or (d). | | |
| 12.2.f | Any concern in which any of the Company's directors, senior management or a relative of any of the Company's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest. | | |

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| 12.3 | The Board shall ensure that the Company does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the Company. For the purpose of this paragraph,"more favorable treatment" shall mean: | Complied | Company does not grant or consider any more favorable treatments for related parties at the time of reviewing the transaction through the related Party Transaction Review Committee. |
| 12.3.a | Granting of "total accommodation" to a related party, exceeding a prudent percentage of the Companys regulatory capital, as determined by the committee. | Complied | The Board-approved Related Party Transaction Policy and Procedure and Policy on managing potential conflicts with the related parties of the BoD, are in effect to serve as a resource to help the Company mitigate any potential conflicts of interest that may arise from its transactions.<br><br>Company ensure that no favorable treatments or considerations effected when recommending Related Party Transactions through the Related Party Transaction Review Committee. |
| 12.3.b | Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty; | | |
| 12.3.c | Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties; | | |
| 12.3.d | Providing or obtaining services to or from a related party without a proper evaluation procedure | | |
| 12.3.e | Maintaining reporting lines and information flows between the Companys and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions | | |
| **13** | **Group Governance** | | |
| 13.1 | Responsibilities of the Company as a Holding Company. | Not applicable | The Company is neither a holding company nor a subsidiary of another financial institution. Accordingly, these requirements are not applicable to the Company. |
| 13.2 | Responsibilities as a Subsidiary | Not applicable | |
| | If the Company is a subsidiary of another financial institution subject to prudential regulation, Company shall discharge its own legal and governance responsibilities. | Not applicable | |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
|---|---|---|---|
| **14** | **Corporate Culture** | | |
| 14.1 | A Company shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of company assets and fair treatment of customers. | Complied | The Company has established a Code of Conduct for its stakeholders including directors and employees, addressing key areas such as conflict of interest, accurate accounting and record-keeping, confidentiality of information, fair dealing, safeguarding and appropriate use of the Company's assets, compliance with laws and regulations, bribes and promoting the reporting of any illegal or unethical behavior. |
| 14.2 | The Company shall maintain records of breaches of code of conduct and address such breaches in a manner that upholds high standards of integrity. | Complied | Records of any breaches of the Code of Conduct are maintained by the Company. When a breach is reported, the disciplinary procedure is activated, and actions are taken based on the severity of the incident. |
| 14.3 | The Company shall establish a Whistleblowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confidence manner and without the risk of reprisal. The BAC shall review the policy periodically. | Complied | A Whistleblowing Policy, approved by the Board, is in effect. All employees are encouraged to report any concerns they genuinely believe may indicate potential or existing wrongdoing, including violations of the Company's Code of Ethics. The Board Audit Committee (BAC) reviews this policy periodically. |
| **15** | **Conflicts of Interest** | | |
| 15.1.a | Relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting. | Complied | The management of conflicts of interest is addressed based on the accepted business practices. Each director of the Board has a responsibility to determine whether he has actual or potential conflict of interest due to a personal relationship or an external association. Therefore, the Director who has an interest in the contract had refrained from voting as indicated and it has been duly recorded by the Secretary in the minutes. |
| 15.1.b | The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. T he policy for managing conflicts of interest shall, | Complied | A separate Policy on Managing Potential Conflicts with the Related Parties of the Board of Directors and Senior Management is in effect. |
| 15.1.b.i | Identify circumstances which constitute or may give rise to conflicts of interests. | | |
| 15.1.b.ii | Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest. | | |
| 15.1.b.iii | Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest. | | |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
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| 15.1.b.iv | Implement a rigorous review and approval process for director and senior management to follow before they engage in certain activities that could create conflicts of interest. | | |
| 15.1.b.v | Identify those responsible for maintaining updated records on conflicts of interest with related parties, and | | |
| 15.1.b.vi | Articulate how any non-compliance with the policy to be addressed | | |
| **16** | **Disclosures** | | |
| 16.1. | The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English.<br><br>The Board shall ensure that at least following disclosures are made in the Annual Report of the Company. | Complied | Financial Statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards and published in in the newspapers in Sinhala, Tamil and English. |
| 16.1.i | Financial statements-<br>In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include,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.<br><br>A statement of responsibility of the Board in preparation and presentation of financial statements. | Complied | i) Financial Statements<br>Please refer Pages 279 to 370 in the Annual Report.<br><br>ii) Chairperson, CEO, and Board related disclosures.<br>Details of the Directors including names and transactions with the Company are given on page 286 of the Annual Report. Declaration was obtained from the Board of Directors of the Company and there is no business relationships with other Directors of the Company.<br><br>iii) Appraisals of Board Performance<br>A process is in place for the annual self-assessments of Directors to be undertaken by each Director and the records of such assessments are maintained by the Company Secretary. |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
|---|---|---|---|
| 16.1.i | | Complied | iv) Remuneration |

**Table 1 – Aggregate Remuneration paid to Directors[1]**

| Form of Remuneration | Amount (Rs. '000) |
|---|---|
| Basic Salary | |
| Board and sub-committee sitting fees | 10,850.00 |
| Fixed allowances | |
| Variable allowances | |
| Bonuses | |
| Reimbursed expenses | |
| Other monetary benefits (if any) | |
| Non-monetary benefits (converted into monetary terms) | |
| Total remuneration paid to directors | 10,850.00 |

*[1] As the CEO is not classified as an Executive Director, the CEO's remuneration is excluded from Directors' remuneration and included under Senior Management remuneration.*

**Table 2 – Aggregate Remuneration paid to Senior Management**

| Form of Remuneration | Amount (Rs. '000) |
|---|---|
| Basic Salary | 96,326.00 |
| Fixed allowances | 20,014.00 |
| Variable allowances | 727.00 |
| Bonuses | 3,038.00 |
| Reimbursed expenses | 9,144.00 |
| Other monetary benefits (if any) | |
| Non-monetary benefits (converted into monetary terms) | |
| Total remuneration paid to senior management | 129,249.00 |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
|---|---|---|---|
| 16.1.ii | Chairperson, CEO and Board related disclosures-<br>Name, qualification and a brief profile.<br>Whether executive, non-executive and/or independent director.<br>Details of the director who is serving as the senior director, if any.<br><br>The nature of expertise in relevant functional areas.<br><br>Relatives and/or any business transaction relationships with other directors of the company.<br><br>Names of other companies in which the director/ CEO concerned serves as a director and whether in an executive or non- executive capacity.<br>Number/percentage of board meetings of the Company attended during the year; and<br>Names of board committees in which the director serves as the Chairperson or a member. | | v) Related Party Transactions<br>Details of the Directors including names and<br>transactions with the Company are given on page 286 of the Annual Report.<br><br>vi) Board appointed Committees<br>Please refer 'Directors' attendance and Committee Memberships' tables are given on page 185 of the<br>Annual report.<br><br>vii) Organisational structure<br>Organisational structure of the company is in the Annual report pages 20 to 21.<br><br>viii) Director's Report<br>Please refer page 280 in the Annual Report. |
| 16.1.iii | Appraisal of board performance-<br>An overview of how the performance evaluations of the Board and its committees have been conducted | | |
| 16.1.iv | Remuneration-<br>A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation)<br>The aggregate values of remuneration paid by the Company to its directors and senior management. | | |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
|---|---|---|---|
| 16.1.v | Related party transactions-<br><br>The nature of any relationship [including financial, business, family or other material/ relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board.<br><br>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 Company's core capital.<br><br>The aggregate values of the transactions of the Company with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the Company. | | |
| 16.1.vi | Board appointed committees-<br>The details of the chairperson and members of the board committees and attendance at such meetings. | Complied | |
| 16.1.vii | Group Structure-<br>The group structure of the Company within which it operates.<br>The group governance framework. | Complied | |
| 16.1.viii | Director's report-A report, which shall contain the following declarations by the Board:<br>The Company has not engaged in any activity, which contravenes laws and regulations.<br>The directors have declared all related party transactions with the Company and abstained from voting on matters in which they were materially interested.<br><br>The Company has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors.<br><br>The business is a going concern with supporting assumptions; and<br>The Board has conducted a review of internal controls covering material risks to the Company and have obtained reasonable assurance of their effectiveness. | Complied | |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
|---|---|---|---|
| 16.1.ix | Statement on Internal Control-<br>✱ A report by the Board on the Company's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of<br>✱ financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.<br>✱ The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published.<br>✱ A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances.<br>✱ A statement of the regulatory and supervisory concerns on lapses in the Company's risk management, or non-compliance with the Act, and rules and directions | Complied | Directors' Statement on Internal Control<br>Please refer pages 292 to 293 in the Annual Report. |
| 16.1.x | Corporate governance report-<br>Shall disclose the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of compliance with the Corporate Governance Direction. | Complied | Corporate Governance Report discloses the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction. |

| Ref No | Section | Compliance Status | Extent of Compliance 2025/26 |
|---|---|---|---|
| 16.1.xi | Code of Conduct -<br>Company's code of business conduct and ethics for directors, senior management and employees.<br>The Chairperson shall certify that the company has no violations of any of the provisions of this code. | Complied | A board approved code of conduct and ethics for directors and for all employees are in place. |
| 16.1.xii | Management report -<br>Industry structure and developments<br>Opportunities and threats<br>Risks and concerns<br>Sustainable finance activities carried out by the company<br>Prospects for the future | Complied | Management report includes industry structure and developments Opportunities and threats Risks and concerns, sustainable finance activities carried out by the company and prospects for the future |
| 16.1.xiii | Communication with shareholders -<br>The policy and methodology for communication with shareholders.<br>The contact person for such communication. | Complied | Communication with shareholders<br>The Board approved Communication Policy is in place which covers all stakeholders including Depositors, Creditors, Shareholders, and Borrowers. The Board of Directors, officers, and employees comply with the policy in order to ensure effective communication for the best interests of all stakeholders |

## 3. Corporate Governance – Section 9 of the rules of the CSE

| Section Reference | Section description | 2025/26 Level of Compliance |
|---|---|---|
| 9.2.1 | Listed Entities shall establish and maintain the following policies and disclose their existence, together with implementation details, on the Entity's website:<br>a. Policy on the matters relating to the Board of Directors.<br>b. Policy on Board Committees - To mention regarding the TOR.<br>c. Policy on Corporate Governance, Nominations and Re- election.<br>d. Policy on Remuneration<br>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.<br>f. Policy on Risk management and Internal controls<br>g. Policy on Relations with Shareholders and Investors<br>h. Policy on Environmental, Social and Governance Sustainability<br>i. Policy on Control and Management of Company Assets and Shareholder Investments<br>j. Policy on Corporate Disclosures<br>k. Policy on Whistleblowing<br>l. Policy on Anti-Bribery and Corruption | The Board approved policies are in place and confirmation of the availability displayed on the corporate Website. |
| 9.2.2 | Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report. | No such situation has transpired since listing in CSE. |
| 9.2.3 | Listed Entities shall disclose in its Annual Report: | The availability of the approved list of policies are displayed on the Company's website |
| | (i) the list of policies that are in place in conformity to Rule 9.2.1 above, with reference to its website. | |
| | (ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above. | The Company has adopted the required policies as per Section 9.2.1 above. |
| 9.2.4 | Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy. | A Board-approved Policy on Relations with Shareholders and Investors is in place and includes provisions relating to shareholder requests for policies. |
| 9.3 | Board Committees | The Board Nominations and Governance Committee, Remuneration Committee, Board Audit Committee, and Board Related Party Transactions Review Committee have been duly established. |
| 9.3.1 | Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include;<br>(a) Nominations and Governance Committee<br>(b) Remuneration Committee<br>(c) Audit Committee<br>(d) Related Party Transactions Review Committee. | |

| Section Reference | Section description | 2025/26 Level of Compliance |
|---|---|---|
| 9.3.2 | Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules. | The composition of each Board Committee is in line with the revised CSE Listing Rules. Each Committee operates under its own Terms of Reference, with meeting arrangements and records maintained by the respective Secretary under the supervision of the Chairperson. Committee Chairpersons report periodically to the Board on key matters, and the Terms of Reference are reviewed regularly. |
| 9.3.3 | The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above. | The Chairperson of the Board did not serve as the Chairperson of any Board Sub-Committee during the year under review. |
| 9.4. | Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders | Company maintains records of all resolutions which are being considered at the AGM. |
| 9.4.1 | Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC.<br>(a) The number of shares in respect of which proxy appointments have been validly made;<br>(b) The number of votes in favour of the resolution;<br>(c) The number of votes against the resolution; and<br>(d) The number of shares in respect of which the vote was directed to be abstained. | |
| 9.4.2 | Communication and relations with shareholders and investors<br>(a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity.<br>(b) Listed Entities shall disclose the contact person for such communication.<br>(c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity.<br>(d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange. | Complied with.<br><br>An established Board approved policy on Relations with Shareholders and Investors Communication is in place. |

| Section Reference | Section description | 2025/26 Level of Compliance |
|---|---|---|
| 9.5 | Policy on matters relating to the Board of Directors | The Board approved policy on matters relating to the Board of Directors is in place. |
| 9.5.1 | Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall:<br>(a) recognize the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO.<br>(b) where a Listed Entity decides to combine the role of the Chairperson and CEO,<br>(i) set out the rational for combining such positions; and,<br>(ii) require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest.<br>(iii) set out the measures implemented to safeguard the interests of the SID.<br>(c) require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.<br>(d) stipulate the maximum number of Directors with the rationale for the same<br>(e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.<br>(f) provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/ or non-compliance by the Listed Entity with obligations arising under such Rules.<br>(g) specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position.<br>(h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.<br>(i) specify the maximum number of directorships in Listed Entities that may be held by Directors.<br>(j) Recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum. | |
| 9.5.2 | Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action. | The required disclosures are included in the Annual Report on pages 184 to 190. |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.6 | Chairperson and CEO | The Chairperson is a Non-Executive, Non-Independent Director, while the positions of Chairperson and Chief Executive Officer are held by separate individuals. In addition, the Company has appointed a Senior Independent Director (SID) as part of its governance framework in line with the Directions issued by the Central Bank of Sri Lanka (CBSL). |
| 9.6.1 | The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual. | |
| 9.6.2 | A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules).<br>Such Market Announcement shall include the following:<br>(a) The reasons for non-compliance<br>(b) The rationale for combining the positions of the Chairperson and CEO | Not Applicable. |
| 9.6.3 | The Requirement for a Senior Independent Director | The Chairperson is a Non-Executive, Non-Independent Director, while the positions of Chairperson and Chief Executive Officer are held by separate individuals. In addition, the Company has appointed a Senior Independent Director (SID) as part of its governance framework in line with the Directions issued by the Central Bank of Sri Lanka (CBSL). |
| | (a) A Listed Entity shall appoint an Independent Director as the SID in the following instances:<br>i. The Chairperson and CEO are the same person<br>ii. The Chairperson and CEO are Close Family Members or Related Parties<br>Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement.<br>(b) The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members.<br>(c) The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate.<br>(d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3. (b) and (c) above.<br>(e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID. | |
| 9.6.4 | Until Listed Entities comply with Rule 9.6.1 above, such Entities shall be required to explain the reasons for non-compliance with Rule 9.6.1 in the Annual Report. | Not Applicable |
| 9.7 | Fitness of Directors and CEOs | Complied. The Company is in compliance with the requirements of Section 9.7.1. |
| 9.7.1 | The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper people as required in terms of these Rules:<br>In evaluating fitness and propriety of the persons referred to in these Rules, Listed Entities shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below. | |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.7.2 | Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made. | Complied. The Company is in compliance with the requirements of Section 9.7.2. |
| 9.7.3 | Fit and Proper Assessment Criteria: | |
| | a) Honesty, Integrity and Reputation<br>A Director or the CEO of a Listed Entity shall not be considered 'fit and proper' if she or he;<br>(i) has been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka.<br>(ii) in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the SEC or any other regulatory authority.<br>(iii) has been convicted, within or outside Sri Lanka of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly.<br>(iv) has been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies.<br>(v) has been disqualified from acting as a Director or CEO of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud.<br>(vi) has been disqualified from acting as a CEO/Key Management Person/Director of a company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively.<br>(vii) has been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 11.3 of these Rules.<br>b) Competence and Capability<br>A Director or the CEO of an Entity shall not be considered as 'fit and proper' if she or he;<br>(i) does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of these Rules which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/CEO (asapplicable).<br>(ii) has been declared by a court of competent jurisdiction in Sri Lanka or outsideSri Lanka, to be of unsound mind.<br>c) Financial Soundness<br>A Director or the CEO of an Entity shall not be considered as a 'fit and proper person' by the Exchange, if she or he;<br>(i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka.<br>(ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka.<br>(iii) has been in a position capable of exercising significant influence in a company that has:<br>(a) been declared bankrupt within or outside of Sri Lanka; or<br>(b) its assets sequestrated for the non-satisfaction of a judgement debt. | The fit and proper assessment criteria prescribed under the CSE Listing Rules have been incorporated into the annual declarations obtained from the Directors and the GM/CEO. |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 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. The company is in compliance with the requirements of Section 9.7.4. |
| 9.7.5 | Disclosures in the Annual Report of Listed Entities<br>Listed Entities shall include the following disclosures/reports in the Annual Report;<br>(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.<br>(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. | |
| 9.8 | Board Composition | Complied. The Company is in compliance with the requirements of Section 9.8.1. |
| 9.8.1 | The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors. | |
| 9.8.2 | Minimum Number of Independent Directors:<br>(a) The Board of Directors of Listed Entities shall include at least two (2) Independent 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<br>(b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change. | Complied. The Company is in compliance with the requirements of Section 9.8.2. |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.8.3 | Criteria for determining independence:<br>A Director shall not be considered independent if he/she:<br>(i) has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director.<br>(ii) currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly.<br>(iii) currently has/had during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity.<br>(iv) has a Significant Shareholding in the Listed Entity.<br>(v) has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment.<br>(vi) is employed in another company or business;<br>a. in which a majority of the other directors of the Listed Entity are employed or are directors; or<br>b. in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or<br>c. that has a Significant Shareholding in the Listed Entity or with which theListed Entity has a Business Connection.<br>(vii) is a director of another company;<br>a. in which a majority of the other directors of the Listed Entity are employed or are directors; or<br>b. that has a Business Connection in the Listed Entity or a Significant Shareholding.<br>(viii) has a Material Business Relationship or a Significant Shareholding in another company or business;<br>a. in which a majority of the other directors of the Listed Entity are employed or are directors; and/or<br>b. which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or<br>c. where the core line of business of such company is in direct conflict withthe line of business of the Listed Entity.<br>(ix) is above the age of seventy (70) years | Complied. The Company is in compliance with the requirements of Section 9.8.3. |
| 9.8.5. | The Board of Directors of Listed Entities shall require:<br>(a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non- independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. | Complied. The Company is in compliance with the requirements of Section 9.8.5. |
| | (b) Make an annual determination as to the "independence" or "non- independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report. | Director's independence and non-independence will be declared in the annual report page 185. |
| | (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof. | Pursuant to the applicable CBSL Directions. Mr. S P Perera and Mr.I A Wickramasinghe could not be regarded as independent directors as their common directorship was deemed to impair their independence. |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.9 | Alternate Directors | Not Applicable |
| 9.10 | Disclosures relating to Directors | |
| 9.10.1 | Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above. | The policy on the maximum number of directorships it's board members shall be permitted to hold has been included in the annual report page 184. |
| 9.10.2 | Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following;<br>i. a brief resume of such Director;<br>ii. his/her capacity of directorship; and,<br>iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. | Complied. |
| 9.10.3 | Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof. | Complied |
| 9.10.4 | Details relating to Directors in the Annual Report:<br>(a) name, qualifications and brief profile;<br>(b) the nature of his/her expertise in relevant functional areas;<br>(c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity;<br>(d) whether Executive, Non-Executive and/or independent Director;<br>(e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;<br>(f) number of Board meetings of the Listed Entity attended during the year;<br>(g) names of Board Committees in which the Director serves as Chairperson or a member; (h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and,<br>(i) The terms of reference and powers of the SID (where applicable). | Directors Details are given in the annual report. pages 34 to 39 |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.11 | NOMINATIONS AND GOVERNANCE COMMITTEE | The Company has established a Nominations and Governance Committee. |
| 9.11.1 | Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules. | |
| 9.11.2 | Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee. | The Committee follows a formal process for the appointment and re-election of Directors |
| 9.11.3 | The Nominations and Governance Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings. | The Committee's Terms of Reference comply with the revised CSE Listing Rules |
| 9.11.4 | Composition<br>The members of the Nominations and Governance Committee shall;<br>(a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.<br>(b) not comprise of Executive Directors of the Listed Entity.<br>(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity | The composition of the Committee complies with the applicable requirement |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.11.5 | Functions<br>The functions of the Nominations and Governance Committee shall include the following:<br>(i) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.<br>(ii) Consider and recommend (or not recommend) the re-appointment/reelection of current Directors taking into account;<br>* the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and,<br>* the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.<br>(iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity.<br>(iv) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.<br>(v) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.<br>(vi) Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity.<br>(vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.<br>(viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.<br>(ix) Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.<br>(x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same. | The functions and scope of the Committee are formally documented in its Terms of Reference. |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.11.6 | Disclosures in Annual Report | |
| | The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson The said report shall include the following;<br>(a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members);<br>(b) the date of appointment to the Committee; (c) whether a documented policy and processes are in place when nominating Directors;<br>(d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years;<br>(e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance;<br>(f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.<br>(g) The following information regarding directors who are re-elected or being proposed for re-election during the year:<br>• Board Committees served on (as a member or Chairperson),<br>• Date of first appointment as a Director,<br>• Date of last re-appointment as a Director,<br>• Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and,<br>• Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity.<br>(h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above<br>(i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity;<br>(j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement;<br>(k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.<br>(l) A statement that the Directors of the Listed Entity meet the criteria for determining independence.<br>(m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such noncompliance and the proposed remedial action taken for the rectification of such noncompliance. | The required disclosures are provided in the Board Nominations and Governance Committee Report on pages 274 to 275. |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.12 | REMUNERATION COMMITTEE | |
| 9.12.1 | For the purposes of Rule 9.12, the term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received. | The company has a Board Human Resources and Remuneration Committee in operation. |
| 9.12.2 | Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules. | |
| 9.12.3 | The Remuneration Committee shall establish and maintain 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 his/her own remuneration. | A Board approved remuneration policy is in place. |
| 9.12.4 | 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. | Remuneration Policy for Non-Executive Directors have been reviewed and approved by the Board of Directors. |
| 9.12.5 | Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings. | The Committee has adopted Terms of Reference setting out its scope, authority, and responsibilities in line with the CSE Listing Rules. |
| 9.12.6 | Composition<br>The members of the Remuneration Committee shall;<br>comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.<br>not comprise of Executive Directors of the Listed Entity.<br>An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors. | The Company complies with the requirements stated under section 9.12.6 Committee comprise of Three (03) Non-Executive Directors of which two of them are Independent Non-Executive Directors. The Chairperson is an Independent Director |
| 9.12.7 | Functions<br>The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final<br>determination upon consideration of such recommendations.<br>The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO | The functions and scope of the Committee are documented in its Terms of Reference. |
| 9.12.8 | Disclosure in Annual Report<br>The Annual Report should set out the following:<br>(a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company);<br>(b) A statement regarding the remuneration policy; and,<br>(c) The aggregate remuneration of the Executive and Non-Executive Directors. | The report of BHRRC is given on page 273. |
| 9.13 | AUDIT COMMITTEE | Risk functions are handled by BIRMC |
| 9.13.1 | Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules. | |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.13.2 | The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties. | The Committee has adopted Terms of Reference defining its scope, authority, and responsibilities in compliance with the revised CSE Listing Rules. |
| 9.13.3. | Composition<br>(1) The members of the Audit Committee shall;<br>(a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.<br>(b) not comprise of Executive Directors of the Listed Entity.<br><br>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.<br><br>The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.<br><br>(5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.<br><br>(6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided, however, where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.<br><br>(7) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.<br><br>Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above. | Complied. The Company is in compliance with the requirements of Section 9.13.3. |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.13.4 | Functions<br>(1) The functions of the Audit Committee shall include the following:<br>(i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.<br>(ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to:<br>(a) changes in or implementation of major accounting policy changes;<br>(b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;<br>(c) compliance with accounting standards and other legal requirements;<br>(d) any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity;<br>(e) any letter of resignation from the external auditors of the Listed Entity; and,<br>(f) whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re- appointment | Complied<br>Refer to the report of the Board Audit Committee (BAC). pages 270-271<br><br>BAC ensures the compliance to laws and regulations through Internal Audit activities conducted by Internal Audit Department. |
| | (iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors. | |
| | (iv) Obtain and review assurance received from:<br>(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and<br><br>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems. | |
| | (v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons. | |
| | (vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. | Complied<br>Please refer to the Director's statement on internal control. |
| | (vii) Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans. | Complied.<br>Separate risk report will be published in the annual report 25/26. |
| | (viii) Review the risk policies adopted by the Entity on an annual basis. | |

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| | (ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements. | BAC recommends the Management to take corrective actions to mitigate/ reduce the impact of risks. |
| | (x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors. | The Board Audit Committee and the Board Integrated Risk Management Committee executes its tasks relevant to respective committees.<br>The assigned tasks are displayed in relevant Terms of Reference documents. |
| | (xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken. | |
| | (xii) if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor. | |
| | (xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange. | |
| | (2) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above. | |

| Section Reference | Section description | 2025/26 Level of Compliance |
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| 9.13.5 | Disclosures in Annual Report | The Report of the Board Audit Committee is given on pages 270 to 271 |
| | (1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates. | |
| | (2) The Audit Committee Report shall contain the following disclosures: | |
| | (a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company); | |
| | (b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable). | |
| | (c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances. | |
| | (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. | |
| | (e) Whether the listed entity has a formal Audit Charter | |
| | (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function; | |
| | (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity; | |
| | (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and | |
| | (I) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties. | |
| 9.14 | RELATED PARTY TRANSACTIONS REVIEW COMMITTEE<br><br>Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules. | The Company complies with the requirements stated under section 9.14 |

| Section Reference | Section description | 2025/26 Level of Compliance |
|---|---|---|
| 9.14.2 | Composition<br>The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee | The composition of the Committee complies with the applicable requirement. Further details are provided in the Related Party Transactions Review Committee Report on page 277. |
| 9.14.3 | Functions<br>(1) Listed Entities shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as set out herein.<br>(2) The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by a Listed Entity when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions.<br>(3) When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality<br>(4) The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations. | Complied<br><br>Functions are performed by the RPTRC as per the Board approved Terms of Reference. |
| 9.14.4 | General Requirements<br>(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.<br>(2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.<br>(3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.<br>(4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not:<br>(a) be present while the matter is being considered at the meeting; and,<br>(b) vote on the matter. | The Company complies with the requirements stated under section 9.14.4 |

| Section Reference | Section description | 2025/26 Level of Compliance |
|---|---|---|
| 9.14.5 | Review of Related Party Transactions by the Related Party Transactions Review Committee | All related party transactions are reviewed by the BRPTRC prior to execution. |
| 9.14.6 | Shareholder Approval | No such situation has transpired |
| 9.14.7 | Disclosures | |
| | Immediate Disclosures<br>A Listed Entity shall make an immediate Market Announcement to the Exchange; (a) of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or (b) of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entities shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.<br><br>The Market Announcement to the Exchange shall include: (i) the date of the transaction or the period where applicable (ii) the name of the relevant Related Party (iii) the relationship between the Listed Entity and the Related Party (iv) details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at (v) the rationale for entering into the transaction (vi) the following statement: "The Related Party Transactions Review Committee of the Entity is of the view that the transaction/s is/ are on normal commercial terms, and is/are not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee is/is not (delete as applicable) obtaining an opinion from an independent expert prior to forming its view on the transaction." | No such situation has transpired |
| 9.17 | Additional Disclosures | Complied. The Company is in compliance with the requirements of Section 9.16. |
| | (1) They have declared all material interest in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested; | |
| | (2) they 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; | |
| | (3) they 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; | |
| | (4) 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 | |

# Risk Management

**Fintrex Finance adopts a robust, comprehensive, and well-structured Risk Management Framework to identify, assess, quantify, manage, and report material risks across all aspects of its operations. The framework provides a systematic and disciplined approach to risk management, ensuring that risks are proactively managed in alignment with the Company's strategic objectives.**

At the core of the framework is a clearly articulated risk appetite, supported by defined limits across all key risk categories. These limits guide decision-making, ensuring that risk-taking activities remain within acceptable boundaries while optimizing risk-adjusted returns. The framework further incorporates rigorous methodologies for risk measurement and capital allocation, enabling the Company to maintain a strong risk capital position and financial resilience.

Risk management is fully embedded within the Company's governance structure and operational processes. It is an integral component of strategic planning, business development, financial management, and customer-related activities. This integration ensures that risk considerations are factored into all key decisions, fostering alignment between business objectives and risk management responsibilities across all levels of the organisation.

The Company adopts an enterprise-wide approach to risk management, covering the Group, individual business units, products, services, transactions, and geographic locations. A consistent and coordinated approach to risk management is maintained across the organisation, supported by strong oversight and reporting mechanisms. This enables timely identification of emerging risks, effective mitigation strategies, and transparent communication with stakeholders.

Through this integrated approach, Fintrex Finance strengthens its resilience, safeguards stakeholder value, and supports sustainable growth in an increasingly dynamic and evolving risk environment.

## External Risk Landscape

### Phase 1: April 2025 – December 2025

**Stable domestic conditions supported recovery momentum**

During the financial year ended 31 March 2026, the external operating environment evolved through two distinct phases. The period from April 2025 to December 2025 was characterised by improving domestic macroeconomic stability and a gradual strengthening of economic activity, followed by heightened global geopolitical uncertainty in the final quarter.

Through most of 2025, macroeconomic conditions remained broadly stable, with inflation maintained at relatively low levels and interest rates remaining stable. This stability supported continued economic recovery and contributed to improved business and consumer confidence.

For the financial sector, the low-inflation and stable interest-rate environment enhanced affordability and repayment capacity, particularly within the retail and SME segments, while supporting a gradual recovery in credit demand.

Key economic drivers during this period included:

- **Improved repayment capacity**

Lower inflation and stable rates eased debt-servicing pressures across retail and SME customers.

- **Stronger tourism activity**

Increased tourist arrivals and earnings supported hospitality, transport, and related sectors.

- **Record worker remittances**

Improved household cash flows and liquidity across remittance-dependent communities.

- **Recovery in credit demand**

Stable macro conditions supported borrowing appetite and business activity.

Tourism growth and record remittance inflows further reinforced economic momentum, strengthening liquidity across households and businesses.

These developments provided additional support to credit demand and portfolio performance across several customer segments.

## External shock: Cyclone Dithwah Impact

Despite the generally favourable environment, the external shock from Cyclone Ditwah in November and December 2025 led to a temporary increase in macroeconomic uncertainty. The event affected business sentiment, disrupted certain economic activities, and created short-term volatility in market conditions.

While the broader recovery momentum remained intact, the shock highlighted the economy's continued susceptibility to external and geopolitical shocks. It also underscores the importance of maintaining prudent credit, liquidity, and risk management practices to safeguard financial stability during periods of uncertainty.



### Phase 2: January 2026 – March 2026

**Rising geopolitical uncertainty**

Heightened Risk Environment

During the final quarter of the financial year, the escalation of the U.S.–Iran conflict significantly widened the range of potential external risk scenarios facing the global economy.

A key concern was the risk of a global energy supply disruption, which could lead to higher oil prices, elevated inflationary pressures, and tighter global financial conditions. Such a development would have important implications for emerging economies, including Sri Lanka, through both direct energy-price effects and indirect transmission channels.

Potential transmission channels

- Increased fuel and transportation costs
- Renewed inflationary pressures
- Weaker consumer and business demand
- Tighter funding and liquidity conditions
- Heightened volatility in global financial markets
- Pressure on sectors with high energy dependence

For the financial sector, these developments elevated the risk of margin pressure, weaker borrower cash flows, and higher refinancing risks in the event of further deterioration in global conditions. Although the direct impact during the reporting period remained manageable, the heightened geopolitical uncertainty warranted closer monitoring of credit quality, liquidity, market risk, and sectoral concentrations.

Overall, the external environment in FY 2025/26 was characterised by a stronger domestic recovery supported by stable inflation, stable interest rates, tourism growth, and record remittance inflows, followed by a period of elevated global geopolitical risk toward the end of the year.

Fintrex Finance PLC continued to monitor these developments through its risk governance framework, with a focus on maintaining portfolio quality, strengthening liquidity resilience, proactively managing sector-specific vulnerabilities, and emerging macroeconomic risks that could affect the Company's future performance.

### Internal Risk Landscape

Risk is an inherent element of the financial services industry, and effective risk management remains fundamental to the sustainable growth and long-term success of Fintrex Finance PLC. Operating within an environment characterised by evolving market dynamics, regulatory developments, technological advancements, and changing customer expectations, the Company recognises the importance of maintaining a robust risk management framework to safeguard its financial strength, reputation, and stakeholder interests.

The Company's approach to risk management is deeply embedded within its governance structure, business processes, and organisational culture. Risk is viewed not merely as a potential source of loss, but also as a key factor in strategic decision-making and value creation. Accordingly, the Company adopts a proactive approach to identifying, assessing, monitoring, and managing risks, enabling it to respond effectively to emerging challenges while pursuing its strategic objectives.

Strong ethical principles, transparency, accountability, and integrity form the foundation of the Company's risk management philosophy. Risk considerations are integrated into day-to-day business activities and decision-making processes across the organisation, reinforcing the principle that risk management remains a shared responsibility at all levels. This integrated approach supports informed decision-making, enhances organisational resilience, and promotes sustainable business growth.

# Risk Management

The Company's risk management framework is designed to facilitate the timely identification of potential risks, assess their impact and likelihood, and implement appropriate mitigation measures. Risk management policies, procedures, and controls are continuously reviewed and strengthened to ensure alignment with evolving business requirements, industry best practices, and regulatory expectations. This enables the Company to maintain an optimal balance between risk and return while preserving financial soundness.

During the year under review, the Company further strengthened its governance and risk oversight framework through the appointment of a Chief Risk Officer (CRO). The appointment reflects the Company's commitment to enhancing enterprise-wide risk management, strengthening independent risk oversight, and embedding a stronger risk culture across the organisation. In addition to leading the risk management function, the CRO has also been entrusted with the responsibilities of the Data Protection Officer (DPO), reinforcing the Company's commitment to data privacy, information governance, and regulatory compliance.

This dual role has enhanced the Company's ability to oversee both enterprise-wide risks and emerging information-related risks within an increasingly digital operating environment. The integration of risk management and data protection oversight supports a more holistic approach to governance, strengthens organisational resilience, and ensures that customer information is managed in accordance with evolving regulatory and industry standards. As one of the early adopters within the finance company sector to formalise dedicated data protection governance arrangements, the Company continued to demonstrate its commitment to responsible data management and proactive risk governance.

Furthermore, the Company has continued to strengthen its integrated risk management practices through enhancements to risk identification, monitoring, assessment, and reporting across key risk categories. These initiatives have strengthened risk visibility, reinforced governance processes, and improved the Company's ability to respond effectively to emerging risks and changing business conditions.

Supported by a strong governance framework and active oversight from the Board, the Board Integrated Risk Management Committee, Senior Management, and employees across the organisation, the Company maintains a disciplined and structured approach to risk management. Risks are regularly monitored, communicated, and addressed through established governance channels, ensuring that emerging issues are identified and managed in a timely manner.

Fintrex Finance PLC remains committed to continuously enhancing its risk management capabilities and fostering a strong risk culture across the organisation. Through an integrated and forward-looking approach to risk management, the Company seeks to protect stakeholder value, maintain financial resilience, and support the achievement of its strategic objectives in a sustainable manner.

## Risk Governance

The risk governance framework of Fintrex Finance PLC is designed to ensure strong oversight, disciplined risk-taking, and effective management of risks across all levels of the organisation. The framework is anchored on the principles of accountability, independence, and transparency, and is aligned with applicable regulatory requirements and recognised international corporate governance standards.

At the apex of the governance structure, the Board of Directors holds overall responsibility for risk governance, including the approval of the Company's risk appetite, risk policies, and strategic risk direction. The Board ensures that a robust governance framework is in place to support sound risk management practices and promote sustainable long-term growth.

The Board Integrated Risk Management Committee (BIRMC) is a dedicated Board-level committee that assists the Board in fulfilling its risk oversight responsibilities. The Committee, comprising non-executive directors and chaired by an independent director, meets periodically to review key risk exposures, compliance updates, and the effectiveness of the overall risk management framework. It also provides the Board with guidance and recommendations on emerging risks and strategic risk-related matters.

The risk management function, forming the second line of defense, is led by the Chief Risk Officer (CRO) and supported through the Risk Department. The CRO is responsible for establishing and maintaining the risk management framework, overseeing enterprise-wide risk identification, measurement, monitoring, and reporting, and ensuring that risk exposures remain within the approved risk appetite.

To maintain independence and strengthen governance, the CRO has direct access to the Board and the BIRMC, enabling timely escalation of material risk issues and facilitating effective oversight.

In line with the Three Lines of Defense model, business and operational units constitute the first line of defense, bearing primary responsibility for identifying, managing, and mitigating risks arising from their activities. The Risk function acts as the second line of defense, providing independent oversight, guidance, and constructive challenge. The third line of defense, comprising Internal Audit, provides independent assurance on the effectiveness of internal controls and governance processes.

The Compliance function complements this framework by promoting adherence to regulatory requirements and internal policies.

The Risk Department collaborates closely with business and support functions to ensure that risk considerations are appropriately integrated into decision-making processes, while maintaining its independent oversight role. This structured approach ensures that risks are proactively identified, assessed, and managed in alignment with the Company's risk appetite and strategic objectives.

This integrated governance structure ensures that risk management is embedded across the Company's operations and decision-making processes. It strengthens risk awareness across the organisation, enhances escalation and reporting mechanisms, and supports timely and informed decision-making. Collectively, it enables Fintrex Finance PLC to maintain financial stability, operational resilience, and sustainable growth in a dynamic and evolving business environment.

## Three Lines of Defense

### 1st Line of Defense

Business Line

Risk Ownership

The First Line of Defense, comprises business and operational units, is responsible for identifying risks within their respective business units. They are tasked with designing, implementing, and executing effective controls to mitigate these risks. In addition, they ensure compliance with applicable laws, rules, and regulations, including internal policies, procedures, standards, limits, thresholds, and control frameworks.

### 2nd Line of Defense

Risk | Compliance

Risk Oversight

The Second Line of Defense provides independent risk oversight of the risk management framework. This includes centralised risk oversight, policy development and review, and compliance assurance. These responsibilities are carried out by the Risk Department, led by the Chief Risk Officer, and the Compliance Department, led by the Compliance Officer

### 3rd Line of Defense

Internal Audit | External Audit

Assurance

The Third Line of Defense provides independent assurance through objective reviews and quality assessments performed by the internal and external audit functions.




## Risk Culture

Fintrex Finance PLC recognises that a strong risk culture is fundamental to effective risk management, informed decision-making, and the long-term sustainability of the Company. Risk culture encompasses the values, behaviours, attitudes, and accountability demonstrated by employees at all levels in identifying, assessing, managing, and communicating risks in the course of their responsibilities.

The Company is committed to fostering a robust risk culture in which risk management is embedded in day-to-day business activities and strategic decision-making. Risk considerations form an integral part of planning, product development, operational processes, customer interactions, and business growth initiatives, ensuring that risks and opportunities are evaluated in a balanced and informed manner.

The Board of Directors and Senior Management play a critical role in shaping and sustaining the desired risk culture by setting clear expectations regarding ethical conduct, accountability, transparency, and prudent risk-taking. Through active oversight and leadership, they reinforce the importance of maintaining risk exposures within the Company's approved risk appetite while supporting the achievement of its strategic objectives.

Fintrex Finance PLC womotes a culture of risk-based thinking encouraging employees to proactively identify, assess, and escalate potential risks and control weaknesses. Open communication and constructive challenge are encouraged across all levels of the organisation, supporting timely risk identification and informed decision-making. Employees are expected to understand the risks associated with their responsibilities and to act in a manner consistent with the Company's risk management policies, values, and governance standards.

The Company further strengthens its risk culture through continuous awareness programmes, employee engagement initiatives, policy communication, and ongoing training on risk management, regulatory compliance, information security, and ethical conduct. These efforts enhance risk awareness and reinforce the principle that effective risk management is a shared responsibility across the organisation.

Fintrex Finance remains committed to continuously strengthening its risk culture by fostering accountability, encouraging responsible risk-taking, promoting collaboration across functions, and embedding risk management into the organisational mindset. This culture supports the Company's resilience, strengthens stakeholder confidence, and contributes to the achievement of sustainable long-term growth.

## Risk Strategy

The Company's Risk Management Strategy is anchored in a clearly articulated Risk Appetite Framework (RAF), which defines the nature and level of risks the Company is willing to assume, or avoid, in pursuit of its strategic and financial objectives. This framework serves as a foundational governance tool that translates the Company's strategic intent into measurable risk parameters across key risk categories, including credit, liquidity, market, operational, and other material risks .

The Risk Appetite Statement (RAS) is operationalised through defined Risk Tolerance Limits and Key Risk Indicators (KRIs), which establish quantitative thresholds and qualitative boundaries for effective risk-taking. These thresholds are calibrated to ensure alignment with the Company's capital strength, earnings stability, funding structure, and prevailing macroeconomic conditions. In this context, the RAF is closely integrated with the Internal Capital Adequacy Assessment Process (ICAAP), thereby ensuring that risk-taking activities remain consistent with the Company's capital planning, stress testing outcomes, and long-term solvency objectives.

Risk appetite is embedded within strategic planning, business decision-making, and day-to-day operations through a structured governance and monitoring mechanism. This includes periodic risk reporting to senior management and the Board-level Risk Oversight Committee, supported by a "Traffic Light" early warning system that facilitates timely identification of risk limit breaches and emerging risk trends. This proactive monitoring approach enhances forward-looking risk visibility and supports timely management intervention.

The framework is further strengthened through periodic review and recalibration of risk appetite parameters to reflect changes in the Company's internal business model, portfolio composition, regulatory expectations, and external economic environment. This dynamic approach ensures that the Company maintains an optimal balance between risk and return, while safeguarding capital adequacy, liquidity resilience, and overall financial stability.

## Risk Management Process

The Company's Risk Management Process is aligned with the principles of ISO 31000:2018, providing a structured and internationally recognised framework to embed risk intelligence into decision-making and support long-term value creation. It reinforces the Company's commitment to sustainable growth by ensuring that risk-taking is deliberate, well-governed, and aligned with strategic objectives.

Risk management is embedded as an integral component of the Company's governance and operational framework, enabling a disciplined approach to balancing risk and return. The framework promotes a forward-looking perspective, supporting the identification and management of both existing and emerging risks that may impact business performance, capital adequacy, liquidity resilience, and operational continuity.

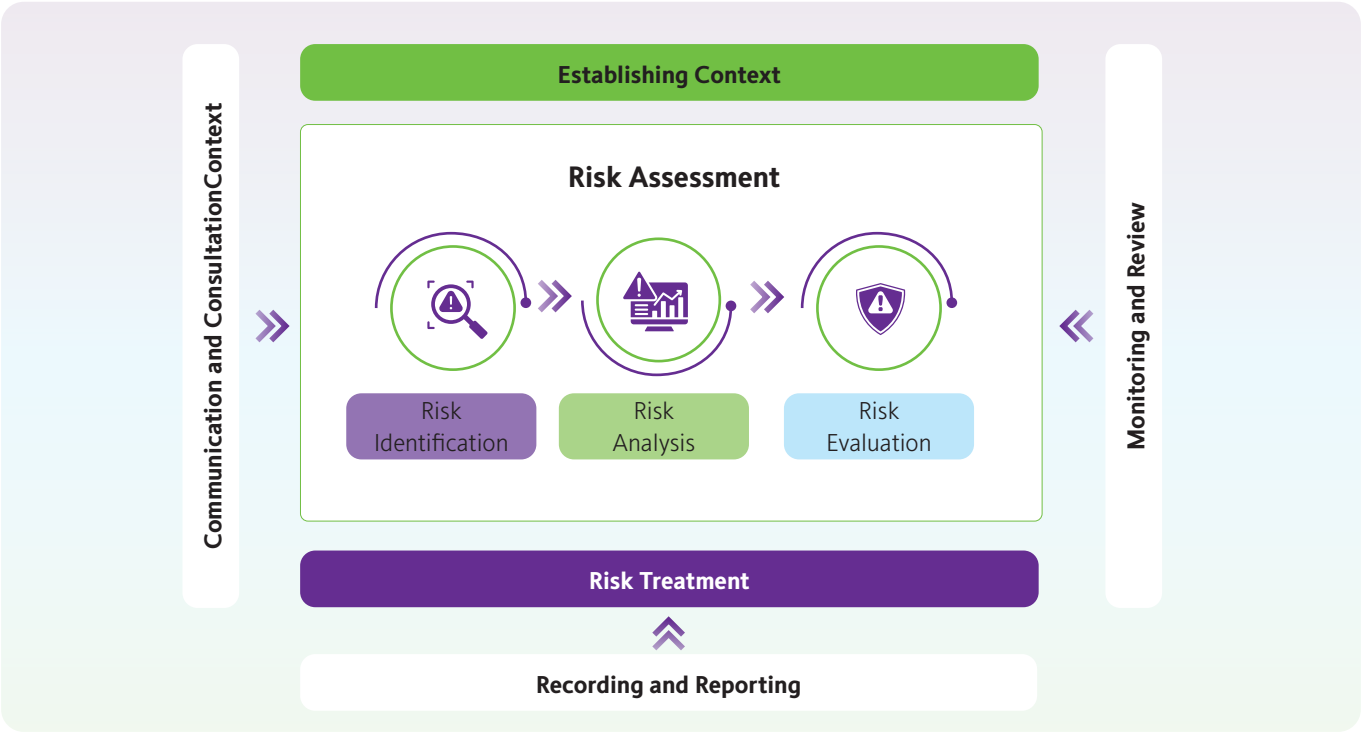
The framework operates through a continuous cycle of risk identification, assessment, treatment, monitoring, and communication. Risk identification is supported through enterprise-wide mechanisms, including structured risk assessments, Key Risk Indicator (KRI) monitoring, incident reporting, and periodic control evaluations. This ensures comprehensive visibility of risk exposures across business lines and functional areas.

Identified risks are assessed based on their likelihood and potential impact, incorporating both financial and non-financial considerations, including reputational and regulatory implications. This enables prioritisation of risks in line with their materiality and strategic significance, ensuring focused management attention on critical risk areas..

Risk treatment strategies are developed in alignment with the Company's Risk Appetite Framework, ensuring that risk responses, whether mitigation, transfer, acceptance, or avoidance, are appropriately calibrated to support business objectives while safeguarding financial stability. This approach enables the Company to pursue growth opportunities within clearly defined risk boundaries.

The effectiveness of risk management actions is continuously monitored through an integrated oversight mechanism, supported by regular risk reporting, KRI dashboards, and independent assurance functions. Insights generated through monitoring activities are used to strengthen internal controls, enhance risk responsiveness, and improve decision-making quality across the organisation.

Overall, the Risk Management Process serves as a key enabler of sustainable value creation by strengthening resilience, enhancing stakeholder confidence, and supporting informed risk-taking. It ensures that the Company remains agile in responding to evolving market conditions while maintaining a strong foundation of financial stability and governance discipline.




