



First Capital  
A Janashakthi Group Company



**A Habit of  
Mastery**







# A Habit of Mastery

At First Capital Treasuries, masterful performance is not a one-time achievement, it is how we work, every day. In a market shaped by volatility and opportunity, we rely on robust research, strong internal alignment, and a methodical decision-making process to deliver enduring value.

Our teams demonstrate an exceptional ability to anticipate shifts and manage client portfolios with care and foresight.

This mastery extends beyond strategy. It is embedded in risk management, client service, regulatory compliance, and every part of our execution model. Each element works in harmony to ensure we protect stakeholder value while capitalising on emerging opportunities.

As we continue to deliver strong financial results and receive consistent recognition and awards, we reaffirm our belief that mastery is not a destination. It is a habit. One that defines our approach, year after year.



**First Capital**  
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# ABOUT OUR INTEGRATED REPORT



## OUR APPROACH TO REPORTING AND REPORTING SUITE

At First Capital Treasuries PLC (FCT, First Capital Treasuries or the Company), our approach to reporting is anchored in the principles of Transparency, Accountability, Governance, and Sustainability (TAGS). These principles shape how we structure disclosures, assess materiality and communicate performance in a manner that is clear, connected and aligned with our role as a licensed non-bank primary dealer.



Our TAGS-embedded reporting suite is tailored to provide both regulatory compliance and stakeholder relevance, spanning financial, governance, and ESG disclosures that reflect the nature of our trading and capital markets business.

### T TRANSPARENCY

We ensure open and timely disclosures across financial and operational performance.

Our reports adopt globally recognised frameworks—such as GRI, SASB, SLFRS, and the <IR> Framework and focus on outcome-driven metrics.

This includes mechanisms to integrate market feedback and stakeholder input into how we define and communicate value.

### A CCOUNTABILITY

FCT maintains a governance structure with defined accountability across executive and operational lines.

Our internal controls include performance-based appraisal, ethical conduct enforcement and structured consequence management.

These practices support trust, compliance and alignment with CBSL, SEC and market expectations..

### G OVERNANCE

Our governance disclosures reflect Board independence and alignment with the several governance principles of the Code of Best Practice on Corporate Governance.

### S USTAINABILITY

As a capital markets participant, our sustainability focus is built around responsible intermediation, regulatory compliance and financial market integrity.

We have initiated alignment with the UN SDGs and SASB financial sector standards, and continue to evolve our ESG risk management and disclosures, in line with emerging SLFRS S1 and S2 requirements.

Our materiality reflects a double materiality lens.





## CONNECTING PRINCIPLES TO PRACTICE

TAGS pillars are embedded directly into how we structure our reporting outputs. Each element of our reporting suite is designed to serve a specific purpose, with content mapped to internationally recognised frameworks and aligned with stakeholder priorities. Through this structured suite, First Capital Treasuries ensures that our disclosures provide a holistic, transparent and comparable view of our strategy, performance, risks, governance and sustainability commitments.

REPORT	PURPOSE	TAGS PRINCIPLE(S)	PAGE REFERENCE
Integrated Annual Report	Strategic overview of performance, business model, ESG progress stakeholder engagement and value creation.	Transparency, Accountability, Sustainability	4 to 112
Financial Statements	Detailed financial results prepared in line with SLFRS and statutory requirements.	Transparency, Governance	247 to 302
Governance Report	Disclosures on Board effectiveness, committee structures, governance outcomes and oversight functions.	Governance, Accountability	142 to 222
Risk Management Report	Outline of risk governance, material risk exposures, and mitigatory strategies.	Governance, Accountability	113 to 129
Sustainability Disclosures	ESG commitments, climate transition alignment, UN SDG integration and stakeholder impact.	Sustainability, Transparency	130 to 140
GRI and SASB Indexes	Provides disclosures with global sustainability frameworks and cross reference. A SASB compliance status is provided for further transparency.	Transparency, Sustainability	325 & 140
Transparency Checklist	Benchmarked disclosures based on Transparency International Sri Lanka's principles.	Transparency, Sustainability	223 to 225

## NAVIGATING OUR REPORT

### THE CAPITALS



Financial Capital



Human Capital



Social & Relationship Capital



Intellectual Capital



Manufactured Capital



Natural Capital

### STAKEHOLDERS



Customers



Employees



Investors



Business Partners



Government and Regulators



Local Communities



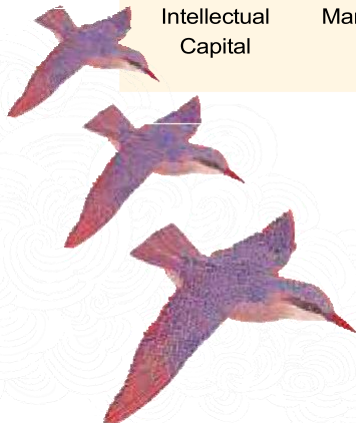
Providers of Financial Capital



Rating Agencies & Analysts



Suppliers



Chatbot Assistance on Querries



Sinhala and Tamil version of the Audited Financial Statements (summarized) are available on our website



## About our Integrated Report

### KEY FRAMEWORKS CONSIDERED AND APPLIED IN THE REPORTING SUITE

To satisfy various compliance reporting requirements, various corporate reporting and regulatory frameworks and guides are considered when preparing the reports in our reporting suite.

A comprehensive list of frameworks is set out on page 8.

A summary of key terms used in this report is provided on pages 334 to 338.

### REPORTING DEVELOPMENTS

We are aware of the developments in corporate sustainability reporting, particularly the SLFRS sustainability disclosure standards, effective 01 January 2025 in the local context to meet the growing capital market demand for information on how sustainability-related matters impact enterprise value and how these impacts are being managed. We are considering the sustainability-related (SLFRS S1) and climate change-related (SLFRS S2) standards and the impact of these on the Company.

The Company includes social, economic and environmental considerations in its strategy, financial and risk management processes. Our sustainability disclosures focus on material information regarding the Company's physical and transition climate-related risks, together with information on how we plan to optimise climate related opportunities.

### AVAILABILITY

All our annual reports, latest results, and corporate announcements are available on the website of First Capital Treasuries PLC and Colombo Stock Exchange.

### NOTICE TO SHAREHOLDERS

The invitation to the Annual General Meeting (AGM) and notice of resolutions to be tabled at the AGM are sent to shareholders annexed hereto.

### ABOUT OUR INTEGRATED REPORT

As a standalone non-bank primary dealer listed on the Colombo Stock Exchange, First Capital Treasuries PLC plays a critical role in Sri Lanka's capital market ecosystem. This Integrated Annual Report for the financial year ended 31 March 2025 (Annual Report) has been prepared in accordance with the principles of the International <IR> Framework.

### PURPOSE AND AUDIENCE

This Annual Report seeks to articulate the Company's value creation story in an environment of heightened stakeholder expectations, regulatory evolution and economic transformation. It explains how the Company uses its available resources to achieve its strategic priorities and measure progress against financial and non-financial targets while creating, preserving and mitigating value erosion.

The Annual Report provides a holistic, balanced view of our performance, strategy, governance and outlook. This report is primarily intended for providers of financial capital but is available to all our stakeholders.

### SCOPE AND BOUNDARY

This report covers the operations and activities of First Capital Treasuries PLC for the period 1 April 2024 to 31 March 2025. It integrates both financial and non-financial performance, including strategy execution, governance practices, capital deployment and stakeholder outcomes.

### INTEGRATED THINKING AND CAPITAL CONNECTIVITY

FCT recognizes that value creation stems from the effective use, transformation and interdependence of multiple capitals – primarily Financial, Intellectual, Human, and Social & Relationship Capital, with limited reliance on Manufactured and Natural Capital given the nature of our operations.

Our business model reflects how these capitals are deployed and preserved through disciplined balance sheet management, regulatory compliance and stakeholder trust. Trade-offs between liquidity, risk appetite and earnings quality are actively managed across short and long-term horizons.

Our reporting is structured according to the principles of the <IR> Framework, ensuring that our disclosures communicate performance and prospects in a clear, connected and stakeholder-relevant manner.





## FCT ALIGNMENT WITH <IR> PRINCIPLES

<IR> Principle	FCT Application
Stakeholder Relationships	Our materiality process and governance model reflect structured engagement with multiple stakeholders. Insights inform funding strategies, capital allocation, ESG integration and risk governance enhancements.
Materiality	Material Matters are assessed through a double materiality lens, considering both the financial implications for FCT and the wider economic, regulatory, and market impacts on stakeholders. This includes risks and opportunities that affect capital preservation, trading integrity and market confidence. Identified matters are mapped across our capitals and directly inform strategy, risk management and stakeholder responses.
Conciseness	Reporting is thematically structured and visually streamlined, using cross-references and summaries to minimise redundancy while maintaining depth.
Reliability and Completeness	Assurance has been provided on both financial and selected non-financial disclosures. Board sign-off and governance oversight reinforce the integrity and completeness of the report.
Consistency and Comparability	Reporting frameworks (GRI, SASB, SLFRS and <IR>) are applied consistently. Key metrics include multi-year comparatives and are benchmarked against peer performance where relevant.

## MATERIALITY

Our understanding of materiality is grounded in the principle of double materiality. It is especially relevant given FCT's role as a standalone primary dealer, where intermediation in sovereign securities markets links financial performance with systemic stability and stakeholder trust.



These insights are integrated into strategic planning and reviewed and approved by the Board.

The Material Matters section (pages 40 to 48) outlines the prioritisation process and alignment with business strategy and stakeholder interests.

### STAKEHOLDER ENGAGEMENT AND RESPONSIVENESS

We continue to refine how we engage and respond to our stakeholders. We report a stakeholder insight matrix aligned to our materiality framework, allowing

us to link: Stakeholder category, engagement channel, concerns/ interest and strategic or operational response.

#### Key engagements included:

- Investor briefings and ratings analyst meetings following strategic and regulatory updates
- Staff engagement through focus groups and agile team retrospectives
- ESG and compliance engagements with external consultants

- Operational collaborations with vendors and market infrastructure partners
- Community engagement through sponsorships and communal initiatives

Insights from these and other touchpoints directly informed content selection and narrative structure in this report.

# About our Integrated Report

## KEY REPORTING FRAMEWORKS

For FY2025, the following assurance scope was applied across key reporting frameworks:

Component	Reporting Framework	Internal Assurance	External Assurance
Financial	Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRSs) Companies Act No. 7 of 2007 (as amended) Inland Revenue Act No. 24 of 2017 (as amended) Listing Rules of the Colombo Stock Exchange (CSE) Relevant directions/ circulars issued on reporting format by the Central Bank of Sri Lanka (CBSL)	Internal Control Assurance by M/s Ernst & Young, Chartered Accountants Internal controls  Reporting to the Board Audit Committee and the Board of Directors	Independent Auditors Report by M/s KPMG, Chartered Accountants
Narrative	International <IR> Framework of the International Integrated Reporting Council "Guideline for presentation of Annual Reports" issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) "Non- Financial Reporting Guideline" issued by CA Sri Lanka	Review by the Board of Directors	Assurance on Integrated Reporting by M/s KPMG, Chartered Accountants
Sustainability	GRI Universal Standards Gender Parity Reporting Framework of CA Sri Lanka Guide on communicating sustainability issued by the CSE SLFRS S1 and S2 for emerging climate-related disclosures United Nations (UN) Sustainable Development Goals (SDGs) Principles of the UN Global Compact Transparency disclosure checklist issued by Transparency International Sri Lanka	Assessment of non-financial information by the Annual Report Steering Committee, an executive committee with oversight on reporting excellence	Assurance on Sustainability Reporting by M/s KPMG, Chartered Accountants
	Sustainability Accounting Standards Board's Sustainability Accounting Standard for the Investment Banking Sector	Review by the Risk and Compliance division with compliance status guided by a gap analysis conducted by M/s KPMG	N/A
Corporate Governance	Listing Rules of the CSE (CSE Listing Rules) Code of Best Practice on Corporate Governance issued by CA Sri Lanka 2023 (the Code)	Governance framework and statutory and regulatory compliance review by the Risk and Compliance division	N/A
Risk Management			

## PROCESS AND OVERSIGHT

This report was developed through a multi-disciplinary project team under the guidance of the Annual Report Steering Committee, drawing on internal and external feedback and validation by the Board of Directors.

### Preparing

- Cross-Functional Project Team: A multidisciplinary team from finance, risk, compliance, research, and branding-supported by internal and external advisors-drives comprehensive data collection and content development.
- This management committee ensures robust controls and processes are applied from data gathering through to final approval and publication.

- Insights from executives and senior management are actively incorporated by the project team to inform strategic content and narrative development.

### Reviewing

- The Risk and Compliance Division identifies material issues using an enterprise risk lens, operating context, and stakeholder input. These are validated and finalised by the Annual Report Steering Committee.
- Financial and non-financial data are sourced from internal and external channels, with input from the Board, CEO, and senior management to ensure accuracy and strategic alignment.

- The report undergoes multiple review cycles-by the project team, senior management, and finally the Board-with oversight throughout by the Annual Report Steering Committee to ensure consistency and completeness.

- A combined assurance model is adopted, with both internal review and external assurance by Messrs. KPMG on the financial statements and related disclosures.

### Approving

- The Audit Committee reviews and recommends the Annual Report before it is submitted to the Board. The Board of Directors collectively reviews and approves the report.





## REPORTING INNOVATIONS AND ENHANCEMENTS

### BENCHMARKED REPORTING

FCT reinforces transparent, accountable reporting by expanding disclosures across strategic, financial, and ESG domains.

**Integrated <IR> Framework** applied in the second consecutive year, with improved articulation of value creation across six capitals.

**Expanded double materiality disclosure**, clearly distinguishing impact and financial materiality and linking to capitals, UNs and risk themes.

**Stakeholder Insight Matrix** connects engagement feedback to strategic response and outcomes.

**Sustainability-related transitional disclosures** initiated in alignment with SLFRS S1 and S2, with context on readiness and transition timelines.

**Comprehensive assurance coverage** with clear scope for financial, sustainability and narrative elements; aligned to GRI, SASB and CA Sri Lanka guidance.

**Process transparency established** through detailed disclosures on Board oversight and cross-functional development of the Annual Report

#### TRANSPARENCY

FCT embeds accountability into performance, decision-making and governance structures at every level.