## Key Risks

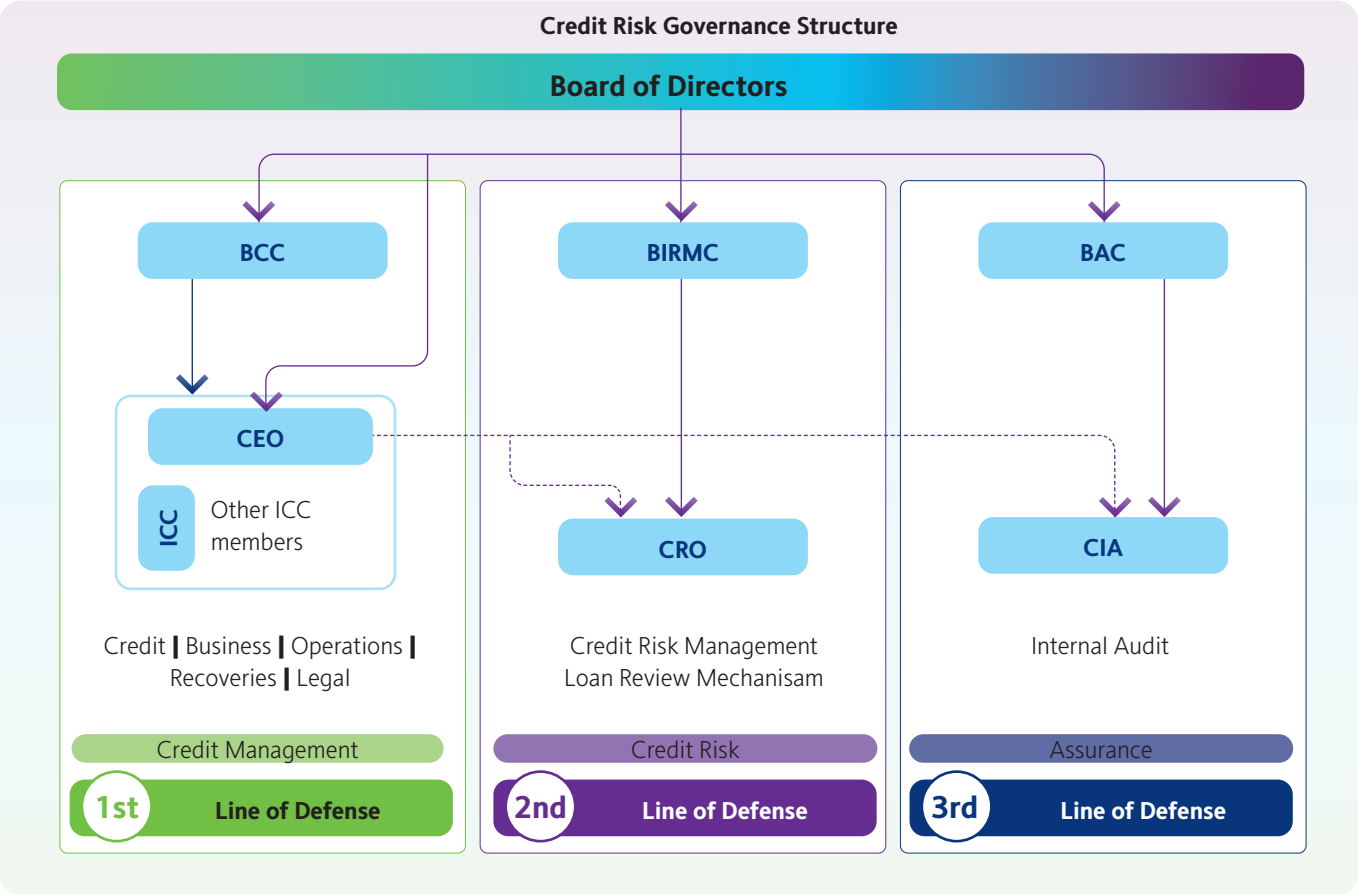
### Credit Risk

Credit Risk represents the most significant risk exposure for Fintrex Finance PLC and arises from the potential failure of borrowers or counterparties to meet their contractual obligations. Given the Company's core focus on lending activities, the effective management of credit risk remains fundamental to preserving asset quality, safeguarding capital, maintaining earnings stability, and supporting sustainable business growth.

The Company has established a comprehensive Credit Risk Management Framework that governs the entire credit lifecycle, encompassing customer acquisition, credit assessment, approval, monitoring, collections, recovery, and portfolio management. The framework is designed to ensure that credit exposures remain within the Board-approved Risk Appetite while supporting prudent business expansion and long-term value creation.

## Credit Risk Governance

Credit risk governance is supported through a structured Three Lines of Defense model, which ensures clear accountability, segregation of duties, and independent oversight across the credit lifecycle.




The Credit Management function serves as the First Line of Defense and is responsible for credit origination, appraisal, approval implementation, portfolio monitoring, collections, and recovery activities. Accountability for maintaining portfolio quality and compliance with approved credit policies and delegated authority limits resides within the business and credit functions.

The Risk Management function, led by the Chief Risk Officer, operates as the Second Line of Defense by providing independent oversight through policy formulation, risk appetite management, portfolio monitoring, limit oversight, and credit risk reporting. To further strengthen independent credit risk assessment, the Company plans to introduce an Independent Loan Review Mechanism during the 2026/27 financial year. This initiative will enhance assurance over underwriting standards, credit administration practices, and portfolio quality.

The Third Line of Defense is provided by Internal Audit, led by the Chief Internal Auditor operating under the oversight of the Board Audit Committee. Internal Audit independently evaluates the effectiveness of credit risk management processes, internal controls, and governance arrangements, providing objective assurance to the Board.

Overall oversight is exercised by the Board of Directors through the Board Credit Committee (BCC), Board Integrated Risk Management Committee (BIRMC), and Board Audit Committee (BAC), ensuring a robust and effective credit risk governance framework.

## Credit Portfolio Performance

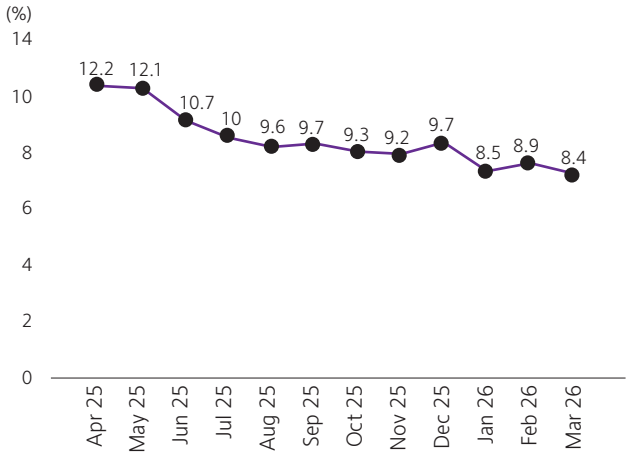
During the financial year under review, the Company continued to strengthen its credit risk management practices with a particular focus on improving portfolio quality, enhancing collection effectiveness, and accelerating recovery performance. These initiatives contributed to a significant improvement in key asset quality indicators despite operating within a challenging economic and operating environment.

The Gross Non-Performing Loan (NPL) Ratio improved from 12.2% in April 2025 to 8.4% as at end of the financial year. This reduction reflects the effectiveness of strengthened underwriting discipline, focused recovery efforts, enhanced collection strategies, and proactive portfolio monitoring. The improvement underscores the Company's commitment to maintaining a healthier credit portfolio while supporting sustainable lending growth.

From a benchmarking perspective, the Company's NPL ratio should also be assessed within the broader industry context. As at 31 March 2026, the industry average Gross NPL ratio stood at 4.42%. However, within the peer group - finance companies with asset size range from LKR 20 billion to LKR 50 billion, the average NPL ratio was 9.17%. Against this backdrop, the Company's NPL ratio of 8.4% compares favourably with its peers, demonstrating relatively stronger asset quality performance within its segment.

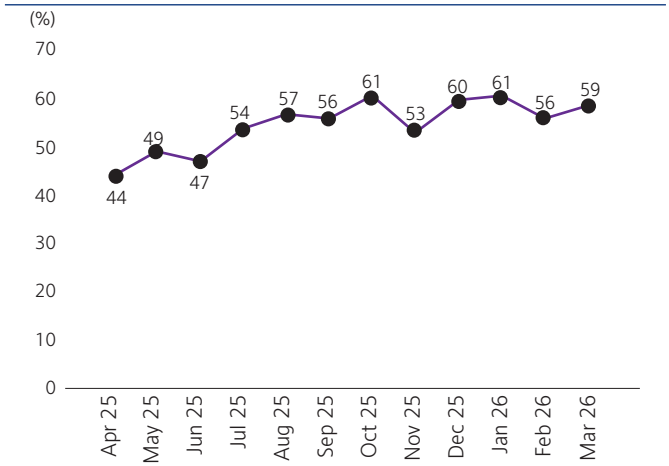
This positioning reflects a comparatively stronger performance within its direct peer group, underscoring ongoing progress in credit risk management, while highlighting the need for sustained focus to further align with best-in-class industry benchmarks.

Gross NPL



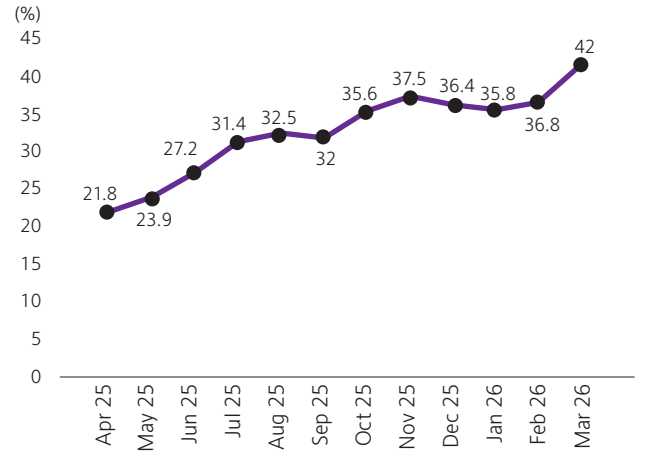

Collection performance also recorded a notable improvement during the year, with the Collection Ratio increasing from 44% in April 2025 to 59% by March 2026. This reflects enhanced collection efficiency, improved customer engagement, and the effectiveness of targeted recovery initiatives implemented across the portfolio.

Collection




Further strengthening the Company's resilience against potential credit losses, the Stage 3 Impairment Coverage Ratio increased significantly from 21.8% to 42.0% during the financial year. The higher impairment coverage enhances the Company's ability to absorb potential losses arising from non-performing exposures while supporting balance sheet strength and capital preservation.

Stage 3 Impairment Coverage




Collectively, these improvements in collection performance, asset quality, and impairment provisioning reflect the effectiveness of the Company's credit risk management framework and reinforce its capacity to navigate evolving economic conditions.

## Credit Portfolio Concentration

### Credit Concentration Risk

Credit concentration risk arises when a significant portion of the lending portfolio is exposed to a particular product segment, customer category, industry sector, geographic location, or collateral type, potentially increasing vulnerability to adverse developments affecting that segment. Fintrex Finance manages concentration risk through a diversified lending strategy, prudent portfolio monitoring practices, and clearly defined risk appetite

parameters ensuring that excessive exposure to any single business line does not compromise the Company's financial stability.

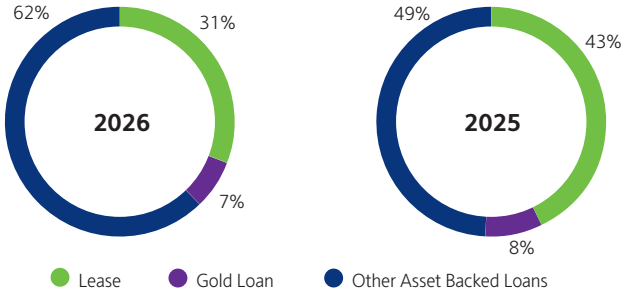
As at 31 March 2026, the Company's credit portfolio comprised Other Asset Backed Loans (62%), Lease Financing (31%), and Gold Loans (7%). Compared with the previous year, the portfolio composition reflects a notable strategic shift, with the share of lease financing declining from 43% to 31%, while other asset backed lending increased from 49% to 62%. Gold loans remained relatively stable, representing a modest portion of the overall portfolio at 7%.

The shift in portfolio composition demonstrates management's efforts to diversify revenue sources and reduce reliance on a single lending product. The reduction in lease financing concentration has contributed to improved portfolio diversification, thereby reducing the risk associated with cyclical fluctuations in specific asset classes and sectors traditionally linked to leasing activities. Simultaneously, the growth in other asset-backed lending has enabled the Company to expand its market reach while maintaining adequate collateral coverage to mitigate potential credit losses.

Despite the increased proportion of other asset-backed facilities, concentration risk remains manageable due to the diversity within the underlying customer base, collateral types, and economic sectors served by the Company. The portfolio is continuously monitored to identify emerging concentration trends across products, borrower groups, industries, and collateral categories. Periodic stress testing and scenario analyses are conducted to assess the potential impact of adverse market conditions on portfolio quality and capital adequacy.

The relatively low concentration in gold-backed lending further supports portfolio stability by limiting exposure to fluctuations in gold prices and collateral valuation risks. Moreover, the secured nature of the Company's lending portfolio provides an additional layer of protection against credit deterioration and loss severity.

Overall, the portfolio distribution as at 31 March 2026 reflects a more balanced credit exposure profile compared to the previous year. The diversification achieved through the increased share of other asset backed lending and reduced dependence on lease financing has strengthened the Company's resilience to concentration risk while supporting sustainable portfolio growth. Fintrex Finance will continue to maintain a disciplined approach to portfolio diversification, ensuring that concentration levels remain within approved risk appetite thresholds and aligned with the Company's strategic objectives.




Going forward, Fintrex Finance PLC will continue to strengthen portfolio analytics, early warning mechanisms, recovery strategies, and underwriting standards to support sustainable portfolio growth while preserving asset quality and financial resilience.

## Market Risk

Market risk refers to the potential for financial loss arising from adverse movements in key market variables, including interest rates, foreign exchange rates, equity prices, and commodity prices. These risks are driven by changes in macroeconomic conditions and financial market volatility, which may directly impact the Company's earnings, cash flows, and overall financial position. Effective management of market risk is therefore critical to preserving financial stability and sustaining profitability.

For Fintrex Finance PLC, interest rate risk and commodity risk represent the most significant components of market risk, with a direct influence on both cash flows and the economic value of assets and liabilities. In response to the evolving financial landscape, the Company strengthened its market risk governance during the year under review through the development and implementation of a comprehensive Market Risk Management Framework. This framework establishes a structured and consistent approach to the identification, measurement, monitoring, and mitigation of market risks, aligned with the Company's risk appetite.

The Asset and Liability Committee (ALCO) serves as the primary decision-making body for balance sheet management, ensuring an optimal balance between risk and return. ALCO is responsible for setting market risk limits, monitoring exposures, and providing strategic direction on asset and liability positioning. The Treasury Department is tasked with the active management of market risks within the approved limits, including the execution of funding strategies and investment decisions. Treasury undertakes continuous monitoring of exposures, supported by real-time and post-event reporting mechanisms to ensure timely detection and response to risk movements.

Independent oversight is maintained by the Risk Department, which monitors market risk exposures against the Company's defined risk tolerance levels. This function ensures objective assessment and reporting to the Board Integrated Risk Management Committee (BIRMC), thereby reinforcing the governance framework and enabling informed decision-making at Board level.

### Interest Rate Risk

Interest rate risk remains a key area of focus for the Company, given its significant impact on lending, funding and investment activities. Fluctuations in interest rates directly affect the Company's loan portfolio, deposit base and investment securities, thereby influencing net interest income and economic value.

During the period under review, declining market interest rates resulted in an increase in early settlements and refinancing activities, which reduced the expected interest income from the existing loan portfolio. Additionally, prepayment risk created reinvestment challenges, as funds had to be redeployed in a lower interest rate environment, thereby compressing yields and affecting profitability.

On the liability side, the Company experienced a relatively slower adjustment in the cost of funds, primarily due to the presence of longer-term fixed deposit obligations contracted at higher rates. This resulted in a temporary mismatch between asset repricing and liability repricing, exerting pressure on net interest margins.

In response, the Company continues to enhance its interest rate risk management practices by adopting a proactive and balanced approach to asset and liability management, ensuring resilience under varying interest rate scenarios while optimising returns.

### Interest Rate Risk Management

The Company employs a range of quantitative and analytical tools to measure, monitor and manage interest rate risk effectively. Key methodologies include:

- **Earnings-at-Risk (EaR)**: Assess the potential impact of interest rate movements on future earnings over a specified time horizon.
- **Interest Rate Sensitivity Analysis**: Evaluates the effect of rate changes on assets, liabilities, and off-balance-sheet exposures.
- **Cumulative Gap Analysis**: Identifies mismatches between interest rate-sensitive assets and liabilities across various maturity buckets, enabling effective management of repricing risk.

These tools are complemented by stress testing and scenario analysis, which simulate the impact of extreme but plausible movements in market interest rates. The outcomes are used to inform strategic decision-making and ensure that exposures remain within approved risk limits.

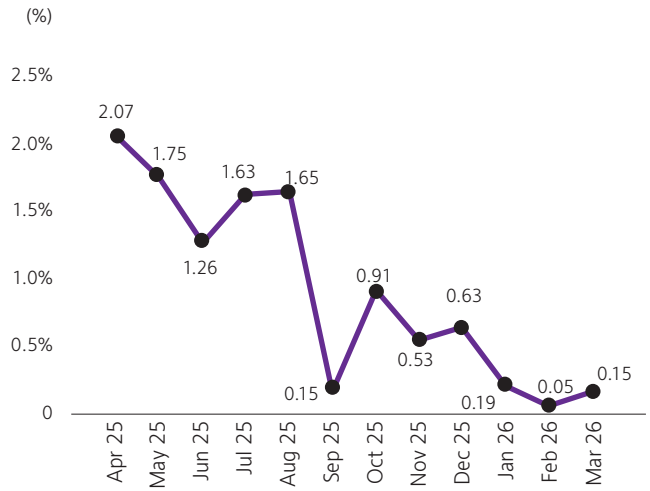
The Asset and Liability Committee (ALCO) regularly reviews interest rate risk reports, including gap positions, sensitivity metrics, and stress test results, and initiates corrective actions where necessary. Additionally, the Company maintains prudential limits and trigger thresholds to facilitate timely escalation and management intervention.

Through these measures, Fintrex Finance PLC remains committed to maintaining a robust interest rate risk management framework that supports sustainable growth while safeguarding financial performance.

### Interest Rate Sensitivity

(Effect of a 2% Increase in Interest Rate / Capital Base %)

Interest Rate Sensitivity




The Interest Rate Sensitivity indicator measures the potential impact on the Company's capital base arising from a parallel 2% upward shift in market interest rates, reflecting the structural mismatch between interest-earning assets and interest-bearing liabilities.

For Fintrex Finance PLC, the sensitivity profile demonstrates a clear and consistent downward trend over the period under review. The impact on capital base reduced from 2.07% in April 2025 to 0.15% by March 2026, with intermittent fluctuations during the year. Notably, the ratio declined sharply from the first quarter levels (above 1.5%) to below 1% from October 2025 onwards, indicating a meaningful strengthening of the Company's interest rate risk positioning.

This reduction reflects improved asset-liability repricing alignment, shorter duration gaps, and enhanced balance sheet structuring within the approved risk appetite framework. The progressively lower sensitivity also suggests that the Company has effectively managed exposure to adverse rate movements through proactive repricing strategies and disciplined maturity matching.

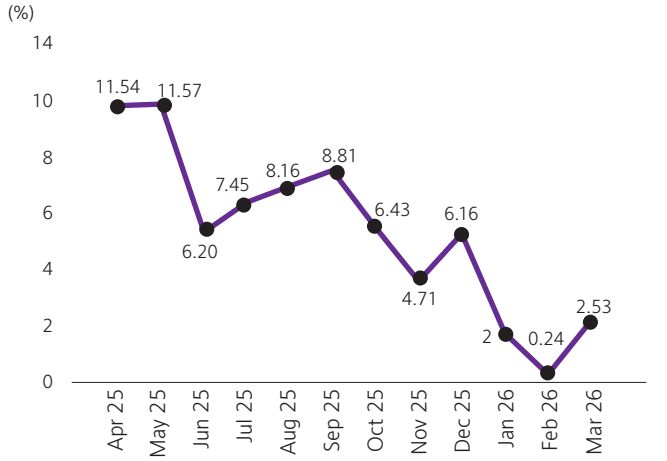
Overall, the consistently low end-period value indicates that the potential impact of a 2% rate shock on the capital base remains limited and well-contained within prudent internal risk thresholds.

### Cumulative Gap Ratio

(Repricing Gap up to 3 Months / Total Interest-Bearing Assets %)

The Cumulative Gap Ratio provides an indication of short-term liquidity and interest rate repricing risk by measuring the extent of mismatch between assets and liabilities repricing within a three-month horizon.

Cumulative Gap Ratio




For Fintrex Finance PLC, the ratio exhibited a significant and sustained improvement throughout the financial year. Starting at 11.54% in April 2025, it declined progressively to a low of 0.24% in February 2026, before closing at 2.53% in March 2026. Despite minor month-on-month volatility, the overall trajectory reflects a substantial reduction in short-term repricing mismatch.

Throughout the period, the ratio remained within the low-risk zone, well below internal tolerance thresholds, indicating a broadly balanced short-term asset-liability structure. The gradual compression of the gap is attributable to active balance sheet rebalancing, improved funding profile stability, and more aligned pricing structures between lending and funding portfolios.

The marginal increase observed in March 2026 does not indicate any structural deterioration but is primarily attributable to temporary timing differences in asset repricing and portfolio adjustments. Importantly, the ratio remains at a comfortably low level, supporting the Company's strong resilience to short-term interest rate volatility.

In aggregate, both indicators demonstrate a materially strengthened interest rate risk profile during the period under review. The declining interest rate sensitivity and narrowing repricing gap collectively reflect improved Asset and Liability Management (ALM) discipline and reduced exposure to adverse interest rate movements. The Company continues to operate within a conservative risk framework, maintaining market risk exposures at levels consistent with its approved risk appetite and capital strength.

### Commodity Price Risk

Exchange rate risk refers to the potential impact on earnings, capital, or the value of assets and liabilities arising from adverse movements in foreign currency exchange rates. Such risk typically arises when an institution maintains assets, liabilities, commitments, or other financial instruments denominated in foreign currencies.

As at 31 March 2026, the Company did not maintain any material foreign currency-denominated assets, liabilities, or off-balance sheet exposures. Accordingly, Fintrex Finance PLC's operations were predominantly conducted in Sri Lankan Rupees, which is both the functional and reporting currency of the Company. Consequently, the Company was not exposed to significant direct exchange rate risk arising from the translation or revaluation of foreign currency balances.

Notwithstanding the absence of direct foreign currency exposures, exchange rate movements may have indirect implications for the Company's operating environment. These include potential impacts on inflation, interest rates, customer repayment capacity, business activity, and overall economic conditions. These factors can, in turn, affect the Company's earnings, capital position, and balance sheet values.

As part of its market risk management framework, the Risk Department closely monitors developments and volatility in foreign exchange markets to assess their potential systemic and indirect impact on the Company's risk profile. This ongoing monitoring enables the timely identification of emerging risks and supports informed decision-making to safeguard the Company's financial resilience.

### Equity Investment Risk

The Company did not undertake any equity market investments during the financial year ended 31 March 2026 and, accordingly, does not maintain an equity investment portfolio as at that date.

In the event that the Company elects to initiate equity investments in the future, the ALCO will assume responsibility for oversight of such investments. This will include periodic review of the investment portfolio, monitoring of net capital gains or losses, and providing recommendations regarding investment strategy and any necessary corrective actions.

## Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due, without incurring unacceptable losses or adversely affecting its operations. Effective liquidity risk management is therefore fundamental to maintaining financial stability, supporting business growth, preserving stakeholder confidence, and ensuring compliance with regulatory requirements.

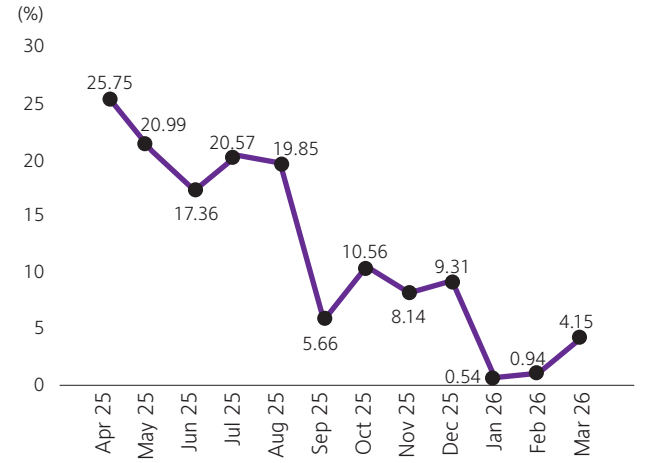
Fintrex Finance PLC adopts a prudent and proactive approach to liquidity risk management to ensure the continuous availability of sufficient funding to meet contractual obligations and operational requirements under both normal and stressed market conditions. The Company maintains a diversified funding base, comprising customer deposits, borrowings, and internally generated funds, to minimise concentration risk and strengthen funding resilience.

During the financial year, the operating environment continued to be influenced by evolving market conditions, including changes in interest rates, customer investment preferences, and funding market dynamics. These factors have the potential to impact deposit mobilisation, funding costs, and liquidity levels across the financial services sector. In response, the Company continued to closely monitor liquidity conditions and funding requirements to ensure the maintenance of adequate liquidity buffers and funding capacity.

Liquidity risk is governed through a robust framework of policies, limits, monitoring mechanisms, and reporting structures. The ALCO provides oversight of liquidity management by regularly reviewing liquidity positions, funding strategies, maturity mismatches, and market developments. The Treasury function is responsible for managing day-to-day liquidity requirements, monitoring cash flows, and maintaining sufficient liquid assets to meet anticipated funding needs.

Independent oversight is provided by the Risk Department, which continuously monitors liquidity risk indicators against approved risk appetite and tolerance thresholds, conducts stress testing and scenario analyses, and reports significant observations and emerging risks to the BIRMC and senior management. This framework enables timely identification and mitigation of liquidity risks while supporting the Company's long-term financial resilience and sustainable growth.

1-Year Maturity Mismatch Ratio




### Maturity Gap Analysis

The Maturity Mismatch Ratio is a structural liquidity risk indicator that measures the extent to which long-term assets are funded through liabilities with differing maturities. The ratio provides insight into the Company's exposure to refinancing and rollover risk by assessing the cumulative maturity gap relative to the total funding base comprising deposits and borrowings.

During the year under review, the Company's Maturity Mismatch Ratio demonstrated a notable improvement, declining from 25.75% in April 2025 to 4.15% by 31 March 2026. This reduction reflects the successful alignment of asset and liability maturities and the strengthening of the Company's long-term funding profile.

The ratio remained above 17% during the first five months of the financial year, indicating a relatively higher degree of maturity transformation as the Company funded portions of its asset portfolio through shorter-tenor liabilities. However, a substantial improvement was observed from September 2025 onwards, with the ratio reducing to single-digit levels and reaching a low of 0.54% in January 2026. This trend highlights proactive management action to address structural liquidity exposures through a combination of liability tenor optimisation, deposit mobilisation initiatives, and improved asset-liability matching strategies.

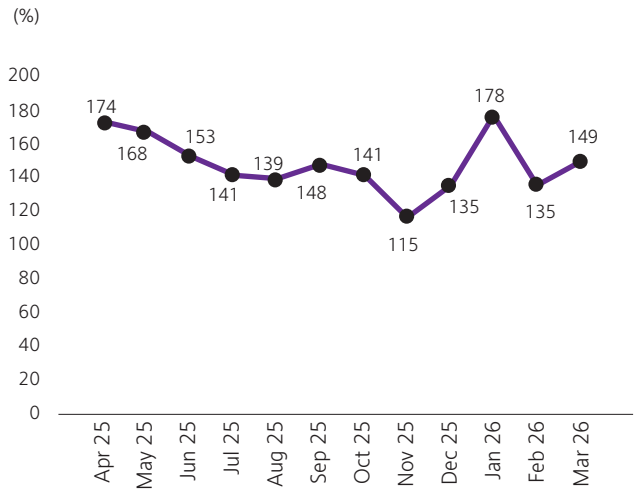
The year-end ratio of 4.15% indicates that the cumulative funding gap beyond one year represented a relatively small proportion of the Company's total funding base. This reflects a well-balanced maturity structure and a reduced dependence on future refinancing activities to support long-term assets. The lower mismatch level enhances the Company's resilience against potential market disruptions, funding constraints, or changes in depositor behaviour.

Overall, the declining trend in the Maturity Mismatch Ratio throughout the year demonstrates a strengthening of the Company's structural liquidity position. The results highlight the effectiveness of asset-liability management practices and support the Company's objective of maintaining a sustainable funding structure while minimising liquidity and refinancing risks.

### Liquid Assets Ratio

The Liquid Asset Ratio (LAR) is a key regulatory and internal liquidity risk indicator that measures the adequacy of liquid assets available to meet the Company's immediate liquidity obligations. It reflects the Company's capacity to withstand unexpected cash outflows while maintaining uninterrupted business operations and meeting depositor, lender, and regulatory commitments.

Liquid Asset Ratio




During the financial year ended 31 March 2026, Fintrex Finance PLC maintained a strong liquidity position throughout the year, with the Liquid Asset Ratio consistently remaining well above the regulatory minimum requirement. The ratio ranged between 115% and 178%, demonstrating a substantial liquidity buffer over the required level while highlighting the Company's prudent liquidity management practices.

The ratio moderated gradually from 174% in April 2025 to 115% in November 2025, primarily reflecting the deployment of surplus liquidity towards business growth and the expansion of the lending portfolio. Despite this decline, liquidity levels remained comfortably above internal and regulatory thresholds, indicating that asset growth was effectively supported by a stable funding base.

From December 2025 onwards, the ratio improved significantly, reaching a peak of 178% in January 2026 before closing the year at 149%. This recovery reflects successful funding mobilisation initiatives, enhanced cash flow management, and the maintenance of adequate liquid asset reserves to support anticipated funding requirements. The year-end ratio of 149% demonstrates that the Company held liquid assets equivalent to approximately one and a half times its short-term liquidity obligations.

The overall trend indicates that Fintrex maintained a resilient liquidity profile throughout the year despite fluctuations arising from normal business activities. The consistently strong ratio levels underscore the effectiveness of the Company's liquidity risk management framework, funding diversification strategy, and proactive monitoring processes in ensuring the availability of sufficient liquid resources under both normal and stressed operating conditions.

## Operational Risk

Operational risk is inherent in all business activities undertaken by Fintrex Finance PLC and arises from the potential for loss resulting from inadequate or failed internal processes, people, systems, or from external events. This encompasses a broad spectrum of risks, including process failures, human errors, fraud, cyber threats, information security breaches, business disruptions, legal and regulatory non-compliance, third-party service provider failures, and reputational damage. Given the increasing complexity of financial services and the evolving regulatory environment, effective management of operational risk remains a critical component of the Company's overall risk management framework.

The Company adopts a structured and proactive approach to operational risk management, integrating risk identification, assessment, monitoring, reporting, and mitigation into day-to-day business operations. The framework is designed to promote operational resilience, safeguard stakeholders' interests, protect the Company's assets and reputation, and support the achievement of strategic and business objectives.

During the financial year, the Company further strengthened its operational risk management practices by enhancing governance structures, risk assessment methodologies, internal control mechanisms, incident management processes, and business continuity arrangements. Operational risks are systematically identified and assessed through various tools and techniques, including Risk and Control Self-Assessments (RCSAs), Key Risk Indicators (KRIs), operational loss event analysis, scenario assessments, compliance reviews, and internal audit observations. Identified risks are evaluated based on their potential impact and likelihood, enabling management to prioritise mitigation actions and allocate resources effectively.

The Company maintains a comprehensive internal control environment supported by clearly defined policies, procedures, delegated authority structures, segregation of duties, maker-checker controls, and periodic independent reviews. Continuous monitoring mechanisms facilitate the timely detection of control weaknesses, process inefficiencies, and emerging risk exposures.

Operational risk incidents and near-miss events are regularly reported, investigated, and analysed to identify root causes and implement corrective and preventive actions, thereby fostering a culture of continuous improvement.

Information technology and cybersecurity risk management remain integral components of the operational risk framework. The Company continues to invest in strengthening information security controls, system resilience, access management protocols, data protection measures, and cybersecurity awareness initiatives to address the growing threat landscape and ensure the confidentiality, integrity, and availability of critical information assets.

Business Continuity Management (BCM) and Disaster Recovery Planning (DRP) are maintained to ensure the continuity of critical operations during periods of disruption. Periodic testing and reviews are conducted to validate the effectiveness of recovery strategies and enhance organisational preparedness against unforeseen events, including system outages, natural disasters, cyber incidents, and other operational disruptions.

In line with the regulatory expectations set out under the Finance Business Act, Direction No. 04 of 2024 on Operational Risk Management, Fintrex Finance PLC has undertaken significant initiatives to align its operational risk framework with the enhanced regulatory requirements. While finance companies with asset bases below LKR 100 billion are required to comply with the Direction by 1 January 2027, the Company has proactively accelerated its implementation programme and substantially completed the key requirements ahead of the stipulated regulatory timeline. This early adoption reflects the Company's commitment to maintaining sound risk governance practices, strengthening operational resilience, and embedding a robust risk culture across the organisation.

The Board of Directors and senior management continue to provide strong oversight of operational risk management through established governance structures, ensuring that operational risk considerations are integrated into strategic decision-making, business planning, and day-to-day operational activities. Through continuous enhancement of its operational risk management framework, the Company remains committed to maintaining a safe, resilient, and sustainable operating environment capable of supporting long-term growth and value creation for all stakeholders.

In addition, Business Continuity Management Framework, Financial Consumer Protection Framework, and Personal Data Protection Framework are integral elements of the Company's Operational Risk Management Framework.

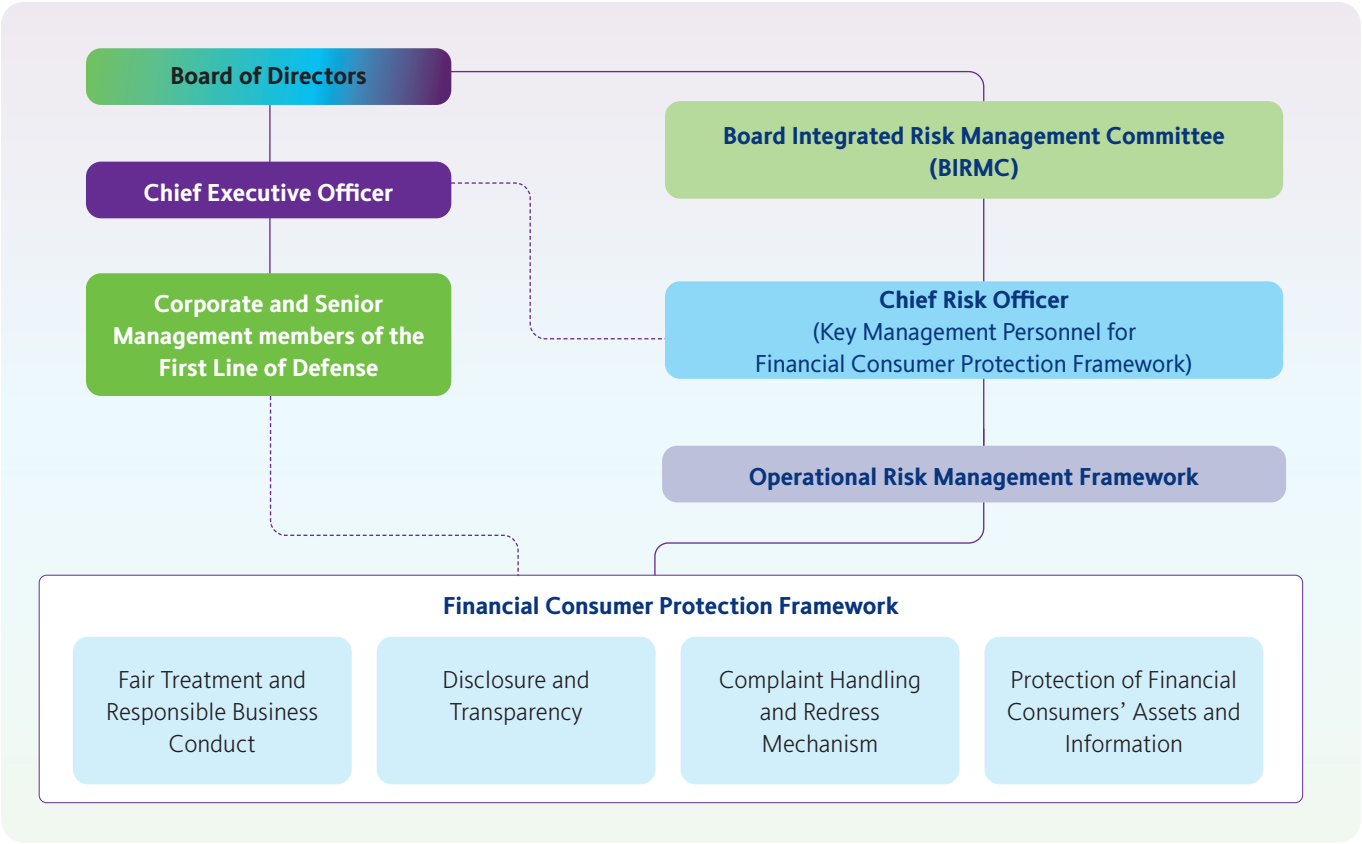
## Business Continuity Management Framework

The Business Continuity Management (BCM) Framework is an integral component of the Operational Risk Management Framework of the Company, providing a holistic approach to managing risks arising from unexpected disruptions. It establishes structured strategies and response mechanisms to address the risk of unexpected disruptions. The Business Continuity Plan (BCP) and the Disaster Recovery Plan (DRP) are key components of the BCM framework of the Company. Consequently, this BCM framework is designed to address a wide range of anticipated disruption scenarios. While the framework is sufficiently robust to manage most foreseeable events, it also incorporates the flexibility to respond effectively to unforeseen and exceptional situations. This framework underscores the Company's commitment to delivering uninterrupted services to all stakeholders.

## Financial Consumer Protection Framework

The Company recognises Financial Consumer Protection as a critical component of its operational risk management framework. During the financial year, the Company further strengthened its governance structure by appointing a new Chief Risk Officer (CRO) as a Key Management Personnel responsible for overseeing the Financial Consumer Protection Framework. The Company is committed to ensuring fair treatment of customers throughout the product lifecycle, promoting transparency in disclosures, responsible lending practices, effective complaint resolution mechanisms, and ethical conduct in all customer interactions.

Appropriate policies, procedures, and monitoring mechanisms have been established to ensure compliance with applicable regulatory requirements and industry best practices relating to consumer protection. Regular oversight and awareness initiatives are undertaken to strengthen a customer-centric culture while mitigating risks arising from misconduct, customer disputes, regulatory breaches, and reputational damage.




## Personal Data Protection

Personal Data Protection is recognised as an integral element of the Company's operational risk management framework, given the increasing volume, sensitivity, and regulatory significance of customer information in an evolving digital financial services environment. During the financial year, the Company further strengthened its governance structure in this area with the appointment of the new Chief Risk Officer as the designated Data Protection Officer, thereby ensuring clear accountability and oversight for data protection and privacy risk management at a senior management level.

In alignment with emerging regulatory expectations under the Sri Lanka's Personal Data Protection Act (PDPA), No. 09 of 2022 the Company has initiated a comprehensive gap assessment of its existing policies, processes, systems, and control environment against the requirements of the forthcoming legislation. This assessment is being conducted with the support of an external specialist consultant to ensure an independent, objective, and robust evaluation of current state readiness and to identify areas requiring enhancement.

The outcomes of this structured gap assessment will enable the Company to progressively align its operational practices with the requirements of the Act prior to its full enforcement by the Government. This proactive approach reflects the Company's commitment to regulatory compliance, data governance maturity, and the protection of customer confidentiality.

Appropriate focus is placed on strengthening data protection controls, access management, information security practices, and employee awareness, thereby mitigating risks related to unauthorised access, data leakage, cyber incidents, and other privacy-related breaches that may result in legal, regulatory, financial, or reputational consequences.

The integration of Financial Consumer Protection and Personal Data Protection considerations into the operational risk management framework enhances the Company's overall resilience and supports the maintenance of stakeholder confidence, regulatory compliance, and sustainable business growth.

## Reputational Risk

Reputational risk is a critical component of the Operational Risk Management Framework of Fintrex Finance PLC, reflecting the potential for adverse impacts arising from negative perceptions among customers, regulators, investors, and the wider public. The Company recognises that reputational risk is often a consequence of weaknesses or failures in other risk domains, including credit, operational, compliance, cyber, and conduct risk, and may also be amplified by external factors such as

evolving regulatory expectations, digital media exposure, and heightened stakeholder scrutiny in the financial services sector.

Within the Integrated Risk Management Framework, reputational risk is assessed in a forward-looking and structured manner, incorporating both quantitative Key Risk Indicators (KRIs) and qualitative assessments. These KRIs are benchmarked against defined risk appetite thresholds and are designed to provide early warning signals of potential reputational stress. Key monitoring dimensions include customer grievance trends, complaint resolution turnaround times, escalation patterns, service quality indicators, regulatory observations, and media sentiment analysis where applicable.

Fintrex Finance PLC adopts a preventive and corrective risk management approach to safeguard its brand and stakeholder confidence. Preventive measures include strengthening governance and compliance culture, enhancing transparency in customer communications, and reinforcing fair customer treatment practices across all business lines. Operational controls are continuously enhanced to ensure timely resolution of customer issues through defined service level agreements (SLAs), multi-channel complaint management mechanisms, and escalation frameworks aligned with regulatory expectations.

In addition, reputational risk considerations are embedded into product development, marketing communications, and third-party engagements to ensure consistency with the Company's ethical standards and regulatory obligations. Crisis management and incident response protocols are maintained to ensure timely containment, assessment, and communication of events that may have reputational implications.

Through these integrated measures, Fintrex Finance PLC seeks not only to mitigate potential reputational damage but also to strengthen long-term stakeholder trust, enhance brand resilience, and support sustainable business growth in an increasingly competitive and highly regulated financial services environment.

## Human Resource (People) Risk

At Fintrex Finance, people risk is recognised as a core component of the operational risk universe, reflecting the critical dependence of business performance, control effectiveness, and service quality on human capital. People risk arises from inadequate staffing, skill gaps, key person dependency, human error, misconduct, fraud, and ineffective workforce practices that may adversely impact operational continuity, regulatory compliance, customer outcomes, and reputational standing.

The Company manages people risk through a structured Human Capital Risk Management approach embedded within the broader Operational Risk Management Framework. This includes robust governance over recruitment, performance management, employee conduct, and succession planning, supported by clearly defined roles, accountability structures, and delegated authority frameworks across all levels of the organisation.

To mitigate the risk of skill obsolescence and capability gaps in an increasingly digitised financial services environment, the Company continues to invest in targeted competency development programmes, regulatory and compliance training, and leadership development initiatives. These are designed to strengthen both technical proficiency and risk awareness culture, ensuring employees are equipped to operate within an evolving regulatory and market landscape.

Key person risk is actively managed through succession planning frameworks and cross-functional training strategies designed to minimise the concentration of critical knowledge within individuals. In parallel, employee rotation practices and segregation of duties are systematically implemented to strengthen internal controls and reduce the likelihood of error or misconduct.

Furthermore, the Company places strong emphasis on conduct risk management, supported by a formal Code of Conduct, ethics-driven performance culture, and whistleblowing mechanisms that encourage early detection and reporting of inappropriate behaviour. These measures are reinforced by continuous monitoring supported by internal controls and oversight from the internal audit function.

Additionally, digital HR platforms and analytics are increasingly leveraged to enhance workforce planning, monitor attrition trends, and support timely decision-making in relation to capacity management and talent retention. This data-driven approach enables proactive identification of emerging people risk exposures.

Overall, Fintrex Finance maintains that effective people risk management is fundamental to sustaining operational resilience, regulatory compliance, and long-term organisational performance, and continues to strengthen its human capital practices in alignment with its risk governance framework.

## Information Security Risk

In an increasingly digitalised financial services environment, information security risk remains a critical component of the overall operational risk management framework of Fintrex Finance PLC. The Company recognises that cyber threats, data breaches, unauthorised access, and system vulnerabilities can materially impact business continuity, customer trust, and regulatory compliance. Accordingly, a structured and risk-based approach is adopted to safeguard the confidentiality, integrity, and availability of information assets across all business and technology platforms.

Information security governance is anchored by a designated Information Security Officer, supported by a management-level Information Security Committee responsible for overseeing the implementation of cybersecurity controls, monitoring emerging threats, and driving organisation-wide security awareness and compliance initiatives. The Risk performs independent information security risk assessments on a quarterly basis, including evaluation of control effectiveness, vulnerability exposure, and incident trends. Key findings, along with recommended mitigation actions, are escalated to the Board Integrated Risk Management Committee (BIRMC) on a periodic basis, ensuring Board-level oversight of the Company's cyber risk posture. This governance structure enables timely identification and mitigation of information security risks while strengthening the Company's overall digital resilience and regulatory alignment.

## Strategic Risk and Capital Management

Fintrex Finance recognises that strategic risk is an inherent consequence of pursuing sustainable growth in a dynamic financial services environment. Changes in regulatory frameworks, macroeconomic conditions, technological disruption, and evolving competitive intensity can materially influence the achievement of long-term strategic objectives. Accordingly, strategic risk management is embedded within the Company's governance and planning architecture to ensure resilience, adaptability, and value creation across business cycles.

The Company maintains a forward-looking capital management approach designed to ensure that capital resources remain adequate, efficient, and aligned with regulatory expectations and growth ambitions. Capital adequacy is actively managed not only as a compliance requirement but as a strategic enabler that supports business expansion, risk absorption capacity, and stakeholder confidence. The Company continuously evaluates its capital position against internal risk appetite thresholds and external regulatory minimums, ensuring sufficient buffers to withstand adverse stress scenarios while preserving strategic flexibility.

## Capital Management and Risk Integration

Capital planning at Fintrex Finance is anchored on a structured Internal Capital Adequacy Assessment Process (ICAAP), which evaluates the adequacy of available capital relative to the full spectrum of material risks faced by the institution. This includes credit risk, market risk, operational risk, liquidity risk, and other emerging risk categories. The ICAAP framework is supported by scenario analysis and stress testing methodologies that assess the potential impact of macroeconomic shocks, sectoral downturns, and idiosyncratic stress events on capital adequacy and business continuity.

Key dimensions of the capital management framework include:

- **Capital adequacy and growth enablement**: Ensuring that capital levels are sufficient to support planned business growth, product diversification, and balance sheet expansion without compromising financial stability.
- **Regulatory compliance assurance:** Maintaining capital buffers above minimum regulatory thresholds, in line with applicable supervisory requirements, thereby safeguarding operational continuity and regulatory standing.
- **Risk-adjusted capital optimisation**: Allocating capital efficiently across business lines based on risk-adjusted return considerations, ensuring optimal deployment of scarce financial resources.
- **Capital resilience under stress conditions**: Regular stress testing to assess capital sensitivity to adverse economic, credit, and liquidity scenarios, with defined management actions for capital preservation and replenishment.

## Strategic Risk Governance, Strategic Alignment, and Risk Oversight

Strategic risk management is closely integrated into the Company's corporate planning and decision-making processes. The Risk Appetite Framework is continuously reviewed and refined to ensure alignment with business strategy, prevailing market conditions, and stakeholder expectations. Risk appetite thresholds serve as key control parameters for strategic initiatives, ensuring that growth decisions remain within defined tolerance levels.

Risk considerations are embedded within the annual budgeting and strategic planning cycle through structured risk assessments, forward-looking scenario analysis, and capital planning exercises. This ensures that strategic decisions are evaluated not only on profitability and growth potential but also on their impact on capital adequacy and risk exposure.