**KPI-linked performance measurement** across businesses, integrating financial, operational and ESG metrics.

**Strategic themes and scorecard tracking** introduced with value creation, preservation or erosion explicitly assessed.

**Reporting of risk management** deepened with comprehensive disclosure of framework and philosophy and improved risk appetite articulation.

**Material Matters** continue to be validated by the Board, ensuring alignment with strategic direction and stakeholder expectations.

**Stakeholder feedback integration** provides broader engagement input including gap analyses, collaborations, accolades and community initiatives, now informing performance insights and decision-making.

#### ACCOUNTABILITY

First Capital continues to strengthen governance systems to ensure integrity, oversight and alignment with performance and purpose.

**Governance tied to value creation:** clear linkages between Board oversight, strategy execution and capital allocation outcomes

**Subsidiary governance model clarified**, ensuring autonomy with alignment and non-executive stewardship at Group level.

**Board accountability for report integrity** affirmed through formal Responsibility Statement.

**Precutionary principle asserted** proportionally in alignment with current status of integration.

**Combined assurance model** enables multi-line oversight and external validation across reporting elements.

**Ongoing regulatory compliance and corporate governance alignment** with CA Sri Lanka's 2023 Code of Best Practice and market regulations.

#### GOVERNANCE

FCT's sustainability perspectives and reporting are enhanced in alignment with global standards.

**Baseline GHG measurement for Scope 1 and 2** integrated into Natural Capital reporting and ESG Scorecard.

**SLFRS S1 and S2 climate disclosures** piloted as a transitional disclosure of readiness and gaps, positioning for phased adoption.

**Expanded financial literacy outreach** by advancing inclusive finance and multi-channel literacy initiatives.

**SASB alignment status clarified**

**Sustainability Assurance** provided by M/s KPMG ensuring credibility and accuracy of ESG-related reporting.

#### SUSTAINABILITY



## About our Integrated Report

### ASSURANCE

The Company applies a combined assurance approach to verify the information obtained from both internal and external sources. Accordingly, the report content is reviewed and recommended by the Board Audit Committee prior to submission for Board approval. Messrs. M/s KPMG, Chartered Accountants, have provided external assurances regarding the Financial Statements and other statutory financial disclosures of the Company. Their report is available on pages 247 to 250 of this Annual Report.

### FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking and reflect management's current views. These are subject to risks and uncertainties that may cause actual results to differ materially. The Company does not undertake any obligation to update such statements after publication.

### PRECAUTIONARY PRINCIPLE

FCT recognises and supports the precautionary principle in advancing social and environmental sustainability. While maintaining a broader Sustainability Related Risk and Opportunities (SRROs) set, during the year, we established baseline climate-related measurements and began embedding Climate Risk and Related Opportunities (CRROs) into our risk management processes.

While this integration is still at an early stage, we have taken initial actions to limit potential negative impacts on the environment and surrounding communities. These

steps form part of a broader commitment to environmental responsibility as our sustainability approach matures.

### CLIMATE-RELATED DISCLOSURES AND ESG INTEGRATION

This report includes a transitional climate-related disclosure grid aligned with the evolving requirements of SLFRS S1 and SLFRS S2. These disclosures reflect FCT's early-stage efforts to align with emerging sustainability reporting standards and are based on currently available data, internal assessments and assumptions.

Stakeholders are advised that climate-related information is inherently subject to uncertainty due to the evolving nature of regulatory expectations, climate science, data availability and scenario modelling. These uncertainties may impact the completeness, consistency and comparability of such disclosures across reporting periods.

Additional context, limitations and updates on our approach to climate-related financial disclosures will be made available through our dedicated sustainability disclosures as these become effective.

### BOARD RESPONSIBILITY STATEMENT

The Board of Directors of the Company acknowledges its responsibility for ensuring the integrity of this integrated report. The Board confirms that it has collectively reviewed the contents of the report in conjunction with the assurance reports obtained from our external assurance providers.

Accordingly, the Board is of the view that the Annual Report for FY2025 provides a fair and accurate assessment of the Company's financial and non-financial performance for the year ended 31 March 2025.

Signed for and on behalf of the Board,

(Sgd.)  
Sachith Perera  
Director/ Chief Executive Officer

(Sgd.)  
Manjula Mathews  
Chairperson


### FEEDBACK AND QUERIES

We welcome your views and feedback to continuously enhance the quality and relevance of our reporting. Please direct your queries to:

Mangala Jayashantha  
Chief Financial Officer  
First Capital Treasuries PLC  
No. 02, Deal Place, Colombo 03  
[mangala@firstcapital.lk](mailto:mangala@firstcapital.lk)



# LEADERSHIP

An artistic illustration of two birds, possibly swifts, perched on a nest made of twigs. The birds have blue upperparts, white underparts, and distinctive red-tipped beaks. They are surrounded by soft pink flowers and green foliage, creating a serene and naturalistic scene.

## POISED TO TRIUMPH

No matter how complex the skies, our leadership embodies a habit of guiding teams with direction, strength, and clarity with clear vision and confident navigation.

Swifts are renowned for their remarkable sense of direction, returning each year to the same nesting sites despite vast migrations. Their navigational instinct and ability to lead their flock through unpredictable routes reflect resilience and consistency in flight.



## CHAIRPERSON'S MESSAGE



As a primary dealer in government securities, we are entrusted with an important role: to act as a stabilising force within the economy and we seek to balance the needs of our stakeholders through all phases of the credit and economic cycle.

The Company ended the year in a strong position. A key measure of balance sheet strength – the capital adequacy ratio (CAR) was maintained at 15.6%, well above the prudential threshold of 10.0% stipulated by the CBSL.



**Manjula Mathews**  
Chairperson





I am pleased to present the Integrated Annual Report of First Capital Treasuries PLC (the Company, First Capital Treasuries or FCT) for the year ended 31 March 2025 (FY2025).

## CONTEXT

Since my last statement to stakeholders, Sri Lanka progressively witnessed the confluence of a socio-political transition and macroeconomic revitalisation. Historic shifts such as this, while challenging in some ways, often create extraordinary opportunities for meaningful progress.

As a primary dealer in government securities, we are entrusted with an important role: to act as a stabilising force within the economy and we seek to balance the needs of our stakeholders through all phases of the credit and economic cycle.

## RESETTING THE GLOBAL ORDER: IMPLICATIONS FOR FIXED INCOME MARKETS

The global economic landscape underwent a decisive shift over the second half of 2024 and into early 2025, marked by rising trade protectionism and recalibrated policy regimes. The United States' sweeping tariff hikes in early 2025, lifting effective rates to levels unseen since the 1930s, triggered reciprocal actions from key trading partners, compounding both supply and demand shocks. The IMF revised global GDP growth down to 2.8%, with global trade projected to lag at 1.7%, underscoring systemic vulnerability in supply chains and demand conditions.

Global monetary policy stances diverged. The European Central Bank, Federal Reserve and Bank of Canada pivoted cautiously dovish, citing cooling inflation and softer growth signals. Meanwhile, India and Australia maintained policy rates



steady at relatively restrictive levels, reflecting persistent domestic pressures.

Sovereign bond markets gained prominence as volatility spiked. March 2025 saw a broad sell-off driven by fiscal uncertainty and growth downgrades, yet issuance surged, particularly in Europe. With risk asymmetries rising, government bonds have reasserted their role as foundational instruments in global portfolio strategies.

## SRI LANKA'S RECOVERY: STABILISATION, REALIGNMENT AND MARKET REPRICING

South Asia's economy grew by an estimated 5.8% in 2024, as India's softer-than-expected performance in the second half and fiscal consolidation measures across multiple economies tempered regional momentum. In contrast, Sri Lanka's recovery trajectory remained intact through 2024, supported by easing inflation, external stability and sustained macroeconomic reforms. Regional momentum remains uneven, with growth pressures persisting in Bangladesh, Maldives and Nepal. Sri Lanka continues to stand out as a modest bright spot within a complex and recalibrating South Asian landscape, even as it transitions to a more moderate growth path in 2025.

Sri Lanka rebounded with 5.0% real GDP growth in 2024, its first full-year expansion since 2019, supported by a resurgence in industry and services, alongside continued resilience in external-facing sectors such as tourism and remittances.

Inflation decelerated sharply, transitioning into deflation by end-2024, driven by falling global energy prices, a stronger currency and cost-reflective domestic pricing reforms. In response, the Central Bank of Sri Lanka (CBSL) maintained an accommodative policy stance throughout the period. During the financial year, policy rate cuts effected by the CBSL cumulated to 75 basis points. A significant milestone was the introduction of the Overnight Policy Rate (OPR) in November 2024, streamlining the policy framework and enhancing rate transparency.

Liquidity surplus and disinflationary momentum contributed to a re-pricing of market interest rates. Short-end rates adjusted more rapidly than longer tenors, reflective of yield curve normalisation. While headline volatility abated, auction outcomes occasionally reflected uneven risk perceptions and pre-election uncertainty.

These developments have material implications for primary dealers. As market rates consolidate at structurally lower levels, yield curve compression may alter traditional trading and arbitrage strategies. Nevertheless, the macro recovery and normalisation of real interest rates offer a more stable operating landscape where strategic resetting is needed. It is also likely to present renewed opportunities in market-making and public debt intermediation.

## Chairperson's message

### PERFORMANCE

While substantial narrowing of the net interest margin and spread dampened FY2025 performance against the exceptional results of the prior year, overall, the Company's performance was the second-highest in its operating history. Direct income for FY 2025 was Rs. 10.8 Bn compared to the all-time-high of Rs. 26.6 Bn in the prior year. Net profit after tax for the period under review was Rs. 3.0 Bn compared to Rs. 11.1 Bn reported in the previous year.

The Company earned a return on shareholders' equity of 36.2% and recorded underlying earnings per share of Rs. 4.94 reflective of strong but normalising profitability aligning with market repricing.

We found opportunities in the easing policy cycle and intermittent volatility predominantly for traditional trading strategies. We maintained a market-influential position as a non-bank affiliated primary dealer, with conduct obligations continuing to exceed regulatory thresholds — underscoring disciplined execution and sound compliance.

### CAPITAL AND DIVIDEND

The Company ended the year in a strong position. A key measure of balance sheet strength – the capital adequacy ratio (CAR) was maintained at 15.6%, well above the prudential threshold of 10.0% stipulated by the CBSL. Improved credit fundamentals led to the enhancement of First Capital's credit rating by one notch to A+(Stable) as rated by Lanka Ratings Agency.

The Board resolved to pay an interim dividend of Rs. 2.60 per share in January 2025. The dividend payout of 80% at the time of declaration was in line with our policy of attractive cash returns balanced by capital optimisation perspectives.

### STRATEGIC POSITIONING AND BUSINESS MODEL EVOLUTION

In response to structural shifts in the operating environment, we have refined our business model toward a more client-led, technology-enabled approach. While broad-based retail outreach once supported growth in a high-yield environment, it has proven cost-inefficient at scale. Our refined strategy prioritises institutional and mass affluent segments, supported by digital onboarding to drive reach and efficiency. Enhancing client experience remains central to our differentiation, exemplified by the launch of Sri Lanka's first WhatsApp-based Treasury bidding platform - a milestone in market access innovation. These efforts align with our commitment to operational resilience, digital transformation and long-term value creation.

### ADVANCING ESG

The Company is committed to embedding ESG more meaningfully into its operating model. As Sri Lanka moves toward SLFRS S1 and S2 adoption, we are aligning our practices to meet emerging disclosure standards. While previous efforts broadly engaged with multiple UN SDGs, our revised approach prioritises a focused set of goals for greater impact. As a primary dealer, sector-specific ESG taxonomies remain limited, unlike banks, though international guidance on sovereign bonds and fixed income ESG integration is evolving. In this context, we continue to enhance governance-led ESG practices, with a view to embedding sustainability as a core enabler of capital market development.

In FY2025, ESG integration was strengthened through enhancements to our risk and governance architecture. A significant development was the establishment of the Board Integrated Risk

Committee, a designated Board Sub-Committee replacing the former Enterprise Risk Management Committee. This elevated structure reflects the growing complexity of risk governance and reinforces Board-level accountability over financial, non-financial and emergent sustainability-related risks.

In parallel, our governance framework was refreshed to align with updated CSE Listing Rules and governance benchmarks. The Nomination and Governance Committee, established with an expanded remit, goes beyond Board appointments to uphold transparent, merit-based recruitment and strengthen long-term board effectiveness. These enhancements signal our commitment to integrated risk oversight and sound governance as foundational pillars of a responsible market intermediary.

### BOARD CHANGES

As part of our proactive Board renewal and succession planning, I am pleased to formally welcome three new members to the Board: Channa de Silva, as an Independent Non-Executive Director with deep expertise in capital markets, regulation, private equity and civic entrepreneurship; Sachith Perera, the Company's CEO and Executive Director with broad leadership and sectoral experience; and Cilani Wijesinghe, as an Independent Non-Executive Director with a strong track record in operations, finance and investment management.

The Board Effectiveness Assessment conducted confirmed a well-balanced composition in terms of skills, experience and diversity. The Nomination and Governance Committee upholds rigorous standards of transparency and meritocracy in Board recruitment. In line with its recommendations, the





newly appointed Directors will stand for re-election by shareholders at the next Annual General Meeting scheduled for 30 June 2025.

We place on record our sincere appreciation of Chandana de Silva for his dedicated service, on the Board, from which he stepped down effective 28 June 2024, in compliance with the CSE Listing Rules. Chandana served First Capital Treasuries with distinction for nearly a decade, most recently as Chair of the Remuneration Committee and as a member of the Board Audit Committee and the Related Party Transactions Review Committee. On behalf of the Board, I thank him for his invaluable contributions to strengthening our governance and strategic foundation.

#### **OUTLOOK: OPPORTUNITIES AMID STABILISATION**

Despite the global environment remaining complex with some aspects posing down-side risks to Sri Lanka, domestically, our economic outlook is improving, underpinned by disciplined reforms, external sector resilience and stabilising inflation dynamics.

The deflationary environment witnessed in early 2025 is expected to give way to moderate inflation by mid-year, converging towards CBSL's 5.0% target. Interest rates are projected to consolidate at lower levels, with further room for spread compression.