Oversight is provided through the Board Integrated Risk Management Committee (BIRMC), which plays a pivotal role in monitoring strategic execution, capital adequacy trends, and emerging risk developments. The BIRMC ensures that management actions remain aligned with approved risk appetite statements and that appropriate corrective measures are taken in response to evolving risk conditions.

In addition, the Company's risk governance framework is reinforced by continuous monitoring of emerging risks, including digital and information security-related risks, which are increasingly relevant in a technology-driven financial services landscape. This ensures that strategic resilience is maintained

across both traditional and non-traditional risk domains, supporting the long-term sustainability of the institution.

## Internal Capital Adequacy Assessment Process (ICAAP)

Although there is currently no mandatory regulatory requirement for Licensed Finance Companies (LFCs) in Sri Lanka to implement an Internal Capital Adequacy Assessment Process (ICAAP), Fintrex Finance has proactively adopted ICAAP as a core component of its enterprise risk management and capital planning framework. This reflects the Company's commitment to maintaining robust financial resilience, forward-looking risk governance, and alignment with international best practices in capital adequacy assessment.

The ICAAP is conducted annually by the Risk Management function as a comprehensive, forward-looking exercise designed to evaluate the adequacy of available capital in relation to the Company's current risk profile, projected business growth, and strategic objectives. The process extends beyond regulatory capital requirements and incorporates an internal assessment of capital needs under normal and stressed conditions, thereby ensuring that capital is sufficient not only for compliance purposes but also to support sustainable business continuity and strategic expansion.

## Risk Coverage and Methodological Approach:

The ICAAP framework adopts a holistic, enterprise-wide perspective, capturing both quantifiable and non-quantifiable risks inherent in the business model. Key risk categories incorporated within the assessment include credit risk, market risk, liquidity risk, operational risk, and concentration risk, as well as other material risks arising from evolving business strategies, digital transformation initiatives, and macroeconomic volatility.

The capital adequacy assessment is supported by robust quantitative techniques, including risk quantification models, sensitivity analysis, and forward-looking projections. These are complemented by qualitative assessments that consider governance effectiveness, control environment maturity, and emerging risk indicators that may not be fully captured through traditional risk measurement approaches.

## Stress Testing and Scenario Analysis:

Stress testing and scenario analysis form an integral pillar of the ICAAP framework. The Company undertakes a range of macroeconomic and idiosyncratic stress scenarios to evaluate the potential impact on profitability, asset quality, liquidity position, and capital adequacy ratios. These scenarios typically include mild, moderate, and severe stress conditions, reflecting plausible but adverse changes in economic growth, interest rate movements, credit deterioration, and sector-specific shocks.

The results of stress testing are used to assess the resilience of the capital base under adverse conditions and to identify potential capital shortfalls or vulnerabilities. Where required, management actions and contingency measures are evaluated, including capital augmentation strategies, balance sheet optimisation, and risk exposure adjustments.

## Governance, Oversight, and Strategic Integration:

The outcomes of the ICAAP are subject to rigorous review by senior management and endorsed the Board Integrated Risk Management Committee (BIRMC), ensuring independent oversight and effective challenge. The BIRMC plays a critical role in validating assumptions, reviewing stress outcomes, and ensuring that capital planning decisions remain consistent with the Company's approved risk appetite framework and strategic direction.

Subsequently, ICAAP results are presented to the Board of Directors for final review and endorsement, reinforcing strong governance oversight over capital adequacy and risk management practices. This ensures that capital planning is not treated as a standalone compliance exercise, but as a strategic tool embedded within the broader corporate planning and decision-making framework.

Through this structured ICAAP framework, Fintrex Finance strengthens its ability to anticipate potential capital pressures, enhance financial resilience, and support sustainable growth in an increasingly complex and dynamic operating environment.

## Climate Risk

GRI 201-2

Climate risk refers to the potential for financial losses and adverse non-financial impacts arising from climate change, as well as from the economic, regulatory, and societal responses to address it.

Climate-related risks are broadly categorized into physical risks and transition risks. Physical risks arise from acute and chronic climate and weather-related events, such as heatwaves, droughts, floods, storms, and rising sea levels. These events may result in financial losses through damage to assets, disruption of operations, and deterioration in the creditworthiness of borrowers. The Company may be exposed to physical risks both directly through impacts on its own property portfolio and indirectly, through adverse effects on the broader economy and the financial position of its customers and business counterparties.

Transition risks arise from the process of adjustment towards a lower-carbon economy. These may be driven by changes in climate-related policy, regulatory requirements, technological developments, and shifts in market sentiment. Such changes may lead to the reassessment of asset values and customer risk

profiles, potentially resulting in asset devaluations and increased credit risk across affected sectors.

For Fintrex Finance PLC, transition risks may also manifest through increased compliance and adaptation costs, disruption in supply chains, and changing market dynamics. Indirect impacts may include reduced competitiveness, pressure on profitability, and potential reputational risk if the Company is perceived as not adequately addressing climate-related challenges.

The Company continues to monitor climate-related developments and integrates climate risk considerations into its risk management framework to support resilience and sustainable business practices.

## Compliance Risk

Fintrex Finance PLC maintains a strong culture of regulatory discipline and ethical conduct, underpinned by a structured Compliance Risk Management Framework aligned with applicable regulatory requirements issued by the Central Bank of Sri Lanka and other relevant statutory authorities.

Compliance risk is actively managed through a dedicated Compliance Department, headed by an independent Compliance Officer who maintains direct reporting access to the Board Integrated Risk Management Committee (BIRMC). This governance structure ensures independence, escalation transparency, and Board-level oversight of regulatory adherence and emerging compliance exposures.

The Compliance Framework incorporates a risk-based approach covering:

- Regulatory horizon scanning and impact assessment, ensuring timely identification and integration of new or amended regulatory requirements
- Ongoing monitoring and compliance assurance activities, including periodic compliance testing across key business functions
- Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) controls, including enhanced customer due diligence, transaction monitoring, and sanctions screening
- Regulatory reporting governance, ensuring accuracy, timeliness, and completeness of statutory submissions
- Internal advisory and awareness initiatives, strengthening compliance culture across all levels of the organisation

This structured approach enables the Company to proactively mitigate compliance risk, strengthen regulatory confidence, and sustain alignment with evolving supervisory expectations within the financial services sector.

## Corruption Risk

GRI 205-2

Fintrex Finance PLC recognizes that corruption risk poses a significant threat to ethical governance, stakeholder confidence, regulatory compliance, and long-term sustainability. Corruption risk may arise in various forms, including bribery, conflicts of interest, facilitation payments, and other unethical business practices, which could potentially compromise operational integrity and reputational standing.

To mitigate this risk, the Company has established and implemented a comprehensive Anti-Bribery and Anti-Corruption Policy that defines clear expectations for ethical conduct across all levels of the organization. This policy is embedded within a broader governance and compliance framework designed to promote a strong culture of integrity and accountability.

The FFL maintains zero tolerance towards any instances of bribery and corruption and will treat potential instances of bribery or corrupt behavior as a threat to its integrity and reputation as a business. All employees are accountable for preventing and mitigating whilst addressing bribery and corruption within their respective roles and responsibilities.

We ensure compliance with the applicable laws and regulations relevant to Anti Bribery and Corruption, and as amended.
- Anti-Corruption Act No. 09 of 2023
- Bribery Act No. 11 of 1954
- Prevention of Money Laundering Act No. 5 of 2006

The Company conducted an Anti-Bribery and Anti-Corruption (ABAC) practices under compliance training category for all members of the Senior Leadership Team and all Branch Operations In-Charges across all branches, recording a total of 161 training hours as well as AML CFT training for the Senior Leadership Team ensuring awareness of reporting mechanisms and compliance obligations, recording training hours of 63.3. Every employee will receive training on this policy and requirements at the time of conducting the Induction programs by the Compliance Department. The Policy is published on the FFL's Intranet and requested the all staff to read, understand and adhere to the contents thereof as well as circulated to all Board Members.

Key elements of the framework include:

- Regular employee training and awareness programmes on anti-bribery, corruption prevention, and ethical conduct
- A confidential whistleblowing mechanism that enables the reporting of suspected misconduct without fear of retaliation
- Periodic internal audits, compliance monitoring, and independent reviews to assess adherence to policies and controls
- Consistent enforcement of the Code of Conduct, supported by defined disciplinary procedures for breaches

The Company adopts a proactive and preventive approach to managing corruption risk, supported by strong governance oversight. This ensures that all employees, business partners, and stakeholders are guided by principles of transparency, accountability, and ethical responsibility in all business dealings.

## Risk Reporting

The effectiveness of Fintrex Finance PLC's risk management framework is underpinned by a robust, disciplined and well-governed risk reporting architecture, which ensures that risk information is systematically captured, validated, analysed, and communicated across all levels of governance. The Integrated Risk Management Department plays a central role in this process by facilitating the timely and accurate flow of risk intelligence to the Board of Directors, the Board Integrated Risk Management Committee (BIRMC), and Senior Management, thereby enabling informed and proactive decision-making.

The Company's risk reporting framework is designed to strengthen risk transparency, enhance forward-looking risk insight, and support enterprise-wide risk-based decision-making. It provides a structured view of key risk exposures, emerging risk trends, limit utilisations against the Risk Appetite Statement, and the effectiveness of mitigation actions. This ensures that risk reporting is not merely descriptive, but increasingly analytical and predictive in nature, supporting strategic and operational resilience.

Risk reporting at Fintrex Finance is fully aligned with the approved Risk Appetite Statement, the Integrated Risk Management Framework, and the respective Credit, Market, Liquidity, Operational, and Compliance Risk Management frameworks. In addition, reporting structures adhere to the Terms of Reference of the BIRMC and are fully compliant with applicable regulatory directives issued by the Central Bank of Sri Lanka, ensuring consistency with both internal governance expectations and external regulatory standards.

The reporting framework has been further strengthened through enhanced data integration, improved risk dashboards, and more granular risk categorisation, enabling a comprehensive and accurate assessment of the risk profile of the Company. This refinement has contributed to improved early warning signal identification, effective escalation mechanisms, and more effective tracking of risk mitigation actions across business units.

During the reporting period, the Company continued to enhance its risk reporting capabilities to address an increasingly complex risk environment characterised by regulatory evolution, macroeconomic volatility, and heightened operational and digital risks. The integration of new risk monitoring tools and reporting systems required continuous calibration to ensure data integrity, consistency, and relevance in supporting management decision-making.

The primary objectives of the risk reporting and documentation framework are to:

- Ensure timely, accurate, and consistent communication of risk exposures, trends, and incidents across the organisation;
- Support the Board, BIRMC, and Senior Management in strategic and tactical decision-making through high-quality risk information;
- Strengthen risk governance by enabling effective oversight, accountability, and escalation of key risk issues;
- Enhance the effectiveness of risk mitigation strategies through continuous monitoring and feedback loops; and
- Facilitate transparent engagement with internal and external stakeholders, reinforcing a strong risk governance culture across the organisation.

In determining the creation, retention, and governance of risk-related documentation, due consideration is given to information sensitivity, regulatory requirements, business relevance, and the evolving internal and external risk landscape. This ensures that risk reporting remains both fit-for-purpose and proportionate to the complexity and scale of the Company's operations.

Overall, the enhanced risk reporting framework continues to serve as a critical enabler of sound risk governance at Fintrex Finance, reinforcing discipline, accountability, and informed risk-taking across the organisation.



# SECURING TOMORROW

***After years of dedication and perseverance, financial peace of mind becomes invaluable. At Fintrex, trusted financial solutions foster confidence and reassurance for the years ahead. Allowing life's most cherished moments to be enjoyed with comfort, dignity, and security.***



# Report of the Board Audit Committee (BAC)

The Board appointed Board Audit Committee as at the end of the year comprises the following Non-Executive Directors of the Company.

**Mr. Nilam Jayasinghe (Chairman)**
Independent Non-Executive Director

**Mr. Shrihan B Perera**
Non-Independent Non-Executive Director

**Mr. Darshan Perera**
Independent Non-Executive Director

The Secretary to the Board of the Company performs the Secretary's function to the Audit Committee.

Brief profiles of the members are given on pages 34 to 39 of the Annual Report.

The Audit Committee met 17 times during the year. The attendance of the members at Audit Committee Meetings is as follows:

| Member | No. of Meetings |
|---|---|
| Mr. Nilam Jayasinghe (Chairman) | 17/17 |
| Mr. Shrihan B Perera | 17/17 |
| Mr. Darshan Perera *(Appointed w.e.f. 28/07/2025)* | 12/12 |
| Mr. Ahamed Sabry Ibrahim *(Ceased to be member w.e.f.28/07/2025)* | 5/5 |

The Chief Executive Officer, Chief Financial Officer, other senior members of the Management team and the Chief Internal Auditor attended Committee meetings by invitation. The Audit Partner of the External Auditors, M/s. Ernst & Young, was also invited to attend two such meetings during the year. Proceedings of the Audit Committee meetings are reported to the Board of Directors.

## Role of the Audit Committee:

The Audit Committee assists the Board of Directors in fulfilling effectively its responsibilities relating to financial, Corporate Governance and other related affairs of the company. The functioning of the Committee is guided by Audit Committee Charter and Audit Charter. The Committee has been empowered to:

- Examine internally any matter relating to the financial affairs of the company
- Monitor and follow-up the Internal and External Audit programmes and plans, review the Internal Audit and External Audit reports
- Analyse and review risks and examine the adequacy, efficiency and effectiveness of the Internal Control System and procedures in place to avoid or mitigate such risks
- Review Accounting Policies, emerging accounting issues and disclosures according to Sri Lanka Accounting Standards (LKAS) / Sri Lanka Financial Reporting Standards (SLFRS) review and recommend Interim and Annual Financial Statements prepared for approval of the Board and submission to shareholders
- Review the policy on the engagement of an External Auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements and guidelines.
- Review the governance framework relating to sustainability and climate changes discourses.

## Financial Reporting

The Committee assists the Board of Directors to discharge their responsibility for the preparation and release of the Financial Statements that portray a true and fair view of the affairs of the Company in accordance with the Company's accounting records and in conformity with the Sri Lanka Accounting Standards, the Sri Lanka Financial Reporting Standards, the Companies Act No.7 of 2007, Finance Business Act no. 42 of 2011, CBSL Directions and Rules of Corporate Governance under the listing rules of Colombo Stock Exchange (CSE).

The Committee reviewed the Company's interim and annual financial statements prior to submission to the Board and recommended the release of the same to stakeholders.

The Audit Committee reviewed and certified the profit reconciliation based on CBSL directions and LKAS/SLFRS and the resulting impact on the prudential ratios, in compliance with relevant regulations.

The Audit Committee reviewed the financial reporting systems in place to ensure the reliability and integrity of information provided. The review included the extent of compliance with LKAS/SLFRS and applicable laws & regulations, review of critical accounting policies and practices and any changes thereto, alternative accounting treatments, and material audit judgments.

## External Audit

The Audit Committee is empowered to recommend the appointment of the External Auditor in compliance with the relevant statutes, the service period, Audit fee and any resignation or removal of the Auditor. The Audit Committee is satisfied that there are no conflicts of interest between the Company and the Auditor.

The Committee is satisfied that there is no cause to compromise the independence and objectivity of the Auditor. The Committee reviewed the effectiveness of the audit processes in accordance

with applicable standards and best practices. The Audit Committee will ensure that the engagement of an audit partner shall not exceed 5 years and that the audit partner is not re-engaged for the audit before the expiry of 3 years from the date of the completion of the previous term as per section 10.2 (d) of Direction No.5 of 2021 issued under the Finance Business Act no. 42 of 2011.

The annual financial statements 2025/26 were reviewed with the External Auditor and their Engagement and Management Letter and Management's responses thereto were also reviewed.

In conforming with Best Practices, the Committee met with the External Auditor at two meetings in the absence of Chief Executive Officer and other Key Management Personnel to provide an opportunity in discussing whether there have been any improprieties, constraints, reservations or any other unsatisfactory matters arising from the audit which the auditor wished to discuss with the Audit Committee.

The Committee assists the Board of Directors in engaging the External Auditor for non-audit services in compliance with the respective statutes, to ensure that such engagement in non-audit services, does not impair the independence of the External Auditor.

## Risks and Internal Controls

The Audit Committee reviewed the company's operations and monitored the effectiveness of internal controls and procedures and is of the view that adequate controls and procedures are in place to provide reasonable assurance to the Board, that the assets of the company are safeguarded and the financial position reflects a true and fair view of the affairs of the company based on the available information.

Additionally, the Committee assessed the effectiveness of the company's internal controls over financial reporting as at 31 March 2026, as required by Finance Companies (Corporate Governance) Direction 05 of 2021, as assessed in the Directors' Statement on Internal Control on pages 292 to 293

The External Auditor has issued an Independent Assurance Report on the Director's Statement on Internal Control.

## Internal Audit

During the year under review, the Audit Committee reviewed the adequacy of the scope, functions and resources of the Internal Audit Division, the results of the internal audit process and their evaluation of the Company's internal control systems. The Audit Committee also reviewed and approved the adequacy of coverage of the internal audit programme.

## Whistleblowing

The Company's Whistleblowing Policy provides a formal mechanism to manage risks relating to corporate frauds and other aspects of misconduct. The policy enables employees to report genuine concerns regarding actual or potential wrongdoing, with a structured process in place to investigate such concerns while ensuring the confidentiality of the whistleblower's identity. The Board Audit Committee reviewed the Whistleblowing Policy during the year 2025/26.

## Regulatory Compliance

Audit Committee reviewed the information requirement of Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011, CBSL regulations and Rules of Corporate Governance under the listing rules of Colombo Stock Exchange (CSE). During the financial year, the Audit Committee reviewed the adequacy of the Company's Anti-bribery and Corruption structure and noted management's alignment with the Anti-Corruption Act, No. 09 of 2023. The Committee also reviewed management's approach to Personal Data Protection and the related oversight arrangements. Furthermore, during the period, the committee reviewed the company's Governance structure relating to the customer protection framework.

(Sgd.)
**Nilam Jayasinghe**
*Chairman - Board Audit Committee*

# Report of the Board Integrated Risk Management Committee (BIRMC)

The Board Integrated Risk Management Committee (BIRMC or Committee) was established by the Board of Directors of the Company in compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance, issued by the Central Bank of Sri Lanka. The composition and scope of the Committee is in conformity with provisions of the said Direction. The Charter and Terms of Reference of the BIRMC sets out the membership, sources of authority, duties and the responsibilities of the Committee.

The Committee comprises five Non-Executive Directors, two of whom, including the Chairman of the Committee, are Independent. Throughout the financial year, the Committee was constituted by the following members.

| Name | Designation | Attendance/ No. of meetings held |
|---|---|---|
| Mr. A. S. Ibrahim (Chairman) | Independent Non-Executive Director | 12/12 |
| Mr. J. R. F. Peiris | Non-Independent Non-Executive Director | 12/12 |
| Mr. J. F. R. De Fonseka | Independent Non-Executive Director | 12/12 |
| Mr. I. A. Wickramasinghe | Non-Independent Non-Executive Director | 12/12 |
| Mr. S. Nagpal (Member w.e.f. 28.07.2025) | Non-Independent Non-Executive Director | 8/8 |

The Committee held twelve (12) formal and scheduled meetings on a monthly basis during the year under review.

Brief profiles of the Directors representing the Committee are given on pages 34 to 39 of the Annual Report.

The Secretary to the Board of the Company performs the secretary's function to the Board Integrated Risk Management Committee (BIRMC).

## Regular Participants

Chief Executive Officer
Chief Risk Officer
Compliance Officer

## Attend Upon Invitation

Any other members of the Board, Corporate Management, and any other Staff Member will attend the Committee Meetings upon invitation.

The responsibilities of the Committee include;

- Assessing all risks, including, credit, market, liquidity, operational and strategic risks to the Company on a monthly basis through appropriate risk indicators and management information.
- Reviewing the adequacy and effectiveness of all management level committees such as the credit committee and the asset-liability committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.
- Making prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the Committee on the basis of the Company's policies and regulatory and supervisory requirements.
- Reviewing suitability of updated business continuity plan and develop disaster recovery plan.
- Taking timely, and appropriate, corrective actions in ensuring conformity with the risk management policies of the Company.
- Monitoring the effectiveness and independence of Risk Management within the Company and ensure that adequate resources are deployed for this purpose.
- Reviewing the effectiveness of the compliance function to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies in all areas of business operations.
- The committee shall annually assess the performance of the Chief Risk Officer and Compliance Officer.

Acting collectively, the members of the BIRMC evaluated its performance during the year as a subset of its performance, effectiveness and efficiency.

During the financial year 2025/26, the BIRMC supported execution of the overall business strategy within a set of prudent risk parameters that are reinforced by an effective risk management framework.

On behalf of the Board Integrated Risk Management Committee

(Sgd.)
**A. S. Ibrahim**
*Chairman*
Board Integrated Risk Management Committee

# Report of the Board Human Resource and Remuneration Committee (BHRRC)

The Board Human Resource and Remuneration Committee is established to assist, and advise, the Board in evaluating and recommending the Rewards, and Recognition, policies for all employees, and in ensuring the appropriateness of fees paid to the Independent Directors.

The composition and the attendance of the Board Human Resource and Remuneration Committee during the Financial Year 1 April 2025 to 31 March 2026, are as follows:

| Name | Designation | Attendance/ No of meetings held |
|---|---|---|
| Mr J F R De Fonseka - Chairman | Independent Non-Executive Director | 04/04 |
| Mr. J. R. F. Peiris | Non-Independent Non-Executive Director | 04/04 |
| Mr. A.S. Ibrahim Resigned w.e.f. 28.07.2025 | Independent Non-Executive Director | 02/02 |
| Mr. D.G. Perera Appointed w.e.f. 28.07.2025 | Independent Non-Executive Director | 02/02 |

The Committee met Four (04) times during the financial year that ended 31 March 2026, and the Board was kept informed about the proceedings and Board approval was obtained when, and where, required.

The Chief Executive Officer participated in all deliberations of this Committee and attended the meetings by invitation. The Head of Human Resources and Administration also attended by invitation as and when required.

## Role of the Committee

- Maintain a competitive remuneration package for employees at all levels on par with industry standards. (The Company's remuneration policy is designed to ensure fair, transparent, and performance-driven compensation aligned with market benchmarks and the company's risk appetite.)
- Gain assurance that the due processes, and procedures, have been followed in evaluating the performance of employees against pre agreed goals/ key performance indicators and recommend rewards/promotions, as determined by the Committee, for approval by the Board of Directors.
- Ensuring that the findings of the Great Places to Work Survey, employee surveys and audit of HR initiatives, are operationalized to develop and foster a culture that prioritises purpose, inclusiveness and continuous development.
- Ensuring that a Training and Development program/calendar exists on an ongoing basis for all staff.
- Assessing the appropriateness of the Fees paid to Independent Directors relative to the market.
- Review the suitability/alignment of HR Policies with Short, Medium and Long-term goals and objectives of the company.

The Committee recognizes rewards as one of the key drivers influencing employee behaviour, thereby impacting business results. Therefore, reward programs are designed to attract, retain, and motivate employees to deliver results by linking performance to demonstrable performance-based criteria. In this regard, the Committee focuses, particularly, on the individual performance of the Key Management Personnel in achieving the pre-agreed operating, and financial, targets and goals of the Company, both short-term and long-term.

Further, the Committee reviewed the succession plans in respect of the critical staff of, and the talent management process in the Company. The Succession Planning process mainly focused on assessing the readiness of identified employees for futuristic roles.

(Sgd.)
**J F R De Fonseka**
*Chairman*
Board Human Resource and Remuneration Committee

# Report of the Board Nominations and Governance Committee Report (BN&GC)

The Board Nominations and Governance Committee was established by the Board of Directors to oversee the nomination process for Board and Senior Management positions and to ensure the relevant corporate governance requirements are appropriately met.

The Committee reviews and reports on the Company's leadership and succession requirements and ensures that the Board remains effective, diverse, relevant and fit for purpose.

## Composition of the Committee

As of 31 March 2026, the Committee comprised the following members:

| Name | Designation |
|---|---|
| Mr. Seminda Nilam Jayasinghe | Chairman-Independent Non-Executive Director |
| Mr. Ahamed Sabry Ibrahim *(Appointed w.e.f.28.07.2025)* | Member -Independent Non-Executive Director |
| Mr. Ajit Damon Gunewardene | Member- Non-Independent Non-Executive Director |
| Mr. J F R De Fonseka *(Ceased to be a member w.e.f. 28.07.2025)* | N/A |

The composition of the Committee complies with all relevant corporate governance regulations and best practices, ensuring the majority comprises of Independent Directors.

## Committee Meetings

The Committee met five (05) times during the year. Attendance of the members was as follows:

| Name | Attendance/ No of. meetings held |
|---|---|
| Mr. Seminda Nilam Jayasinghe | 5/5 |
| Mr. Ahamed Sabry Ibrahim | |
| (Appointed w.e.f.28.07.2025) | 4/4 |
| Mr. Ajit Damon Gunewardene | 5/5 |
| Mr. J F R De Fonseka (Ceased to be a member w.e.f. 28.07.2025) | 1/1 |

*The Company Secretary acts as the secretary to the Committee*

## Key Responsibilities of the Committee:

The primary responsibilities of the Committee include:

- To review the structure, size, and composition of the Board and its Sub Committees to ensure the effective discharge of their duties and responsibilities.
- To periodically assess and recommend the appointment of individuals with necessary expertise to replace retiring Directors and Senior Management.
- Overseeing corporate governance practices and reviewing the Company's Governance Framework.
- To evaluate the appointment of Directors to the Board and Board Sub-Committees and provide the Board with recommendations on such appointments.
- To assess the suitability of proposed Directors in terms of their knowledge, skills, experience, independence and objectivity required to competently perform their duties on the Board.
- To consider and recommend the re-appointment or re-election of current Directors, considering their collective knowledge, experience, past performance and overall contribution to the matters relating to the Board.
- To establish a formal and transparent procedure for the evaluation, selection, and appointment or re-appointment of Directors of the Company, as well as for the evaluation, selection, and appointment of Senior Management.
- To periodically review the Company's Corporate Governance policies and framework to ensure alignment with current regulatory and legal developments.

## Activities of the Committee

- During the year under review, the Committee sponsored Succession Plan and the training requirements of the potential successors. In furtherance of this, the Committee reviewed Management's recommendations for certain key positions in the Company in line with the Finance Business Act Direction No. 05 of 2021 and in line with its business expansion plans.
- The Committee also considered, the Board Performance Evaluations carried out by the Directors for the year under review and the results are forwarded to the Board of Directors for review.

- The newly appointed Directors are briefed on the corporate governance requirements, Listing Rules, securities market regulations and other applicable laws and regulations and the incumbent Directors are regularly updated on same at the Board discussions and the discussions of the Board Sub-Committees.

- Under Article 99 of the Articles of Association of the Company, 1/3rd of the Director to retire every year at each Annual General Meeting shall be such Directors who have been longest in office since their last election or appointment. Accordingly, the Committee noted that Messrs. A D Gunewardena and S Nagpal being last re-elected in 2023, would retire at the forthcoming Annual General Meeting, and recommended them to be re-elected by the shareholders at the forthcoming Annual General Meeting and further recommended that they would continue as a Director of the Company. Mr. A D Gunewardena abstained from deliberations of the Committee pertaining to his re-election.

- The Articles of Association of the Company require any Director who was appointed to the Board be elected by the Shareholders at the first General Meeting after their appointment. Accordingly, the Committee recommended that Mr. D G Perera who was first appointed to the Board on 8th July 2025 to be elected by the shareholders at the forthcoming Annual General Meeting.

## Action Plan for 2026/27

The Committee confirms its commitment to promoting effective Board composition, ethical leadership, and robust corporate governance practices. Going forward, the Committee will continue to work closely with the Board and management to ensure that governance frameworks support the Company's long-term success and stakeholder interests.

(Sgd.)
**Nilam Jayasinghe**
*Chairman – Board Nominations and Governance Committee*

# Report of the Board Credit Committee (BCC)

## Composition of the Committee

The Board Credit Committee during the year comprised of four (04) non-executive non-independent and serve on the Board credit committee during the year.

| Name | Designation | Attendance/ No of meetings held | Credit approvals via circulation |
|---|---|---|---|
| **Mr. Ajit Gunewardene**<br>(Chairman)<br>BCC member | Chairman<br>Non-Executive<br>Non-Independent Director | 2/2 | 11/11 |
| **Mr. Ahamed Sabry Ibrahim**<br>BCC member | Non-Executive<br>Non-Independent Director | 2/2 | 11/11 |
| **Mr. Indrajit Wickramasinghe**<br>BCC member | Non-Executive<br>Non-Independent Director | 2/2 | 11/11 |
| **Mr. S. Nagpal**<br>BCC member | Non-Executive<br>Non-Independent Director | 2/2 | 8/11 |

## Charter of the Committee

The Committee assists the Board of Directors and overseas the Company's credit and lending strategies as its primary activity whilst effectively fulfilling its responsibilities pertaining to credit direction, credit policy and lending guidelines to ensure that relevant regulations are complied with, in order to ensure that the company achieve its overall objectives.

Key responsibilities of the Committee are as follows;

- Review the Company's Credit Risk appetite and credit policies from time to time and make recommendations to the Board.
- Guide the Management on the risk appetite of the Company.
- Review, pricing of credit proposals to maximize returns and credit risk controls in lending to ensure quality of the Company's risk assets.
- To approve/recommend to the Board, credit facilities coming under the purview of the Committee as per Board approved delegated authority.
- Evaluate and recommend sector exposures and parameters based on the risk appetite of the Company.
- Review the cyclical aspects of the economy and the resultant quality of the loan portfolio.
- Monitor and evaluate special reports called for by the Board of Directors.

## Activities During FY 2025/26

- Approved credit proposals within the approved limits of the Committee and recommended other credit proposals above its purview to the Board of Directors.
- Reviewed, facilities where there were delays in repayment, including segments which were vulnerable to the current macroeconomic conditions and exposure to stressed sectors.
- Ensured the implementation of appropriate credit controls to maintain the quality of the portfolio.
- Reviewed lending facilities to ensure that they were in line with the Company's lending policies and credit risk appetite.
- Ensured that the lending portfolios were managed as per the stipulated credit risk parameters.

(Sgd)
**Ajit Gunewardene**
*Chairman- Board Credit Committee*

# Report of the Related Party Transactions Review Committee Report (RPTRC)

The Related Party Transactions Review Committee was established by the Board of Directors to manage relationships with related parties to uphold good governance and the best interests of the Company to ensure that related party transactions (RPTs) are conducted in a manner that is transparent, fair, and in the best interests of the Company and its shareholders.

## Composition of the Committee

As of 31 March 2026, the Committee comprised the following members:

| Name | Designation |
|---|---|
| Mr. Seminda Nilam Jayasinghe | Chairman - Independent Non-Executive Director |
| Mr. Shrihan Perera | Member - Non-Independent Non-Executive Director |
| Mr. Darshan Perera *(Appointed w.e.f. 28.07.2025)* | Member-Non-Independent Non-Executive Director |
| Mr. J.F.R. De Fonseka *(Ceased to be a member w.e.f. 28.07.2025)* | Member - Independent Non-Executive |

The composition of the Committee complies with all relevant corporate governance regulations and best practices, ensuring the majority of Independent Directors.

## Committee Meetings

The Committee met four (04) times during the financial year that ended 31st March 2026 including one meeting during the last quarter of the financial year. Attendance of the members was as follows:

| Name | Attendance/ No of meetings held |
|---|---|
| Mr. Seminda Nilam Jayasinghe | 04/04 |
| Mr. Shrihan Perera | 04/04 |
| Mr. Darshan Perera *(Appointed w.e.f. 28.07.2025)* | 03/03 |
| Mr. J.F.R. De Fonseka *(Ceased to be a member w.e.f. 28.07.2025)* | 01/01 |

## Key Responsibilities of the Committee:

The scope of the Committee includes:

- To manage relationships with related parties to uphold good governance and the best interests of the Company.
- To review the Charter and Policy annually and recommend amendments to the Charter and the Policy to the Board as and when determined to be appropriate by the Committee.
- To provide an independent review, approval and oversight of Related Party Transactions (RPTs) on terms set forth in greater detail in the Policy.
- Determining whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company.
- Establish guidelines in respect of Recurrent Related Party Transactions, for senior management to follow in its ongoing dealings with the relevant related party.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/ regulations are made in a timely and detailed manner.
- Ensuring that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee

## Summary of Activities 2025/2026

- The minutes of the RPTRC are tabled at the Board Meeting to ensure transparency and access to the proceedings of the meeting.
- The Chairman of the Committee update the Board on any material related party transactions and concerns, if any at the Board Meetings.
- Ensured that all transactions were at arm's length and on normal commercial terms.
- Reviewed and updated the Related Party Transactions Policy to reflect latest regulatory changes.
- Monitored compliance with the Company's Code of Conduct and RPT Policy.
- Provided oversight on disclosures of RPTs in interim and annual financial reports

## Action Plan For 2026/27

The Committee remains committed to upholding the highest standards of corporate governance and transparency in dealing with related party transactions.

The Scope of the Committee will further strengthen and expand to ensure adherence in terms of the Listing Rules of the Colombo Stock Exchange and disclosure requirements, as applicable.

(Sgd)
**Nilam Jayasinghe**
*Chairman – Board Related Party Transactions Review Committee*

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# Financial Calendar

| Financial Year 2025/26 — Key Dates | | | | | |
|---|---|---|---|---|---|
| Financial year start | 01-Apr-25 | Financial year end | 31-Mar-26 | Annual report publication | 31-Jul-26 |

| Annual Report & Annual General Meeting 2025/26 | |
|---|---|
| Audited Financial Statements Approved 2025/26 | 16-Jun-26 |
| Annual Report 2025/26 | 31-Jul-26 |
| Fourteenth Annual General Meeting 2025/26 | 24-Aug-26 |

| Proposed Financial Calendar 2026/27 | |
|---|---|
| **Submission of the Interim Financial Statements in Terms of Rule 7.4 of the Colombo Stock Exchange (CSE)** | **2025/26 to be Submitted on or before** |
| Financial Statements for the 3 months ended June 30, 2026 (Unaudited) | 15-Aug-26 |
| Financial Statements for the 3 and 6 months ended September 30, 2026 (Unaudited) | 15-Nov-26 |
| Financial Statements for the 3 and 9 months ended December 31, 2026 (Unaudited) | 15-Feb-27 |
| Financial Statements for the 3 months and year ended March 31, 2027 (Audited) | 30-Jun-27 |

| Publication of Financial Statements | | | | |
|---|---|---|---|---|
| **Publication of the Six Month Financial Statements as per requirements of the Central Bank of Sri Lanka** | **2025/26 published in News Paper** | | | **2026/27 to be Published on or before** |
| | **English** | **Sinhala** | **Tamil** | |
| For the Year Ended March 31, 2025 (Audited) | 29-May-25 | 29-May-25 | 29-May-25 | 30-Jun-26 |
| For the 6 Months Ended September 30, 2025 (Unaudited) | 25-Nov-25 | 25-Nov-25 | 25-Nov-25 | 30-Nov-26 |

# Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Fintrex Finance PLC is pleased to present its Annual Report on the State of Affairs of the Company for the financial year ended 31 March 2026, together with the Audited Financial Statements of the Company and the Independent Auditors' Report on the said Financial Statements, in compliance with the relevant statutory requirements. The Financial Statements, reviewed and recommended by the Board Audit Committee, were approved by the Board of Directors on 16 June 2026. The Report includes the information required by the Companies Act No.7 of 2007, Finance Business Act Directions No.05 of 2021 on Corporate Governance, and the Listing Rules of the Colombo Stock Exchange, and is also guided by the Recommended Best Practices on Corporate Governance.

This report was approved by the Board of Directors on 30 July 2026. The requisite number of copies of the Annual Report will be submitted to the Central Bank of Sri Lanka and the Registrar of Companies within the statutory deadlines.

## General

Fintrex Finance PLC was incorporated on 29 March 2007 under the Companies Act No.17 of 1982 as "ABC Investments Limited". The Company was re-registered under the Companies Act, No.7 of 2007, on 11 February 2009 under Registration No. PB878.

On 2 April 2009, the name of the Company was changed to "First Barakah Investments Limited". Following the acquisition of 100% ownership of the Company by Melstacorp Limited, the name was changed to "Melsta Regal Finance Limited" on 09 February 2012. On 6th April 2018, 100% ownership of the Company was acquired by Bluestone 1 (Private) Limited, and its name was changed to Fintrex Finance Limited on 03 September 2018. Upon listing the rated, unsecured, subordinated, redeemable high-yield bonds on the Colombo Stock Exchange on 11 March 2025, the status of the Company was changed from Fintrex Finance Limited to Fintrex Finance PLC with effect from 26 March 2025.

Fintrex Finance PLC is a Licensed Finance Company in terms of the Finance Business Act, No.42 of 2011, having obtained registration under the Act on 10 February 2012. The Company is also a registered Finance Leasing Establishment under the Finance Leasing Act No.56 of 2000 since 26 August 2012.

The Company has been assigned a national long-term rating of BB (lka) with a stable outlook by Fitch Ratings Lanka Limited. The Company's unsecured, subordinated redeemable debentures are listed on the Colombo Stock Exchange. The rating agency has assigned the National Long-Term Rating on subordinated, unsecured debentures at B+ (lka).

The registered Office of the Company is No. 851, Dr. Danister De Silva Mawatha, Colombo 14.

| Information required to be disclosed as per the Companies Act No. 7 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 305 |
| Completed and signed Financial Statements of the Company for accounting period completed. | Section 168 (1) (b) | Refer pages 300 - 370 |
| Auditor's Report on Financial Statements of the Company. | Section 168 (1) (c) | Refer pages 298-299 |
| Any changes made to the accounting policies during the year under review. | Section 168 (1) (d) | Refer page 316 |
| Particulars of the entries in the Interests Registers of the Company during the accounting period. | Section 168 (1) (f) | Refer page 286 |
| Total amount of donations made by the Company during the accounting period | Section 168 (1) (g) | Refer page 287 |
| Information on Directorate of the Company during and at the end of the accounting period. | Section 168 (1) (h) | Refer page 285 |
| Separate disclosure on amounts payable by the Company to the Auditor as Audit Fees and fees for other services rendered during the accounting period. | Section 168 (1) (i) | Refer page 320 |
| Auditors' relationship or any interest with the Company | Section 168 (1) (j) | Refer page 286 |
| Acknowledgment of the contents of this report/signatures on behalf of the Board by two Directors and the Secretary of the Company | Section 168 (1) (k) | Refer page 288 |

## Principal Activities and Nature of Operations

The Company's principal activities include the provision of loans and advances, lease financing, gold loans, trade finance, and the mobilisation of public deposits through savings and term deposits.

There were no significant changes to the nature of these activities during the year under review.

This Report, together with the Financial Statements, presents a true and fair view of the state of affairs of the Company as at the reporting date.

## Review of Performance and Future Development Plan

The Chairman's Review, Chief Executive Officer's Review and the Financial Capital provide a comprehensive analysis of the Company's affairs together with the important events that took place during the year under review. These reports form an integral part of the Annual Report of the Board of Directors.

## Financial Statements

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011. The Financial Statements of the Company for the year ended 31 March 2026, duly certified by the Chief Executive Officer and Chief Financial Officer, were approved by the Board of Directors and signed on its behalf by two Directors including the Chairman. These Financial Statements are included in this Annual Report and form an integral part of the Annual Report of the Board of Directors.

## Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company, which reflect a true and fair view of the state of its affairs. The Directors are of the view that the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow, Significant Accounting Policies and Notes thereto attached to this report have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and its amendments and the Companies Act No.07 of 2007.

Further, these Financial Statements also comply with the requirements of the Finance Business Act No.42 of 2011 and amendments thereto. The Statement of Directors' Responsibility for Financial Reporting appears on page 289 and forms an integral part of this Annual Report.

## Directors' Statement on Internal Control over Financial Reporting

The Board has issued a statement on the internal control mechanism of the Company as per Section 16.1(ix) of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance. The Directors' Statement on Internal Control over Financial Reporting is given on pages 292 to 293 and forms an integral part of the Annual Report of the Board of Directors on the affairs of the Company.

The Board has obtained an Assurance Report from the Independent Auditors, Messrs. Ernst & Young, Chartered Accountants, on the Directors' Statement on Internal Controls over Financial Reporting as referred to on pages 292 to 293.

## Independent Auditor's Report

The Company's Auditor, Messrs. Ernst & Young, Chartered Accountants, performed the audit of the Financial Statements of the Company for the year ended 31 March 2026, and their report on the Financial Statements, issued in accordance with Section 168(1) (c) of the Companies Act No. 7 of 2007, appears on pages 296 to 299.

## Significant Accounting Policies and Changes in Accounting Policies During the Year

Accounting policies adopted by the Company in the preparation of the Financial Statements are given in notes to the Financial Statements, which are, unless otherwise stated, consistent with those used in the previous period.

The Company prepared its Financial Statements for all periods up to and including the year ended 31 March 2026, in accordance with Sri Lanka Accounting Standards which were in effect up to that date. The Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company are given in notes to the Financial Statements.

## Accounting Period

The Financial Accounting period is from 1 April 2025 to 31 March 2026.

## Financial Results and Appropriations

### Interest Income

The Company recorded a total interest income of Rs. 5,746.77 million (Rs.3,498.93 million in financial year 2025) for the year ended 31 March 2026. This represents a growth of total interest income by Rs. 2,247.85 million or 64.0% compared to the previous year. A more detailed analysis of the interest income is provided in Note 07 to the Financial Statements.

### Profit and Appropriations

The Company's profit before taxation for the financial year 2025/26 amounted to Rs. 1, 094.87 million in comparison to the profit before taxation of Rs.321.24 million in financial year 2024/25. The Company recorded a profit after tax of Rs.660.37 million (Profit after tax of Rs. 183.99 million in financial year 2024/25) for the year ended 31st March 2026.

This represents an increase of Rs. 476.38 million, reflecting a 259.0% growth compared to the previous year. The Company recorded a total comprehensive income of Rs. 654.52 million (Rs. 181.57 million in the financial year 2024/25) for the year ended 31 March 2026. As per the guidelines and criteria laid down in Section 3 (b) (i) of Finance Companies (Capital Funds) Direction No.1 of 2003 of the Central Bank of Sri Lanka, the Company transferred Rs. 33.02 million to the Company's 'Statutory Reserve Fund' during the year under review (Rs. 9.19 million in the financial year 2024/25).

Details of the Company's performance and appropriation of profit of the Company are given below.

| Description | 2025/26 Rs. '000 | 2024/25 Rs. '000 |
|---|---|---|
| Profit/(loss) before income tax expense | 1,094,876 | 321,235 |
| Less: Income tax (expense) /benefit | (434,498) | (137,241) |
| Profit /(Loss) for the year after taxation | 660,378 | 183,994 |
| Other comprehensive income /(expenses) | (5,860) | (2,428) |
| Unappropriated profit brought forward from previous year | 519,081 | 300,375 |
| Profit available for appropriation | 1,173,599 | 481,941 |
| Less: Appropriations Transferred to statutory reserve fund | (33,018) | (9,199) |
| Transferred to/from RLAR | 273,181 | 46,339 |
| Unappropriated profit carried forward | 1,413,762 | 519,081 |

### Equity and Reserves

The Equity and Reserves of the Company as of 31 March 2026 and 31 March 2025 are as follows:

| Description | 31st March 2026 Rs.'000 | 31st March 2025 Rs.'000 |
|---|---|---|
| Stated capital | **2,869,560** | 2,369,560 |
| Retained earnings | **1,413,762** | 519,081 |
| Other reserves (RLAR) | **-** | 273,182 |
| Statutory reserves | **101,641** | 68,623 |
| Total shareholders' funds | **4,384,963** | 3,230,446 |

The increase in Stated Capital is due to the issue and allotment of 50,000,000 ordinary shares at Rs. 10.00 per share to Bluestone 1 (Private) Limited, the sole shareholder of the Company, for a total consideration of Rupees Five Hundred Million (Rs.500,000,000/-) through a private placement on 19 March 2026. The purpose of the share issue was to strengthen the Company's capital base and improve the Capital Adequacy Ratio (CAR). The proceeds from the share issue have been utilized to expand the loans and advances portfolio of the Company.

### Stated Capital

| Issued and fully paid - Ordinary shares | As at 31 March 2026 | | As at 31 March 2025 | |
|---|---|---|---|---|
| | Number of Shares | Amount Rs. | Number of Shares | Amount Rs. |
| At the beginning of the period | **236,955,971** | **2,369,559,710** | 236,955,971 | 2,369,559,710 |
| Issued during the period | **50,000,000** | **500,000,000** | - | - |
| At the end of the period | **286,955,971** | **2,869,559,710** | 236,955,971 | 2,369,559,710 |

### Dividends

The Board of Directors has recommended a final dividend of Rs. 0.23 per share for the year under review on the 286,955,971 shares in issue, subject to shareholder approval at the forthcoming Annual General Meeting.

In accordance with Section 56 of the Companies Act, the Directors have certified that they are satisfied that the Company will, immediately after the distribution, satisfy the solvency test prescribed under the Act. The Directors have also obtained the Auditors' Certificate of Solvency in respect of the proposed dividend.

Further, in compliance with the Guideline on Declaration of Dividends and Repatriation of Profits dated 31 January 2023 (Ref. No. 24/10/001/0019/005), issued under the Finance Business Act, the Company obtained prior approval from the Director, Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka for the proposed final dividend.

### Share Information

Information relating to earnings and net asset value per share is given in the Financial Statements. The Company's parent company and the sole shareholder, Bluestone 1 (Pvt) Ltd, holds 100% of the ordinary shares of the Company.

### Shareholding

The total number of shares (100%) issued by the Company is held by the Company's immediate parent, Bluestone 1 (Pvt) Limited, which is incorporated in Sri Lanka. The details are appended below:

| Shareholder Name | No of Shares | Ownership % |
|---|---|---|
| Bluestone 1 (Pvt) Ltd | 286,955,971 | 100% |
| Total | 286,955,971 | 100% |

### Debt Capital

The Company issued Ten Million (10,000,000) Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 Year High Yield Bonds on 28 February 2025 ( Date of allotment is 04 March 2025 and the date of maturity is 04 March 2030), at the par value of Sri Lankan Rupees one hundred (LKR 100/-) each and raised Sri Lankan Rupees One Billion (LKR 1,000,000,000/-) which has been recorded under Debt Instruments Issued and Other Borrowed Funds in Statement of Financial Position as at 31 March 2026.

| Type | Amount raised (Rs.) | Type of interest | Tenure | Interest Rate (Coupon Rate) | Annual Effective Rate (AER) | Interest payment Frequency |
|---|---|---|---|---|---|---|
| A | 855,600,000 | Fixed | 5 Years | 13.15% | 13.15% | Annual |
| B | 144,400,000 | Fixed | 5 Years | 12.74% | 13.15% | Semi- Annual |

Details of the outstanding debentures as of 31 March 2026 are provided in Note 28.2 to the Financial Statements.

In addition to the above, the Company increased its debt capital by way of an unlisted, unsecured, subordinated debt issuance to identified investors through Trust Certificates and raised Rs.500,000,000.00 in October 2025.

| Type | Amount raised (Rs.) | Type of interest | Tenure | Interest Rate | Interest payment Frequency | Capital redemption |
|---|---|---|---|---|---|---|
| A | 500,000,000 | Fixed | 5 Years | 12.50% p.a. | Annual | Bullet payment at maturity |

### Equitable Treatment to Stakeholders

The Company has always ensured equitable treatment for all stakeholders, with particular attention to depositors.

### Capital Expenditure

The total capital expenditure incurred on Property, Plant and Equipment of the Company in the year ended 31 March 2026 amounted to Rs. 160.53 million (Rs. 85.12 million in 2024/25). The detailed analysis of Property, Plant & Equipment belonging to the Company as at year-end is disclosed in Note 24 to the Financial Statements.