As we enter FY2026, we anticipate significantly lower trading volumes compared to the previous financial year. Consequently, our strategy will pivot from opportunistic trading to a more sustainable, yield-oriented positioning centred on market making — prioritising disciplined execution and selective capital deployment.

Aligned with evolving market conditions, we will continue to steward capital through a disciplined optimisation framework anchored in return on equity thresholds.

Our approach is outcome-driven - modulating retained capital to the needs of core business performance while returning excess capital to shareholders. It underpins our dividend policy that is designed to maintain a balanced capital posture: agile enough to support selective growth, yet disciplined in delivering consistent, value-accretive distributions.

I am of the view our meticulous strategy positions the Company in navigating a lower volatility environment effectively while delivering sustainable returns to our shareholders.

#### **APPRECIATION**

I wish to thank my esteemed Board colleagues for their resolute focus on strategy and governance. On behalf of the Board, I extend my sincere gratitude to our valued clients, investors and stakeholders for their continued trust and support.

I thank our regulators, the Central Bank of Sri Lanka, the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange for constructive interactions, steadfast guidance and oversight.

To our leadership team and employees: your professionalism, resilience and unwavering commitment have been the cornerstone of our success.

Together, we will continue to strengthen Sri Lanka's capital markets ecosystem and drive long-term prosperity for all.

(Sgd.)

Manjula Mathews  
Chairperson

5 June 2025

## DIRECTOR/CEO'S MESSAGE



**FY2025 reflected a year of strategic recalibration for the Company, as market conditions transitioned from high volatility to a lower-rate, relatively flatter-curve regime.**

**Net profit after tax was Rs. 3 Bn for the year. ROE and ROA moderated to 36.22% and 4.12% respectively, with EPS at Rs. 4.94.**



**Sachith Perera**  
Director/CEO





With policy rates cautiously easing and a progressive macroeconomic recovery, First Capital Treasuries PLC (the Company/FCT) delivered its second-best performance on record. While results declined from the previous year's exceptional level which was driven by extraordinary market dislocations, the Company adapted with discipline and foresight to a more normalised economic and rate environment.

### GLOBAL RESET AND THE REPRICING OF RISK

Calendar year 2024 marked a profound recalibration in global fixed income markets with a distinct shift occurring through disinflation and the widespread repricing of interest rate risk. Some major central banks, including the European Central Bank (ECB) and the Federal Reserve, paused or reversed policy tightening.

Sovereign bonds reasserted their role as portfolio anchors, with higher starting yields and greater real return potential. The "great reset" in inflation expectations and policy frameworks has elevated government securities from defensive holdings to strategic core allocations, placing bond traders at the nexus of capital market intermediation.

### DOMESTIC RESET

Sri Lanka demonstrated a macroeconomic recovery during the period under review. Real GDP growth remained robust, with the economy expanding by 5.4% in 4<sup>th</sup> quarter of 2024, following 5.5% in 3<sup>rd</sup> quarter and 4.7% in 2<sup>nd</sup> quarter, underscoring the momentum of post-crisis reforms and resilient sectoral performance.

Headline inflation, as measured by the Colombo Consumer Price Index (CCPI), remained in deflationary territory for the seventh consecutive month, easing to -2.6% year-on-year (YoY) in March 2025 from -4.2% in February. Core inflation held steady at 0.7%, while the National Consumer Price Index (NCPI) recorded -1.9%, signaling persistent but moderating

### EARNINGS PER SHARE



disinflation across food and non-food categories.

The Central Bank of Sri Lanka (CBSL) effected 75 basis points of monetary easing during FY2025. In July, the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were lowered to 8.25% and 9.25%, respectively. In November, the CBSL transitioned to a unified Overnight Policy Rate (OPR) of 8.00%, effectively reducing the average policy rate by approximately 50 basis points and further easing monetary conditions to support recovery momentum.

T-bill yields declined YoY by 261 bps (91-day), 267 bps (182-day), and 260 bps (364-day), reflecting improved liquidity and policy easing while T-bond yields fell 280-300 bps across tenors from 2 to 10 years. The secondary market yield curve normalised to an upward slope, driven by sharper declines in short-term instruments.

System liquidity improved markedly, from Rs. 58.7 Bn deficit in April 2024 to a Rs. 191.6 Bn surplus by March 2025, aided by forex inflows, investor sentiment and subdued credit growth.

### FINANCIAL PERFORMANCE

FY2025 reflected a year of strategic recalibration for the company, as market conditions transitioned from high volatility to a lower-rate, relatively flatter-curve regime. Total

income declined to Rs. 10.9 Bn (FY2024: Rs. 26.6 Bn) driven by a sharp reduction in trading gains. Interest income remained the primary earnings driver at Rs. 7.7 Bn, while trading income contracted to Rs. 3.1 Bn, reflecting subdued arbitrage opportunities. Net Trading Income declined to Rs. 4.7 Bn (FY 2024: Rs. 18.7 Bn) comprising Net interest income of Rs. 1.6 Bn and Net Trading Gain of Rs. 3.1 Bn.

Net profit after tax was Rs. 3 Bn for the year (FY2024: Rs. 11.1 Bn). ROE and ROA moderated to 36.22% and 4.12% respectively, with EPS at Rs. 4.94. The Company declared an interim dividend of Rs. 2.60 per share, reaffirming its commitment to capital efficiency and disciplined shareholder returns.

### MARKET POSITION AND CONDUCT OBLIGATIONS

FCT retained market dominance within the non-bank affiliated dealer arena. In view of conduct obligations, in FY2025, our T-Bill primary market bid participation rate was 11.7% (FY2024: 13.7%) against the regulatory requirement of 10.0% and the market success rate 4.5% (FY2024: 6.1%) of commitment.

The T-bond primary market bid participation rate for the year was 16.3% (FY2024: 20.8%). Effective participation was 68.9% (FY2024: 105.9%) against the regulatory requirement of 50.0% of average issuance per PD.

Successful bids totalled Rs. 333 Bn (FY2024: Rs. 420 Bn) in T-Bill auctions and Rs. 108 Bn (FY2024: Rs. 127 Bn) in T-Bond auctions. Secondary market turnover in government securities was 10 times (FY2024: 13 times) the average stock.

### ANTICIPATING TRANSITION AND STRATEGIC POSITIONING

The Company entered FY2025 with a constructive, measured view shaped by early signs of systemic recalibration. The correction in the yield curve post-DDO already

## Director/CEO's Message

apparent, release of external debt restructuring (EDR) terms by mid-year and a macro triad of falling inflation, a stable currency and surplus liquidity collectively signaled the potential for a structurally lower interest rate regime.

Against this backdrop, FCT anticipated a prudent continuation of CBSL's easing cycle. The regulator's approach - cautious yet consistent, reinforced expectations without triggering market reversal risks. This foresight informed our active trading strategies and balance sheet positioning, laying the groundwork for navigating what became a defining year of rate repricing and curve realignment.

Our strategy was to stack value positions in the short-to medium-term or the "belly" of the curve, aligned with a flattening curve thesis, while selectively trading around market dynamics. This orthodox combination strategy, balancing hold and trade proved effective, particularly as election-related volatility in the second half of the year gave way to policy continuity and yield compression. The 5-year benchmark touched 10.66% in December 2024, validating our risk-calibrated positioning and orthodox but flexible trading strategy.