### Taxation

The Income Tax rate applicable to the Company's operations is 30% (30% in 2024/25). The Company was also liable for Value Added Tax (VAT) on Financial Services at 18%. (18% in financial year 2024/25) and Social Security Contribution Levy (SSCL) at 2.5% (2.5% in financial year 2024/25).

The Company has provided deferred taxation on all known temporary differences under the liability method, as permitted by the Sri Lanka Accounting Standard LKAS 12 (Income Taxes).

### Corporate governance

The Board of Directors is responsible for the Governance of the Company. The Board of Directors has placed considerable emphasis on developing rules, structures and processes to ensure Integrity and Transparency in all of the Company's dealings, while striving to achieve sustainable performance and quality earnings. The Board has continuously refined the structure and systems to enhance its governance framework and systems, recognising its accountability to the stakeholders and to the general public.

During the year, the Board met 12 (twelve) times and reviewed key matters including strategy, risk management, compliance, and performance monitoring.

The Report on Corporate Governance, which is on pages 180 to 247 describes the application of the Corporate Governance practices within the Company during the year under review.

### The Board of Directors

The Board of Directors of the Company as of 31 March 2026 consisted of nine (09) Directors with extensive financial and commercial knowledge and experience. Brief profiles of the Directors are given on pages 34 to 39 of the Annual Report.

In accordance with Section 168 (1) (h) of the Companies Act No. 07 of 2007, the names of the Directors who held office as at the end of the accounting period are given below. Further, the categorisation of Directors as Executive or Non-Executive, and Independent or Non-Independent, as at 31 March 2026 is given below, as per the Finance Business Act Direction No. 05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka.

| Name of the Director | Executive/ Non-Executive Status | Independent/Non-Independent Status | Date of appointment to the Board- |
|---|---|---|---|
| Mr. Ajit Damon Gunewardene - Chairman | Non-Executive | Non-Independent | w.e.f. 6 April 2018 |
| Mr. James Ronnie Felitus Peiris | Non-Executive | Non-Independent | w.e.f. 6 April 2018 - |
| Mr. Shantanu Nagpal | Non-Executive | Non-Independent | w.e.f. 24 April 2018 |
| Mr. Ahamed Sabry Ibrahim | Non-Executive | Independent | w.e.f. 14 June 2021 |
| Mr. Shrihan Blaise Perera | Non-Executive | Non-Independent | w.e.f. 16 July 2021 |
| Mr. Seminda Nilam Jayasinghe | Non-Executive | Independent | w.e.f. 1 October 2021 |
| Mr. Jayashanta Francis Rovindra De Fonseka | Non-Executive | Independent | w.e.f. 1 April 2024 |
| Mr. Indrajit Asela Wickramasinghe | Non-Executive | Non-Independent | W.e.f. 1 November 2024 |
| Mr. Darshan Gayathral Perera | Non-Executive | Independent | W.e.f. 8 July 2025 |

### Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange and Finance Business Act Directions (Assessment of Fitness and Propriety of Key Responsible Persons) No. 06 of 2021, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria during the financial year under review and as at the date of such Declarations.

### Retirements/Resignations/cessation

There were no resignations or cessations reported during the financial year under review.

- In accordance with Section 4.2 of the Finance Business Act, Directions No. 05 of 2021 (Corporate Governance), Mr. Ronnie Peiris retired from the position of Director, upon reaching the age of Seventy-Five (75) on 29 June 2026.

### New Appointments of Directors

- Mr. Darshan Gayathral Perera was appointed to the Board with effect from 8 July 2025.
- Mrs. N S Kalansooriya was appointed to the Board with effect from 18 June 2026.
- Mr. R P U P Gunawardena was appointed to the Board with effect from 24 July 2026.

### Retirement by Rotation and Re-election of Directors/Annual Assessment of continuing Directors

The names of the Directors are:

i. subject to retire by rotation in terms of Article 99 of the Articles of Association, and
ii. subject to election in terms of Article 103 of the Articles of Association,
iii. subject to annual assessment of their fitness and propriety to continue as Directors in terms of Finance Business Act Directions No.6 of 2021, are set out in the undernoted Table.

In accordance with Article 99, the Directors retiring by rotation at the Annual General Meeting are those who (being subject to retirement by rotation) have served the longest period in office since their last election or appointment.

Accordingly, Messrs. A D Gunewardene and S Nagpal who have been longest period since their last re-election, retire by rotation and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

As per Article 103 of the Articles of Association of the Company, all the Directors appointed to fill a casual vacancy are subject to election by shareholders at the first Annual General Meeting after their appointment.

**Accordingly;**

- Mr. D G Perera who was appointed to the Board of Directors of the Company on 8 July 2025, is subject to election at the forthcoming Annual General Meeting.
- Mrs. N S Kalansooriya who was appointed to the Board of Directors of the Company on 18 June 2026, is subject to election at the forthcoming Annual General Meeting.
- Mr. R P U P Gunawardena who was appointed to the Board of Directors of the Company on 24 July 2026, is subject to election at the forthcoming Annual General Meeting.

### Directors' Declarations in terms of the Finance Business Act Directions No. 05 of 2021 and Rule 9.10.4 (c) of the Listing Rules of the CSE on Corporate Governance

The Chairman and the Directors of the Company have made declarations as per the requirements in Section 16.1 (ii) and (v) of the Finance Business Act Direction No. 05 of 2021 and Section 9.10.4 (C ) of the Listing Rules of the CSE on Corporate Governance, stating that there is no -financial, business, family, or other material/relevant relationship(s) between the Chairman and the Director and/or amongst the members of the Board.

### Directors Interests and Interest Register

The Company maintains the Directors' Interest Register as required under the provisions of Section 168(1)(e) of the Companies Act No. 7 of 2007. The Directors have made necessary declarations of their interest in contracts (if any) or proposed contracts (if any) in accordance with Sections 192(1) and 192(2) of the Companies Act No. 7 of 2007. These interests have been recorded in the Interest Register, which is available for inspection in compliance with the terms of the Companies Act No. 7 of 2007. The particulars of the Directors' Interest in Contracts (if any) are provided in the Annual Report and form an integral part of the Annual Report of the Board of Directors. As a practice and in accordance with Corporate Governance principles, the Directors abstained from voting on matters in which they had material interest. The Directors had no direct or indirect interest in any contract or a proposed contract with the Company other than those disclosed in the notes to the Financial Statements.

### Related Party Transactions

The Directors have disclosed transactions, if any, that could be classified as Related Party Transactions in accordance with Sri Lanka Accounting Standard – LKAS 24 (Related Party Disclosure), which are detailed in the Financial Statements. These transactions disclosed by the Directors are provided in Note 41 to the Financial Statements, forming an integral part of the Annual Report of the Board of Directors on the affairs of the Company. The Board Related Party Transactions Review Committee has reviewed all related party transactions requiring their review for the year ended 31 March 2026, ensuring compliance with the relevant listing rules.

The Board confirms that the Company has not entered into transactions with related parties on terms that would give such parties more favourable treatment than that accorded to other comparable constituents of the Company.

The Board of Directors declares that the Company is in compliance with the applicable provisions of the Listing Rules pertaining to Related Party Transactions during the Financial Year ended 31 March 2026.

Except to the extent disclosed under Note 41 to the Financial Statements, no Directors were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period under review except for the following debenture transaction which was reviewed by the Related Party Transactions Review Committee.
Directors' Interest in Ordinary Shares and Debentures
The Directors' shareholding and their relevant interests in the shares and debentures of the Company as of 31 March 2026 and 31 March 2025 are as follows:

| Name | Position | No of Shares | | No of Debentures | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| Mr. A. D. Gunewardene | Chairman | - | - | - | - |
| Mr. S. Nagpal | Director | - | - | - | - |
| Mr. A. S. Ibrahim | Director | - | - | 58,000 | - |
| Mr. S. B. Perera | Director | - | - | - | - |
| Mr. S. N. Jayasinghe | Director | - | - | - | - |
| Mr. J. F. R. De Fonseka | Director | - | - | - | - |
| Mr. I. A. Wickramasinghe | Director | - | - | - | - |
| Mr. D. G. Perera | Director | - | - | - | - |

### Directors' Remuneration

As required by Section 168 (1) (f) of the Companies Act No.07 of 2007, the Directors' fees and emoluments for the financial year ended 31 March 2026 and 31 March 2025 are stated below and disclosed under Note 11 to the Financial Statements.

| Description | 2025/26 Rs. '000 | 2024/25 Rs. '000 |
|---|---|---|
| Directors' Fees and Emoluments | 10,850 | 6,400 |

### Board Sub-Committees

The Board of Directors of the Company has formed six Board Sub-Committees, namely, Board Audit Committee, Board Integrated Risk Management Committee, Board Human Resource and Remuneration Committee, Board Credit Committee, Board Nomination and Governance Committee and Related Party Transactions Review Committee and the following Directors served as members of the said Committees:

### Board Audit Committee

- Mr. S N Jayasinghe - Chairman
- Mr. S B Perera – Member
- Mr. D G Perera – Member
- Mr. J F R De Fonseka – Appointed w.e.f. 18.04.2026

The Report of the Board Audit Committee is given on pages 270 to 271.

### Board Integrated Risk Management Committee

- Mr. A S Ibrahim - Chairman
- Mr. J R F Peiris - Member – Retired w.e.f. 29.06.2026
- Mr. J F R De Fonseka – Member
- Mr. S. Nagpal – Member
- Mr. I A Wickramasinghe – Member

The Report of the Board Integrated Risk Management Committee is given on page 272.

### Board Human Resource and Remuneration Committee

- Mr. J F R De Fonseka - Chairman
- Mr. J R F Peiris - Member - Retired w.e.f. 29.06.2026
- Mr. D G Perera – Member
- Mrs. N S Kalansooriya – Appointed w.e.f. 30.06.2026

The Report of the Board Human Resource and Remuneration Committee is given on page 273.

### Board Credit Committee

- Mr. A D Gunewardene - Chairman
- Mr. A S Ibrahim -Member
- Mr. I A Wickramasinghe - Member
- Mr. S. Nagpal – Member

The Report of the Board Credit Committee is given on page 276.

### Board Nominations and Governance Committee

- Mr. S N Jayasinghe - Chairman
- Mr. A D Gunewardene -Member
- Mr. A S Ibrahim -Member
- Mrs. N S Kalansooriya – Appointed w.e.f. 30.06.2026

The Report of the Board Nomination and Governance Committee is given on pages 274 to 275.

### Related Party Transaction Review Committee

- Mr. S N Jayasinghe – Chairman
- Mr. S B Perera - Member
- Mr. D G Perera – Member

### Donations

The Company has not made any donations during the year under review.

### Human Resources

The Company continues to invest in human capital development and implement effective human resource practices and policies to improve workforce efficiency, effectiveness, and productivity. The Company also seeks to foster collaborative partnerships that enrich the work environments and promote a continuous learning environment for the staff.

### Auditors

Messrs. Ernst & Young, Chartered Accountants served as the Auditors during the period under review. A total amount of Rs. 5,685,408/- is payable by the Company to the Auditors for the year under review as audit fees and non-audit fees. Details are given under Note 11 to the Financial Statements.

The Auditors have expressed their willingness to continue in office. A resolution to reappoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

### Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes, duties, and levies payable by the Company as well as contributions, levies, and taxes payable on behalf of the employees of the Company and all other known statutory obligations were due and payable by the Company as at the reporting date have been paid or, where relevant, provided for.

### Outstanding Litigation

In consultation with the Company's lawyers, the Directors confirm that no litigation currently pending against the Company will have a material impact on the reported financial results or future operations of the Company except as disclosed under Note 37 to the Financial Statements.

### Going Concern

The Board of Directors has reviewed the Company's corporate/business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the going concern concept.

### Environmental Protection

The Company has not engaged in any activity that is harmful or hazardous to the environment.

### Contingent Liabilities

There were no material contingent liabilities as at the reporting date which require adjustment to or disclosure in the Financial Statements other than those disclosed under Note 38 to the Financial Statements.

### Events Occurring after the Reporting Date

There have been no material events and/ or circumstances that have arisen since the reporting date that would require adjustments to or disclosure in the financial statements, other than those disclosed under Note 36 to the Financial Statements.

# Annual Report of the Board of Directors on the Affairs of the Company

## Corporate Governance

In compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance, the Directors declare that,

- The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations,
- The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested,
- The business is a going concern with supporting assumptions,
- Internal Control procedures and Risk Management practices of the company are effective and adhered to.

## Annual General Meeting and the Notice to the Meeting

The Annual General Meeting of the Company will be held virtually on 24 August 2026 at 10.00 a.m. The notice of the meeting relating to the Annual General Meeting is enclosed at the end of the Annual Report.

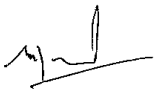
## Acknowledgement of the Contents of the Report

As required by Section 168(1)(k) of the Companies Act, the Board of Directors hereby acknowledge the contents of this report.

This Annual Report is signed for and on behalf of the Board of Directors by;



**A D Gunewardene**
*Chairman*



**Seminda Nilam Jayasinghe**
*Director*



**Christeen Wickramanayake**
*Company Secretary*

31st July 2026
Colombo

# Statement of Director's Responsibility in Financial Reporting

In terms of Sections 150 (1), and 151 of the Companies Act No. 07 of 2007, the Directors of the Company are responsible for ensuring that the Company keep proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Company as at end of each financial year and of the financial performance of the Company for each financial year within six months or within such extended period as may be determined by the Registrar General of Companies after the balance sheet date of the company.

The Financial Statements comprise of the Statement of Financial Position as at 31st March 2026, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and notes thereto. Accordingly, the Directors confirm that the Financial Statements of the Company give a true and fair view of:

a) the financial position of the Company as at reporting date; and
b) the financial performance of the Company for the financial year ended on the reporting date.

The Financial Statements of the Company have been certified by the Company's Chief Executive Officer and Chief Financial Officer, as the officers responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act. In addition, the Financial Statements of the Company have been signed by two Directors of the Company on June 16, 2026 as required by the Sections 150 (1) (c) of the Companies Act and other regulatory requirements.

Under the Section 148 (1) of the Companies Act, the Directors are also responsible for ensuring that proper accounting records which correctly record and explain the Company's transactions are maintained and that the Company's financial position, with reasonable accuracy, at any point of time is determined by the Company, enabling preparation of the Financial Statements, in accordance with the Act to facilitate proper audit of the Financial Statements.

The Financial Statements for the year 2025/26, prepared and presented in this Annual Report have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/ LKAS), Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Directions issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011 and amendments thereto, and the Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the Company maintains proper books of accounts and reviews the financial reporting system directly by them at their regular meetings and also through the Board Audit Committee, the Report of the said Committee is given on pages 270 to 271.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report. The Directors confirm that in preparing the Financial Statements exhibited on page 300 , all applicable accounting standards have been complied with, and appropriate Accounting Policies have been selected and applied consistently based on the new financial reporting framework, while reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected.

The Directors also have taken reasonable measures to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal investigations, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.

The Directors' Statement on Internal Control is given on page 292 of this Annual Report.

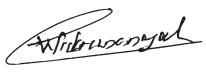
The Company's External Auditors, Messrs. Ernst & Young, Chartered Accountants, who were appointed in terms of Section 158 of the Companies Act and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and Minutes of shareholders' and Directors' Meetings and expressed their opinion in their report which appears on pages 296 to 299 of the Annual Report.

## Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the Reporting date have been paid or, where relevant, provided for. The Directors further confirm that after considering the financial position, operating conditions, regulatory and other factors, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, the Company continues to adopt the Going Concern basis in preparing the Financial Statements.

The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

By order of the Board,



**Christeen Wickramanayake**
*Company Secretary*

16 June 2026

# Chief Executive Officer's and Chief Financial Officer's Responsibility in Financial Reporting

The Financial Statements of Fintrex Finance PLC (Company) as at 31 March 2026 are prepared and presented in conformity with the requirements of the following:

- Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka,
- Statements of Alternative Treatments (SoAT) on Accounting issued by The Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007 and amendments thereto,
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,
- Finance Business Act No. 42 of 2011 and amendments thereto
- Finance Leasing Act No. 56 of 2000
- Directions, Circulars and Guidelines issued to licensed Finance Companies by the Central Bank of Sri Lanka.
- Listing Rules of the Colombo Stock Exchange (as amended)
- Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The formats used in the preparation of the Financial Statements and disclosures made comply with the specified formats prescribed by the Central Bank of Sri Lanka and also comply with the disclosure requirements of the Sri Lanka Accounting Standard LKAS 01 – Presentation of Financial Statements.

The Accounting Policies used in preparation of financial statements are appropriate and are in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the Company has consistently applied the material accounting policies.

Application of Significant Accounting Policies and estimates that involve a high degree of judgment and complexity were discussed with the Board Audit Committee and Company's External Auditors. Comparative information has been restated to comply with the current presentation. We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of the operations and the Cash Flows of the Company during the year under review. We also confirm that the Company has adequate resources to continue in operation and have applied the Going Concern basis in preparing these Financial Statements.

We are responsible for establishing, implementing and maintaining Internal Controls and Procedures within the Company.

We ensure that effective internal controls and procedures are in place, ensuring material information relating to the Company is made known to us for safeguarding assets, preventing and detecting fraud and/or errors as well as other irregularities, which are reviewed, evaluated and updated on an ongoing basis. We have evaluated the Internal Controls and Procedures of the Company for the financial period under review and are satisfied that there were no significant deficiencies and weaknesses in the design or operation of Internal Controls and Procedures, to the best of our knowledge. We confirm, based on our evaluations, that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and fraud that involves management or other employees. The Company's Internal Auditors also conduct periodic reviews to ensure that the internal controls and procedures are consistently followed.

The Financial Statements of the Company were audited by Messrs. Ernst & Young; Chartered Accountants and their Report is given on page 294. The Board Audit Committee pre- approves the audit and non-audit services provided by Messrs. Ernst & Young, in order to ensure that the provision of such services does not contravene with the guidelines issued by the Central Bank of Sri Lanka on permitted non-audit services or impair Ernst & Young's independence and objectivity.

The Company's Board Audit Committee, inter alia, reviewed all the internal and external audit and inspection programmes, the efficiency of internal control systems and procedures and also reviewed the quality of significant accounting policies and their adherence to statutory and regulatory requirements, the details of which are given in the 'Board Audit Committee report' on pages 270 to 271. The Board Audit Committee regularly examined the major decisions taken by the Assets and Liabilities Committee (ALCO) and the Credit Committee, during the year. The continuous inspection and audit functions, engagement of Internal Auditors and effective functioning of Board Audit Committee, ensure that the internal controls and procedures are followed consistently. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Board Audit Committee to discuss any matter of substance.

However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

We confirm that to the best of our knowledge:

- The Company has complied with all applicable laws and regulations and guidelines and there is no material litigation against the Company other than those disclosed in Note 37 on page 353 of the Financial Statements.
- All taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company as at the reporting date have been paid, or where relevant provided for.



**Jayathilake Bandara**
*Chief Executive Officer*



**Manjula Tennakoon**
*Chief Financial Officer*

17 June 2026

# Directors' Statement on Internal Control over Financial Reporting

## Responsibility

In line with the section 16 (1) (ix) of Finance Companies Corporate Governance Direction No 05 of 2021; the Board of Directors of Fintrex Finance PLC ('the Company') presents this Report on Internal Control over Financial Reporting.

The Board of Directors (Board) is responsible for the adequacy and effectiveness of the system of internal controls in place at Fintrex Finance PLC. This mechanism is designed to provide a reasonable assurance to maintain proper accounting records, generate reliable financial information and safeguard assets of the Company. However, such a system is designed to manage the Company's' key areas of risk within an acceptable risk profile, rather than eliminating the risk of failure to achieve the policies and business objectives of the Company. Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The Board regularly reviews this process by assessing key processes related risks against the compensating controls that may affect significant accounts of the Company.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the policies and procedures on risk and control over Financial Reporting by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The Board's policies and procedures pertaining to Internal Control over Financial Reporting have been documented. The implementation of such policies and procedures is carried out with the assistance of the Management. The Internal Audit Department of the Company observes and checks them annually for suitability of design and operating effectiveness.

## Key features of the processes adopted in applying and reviewing the design and effectiveness of internal control system on financial reporting.

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following:

- Various sub-committees are established by the Board to assist the Board in ensuring the effectiveness of the Company's daily operations and that the Company's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- In assessing the internal control system over Financial Reporting, identified officers of the Company continue to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company. The Internal Audit Department continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.
- Policies and Procedures are developed to capture all functional areas of the company, which are recommended by the relevant Board Sub Committees and approved by the Board. These Policies and Procedures are reviewed periodically and approved by the Board.
- The Internal Audit Department of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the internal audit are submitted to the Board Audit Committee for review at their periodic meetings.
- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Department, regulatory authorities and Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. The Committee also reviews the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The Minutes of the Board Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company. Further, details of the activities undertaken by the Board Audit Committee of the Company are set out in the 'Board Audit Committee Report' which appears in the Annual Report.

- Information systems and its surrounding technology infrastructure which support financial reporting are independently assessed by periodic information system audits to ensure confidentiality, integrity and availability triads are preserved to reinforce the confidence level of the data processing technology facilities.
- Company will continued to enhance its internal control framework with a focus on strengthening key financial reporting processes. These enhancements included improvements in the evaluation of objective evidence and cash flow forecasting methodologies for individually significant exposures, refinement of data integrity and control processes supporting collective impairment calculations, and further development of balance sheet substantiation and reconciliation practices, including clearer definition of scope, frequency, timing, and review responsibilities
- The Company adopts Sri Lanka Accounting Standards comprising LKAS and SLFRS and progressive improvements are made to its processes to comply with requirements of recognition, measurement, classification and disclosure. Financial reporting and management information processes will be further strengthened by constant monitoring and adaptation to market realities. The Company regularly reviews the current economic condition to ascertain its potential implications to ensure effective financial representation.

## 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 the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

## Review of the Statement by External Auditors

The External Auditor, Messrs. Ernst & Young, Chartered Accountants, have reviewed the above Directors' Statement on Internal Controls included in the Annual Report of the Company 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 in consistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system over financial reporting of the Company. Their report on the statement of Internal Control over Financial Reporting is given on pages 294 to 295 of this Annual Report.

## Statement on Prudential Requirements, Regulations and Laws

The Board of Fintrex Finance PLC presents this report in compliance with prudential requirements, regulations and laws, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021-Corporate Governance.

The Board has implemented sufficient internal controls to ensure adherence to statutory and regulatory obligations. The Board affirms that the Company complies with all relevant prudential requirements, regulations, and legislation laws.

The Board confirms that there are no regulatory and supervisory concerns on lapses in the Company's risk management, or non-compliance with the Act, rules and directions.

By order of the Board



**Nilam Jayasinghe**
*Chairman-Board Audit Committee*



**A D Gunewardene**
*Chairman*



**Jayathilake Bandara**
*Chief Executive Officer*

14 July 2026
Colombo

# Independent Assurance Report

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
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Email: eysl@lk.ey.com
ey.com

**WDPL/CSD**

**INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF FINTREX 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 Fintrex 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 Chartered 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: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), L K H L Fonseka FCA, P V K N Sajeewani FCA, A A J R Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Paranavitane ACA ACMA (UK) LLB (Colombo), B Vasanthan ACA ACMA (UK), W D P L Perera ACA, M U M Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

Principals: T P M Ruberu FCMA (UK) FCCA MBA, G B Goudian ACMA (UK), D L B Karunathilaka ACMA (UK), 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

14 July 2026
Colombo

# Independent Auditor's Report

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**WDPL/CSD/SAS**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINTREX FINANCE PLC**

**Report on the Audit of Financial Statements**

## Opinion

We have audited the financial statements of Fintrex Finance PLC (the Company), which comprise the statement of financial position as at 31 March 2026, 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 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 March 2026 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 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 ACA 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 and lease receivables measured at amortised cost**<br><br>Allowances for expected credit losses of loans and lease receivables measured at amortised cost as stated in Notes 19 and 18 respectively, is determined by management on the accounting policies described in Note 3.3.2.5 to the financial statements.<br><br>This was a key audit matter due to<br><br>• the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cash flows to recover such loans and lease receivables; and<br>• the materiality of the reported amount of Allowances for expected credit losses.<br><br>Key areas of significant judgements, assumptions and estimates used by management in the assessment of the allowances for expected credit losses for loans and lease receivables include forward-looking macroeconomic scenarios and their associated weightages. These are subject to inherently heightened levels of estimation uncertainty and subjectivity.<br><br>Further information on the key estimates, assumptions and judgements is disclosed in Note 20. | In addressing the adequacy of the allowances for expected credit losses of loans and lease receivables, our audit procedures included the following key procedures:<br><br>• Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, on the best available information up to the date of our report.<br>• Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management.<br>• Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company.<br>• Evaluated the reasonableness of credit quality assessments and related stage classifications.<br>• In addition to the above, the following procedures were performed:<br><br>For loans and lease receivables assessed on a collective basis for impairment:<br><br>• Tested the key inputs and the calculations used in the impairment for expected credit losses.<br>• 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.<br>• Assessed the adequacy of the related financial statement disclosures set out in notes 3.3.2.5, 18, 19 and 20. |

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|---|---|
| **Information Technology (IT) systems related internal controls over financial reporting**<br><br>Company's financial reporting process is significantly reliant on IT systems and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by the IT systems, that are compiled and formulated with the use of spreadsheets.<br><br>Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter. | Our audit procedures included the following key procedures:<br><br>- Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures.<br>- Involved our internal specialized resources and;<br><br>  - Obtained and understanding IT Governance Structure of the Company<br>  - Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls over financial reporting, relating to user access and change management, and<br>  - Obtained a high-level understanding of the cybersecurity risks affecting the Company and the actions taken to address these risks primarily through inquiry.<br>  - 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 Company's 2026 Annual Report

Other information consists of the information included in the Company's 2026 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2026 Annual Report is expected to be made available to us after the dated 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 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 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

17 June 2026
Colombo

# Statement of Profit or Loss and Other Comprehensive Income

| Year ended 31 March 2026 | Note | Page | 2026 LKR | 2025 LKR |
|---|---|---|---|---|
| Gross income | 6 | 318 | **6,726,901,046** | 3,755,154,006 |
| Interest income | | | **5,746,775,920** | 3,498,928,074 |
| Interest expenses | | | **(2,408,589,648)** | (1,755,645,157) |
| **Net interest income** | 7 | 318 | **3,338,186,272** | 1,743,282,917 |
| Net fee and commission income | 8 | 319 | **950,281,315** | 223,897,411 |
| Other operating income | 9 | 319 | **29,843,811** | 32,328,521 |
| **Total operating income** | | | **4,318,311,398** | 1,999,508,849 |
| Impairment (charge)/ reversal on loans and receivables | 20.1 | 330 | **(1,028,469,014)** | (271,672,171) |
| **Net operating income** | | | **3,289,842,384** | 1,727,836,678 |
| **Operating expenses** | | | | |
| Personnel expenses | 10 | 320 | **(966,785,433)** | (730,471,876) |
| Premises, equipment and establishment expenses | | | **(306,533,223)** | (228,006,262) |
| Depreciation and amortisation charges | | | **(63,107,205)** | (48,559,885) |
| Other operating expenses | 11 | 321 | **(454,762,466)** | (200,838,103) |
| **Operating profit before taxes on financial services** | | | **1,498,654,057** | 519,960,552 |
| Tax on financial services | 12 | 321 | **(403,777,481)** | (198,724,967) |
| **Profit before income tax expense** | | | **1,094,876,576** | 321,235,585 |
| Income tax expense | 13 | 322 | **(434,498,746)** | (137,241,232) |
| **Profit for the year** | | | **660,377,830** | 183,994,353 |
| **Other comprehensive income / (expense)** | | | | |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent periods** | | | | |
| Actuarial gain / (loss) on employee benefits | 31.1 | 350 | **(8,372,007)** | (3,469,363) |
| Deferred tax effect on employee benefits | 26.1 | 342 | **2,511,602** | 1,040,809 |
| **Other comprehensive income to be reclassified to profit or loss in subsequent periods** | | | | |
| Other comprehensive income/ (expense) for the year, net of tax | | | **(5,860,405)** | (2,428,554) |
| **Total comprehensive income for the year** | | | **654,517,425** | 181,565,799 |
| **Earnings per share** | | | | |
| Basic / diluted earnings per share | 14.1 | 324 | **2.77** | 0.78 |

Figures in brackets indicate deductions.
The Accounting policies and Notes to the Financial Statements from pages 305 to 370 form an integral part of these Financial Statements.

# Statement of Financial Position

| As at 31 March 2026 | Note | Page | 2026 LKR | 2025 LKR |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and balances with banks | 15 | 324 | **534,788,125** | 647,974,681 |
| Financial investments at amortised cost | 16 | 325 | **1,688,942,657** | 1,294,634,771 |
| Financial assets measured at fair value through other comprehensive income | 17 | 325 | **331,000** | 331,000 |
| Financial assets at amortised cost- Lease receivables | 18 | 326 | **8,848,903,416** | 8,187,236,275 |
| Financial assets at amortised cost- Loans and advances | 19 | 328 | **19,448,470,018** | 11,059,530,058 |
| Other non financial assets | 21 | 334 | **199,298,936** | 89,717,349 |
| Investment property | 22 | 335 | **15,560,000** | 18,600,000 |
| Right of use assets | 23.1 | 337 | **225,501,410** | 183,048,076 |
| Property, plant and equipment | 24 | 338 | **231,874,869** | 130,235,169 |
| Intangible assets | 25 | 340 | **29,631,527** | 4,880,319 |
| Deferred tax asset | 26 | 342 | **271,992,834** | 99,172,186 |
| **Total assets** | | | **31,495,294,792** | 21,715,359,884 |
| **LIABILITIES** | | | | |
| Bank overdrafts | | | **117,093,604** | 190,078,988 |
| Financial liabilities at amortised cost- Due to customers | 27 | 344 | **12,922,613,142** | 9,736,479,471 |
| Financial liabilities at amortised cost- Debt issued and other borrowed funds | 28 | 345 | **11,938,669,697** | 7,344,571,776 |
| Lease liabilities | 23.2 | 337 | **247,795,869** | 198,186,189 |
| Other non financial liabilities | 29 | 349 | **1,377,011,335** | 910,496,781 |
| Current tax liabilities | 30 | 349 | **449,360,963** | 68,707,012 |
| Post employment benefit liability | 31 | 350 | **57,786,867** | 36,393,779 |
| **Total liabilities** | | | **27,110,331,477** | 18,484,913,996 |
| **EQUITY** | | | | |
| Stated capital | 32 | 353 | **2,869,559,710** | 2,369,559,710 |
| Statutory reserve fund | 33 | 353 | **101,641,873** | 68,622,981 |
| Other reserves | 34 | 353 | **-** | 273,181,972 |
| Retained earnings | 35 | 353 | **1,413,761,732** | 519,081,225 |
| **Total equity** | | | **4,384,963,315** | 3,230,445,888 |
| **Total liabilities and equity** | | | **31,495,294,792** | 21,715,359,884 |
| **Contingent liabilities and commitments** | 38 | 354 | **167,735,582** | 22,000,000 |
| **Net assets per share (LKR)** | | | **15.28** | 13.63 |

We certify that the Financial Statements are prepared and presented in Compliance with the requirements of the Companies Act No.7 of 2007.

**Manjula Tennakoon**
*Chief Financial Officer*

**Jayathilake Bandara**
*Chief Executive Officer*

The Board of Directors is responsible for these Financial Statements.Signed for and on behalf of the Board by;

**A. D. Gunewardene**
*Chairman*

**J. R. F. Peiris**
*Director*

Figures in brackets indicate deductions.
The Accounting policies and Notes to the Financial Statements from pages 305 to 370 form an integral part of these Financial Statements.

16 June 2026

Colombo

# Statement of Changes in Equity

| Year ended 31 March 2026 | Stated Capital LKR | Statutory Reserve Fund LKR | Regulatory Loss Allowance Reserve (RLAR) LKR | Retained Earnings LKR | Total Equity LKR |
|---|---|---|---|---|---|
| **Balance as at 31 March 2024** | 2,369,559,710 | 59,423,264 | 319,521,842 | 300,375,273 | 3,048,880,089 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | - | 183,994,353 | 183,994,353 |
| **Other comprehensive income** | | | | | |
| Other comprehensive income net of taxes | - | - | - | (2,428,554) | (2,428,554) |
| **Other movements in equity** | | | | | |
| Transferred to statutory reserve fund | - | 9,199,718 | - | (9,199,718) | - |
| Transferred to RLAR | - | - | (46,339,871) | 46,339,871 | - |
| **Balance as at 31 March 2025** | 2,369,559,710 | 68,622,981 | 273,181,972 | 519,081,225 | 3,230,445,888 |
| **Balance as at 1 April 2025** | 2,369,559,710 | 68,622,981 | 273,181,972 | 519,081,225 | 3,230,445,888 |
| **Total contributions from equity holders** | | | | | |
| New Share Issue | 500,000,000 | - | - | - | 500,000,000 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | - | 660,377,830 | 660,377,830 |
| **Other comprehensive income** | | | | | |
| Other comprehensive income net of taxes | - | - | - | (5,860,405) | (5,860,405) |
| **Other movements in equity** | | | | | |
| Transferred to statutory reserve fund | - | 33,018,892 | - | (33,018,892) | - |
| Transferred to RLAR | - | - | (273,181,972) | 273,181,972 | - |
| **Balance as at 31 March 2026** | 2,869,559,710 | 101,641,873 | - | 1,413,761,732 | 4,384,963,315 |

Figures in brackets indicate deductions.
The Accounting policies and Notes to the Financial Statements from pages 305 to 370 form an integral part of these Financial Statements.

# Statement of Cash Flows

| Year ended 31 March 2026 | Note | Page | 2026 LKR | 2025 LKR |
|---|---|---|---|---|
| **Cash flows from/(used in) operating activities** | | | | |
| Interest received | | | **5,608,036,883** | 3,378,854,062 |
| Interest payments | | | **(2,408,589,648)** | (1,755,645,157) |
| Receipts from financial investments | | | **117,099,512** | 115,531,484 |
| Receipts from other operating activities | | | **971,913,911** | 242,483,466 |
| Cash payments to employees and suppliers | | | **(2,059,313,336)** | (1,296,783,831) |
| **Operating profit before changes in operating assets and operating liabilities (Note (a))** | | | **2,229,147,322** | 684,440,025 |
| **(Increase) / decrease in operating assets** | | | | |
| Net investment in loans and advances | | | **(10,079,076,115)** | (6,342,648,713) |
| Net investment in treasury bonds/ repos | | | **(1,391,343,845)** | 50,053,022 |
| Net Investment in treasury bills | | | **435,176,388** | (257,053,750) |
| Net Investment in money market funds | | | **583,499,096** | (69,366,481) |
| Net increase / (decrease) in other operating assets | | | **(109,553,329)** | 45,447,714 |
| **Increase / (decrease) in operating liabilities** | | | | |
| Other financial liabilities due to customers | | | **3,186,133,671** | 3,440,852,063 |
| Net increase / (decrease) in other liabilities | | | **477,737,511** | 222,600,485 |
| | | | **(4,668,279,301)** | (2,225,675,634) |
| Gratuity paid | 31.1 | 350 | **(1,845,856)** | (3,922,421) |
| Income tax paid | 30 | 349 | **(224,153,841)** | (7,321,103) |
| **Net cash flows generated from / (used in) operating activities** | | | **(4,894,278,999)** | (2,236,919,159) |
| **Cash flows from investing activities** | | | | |
| Purchase of intangible assets | 25 | 340 | **(28,972,800)** | - |
| Purchase of property, plant and equipment | 24 | 338 | **(160,525,313)** | (85,115,850) |
| **Net cash flows used in investing activities** | | | **(189,498,113)** | (85,115,850) |
| **Cash flows from financing activities** | | | | |
| Cash proceeds from obtaining term loans | 28.1 | 345 | **7,626,000,000** | 4,000,000,000 |
| Repayments of term loans | 28.1 | 345 | **(3,531,902,079)** | (2,388,877,470) |
| Cash proceeds from debt instruments issued | 28.2 | 345 | **500,000,000** | 1,000,000,000 |
| Cash proceeds from New Share Issue | | | **500,000,000** | - |
| Payment of lease liabilities | 23.4 | 337 | **(50,521,986)** | (41,121,671) |
| **Net cash flows (used in) / generated from financing activities** | | | **5,043,575,935** | 2,570,000,859 |
| Net (decrease) / increase in cash and cash equivalents during the year | | | **(40,201,172)** | 247,965,849 |
| Cash and cash equivalents at the beginning of the year | | | **457,895,693** | 209,929,845 |
| **Cash and cash equivalents at the end of the year (Note (b))** | | | **417,694,521** | 457,895,693 |

# Statement of Cash Flows

| Year ended 31 March 2026 | Note | Page | 2026 LKR | 2025 LKR |
|---|---|---|---|---|
| **Note (a) : Reconciliation of profit before tax with cash flows from operating activities** | | | | |
| Profit/ (loss) before income tax expense | | | **1,094,876,576** | 321,235,585 |
| Depreciation of property, plant and equipment | 24 | 338 | **58,885,613** | 43,619,311 |
| Depreciation of right-to-use asset (ROU) | 23.3 | 337 | **57,678,331** | 50,621,317 |
| Amortization of intangible assets | 25 | 340 | **4,221,592** | 4,940,574 |
| Provision for gratuity | 31.2 | 351 | **14,866,937** | 10,636,060 |
| Impairment charge on loans and advances | 20.1 | 330 | **1,028,469,014** | 271,672,171 |
| Exchange gain/(loss) | 9 | 319 | **(28,258)** | 4,923 |
| Sundry income | 9 | 319 | **(11,222,957)** | (13,739,358) |
| Change in interest income receivables | | | **(21,639,525)** | (4,542,528) |
| Profit on disposal of ROU assets | | | **-** | (8,030) |
| Net loss from investment property | | | **3,040,000** | - |
| | | | **2,229,147,322** | 684,440,025 |
| **Note (b) : Reconciliation of cash & cash equivalents** | | | | |
| Cash in hand and cash at banks | 15 | 324 | **534,788,125** | 647,974,681 |
| Bank overdrafts | | | **(117,093,604)** | (190,078,988) |
| | | | **417,694,521** | 457,895,693 |

Figures in brackets indicate deductions.

The Accounting policies and Notes to the Financial Statements from pages 305 to 370 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1. REPORTING ENTITY

### 1.1 General

Fintrex Finance PLC is a Licensed Finance Company in terms of the Finance Business Act, No.42 of 2011, having obtained registration under the said Act on 10th February 2012 and a Registered Finance Leasing Establishment in terms of the Finance Leasing Act No.56 of 2000, since 26th August 2012.

The Company (which was previously known as First Barakah Investments Limited), changed its name to Melsta Regal Finance Limited with effect from 09 February 2012 consequent to the acquisition of its 100% controlling stake by Melstacorp PLC. The Company was then acquired by Bluestone One (Pvt) Ltd on 06 April 2018 and its name was changed to Fintrex Finance Ltd with effect from 03rd September 2018. Upon the listing of the rated, unsecured, subordinated, redeemable high yield bonds on the Colombo Stock Exchange on 11 March 2025, the status of the Company was changed from Fintrex Finance Limited to Fintrex Finance PLC with effect from 26 March 2025.

The registered office and the principal place of business of the Company is located at No. 851, Dr. Danister De Silva Mawatha, Colombo-14.

### 1.2 Principal Activities and Nature of Operations

The principal activities of the Company comprised of providing loans and advances, lease financing, hire purchase financing, factoring, trade finance, hiring and mobilizing public deposits in forms of savings and term deposits. The Company obtained the registration under Finance Business Act No. 42 of 2011 on 10 February 2012. The finance leasing operation commenced subsequent to the registration under Finance Leasing Act No 56 of 2000 on 26 August 2012.

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

### 1.3 Parent and Ultimate Parent Entity

The Company's immediate parent is Bluestone 1(Pvt) Limited which is incorporated in Sri Lanka.

## 2. BASIS OF ACCOUNTING

### 2.1 Statement of Compliance

The Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of Companies Act No. 7 of 2007 and Finance Business Act No. 42 of 2011 and subsequent amendments thereto.

### 2.2 Responsibility of Financial Statements

Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and provisions of the Companies Act No. 07 of 2007. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 2.3 Approval of Financial Statements by Directors

The Financial Statements of the Company for the year ended 31 March 2026 (including comparatives for 31 March 2025) were approved and authorized for issue by the Board of Directors in accordance with Resolution of the Directors on 16 June 2026.

### 2.4 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following,

| | |
|---|---|
| Investment Properties initially measured at cost and subsequently measured at Fair Value | Note 22 |
| Financial Assets classified as fair value through other comprehensive income (FVOCI) are measured at fair value | Note 17 |
| Liability for Defined Benefit Obligation carried at present value of Defined Benefit Obligations, calculated using projected unit credit method | Note 31 |

### 2.5 Functional and Presentation Currency

These Financial Statements are presented in the Sri Lankan rupees being, the functional and presentation currency unless indicated otherwise.

### 2.6 Materiality and Aggregation

In compliance with Sri Lanka Accounting Standards LKAS 01 on 'Presenting of Financial Statements', 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.

### 2.7 Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 01 (Presentation of Financial Statements).

### 2.8 Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of Financial Position only

when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the Income Statement unless required or permitted by an Accounting Standard.

### 2.9 Use of Estimates and Judgments

The preparation of Financial Statements of the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, 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 recognized in the period in which the estimate is revised and in any future periods affected.

**a) Judgements**
**Classification and Impairment of Financial Assets**
The Company used judgments when assessing of the business model within which the assets are held and assessment whether the contractual terms of the financial assets are solely-payment-of-principal-and-interest (SPPI) on the principal amount of the outstanding. The Company also used judgments when establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of Expected Credit Losses (ECL) and selection and approval of models to measure ECL.

#### *2.9.1 Going Concern*

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, the Management has assessed the existing and anticipated effects of current economic conditions on the Company and is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

#### *2.9.2 Fair Value of Financial Instruments*

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The Company uses estimates when determining inputs into the ECL measurement model, including incorporation of forward-looking information. This includes an element of management's judgment, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the change of which can result in different levels of allowances. The valuation of financial instruments is described in more detail in Note 44.

#### *2.9.3 Deferred Tax Assets*

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

#### *2.9.4 Impairment losses on Loans and Receivables*

The Company reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the profit or loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ.

If impairment is not required based on the individual assessment all such individually significant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics. This is required to determine whether a provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as aging buckets, levels of arrears, industries, etc.), and judgments on the effect of concentration of risks and economic data.

#### *2.9.5 Impairment for Financial Assets classified as Fair Value through Other Comprehensive Income*

The Company reviews its securities grouped under Financial Assets classified as Fair Value through Other Comprehensive Income at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

The Company also records impairment charges on Financial Assets classified as Fair Value through Other Comprehensive Income when there has been a significant or prolonged decline in the Fair Value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment.

### *2.9.6 Defined Benefit Obligations*

The value of the defined benefit obligations is determined using actuarial valuation technique. The actuarial valuation involves making assumptions on discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date. Due to the long–term nature of these plans, such estimates are subject to significant uncertainty. Refer Note 31 for the assumptions used.

### *2.9.7 Useful Lifetime of Property, Plant and Equipment*

The Company reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

### *2.9.8 Fair Valuation of Investment Property*

Investment property is property held either to earn rental income or for capital appreciation or for 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 property is initially recognised at cost. Subsequent to initial recognition, the investment property is stated at fair values, which reflect market conditions at the Statement of Financial Position date. Gains or losses arising from changes in fair value are included in the Statement of Comprehensive Income in the year in which they arise.

Investment property is appraised in accordance with LKAS 40 and SLFRS 13. The Company measures Investment Property at fair value using the market approach. The Company engages independent professional valuers to assess fair value of Investment Property. The key assumptions used to determine the fair value of the Investment property are provided in Note 22.

### *2.9.9 Commitment and Contingencies*

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured as defined in the Sri Lanka Accounting Standard - LKAS 37 "Provisions contingent liabilities and Contingent Assets". Contingent Liabilities are not recognized in the Statement of Financial Position but are disclosed unless its occurrence is remote.

### *2.9.10 SLFRS 16 – Leases*

#### 2.9.10.1 Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)

The Company 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 Company has several lease contracts that include extension and termination options. The Company 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 Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

#### 2.9.10.2 Estimating the incremental borrowing rate

As the Company 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 Company 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 Company "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 Company estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

### 2.10 Presentation of Financial Statements

The Company presents its assets and liabilities in the Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in notes to the Financial Statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated.

### 3.1 Foreign Currency Translation

Transactions in foreign currencies are translated to Sri Lankan Rupees at the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees at the exchange rates as at that date.

Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lankan Rupees at the exchange rate at the dates of the transactions.

Non-monetary assets and liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lankan Rupees at the exchange rate that the fair value was determined. Foreign exchange differences arising on translation are recognized in profit or loss.

### 3.2 Revenue and Expenses Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time– requires judgment.

#### *3.2.1 Interest*

Interest income and interest expense are recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under SLFRS 9 is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The EIR (and therefore, the amortised cost of the asset/ liability) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. The Company recognises interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

If expectations regarding the cash flows on the financial asset/liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Statement of Financial Position with an increase or reduction in interest income/interest expense. The adjustment is subsequently amortised through Interest income/ Interest expense in the income statement.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate under interest income.

Interest from overdue rentals has been accounted for on cash received basis.

#### *3.2.2 Fees and Commission Income*

Fee and commission income, including account servicing fees and placement fees are recognized as the related services are performed. Fee and commission expense relate mainly to transaction and service fees which are expensed as the services are received.

#### *3.2.3 Finance Lease Income*

Assets leased to customers to whom the Company transfers substantially all the risks and rewards associated with ownership other than the legal title are classified as finance leases. Amounts receivable under finance leases are included under 'Lease Rental Receivable'. Leasing balances are stated in the Statement of Financial Position after deduction of initial rentals received.

The excess of aggregate rentals receivable over the cost of the leased assets constitutes the total unearned income. The unearned income is taken into revenue over the term of the lease, commencing from the month in which the lease is executed in proportion to the remaining receivable balance of the lease.

#### *3.2.4 Hiring Rental Income*

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

#### *3.2.5 Other Income*

Income earned from other sources, which are not directly related to the normal operations of the Company, is recognised as other income on an accrual basis.

#### *3.2.6 Sale and Repurchase Agreements*

Where government securities are sold subject to a commitment to repurchase them at a predetermined price (Reverse repos), the consideration paid is recognized in the Statement of Financial Position and the difference between sale and repurchase price is recognized as net gain from financial investments recorded under interest income.

#### *3.2.7 Gain or Loss on Sale of Property, Plant and Equipment*

Recognized as income in the period in which the sale occurs and is classified as other operating income.

#### *3.2.8 Other Expenses*

All other expenses are recognized on an accrual basis.

#### *3.2.9 Income Tax Expense*

As per the Sri Lanka Accounting Standard - LKAS 12 on Income Taxes, the tax expense/tax income is the aggregate amount included in determination of profits or loss for the period in respect of income tax and deferred tax. Income tax expense for the year comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent assets.

#### 3.2.9.1 Current Tax

The amount of current tax payable or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or subsequently enacted at the reporting date in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 as amended by subsequent legislation.

Current tax liabilities are offset only if certain criteria are met.

#### *3.2.9.2 Deferred Tax*

Deferred tax is recognized on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is measured at the tax rate that are expected to be applied to temporary difference when they reverse, using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes, if any.

The net increase/decrease in the carrying amount of the deferred tax liability net of deferred tax asset is recognized as deferred tax expense and conversely any net decrease is recognized as reversal to deferred tax expense in the Statement of Profit or Loss and Other Comprehensive income.

Temporary differences in relation to a right-of -use asset and lease liability are regarded as a net package (right-of use asset) for the purpose of recognizing deferred tax.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, 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 utilized. 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 realized.