### TECHNOLOGY ENABLEMENT AND OPERATING MODEL EVOLUTION

FY2025 was also a year of deliberate operating model refinement. We launched WhatsApp-based Treasury bidding, an industry first, improving execution speed, access, and usability. Core infrastructure was upgraded, and STP capabilities advanced. These shifts support a leaner, more scalable platform that aligns with our client strategy: limiting direct B2C exposure to mass affluent and institutional clients, while

enabling broader retail access through cost-efficient digital channels. In consultation with regulators, we highlighted the high cost-to-serve in conventional retail segment and affirmed our focus on digital onboarding and automation of services to meet inclusive access goals without compromising economic viability.

### RISK AND CAPITAL MANAGEMENT

Risk governance remained strong. The Company closed the year with a capital adequacy ratio (CAR) of 15.6%, well above the 10.0% regulatory minimum. Our credit rating from Lanka Rating Agency, upgraded from A to A+ during the year, reflects our capital strength and prudent liquidity management. The successful oversubscription of our debenture issue in April 2025 categorised as Tier-2 capital enhances our capital optimisation going into FY2026.

### RECOGNITION AND EXTERNAL VALIDATION

The financial year under review marked a standout year of performance and recognition for the Company. Demonstrating our leadership in Sri Lanka's capital markets, the Company was ranked 21<sup>st</sup> in Business Today's Top 40 for 2023/24 - a prestigious reflection of our consistent market presence.

The Company was included in the LMD Most Respected Entities list, affirming its legitimacy and stature among Sri Lanka's leading corporates. The Company was also ranked second in the Investment Banking Sector in LMD's Most Awarded Entities, further validating its leadership, ethical conduct and operational excellence as the country's most awarded non-bank primary dealer.

On the global stage, First Capital Treasuries PLC was named "Most Leading Non-Bank Primary Dealer in Sri Lanka" for 2024 by Finance Derivative Magazine Netherlands, while the ARC International Awards (Mercomm Inc., New York) honoured the company with a Gold Award for Cover/Home Page Design and a Silver Award for Digital Reporting Format in the Primary Dealer category. In recognition of its reporting excellence, the company also secured the Gold Award in the "Newly Listed Companies" category and Silver in the "Service Sector" at the TAGS Awards in December 2024.

These recognitions not only validate our strategic direction and operational resilience but also enhance the Company's profile as a trusted capital market intermediary, particularly at a time when foreign investor confidence, digital innovation, and governance standards are central to national recovery.

### OUTLOOK: SUSTAINING DISCIPLINE IN A CONSOLIDATING ENVIRONMENT

We are sanguine about the outlook, though not complacent. Sri Lanka is entering a long-needed phase of consolidation - for the economy, the financial system and the Company. With a Government leveraging strong political capital and resultant policy certainty, the CBSL's independence fortified and a new Public Debt Management Office in place, market discipline is being institutionalised.

This shift breaks from past regimes where high inflation, loose fiscal policy and monetary financing created anomalous growth and widening income inequality. High inflation disproportionately benefited asset-rich segments, while suppressing real returns of savers and wage earners. The current





environment reflects a stronger commitment to inclusive growth, with stability and access to opportunities at its core.

We anticipate continued yield curve flattening and rates consolidating in the 5.0-10.0% corridor over the next five-year cycle. A further 100 bps shift is possible in the near-term in the short to medium tenors, but volatility will be low. While trading income will moderate, our secondary market role, with a focus on market making remains vital, particularly as Rs. 3,827 Bn in T-bills and Rs. 930 Bn in T-bonds are scheduled for issuance during 2025.

Our capital strategy is to work backwards from a target return on equity (ROE), ensuring capital is deployed only for business opportunities that provides a meaningful risk return, and return the surplus to shareholders. This approach, combined with selective investments, disciplined execution, and digital scaling, positions us to deliver sustainable performance in a normalised rate environment.

### APPRECIATION

In closing, I wish to express my sincere gratitude to the Board of Directors for their strategic guidance throughout this pivotal year. I extend heartfelt thanks to the entire First Capital Treasuries team for their dedication, discipline and resilience in delivering strong results. I also thank our clients and investors of both equity and debt, for their continued trust and confidence in our ability to deliver value and navigate change with integrity.

We remain appreciative of the constructive engagements with the Central Bank of Sri Lanka, the Public Debt Department, the Securities and

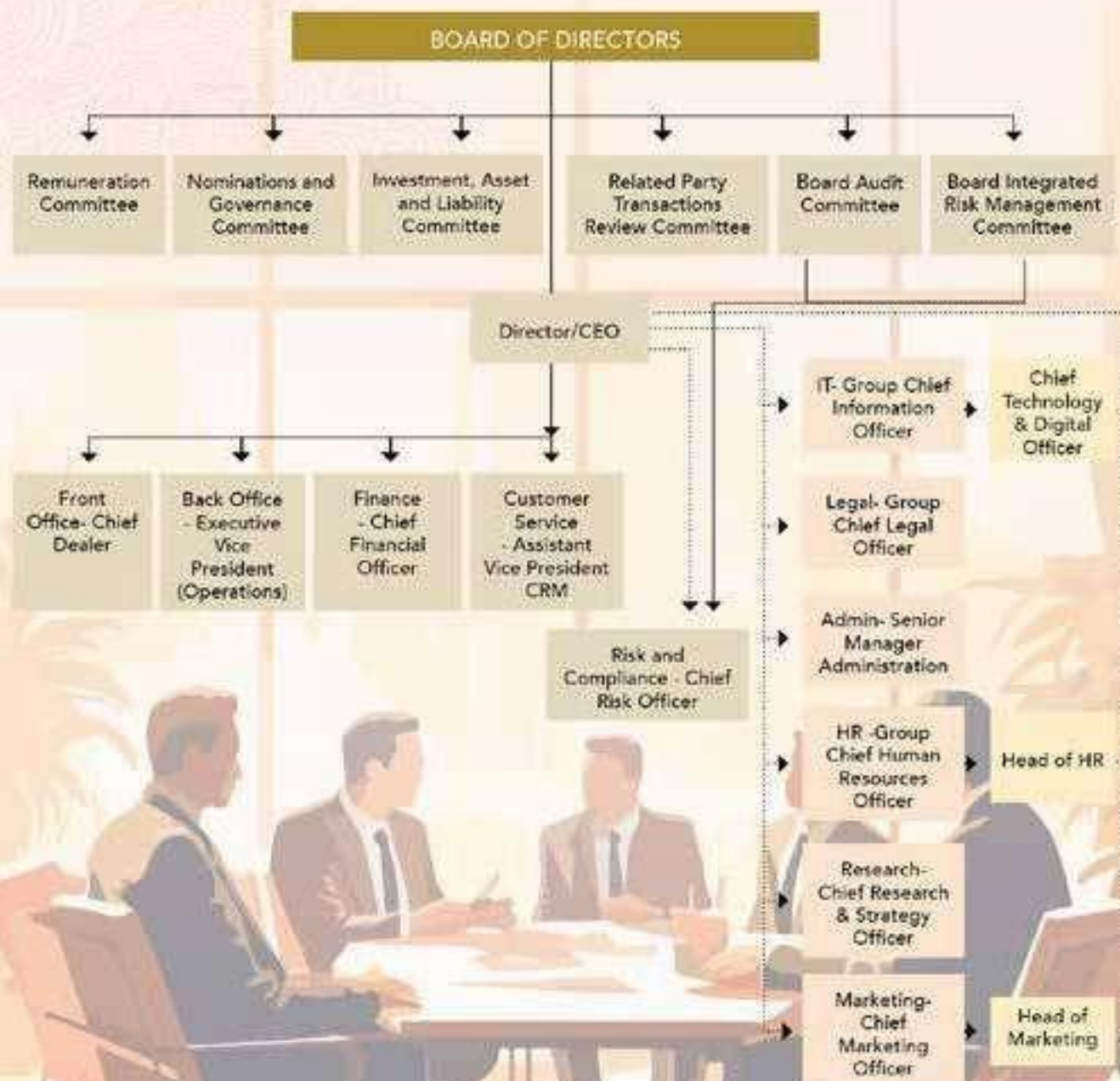
Exchange Commission and the Colombo Stock Exchange, whose guidance has been instrumental in shaping the evolving regulatory landscape.