### *3.2.10 Value Added Tax (VAT) on Financial Services*

VAT on financial services is calculated in accordance with Value Added Tax (VAT) Act No. 14 of 2002 and subsequent amendments thereto. The value base for value added tax on financial services for the Company is the adjusted accounting profit before tax and emoluments of employees. The adjustment to the accounting profit before tax is for economic depreciation computed on prescribed rates instead of the rates adopted in the Financial Statements. The value added tax rate is 18% on the value base for value added tax and is a disallowed expense for the purpose of the income tax liability as per Section 25(a) of the Value Added Tax Act No. 14 of 2002 and amendments there to.

### *3.2.11 Social Security Contribution Levy (SSCL)*

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No.25 of 2022 (SSCL Act), at the rate of 2.5%, with effect from 01 October 2022.SSCL is payable on the Value Addition attributable to financial services. The Value Addition attributable to financial services shall be computed for the payment of SSCL on the business of supplying financial services by applying the attributable method referred into Chapter IIIA of the Value Added Tax Act No. 14 of 2002.

### *3.2.12 Deposit Insurance Scheme*

In terms of the "Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulations, No. 02 of 2021" issued on 06 August 2021, all Finance Companies are required to insure their deposit liabilities in the "Sri Lanka Deposit Insurance and Liquidity Support Scheme".

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following.

- 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 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.
- Deposits falling within the meaning of abandoned property in terms of the Banking Act and dormant deposits in terms of the Finance Companies Act, funds which have been transferred to the Central Bank of Sri Lanka in terms of the relevant Directions issued by the Monetary Board.
- Registered Finance Companies are required to pay a premium of 0.15% on total amount of eligible deposit as at end of the month to be payable within a period of 15 days from the end of the respective month.
- Deposits placed by Finance Companies

### *3.2.13 Crop Insurance Levy (CIL)*

In terms of the Finance Act No. 12 of 2013, all institutions under the purview of Banking Act No.30 of 1988, Finance Business Act No.42 of 2011 and Regulation of Insurance Industry Act No. 43 of 2000 are required to pay 1% of the profit after tax as Crop Insurance Levy to the National Insurance Trust Fund effective from 01 April 2013.

## 3.3 Assets and Liabilities and Basis of Measurement

### *3.3.1 Cash and Cash Equivalents*

Cash and cash equivalents comprise cash in hand, balances with banks, placements with banks (less than 3 months), net of unfavourable bank balances and securities purchased under repurchase agreement (less than three months). For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of unfavorable balances.

### *3.3.2 Financial Instruments*

#### 3.3.2.1 Recognition and Initial Measurement

The Company initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

#### *3.3.2.2 Classification*

**Financial Assets**

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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 SPPI.

A debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Business model assessment**

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. 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 revenue, 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 realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated, 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 realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

**Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)**

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "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 (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instruments. This

includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the assessment the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Company holds a portfolio of long-term fixed-rate loans for which the Company has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Company has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate by considering the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

**Reclassifications**
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

**Financial Liabilities**
The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

### 3.3.2.3 Derecognition Financial Assets

The Company 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 of the risks and rewards of ownership of the financial asset are transferred or in which thecompany neither transfers nor retains substantially all the 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 (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

From 1st April 2018 any cumulative gain/loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, because the Company retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**Financial Liabilities**
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modification of Financial Assets and Liabilities

**Financial Assets**
If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

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 calculated using the effective interest rate method.

**Financial Liabilities**

The Company derecognises financial liability when its terms are modified and the cash flows of the modified liability are substantially different. 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 derecognized and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

### 3.3.2.4 Fair Value Measurement

"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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

When active market is available, the Company 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.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e, the fair value of the consideration given or received.

If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

An analysis of the fair values of financial instruments and further details as to how they are measured are provided in Note 44.

### 3.3.2.5 Impairment losses on financial assets

**Recognition of ECL**

The Company recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- lease receivables.

No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of "investment grade". The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1 financial instruments".

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as "Stage 2 financial instruments".

**Measurement of ECL**
ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

**Credit-Impaired Financial Assets**
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as "Stage 3 financial assets"). A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is past due for a period more than 120 days or classified as non-performing under CBSL Direction No. 3 of 2006 is considered credit impaired.

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: as a provision under other liabilities;
- debt instruments measured at FVOCI: no loss allowance is recognised in the Statement of Financial Position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

**Write-off**
Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "impairment losses on financial instruments" in the Statement of Profit or Loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### *3.3.3 Securities Purchased Under Resale Agreements*

These are loans collateralised by the purchase of Treasury Bills and/or Guaranteed Commercial Papers from the counterparty to whom the loans are granted. The sale by the counterparty is subject to a commitment by the Bank to sell back the underlying debt securities to the borrower at a predetermined price.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

The Company reviews on date of the Statement of Financial Position whether the carrying amount of the property and equipment are lower than their recoverable amount. In such event the carrying amount is reduced to the recoverable amount and the reduction being an impairment loss is recognized immediately in the Statement of Comprehensive Income. The recoverable amount is the higher of the market value of the asset less estimated cost of disposal and its value in use.

The Company reviews on the Statement of Financial Position date whether the carrying amount of computer application software is lower than the recoverable amount. In such event the carrying amount is reduced to the recoverable amount and the reduction being an impairment loss is recognized immediately in the Statement of Comprehensive Income. The recoverable amount is the value in use.

### *3.3.4 Property, Plant and Equipment*

#### 3.3.4.1 Basis of Recognition

The cost of property and equipment comprising computers, office equipment,

furniture fixtures and fittings and motor vehicles is recognized as an asset if it is probable that future economic benefits associated with the property and equipment will flow to the Company and cost of equipment can be measured reliably.

#### 3.3.4.2 Measurement at Recognition

The cost of an asset comprises its purchase price or cost of construction and any directly attributable costs of bringing the asset to working condition for its intended use. The assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

#### 3.3.4.3 Subsequent Measurement

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance are charged to expense during the financial period in which they are incurred.

#### 3.3.4.4 Depreciation

The depreciation is provided for on the basis outlined below. Depreciation is provided on a straight-line basis such that the cost of the asset is depreciated over the period appropriate to the estimated life of the type of asset. The useful lives of the assets are as follows:

| | |
|---|---|
| Motor Vehicle | - 05 Years |
| Computer equipment | - 04 Years |
| Office equipment | - 05 Years |
| Furniture and fittings | - 05 Years |
| Mobile Devices and Tabs | - 02 Years |

Depreciation commences in the date the asset is available for use in the business of the Company and ceases in the date of disposal or end of its useful life time. Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

#### 3.3.4.5 De-recognition

The carrying amount of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use and the gain or loss arising from the de-recognition is included in Statement of Comprehensive Income.

#### 3.3.4.6 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

### *3.3.5 Investment Property*

#### 3.3.5.1 Basis of Recognition

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or administrative purpose.

#### 3.3.5.2 Basis of Measurement

Investment properties are initially recognised at cost including related transaction costs. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions on the reporting date. Gains or losses arising from changes in fair value are included in the other income of the Statement of Profit or Loss in the year in which they arise.

#### 3.3.5.3 Derecognition

Investment properties are derecognized when disposed of or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses retirement or disposal is recognized in the profit or loss in the year of retirement or disposal. When investment property that was previously classified as Property, Plant and Equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

### *3.3.6 Intangible Assets*

#### 3.3.6.1 Basis of Recognition

All software licensed for use by the Company, not constituting an integral part of related hardware are included in the Statement of Financial Position under the category intangible asset and carried at cost less accumulated amortization and any impairment losses.

The initial acquisition cost comprises license fee paid at the inception, import duties, non-refundable taxes and levies, cost of customizing the software to meet the specific requirements of the Company and other directly attributable expenditure in preparing the asset for its intended use.

#### 3.3.6.2 Subsequent Expenditure

The initial cost is enhanced by subsequent expenditure incurred by further customization to meet ancillary transaction processing and reporting requirements tailor-made for the use of the Company constituting an improvement to the software. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### 3.3.6.3 Amortization

The amortization is provided for on the basis outlined below. Amortization is provided on a straight-line basis such that the cost of the asset is amortized over the period appropriate to the estimated life of the type of asset. The useful lives of the assets are as follows:

| | |
|---|---|
| Computer Software | 04 Years |
| Software Core System | 05 Years |
| ATM License Fee | 10 Years |
| VISA License Fee | 10 Years |

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

#### 3.3.6.4 De-recognition

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

### *3.3.7 Leases*

At inception of a contract, the Company 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.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset representing the right to use the underlying asset and a lease liability at the lease commencement date.

#### 3.3.7.1 Right-of-use Asset

The right-of-use asset is initially measured at cost. This comprises of the initial amount of the lease liability, adjusted for any lease payments made at 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 on which it is located, less any lease incentives received.

The right-of-use assets is also adjusted for certain subsequent re-measurements of the lease liability.

After the commencement date, Company measures the right-of-use asset on cost model.

#### 3.3.7.2 Depreciation

Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the underlying asset.

The right-of-use assets are subject to impairment.

#### 3.3.7.3 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company 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 type of the asset leased.

Lease payments fixed payments, including in-substance fixed payments.

The lease Liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Company's estimation of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revision in the in-substance fixed lease payment.

If the lease liability is remeasured, 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.

After the commencement date, the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

#### 3.3.7.4 Presentation in the statement of financial position

The Company presents right-of-use assets separately from other assets and lease liabilities separately from other liabilities in its' statement of financial position.

### *3.3.8 Employee Benefits*

#### 3.3.8.1 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Provision for gratuity on the employees of the Company are based on actuarial valuation as recommended by Sri Lanka Accounting Standard No.19 'Employee Benefits' (LKAS - 19). The actuarial valuation was carried out by a professionally qualified firm of actuaries, as at 31 March 2026. The valuation method used by the actuary is "Projected Unit Credit Method". The Company recognizes any actuarial gains & lossesarising from defined benefit plan immediately in Other Comprehensive income and all expenses related to defined benefit plan in personnel expenses in the Statement of Profit or Loss. The assumption based on which the results of actuarial valuation was determined are included in note to the financial statements.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past services or the gain or loss on curtailment is recognized immediately in profit or loss. The company recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

The Company provides for Gratuity under the payment of Gratuity Act No. 12 of 1983. Provision for Gratuity has

been made for employees who have completed five (5) years of services with the company.

The liability is not externally funded.

#### 3.3.8.2 Defined Contribution Plan

Defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognized as an employee benefit expense in profit or loss in the periods during services is rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

#### 3.3.8.3 Employee's Provident Fund (EPF)

The Company and employees contribute 12% and 8% respectively on the basic salary of each employee to the Employee's Provident Fund managed by Central Bank of Sri Lanka.

#### 3.3.8.4 Employee's Trust Fund (ETF)

The Company contributes 3% of the basic salary of each employee to the Employees' Trust Fund managed by Central Bank of Sri Lanka.

#### 3.3.9 Provision for Liabilities

A provision is recognized in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event, that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### 3.3.10 Commitments and Contingent Liabilities

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured.

Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote. Pending legal claims against the company form part of contingencies.

### 3.4 Subsequent Events

All material events which occur between the reporting date and the date on which the Financial Statements are authorized for issue, and the financial impact on the condition of the assets and liabilities are disclosed in the Financial Statements.

### 3.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared by using the 'Direct Method' in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flows' whereby gross cash receipts and gross cash payments on operating activities, investing activities and financing activities are recognized. Cash and cash equivalents include cash in hand and balances with banks.

### 3.6 Earnings per Share (EPS)

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.7 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter-period comparability.

## 4. NEW ACCOUNTING STANDARDS ISSUED DURING THE YEAR/ CHANGES TO ALREADY EXISTING ACCOUNTING STANDARDS

The Company applied for the first-time certain standards and amendments, if applicable, which are effective for annual periods beginning on or after 01 April 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments to the following Accounting Standards did not have a material impact on the Financial Statements of the Company.

- Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates

The Company has applied all relevant accounting standards which have been issued up to 31 March 2026 in the preparation of the Financial Statements for the year ended 31 March 2026.

## 5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka. Accordingly, these accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 March 2026. Following amendment is not expected to have a material impact on the Financial Statements of the Company in the foreseeable future.

### 5.1 Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

### 5.2 Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.
The Company does not expect that the amendments will have a material impact on its financial statements.

### 5.3 IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:
Present specified categories and defined subtotals in the statement of profit or loss
Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
Improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

### 5.4 Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

## 6. GROSS INCOME

Gross income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. The specific recognition criteria, for each type of gross income, are given under the respective income notes.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Interest income (Note 7.1) | **5,746,775,920** | 3,498,928,074 |
| Net fee and commission income (Note 8) | **950,281,315** | 223,897,411 |
| Net other operating income (Note 9) | **29,843,811** | 32,328,521 |
| **Total gross income** | **6,726,901,046** | 3,755,154,006 |

## 7. NET INTEREST INCOME

**Accounting policy**

The Company use the Effective Interest Rate (EIR) method for recognising the interest income and interest expenses of financial assets and financial liabilities that are measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income under SLFRS 09. 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.

### 7.1 Interest Income

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Interest income on- Lease receivables | **1,982,794,798** | 1,803,729,466 |
| Interest income on- Loans and advances | **3,646,881,610** | 1,579,667,123 |
| Interest income on government securities | **91,463,713** | 66,286,018 |
| Interest income on placement with banks and other financial institutions | **25,635,799** | 49,245,466 |
| **Total interest income** | **5,746,775,920** | 3,498,928,074 |

### 7.2 Interest Expenses

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Interest expense on fixed deposits | **1,265,221,728** | 1,063,820,870 |
| Interest expense on saving deposits | **5,367,614** | 5,164,678 |
| Interest expense on interest bearing loans and borrowings | **1,107,083,235** | 656,673,716 |
| Interest expense on lease liabilities | **30,917,071** | 29,985,893 |
| **Total interest expenses** | **2,408,589,648** | 1,755,645,157 |
| **Net interest income** | **3,338,186,272** | 1,743,282,917 |

## 8. NET FEE AND COMMISSION INCOME

**Accounting policy**

Fee and commission income is recognised in the Income Statement when the related service is performed. Income related to ongoing services is recognised over time, while income from one-time services is recognised at a point in time when the performance obligation is satisfied. Fees and commissions that are integral to the effective interest rate (EIR) of a financial asset or liability are included in the EIR and recognised over the expected life of the instrument.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Credit related fees and commissions income (Note 8.1) | **1,695,539,245** | 305,202,273 |
| Credit related fees and commissions expenses (Note 8.2) | **(745,257,930)** | (81,304,862) |
| **Net fee and commission income** | **950,281,315** | 223,897,411 |

### 8.1 Credit Related Fees And Commissions Income

| | | |
|---|---|---|
| Documentation Charges | **595,125,115** | 122,524,748 |
| Dealer Usage Charges | **854,375,207** | 80,185,820 |
| Service Charges | **100,096,274** | 33,626,202 |
| Recovery Charges | **78,165,206** | 17,620,550 |
| Insurance Commission | **56,014,682** | 45,367,923 |
| Other Charges | **11,762,762** | 5,877,030 |
| | **1,695,539,245** | 305,202,273 |

### 8.2 Credit Related Fees And Commissions Expenses

| | | |
|---|---|---|
| Charges on Device Finance | **745,257,930** | 81,304,862 |
| | **745,257,930** | 81,304,862 |

## 9. OTHER OPERATING INCOME

**Accounting policy**

Income earned on other sources, which are not directly related to the normal operations of the Company is recognised as other operating income on an accrual basis.

Other operating income includes recoveries of written-off loans and receivables, exchange gain/(loss) and other sundry income. The sundry income includes over three year un-identified deposits written back to income.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Recoveries from written-off contracts | **21,632,596** | 18,586,055 |
| Exchange gain/(loss) | **28,258** | (4,923) |
| Sundry income | **11,222,957** | 13,739,358 |
| Profit on disposal of ROU assets | **-** | 8,030 |
| Net loss from Investment Property | **(3,040,000)** | - |
| | **29,843,811** | 32,328,521 |

## 10. PERSONNEL EXPENSES

**Accounting policy**

Personnel costs includes salaries and bonus, other staff related expenses, terminal benefit charges and other related expenses. The provisions 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 of the amount of the obligation.

**Employees' Provident Fund and Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in accordance with the respective statutes and regulations. The Company contributes 12% and 3% of gross salaries of employees to the Employees' Provident Fund and the Employees' Trust Fund respectively.

**Defined benefit plans**

Contributions to defined benefit plans are recognised in the Statement of profit or Loss and other comprehensive income based on an actuarial valuation carried out for the gratuity liability of the Company in accordance with LKAS 19, defined benefit obligations.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Salaries and wages | **554,776,062** | 447,062,488 |
| Defined contribution plan costs - EPF | **62,731,558** | 49,275,313 |
| Defined contribution plan costs - ETF | **15,682,889** | 12,318,828 |
| Defined benefit plan costs - retirement gratuity (Note 31.2) | **14,866,937** | 10,636,060 |
| Staff bonus | **83,125,000** | 22,895,000 |
| Other staff related costs | **235,602,987** | 188,284,187 |
| | **966,785,433** | 730,471,876 |
| **10.1** No. of employees as at the year end | **405** | 309 |

## 11. OTHER OPERATING EXPENSES

**Accounting policy**

Other operating expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earnings of the specific items 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 Income Statement in arriving at the profit for the year.

**Crop Insurance Levy**

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 was payable to the National Insurance Trust Fund. Currently, the Crop Insurance Levy is payable at 1% of profit after tax.

**Directors' Emoluments**

Directors' Emoluments include fees paid to Non-Executive Directors.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Directors' emoluments | **10,850,000** | 6,400,000 |
| Auditors' remuneration | | |
| - Statutory audit | **2,445,000** | 2,255,000 |
| - Non audit fees | **3,240,408** | 889,295 |
| Crop Insurance Levy | **6,650,000** | 1,843,000 |
| Deposit insurance premium | **16,147,617** | 11,904,842 |
| Legal expenses | **13,442,856** | 7,063,335 |
| Secretarial fees | **-** | 59,239 |
| Other expenses | **401,986,585** | 170,423,392 |
| **Total other operating expenses** | **454,762,466** | 200,838,103 |

## 12. TAX ON FINANCIAL SERVICES

Tax on Financial Services include Value Added Tax on Financial Services and Social Security Contribution Levy on Financial Services.

**Value Added Tax (VAT) on financial services**

VAT on Financial Services is calculated in accordance with the Value Added Tax Act No. 14 of 2002 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before VAT on Financial Services and income tax, adjusted for the economic depreciation and emoluments payable to employees including cash benefits, non-cash benefits and provisions relating to terminal benefits. VAT on Financial Services was charged at 18% with effect from 1 January 2022.

**Social Security Contribution Levy (SSCL) on financial services**

As per the Social Security Contribution Levy (SSCL) Act No. 25 of 2022, effective from 1 October 2022, the Company is liable to pay SSCL on Financial Services at the rate of 2.5% on the value addition attributable to the supply of financial services. Further the non-financial services are also made liable on the turnover at the rate of 2.5%.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Value Added Tax on financial services | **355,234,588** | 174,490,215 |
| Social Security Contribution Levy | **48,542,893** | 24,234,752 |
| **Total tax on financial services** | **403,777,481** | 198,724,967 |

## 13. INCOME TAX EXPENSE

**Accounting policy**

As per Sri Lanka Accounting Standard - LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Income Statement except to the extent it relates to items recognised directly in 'Equity' or 'Other Comprehensive Income (OCI)', in which case it is recognised in Equity or in OCI.

**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 year and any adjustment to tax payable in respect of 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 based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto at the rates specified in Note 3.2.9 to these Financial Statements.

**Accounting estimates**

Significant judgment was required to determine the total provision for current and deferred taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements. The Company recognised assets and liabilities for current and deferred taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

**Deferred tax assets and liabilities**

Detailed disclosure of accounting policies and estimate of deferred tax is available in Note 26.1 to these Financial Statements.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| **Recognized in the profit or loss** | | |
| Current income tax expense (Note 13.1) | **571,207,792** | 76,028,115 |
| Prior years under provision/(over provision) | **33,600,000** | - |
| | **604,807,792** | 76,028,115 |
| Reversal on deferred tax (Note 26.1) | **(170,309,046)** | 61,213,117 |
| **Income tax (expense) / benefit** | **434,498,746** | 137,241,232 |

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| **Recognized in the other comprehensive income** | | |
| **Income tax expense recognised in other comprehensive income** | | |
| Charge / (reversal) on deferred tax (Note 26.1) | **(2,511,602)** | (1,040,809) |
| | **(2,511,602)** | (1,040,809) |

### 13.1 Numerical reconciliation of accounting profits to income tax expense

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Accounting profit before tax | **1,094,876,576** | 321,235,585 |
| **Adjustments** | | |
| Disallowable expenses | **1,649,421,803** | 614,318,274 |
| Capital portion of lease rentals receivables | **-** | 1,740,470 |
| Allowable expenses | **(840,272,404)** | (330,499,876) |
| Business profit / (loss) | **1,904,025,975** | 606,794,453 |
| Taxable business profit | **1,904,025,975** | 606,794,453 |
| Exempt income | **-** | - |
| B/F Loss from previous year | **-** | (353,367,403) |
| Total statutory income | **1,904,025,975** | 253,427,050 |
| Taxable income /(loss) | **1,904,025,975** | 253,427,050 |
| Current income tax expense @ 30% | **571,207,792** | 76,028,115 |
| Effective tax rate | **55.94%** | 64.61% |
| Effective tax rate (Excluding deferred tax) | **67.30%** | 52.84% |
| Effective tax rate (Excluding tax in financial services) | **28.99%** | 26.39% |

### 13.2 Numerical reconciliation of tax losses

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year (B/F) | **-** | 353,367,403 |
| Utilised during the year | **-** | (353,367,403) |
| Balance as at end of the year (C/F) | **-** | - |

The expiry date of the C/F tax losses is 31 March 2029.

## 14. EARNINGS PER SHARE

**Accounting policy**
The Company presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year, as per the Sri Lanka Accounting Standard - LKAS 33 (Earnings Per Share).

Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, which comprise of share options granted to employees. The Company does not have any potentially dilutive shares.

### 14.1 Basic/ diluted earnings per share

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Profit/ (loss) attributable to equity holders of the company (Rs.) | **660,377,830** | 183,994,353 |
| Weighted average numbers of ordinary shares | **238,736,793** | 236,955,971 |
| Basic / diluted earnings/ (loss) per share (Rs.) | **2.77** | 0.78 |

The diluted earnings per ordinary share is equal to the basic earnings per ordinary share since the Company does not have any convertible securities as at the reporting date.

### 14.2 Weighted average number of ordinary shares

| For the year ended 31 March | Outstanding No. of Shares | | Weighted Average No. of Shares | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Number of shares in issue as at 1 April | **236,955,971** | 236,955,971 | **236,955,971** | 236,955,971 |
| Number of shares issued | **50,000,000** | - | **1,780,822** | - |
| Number of shares in issue/ weighted average number of ordinary shares at 31 March | **286,955,971** | 236,955,971 | **238,736,793** | 236,955,971 |

## 15. CASH AND BALANCES WITH BANKS

**Accounting policy**
Cash and balances with banks includes cash/cheque in hand and balances with banks and other financial institutions. Cash and balances with banks are carried at amortised cost in the Statement of Financial Position.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Cash and cheques in hand | **117,574,131** | 95,490,970 |
| Balances with bank and other financial institutions | **417,213,994** | 552,483,711 |
| | **534,788,125** | 647,974,681 |

Rs. 117,604, 331 includes an amount of Rs. 4,771,183 comprising of cheques received by the Company on 31 March 2026 but not banked. Such amounts have been deposited subsequent to the reporting date.

### 15.1 Net cash and cash equivalents for the purpose of the Cash Flow Statement

**Accounting policy**
For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Cash and cash equivalents | **534,788,125** | 647,974,681 |
| Bank overdrafts | **(117,093,604)** | (190,078,988) |
| **Net cash and cash equivalents** | **417,694,521** | 457,895,693 |

## 16. FINANCIAL INVESTMENTS AT AMORTISED COST

**Accounting policy**
Financial investments include Government Securities, securities purchased under resale agreements and money market funds. After initial measurement, these are subsequently measured at amortized cost using the EIR. EIR 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 amortization, if any, is included in interest income in the Statement of Profit or Loss.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Investments in treasury bills | **245,608,920** | 659,145,783 |
| Investments in repurchase agreement | **1,441,384,230** | 50,040,385 |
| Investment in money market funds | **1,949,506** | 585,448,603 |
| | **1,688,942,657** | 1,294,634,771 |

The collateral value of Securities under Reverse Repurchase Agreements as at 31 March 2026 for the Company was Rs. 1,537,202,646/-

## 17. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Credit Information Bureau of Sri Lanka | **331,000** | 331,000 |
| Investments in treasury bonds | **-** | - |
| | **331,000** | 331,000 |

The Company designated investments as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for long term for strategic purposes.

No strategic investments were disposed of during 2025/26, and there were no transfer of any cumulative gain or loss within equity relating to these investments.

## 18. FINANCIAL ASSETS AT AMORTISED COST- LEASE RECEIVABLES

**Accounting policy**

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Company is the lessor under finance leases the amounts due under the leases, after deduction of unearned charges, are recognised on the statement of financial position. The finance income receivable is recognised in 'interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

Lease rental receivable include financial assets measured at amortized cost if both following conditions are made ;

1. Assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows
2. 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, lease rental receivable is 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 losses arising from impairment are recognised in 'impairment (charge)/reversal on loans and other losses' in the statement of Profit or Loss.

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Gross lease rental receivables | **12,546,705,017** | 11,493,960,840 |
| Unearned income | **(3,271,842,446)** | (2,838,559,181) |
| Total lease rental receivables | **9,274,862,571** | 8,655,401,659 |
| Allowance for individual impairment (Note 18.2.1) | **(42,493,958)** | (3,868,141) |
| Allowance for collective impairment (Note 18.2.2) | **(383,465,197)** | (464,297,243) |
| | **8,848,903,416** | 8,187,236,275 |

### 18.1 Finance lease receivables within one year

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Gross lease rental receivables | **4,096,760,337** | 3,875,131,795 |
| Unearned income | **(29,392,823)** | (26,172,960) |
| Total lease rental receivables | **4,067,367,514** | 3,848,958,835 |
| Allowance for individual impairment | **(37,572,427)** | (3,660,503) |
| Allowance for collective impairment | **(125,900,641)** | (249,921,703) |
| | **3,903,894,446** | 3,595,376,629 |

### 18.2 Finance lease receivables from one to five years

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Gross lease rental receivables | **8,449,944,680** | 7,618,829,045 |
| Unearned income | **(3,242,449,623)** | (2,812,386,221) |
| Total lease rental receivables | **5,207,495,057** | 4,806,442,824 |
| Allowance for individual impairment | **(4,921,531)** | (207,638) |
| Allowance for collective impairment | **(257,564,556)** | (214,375,540) |
| | **4,945,008,970** | 4,591,859,647 |

#### *18.2.1 Allowance for individual impairment*

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **3,868,141** | 10,001,264 |
| Charge / (reversal) during the year | **38,625,817** | (6,133,123) |
| Write-off during the year | **-** | - |
| Balance as at end of the year | **42,493,958** | 3,868,141 |

#### *18.2.2 Allowance for collective impairment*

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **464,297,243** | 305,581,869 |
| Charge / (reversal) during the year | **203,079,788** | 158,715,374 |
| Write-off during the year | **(283,911,834)** | |
| Balance as at end of the year | **383,465,197** | 464,297,243 |

#### *18.2.3 Movements in impairment allowance for lease receivables*

| For the year ended 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **468,165,384** | 315,583,133 |
| Charge / (reversal) during the year | **241,705,605** | 152,582,251 |
| Write-off during the year | **(283,911,834)** | - |
| Balance as at end of the year | **425,959,155** | 468,165,384 |

## 18. FINANCIAL ASSETS AT AMORTISED COST- LEASE RECEIVABLES (CONTD.)

### 18.3 Stage wise net lease receivables

| As at 31 March 2026 | Total lease rental receivables LKR | Allowance for impairment losses LKR | Net rental receivable LKR |
|---|---|---|---|
| Stage 1 | **6,320,475,379** | **(65,936,548)** | **6,254,538,831** |
| Stage 2 | **2,024,894,093** | **(104,622,759)** | **1,920,271,334** |
| Stage 3 | **929,493,100** | **(255,399,849)** | **674,093,251** |
| **Total** | **9,274,862,572** | **(425,959,156)** | **8,848,903,416** |

| As at 31 March 2025 | Total lease rental receivables LKR | Allowance for impairment losses LKR | Net rental receivable LKR |
|---|---|---|---|
| Stage 1 | 5,776,743,592 | (57,064,682) | 5,719,678,910 |
| Stage 2 | 1,957,988,657 | (79,873,443) | 1,878,115,214 |
| Stage 3 | 920,669,410 | (331,227,259) | 589,442,151 |
| **Total** | 8,655,401,660 | (468,165,384) | 8,187,236,275 |

## 19. FINANCIAL ASSETS AT AMORTISED COST- LOANS AND ADVANCES

**Accounting policy**

Loans and receivables include financial assets measured at amortized cost if both following conditions are made;
1. Assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows.
2. 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, loans and receivable 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 losses arising from impairment are recognised in 'impairmen(charge)/reversal on loans and other losses' in the statement of Profit or Loss.

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Gold loans | **1,989,659,836** | 1,501,777,126 |
| Loans secured by other assets | **18,466,788,571** | 9,828,639,281 |
| Trade finance receivables | **-** | - |
| Gross loans & advances to other customers | **20,456,448,408** | 11,330,416,407 |
| Allowance for individual impairment (Note 19.1.1) | **(107,906,716)** | (72,189,735) |
| Allowance for collective impairment (Note 19.1.2) | **(900,071,674)** | (198,696,614) |
| | **19,448,470,018** | 11,059,530,058 |
| **19.1** Receivables from one to five years | **8,139,197,793** | 4,671,146,726 |
| Receivables within one year | **12,317,250,615** | 6,659,269,681 |
| | **20,456,448,408** | 11,330,416,407 |

### *19.1.1 Allowance for individual impairment*

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **72,189,735** | 19,405,556 |
| Charge / (reversal) during the year | **35,716,981** | 52,784,178 |
| Write-off during the year | **-** | - |
| Balance as at end of the year | **107,906,716** | 72,189,735 |

### *19.1.2 Allowance for collective impairment*

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **198,696,614** | 132,390,873 |
| Charge / (reversal) during the year | **751,046,428** | 66,305,741 |
| Write-off during the year | **(49,671,368)** | - |
| Balance as at end of the year | **900,071,674** | 198,696,614 |

### *19.1.3 Movements in impairment allowance for loans & advances to other customers*

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **270,886,349** | 151,796,429 |
| Charge / (reversal) during the year | **786,763,409** | 119,089,920 |
| Write-off during the year | **(49,671,368)** | - |
| Balance as at end of the year | **1,007,978,390** | 270,886,349 |

### 19.2 Stage wise net loans & advances

| As at 31 March 2026 | Total lease rental receivables LKR | Allowance for impairment losses LKR | Net rental receivable LKR |
|---|---|---|---|
| Stage 1 | 16,336,732,864 | (78,952,614) | 16,257,780,250 |
| Stage 2 | 2,563,760,621 | (109,057,394) | 2,454,703,227 |
| Stage 3 | 1,555,954,922 | (819,968,382) | 735,986,541 |
| **Total** | 20,456,448,408 | (1,007,978,390) | 19,448,470,018 |

| As at 31 March 2025 | Total lease rental receivables LKR | Allowance for impairment losses LKR | Net rental receivable LKR |
|---|---|---|---|
| Stage 1 | 8,761,931,730 | (43,049,016) | 8,718,882,714 |
| Stage 2 | 1,763,831,927 | (50,448,228) | 1,713,383,700 |
| Stage 3 | 804,652,750 | (177,389,105) | 627,263,645 |
| **Total** | 11,330,416,407 | (270,886,349) | 11,059,530,058 |

## 20. ALLOWANCE FOR IMPAIRMENT LOSSES

**Accounting policy**

**Overview of the Expected Credit Loss (ECL) principles**

The adoption of SLFRS 09 has fundamentally changed the Companies's loan loss impairment method by replacing LKAS 39's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach. From 1 April 2018, the Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at Fair Value Through Profit or Loss (FVPL), in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under SLFRS 09.

The ECL allowance is based on the credit losses expected to arise over the life of the asset.

The 12 months ECL is the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Both Lifetime ECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.
The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on such process Company allocates loans into Stage 01, Stage 02, Stage 03 as described below.

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 lifetime expected credit losses (LTECL) that result from default events possible within next 12 month (12 MECL).
Stage 2: If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Company records an allowance for LTECL. The Company determines when a significant increase in credit risk has occurred based on the assessment of business model. It is considered that significant increase in credit risk takes place when a facility is overdue more than 30 days.
Stage 3: If a financial asset is credit impaired, it is moved to Stage 3 and the Company recognises an allowance for LTECL, with probability of default at 100%. The Company defines credit impaired and default according to direction issued by CBSL. A contract with past due for more than 90 days is considered as Default.

### 20.1 Impairment charge on loans and receivables

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Charge / (reversal) on lease receivables | **241,705,605** | 152,582,251 |
| Charge / (reversal) on loan and receivables | **786,763,409** | 119,089,920 |
| Charge / (reversal) on factoring receivables | **-** | - |
| | **1,028,469,014** | 271,672,171 |

The company has written-off Rs.333,583,202 during the year ended 31 March 2026.

### 20.2 Analysis of Expected Credit Loss model three stages

| | Stage 1 LKR | Stage 2 LKR | Stage 3 LKR | Total LKR |
|---|---|---|---|---|
| Finance lease | 57,064,682 | 79,873,443 | 331,227,259 | 468,165,384 |
| Loans & advances | 43,049,016 | 50,448,228 | 177,389,105 | 270,886,349 |
| | 100,113,698 | 130,321,671 | 508,616,364 | 739,051,733 |

| | Stage 1 LKR | Stage 2 LKR | Stage 3 LKR | Total LKR |
|---|---|---|---|---|
| **Movement During the Year** | | | | |
| **Impairment charge for the year** | | | | |
| Finance lease | 8,871,866 | 24,749,315 | 208,084,424 | 241,705,605 |
| Loans & advances | 35,903,598 | 58,609,166 | 692,250,645 | 786,763,409 |
| | 44,775,464 | 83,358,481 | 900,335,069 | 1,028,469,014 |
| **Write-off during the year** | | | | |
| Finance lease | - | - | 283,911,834 | 283,911,834 |
| Loans & advances | - | - | 49,671,368 | 49,671,368 |
| | - | - | 333,583,202 | 333,583,202 |
| **Balance as at 31 March 2026** | | | | |
| Finance lease | 65,936,548 | 104,622,759 | 255,399,849 | 425,959,155 |
| Loans & advances | 78,952,614 | 109,057,394 | 819,968,382 | 1,007,978,390 |
| | 144,889,162 | 213,680,152 | 1,075,368,231 | 1,433,937,545 |

### *20.2.1 Stage Transition*

| | Stage 1 LKR | Stage 2 LKR | Stage 3 LKR | Total LKR |
|---|---|---|---|---|
| **Balance as at the beginning of the year** | 100,113,698 | 130,321,671 | 508,616,364 | 739,051,733 |
| *Changes due to loans and receivables recognised in opening balance that have:* | | | | |
| Transferred from Stage 1 | (22,608,418) | 17,393,572 | 5,214,846 | - |
| Transferred from Stage 2 | 25,520,370 | (43,438,873) | 17,918,503 | - |
| Transferred from Stage 3 | 966,645 | 1,662,845 | (2,629,490) | - |
| Write-off during the year | - | - | 333,583,202 | 333,583,202 |
| Net remeasurement of loss allowance | 40,896,867 | 107,740,937 | 212,664,806 | 361,302,610 |
| **Balance as at the end of the year** | 144,889,162 | 213,680,152 | 1,075,368,231 | 1,433,937,545 |

### 20.3 Allowance for individual impairment

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **76,057,876** | 29,406,820 |
| Charge / (reversal) during the year | **74,342,798** | 46,651,056 |
| Write-off during the year | **-** | - |
| Balance as at end of the year | **150,400,674** | 76,057,876 |

### 20.4 Allowance for collective impairment

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **662,993,857** | 437,972,742 |
| Charge / (reversal) during the year | **954,126,217** | 225,021,115 |
| Write-off during the year | **(333,583,202)** | |
| Balance as at end of the year | **1,283,536,871** | 662,993,857 |

### 20.5 Allowance for total impairment

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **739,051,733** | 467,379,562 |
| Charge / (reversal) during the year | **1,028,469,015** | 271,672,171 |
| Write-off during the year | **(333,583,202)** | - |
| Balance as at end of the year | **1,433,937,545** | 739,051,733 |

### 20.6 Product wise individual impairment

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **76,057,876** | 29,406,820 |
| Finance lease receivables | **38,625,817** | (6,133,123) |
| Loans & advances to other customers | **35,716,981** | 52,784,178 |
| Factoring receivables | **-** | - |
| Balance as at end of the year | **150,400,674** | 76,057,876 |

### 20.7 Product wise collective impairment

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **662,993,856** | 437,972,741 |
| Finance lease receivables | **(80,832,046)** | 158,715,374 |
| Loans & advances to other customers | **701,375,060** | 66,305,741 |
| Balance as at end of the year | **1,283,536,870** | 662,993,856 |

### 20.8 Loan product wise total impairment

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **739,051,733** | 467,379,562 |
| Finance lease receivables | **(42,206,229)** | 152,582,251 |
| Loans & advances to other customers | **737,092,041** | 119,089,920 |
| Factoring receivables | **-** | - |
| Balance as at end of the year | **1,433,937,545** | 739,051,733 |

### 20.9 Collateral held and other credit enhancement

The Company holds collateral and other credit enhancements against certain types of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

| As at 31 March 2026 | Gross loan balance | Security value |
|---|---|---|
| **Stage 01** | | |
| Cash collateral | 375,568,659 | 563,925,797 |
| Gold and precious metals | 1,791,486,978 | 2,309,409,739 |
| Guarantors | 5,218,872,648 | - |
| Immovable properties | 192,744,515 | 727,100,000 |
| Vehicles and machinery | 15,076,729,125 | 31,256,918,158 |
| **Stage 02** | | |
| Cash collateral | 16,732,426 | 47,892,500 |
| Gold and precious metals | 128,293,333 | 185,845,811 |
| Guarantors | 422,991,494 | - |
| Immovable properties | 12,039,295 | 87,050,000 |
| Vehicles and machinery | 4,008,598,167 | 7,377,677,109 |
| **Stage 03** | | |
| Cash collateral | - | - |
| Gold and precious metals | 68,817,867 | 217,314,263 |
| Guarantors | 611,643,098 | - |
| Immovable properties | 284,034,572 | 866,800,000 |
| Vehicles and machinery | 1,522,758,803 | 3,240,708,169 |

**Impact of current economic condition on Expected Credit Losses**

The determination of the allowance for expected credit losses is heavily dependent on the external macro environment and reliant on data and a number of estimates related to statistical models. The Company's expected credit losses for loans and receivables to customers are derived from the statistical models which are based on internally computed data comprising qualitative and quantitative factors including past due information and also incorporating forward looking information. The prevailing uncertain and volatile macroeconomic environment in the country meant that assumptions regarding the economic outlook are more uncertain which, combined with varying government responses, increases the level of judgment required by the Company in calculating the ECL.

The Company used a broad range of forward looking information as economic inputs in Company ECL model in calculating the ECL, such as:

- GDP Growth (%)
- Inflation (YoY Average)
- Interest Rate (PLR)
- Unemployment (% of Labor Force)

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements. To reflect this, Company used qualitative adjustments or overlays as temporary adjustments when such differences are significantly material.

**Collectively assessed allowance for expected credit losses**

In estimating collectively assessed ECL, the company makes judgements and assumptions in relation to the selection of an estimation technique or modelling methodology, noting that the modelling of the Company's ECL estimates are complex; and the selection of inputs for those models, and the interdependencies between those inputs.

## 20. ALLOWANCE FOR IMPAIRMENT LOSSES (CONTD.)

The modelling methodology applied in estimating in ECL in these Financial Statements is consistent with the applied in Financial Statements for the year ended 31 March 2026.

**Sensitivity analysis of the expected credit loss model**

The uncertainty on the current economic conditions introduced significant estimation uncertainty in relation to the measurement of the Company's allowance for expected credit losses. The rapidly evolving consequences of current economic conditions and government, business and consumer responses could result in significant adjustments to the allowance within the current and next financial years.

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Company should be considered as a best estimate within a range of possible estimates.

### 20.10 Allowance for impairment on total loans & receivables

**ECL – Sensitivity analysis**

Given the current economic uncertainties and the judgements applied to factors used in determining the expected default of borrowers in future periods. Expected credit losses reported by the company should be considered as a best estimate within a range of possible estimates.

**Sensitivity effect on Statements of Financial Position increase/(decrease) in impairment provision**

| As at 31 March 2026 | Stage 1 | Stage 2 | Stage 3 | Total | Impact to the P&L LKR |
|---|---|---|---|---|---|
| **Change in Probability of Default (PD)** | | | | | |
| Increase by 1% | 14,865,027 | 5,856,849 | - | 20,721,876 | 20,721,876 |
| Decrease by 1% | (14,865,027) | (5,856,849) | - | (20,721,876) | (20,721,876) |
| **Change in Loss Given Default (LGD)** | | | | | |
| Increase by 1% | 9,568,753 | 15,761,012 | 11,672,688 | 37,002,453 | 37,002,453 |
| Decrease by 1% | (9,568,753) | (15,761,012) | (11,672,688) | (37,002,453) | (37,002,453) |
| **Change in Economic Factor Adjustment (EFA)** | | | | | |
| Increase by 1% | 934,622 | 1,477,840 | - | 2,412,462 | 2,412,462 |
| Decrease by 1% | (934,622) | (1,477,840) | - | (2,412,462) | (2,412,462) |

## 21. OTHER NON FINANCIAL ASSETS

**Accounting policy**

The Company classifies all non-financial assets other than Intangible Assets, Property, Plant & Equipment and Deferred Tax Assets under other non-financial assets. Other non-financial assets include prepaid expenses, rent deposit and other receivable amounts. These assets are non-interest earning and recorded at the amounts that are expected to be received. Prepayments that form a part of other non financial assets are amortized during the period in which it is utilized.

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Prepaid expenses | **145,494,195** | 46,111,936 |
| Advance for rent | **28,395,000** | 25,350,000 |
| Other receivables | **25,409,742** | 18,255,413 |
| | **199,298,936** | 89,717,349 |

## 22. INVESTMENT PROPERTY

**Accounting policy**

**Basis of recognition**

Investment properties are those which are held either to earn rental or for capital appreciation or for 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.

An investment property is recognised, if it is probable that future economic benefits that are associated with the investment property will flow to the Company and cost of the investment property can be reliably measured.

**Basis of measurement**

**Fair value model**

Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the Statement of Financial Position date. Gains or losses arising from changes in fair value are included in the Statement of Profit or Loss in the year in which they arise.

**Derecognition**

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Profit or Loss in the year of retirement or disposal.

**Subsequent transfers to/from investment property**

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment properties to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Income statement. When the Company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Income Statement.

**Determining fair value**

External and independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the investment property portfolio as at each reporting date.

## 22 INVESTMENT PROPERTY (CONTD.)

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **18,600,000** | 18,600,000 |
| Change in fair value of investment property | **(3,040,000)** | - |
| Balance as at end of the year | **15,560,000** | 18,600,000 |

### 22.1 Details of investment property

Investment property comprise of Lands acquired by the Company and is held for Capital Appreciation purposes. The professional valuation of Investment Property (Lands) of the company has been determined by an external, independent property valuer, Mr.Gamini Matara Gamage, on 31st March 2026. The Fair Value measurements of the Investment Property has been categorized as Level 03 in Fair Value hierarchy.

The following table shows the valuation techniques used in measuring the Fair Value of Investment Property, as well as the significant unobservable inputs used.

| Property Location | Land Extent | Valuation Technique | Significant Observable and Unobservable Inputs | Interrelationship between Key Inputs and Fair Value Measurement |
|---|---|---|---|---|
| Indiwinna, Hambanthota | 1 rood and 1.4 perches | Comparison method of valuation - The comparison method to property valuation is an approach which uses the value of recently sold comparable assets to determine the market value of a property. | Per perch value in Hambanthota region ranges from Rs. 300,000/- to Rs.500,000/- | The estimated fair value would increase / (decrease) if comparable property value was higher / (lesser) |

## 23. RIGHT OF USE ASSETS

**Accounting policy**

**Measurement basis**

Right-of-use assets are recognised at the commencement of the lease at the present value of the lease payment plus any prepaid lease rental.

**Amortisation**

The Company amortised right-of-use assets, using the straight line method over their estimated useful lives.

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided. Leasehold property comprising of land use rights and is amortised on a straight line basis over the remaining lease term.

**Determination of the lease term for the lease contracts with renewal and termination options**

The Company 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 Company has several lease contracts for branches/head office and vehicle yard that include extension and termination options. The Company applies judgment 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 Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

### 23.1 Movement of right of use assets

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| **Cost** | | |
| **Balance as at beginning of the year** | **399,414,541** | 346,458,392 |
| Additions/ renewal operating lease during the year | **100,131,665** | 53,207,924 |
| Early termination of lease | **-** | (251,775) |
| **Balance as at end of the year** | **499,546,206** | 399,414,541 |
| **Accumulated depreciation** | | |
| **Balance as at beginning of the year** | **216,366,466** | 165,745,149 |
| Depreciation charge for the year | **57,678,331** | 50,621,317 |
| Balance as at 31 March | **274,044,796** | 216,366,466 |
| **Balance as at end of the year** | **225,501,410** | 183,048,076 |

### 23.2 Movement in lease liabilities

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **198,186,189** | 186,359,741 |
| Additions/ renewal operating lease during the year | **100,131,665** | 53,207,924 |
| Accretion of interest | **30,917,071** | 29,985,893 |
| Payments to lease creditors | **(81,439,057)** | (71,107,564) |
| Early termination of lease | **-** | (259,805) |
| Balance as at end of the year | **247,795,869** | 198,186,189 |

### 23.3 Amounts recognised in profit or loss

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Interest on lease liabilities | **30,917,071** | 29,985,893 |
| Depreciation of right-of-use assets | **57,678,331** | 50,621,317 |
| | **88,595,402** | 80,607,210 |

### 23.4 Amounts recognised in statement of cash flows

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| **Operating activities** | | |
| Payment of lease interest | **30,917,071** | 29,985,893 |
| **Financing activities** | | |
| Payment of lease capital | **50,521,986** | 41,121,671 |
| Total cash outflow for leases | **81,439,057** | 71,107,564 |

## 24. PROPERTY, PLANT & EQUIPMENT

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 for more than one year. The Company applies the requirements of the Sri Lanka Accounting Standard - LKAS 16 (Property, Plant and Equipment) in accounting for these assets.

**Accounting policy**

**Basis of Recognition**

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

**Measurement**

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 cost incurred subsequently to add, replace part of, or service it. 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

**Cost model**

The Company applies cost model to property, plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

**Subsequent cost**

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 Company and its cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are charged to the Income Statement as incurred. Costs incurred in using or redeploying an item is not included under carrying amount of an item.

**Derecognition**

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 derecognition of an item of property, plant and equipment is included in the Income Statement 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**

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight line basis over the periods appropriate to the estimated useful lives, based on the pattern in which the asset's future economic benefits are expected to be consumed by the Company. 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. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated.

The estimated useful lives of the property, plant and equipment of the Company as at 31 March 2026 are as follows;

| Asset category | Useful live |
|---|---|
| Motor vehicle | 5 Years |
| Computer equipment | 4 Years |
| Office equipment | 5 Years |
| Furniture and fittings | 5 Years |
| Mobile devises and Tabs | 2 Years |

| | Motor vehicle- Company fleet LKR | Office equipment LKR | Computer equipment LKR | Furniture & fittings LKR | Mobile devices & tabs LKR | Total LKR |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance as at 31 March 2024 | 1,165,268 | 56,978,541 | 60,864,648 | 114,747,336 | 5,029,510 | 263,394,939 |
| Additions during the Year | 3,050,000 | 12,379,339 | 24,099,110 | 45,187,411 | 399,990 | 85,115,850 |
| Disposals during the Year | - | (2,222,089) | (15,496,862) | (8,128,716) | (2,420,644) | (28,268,311) |
| Adjustments during the year | - | - | - | - | - | - |
| Balance as at 31 March 2025 | 4,215,268 | 67,135,792 | 69,466,896 | 151,806,031 | 3,008,856 | 320,242,478 |
| Additions during the Year | - | 23,829,200 | 101,910,126 | 33,166,054 | 1,619,933 | 160,525,313 |
| Disposals during the Year | - | - | (404,500) | (3,187,103) | - | (3,591,603) |
| Adjustments during the year | - | - | - | - | - | - |
| Balance as at 31 March 2026 | 4,215,268 | 90,964,991 | 170,972,522 | 181,784,982 | 4,628,789 | 477,176,188 |
| **Accumulated Depreciation** | | | | | | |
| Balance as at 31 March 2024 | 1,165,266 | 27,435,602 | 47,997,411 | 67,507,470 | 4,988,937 | 173,704,322 |
| Depreciation charge for the year | 455,860 | 10,724,923 | 9,440,848 | 22,854,553 | 143,127 | 43,619,311 |
| Disposals during the Year | - | (2,096,517) | (14,806,315) | (7,992,848) | (2,420,644) | (27,316,324) |
| Adjustments during the year | - | - | - | - | - | - |
| Balance as at 31 March 2025 | 1,621,126 | 36,064,008 | 42,631,944 | 82,369,175 | 2,711,420 | 190,007,309 |
| Depreciation charge for the year | 610,000 | 13,352,430 | 17,297,862 | 26,966,248 | 659,073 | 58,885,613 |
| Disposals during the Year | - | - | (404,500) | (3,187,103) | - | (3,591,603) |
| Adjustments during the year | - | - | - | - | - | - |
| Balance as at 31 March 2026 | 2,231,126 | 49,416,438 | 59,525,306 | 106,148,320 | 3,370,493 | 245,301,319 |
| **Carrying amount** | | | | | | |
| **As at 31 March 2026** | 1,984,142 | 41,548,554 | 111,447,216 | 75,636,662 | 1,258,296 | 231,874,869 |
| As at 31 March 2025 | 2,594,142 | 31,071,784 | 26,834,952 | 69,436,856 | 297,436 | 130,235,169 |

### 24.1 Cost of fully depreciated assets

Property, plant and equipment included fully depreciated assets amounting to Rs.179,911,544/- as at 31 March 2026 (As at 31 March 2025 - Rs.153,313,369/-)

### 24.2 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2026. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment. The management has taken necessary actions to safeguard the assets to ensure its future economic value would not diminish.

**24.3** There were no items of property, plant and equipment pledged as at 31 March 2026.

## 25. INTANGIBLE ASSETS

An intangible asset is an identifiable 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. The Companies's intangible assets include the value of computer software and license.

**Accounting policy**

**Basis of Recognition**

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably. An intangible asset is initially measured at cost.

The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortisation and accumulated impairment losses, if any.

**Subsequent expenditure**

Expenditure incurred on intangible assets is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

**Derecognition of intangible assets**

The carrying amount of an item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition of an item of intangible asset is included in the Income Statement when the item is derecognised.

**Useful economic lives, Amortisation and impairment of intangible assets**

Intangible assets are amortised on a straight line basis in the Income Statement from the date when the asset is available for use, over the best estimate of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the Company. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The Company assumes that there is no residual value for its intangible assets.

Useful lifetime of computer software is as follows;

| Intangible asset category | Useful live |
|---|---|
| Computer software | 4 Years |
| Software core system | 5 Years |
| VISA license fee | 10 Years |
| ATM license fee | 10 Years |

| | Computer Software LKR | Software - Core System LKR | VISA License Fee LKR | ATM Licensing Fee LKR | Total LKR |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance as at 31 March 2024 | **25,117,835** | **28,318,842** | **5,460,246** | **14,985,000** | **73,881,922** |
| Additions during the year | **-** | **-** | **-** | **-** | **-** |
| Disposals during the Year | **-** | **(1,350,000)** | **-** | **-** | **(1,350,000)** |
| Balance as at 31 March 2025 | **25,117,835** | **26,968,842** | **5,460,246** | **14,985,000** | **72,531,922** |
| Additions during the year | **28,972,800** | **-** | **-** | **-** | **28,972,800** |
| Disposals during the Year | **-** | **-** | **-** | **-** | **-** |
| Balance as at 31 March 2026 | **54,090,634** | **26,968,842** | **5,460,246** | **14,985,000** | **101,504,722** |
| **Accumulated amortization** | | | | | |
| Balance as at 31 March 2024 | **21,638,432** | **26,108,216** | **4,369,693** | **11,944,688** | **64,061,029** |
| Amortization charge for the year | **1,633,812** | **1,262,237** | **546,025** | **1,498,500** | **4,940,574** |
| Disposals during the Year | **-** | **(1,350,000)** | **-** | **-** | **(1,350,000)** |
| Balance as at 31 March 2025 | **23,272,244** | **26,020,453** | **4,915,718** | **13,443,188** | **67,651,603** |
| Amortization charge for the year | **1,488,226** | **686,233** | **544,528** | **1,502,605** | **4,221,592** |
| Disposals during the Year | **-** | **-** | **-** | **-** | **-** |
| Balance as at 31 March 2026 | **24,760,470** | **26,706,686** | **5,460,246** | **14,945,793** | **71,873,195** |
| **Carrying amount** | | | | | |
| **As at 31 March 2026** | **29,330,164** | **262,156** | **(0)** | **39,207** | **29,631,527** |
| As at 31 March 2025 | **1,845,591** | **948,389** | **544,528** | **1,541,812** | **4,880,319** |

## 26. DEFERRED TAX LIABILITIES/ (ASSET)

**Accounting policy**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax credits and unused tax losses carried forward can be utilised.

Deferred tax assets / liabilities shall be recognised for temporary differences, unless it arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination.
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
- at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Accounting estimates**

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with the future tax planning strategies.

### 26.1 Movement of net deferred tax liabilities

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **(99,172,186)** | (159,344,494) |
| **Recognized in the profit or loss** | | |
| Amounts reversing during the year | **(170,309,046)** | 61,213,117 |
| **Recognized in the other comprehensive income** | | |
| Amounts originating / (reversing) during the year | **(2,511,602)** | (1,040,809) |
| Balance as at end of the year | **(271,992,834)** | (99,172,186) |
| Recognised in statement of profit or loss due to during the year transactions | **(170,309,046)** | 61,213,117 |
| Recognised in statement of profit or loss due to increase in tax rate | **-** | - |
| Deferred tax expense recorded in profit or loss | **(170,309,046)** | 61,213,117 |

### 26.2 Origination of deferred tax assets / (liabilities)

| For the year ended 31 March | Temporary Difference 2026 LKR | Tax Effect 2026 LKR | Temporary Difference 2025 LKR | Tax Effect 2025 LKR |
|---|---|---|---|---|
| **Deferred tax assets :** | | | | |
| Employee benefits | **57,786,867** | **17,336,060** | 36,393,779 | 10,918,134 |
| Tax loss for the year | **-** | **-** | - | - |
| Bonus Provision | **83,449,345** | **25,034,803** | 23,040,370 | 6,912,111 |
| Provision for impairment | **838,135,183** | **251,440,555** | 318,932,452 | 95,679,736 |
| | **979,371,394** | **293,811,418** | 378,366,600 | 113,509,981 |
| **Deferred tax liabilities :** | | | | |
| Property, plant and equipment | **(40,074,153)** | **(12,022,247)** | (17,514,063) | (5,254,220) |
| Accelerated depreciation for tax purpose - Leased assets | **-** | **-** | (1,740,470) | (522,141) |
| Right of use asset | **(22,294,459)** | **(6,688,338)** | (15,138,113) | (4,541,434) |
| Investment property | **(10,360,000)** | **(3,108,000)** | (13,400,000) | (4,020,000) |
| | **(72,728,612)** | **(21,818,585)** | (47,792,646) | (14,337,795) |
| Net deferred tax asset / (liabilities) | | **271,992,833** | | 99,172,186 |

The tax base of the Company is computed in accordance with the Inland Revenue Act No. 24 of 2017 and amendments thereon. However Temporary Difference generated through Accelerated Depreciation for Tax Purpose on Leased Assets is applicable only for the contracts incepted prior to 01 April 2018 and computed in accordance of the provision available in the Inland Revenue Act No 10 of 2006. The temporary difference is significant due to claiming capital allowances in advance in previous financial years.

Deferred tax is measured using a tax rate of 30% (2024/25-30%) on temporary differences.

### 26.3 Movement in recognized deferred tax assets and liabilities

| For the year ended 31 March | 2026 | | | |
|---|---|---|---|---|
| | Balance as at 01 April 2025 | Charged / (Reversed) in | | Balance as at 31 March 2026 |
| | | Profit or Loss | OCI | |
| Employee benefits | **10,918,134** | **3,906,324** | **2,511,602** | **17,336,060** |
| Bonus Provision | **6,912,111** | **18,122,692** | **-** | **25,034,803** |
| Right of use asset | **(4,541,434)** | **(2,146,904)** | **-** | **(6,688,338)** |
| Provision for impairment | **95,679,736** | **155,760,819** | **-** | **251,440,555** |
| Property, plant and equipment | **(5,254,220)** | **(6,768,027)** | **-** | **(12,022,247)** |
| Accelerated depreciation for tax purpose - Leased assets | **(522,141)** | **522,141** | **-** | **-** |
| Investment property | **(4,020,000)** | **912,000** | **-** | **(3,108,000)** |
| Tax loss for the year | **-** | **-** | | **-** |
| | **99,172,186** | **170,309,045** | **2,511,602** | **271,992,833** |

## 26. DEFERRED TAX LIABILITIES/ (ASSET)(CONTD.)

### 26.3 Movement in recognized deferred tax assets and liabilities (Contd.)

| For the year ended 31 March | 2025 | | | |
|---|---|---|---|---|
| | Balance as at 01 April 2024 | Charged / (Reversed) in | | Balance as at 31 March 2025 |
| | | Profit or Loss | OCI | |
| Employee benefits | 7,863,233 | 2,014,092 | 1,040,809 | 10,918,134 |
| Bonus Provision | 4,152,236 | 2,759,875 | - | 6,912,111 |
| Right of use asset | (1,693,949) | (2,847,485) | - | (4,541,434) |
| Provision for impairment | 50,696,045 | 44,983,691 | - | 95,679,736 |
| Property, plant and equipment | (4,124,713) | (1,129,507) | - | (5,254,220) |
| Accelerated depreciation for tax purpose - Leased assets | (723,730) | 201,589 | - | (522,141) |
| Investment property | (4,020,000) | - | - | (4,020,000) |
| Tax loss for the year | 107,195,372 | (107,195,372) | | - |
| | 159,344,494 | (61,213,117) | 1,040,809 | 99,172,186 |

## 27. FINANCIAL LIABILITIES AT AMORTISED COST DUE TO CUSTOMERS

**Accounting policy**
Due to depositors comprise of interest bearing savings deposits and term deposits. Customer deposits are initially recognised at fair value net of transactions cost. Subsequent to the initial recognition they are measured at their amortised cost using the effective interest rate method. Interest expense on these deposits is recognised to the Income Statement.

**Sri Lanka Deposit Insurance Scheme**
Under the Direction No. 1 of 2021 [Finance Companies (Insurance of Deposit Liabilities)] issued by the Central Bank of Sri Lanka and subsequent amendments thereto, all the eligible deposit liabilities have been insured with the Sri Lanka Deposit Insurance Scheme implemented by the Monetary Board for compensation up to a maximum of Rs. 1,100,000/- for each depositor. The Company has paid Rs. 16,147,617/- as the premium of the said insurance scheme during the current financial year (2025 - Rs. 11,904,842/-).

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Savings deposits | **95,281,224** | 95,866,603 |
| Term deposits | **12,827,331,918** | 9,640,612,868 |
| | **12,922,613,142** | 9,736,479,471 |

### 27.1 Contractual maturity analysis of customer deposits

| As at 31 March 2026 | Within one year LKR | 1-5 Years LKR | Over 5 Years LKR | Total LKR |
|---|---|---|---|---|
| Savings deposits | **95,281,224** | **-** | **-** | **95,281,224** |
| Term deposits | **7,343,959,255** | **5,483,372,663** | **-** | **12,827,331,918** |
| **Total due to customers** | **7,439,240,479** | **5,483,372,663** | **-** | **12,922,613,142** |

| As at 31 March 2025 | Within one year LKR | 1-5 Years LKR | Over 5 Years LKR | Total LKR |
|---|---|---|---|---|
| Savings deposits | 95,866,603 | - | - | 95,866,603 |
| Term deposits | 7,190,457,467 | 2,450,155,401 | - | 9,640,612,868 |
| **Total due to customers** | 7,286,324,070 | 2,450,155,401 | - | 9,736,479,471 |

We have raised fixed deposits with a pre-termination option to the customers, so fixed deposit pre-terminations may cause actual maturities to differ from contractual maturities.

## 28. DEBT ISSUED AND OTHER BORROWED FUNDS

**Accounting policy**

Due to banks include bank and other institutional borrowings. Subsequent to initial recognition, these are measured at their amortized cost using the EIR method. EIR is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. Interest paid/payable on these dues are recognized in the Statement of Profit or Loss under 'Interest Expenses'.

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Short term loans | **1,300,000,000** | 1,400,000,000 |
| Long term loans (Note 28.1) | **9,474,131,261** | 4,807,025,328 |
| High yeild bond (Note 28.2) | **1,000,000,000** | 1,000,000,000 |
| Interest payables | **164,538,436** | 137,546,448 |
| | **11,938,669,697** | 7,344,571,776 |

### 28.1 Movement of long term loans

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **4,807,025,328** | 2,331,556,677 |
| Obtained during the year | **8,126,000,000** | 4,000,000,000 |
| Payments made during the year | **(3,458,894,067)** | (1,524,531,349) |
| Balance as at end of the year | **9,474,131,261** | 4,807,025,328 |

### 28.2 Listed, rated, unsecured, subordinated high yield bonds

The Company issued Ten Million (10,000,000) Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 Year High Yield Bonds on 28 February 2025 ( Date of allotment is 04 March 2025 and the date of maturity is 04 March 2030), at the par value of Sri Lankan Rupees one hundred (LKR 100/-) each and raised Sri Lankan Rupees One Billion (LKR 1,000,000,000/-) which has been recorded under Debt Instruments Issued and Other Borrowed Funds in Statement of Financial Position as at 31 March 2026.

| Type | Amount Raised LKR | Type of Interest | Tenure | Interest Rate (Coupon Rate) | Annual Effective Rate (AER) | Interest Payment Frequency |
|---|---|---|---|---|---|---|
| Type-A | 855,600,000 | Fixed | 5 Years | 13.15% | 13.15% | Annual |
| Type-B | 144,400,000 | Fixed | 5 Years | 12.74% | 13.15% | Semi- Annual |

## 28. INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

**Interest Rates**

| Type | Type of Interest | Tenure | 31 March 2026 | | 31 March 2025 | |
|---|---|---|---|---|---|---|
| | | | Interest Rate (Coupon Rate) | Annual Effective Rate (AER) | Interest Rate (Coupon Rate) | Annual Effective Rate (AER) |
| Type-A | Fixed | 5 Years | 13.15% | 13.15% | 13.15% | 13.15% |
| Type-B | Fixed | 5 Years | 12.74% | 13.15% | 12.74% | 13.15% |

**Market Values**

| Type | Highest (LKR) | | Lowest (LKR) | | Period End (LKR) | |
|---|---|---|---|---|---|---|
| | 2025/26 | 2024/25 | 2025/26 | 2024/25 | 2025/26 | 2024/25 |
| Type-A | Not traded | Not traded | Not traded | Not traded | Not traded | Not traded |
| Type-B | Not traded | Not traded | Not traded | Not traded | Not traded | Not traded |

### 28.3 High yield bond fund utilisation

| Objective as per Prospectus | Amount Allocated as per Prospectus (LKR. Mn) (A) | Proposed Date of Utilisation as per Prospectus | Amounts Utilised (LKR. Mn) (B) | % of Utilisation against Allocation (B/A) | Clarification if not fully utilised including where the funds are invested |
|---|---|---|---|---|---|
| 1.To improve the capital adequacy ratio | Rs.1 Bn new capital was raised from the bond issuance and improved the Tier II capital ratio to 18.3% as of 31 March 2025 from 12.9% as of 28 February 2025. | | | | |
| 2.To grow the lending portfolio | 1,000 | Before 28 February 2026 | 1,000 | 100% | - |

**28.4** In addition to above, the company increased its debt capital by way of an unlisted, unsecured, subordinated debt issuance to identified investors through Trust Certificates and raised Rs.500,000,000.00 in October 2025.

| Type | Amount raised (Rs.) | Type of interest | Tenure | Interest Rate | Interest payment Frequency | Capital redemption |
|---|---|---|---|---|---|---|
| A | 500,000,000 | Fixed | 5 Years | 12.50% p.a. | Annual | Bullet payment at maturity |

### 28.5 Contractual maturity analysis of interest bearing loans and borrowings

| As at 31 March 2026 | Within one year LKR | 1-5 Years LKR | Over 5 Years LKR | Total LKR |
|---|---|---|---|---|
| Debt issued and other borrowed funds | **5,530,851,836** | **6,407,817,861** | **-** | **11,938,669,697** |
| **Total loans and borrowings** | **5,530,851,836** | **6,407,817,861** | **-** | **11,938,669,697** |

| As at 31 March 2025 | Within one year LKR | 1-5 Years LKR | Over 5 Years LKR | Total LKR |
|---|---|---|---|---|
| Debt issued and other borrowed funds | 4,105,874,515 | 3,238,697,261 | - | 7,344,571,776 |
| **Total loans and borrowings** | 4,105,874,515 | 3,238,697,261 | - | 7,344,571,776 |

### 28.6 Long term loans analysed by lending institutions

| Lending Institution | Credit rating | Capital Outstanding as at 31 March 2026 LKR | Interest Payable LKR | Borrowing Terms |
|---|---|---|---|---|
| Hatton National Bank PLC | "AA-(lka) Fitch" | | | Repayable in 47 equal monthly installments of Rs. 3.959Mn and final payment of Rs. 3.927Mn together with interest at variable interest rate subject to monthly review after an initial grace period of 6 months. |
| Loan 1 | | 15,804,000 | 98,656 | Security assigned- Lease Receivable of Rs.237.5Mn plus corporate Guarantee from Bluestone1 (Pvt) Ltd |
| Loan 2 | | 46,696,000 | 68,829 | Repayable in 47 equal monthly installments of Rs. 11.666Mn and final payment of Rs. 11.698Mn together with interest at variable interest rate subject to monthly review after an initial grace period of 6 months. |
| | | | | Security assigned- Auto Loan Receivable of Rs.700Mn plus Corporate Guarantee for Rs. 750Mn from Bluestone1 (Pvt) Ltd |
| Loan 3 | | 291,600,000 | 2,427,071 | Repayable in 47 equal monthly installments of Rs. 10.42Mn and final payment of Rs. 11.26Mn at variable interest rate subject to monthly review. |
| | | | | Security assigned- Auto Loan Receivable of Rs.800Mn. |
| Loan 4 | | 395,800,000 | 374,112 | Repayable in 47 equal monthly installments of Rs. 10.42Mn and final payment of Rs. 10.26Mn at variable interest rate subject to monthly review. |
| | | | | Security Assigned - Lease Receivables of Rs. 626.4Mn |
| Loan 5 | | 395,800,000 | 374,112 | Repayable in 47 equal monthly installments of Rs. 10.42Mn and final payment of Rs. 10.26Mn at variable interest rate subject to monthly review. |
| | | | | Security Assigned - Gold Loan Receivables Rs. 765.9Mn |
| Nation Trust Bank PLC | "A(lka) Fitch" | 263,888,889 | 1,141,735 | Repayable in 36 equal monthly installments of Rs. 13.88Mn together with interest at variable interest rate subject to quarterly review. |
| | | 150,000,000 | 208,973 | Repayable in 36 equal monthly installments of Rs. 5.55Mn together with interest at variable interest rate subject to quarterly review. |
| | | | | Security assigned - Rs.975.6 Mn over lease receivables. Corporate Guarantee Bond from Bluestone 1( Pvt) Ltd." |
| Cargills Bank PLC | "A(lka) Fitch" | 266,666,676 | 396,347 | Repayable in 60 monthly equal installments of Rs. 8.33 Mn at variable interest rate subject to monthly review. |
| | | | | Security Assigned-Loan Receivables of Rs. 782.6Mn" |
| | | 229,166,667 | 340,611 | Repayable in 60 monthly equal installments of Rs.4.166Mn at variable interest rate subject to monthly review. |
| | | 475,000,000 | 705,993 | Repayable in 60 monthly equal installments of Rs. 8.333Mn at variable interest rate subject to monthly review. |
| | | | | Security Assigned -Corporate Guarantee Rs. 750Mn from Blusestone 1 (Pvt) Ltd |

## 28. INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

### 28.6 Long term loans analysed by lending institutions (Contd.)

| Lending Institution | Credit rating | Capital Outstanding as at 31 March 2026 LKR | Interest Payable LKR | Borrowing Terms |
|---|---|---|---|---|
| National Development Bank PLC - Loan 1 | "A(lka) Fitch" | 28,564,000 | 8,827 | "Repayable in 41 equal monthly installments of Rs.9.524Mn and final payment of Rs. 9.516Mn together with interest at variable interest rate subject to monthly review.(after an initial grace period of 6 months).<br>Security Assigned- Rs.525 Mn over lease receivables " |
| Loan 2 | | 278,400,000 | 78,410 | "Repayable in 35 equal monthly installments of Rs.13.85Mn and final payment of Rs. 15.25Mn together with interest at variable interest rate subject to monthly review.<br>Security Assigned- Rs.650.4 Mn over lease receivables and vehicle loan receivables" |
| Loan 3 | | 647,500,000 | 191,589 | "Repayable in 35 equal monthly installments of Rs.20.5Mn and final payment of Rs. 32.5Mn together with fixed interest rate.<br>Security Assigned- Rs.1022.9Mn over lease receivables and vehicle loan receivables" |
| Sampath Bank PLC Loan 1 | "AA-(lka) Fitch" | 519,300,000 | 968,886 | "Repayable in 47 equal monthly installments of Rs.20.9Mn and final payment of Rs. 17.7Mn together with interest at variable interest rate subject to monthly review.<br>Security Assigned-Lease Receivables of Rs. 1,501.4Mn" |
| Loan 2 | | 895,500,000 | 1,597,179 | "Repayable in 47 equal monthly installments of Rs.20.9Mn and final payment of Rs. 17.7Mn together with interest at variable interest rate subject to monthly review.<br>Security Assigned-Lease Receivables of Rs. 1,504.1Mn" |
| Pan Asia Banking Corporation PLC | "BBB(lka) Fitch" | 152,777,700 | 44,661 | "Repayable in 36 equal monthly installments of Rs.6.944Mn together with interest at variable interest rate subject to monthly review.<br>Security Assigned-Lease Receivables of Rs. 385.7Mn" |
| Bank of Ceylon | "AA-(lka) Fitch" | 374,999,996 | 770,408 | "Repayable in 48 monthly equal installments of Rs. 10.416Mn together with interest at variable interest rate subject to monthly review.<br>Security Assigned-Lease Receivables of Rs. 670.5Mn" |
| Sanasa Development Bank PLC | "BB+(lka) Fitch" | 333,333,333 | 425,926 | "Repayable in 24 monthly equal installments of Rs. 20.833Mn together with interest at fixed interest rate.<br>Security Assigned-Unsecured" |
| | | 395,833,333 | 505,787 | "Repayable in 24 monthly equal installments of Rs. 20.833Mn together with interest at fixed interest rate.<br>Security Assigned-Unsecured" |
| DFCC Bank PLC | "A(lka) Fitch" | 416,666,667 | 2,009,132 | "Repayable in 36 equal monthly installments of Rs.13.88Mn together with fixed interest rate.<br>Security Assigned-Lease /Loan Receivables of Rs. 799.4Mn" |
| Commercial Bank of Ceylon PLC | "AA-(lka) Fitch" | 670,834,000 | 1,543,837 | "Repayable in 47 equal monthly installments of Rs.14.583Mn and final payment of Rs. 14.599Mn together with fixed interest rate.<br>Security Assigned-Lease Receivables of Rs. 953.89Mn" |
| Think Capital Partners (Pvt) Ltd - Securitization 03 | | 1,000,000,000 | 89,307,534 | "Repayable in 24 months at the fixed interest rate after an initial grace period of 12 months.<br>Security Assigned-Smart Draft Receivables Rs. 1,306.98Mn" |
| "M-Power Capital Ltd Securitization 04" | | 726,000,000 | 18,006,147 | "Repayable in 24 months at the fixed interest rate.<br>Security Assigned- Lease & Smart Draft Receivables of Rs. 1,310.8Mn" |

| Lending Institution | Credit rating | Capital Outstanding as at 31 March 2026 LKR | Interest Payable LKR | Borrowing Terms |
|---|---|---|---|---|
| Unlisted, Unsecured, Subordinated Loan via Issuance of Trust Certificates | | 500,000,000 | 31,335,616 | Repayable at the matuirty of 5 years |
| Listed, Rated, Unsecured, Subordinated, Redeemable High Yield Bond | | 1,000,000,000 | 9,683,603 | "Repayable at the matuirty of 5 years .<br>Type A Bond - Annual Interest at 13.15%<br>Type B Bond - Semi Annual Interest at 12.74% " |

## 29. OTHER NON FINANCIAL LIABILITIES

**Accounting policy**

The Company classifies all non financial liabilities other than post employment benefit liability and current tax liabilities under other non financial liabilities. Other non financial liabilities include accruals, advances and provisions. These liabilities are non-interest bearing and recorded at the amounts that are expected to be paid.

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Vendor payables | **840,158,717** | 592,958,256 |
| Bonus provision | **83,449,345** | 23,040,370 |
| Insurance premium payables | **44,933,240** | 84,038,548 |
| Other payables | **408,470,033** | 210,459,607 |
| | **1,377,011,335** | 910,496,781 |

## 30. CURRENT TAX LIABILITIES

**Accounting policy**

The Company is subject to income taxes and other taxes including VAT and SSCL on financial services. Significant judgment is required to determine the total provision for current, deferred and other taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income, deferred tax amounts in the period in which the determination is made.

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at 1st April | **68,707,012** | - |
| Provision for the year | **571,207,792** | 76,028,115 |
| Prior years under provision/(over provision) | **33,600,000** | - |
| Less: Tax paid | **(224,153,841)** | (7,321,103) |
| **Balance as at 31st March** | **449,360,963** | 68,707,012 |

## 31. POST EMPLOYMENT BENEFIT LIABILITY

**Accounting policy**
Company's end of service benefit obligations are measured based on the present value of projected future benefit payments for all participants for services rendered to date. The measurement of projected future benefits is dependent on the stipulated formula, salary assumptions, demographics of the Company covered by the plan, and other key measurement assumptions. The net periodic benefit costs associated with the Company defined benefit plans are determined using assumptions regarding the benefit obligations. Due to the long-term nature of these plans, such estimates are subjected to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with Sri Lanka Accounting Standard LKAS 19 on 'Employee Benefit'. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

**Recognition of actuarial gains and losses**
The Company recognises the total actuarial gains and losses that arise in calculating the Company obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

**Expected return on assets**
Expected return on assets is zero as the plan is not pre-funded.

**Funding arrangements**
The gratuity liability is not externally funded.

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Present value of unfunded obligations | **57,786,867** | 36,393,779 |
| Present value of funded obligations | **-** | - |
| Total present value of obligations | **57,786,867** | 36,393,779 |
| Fair value of planned assets | **-** | - |
| **Net retirement benefit obligations** | **57,786,867** | 36,393,779 |

### 31.1 Movement in present value of employee benefits

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Balance as at beginning of the year | **36,393,779** | 26,210,777 |
| Expenses recognised in the profit or loss (Note 31.2) | **14,866,937** | 10,636,060 |
| Actuarial (gain) / loss recognized in the other comprehensive income | **8,372,007** | 3,469,363 |
| Benefits paid during the year | **(1,845,856)** | (3,922,421) |
| Balance as at end of the year | **57,786,867** | 36,393,779 |

### 31.2 Expenses recognized in the profit or loss

| For the year ended 31 March, | 2026 LKR | 2025 LKR |
|---|---|---|
| Interest cost | **3,639,378** | 3,145,293 |
| Past service cost | **-** | - |
| Current service cost | **11,227,559** | 7,490,767 |
| | **14,866,937** | 10,636,060 |

The provision for retirement benefits obligations for the year is based on the Actuarial Valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Limited., as at 31 March 2026. The valuation method used by the actuary to value the Fund is the “Projected Unit Credit Method”, the method recommended by the Sri Lanka Accounting Standards - LKAS 19 " Employee Benefits". The liability is not externally funded.

### 31.3 The assumptions used for the actuarial valuation are given below.

| As at 31 March | 2026 | 2025 |
|---|---|---|
| Discount rate per annum | **10.0%** | 10.0% |
| Annual salary increment rate | **8.0%** | 8.0% |
| **Staff turnover ratio** | | |
| Age 18 to 29 | **33.0%** | 47.0% |
| Age 30 to 34 | **29.0%** | 43.0% |
| Age 35 to 44 | **23.0%** | 24.0% |
| Age 45 to 49 | **18.0%** | 15.0% |
| Age 50 to 54 | **5.0%** | 6.0% |
| Age > 54 | **0.0%** | 0.0% |
| Retirement age | **60 Years** | 60 Years |
| Mortality table | **A 1967/70** | A 1967/70 |
| Average future work life time | **3.5 Years** | 3.06 Years |

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with the support of the independent actuarial expert. Further, the salary increment rate of 8% is considered appropriate to be in line with the Company’s targeted future. Due to the discount rate and salary increment rate account the current market conditions and inflation rate. Salary increments when taking into assumptions used, nature of non-financial assumptions and experience of the assumptions of the Company, there is no significant impact to employment benefit liability because of prevailing macro-economic conditions.

## 31 POST EMPLOYMENT BENEFIT LIABILITY (CONTD.)

### 31.4 Sensitivity of assumptions used in actuarial valuation

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 & Other Comprehensive Income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate to the total Comprehensive Income and retirement benefit obligation for the year ended 31 March 2026.

| Sensitivity effect on employment benefit obligation As at 31 March | Increase / (Decrease) in the Liability | |
|---|---|---|
| | 2026 LKR | 2025 LKR |
| Decrease in discount rate (1%) | **2,314,680** | 1,470,802 |
| Increase in discount rate (1%) | **(2,123,162)** | (1,349,341) |
| Decrease in salary increment rate (1%) | **(2,303,416)** | (1,463,970) |
| Increase in salary increment rate (1%) | **2,469,197** | 1,569,423 |

### 31.5 Break up of actuarial (gain)/loss on the defined benefit obligation

| As at 31 March | Increase / (Decrease) in the Liability | |
|---|---|---|
| | 2026 LKR | 2025 LKR |
| Experience adjustment (Financial and Demographic) | **7,645,348** | 433,882 |
| Due to changes in financial assumptions | **-** | 3,883,228 |
| Due to change in demographic assumptions | **726,659** | (847,747) |
| **Total** | **8,372,007** | 3,469,363 |

### 31.6 Distribution of present value of defined benefit obligation in future years

| As at 31 March | Increase / (Decrease) in the Liability | |
|---|---|---|
| | 2026 LKR | 2025 LKR |
| Within the next 12 months | **9,771,166** | 6,203,143 |
| Between 1 and 2 years | **20,795,606** | 14,610,966 |
| Between 2 and 5 years | **14,857,479** | 7,511,696 |
| Between 5 and 10 years | **6,359,986** | 4,783,951 |
| Beyond 10 years | **6,002,629** | 3,284,024 |
| **Total** | **57,786,867** | 36,393,779 |
| Weighted Average Duration of Defined Benefit Obligation (Years) | **4** | 4 |

## 32. STATED CAPITAL

| As at 31 March 2026 | 2026 | | 2025 | |
|---|---|---|---|---|
| | Number of Shares | Amount LKR | Number of Shares | Amount LKR |
| At the beginning of the Period | **236,955,971** | **2,369,559,710** | 236,955,971 | 2,369,559,710 |
| Issued during the Period | **50,000,000** | **500,000,000** | - | - |
| | **286,955,971** | **2,869,559,710** | 236,955,971 | 2,369,559,710 |

The increase in Stated Capital is due to issue and allotment of 50,000,000 ordinary shares at Rs. 10.00 per share to Blue Stone 1 (Private) Limited, the sole shareholder of the Company for a total consideration of Rupees Five Hundred Million (Rs.500,000,000/-) by way of a private placement on 19th March 2026. The purpose of the share issue is to strengthen company's capital base and improve the Capital Adequacy Ratio (CAR). The share issue proceeds have been utilized to expand the Loans and Advances Portfolio of the company.

**Ordinary shares**

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 33. STATUTORY RESERVE FUND

Statutory reserve fund was created to comply with the Direction No. 1 of 2003 (Capital Funds) issued by the Central Bank . The Company is required to transfer 5% of Net Profits to this Reserve Fund as long as the Capital Funds are not less than 25% of total deposit liabilities. During the Year 2025/2026, the Company transferred Rs.33,018,891/- to the Statutory Reserve Fund.

## 34. OTHER RESERVES

Other reserves represents the Regulatory Loss Allowance Reserve (RLAR).

## 35. RETAINED EARNINGS

This represents the undistributed earnings held by the Company to be used in the Company's operations. This could be used to absorb future possible losses or dividends payable.

## 36. EVENTS AFTER REPORTING DATE

There were no material circumstances that have arisen since the reporting date, which require adjustment to or disclosure in the Financial Statements.

## 37. LITIGATIONS AND CLAIMS

Litigation is a common occurrence in the industry due to the nature of the business undertaken. The Company has formal controls and policies in place for managing legal claims. Once professional advice has been obtained and the amount of loss is reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing.

The Company confirms that there is no case filed against the Company which is not disclosed which would have a material impact on the Statement of Financial Position of the Company except the below mentioned. No adjustments have been made in the Financial Statement in this regard as management of the company believes that there is no likelihood of an unfavorable outcome.

## 38. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of the business, the Company may makes various commitments and incurs contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. However, the Company has identified Rs.167.7Mn commitments as at the period end for undrawn credit facilities relating to revolving loans. Also the Company has made an impairment provision of Rs. 2.3Mn for credit related commitments.

| As at 31 March | 2026 LKR | 2025 LKR |
|---|---|---|
| Un-drawn revolving loan amount to the customers | **167,735,582** | 22,000,000 |
| Impairment Charge | **2,306,977** | 2,200,000 |

There were no any material contingent liabilities, which require adjustment to or disclosure in the Financial Statements as at the reporting date, other than disclosed above.

### 38.1 Capital commitments

There were no material capital commitments which require disclosure in the Financial Statements as at reporting date.

## 39. COMPARATIVE FIGURES

Comparative figures have been re-classified wherever necessary and conformed to the current year classification.

## 40. ASSETS PLEDGED

The following assets have been pledged as securities against the Long-term and Short- term borrowings that have been disclosed under the Note 28.5 to the Financial Statements.

| Lending Institute | Nature of Assets | Nature of Liability | Value of Assets Pledged |
|---|---|---|---|
| Cargills Bank | Loan and Advance/ Lease and Hire purchase receivables | Term Loan | 404,774,502 |
| Seylan Bank PLC | Lease Receivables | Short Term Loan | 521,859,711 |
| Union Bank | Lease Receivables | Short Term Loan | 1,304,151,495 |
| Hatton National Bank | Auto Loan Receiable | Short Term Loan | 700,755,338 |
| | Lease Receivables | Term Loan | 28,886,095 |
| | Auto Loan Receiable | Term Loan | 82,530,198 |
| | Auto Loan Receiable | Term Loan | 474,502,791 |
| | Lease Receivables | Term Loan | 497,495,987 |
| | Gold Loan Receivable | Term Loan | 675,649,156 |
| Commercial Bank | Lease Receivables | Term Loan | 893,061,584 |
| | Lease Receivables | Short Term Loan | 650,492,173 |
| National Development Bank | Lease / Loan Receivables / Corporate Guarantee | Loan Syndication | 63,074,757 |
| | Lease Receivables | Term Loan | 851,728,384 |
| | Lease Receivables | Term Loan | 362,776,744 |
| M-power Capital Ltd | Lease Receivables / Vehicle loan receivable | NDB Securitization 04 | 943,924,995 |

| Lending Institute | Nature of Assets | Nature of Liability | Value of Assets Pledged |
|---|---|---|---|
| Think Capital Ltd | Lease & Loan Receivables | NDB Securitization 02 | 55,303,978 |
| Think Capital Ltd | Lease & Loan Receivables | NDB Securitization 03 | 1,319,010,884 |
| Sampath Bank | Lease Receivables | Term Loan | 792,503,592 |
| Sampath Bank | Lease Receivables | Term Loan | 1,350,850,195 |
| Nations Trust Bank | Lease Receivables / Corporate Guarantee | Term Loan | 648,755,669 |
| Bank of Ceylon | Lease Receivable | Money market loan & Term Loan | 1,301,606,764 |
| Pan Asia Bank | Lease Receivable | Term Loan | 245,382,107 |
| DFCC Bank | Lease Receivable | Term Loan | 564,831,619 |

## 41. RELATED PARTY DISCLOSURES

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosures", the details of which are reported below. The Pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

### 41.1 Parent and the ultimate controlling party

The Company's immediate parent is Bluestone 1(Pvt) Limited which is incorporated in Sri Lanka.

#### *41.1.1 Transactions with parent Company*

There were no transactions occurred during the year with Bluestone 1 (Pvt) Ltd except for the issuance of shares as disclosed in the financial statements.

Borrowings of the Company are secured by corporate guarantees granted by Bluestone1 (Pvt) Ltd,as disclosed in Note 28.6 to the financial statements.

### 41.2 Transactions with Key Management Personnel (KMPs) and their Close Family Members (CFMs)

According to Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors of the Company, the immediate parent company, and Chief Executive Officer who directly report to Board of Directors have been classified as KMPs of the Company.

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include;

(a) the individual's domestic partner and children;
(b) children of the individual's domestic partner; and
(c) dependents of the individual or the individual's domestic partner

## 41. RELATED PARTY DISCLOSURES (CONTD.)

### *41.2.1 Compensations to Key Management Personnel (KMPs)*

There were no compensation paid to key management personnel during the year other than those disclosed below.

Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling activities of the Company. Such KMPs include the Board of Directors of the Company, of its parent and Chief Executive Officer. Transactions with close family members of the KMPs, have also been taken in to consideration in the following disclosure.

According to Sri Lanka Accounting Standard - LKAS 24 "Related Party Disclosures", Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors), their Close Family Members (CFM) and selected key employees who meet the above criteria have been classified as Key Management Personnel of the Company. Close Family Members (CFM) of the KMPs are those family members who may be expected to influence or be influenced by that KMPs in their dealing with the entity. They may include KMPs domestic partner and children of the KMPs domestic partner and dependents of the KMPs domestic partner.

| For the year ended 31 March, | 2026 LKR | 2025 LKR |
|---|---|---|
| Short-term employee benefits | **41,019,464** | 42,381,475 |
| Post-employment benefits | **7,032,524** | 5,022,899 |
| Directors fees and expenses | **10,850,000** | 6,400,000 |
| **Total Key Management Personnel compensation** | **58,901,988** | 53,804,374 |

### *41.2.2 Transactions, Arrangements and Agreements involving KMPs, and their Close Members of the Family (CFMs)*

CFMs of a KMPs are those family members who may be expected to influence, or be influenced by, that KMP in their dealing with the entity.

The Company carries out transactions with KMPs and their close family members in the ordinary course of its business on an arms length basis at commercial rates, except the loans given to staff under the Company's staff loan scheme uniformly applicable to all the staff of the Company.

| For the year ended 31 March, | 2026 LKR | 2025 LKR |
|---|---|---|
| **Items in Statement of Financial Position** | | |
| Deposit balance as of reporting date | **106,558,539** | 97,428,280 |
| Loans granted as of reporting date | **9,321,045** | - |
| The loan granted represents a facility provided to a Key Management Personnel (KMP), bearing interest at the Average Weighted Prime Lending Rate (AWPLR) prevailing at the time of granting and is repayable within a period of five years. | | |
| **Items in Statement of Profit or Loss** | | |
| Interest accrued during the period | **6,515,234** | 6,929,615 |
| | **6,515,234** | 6,929,615 |

### *41.2.3 There were no loans granted to the KMP's of the Company during the year or outstanding as at the reporting date.*

### *41.2.4 Transactions with related companies*

There is no transaction took place with related parties during the financial year under consideration.

## 42. FINANCIAL RISK MANAGEMENT

The Board of Directors possess the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has delegated this responsibility to two sub committees of the Board.

The Board has established the Board Integrated Risk Management Committee (BIRMC) which is responsible for developing and monitoring risk management policies and procedures in specified risk areas .With the cooperation of the management, the committees make decisions on behalf of the Board. Senior Management is responsible for implementing the risk management framework by identifying risks and managing those risks with appropriate risk mitigation strategies. Monthly risk review reports are submitted by Cheif Risk Officer (CRO) to BIRMC Committee.

The BIRMC was set up to fulfil the requirement set out in the Finance Companies Act Direction No. 05 of 2021 on Corporate Governance for Finance Companies issued by Central Bank of Sri Lanka (CBSL) under Finance Business Act, No. 42 of 2011.

The BIRMC is responsible for monitoring and reviewing risk management policies and procedures and reviewing the adequacy of risk management framework in relation to the risks faced by the Company. The BIRMC is assisted in these functions by CRO and Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the BIRMC. BIRMC presents vital matters to the Board whenever required and seeks for review and approval of the Board.

Risk management and related reporting issues that are associated with financial institutions valuations of complex transactions and their impact to capital requirements, has received unstinted attention in the recent decade. Numerous risks inherent to a financial institution due to its nature of business and also other factors, are managed through a process of ongoing identification, measurement and monitoring activities subject to risk limits and other controls. This process of risk management is critical to Company's continuing profitability and building reputation, with each individual in the Organisation being responsible and accountable for risk exposure relating to scope of work.

The Company's risk management process is streamlined in effect to ensure there is appropriate balance between risk and rewards. By instilling various controls and strategies, the Management continuously strives to mitigate risks in the attempt of generating higher profits.

As a finance Company is exposed to a number of risks arising from dealing in financial transactions, involving mainly financial assets and liabilities. Key risks associated with Company's business revolve around:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Currency risk

### 42.1 Credit risk

Credit risk is the potential loss incurred in the event that a borrower fails to fulfill agreed obligations. The Company's credit risk arises mainly from various accommodations granted and could be identified as the most significant risk faced by the Company.

#### i. Management of Credit Risk

Managing credit risk which is deemed the main risk element to a finance company like ours, the management takes into account all elements of credit risk exposures both at micro and macro levels. This includes analysing individual obligor default risk, industry specific risk and geographical risk as part of comprehensive credit risk management process.

In order to achieve this the Board of Directors has delegated responsibility for the oversight of credit risk of the Company to Board Credit Committee (BCC).

A separate Credit evaluation department, is responsible for managing the Company's credit risk, including the following:

## 42. FINANCIAL RISK MANAGEMENT (CONTD.)

### 42.1 Credit risk (Contd.)

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by, the Head of Credit, AGM- Business Channels Development, CEO, the Company Credit Committee or the Board of Directors as appropriate.
- Reviewing and assessing credit risk: Company Credit Committee assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and receivables, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, and product types. Regular reports on the credit quality of portfolios are provided to Company Credit Committee, which may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

The Company is required to implement Company credit policies and procedures, with credit approval authorities delegated from the Company Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval. Regular audits of business units and Company credit processes are undertaken by internal audit.

**ii. Cash and balances with banks**

Cash and cash equivalents comprise of cash and cheque in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments.

The Company held cash and balances with banks of Rs. 534.82 Mn at 31 March 2026 (2025: Rs.647.97Mn).

The cash and cash equivalents are held with the following Financial Institutions.

| Bank | Balance as at 31 March 2026(As per the Bank Statements) | Rating |
|---|---|---|
| Commercial Bank of Ceylon PLC | **19,902,678** | AA-(lka) |
| Peoples' Bank PLC | **1,782,457** | AA-(lka) |
| Sanasa Development Bank | **520,520.97** | BB+ (lka) |
| Cargills Bank | **1,600,710** | A (lka) |
| Hatton National Bank PLC | **212,363,853** | AA-(lka) |
| Nation Trust Bank PLC | **10,098,659** | A (lka) |
| National Development Bank PLC | **4,955,506** | A (lka) |
| Sampath Bank PLC | **10,818,367** | AA-(lka) |
| Seylan Bank PLC | **6,580,350** | A+(lka) |
| Bank of Ceylon | **1,794,119** | AA-(lka) |
| Pan Asia Bank | **466,889** | BBB (lka) |
| DFCC Bank | **6,389,057** | A (lka) |
| Union Bank | **101,433,747** | BBB-(lka) |

### iii. Collateral Management

The primary source of repayment of credit exposures is the cash flows while the collaterals obtained by the Company act as a possible secondary recourse. Collateral generally include cash, marketable securities, properties, stocks, trade debtors, other receivables machinery and equipment and other physical or financial assets and are assessed at the inception, in accordance with the guidelines issued by the Central Bank of Sri Lanka. Clear guidelines are in place to determine the suitability of collateral in credit risk mitigation based on their different characteristics and for valuation, to ensure the collaterals will continue to provide the anticipated secondary source of repayment in an eventuality. In mitigating credit risk, the Company resorts to obtaining collaterals which are valued by recognised external valuers who possess the expertise to provide accurate valuations. Periodic estimation of values of collateral ensures that they will continue to provide the expected repayment source in an event where the primary source has not materialized. The collaterals vulnerable to frequent fluctuations in values are subject to stringent haircuts and/ or more frequent valuations. The Company also accepts personal guarantees, guarantees from other financial institutions and credit-worthy bodies as collateral for credit facilities. The financial strength of guarantors as against their cash flows, net worth, etc. is taken into consideration to establish their capacity to repay the facilities in case of a default.

The Company holds collateral in the form of vehicles, property, stocks, gold articles and guarantors and other credit enhancements against certain of its credit exposures.

### iv. Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or efforts. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing;

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectation).

If a Significant Increase in Credit Risk (SICR) since origination is identified, the facility is moved to Stage 2 and the Company records an allowance for Lifetime Expected Credit Losses (LTECL). The Company determines when a significant increase in credit risk has occurred based on the assessment of business model. It is considered that significant increase in credit risk takes place when a facility is overdue more than 30 days.