Finally, I wish to acknowledge all our stakeholders who have stood with us as we advance our role in Sri Lanka's capital markets. As we move forward into FY2026, we do so with a focused commitment to delivering enduring value.

(Sgd.)  
Sachith Perera  
Director/CEO

5 June 2025

# ORGANISATIONAL STRUCTURE







## BOARD OF DIRECTORS



### Manjula Mathews

Non-Independent Non-Executive  
Director/Chairperson

Manjula Mathews has over three decades of experience in finance, marketing, and general management, both in Sri Lanka and the United Kingdom. She is currently a Director of Janashakthi Limited, the parent company of the listed entities Janashakthi Insurance PLC, First Capital Holdings PLC, and others. She previously worked as Finance Manager for the UK operations of AT&T, an American multinational telecommunications company.

Since 2022 she has served on the Board of Habitat for Humanity International, a leading global nonprofit that advocates for everyone's right to live in safe, affordable housing. She served as a Director and subsequently as Board Chair of Habitat for Humanity Sri Lanka until September 2024. She currently serves as a Custodian of the Alzheimer's Association of Sri Lanka.

Manjula's former business positions include that of Managing Director and subsequently Chairperson of Dunamis Capital PLC and its several subsidiaries including First Capital. She is a former Finance Director of Janashakthi Insurance PLC and until 2021 served in the capacity of a Non-Executive Director.

More recently she has focused her energies on more service-minded endeavors working as a counsellor in private practice and as a lecturer at

the Colombo Theological Seminary. Manjula is a fellow member of the Chartered Institute of Management Accountants in the UK, and holds a Master's Degree in Business Administration from the University of Cambridge, UK.

#### OTHER PRINCIPAL APPOINTMENTS:

Director: Janashakthi Limited, Mahaweli Feed Mills (Pvt) Ltd, Rock Foundation (Pvt) Ltd, Habitat for Humanity International

Date of appointment to the Board: 27 December 2022

Committee Membership:



### Dilshan Wirasekara

Non-Independent Non-Executive  
Director

Dilshan Wirasekara, Managing Director/Chief Executive Officer of First Capital Holdings PLC is an experienced professional with a career spanning over 29 years, comprising diversified expertise in financial services including, banking, treasury and investment management, capital market strategy and corporate finance advisory services.

Having joined First Capital in 2013, Dilshan steered the Company, a full service investment institution holding licenses as a primary dealer in government securities, stock brokering as a full trading member of the CSE, unit trust management and wealth management licensed by SEC and debt structuring, trading and corporate finance advisory in addition to its fully fledged research unit covering macro fundamentals, equity and fixed income, to establish itself as a significant contributor to the local capital market industry.

He spearheaded the formation of key debt structuring deals with internationally based development Financial Institutions as well the signing of strategic partnerships with foreign institutions focusing on emerging markets such as Sri Lanka.

He was the former General Manager of Softlogic Capital PLC guiding investment and trading portfolio management across subsidiaries

## Board of Directors



### Ramesh Schaffter

Non-Independent  
Non-Executive Director

Ramesh Schaffter is an accomplished business leader with over three decades of experience in finance, marketing, and strategic management. As the Managing Director/Group CEO of Janashakthi Group (JXG), he is known for his visionary leadership and dedication to excellence. A Fellow of the Chartered Institute of Management Accountants (CIMA), UK, a former Council Member of the Chartered Institute of Management Accountants (CIMA) Sri Lanka branch, and an Associate of the Chartered Institute of Marketing (CIM), UK, he brings a wealth of expertise in financial strategy, corporate governance, and organisational transformation. His strategic insights have been instrumental in fostering Janashakthi's growth, enhancing its market presence, and positioning the company for continued success and innovation in the industry.

In addition to his corporate accomplishments, Ramesh is a respected social entrepreneur and life coach, focused on personal development and community engagement. His community work includes serving as former President of Habitat for Humanity Sri Lanka, a Board Member of World Vision Sri Lanka, and co-founder of Swarga TV. He also co-founded the Christian Arts Foundation (Chraft).

A gifted public speaker, he has garnered numerous accolades in Toastmasters contests, showcasing his exceptional communication skills. Driven by a passion for empowering others, he launched the Inspiring Change Foundation (ICF), aiming to share his vast knowledge and experience with the next generation of leaders.

### OTHER PRINCIPAL APPOINTMENTS:

Managing Director/Group Chief Executive Officer: Janashakthi Limited

Director: Janashakthi Insurance PLC, Serendib Land PLC, Sarvodaya Development Finance PLC

Date of appointment to the Board: 25 July 2019

Committee Membership:



inclusive of the Group's Licensed Finance Company, Composite Insurer and Equity Brokerage; prior to which he was Head of Treasury at Nations Trust Bank PLC.

He specialises in Asset and Liability Risk Management having secured the accolade of leading and representing two Sri Lankan companies in winning the International Bank Asset and Liability competition organised annually by the Netherlands Development Finance Company (FMO), German Investment Corporation (DEG) and Proparco – a subsidiary of the Agence Française de Développement (AFD).

Dilshan is an Alumnus of INSEAD having successfully completed his Executive Professional Education at INSEAD Business School in Fontainebleau, France. He is also an Alumnus of AOTS, Tokyo, Japan.

### OTHER PRINCIPAL APPOINTMENTS:

Chairman: Colombo Stock Exchange

Deputy Chief Executive Officer: Janashakthi Limited

Date of Appointment to the Board: 6 June 2017

Committee Membership:







### Minette Perera

Non-Independent Non-Executive Director

Minette Perera was the Group Finance Director of the MJF Group from September 2000 till March 2013. The MJF Group comprises a fully vertically integrated tea operation with presence along the entire value chain and includes companies with the finest tea gardens, factories, printing and packaging facilities and markets “Dilmah Tea” around the world. The Leisure Sector of the MJF Group marketed by Resplendent Ceylon (Pvt) Ltd, includes Companies which set the benchmark for luxury boutique resorts in Sri Lanka.