## 42 FINANCIAL RISK MANAGEMENT(CONTD.)

The maximum exposure to the credit risk at the reporting date is stated below.

| As at 31 March 2026 | Maximum Exposure to the credit risk LKR | Collateral Value LKR | Exposure Subject to Collateral as a % | Collateral Nature |
|---|---|---|---|---|
| **Financial Asset** | | | | |
| Cash and balances with banks | 534,788,125 | - | - | |
| Financial investments at amortised cost | 1,688,942,657 | 1,665,353,625 | 99% | Secured by Government |
| Financial assets measured at fair value through other comprehensive income | 331,000 | - | - | |
| **Loans and advances** | | | | |
| Business Loans | 3,075,749,554 | 6,505,974,598 | 100% | Immovable Properties, Vehicles and Machinery |
| Finance Leases | 9,277,547,052 | 17,561,905,665 | 100% | Vehicles |
| Gold Loans | 1,989,659,837 | 2,712,569,812 | 100% | Gold |
| Housing Loans | 4,037,318 | 19,300,000 | 100% | Immovable Properties |
| Loans against Cash/Deposits | 392,301,084 | 611,818,297 | 100% | Deposits |
| Personal Loans | 6,458,603,430 | 1,192,031,742 | 18% | Guarantees and other collaterals |
| Vehicle Loans | 6,785,917,241 | 13,669,934,999 | 100% | Vehicles |
| Working Capital Loans | 1,747,495,464 | 4,607,106,432 | 100% | Vehicles, Machinery and Gurantees |
| Other receivables | 53,804,742 | - | - | |

| As at 31 March 2025 | Maximum Exposure to the credit risk LKR | Collateral Value LKR | Exposure Subject to Collateral as a % | Collateral Nature |
|---|---|---|---|---|
| **Financial Asset** | | | | |
| Cash and balances with banks | 647,974,681 | - | | |
| Financial investments at amortised cost | 1,294,634,771 | 1,294,634,771 | 100% | Secured by Government |
| Financial assets measured at fair value through other comprehensive income | 331,000 | - | - | |
| **Loans and advances** | | | | |
| Business Loans | 1,106,080,071 | 2,032,526,598 | 100% | Immovable Properties, Vehicles and Machinery |
| Finance Leases | 8,662,738,965 | 16,635,761,529 | 100% | Vehicles |
| Gold Loans | 1,501,819,338 | 1,709,960,040 | 100% | Gold |
| Housing Loans | 4,877,529 | 19,300,000 | 100% | Immovable Properties |
| Loans against Cash/Deposits | 147,729,948 | 295,190,878 | 100% | Deposits |
| Personal Loans | 1,640,842,715 | 1,381,819,197 | 84% | Guarantees and other collaterals |
| Vehicle Loans | 4,102,848,410 | 8,081,149,999 | 100% | Vehicles |
| Working Capital Loans | 2,818,881,092 | 5,668,380,318 | 100% | Vehicles, Machinery and Gurantees |
| Other receivables | 43,605,413 | - | - | |

Credit is required to be granted according to the approved policies and procedures of the Company. Special attention is given to credit risk management in terms of analyzing customer creditworthiness through rigorous customer investigation before and after credit facilities are provided. Repayment of accommodations granted is closely monitored by those responsible for granting various facilities as well as those directly responsible for recovery activities. Indicators have been developed to measure risks associated with credit which are reviewed on a continuous basis for the entire organization as well as for each product and operational location.

### *42.1.1 Analysis of risk concentration*

**(a) Concentration by Industry**

The Company monitors credit concentration risk by referring degree of credit exposure by various sectors. The following table shows the maximum credit exposure before deducting the respective provision for impairment of Company's loans and advances to various sectors as at the end of the financial year.

| Sector | Balance as at 31 March 2026 | As % | Balance as at 31 March 2025 | As % |
|---|---|---|---|---|
| Agriculture & Fishing | **2,539,953,817** | **9%** | 1,962,752,000 | 6% |
| Construction | **1,148,124,033** | **4%** | 1,257,385,789 | 8% |
| Financial and business services | **899,436,826** | **3%** | 885,579,339 | 4% |
| Infrastructure | **289,275,572** | **1%** | 295,188,740 | 1% |
| Manufacturing | **4,616,031,002** | **16%** | 3,558,533,605 | 14% |
| Services | **648,298,095** | **2%** | 524,416,927 | 2% |
| Tourism | **1,529,661,400** | **5%** | 1,063,488,185 | 27% |
| Trades | **2,691,126,688** | **9%** | 2,171,136,018 | 2% |
| Transport | **2,766,495,115** | **9%** | 2,401,878,817 | 16% |
| Other customers | **12,602,908,428** | **42%** | 5,865,458,646 | 17% |
| **Grand total** | **29,731,310,979** | **100%** | 19,985,818,067 | 100% |

**(b) Concentration by product**

| Product | Balance as at 31 March 2026 | As % | Balance as at 31 March 2025 | As % |
|---|---|---|---|---|
| Finance lease receivables | **9,274,862,571** | **31%** | 8,655,401,659 | 43% |
| Hire purchase receivables | **-** | **0%** | - | 0% |
| Secured loans | **18,466,788,571** | **62%** | 9,828,639,281 | 49% |
| Gold loan receivables | **1,989,659,837** | **7%** | 1,501,777,127 | 8% |
| Trade finance receivables | **-** | **0%** | - | 0% |
| Factoring receivables | **-** | **0%** | - | 0% |
| **Grand total** | **29,731,310,979** | **100%** | 19,985,818,067 | 100% |

### *42.1.2 Impairment assessment*

For accounting purposes, the Company uses an Expected Credit Loss model (ECL)for the recognition of losses on impairment in accordance with SLFRS 9 commencing from 01 April 2018.

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 conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

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The Company computes ECL using three main components; a Probability of Default (PD), a Loss Given Default (LGD), and the Exposure At Default (EAD) under the collective assessment. These parameters are generally derived from internally developed statistical models and historical data are then adjusted to reflect forward-looking information.

**PD** – The probability of default represents the likelihood of a borrower defaulting on its financial obligation (as per "definition of default and credit impaired" above) either over the next 12 months (12m PD) or over the remaining lifetime (Lifetime PD) of the obligation. PD estimates are estimates at a certain date and days past due is the primary input into the determination of the term structure of PD for exposures. Days past due are determined by counting the number of days since the due date. The Company employs statistical models to analyse the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

**LGD** – The loss given default is an estimate of the 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 Company estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using EIR as the discounting factor. LGD is usually expressed as a percentage of the EAD.

**EAD** – The exposure at default represents the expected exposure in the event of a default. The Company 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. To calculate EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months. For all other loans EAD is considered for default events over the lifetime of the financial instrument.
For loans and advances above a predefined threshold, the Company individually assesses for significant increase in credit risk. If a particular loan is credit 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. If the Company determines that no provision is required under individual impairment, such financial assets are then collectively assessed for any impairments along with the remaining portfolio.

- Significant financial difficulty of the customer
- A breach of contract such as a default of payment
- Where the Company grants the customer a concession due to the customer experiencing financial difficulty
- It becomes probable that the customer will enter bankruptcy or other financial reorganization
- Observable data that suggests that there is a decrease in the estimated future cash flows from the credit granted

### 42.1.2.1 Valuation of immovable properties obtained as collateral

Land, land and building which are obtained as collateral against any accommodation are valued frequently based on the Regulation Directions. The valuation obtained at the initiation of loan is considered as collateral value for performing Loans. All residential properties obtained as collateral for non-performing loans are valued in every five years and the other properties are valued in every four years. The valuations are obtained from the panel of external, independent property valuers approved by the Board of Directors of the Company.

### 42.1.2.2 Write-off of loans and advances

Loans (and the related impairment allowance) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

### 42.1.2.3 Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance accordingly. The write-back is recognised in the Profit or Loss.

### *42.1.3 Credit quality by class of financial assets*

The Company assesses the credit quality of financial assets using number of days in arrears. The table below shows the credit quality by number of days in arrears for all financial assets exposed to credit risk. The amounts presented are gross receivable amounts.

| As at 31 March 2026 | Carrying value LKR | Arrears period (Months) | | | |
|---|---|---|---|---|---|
| | | 1-3 LKR | 3-6 LKR | 6-12 LKR | 12+ LKR |
| Finance lease receivables | **9,274,862,571** | **8,441,264,580** | **148,330,283** | **159,482,487** | **525,785,222** |
| Loans and advances to other customers | **20,456,448,408** | **19,058,838,372** | **370,732,937** | **346,327,603** | **680,549,496** |
| | **29,731,310,979** | **27,500,102,952** | **519,063,219** | **505,810,089** | **1,206,334,718** |

| As at 31 March 2025 | Carrying value LKR | Arrears period (Months) | | | |
|---|---|---|---|---|---|
| | | 1-3 LKR | 3-6 LKR | 6-12 LKR | 12+ LKR |
| Finance lease receivables | 8,655,401,659 | 7,737,659,117 | 98,537,806 | 179,329,415 | 639,875,322 |
| Hire purchase receivables | - | - | - | - | - |
| Loans and advances to other customers | 11,330,416,408 | 10,525,763,658 | 43,772,791 | 259,652,455 | 501,227,504 |
| | 19,985,818,067 | 18,263,422,775 | 142,310,597 | 438,981,869 | 1,141,102,826 |

### *42.1.4 Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under any circumstances.

The Company manage it's liquidity risk through Asset and Liability Management (ALM) Policies. ALM is a key risk management discipline which directs the management of On-and-Off financial position assets and liabilities in such a way that the institution is able to offer competitively priced products and services to customers whilst maintaining an appropriate risk / reward profile that creates shareholder value, ALCO is entrusted with this task.

The Company's approach to managing liqudity is to ensure that the Company will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed economic conditions without incurring unacceptable losses.

**Liquidity management in current economic conditions**

The Company took cognizance of the reality that preservation of capital is of utmost importance during the business downturn resulting from the current economic conditions and took necessary action to ensure that there is sufficient liquidity available for its operational requirements. Several important decisions were made in this regard affecting both the short- and long-term business horizons.

The availability of approved but unutilized funding facilities was a comfort factor during this period. As at 31 March 2026 the Company has the unutilised short term and overdraft facilities of Rs.2,350 Mn and long term facilities of Rs.650 Mn. Further, the Company has negotiated new working capital as well as term funding lines from financial institutions at very favourable interest rates.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's Financial Assets and Liabilities as at 31 March 2026.

| Description | Carrying value | Contractual maturity | Less than 3 Months LKR | 3 to 12 Months LKR | 1 to 5 Years LKR | Over 5 Years LKR |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Cash & cash equivalents | 534,788,125 | 534,788,125 | 534,788,125 | - | - | - |
| Financial investments at amortised cost | 1,688,942,657 | 1,729,474,027 | 1,729,474,027 | - | - | - |
| Financial investments at FV through OCI | 331,000 | 331,000 | - | - | - | 331,000 |
| Gross loans & receivables to other customers | 29,731,310,979 | 36,677,787,278 | 4,992,658,276 | 9,222,571,477 | 22,374,960,012 | 87,597,514 |
| Other receivables | 199,298,936 | 199,298,936 | 199,298,936 | - | - | - |
| **Total financial assets** | 32,154,671,697 | 39,141,679,367 | 7,456,219,364 | 9,222,571,477 | 22,374,960,012 | 87,928,514 |
| **Financial liabilities** | | | | | | |
| Bank overdrafts | 117,093,604 | 117,093,604 | 117,093,604 | - | - | - |
| Other financial liabilities due to customers | 12,922,613,142 | 17,359,831,985 | 1,950,620,802 | 6,233,930,992 | 9,175,280,191 | - |
| Interest bearing loans and borrowings | 11,938,669,697 | 13,312,468,857 | 1,824,126,648 | 3,945,923,429 | 7,542,418,779 | - |
| Lease Liabilities | 247,795,869 | 362,814,112 | 19,569,474 | 51,011,288 | 158,955,344 | 133,278,006 |
| Trade and other payables | 1,377,011,335 | 1,377,011,335 | 1,377,011,335 | - | - | - |
| **Total financial liabilities** | 26,603,183,647 | 32,529,219,892 | 5,288,421,863 | 10,230,865,709 | 16,876,654,314 | 133,278,006 |
| **Contingent liabilities and commitments** | 167,735,582 | 167,735,582 | - | 167,735,582 | - | - |

## 42.2 Market risk

Market risk is the risk arising from fluctuations in market variables such as interest rates, foreign currencies and equity prices. This is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market variables. As the Company's operations involve granting accommodations, accepting deposits and obtaining funding facilities, the movements in interest rates constitute the most important market risk for the Company.

### *42.2.1 Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.The fluctuation of interest rates is an external factor which is beyond the control of the Company.However, the Company is affected by movements in interest rates to the extent that its asset / libaility mismatches gives rise to interest paying liabilities being re-priced faster than its interest earning assets.

Management of Interest rate risk aims at capturing the risk arising from the maturity and re-pricing.Movements in interest rates are closely monitored. Further the Company maintains an adequate Net Interest Margin (NIM) therefore the increases in interest expenses can be absorbed. The assets and liabilities maturity mismatch is also closely monitored so that the possible adverse effects arising due to interest rate movements could be minimized. Although the mismatch in assets and liabilities in terms of maturity is widely prevalent in the industry, in view of the composition of the portfolio of the Company, this mismatch has been mitigated to a significant extent.

Further the decrease of policy rates and subsequent decrease in treasury bills rates compelled the market rates to reduce significantly during the first half of the year. As a result the interest rate risk reduced for all financial institutions of the country including the Company. Due to the decrease in interest rates, cost of funds in the first half of the year reduced more than the lending yield as 70% of borrowings were at variable terms linked to basis of AWPLR while lending facilities were at fixed rates.This interest sensitivity gap was already addressed through minimizing gearing via fixed rated public deposits and improving lending yield through incremental disbrusements. Impact of this kind of interest rate risk in future will be reduced with the adaption of pricing model to price both assets and liability products, while considering flucutation in macroecenomic variables.

## 42. FINANCIAL RISK MANAGEMENT (CONTD.)

### *42.2.1 Interest rate risk (Contd.)*

| | Less than 30 days LKR | 1-3 Months LKR | 4-6 Months LKR | 7-12 Months LKR | 1-3 Years LKR | 3-5 Years LKR | Over 5 Years LKR | Total LKR |
|---|---|---|---|---|---|---|---|---|
| Rate sensitive assets (RSA) | 3,524,664,391 | 3,090,395,568 | 2,744,252,655 | 5,471,798,548 | 6,389,628,113 | 10,142,034,846 | 57,810,514 | 31,420,584,636 |
| Rate sensitive liabilities (RSL) | 1,626,437,169 | 2,881,072,633 | 3,245,252,221 | 5,334,424,149 | 7,907,166,231 | 3,984,024,041 | - | 24,978,376,443 |
| Period gap | - | 209,322,936 | (500,999,566) | 137,374,398 | (1,517,538,118) | 6,158,010,806 | 57,810,514 | 6,442,208,193 |
| Cumulative gap | - | 209,322,936 | (291,676,630) | (154,302,232) | (1,671,840,350) | 4,486,170,456 | 4,543,980,970 | |

The risk arises as a result of exchange rate difference is considered as minimal.

| As at 31 March | Sensitivity effect on interest rate | |
|---|---|---|
| | 2026 LKR | 2025 LKR |
| Decrease in interest rate 5% | **227,199,049** | 85,608,026 |
| Increase in interest rate 5% | **(227,199,049)** | (85,608,026) |

### 42.3 Operational risk

Operational risk is the risk of loss arising from fraud, systems failure, human error or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it should manage these risks through a control framework and by monitoring and responding to potential risks and management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- compliance with regulatory and other legal requirements
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development

Compliance with Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit.

The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Senior Management of the Company and Audit Committee. Audit Committee instructs the Management to take the corrective actions to overcome any deficiencies identified.

### 42.4 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company, as at the reporting date, do not hold 'Financial instruments' denominated in currencies other than its functional / reporting currency, hence do not get exposed to currency risk arising from translation of such balances in to the functional / reporting currency, which is Sri Lankan Rupees.

## 43. CAPITAL MANAGEMENT

The Company is required to manage its capital taking into account the need to meet the regulatory requirements and to maintain a capital buffer against unexpected losses as well as to cater to the current and future business needs, stakeholder expectations and to seek available options for raising and generating capital.

Capital management is deemed a pivotal assessment exercise in sustaining an adequate buffer against losses arising from any unforeseen risks. Hence Management monitors Company's capital adequacy position closely through the Finance Division and reports to the Board monthly. Capital adequacy is a measure of the Company's ability to tolerate associated risks in doing its finance business. The main objective of maintaining adequate capital in terms of regulatory capital adequacy ratios is to safeguard the depositors, whilst sustaining customer confidence. The capital adequacy measurement being a widely accepted concept specifies the limit up to which Company can expand in terms of its risk weighted assets. In pursuit of business expansion and diversification, Company engages itself in activities dealing in financial instruments that regularly change the risk and capital profile of the Company. Accordingly, regulatory capital requirements ensure the Company does not move into undue expansion beyond specified limits and signals the Company to be cautious and not to take undue risk through growth of its assets especially in areas risky than others.

In this context, the Company's capital strength serves as a cushion in absorbing any unexpected losses that may arise and is a good indicator of Company's levels of safety towards stakeholders more importantly its depositors. The Company's policy on capital is to retain a strong capital base at all times as to ensure investor, creditor and market confidence and to back the sustainable growth of the Company.

The Company reviews its Capital Adequacy Ratios (CAR) on a monthly basis to ensure compliance to prudential requirements on capital. The Company's Core minimum capital ratios i.e. tire 1 capital ratio and total capital ratio were maintained well above the minimum regulatory requirements of 8.5% and 12.5% respectively throughout 2025/26 financial year.

The computation of the CAR ratios is in two parts and involves firstly a working to arrive at the Tier 1 capital and the capital base for the two ratios CCR and TRWCR respectively. A separate computation is carried out to derive at the total risk weighted assets as at a given date.

**The details of the computation of capital and the ratios of the Company as at 31 March 2026 are given below:**

| As at 31 March | 2026 LKR |
|---|---|
| Issued and paid-up ordinary shares | 2,869,559,710 |
| Statutory reserve fund | 101,641,873 |
| Retained earnings | 1,413,761,732 |
| General and other reserves | - |
| Less; Gain/(loss) on valuation of investment property | (11,660,000) |
| **Tier I : Capital** | 4,373,303,315 |
| Less; Adjustments to Tier 1 capital | (301,624,361) |
| **Tier I : Capital (after adjustments)** | 4,071,678,954 |
| Supplementary capital | 1,300,000,000 |
| **Eligible Tier 2 Capital** | 5,371,678,954 |
| **Total Capital** | 5,371,678,954 |
| **Deductions** | |
| Equity Investments in Unconsolidated Banking & Financial Subsidiaries | - |
| Investments in Capital of Other Banks / Financial Associates | - |
| **Capital base** | 5,371,678,954 |
| **Total risk weighted assets** | |
| Risk weighted amount for credit risk | 29,040,826,721 |
| Risk weighted amount for operational risk | 2,984,160,607 |
| **Risk weighted assets** | 32,024,987,328 |
| **Tire 1 capital ratio (Minimum requirement 8.5%)** | |
| Total eligible core capital (Tier I Capital ) | 4,071,678,954 |
| Total risk-weighted assets | 32,024,987,328 |
| | 12.71% |
| **Total capital ratio (Minimum requirement 12.5%)** | |
| Total capital base | 5,371,678,954 |
| Total risk-weighted assets | 32,024,987,328 |
| | 16.77% |

## 44. FINANCIAL INSTRUMENTS

### 44.1 Classification of financial assets & financial liabilities

The table below provide a reconciliation between line items in the Statement of Financial Position and categories of Financial Assets & Financial Liabilities of the Company as per SLFRS.

| Description | As at 31 March 2026 | | | As at 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | Finance asset at fair value through profit or loss LKR | Finance asset at amortized cost LKR | Finance asset at fair value through other comprehensive income (FVOCI) LKR | Finance asset at fair value through profit or loss LKR | Finance asset at amortized cost LKR | Finance asset at fair value through other comprehensive income (FVOCI) LKR |
| **Assets** | | | | | | |
| Cash and cash equivalents | - | **534,788,125** | - | - | 647,974,681 | - |
| Financial investments at amortized cost | - | **1,443,333,737** | - | - | 635,488,988 | - |
| Financial assets - FVOCI | - | - | **331,000** | - | - | 331,000 |
| Finance lease receivables | - | **8,848,903,416** | - | - | 8,187,236,275 | - |
| Loans & advances to other customers | - | **19,448,470,018** | - | - | 11,059,530,058 | - |
| Financial investments in treasury bills | - | **245,608,920** | - | - | 659,145,783 | - |
| Total financial assets | - | **30,521,104,216** | **331,000** | - | 21,189,375,785 | 331,000 |

| Description | As at 31 March 2026 | | | As at 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | Finance liabilities at fair value through profit or loss (FVTPL) LKR | Finance liabilities at amortized cost LKR | Finance liabilities at fair value through other comprehensive income (FVOCI) LKR | Finance liabilities at fair value through profit or loss (FVTPL) LKR | Finance liabilities at amortized cost LKR | Finance liabilities at fair value through other comprehensive income (FVOCI) LKR |
| **Liabilities** | | | | | | |
| Bank overdrafts | - | **117,093,604** | - | - | 190,078,988 | - |
| Other financial liabilities due to customers | - | **12,922,613,142** | - | - | 9,736,479,471 | - |
| Debt issued and other borrowed funds | - | **11,938,669,697** | - | - | 7,344,571,776 | - |
| Lease liabilities | - | **247,795,869** | - | - | 198,186,189 | - |
| Total financial liabilities | - | **25,226,172,312** | - | - | 17,469,316,424 | - |

### 44.2 Fair value measurement

The Company measures the Fair Value using the following Fair Value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of Fair Value Measurement of Financial and Non-Financial Assets and Liabilities is provided below.

**Level 1**

Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.

When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2**
Inputs other than quoted prices included within level that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using;

(a) quoted prices in active markets for similar instruments,
(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

**Level 3**
Inputs that are unobservable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices of similar instruments for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

### *44.2.1 Assets and liabilities measured at fair value and fair value hierarchy*

The following table provides an analysis of Assets & Liabilities measured at Fair Value as at the reporting date, by the level in the Fair Value Hierarchy into which the Fair Value measurement is categorized. These amounts were based on the values recognized in the Statement of Financial Position.

| As at 31 March 2026 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Finance asset at fair value** | | | | |
| - Treasury bonds | **-** | **-** | **-** | **-** |
| - Unquoted shares | **-** | **-** | **331,000** | **331,000** |
| **Total financial assets at fair value** | **-** | **-** | **331,000** | **331,000** |
| **Non-financial assets** | | | | |
| - Investment property | **-** | **-** | **15,560,000** | **15,560,000** |
| **Total non-financial assets at fair value** | **-** | **-** | **15,560,000** | **15,560,000** |
| **Total assets at fair value** | **-** | **-** | **15,891,000** | **15,891,000** |

| As at 31 March 2025 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Finance asset at fair value | | | | |
| - Treasury bonds | - | - | - | - |
| - Unquoted shares | - | - | 331,000 | 331,000 |
| **Total financial assets at fair value** | - | - | 331,000 | 331,000 |
| Non-financial assets | | | | |
| - Investment property | - | - | 18,600,000 | 18,600,000 |
| Total non-financial assets at fair value | - | - | 18,600,000 | 18,600,000 |
| Total assets at fair value | - | - | 18,931,000 | 18,931,000 |

### *44.2.2 Level 3 fair value measurement*

**Investment property**

Reconciliation from the opening balance to the ending balance for the Investment Property in the Level 3 of the Fair Value hierarchy is available in Note 22.

Note 22.1 provides information on Significant Unobservable Inputs used as at 31 March 2026 in measuring Fair Value of Land categorised as Level 3 in the Fair Value hierarchy.

Note 22.1 provides details of valuation techniques used and sensitivity of Fair Value measurement to changes in significant unobservable inputs.

The Company recognizes no transfers between levels of the fair value hierarchy as of the end of the reporting period.

**Equity securities**

Value of unquoted shares of Rs. 331,000 in the Company as at the end of the 31 March 2026 (Rs. 331,000 as at end of the 31 March 2025) categorized under Financial Investments - FVOCI, of which Fair Value can not be reliably measured is stated at Cost in the Statement of Financial Position.

### *44.2.3 Fair value of financial assets and liabilities not carried at fair value*

| Financial Assets | 2026 | | | | 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Fair value | | | | Fair value | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Carrying amount | Level 1 | Level 2 | Level 3 |
| | LKR | LKR | LKR | LKR | LKR | LKR | LKR | LKR |
| Cash and cash equivalents | **534,788,125** | **534,788,125** | **-** | - | 647,974,681 | 647,974,681 | - | - |
| Financial investments | **1,688,942,657** | **1,725,624,453** | **-** | - | 1,294,634,771 | 1,306,444,993 | - | - |
| Finance lease receivables | **8,848,903,416** | **-** | **8,459,462,625** | - | 8,187,236,275 | - | 8,592,957,966 | - |
| Loans & advances to other customers | **19,448,470,018** | **-** | **13,817,181,303** | - | 11,059,530,058 | - | 10,121,192,967 | - |
| Other receivables | **199,298,936** | **-** | **199,298,936** | - | 89,717,349 | - | 89,717,349 | - |
| | **30,720,403,152** | **2,260,412,578** | **22,475,942,864** | - | 21,279,093,134 | 1,954,419,674 | 18,803,868,282 | - |
| **Financial liabilities** | | | | | | | | |
| Bank overdrafts | **117,093,604** | **-** | **117,093,604** | - | 190,078,988 | - | 190,078,988 | - |
| Other financial liabilities due to customers | **12,922,613,142** | **-** | **14,621,841,626** | - | 9,736,479,471 | - | 8,668,599,113 | - |
| Debt issued and other borrowed funds | **11,938,669,697** | **-** | **11,431,129,970** | - | 7,344,571,776 | - | 7,213,666,730 | - |
| Lease liabilities | **247,795,869** | **-** | **347,535,249** | - | 198,186,189 | - | 198,186,189 | - |
| Trade & other payables | **1,377,011,335** | **-** | **1,377,011,335** | - | 910,496,781 | - | 910,496,781 | - |
| | **26,603,183,647** | **-** | **27,894,611,784** | - | 18,379,813,205 | - | 17,181,027,801 | - |

## 45. DIRECTORS RESPONSIBILITIES

The Board of Directors of the Company are responsible for the preparation and presentation of these financial statements.

# SUPPLEMENTARY INFORMATION


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# Horizontal Analysis

| Statement of Profit or Loss for the year ended 31 March | Percentage Change (%) | | | | | |
|---|---|---|---|---|---|---|
| | Current Year | | | | | Based Year |
| | 2026 Rs,000 | 2026 % | 2025 % | 2024 % | 2023 % | 2022 Rs,000 |
| Gross Income | **6,726,901** | **219%** | 78% | 37% | 12% | 2,106,329 |
| Interest Income | **5,746,776** | **194%** | 79% | 41% | 16% | 1,955,827 |
| Interest Expenses | **2,408,590** | **265%** | 166% | 163% | 174% | 660,299 |
| Net Interest Income | **3,338,186** | **158%** | 35% | -21% | -65% | 1,295,528 |
| Net Other Operating Income | **980,125** | **551%** | 70% | -20% | -31% | 150,502 |
| Total Operatng Income | **4,318,311** | **199%** | 38% | -21% | -61% | 1,446,030 |
| Impairment (Charge) / Reversal | **(1,028,469)** | **775%** | 131% | -244% | 55% | (117,544) |
| Operating Expenses | **1,791,188** | **138%** | 60% | 25% | 9% | 753,479 |
| Tax on Financial Services | **403,777** | **199%** | 47% | 14% | -100% | 134,988 |
| Profit before income tax | **1,094,877** | **149%** | -27% | -51% | -201% | 440,018 |
| Income Tax | **434,499** | **286%** | 22% | -6% | -301% | 112,521 |
| Profit after income tax | **660,378** | **102%** | -44% | -66% | -167% | 327,498 |

| Statement of Financial Position As at 31 March | Percentage Change (%) | | | | | |
|---|---|---|---|---|---|---|
| | Current Year | | | | | Based Year |
| | 2026 Rs,000 | 2026 % | 2025 % | 2024 % | 2023 % | 2022 Rs,000 |
| **Assets** | | | | | | |
| Cash and cash equivalents | **534,788** | **71%** | 108% | 7% | 9% | 312,049 |
| Investments | **1,689,274** | **143%** | 87% | 54% | 10% | 694,052 |
| Leases,loans and advances | **28,297,373** | **151%** | 71% | 17% | -18% | 11,287,520 |
| Other receivables | **199,299** | **150%** | 12% | 7% | -4% | 79,823 |
| Net deferred tax assets | **271,993** | **709%** | 195% | 374% | 684% | 33,633 |
| Investment property | **15,560** | **129%** | 174% | 174% | 174% | 6,800 |
| Right of use asset | **225,501** | **109%** | 70% | 68% | 21% | 107,833 |
| Intangible assets | **29,632** | **87%** | -69% | -38% | -9% | 15,863 |
| Property,plant and equipment | **231,875** | **180%** | 57% | 8% | 22% | 82,858 |
| **Total Assets** | **31,495,295** | **150%** | 72% | 20% | -13% | 12,620,432 |
| **Liabilities** | | | | | | |
| Bank overdraft | **117,094** | **144313%** | 234327% | 151887% | 109754% | 81 |
| Borrowings | **11,938,670** | **69%** | 4% | -33% | -59% | 7,077,781 |
| Deposits from customers | **12,922,613** | **595%** | 424% | 239% | 155% | 1,858,225 |
| Other payables | **1,682,594** | **216%** | 115% | 73% | -48% | 531,745 |
| Deferred tax liabilities | **449,361** | **-** | - | - | - | - |
| **Total Liabilities** | **27,110,331** | **186%** | 95% | 28% | -15% | 9,467,832 |
| **Equity** | | | | | | |
| Stated Capital | **2,869,560** | **21%** | 0% | 0% | 0% | 2,369,560 |
| Reserves | **1,515,404** | **94%** | 10% | -13% | -28% | 783,041 |
| **Total Equity** | **4,384,963** | **39%** | 2% | -3% | -7% | 3,152,601 |
| **Total Liabilities and Equity** | **31,495,295** | **150%** | 72% | 20% | -13% | 12,620,432 |

# Vertical Analysis

| Statement of Profit or Loss for the year ended 31 March | Percentage Change (%) | | | | |
|---|---|---|---|---|---|
| | 2026 | 2025 | 2024 | 2023 | 2022 |
| **Gross Income** | **100%** | 100% | 100% | 100% | 100% |
| Interest Income | **85%** | 93% | 96% | 96% | 93% |
| Interest Expenses | **36%** | 47% | 60% | 76% | 31% |
| Net Interest Income | **50%** | 46% | 35% | 19% | 62% |
| Net Other Operating Income | **15%** | 7% | 4% | 4% | 7% |
| Total Operatng Income | **64%** | 53% | 40% | 24% | 69% |
| Impairment (Charge)/ Reversal | **-15%** | -7% | 6% | -8% | -6% |
| Operating Expenses | **27%** | 32% | 33% | 35% | 36% |
| Tax on Financial Services | **6%** | 5% | 5% | 0% | 6% |
| Profit before income tax | **16%** | 9% | 7% | -19% | 21% |
| Income Tax | **6%** | 8% | 4% | -10% | 5% |
| Profit after income tax | **10%** | 11% | 4% | -9% | 16% |

| Statement of Financial Position As at 31 March | Percentage Change (%) | | | | |
|---|---|---|---|---|---|
| | 2026 | 2025 | 2024 | 2023 | 2022 |
| Cash and cash equivalents | **2%** | 3% | 2% | 3% | 2.5% |
| Investments | **5%** | 6% | 7% | 7% | 5.5% |
| Leases,loans and advances | **90%** | 89% | 87% | 84% | 89.4% |
| Other receivables | **1%** | 0% | 1% | 1% | 0.6% |
| Net deferred tax assets | **1%** | 0% | 1% | 2% | 0.3% |
| Investment property | **0%** | 0% | 0% | 0% | 0.0% |
| Right of use asset | **1%** | 1% | 1% | 1% | 0.9% |
| Intangible assets | **0%** | 0% | 0% | 0% | 0.1% |
| Property,plant and equipment | **1%** | 1% | 1% | 1% | 0.7% |
| **Total Assets** | **100%** | 100% | 100% | 100% | 100% |
| **Liabilities** | | | | | |
| Bank overdraft | **1%** | 1% | 1% | 1% | 0% |
| Borrowings | **55%** | 34% | 31% | 27% | 56% |
| Deposits from customers | **60%** | 45% | 42% | 43% | 15% |
| Other payables | **8%** | 5% | 6% | 3% | 4% |
| Deferred tax liabilities | **2%** | 0% | 0% | 0% | 0% |
| **Total Liabilities** | **125%** | 85% | 80% | 73% | 75% |
| **Equity** | | | | | |
| Stated Capital | **13%** | 11% | 16% | 22% | 19% |
| Reserves | **7%** | 4% | 4% | 5% | 6% |
| **Total Equity** | **15%** | 15% | 20% | 27% | 25% |
| **Total Liabilities and Equity** | **100%** | 100% | 100% | 100% | 100% |

# Interim Financial Statements

## Statement of Profit or Loss and Other Comprehensive Income

| For the three months ended | 1st Quarter<br>30 June 2025<br>Un-Audited<br>Rs. | 2nd Quarter<br>30 Sep 2025<br>Un-Audited<br>Rs. | 3rd Quarter<br>31 Dec 2025<br>Un-Audited<br>Rs. | 4th Quarter<br>31 March 2026<br>Un-Audited<br>Rs. |
|---|---|---|---|---|
| **Gross income** | 1,304,928,984 | 1,635,728,102 | 1,861,567,266 | 1,934,112,770 |
| Interest income | 1,134,097,214 | 1,373,748,072 | 1,603,244,104 | 1,645,122,606 |
| Interest expenses | (512,588,884) | (566,047,075) | (648,225,290) | (681,728,399) |
| **Net interest income** | 621,508,330 | 807,700,997 | 955,018,814 | 963,394,207 |
| Net fee and commission income | 165,382,187 | 249,884,956 | 252,377,983 | 282,636,189 |
| Other operating income | 5,449,583 | 12,095,074 | 5,945,179 | 6,353,975 |
| **Total operating income** | 792,340,100 | 1,069,681,027 | 1,213,341,976 | 1,252,384,371 |
| Impairment (charge)/ reversal on loans and receivables | (194,442,929) | (217,301,824) | (313,304,737) | (303,405,435) |
| **Net operating income** | 597,897,171 | 852,379,203 | 900,037,239 | 948,978,936 |
| **Operating expenses** | | | | |
| Personnel expenses | (203,280,385) | (245,978,636) | (249,186,881) | (268,339,531) |
| Premises, equipment and establishment expenses | (61,431,069) | (66,387,891) | (83,791,496) | (94,922,767) |
| Depreciation and amortisation charges | (13,314,744) | (15,271,422) | (16,666,152) | (17,854,887) |
| Other operating expenses | (75,108,325) | (103,857,611) | (123,816,296) | (152,300,688) |
| **Operating profit before taxes on financial services** | 244,762,648 | 420,883,643 | 426,576,414 | 415,561,063 |
| Tax on financial services | (75,836,222) | (110,855,263) | (110,283,241) | (109,830,176) |
| **Profit before income tax expense** | 168,926,426 | 310,028,380 | 316,293,173 | 305,730,887 |
| Income tax expense | (65,927,553) | (126,551,132) | (124,724,904) | (123,164,939) |
| **Profit for the period** | 102,998,873 | 183,477,248 | 191,568,269 | 182,565,948 |

**Statement of Financial Position**

| As at | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|---|---|---|---|
| | 30 June 2025 Un-Audited Rs. | 30 Sep 2025 Un-Audited Rs. | 31 Dec 2025 Un-Audited Rs. | 31 March 2026 Audited Rs. |
| **ASSETS** | | | | |
| Cash and cash equivalents | 600,247,131 | 674,595,546 | 531,766,234 | 534,788,125 |
| Financial investments at amortised cost | 1,254,261,936 | 1,222,612,831 | 1,335,696,155 | 1,688,942,657 |
| Financial assets measured at fair value through other comprehensive income | 331,000 | 331,000 | 331,000 | 331,000 |
| Financial assets at amortised cost- Lease receivables | 8,201,604,993 | 8,414,676,494 | 8,594,580,444 | 8,848,903,416 |
| Financial assets at amortised cost- Loans and advances | 13,662,148,976 | 16,778,389,874 | 18,570,668,377 | 19,448,470,018 |
| Other non financial assets | 165,115,123 | 165,407,063 | 160,846,649 | 199,298,936 |
| Investment property | 18,600,000 | 18,600,000 | 18,600,000 | 15,560,000 |
| Right of use assets | 172,745,317 | 250,850,389 | 240,735,182 | 225,501,410 |
| Property, plant and equipment | 140,675,886 | 170,156,163 | 171,834,006 | 231,874,869 |
| Intangible assets | 3,730,756 | 5,043,312 | 3,999,915 | 29,631,527 |
| Deferred tax asset | 123,655,144 | 153,295,025 | 180,607,775 | 271,992,834 |
| **Total assets** | 24,343,116,262 | 27,853,957,697 | 29,809,665,737 | 31,495,294,792 |
| **LIABILITIES** | | | | |
| Bank overdrafts | 51,195,201 | 173,232,785 | 145,622,349 | 117,093,604 |
| Financial liabilities at amortised cost- Due to customers | 10,443,505,386 | 10,975,057,445 | 11,555,595,528 | 12,922,613,142 |
| Financial liabilities at amortised cost- Debt issued and other borrowed funds | 9,051,062,789 | 11,269,618,947 | 12,250,950,345 | 11,938,669,697 |
| Lease liabilities | 187,067,749 | 265,990,729 | 259,902,413 | 247,795,869 |
| Other non financial liabilities | 1,117,659,122 | 1,416,421,709 | 1,050,364,833 | 1,377,011,335 |
| Current tax liabilities | 119,976,475 | 195,308,044 | 295,192,069 | 449,360,963 |
| Post employment benefit liability | 39,204,779 | 41,406,031 | 43,547,923 | 57,786,867 |
| **Total liabilities** | 21,009,671,501 | 24,337,035,689 | 25,601,175,460 | 27,110,331,477 |
| **EQUITY** | | | | |
| Stated capital | 2,369,559,710 | 2,369,559,710 | 2,369,559,710 | 2,869,559,710 |
| Share Issue Pending Allotment | | | 500,000,000 | - |
| Statutory reserve fund | 68,622,981 | 68,622,981 | 68,622,981 | 101,641,873 |
| Other reserves | 227,967,410 | 101,410,149 | - | - |
| Retained earnings | 667,294,660 | 977,329,168 | 1,270,307,586 | 1,413,761,732 |
| **Total equity** | 3,333,444,761 | 3,516,922,008 | 4,208,490,277 | 4,384,963,315 |
| **Total liabilities and equity** | 24,343,116,262 | 27,853,957,697 | 29,809,665,737 | 31,495,294,792 |

# Financial Statements in USD

Following Statement of Profit or Loss and Statement of Financial Position have been presented in USD purely for the information purpose of stakeholders.

**Statement of Profit or Loss and Other Comprehensive Income (USD)**

| For the Year Ended 31 March, | 2026 USD | 2025 USD |
|---|---|---|
| **Gross income** | **22,068,660** | 12,643,616 |
| Interest income | **18,853,205** | 11,780,903 |
| Interest expenses | **7,901,758** | (5,911,263) |
| **Net interest income** | **10,951,447** | 5,869,639 |
| Net fee and commission income | **3,117,548** | 753,863 |
| Other operating income | **97,907** | 108,850 |
| **Total operating income** | **14,166,902** | 6,732,353 |
| Impairment (charge)/reversal on loans and receivables | **3,374,055** | (914,721) |
| **Net operating income** | **10,792,847** | 5,817,632 |
| **Operating expenses** | | |
| Personnel expenses | **(3,171,692)** | (2,459,501) |
| Premises, equipment and establishment expenses | **(1,005,631)** | (767,698) |
| Depreciation and amortisation charges | **(207,033)** | (163,501) |
| Other operating expenses | **(1,491,920)** | (676,223) |
| **Operating profit before Taxes on financial services** | **4,916,571** | 1,750,709 |
| Tax on financial services | **(1,324,656)** | (669,108) |
| **profit before income tax expense** | **(3,591,915)** | 1,081,601 |
| Income tax expense | **(1,425,442)** | (462,092) |
| **profit for the year** | **2,166,474** | 619,510 |
| **Other comprehensive income / (expense)** | | |
| *Other comprehensive income not be reclassified to profit or loss in subsequent periods* | | |
| Actuarial gain / (loss) on employee benefits | **(27,466)** | (11,681) |
| Deferred tax effect on employee benefits | **8,240** | 3,504 |
| *Other comprehensive income not be reclassified to profit or loss in subsequent periods* | | |
| Fair value gain/ (loss) on treasury bond during the year | **-** | - |
| **Other comprehensive income for the year, net of tax** | **(19,226)** | (8,177) |
| **Total comprehensive (expense)/ income for the year** | **2,147,248** | 611,333 |
| **Earnings/ (loss) per share** | | |
| Basic / diluted earnings/ (loss) per share (USD) | **0.009** | 0.003 |

Note : Average exchange rate of USD was Rs. 304.82 during the FY 2025/26 (A common exchange rate of Rs. 297.00 was used for FY 2025/26)

**Statement of Financial Position (USD)**

| As at 31 March, | 2026 USD | 2025 USD |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | **1,696,712** | 2,181,733 |
| Financial investments at amortised cost | **5,358,475** | 4,359,040 |
| Financial assets measured at fair value through other comprehensive income | **1,050** | 1,114 |
| Financial asset at amortised cost-lease receivables | **28,074,743** | 27,566,452 |
| Financial asset at amortised cost-Loans and Advances | **61,703,780** | 37,237,475 |
| Other non financial assets | **632,312** | 302,079 |
| Investment property | **49,367** | 62,626 |
| Right of use assets | **715,444** | 616,323 |
| Property, plant and equipment | **735,665** | 438,502 |
| Intangible assets | **94,011** | 16,432 |
| Deferred tax asset | **862,946** | 333,913 |
| **Total assets** | **99,924,505** | 73,115,690 |
| **LIABILITIES** | | |
| Bank overdrafts | **371,501** | 639,997 |
| Financial liabilities at amortised cost-due to customers | **40,999,322** | 32,782,759 |
| Financial liabilities at amortised cost-Debt issued and other borrowed funds | **37,877,584** | 24,729,198 |
| Lease liabilities | **786,177** | 667,294 |
| Other non financial liabilities | **4,368,817** | 3,065,646 |
| Current tax liabilities | **1,425,679** | 231,337 |
| Post employee benefits liability | **183,339** | 122,538 |
| **Total liabilities** | **86,012,418** | 62,238,768 |
| **EQUITY** | | |
| Stated capital | **9,104,196** | 7,978,316 |
| Statutory reserve fund | **322,477** | 231,054 |
| Other reserves | **-** | 919,805 |
| Retained earnings | **4,485,414** | 1,747,748 |
| **Total equity** | **13,912,087** | 10,876,922 |
| **Total liabilities and equity** | **99,924,505** | 73,115,690 |
| **Contingent liabilities and commitments** | **532,171** | 74,074 |
| **Net assets per share( USD)** | **0.05** | 0.05 |

Note: Exchange rate of USD was Rs. 315.19 as at 31 March 2026 (A common exchange rate of Rs. 297.00 was used as at 31.03.2025)

Supplementary Information

# Interim Financial Statements in USD

Following Interim Financial Statements have been presented in USD purely for the information purpose of stakeholders.

### Statement of Profit or Loss and Other Comprehensive Income (USD)

| For the three months ended | 1st Quarter<br>30 June 2025<br>Un-Audited<br>USD | 2nd Quarter<br>30 Sep 2025<br>Un-Audited<br>USD | 3rd Quarter<br>31 Dec 2025<br>Un-Audited<br>USD | 4th Quarter<br>31 March 2026<br>Un-Audited<br>USD |
|---|---|---|---|---|
| **Gross income** | 4,356,302 | 5,409,025 | 6,078,935 | 6,217,447 |
| | - | - | - | - |
| | - | - | - | - |
| Interest income | 3,786,006 | 4,542,710 | 5,235,383 | 5,288,452 |
| Interest expenses | (1,711,198) | (1,871,804) | (2,116,775) | (2,191,501) |
| **Net interest income** | 2,074,808 | 2,670,905 | 3,118,607 | 3,096,951 |
| | - | - | - | - |
| Net fee and commission income | 552,103 | 826,320 | 824,139 | 908,569 |
| Other operating income | 18,193 | 39,996 | 19,414 | 20,426 |
| **Total operating income** | 2,645,104 | 3,537,221 | 3,962,160 | 4,025,946 |
| | - | - | - | - |
| Impairment (charge)/ reversal on loans and receivables | (649,117) | (718,574) | (1,023,094) | (975,335) |
| **Net operating income** | 1,995,986 | 2,818,647 | 2,939,065 | 3,050,611 |
| | - | - | - | - |
| **Operating expenses** | - | - | - | - |
| Personnel expenses | (678,620) | (813,402) | (813,718) | (862,611) |
| Premises, equipment and establishment expenses | (205,078) | (219,531) | (273,621) | (305,141) |
| Depreciation and amortisation charges | (44,449) | (50,500) | (54,423) | (57,397) |
| Other operating expenses | (250,737) | (343,436) | (404,321) | (489,590) |
| **Operating profit before taxes on financial services** | 817,102 | 1,391,778 | 1,392,982 | 1,335,873 |
| | - | - | - | - |
| Tax on financial services | (253,167) | (366,576) | (360,129) | (353,063) |
| **Profit before income tax expense** | 563,934 | 1,025,202 | 1,032,853 | 982,810 |
| Income tax expense | (220,089) | (418,479) | (407,288) | (395,929) |
| **Profit for the period** | 343,846 | 606,723 | 625,565 | 586,881 |

Note : Average exchange rate of USD for each quarter were Q1- Rs. 299.55, Q2 Rs. 302.41, Q3 - Rs. 306.23 and Q4- Rs. 311.08.

**Statement of Financial Position (USD)**

| As at | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|---|---|---|---|
| | 30 June 2025 Un-Audited USD | 30 Sep 2025 Un-Audited USD | 31 Dec 2025 Un-Audited USD | 31 March 2026 Audited USD |
| **ASSETS** | | | | |
| Cash and cash equivalents | 2,001,041 | 2,229,259 | 1,715,406 | 1,696,712 |
| Financial investments at amortised cost | 4,181,327 | 4,040,230 | 4,308,775 | 5,358,475 |
| Financial assets measured at fair value through other comprehensive income | 1,103 | 1,094 | 1,068 | 1,050 |
| Financial assets at amortised cost- Lease receivables | 27,341,654 | 27,807,028 | 27,724,954 | 28,074,743 |
| Financial assets at amortised cost- Loans and advances | 45,545,446 | 55,445,645 | 59,906,464 | 61,703,780 |
| Other non financial assets | 550,444 | 546,602 | 518,870 | 632,312 |
| Investment property | 62,007 | 61,465 | 60,001 | 49,367 |
| Right of use assets | 575,880 | 828,957 | 776,579 | 715,444 |
| Property, plant and equipment | 468,971 | 562,296 | 554,313 | 735,665 |
| Intangible assets | 12,437 | 16,666 | 12,903 | 94,011 |
| Deferred tax asset | 412,229 | 506,577 | 582,616 | 862,946 |
| **Total assets** | 81,152,539 | 92,045,819 | 96,161,949 | 99,924,505 |
| **LIABILITIES** | | | | |
| Bank overdrafts | 170,669 | 572,463 | 469,758 | 371,501 |
| Financial liabilities at amortised cost- Due to customers | 34,815,468 | 36,268,029 | 37,276,788 | 40,999,322 |
| Financial liabilities at amortised cost- Debt issued and other borrowed funds | 30,173,488 | 37,241,433 | 39,519,909 | 37,877,584 |
| Lease liabilities | 623,627 | 878,989 | 838,410 | 786,177 |
| Other non financial liabilities | 3,725,935 | 4,680,688 | 3,388,335 | 4,368,817 |
| Current tax liabilities | 399,965 | 645,412 | 952,250 | 1,425,679 |
| Post employment benefit liability | 130,697 | 136,830 | 140,480 | 183,339 |
| **Total liabilities** | 70,039,849 | 80,423,845 | 82,585,929 | 86,012,418 |
| **EQUITY** | | | | |
| Stated capital | 7,899,391 | 7,830,416 | 7,643,879 | 9,104,196 |
| Share Issue Pending Allotment | | | 1,612,932 | - |
| Statutory reserve fund | 228,768 | 226,771 | 221,368 | 322,477 |
| Other reserves | 759,974 | 335,119 | - | - |
| Retained earnings | 2,224,557 | 3,229,669 | 4,097,840 | 4,485,414 |
| **Total equity** | 11,112,690 | 11,621,974 | 13,576,020 | 13,912,087 |
| **Total liabilities and equity** | 81,152,539 | 92,045,819 | 96,161,949 | 99,924,505 |

Note : Exchange rate of USD for each quarter ended were Q1- Rs. 299.97, Q2 Rs. 302.61, Q3 - Rs. 309.99 and Q4- Rs. 315.19

# 10 Years Summary

| | 2026 LKR'000 | 2025 LKR'000 | 2024 LKR'000 | 2023 LKR'000 |
|---|---|---|---|---|
| **Operating Results** | | | | |
| Gross Income | **6,726,901** | 3,755,154 | 2,882,334 | 2,368,382 |
| Interest Income | **5,746,776** | 3,498,928 | 2,761,979 | 2,264,367 |
| Interest Expenses | **2,408,590** | 1,755,645 | 1,739,683 | 1,811,036 |
| Net Interest Income | **3,338,186** | 1,743,283 | 1,022,296 | 453,332 |
| Net Other Operating Income | **980,125** | 256,226 | 120,355 | 104,014 |
| Total Operatng Income | **4,318,311** | 1,999,509 | 1,142,651 | 557,346 |
| Impairment (Charge)/ Reversal | **(1,028,469)** | (271,672) | 168,833 | (182,571) |
| Operating Expenses | **1,791,188** | 1,207,876 | 941,719 | 819,511 |
| Tax on Financial Services | **403,777** | 198,725 | 154,360 | - |
| Profit Before Income Tax | **1,094,877** | 321,236 | 215,405 | (444,736) |
| Income Tax | **434,499** | 137,241 | 105,294 | (225,647) |
| Profit After Income Tax | **660,378** | 183,994 | 110,112 | (219,089) |
| **Financial Position** | | | | |
| **Assets** | | | | |
| Cash and cash equivalents | **534,788** | 647,975 | 333,164 | 341,259 |
| Investments | **1,689,274** | 1,294,966 | 1,068,670 | 763,029 |
| Leases,loans and advances | **28,297,373** | 19,246,766 | 13,175,790 | 9,269,294 |
| Other receivables | **199,299** | 89,717 | 85,098 | 76,388 |
| Net deferred tax assets | **271,993** | 99,172 | 159,344 | 263,570 |
| Investment property | **15,560** | 18,600 | 18,600 | 18,600 |
| Right of use asset | **225,501** | 183,048 | 180,713 | 130,273 |
| Intangible assets | **29,632** | 4,880 | 9,821 | 14,499 |
| Property,plant and equipment | **231,875** | 130,235 | 89,691 | 101,315 |
| **Total Assets** | **31,495,295** | 21,715,360 | 15,120,892 | 10,978,227 |
| **Liabilities** | | | | |
| Bank overdraft | **117,094** | 190,079 | 123,234 | 89,072 |
| Borrowings | **11,938,670** | 7,344,572 | 4,733,449 | 2,932,376 |
| Deposits from customers | **12,922,613** | 9,736,479 | 6,295,627 | 4,743,530 |
| Other payables | **2,131,955** | 1,213,784 | 919,701 | 279,141 |
| Deferred tax liabilities | **-** | - | - | - |
| **Total Liabilities** | **27,110,331** | 18,484,914 | 12,072,012 | 8,044,119 |
| **Equity** | | | | |
| Stated Capital | **2,869,560** | 2,369,560 | 2,369,560 | 2,369,560 |
| Reserves | **1,515,404** | 860,886 | 679,320 | 564,548 |
| **Total Equity** | **4,384,963** | 3,230,446 | 3,048,880 | 2,934,108 |
| **Total Liabilities and Equity** | **31,495,295** | 21,715,360 | 15,120,892 | 10,978,227 |
| **Financial Indicators** | | | | |
| Earning per share (Rs.) | **2.77** | 0.78 | 0.46 | -0.92 |
| Net assets per share (Rs.) | **15.28** | 13.63 | 12.87 | 12.38 |
| Return on shareholders' funds (%) | **17.34** | 5.86 | 3.68 | -7.20 |
| Return on average assets (%) | **2.48** | 1.00 | 0.84 | -1.86 |
| Net interest margin (%) | **12.67** | 9.70 | 8.42 | 4.12 |
| Cost to income ratio (%) | **41.48** | 60.41 | 82.42 | 147.04 |
| Gross non performing loan (%) | **8.36** | 8.63 | 11.24 | 11.21 |
| Net non performing loan (%) | **4.74** | 6.09 | 8.89 | 4.74 |
| Core Capital Ratios (%)- Minimum required 8.5% | **12.75** | 13.55 | 16.07 | 25.24 |
| Total Risk Weighted Capital Ratio (%)- Minimum required 12.5% | **16.81** | 18.32 | 16.07 | 25.24 |

| | 2022 LKR'000 | 2021 LKR'000 | 2020 LKR'000 | 2019 LKR'000 | 2018 LKR'000 | 2017 Rs'000 |
|---|---|---|---|---|---|---|
| | 2,106,329 | 1,625,409 | 1,970,881 | 1,649,056 | 1,244,630 | 979,627 |
| | 1,955,827 | 1,549,448 | 1,892,153 | 1,580,105 | 1,206,710 | 943,025 |
| | 660,299 | 510,691 | 772,623 | 675,008 | 489,619 | 430,092 |
| | 1,295,528 | 1,038,757 | 1,119,531 | 905,097 | 717,091 | 512,933 |
| | 150,502 | 75,962 | 78,728 | 68,951 | 37,920 | 36,602 |
| | 1,446,030 | 1,114,719 | 1,198,259 | 974,048 | 755,011 | 549,535 |
| | (117,544) | (236,407) | (612,166) | (225,661) | (241,608) | (102,608) |
| | 753,479 | 541,992 | 493,619 | 452,390 | 334,636 | 312,931 |
| | 134,988 | 85,525 | 62,438 | 87,943 | 35,962 | 24,750 |
| | 440,018 | 250,795 | 30,035 | 208,054 | 142,804 | 109,246 |
| | 112,521 | 56,480 | -2,037 | 91,721 | 22,967 | 6,896 |
| | 327,498 | 194,315 | 32,072 | 116,333 | 119,837 | 102,350 |
| | | | | | | |
| | 312,049 | 166,533 | 15,054 | 105,143 | 99,618 | 119,293 |
| | 694,052 | 238,579 | 332,587 | 306,841 | 420,195 | 363,277 |
| | 11,287,520 | 8,369,424 | 7,201,727 | 7,868,368 | 5,811,773 | 5,079,079 |
| | 79,823 | 45,509 | 70,175 | 56,500 | 28,745 | 28,652 |
| | 33,633 | - | - | - | - | 4,298 |
| | 6,800 | 6,800 | 6,800 | 6,800 | 23,200 | 23,200 |
| | 107,833 | 61,905 | 67,055 | - | - | - |
| | 15,863 | 17,953 | 22,396 | 23,341 | 27,294 | 34,683 |
| | 82,858 | 38,710 | 56,634 | 65,249 | 82,499 | 103,825 |
| | 12,620,432 | 8,945,412 | 7,772,428 | 8,432,243 | 6,493,325 | 5,756,308 |
| | | | | | | |
| | 81 | 125,464 | 515,678 | 417,736 | 432,227 | 442,745 |
| | 7,077,781 | 5,705,517 | 4,756,931 | 5,469,502 | 1,540,302 | 2,106,202 |
| | 1,858,225 | 455,374 | 187,012 | 533,090 | 2,694,597 | 1,540,732 |
| | 531,745 | 405,071 | 226,501 | 375,840 | 321,690 | 287,288 |
| | - | 19,358 | 47,496 | 63,996 | - | - |
| | 9,467,832 | 6,710,784 | 5,733,618 | 6,860,164 | 4,988,816 | 4,376,967 |
| | | | | | | |
| | 2,369,560 | 1,769,560 | 1,769,560 | 1,340,295 | 1,340,295 | 1,340,295 |
| | 783,041 | 465,068 | 269,251 | 231,784 | 164,215 | 39,047 |
| | 3,152,601 | 2,234,628 | 2,038,811 | 1,572,079 | 1,504,510 | 1,379,342 |
| | 12,620,432 | 8,945,412 | 7,772,429 | 8,432,243 | 6,493,326 | 5,756,309 |
| | | | | | | |
| | 1.80 | 1.10 | 0.21 | 0.87 | 0.89 | 0.76 |
| | 13.30 | 12.63 | 13.42 | 11.73 | 11.23 | 10.29 |
| | 12.16 | 9.09 | 2.10 | 7.41 | 8.31 | 7.70 |
| | 3.04 | 2.32 | 0.50 | 1.53 | 2.33 | 1.96 |
| | 12.58 | 12.87 | 13.70 | 12.60 | 12.29 | 8.90 |
| | 52.11 | 48.62 | 44.09 | 49.98 | 46.67 | 61.01 |
| | 6.50 | 9.80 | 21.26 | 7.71 | 5.74 | 7.10 |
| | 0.29 | 3.04 | 10.25 | 1.96 | 3.23 | 2.58 |
| | 23.63 | 23.10 | 23.00 | 17.00 | 25.00 | 26.00 |
| | | | | | | |
| | 23.51 | 22.90 | 23.00 | 17.00 | 25.00 | 26.00 |

# GRI Content Index

| | |
|---|---|
| Statement of use | Fintrex Finance PLC has reported in accordance with the GRI Standards for the period 01 April 2025 to 31 March 2026. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | No applicable GRI sector standards |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | About Fintrex Finance on page 8 | | | | |
| | 2-2 Entities included in the organization's sustainability reporting | Introduction to Our Integrated Annual Report on page 4 | | | | |
| | 2-3 Reporting period, frequency and contact point | Introduction to Our Integrated Annual Report on page 4,7 | | | | |
| | 2-4 Restatements of information | Introduction to Our Integrated Annual Report on page 5 | | | | |
| | 2-5 External assurance | Introduction to Our Integrated Annual Report on page 6<br>Independent Practitioner's Assurance Report on pages 178-179 | | | | |
| | 2-6 Activities, value chain and other business relationships | Introduction to Our Integrated Annual Report on page 5<br>Business Model on pages 46-47<br>Social and Relationship Capital on pages151-152 | | | | |
| | 2-7 Employees | Human Capital on page 126 | | | | |
| | 2-8 Workers who are not employees | Human Capital on page 130 | | | | |
| | 2-9 Governance structure and composition | Corporate Governance on pages 181-183 | | | | |
| | 2-10 Nomination and selection of the highest governance body | Corporate Governance on page 187 | | | | |
| | 2-11 Chair of the highest governance body | Corporate Governance on page 187 | | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Corporate Governance on page 187 | | | | |
| | 2-13 Delegation of responsibility for managing impacts | Corporate Governance on page 187 | | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | Introduction to Our Integrated Annual Report on page 7<br>Corporate Governance on page 189 | | | | |
| | 2-15 Conflicts of interest | Corporate Governance on page 189 | | | | |
| | 2-16 Communication of critical concerns | Corporate Governance on page 189 | | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| | 2-17 Collective knowledge of the highest governance body | Corporate Governance on pages 189-190 | | | | |
| | 2-18 Evaluation of the performance of the highest governance body | Corporate Governance on page 190 | | | | |
| | 2-19 Remuneration policies | Human Capital on page 135<br>Corporate Governance on page 185 | | | | |
| | 2-20 Process to determine remuneration | Human Capital on page 135<br>Corporate Governance on page 185 | | | | |
| | 2-21 Annual total compensation ratio | | 2-21 | Confidentiality constraints | Compensation details are not publicly disclosed due to confidentiality considerations | |
| | 2-22 Statement on sustainable development strategy | Chairman's Message on page 29 | | | | |
| | 2-23 Policy commitments | Corporate Governance on pages 190-191 | | | | |
| | 2-24 Embedding policy commitments | Corporate Governance on pages 190-191 | | | | |
| | 2-25 Processes to remediate negative impacts | Human Capital on page 139<br>Social and Relationship Capital on page 151 | | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | Human Capital on pages 139-140<br>Social and Relationship Capital on page 151 | | | | |
| | 2-27 Compliance with laws and regulations | Corporate Governance on page 190 | | | | |
| | 2-28 Membership associations | Intellectual Capital on page 121 | | | | |
| | 2-29 Approach to stakeholder engagement | Stakeholder Engagement on pages 58-63 | | | | |
| | 2-30 Collective bargaining agreements | Human Capital on page 137 | | | | |
| **Material topics** | | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Materiality on pages 64-65 | A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available. | | | |
| | 3-2 List of material topics | Materiality on pages 66-71 | | | | |
| **Economic performance** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |

# GRI Content Index

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Finance Capital on pages 103-104 | | | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Risk Management on pages 265-266 | | | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | Human Capital on page 135 | | | | |
| | 201-4 Financial assistance received from government | | 201-4 | Not applicable | FFL does not receive any financial assistance from the Government | |
| **Indirect economic impacts** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Our Socio-Economic Impact on page 11 | | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | Social and Relationship Capital on pages 154-157 | | | | |
| | 203-2 Significant indirect economic impacts | Our Socio-Economic Impact on pages 10-11 | | | | |
| **Procurement practices** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | Social and Relationship Capital on pages 152-153 | | | | |
| **Anti-corruption** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | Risk Management on pages 266-267 | | | | |
| **Tax** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 207: Tax 2019 | 207-1 Approach to tax | Finance Capital on pages 96-97 | | | | |
| | 207-2 Tax governance, control, and risk management | Finance Capital on pages 96-97 | | | | |
| | 207-3 Stakeholder engagement and management of concerns related to tax | Stakeholder Engagement on page 97 | | | | |
| | 207-4 Country-by-country reporting | | 207-4 | Not applicable | FFL Operates solely in Sri Lanka | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| **Energy** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Natural Capital on pages 162-163 | | | | |
| | 302-2 Energy consumption outside of the organization | | 302-2 | Not applicable | The company does not measure energy composition out side of the organization | |
| | 302-3 Energy intensity | Natural Capital on page 163 | | | | |
| | 302-4 Reduction of energy consumption | Natural Capital on pages 162-163 | | | | |
| | 302-5 Reductions in energy requirements of products and services | | 302-5 | Not applicable | Being a service organization, this does not apply to FFL | |
| **Water and effluents** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | | 303-1 | Not applicable | Interactions with water is minimal and is only limited to daily utility purpose | |
| | 303-2 Management of water discharge-related impacts | | 303-2 | Not applicable | Being a service organization, this does not apply to FFL | |
| | 303-5 Water consumption | Natural Capital on page 166 | | | | |
| **Waste** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Natural Capital on page 165 | | | | |
| | 306-2 Management of significant waste-related impacts | Natural Capital on page 72 | | | | |
| **Employment** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | Human Capital on pages 131-134 | | | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Human Capital on page 135 | | | | |
| | 401-3 Parental leave | Human Capital on pages 136-137 | | | | |

# GRI Content Index

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| **Occupational health and safety** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Human Capital on page 140 | | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Human Capital on page 140 | | | | |
| | 403-3 Occupational health services | Human Capital on page 140 | | | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Human Capital on page 140 | | | | |
| | 403-5 Worker training on occupational health and safety | Human Capital on page 140 | | | | |
| | 403-6 Promotion of worker health | Human Capital on page 140 | | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Human Capital on page 140 | | | | |
| | 403-8 Workers covered by an occupational health and safety management system | Human Capital on page 140 | | | | |
| | 403-9 Work-related injuries | Human Capital on page 140 | | | | |
| **Training and education** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Human Capital on page 136 | | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Human Capital on page 136 | | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Human Capital on page 134 | | | | |
| **Diversity and equal opportunity** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Human Capital on pages 128-129 Corporate Governance on pages 182-183 | | | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | Human Capital on page 131 | | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| **Non-discrimination** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Human Capital on page 130 | | | | |
| **Child labor** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | Human Capital on page 141 | | | | |
| **Forced or compulsory labor** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Human Capital on page 141 | | | | |
| **Local communities** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | Social and Relationship Capital on pages 154-157 | | | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | | 413-2 | Not applicable | No incidents reported | |
| **Marketing and labeling** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | Social and Relationship Capital on page 147 | | | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | Social and Relationship Capital on page 147 | | | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | Social and Relationship Capital on page 147 | | | | |
| **Customer privacy** | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Management of Material Topics on pages 72-78 | | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Social and Relationship Capital on page 150 | | | | |

# Disclosure on CA Sri Lanka Gender Parity Reporting

Fintrex Finance PLC is committed to promoting gender parity as an integral part of its ESG framework and Human Capital Strategy. We strive to maintain an inclusive workplace that provides equal opportunities, fair treatment, and respect for all employees regardless of gender. To enhance transparency and align with best practices, the Company has adopted the CA Sri Lanka Gender Parity Reporting Guidelines.

## 1. STRATEGIES AND GOALS FOR GENDER PARITY

### 1.1 Strategic Objectives

- Promote equal opportunities in recruitment, development, promotion, and retention.
- Increase female participation across the workforce.
- Enhance gender diversity within leadership and decision-making roles.
- Ensure fair and equitable remuneration and employee benefits.
- Foster a respectful, inclusive, and discrimination-free workplace culture.

### 1.2 Integration with ESG Strategy

Gender parity is embedded within our broader ESG framework through,

- Social sustainability initiatives that promote diversity and inclusion.
- Human capital development programmes that support employee growth and well-being.
- Long-term value creation strategies that recognize diversity as a driver of sustainable business success.

### 1.3 Future Focus Areas

- Increasing female representation in leadership and decision-making positions.
- Strengthening gender-related data collection, reporting, and disclosure practices.
- Expanding career development and leadership opportunities for women across the organization.

## 2. ENABLERS OF GENDER PARITY

| Area | Reference Page |
|---|---|
| 2.1 Policy Framework | Page 127 |
| 2.2 Diversity, Equity and Inclusion (DEI) | Page 128 |
| 2.3 Gender Pay Equity | Page 139 |
| 2.4 Prevention of Sexual Harassment | Page 125 |
| 2.5 Systems and Processes | Pages 134-135 |
| 2.6 Workplace Practices | Pages 134-135 |

## 3. GENDER COMPOSITION

| Area | Reference Page |
|---|---|
| 3.1 Workforce Composition | Page 127 |
| 3.2 Leadership and Governance | Pages 34 to 35 |
| 3.3 Recruitment | Page 132 |
| 3.4 Promotions | Page 135 |
| 3.5 Functional and Geographic Representation | Pages 132-135 |

## 4. GENDER GAP INDICATORS

| Area | Reference Page |
|---|---|
| 4.1 Pay Gap Analysis | Page 130 |
| 4.2 Training and Development | Page 136 |
| 4.3 Performance and Rewards | Page 135 |
| 4.4 Retention and Maternity Support | Page 137 |
| 4.5 Technical Role Representation | The IT department comprises five female employees. Engineering and production-related activities are not part of the company's operations. |

## 5. RESPONSIBLE BRAND

| Area | Reference Page |
|---|---|
| 5.1 Advertising and Communication | We are committed to ensuring that our advertising and promotional activities are free from gender bias. |
| 5.2 Supply Chain Practices | Although no specific gender parity programs were conducted during the year, the Company ensures equal opportunity and does not discriminate based on gender at any stage of recruitment or employment. |

# Glossary of Financial Terms

## A

### ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.

### ACCRUAL BASIS

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

### ACCRUAL GAIN/(LOSS)

Gain or loss arising from the difference between estimates and actual experience in a corporation's defined benefit pension plan obligations.

### AMORTIZATION

Gradual write-down of the cost of an intangible asset over its useful life.

### AMORTISED COST

Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or un- collectability.

### ASSET AND LIABILITY COMMITTEE (ALCO)

A management committee responsible for overseeing the Company's balance sheet structure, including liquidity, funding, capital adequacy, and interest rate risk. ALCO ensures that assets and liabilities are managed in a manner that supports profitability while maintaining acceptable risk levels.

### ASSET AND LIABILITY MANAGEMENT (ALM)

The process of managing assets and liabilities to ensure an appropriate balance between profitability, liquidity, and risk. ALM aims to minimize risks arising from mismatches in the maturity, interest rates, and cash flows of assets and liabilities.

### AVERAGE WEIGHTED PRIME LENDING RATE (AWPLR)

The weighted average interest rate charged by commercial banks on loans granted to their most creditworthy corporate customers. AWPLR is widely used as a benchmark indicator of lending rates in the financial market.

## B

### BORROWINGS

All interest-bearing liabilities.

### BORROWING COST

Interest and other costs that an entity incurs in connection with the borrowing of funds.

### BUSINESS CONTINUITY PLAN (BCP)

A documented framework of policies, procedures, and processes designed to ensure the continuation and recovery of critical business operations during and after a disruption, disaster, or other unforeseen event.

### BUSINESS LOAN

A credit facility provided to businesses for financing operational requirements, capital expenditure, business expansion, or other commercial purposes.

## C

### CAPITAL ADEQUACY RATIO

The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka developed by modifying international best practices on maintenance of capital for financial Institutions, to suit the local requirements.

### CAPITAL FUNDS

Shareholders' funds net of statutory reserves.

### CAPITAL FUNDS TO DEPOSIT LIABILITIES RATIO

The ratio of capital funds to total deposit liabilities. It measures the extent to which deposit obligations are supported by the institution's capital base and serves as an indicator of financial stability.

### CASH EQUIVALENTS

Highly liquid short-term investments which can be converted into cash immediately with original maturity periods of three month or less.

### CLIMATE RISK

The risk of financial and operational impacts arising from climate change, including physical risks such as extreme weather events and transition risks associated with regulatory changes, technological developments, and shifts in market preferences related to environmental sustainability.

### COLLECTIVE IMPAIRMENT PROVISION

Impairment which measured on a collective basis for homogeneous groups of loans that are not considered individually significant.

### COLLATERAL

An asset or security pledged by a borrower to support a credit facility. In the event of default, the lender may enforce or realize the collateral to recover outstanding amounts due under the facility.

### COMMITMENT

Credit facilities approved but not yet utilised by the clients as at the reporting date.

### COMPLIANCE RISK

The risk of legal, regulatory, financial, or reputational consequences arising from a failure to comply with applicable laws, regulations, industry standards, internal policies, or ethical requirements.

### CONTINGENCIES

A condition or situation existing at reporting date where the ultimate outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

### CORE CAPITAL RATIO

A measure of a financial institution's core capital strength, calculated by dividing Tier I Capital by risk-weighted assets. It indicates the institution's ability to absorb losses while continuing operations.

### CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and other.

### CORPORATE INCOME TAX

A direct tax levied on the taxable profits earned by a company during a financial year.

### COST TO INCOME RATIO

The operating expenses, excluding tax on financial services and impairment (charge)/reversal for loans and other losses, expressed as a percentage of total net operating Income.

### COST OF FUNDS

Interest expenses expressed as a percentage of average interest-bearing liabilities.

### COUPON RATE

The fixed or variable rate of interest payable on a bond or other debt security, expressed as a percentage of its face value. The coupon rate determines the periodic interest payments received by investors over the life of the instrument.

### CREDIT SCORING

A systematic method of evaluating the creditworthiness of a borrower using quantitative and qualitative information. Credit scoring assists lenders in assessing the likelihood of repayment and making informed credit decisions.

### CREDIT RATING

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

### CREDIT RISK

Credit risk is the potential loss arising from a borrower or counterparty failing to meet its obligations in accordance with the agreed terms.

### CROP INSURANCE LEVY (CIL)

A statutory levy imposed on all banks, finance companies, and insurance companies under the Finance Act No. 12 of 2013 to support the national crop insurance scheme. The levy is collected and remitted in accordance with applicable legislation and contributes to the protection of the agricultural sector against crop-related losses.

### CUSTOMER DEPOSITS

Money deposited by account holders and such funds are recorded as liabilities of the entity.

## D

### DAYS PAST DUE (DPD)

The number of days by which a scheduled loan or credit payment is overdue. DPD is commonly used to assess the repayment status of a loan and to monitor credit risk.

### DEBT

An obligation that requires one party, the debtor, to pay money or other agreed-upon value to another party, the creditor.

### DEBT SECURITIES

Financial instruments that represent a contractual obligation by the issuer to repay borrowed funds, together with interest, at specified dates. Examples include bonds, debentures, and other fixed-income instruments.

### DEBENTURE

A medium to long-term debt instrument issued by a company to raise funds from investors. Debentures may be secured or unsecured and generally provide investors with periodic interest payments and repayment of principal at maturity.

### DEFERRED TAX

The net tax effect on items which have been included in the income statement, that may become payable or receivable in a future period in respect of taxable temporary differences.

### DEPRECIATION

The systematic allocation of the depreciable amount of an asset over its useful life.

### DE RECOGNITION

Removal of a previously recognised financial asset or liability from an entity's Statement of Financial Position.

### DISCOUNT RATE

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

## E

### EARNINGS PER SHARE (EPS)

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

### ECONOMIC VALUE ADDED (EVA)

A measure of productivity which takes into consideration cost of total invested equity.

### EFFECTIVE INTEREST RATE (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

### EFFECTIVE TAX RATE

Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

### ELIGIBLE DEPOSITS

Customer Deposits inclusive of interest accrued after deducting for deposits balances of directors and KMPs.

### EQUITY

Shareholders' fund.

### EVENTS AFTER THE REPORTING PERIOD

Transactions that are not recognised as assets or liabilities in the Statement of Financial Position, but which give rise to the contingencies and commitments.

### EXPECTED CREDIT LOSSES (ECL)

ECL approach is the loan loss impairment method under SLFRS 9 on "Financial Instruments". ECLs are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). ECL measurements are unbiased and are determined by evaluating a range of possible outcomes.

### EXPOSURE

A claim, contingent claim or position which carries a risk of financial loss.

### EXPOSURE AT DEFAULT (EAD)

The estimated amount outstanding to a borrower at the time of default. EAD is a key component of the Expected Credit Loss (ECL) calculation under SLFRS 9 and represents the institution's potential credit exposure.

## F

### FAIR VALUE

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transactions.

### FINANCIAL ASSETS

Any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or contractual right to receive another financial asset from another entity.

### FINANCIAL ASSETS MEASURED AT AMORTISED COST

A financial asset is measured at amortised cost if 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.

### FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. Equity investments may be irrevocably classified as FVOCI when they meet the definition of Equity under LKAS 32 Financial Instruments: Presentation, and are not held for trading.

### FINANCIAL LIABILITY

A contractual obligation to deliver cash or another financial asset to another entity to exchange assets or financial liabilities with another entity

### FINANCIAL INSTRUMENT

Any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

### FINANCE LEASE

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

### FUNDING MIX

The total of shareholders' funds, customer deposits and borrowings from banks and other institutions

## G

### GLOBAL REPORTING INITIATIVE

GRI is a leading organisation in the sustainability filed. GRI promotes the use of sustainability reporting as a way for organisation to become more sustainable and contribute to sustainable development.

### GOING CONCERN

The Financial Statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future.

### GOLD LOAN

A secured loan granted against the pledge of gold jewellery or other eligible gold assets as collateral. The loan amount is generally determined based on the assessed value of the pledged gold.

### GROSS INCOME

The total income earned by the Company from all sources before deducting interest expenses, operating expenses, impairment charges, taxes, and other costs.

### GROSS NON PERFORMING ADVANCES

A loan placed on a cash basis (i.e, Interest Income is only recognized when cash is actually collected) after when six instalments or more are overdue, as there is reasonable doubt regarding the collectability of its instalments of capital and interest.

### GROSS NPA RATIO

The total of the non-performing loans and receivables and non-performing Lease Rentals Receivables expressed as a percentage of the total of average loans and receivables and average Lease Rentals Receivables portfolio.

### GROSS PORTFOLIO

The total of rental installments outstanding and the un-due capital receivable of the advances granted to customers under leasing, loans and other facilities

## H

### HIGH-YIELD BOND

A bond issued with a higher interest rate than conventional bonds to compensate investors for the increased credit risk associated with the issuer. High-yield bonds generally offer higher returns but carry a greater risk of default.

### HIRE PURCHASE

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

### HTM (HELD TO MATURITY)

Investments Non-derivative financial assets with fixed or determinable payments and a fixed maturity that an entity has the positive intention and ability to hold till maturity.

## I

### IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

### IMPAIRMENT ALLOWANCES

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective (portfolio).

### IMPAIRMENT CHARGE/REVERSAL

An increase/(decrease) of the difference between the carrying value of an asset and the sum of discounted future cash flows generating from the same asset compared to the previous reporting date.

### IMPAIRMENT COVERAGE RATIO

A measure of the adequacy of impairment provisions maintained against non-performing or impaired loans. It is generally calculated as impairment allowances expressed as a percentage of non-performing loans or advances.

### INTANGIBLE ASSET

An identifiable non-monetary asset without physical substance.

### INTEGRATED REPORTING

A methodology of reporting an organisation's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long-term in its economic, social and environmental context.

### INTEREST RATE RISK

The risk of adverse financial impacts arising from changes in market interest rates. Interest rate risk may affect a financial institution's earnings, asset values, funding costs, and net interest margin due to mismatches in the repricing of assets and liabilities.

### INTEREST SPREAD

This difference between the average interest rate earned on the interest earning assets and the average interest rate paid on the interest-bearing liabilities.

### INVESTMENT PROPERTY

Property held to earn rental income, for capital appreciation, or both, rather than for use in the production or supply of goods or services, administrative purposes, or sale in the ordinary course of business.

## K

### KEY MANAGEMENT PERSONNEL

People those who are having authority and responsibility for planning, directing and controlling the activities of the entity.

### KEY RISK INDICATOR (KRI)

A measurable metric used to monitor and provide early warning signals of increasing risk exposures. KRIs assist management in identifying potential risk events and taking timely corrective actions to maintain risks within acceptable limits.

## L

### LENDING PORTFOLIO

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

### LIFETIME EXPECTED CREDIT LOSSES (LTECL)

Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. According to SLFRS 9 on "Financial instruments", the ECL allowance should be based on LTECL unless there has been no significant increase in credit risk since origination.

### LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with banks and treasury bills & bonds.

### LIQUIDITY ASSETS RATIO

Liquid assets expressed as a percentage of deposits liabilities and eligible borrowings.

### LIQUIDITY RISK

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

### LIQUIDITY COVERAGE RATIO (LCR)

A regulatory measure that assesses whether an institution holds sufficient high-quality liquid assets to meet its expected net cash outflows over a specified stress period, typically 30 days. It is designed to promote short-term resilience to liquidity shocks.

### LIQUIDITY RATIO

A measure of an institution's ability to meet its short-term financial obligations using its available liquid assets. It indicates the adequacy of liquidity maintained to support normal business operations and unexpected cash outflows.

### LOANS AND RECEIVABLE

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those intends to sell immediately or in the near term and designated as fair value through profit or loss or available-for- sale on initial recognition.

### LOAN PORTFOLIO

The aggregate value of all loans granted and outstanding by a financial institution at a given point in time. The loan portfolio comprises various lending products and is monitored to assess asset quality, growth, diversification, and credit risk exposure.

### LOSS GIVEN DEFAULT (LGD)

LGD is the percentage of an exposure that a lender expects to lose in the event of obliger default.

## M

### MARKET RISK

The risk of losses arising from adverse movements in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, or other market factors that may affect the value of assets, liabilities, or earnings.

### MATERIALITY

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements

## N

### NET ASSETS PER SHARE

Shareholders fund divided by total number of ordinary shares in issue.

### NET INTEREST INCOME (NII)

The difference between incomes earned from interest earning assets and cost incurred on financial instrument/ facilities used for funding the interest earning assets.

### NET INTEREST MARGIN (NIM)

The margin is expressed as net interest income divided by average interest earning assets.

### NPL RATIO

Total non-performing loans as a percentage of the total lending portfolio.

### NET PORTFOLIO

The total of rental installments outstanding and the un-due capital receivable of the advances granted to customers under leasing, loans and other facilities net of impairment charge for loans and other losses.

### NON-PERFORMING ADVANCES

Rentals receivables in arrears equals to six rentals or more than six rentals have been categorised as non-performing.

## O

### OPERATIONAL RISK

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

## P

### PARENT

A parent is an entity which has one or more subsidiaries.

### PROVISION

Amounts set aside against possible losses on net receivable of facilities granted to customers, as a result of them becoming partly or wholly uncollectible.

### PROBABILITY OF DEFAULT (PD)

PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

### PROVISION COVER

Impairment charge for loans and other losses expressed as a percentage of the total of non-performing loans and lease receivables before discounting for allowance for impairment charge on non-performing loans and lease receivables.

### PUBLIC LIMITED COMPANY (PLC)

A company whose shares or debt securities may be offered to the public, subject to regulatory requirements. A Public Limited Company is governed by the Companies Act and is required to meet prescribed disclosure, governance, and reporting obligations.

## R

### RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

### REPURCHASE AGREEMENT (REPO)

A short-term investment or borrowing arrangement in which a security is sold with a commitment to repurchase it at a specified price on a future date. Repurchase agreements are commonly used for liquidity management and short-term financing purposes.

### RETURN ON AVERAGE ASSETS (ROA)

Profit after tax expressed as a percentage of the average assets.

### RETURN ON AVERAGE EQUITY (ROE)

Attributable profits divided by average shareholders' funds.

### RIGHT OF USE OF ASSETS (ROU)

An asset that represents a lessee's right to use an underlying asset for the lease term.

### RISK APPETITE STATEMENT (RAS)

A formal document that defines the nature and level of risk an institution is willing to accept in pursuit of its strategic objectives. The Risk Appetite Statement provides a framework for risk-taking decisions and guides risk management activities across the organization.

### RISK WEIGHTED ASSETS

The sum total of assets as per the Statement of Financial Position and the credit equivalent of assets that are not on the Statement of Financial Position multiplied by the relevant risk-weighted factors.

## S

### SCENARIO ANALYSIS

A process used to evaluate the potential effects of different hypothetical events or economic conditions on an institution's financial performance and risk profile. Scenario analysis supports strategic planning and risk management by assessing possible future outcomes.

### SECURITIZATION LOAN

A borrowing facility backed by a pool of financial assets, such as loans or lease receivables, which are packaged and used as security to raise funding from investors or financial institutions.

### SHAREHOLDERS' FUNDS

This consists of issued and fully paid up ordinary shares and other reserves.

### SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

According to SLFRS 9, an entity should assess whether the risk of default on a financial instrument has increased significantly since initial recognition. The assessment should consider reasonable and supportable information that is relevant and available without undue cost or effort. There is a rebuttable presumption in the Standard that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due.

### SME LOAN

A loan facility specifically designed to meet the financing needs of Small and Medium Enterprises (SMEs). SME loans are generally used for business expansion, asset acquisition, working capital requirements, and other business development activities.

### SOCIAL SECURITY CONTRIBUTION LEVY (SSCL)

A turnover-based tax imposed on specified businesses in Sri Lanka in accordance with the Social Security Contribution Levy Act, No. 25 of 2022.

### STANDING DEPOSIT FACILITY RATE (SDFR)

The interest rate at which licensed commercial banks and eligible financial institutions can place overnight deposits with the Central Bank of Sri Lanka. It serves as the lower bound of the policy interest rate corridor.

### STANDING LENDING FACILITY RATE (SLFR)

The interest rate at which licensed commercial banks and eligible financial institutions can obtain overnight funds from the Central Bank of Sri Lanka. It serves as the upper bound of the policy interest rate corridor.

### STATED CAPITAL

All amounts received by the Company or due and payable to the Company- (a) in respect of the issue of shares, (b) in respect of calls on shares.

### STATUTORY RESERVE FUND

A capital reserve created as per the provisions of Finance Companies (Capital Funds) Direction No. 1 of 2003.

### STRATEGIC RISK

The risk of losses or reduced performance resulting from inappropriate business strategies, ineffective implementation of strategic decisions, changes in the business environment, or an inability to respond effectively to emerging opportunities and threats.

### STRESS TESTING

A risk management technique used to assess the potential impact of adverse but plausible events on the financial condition, capital adequacy, liquidity, and profitability of an institution. Stress testing helps evaluate the institution's resilience under unfavorable economic or operational scenarios.

### SUBORDINATED DEBT

A form of borrowing that ranks below other senior liabilities in the event of liquidation or winding up of an institution. Holders of subordinated debt are repaid only after senior creditors have been fully settled.

## T

### TIER I CAPITAL

Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

### TIER II CAPITAL

Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term-debts.

### TRADE FINANCE

A range of financial products and services that facilitate domestic and international trade transactions by supporting the financing, payment, and risk mitigation needs of buyers and sellers.

## U

### USEFUL LIFE

The period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

## V

### VALUE ADDED TAX ON FINANCIAL SERVICES (VAT ON FS)

A tax imposed on the value addition attributable to financial services provided by banks, finance companies, and other financial institutions, in accordance with applicable tax legislation. VAT on Financial Services is calculated using a prescribed methodology and forms part of an institution's statutory tax obligations.

### VALUE ADDITION

Value of wealth created by providing leasing and other related services considering the cost of providing such services.

## W

### WORKING CAPITAL

Capital required to finance the day to day operations computed as the excess of current assets over current liabilities.

### WORKING CAPITAL LOAN

A short-term financing facility provided to support the day-to-day operational requirements of a business, such as inventory purchases, supplier payments, payroll expenses, and other routine working capital needs.

## Y

### YIELD TO MATURITY

Discount rate at which the present value of future cash flows would equals the security's current price.

# Fintrex Branch Network

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# Fintrex Anthem

මේ මුතු ඇටයේ අගය තවත් වැඩි කරනා,
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ෆින්ට්‍රෙක්ස් දරු කැල ඉදිරියටම පියනගනා,

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නාම් මුන්නෝක්කියේ සෙල්වෝම්

නව මාවත් හෙලි කරලා මහා පවුරු බැඳ ජයෙන් ජයම ලැබ
ජයටැඹ මුදුනේ ලෙලදෙන ධජයේ අභිමානය මතු රකිනා
ෆින්ට්‍රෙක්ස් දරු කැල ඉදිරියටම පියනගනා

ෆින්ට්‍රෙක්ස් පිල්ලයිගල්
නාම් මුන්නෝක්කියේ සෙල්වෝම්
එකා ලෙසින් එක්වී සිතින් සිතට යාවී
සදමු සදමු අපි සදමු සදමු අපි අපේම අපේම අනාගතේ

Together let's keep on moving...
Lifting each other ... reaching higher higher higher ...
Building the greatest place for all

නාම් එල්ලෝරුම් ඔන්රායි සේර්න්දූ
ඔරු මනදෙඩු ඉනෙන්දූ
නාම් සෙයිවෝම් නාම් සෙයිවෝම්
නාම් අනෙවරිනදූම් එදිරිකාලම්

යමු යමු ඉදිරියටම යමු යමු යමු නොසැලී අපි යමු
යමු යමු ඉදිරියටම යමු යමු යමු නොසැලී අපි යමු
මේ මුතු ඇටයේ අගය තවත් වැඩි කරනා
රටට හෙටක් සැමට සෙතක් ගැන හිතනා
ෆින්ට්‍රෙක්ස් පරපුර අපිවෙමු රටේ අනාගතේ අපේ අනාගතේ ගොඩනගනා

ෆින්ටෙක්ස් තලයි මුරයි නාමාවෝම්
ෆින්ටෙක්ස් තලයි මුරයි වෙල්වෝම්
ෆින්ට්‍රෙක්ස් පරපුර අපිවෙමු ෆින්ට්‍රෙක්ස් පරපුර ජයගමු

පදපෙළ - නන්දන වික්‍රමගේ
තනුව/සංගීතය - ප්‍රනීත් පෙරේරා
ගායනය - ප්‍රනීත් පෙරේරා/අරුන් ජෙරමි/රෝයි ජැක්සන්/ඩිලාන් ඉරුගල්බණ්ඩාර/ඉමේෂා පෙරේරා

# Notice of Meeting

**FINTREX FINANCE PLC**
Company Registration No. PQ 00325810
No.851, Dr Danister De Silva Mawatha, Colombo 14

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Fintrex Finance PLC will be held on 24th August 2026 at 10.00 a.m. on a virtual platform centered at No.851, Dr. Dannister De Silva Mawatha, Colombo 14 for the following purposes:

**AGENDA**

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2026 together with the Report of the Auditors thereon.
2. To declare a final dividend of Rs. 0.23 per share for the year ended 31st March 2026, as recommended by the Board of Directors.
3. To re-elect Mr. A D Gunawardena as a Director in terms of Article 99 of the Articles of Association of the Company.
4. To re-elect Mr. S Nagpal as a Director in terms of Article 99 of the Articles of Association of the Company.
5. To elect Mr. D G Perera as a Director in terms of Article 103 of the Articles of Association of the Company.
6. To elect Mrs. N S Kalansooriya as a Director in terms of Article 103 of the Articles of Association of the Company.
7. To elect Mr. R P U P Gunawardena as a Director in terms of Article 103 of the Articles of Association of the Company.
8. To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company and to authorize the Directors to determine their remuneration.
9. To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By Order of the Board
FINTREX FINANCE PLC



**Company Secretary**
31st July 2026

Notes:

1. A shareholder entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote on behalf of him/her.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be forwarded to the Company Secretary by email to christeenw@fintrexfinance.com or should be deposited at the Registered Office: No.851, Dr Danister Silva Mawatha, Colombo 14, 48 hours before the date of the Annual General Meeting.
5. The Annual Report of the Company for 2025/26 is available on the corporate website www.fintrexfinance.com and on the Colombo Stock Exchange website - www.cse.lk

**Supplementary Information**

# Form of Proxy

I/We* .....

of .....

.....being a shareholder / shareholders* of FINTREX FINANCE PLC hereby appoint

..... of

.....or failing him/her*

| | |
|---|---|
| Mr. Ajit Damon Gunewardene | or failing him* |
| Mr. Shantanu Nagpal | or failing him* |
| Mr. Ahamed Sabry Ibrahim | or failing him* |
| Mr. Shrihan Blaise Perera | or failing him* |
| Mr. Seminda Nilam Jayasinghe | or failing him* |
| Mr. J.F. Rovindra De Fonseka | or failing him* |
| Mr. Indrajit Asela Wickramasinghe | or failing him* |
| Mr. Darshan Gayathral Perera | or failing him* |
| Mrs. Nirodha Supekshalie Kalansooriya | or failing her* |
| Mr. Rajapaksa Pathiranage Udesh Priyadarshana Gunawardena | |

as my/our* Proxy to represent me/us* to speak and to vote on my/our* behalf at the Annual General Meeting of the Company to be held on the 24th August 2026 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

| | | FOR | AGAINST |
|---|---|---|---|
| 1) | To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2026 together with the Report of the Auditors thereon. | | |
| 2) | To declare a final dividend of Rs. 0.23 per share for the year ended 31st March 2026, as recommended by the Board of Directors. | | |
| 3) | To re-elect Mr. A D Gunawardena as a Director in terms of Article 99 of the Articles of Association of the Company. | | |
| 4) | To re-elect Mr. S Nagpal as a Director in terms of Article 99 of the Articles of Association of the Company. As the director | | |
| 5) | To elect Mr. D G Perera as a Director in terms of Article 103 of the Articles of Association of the Company. | | |
| 6) | To elect Mrs. N S Kalansooriya as a Director in terms of Article 103 of the Articles of Association of the Company. | | |
| 7) | To elect Mr. R P U P Gunawardena as a Director in terms of Article 103 of the Articles of Association of the Company. | | |
| 8) | To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company and to authorize the Directors to determine their remuneration. | | |
| 9) | To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting. | | |

In witness my/our hands this ..... day of ..... Two Thousand and Twenty-Six.

.....
Signature

Notes :
* Please delete what is inapplicable.

**INSTRUCTIONS FOR COMPLETION**

1. Kindly perfect the Form of Proxy by filling in legibly the full name, address and the National Identity Card / Company Registration number and by signing in the space provided and filling in the date of signature.

2. The completed Form of Proxy must be forwarded to the Company Secretary by email to christeenw@fintrexfinance.com or should be deposited at the Registered Office, No.851, Dr Danister De Silva Mawatha, Colombo 14, 48 hours before the date of Annual General Meeting.

3. If you wish to appoint a person other than the Chairman or a Director of the Company as your proxy, please insert the relevant details at the space provided (above the names of the Board of Directors) on the Proxy Form.

4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.

5. In the case of a Company/ Corporation, the Proxy must be executed in accordance with the Articles of Association/Statute

# Corporate Information

**Name of the Company**
Fintrex Finance PLC

**Legal Form of the Company**
Incorporated as a limited liability company under the companies Act No.07 of 2007 and Registered under the Finance Business Act No 42 of 2011 and the Finance leasing Act No. 56 of 2000. The company was quoted on the Colombo Stock Exchange on 11th March 2025 and changed its legal status to Public Limited Company.

**Business Registration No**
PQ 00325810
(Former Business Registration No. PB 878)

**Date of Incorporation**
29th March 2007

**Date of Status Change**
Legal status of the Company has been changed to "Public Limited Company (PLC) on 26th March 2025

**Stock Exchange Listing**
Unsecured subordinated Redeemable High Yield Bonds of the company are listed on the Colombo stock Exchange on 11th March 2025

**Financial Year End**
31st March

**Registered office:**
No 851, Dr. Danister De Silva Mawatha (Baseline Road), Colombo 14

**Telephone:**
+94 11 7977977

**Hotline:**
+94-11-7200100

**Email:**
info@fintrexfinance.com

**No of Branches:**
17

**Directorate**
**Mr. Ajit Damon Gunewardene**
*Chairman (Non-Independent Non – Executive)*
**Mr. James Ronnie Felitus Peiris -** *Retired w.e.f.29.06.2026*
*(Non-Independent Non-Executive)*
**Mr. Shantanu Nagpal**
*(Non-Independent Non-Executive)*
**Mr. Ahamed Sabry Ibrahim**
*(Independent Non Executive Senior Director)*
**Mr. Shrihan Blaise Perera**
*(Non Independent Non-Executive)*
**Mr. Seminda Nilam Jayasinghe**
*(Independent Non-Executive)*
**Mr. Jayashanta Francis Rovindra De Fonseka**
*(Independent Non-Executive)*
**Mr. Indrajit Asela Wickramasinghe**
*(Non-Independent Non – Executive)*
**Mr. Darshan Gayathral Perera**
*(Independent Non-Executive)*
**Mrs.Nirodha Kalansooriya** - *Appointed w.e.f.18.06.2026*
*(Independent Non - Executive)*
**Mr.Udesh Gunawardena** - Appointed w.e.f.24.07.2026
*(Independent Non - Executive)*

**Board Sub committees operating :**
- Board of Audit Committee
- Board Human Resources and Remuneration Committee
- Board Integrated Risk Management Committee
- Board Nominations and Governance Committee
- Board of Credit Committee
- Related Party Transaction Review Committee

**Company Secretary** :
Mrs. Christeen Wickramanayake

**External Auditor**
Ernst and Young, Chartered Accountants, Rotunda Towers, No 109, Galle Road, P.O.Box 101. Colombo 03, Sri Lanka

**Legal Advisers:**
Shiranthi Gunawardena Associates
No 22/1, Elliot Place, Colombo 08

Paul Rathnayake Associates.
No 59, Gregory's Road, Colombo 07

**Tax Identification Number** :
114014125

**Bankers**:
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon
People's Bank
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
Sampath Bank PLC
Cargills Bank PLC
National Development Bank PLC
Seylan Bank PLC
Union Bank of Colombo PLC
DFCC Bank PLC
Sanasa Development Bank PLC

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**Fintrex Finance PLC**
No. 851, Dr. Danister De Silva Mawatha (Baseline Road), Colombo 14, Sri Lanka.
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E-mail: info@fintrexfinance.com | Website: www.fintrexfinance.com