During the period of her employment with the MJF Group, she was appointed a Director of the MJF Group of Companies, including MJF Holdings Limited. She continues to hold Board positions in several Companies of the MJF Group.

Minette is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. She has over 45 years working experience as a Finance Professional, having worked in leading local and international companies as the CFO and Finance Director.

### OTHER PRINCIPAL APPOINTMENTS:

Director: Dilmah Ceylon Tea Company PLC, Dilmah Ceylon Cinnamon Company (Pvt) Ltd, MJF Corporate Services (Pvt) Ltd, Kahawatte Plantations PLC, Elpitiya Plantations PLC and Forbes & Walker (Pvt) Ltd

Date of appointment to the Board: 22 April 2015

Committee Membership:



### Nishan de Mel

Independent Non-Executive Director

Nishan de Mel is an Economist (Harvard, Oxford). He is the Executive Director of Verité Research, a think tank providing analytical research and advisory services on economic, political and legal issues. He has extensive experience in academia, public policy and the private sector.

In Sri Lanka, he has been a Member of the Presidential Task Force on Health Sector Reform, Presidential Committee on Tobacco, Alcohol and Dangerous Drug Regulation and the National Steering Committee on Social Security, and has served on a range of private sector boards.

Internationally, Nishan has held several governing, teaching and research positions, including as Lecturer in Economics at Oxford University.

### OTHER PRINCIPAL APPOINTMENTS:

Director: Eureka Technology Partners (Pvt) Ltd, Verité Research (Pvt) Ltd, Hideaway Homes (Pvt) Ltd and 24/7 Techies (Pvt) Ltd

Date of appointment to the Board: 24 November 2017

Committee Membership:



## Board of Directors



**Cilani Wijesinghe**  
Independent Non-Executive  
Director

Cilani Wijesinghe brings nearly two decades of experience in finance and investment management to the Board. She is currently the Chief Operating Officer at Verité Research, where she has played a key role in driving the organisation's growth by establishing robust operating systems, governance controls, and a strong team culture. She also has successfully managed multiple strategic projects with profitability targets at MAS Holdings – the country's largest apparel manufacturer.

Cilani's career reflects a passion for sustainable growth and operational success. She excels in negotiating client contracts, advising Boards on operational and financial performance, and evaluating investment opportunities. She is an Associate Member of the Chartered Institute of Management Accountants (ACMA) and holds an MSc in Finance and Accounting from the University of the West of England, Bristol, United Kingdom.

### OTHER PRINCIPAL APPOINTMENTS:

Director Finance: Verite Research (Pvt) Ltd

Date of appointment to the Board: 20 August 2024

Committee Membership:



**Sachith Perera**  
Director/CEO

Sachith Perera, Director/Chief Executive Officer of First Capital Treasuries PLC (FCT), is a financial market professional with a career spanning over 30 years primarily in Treasury and Balance Sheet Management and financial derivative solutions.

Prior to joining First Capital Treasuries, he was the Treasurer and Director of Global Markets for HSBC Sri Lanka and Maldives, a role in which he was responsible for managing the Bank's market risks and the balance sheet, while delivering client solutions on financial risk management. In 2013, the role was further expanded to include fund management services for international clients in domestic equity and debt markets. He was a member of the Bank's Executive, ALCO, Risk, and Compliance committees.

In 2017, after a career of 26 years with HSBC, Sachith took early retirement to pursue other interests in real estate and hospitality industries. He was a director/shareholder of the Clearpoint Residencies – a 46-storey green building in Rajagiriya, which was termed the 'World's Tallest Vertical Garden'.

Between Sachith's retirement from HSBC Sri Lanka and joining First Capital Treasuries, he continually engaged in financial markets through engagements as a Treasury

Consultant to Nation Trust Bank PLC, Non-Executive Independent Director of Acuity Partners (Private) Limited, technical advisor for an international fintech startup being developed with AI and ML for corporate credit ratings, and other market advisory roles including PWC and UNDP Sri Lanka.

Sachith is a Diploma holder from the ACI Financial Markets Association.

### OTHER PRINCIPAL APPOINTMENTS:

Director: Acuity Markets (Pvt) Ltd

Date of appointment to the Board: 1 January 2025

Committee Membership: N/A





### Channa de Silva

Independent Non-Executive Director

Channa de Silva currently holds the position of Chairman at Sarvodaya Development Finance PLC, a role he has held since October 2016. Additionally, he serves as the Vice President of the Sarvodaya Movement of Sri Lanka. He also serves as the Chairman of Echelon Media.

He has previously served in the government sector as the Director General/CEO of the Securities and Exchange Commission of Sri Lanka (SEC) and the Executive Director of the Board of Investments (BOI), Sri Lanka. Additionally, he has held positions including that of Managing Director of Summit Finance PLC, Director of Pan Asia Bank PLC, and Group Managing Director of Delmege Group Limited. He is the Founder Chairman of Capital Media, publisher of Echelon business magazine and business news portal, EconomyNext and Neon Media. Moreover, he served as Group Managing Director of LR Global Lanka Asset Management, part of a New York based Private Equity firm in Sri Lanka. He has expert domain knowledge in regulating capital markets, private equity and venture capital, and facilitating foreign direct investments to Sri Lanka.

Channa is a graduate of the University of Colombo and holds Masters degrees from Harvard University and the University of Melbourne. He is a Fellow Member

of the Chartered Institute of Management Accountants (FCMA - UK) and a Fellow of the Association of Chartered Certified Accountants (FCCA - UK).

He also served as a Governing Council Member of the University of Colombo and as a board member of the University Investment Committee and Finance Committee. Further, he has held positions as a faculty board member in several faculties and Institutions of the University of Colombo. Furthermore, he is a Sri Lankan council member of the Chartered Institute for Securities & Investments (CISI-UK). He is an Edward Mason Fellow of Harvard University and has previously served as a Teaching Fellow in Public Finance at the Harvard Kennedy School.

#### OTHER PRINCIPAL APPOINTMENTS:

Chairman: Sarvodaya Development Finance PLC, Echelon Media (Pvt) Ltd, Bansei Royal Resort PLC, K Seeds Investments (Pvt) Ltd, Capital Media (Pvt) Ltd, Bansei Securities Capital (Pvt) Ltd, Lake Village (Pvt) Ltd

Date of appointment to the Board: 1 January 2025

Committee Membership:



### Chandana de Silva

(Resigned w.e.f. 28 June 2024)

Independent Non-Executive Director

Chandana de Silva has 40 years of managerial and financial experience acquired in Sri Lanka and the United Kingdom. In Sri Lanka since 2002, he worked at MAS Holdings in a variety of roles before retiring as Chief Executive Officer of the MAS Investments Division in 2011. A Fellow Member of the Institute of Chartered Accountants in England and Wales and in Sri Lanka, he also holds a Bachelor of Science in Mathematics and Management from the University of London, UK. Chandana currently serves as an Independent Non-Executive Board Member and a Consultant.

#### Legend

	Nominations and Governance Committee
	Remuneration Committee
	Investment, Asset and Liability Committee
	Board Audit Committee
	Related Party Transactions Review Committee
	Board Integrated Risk Management Committee

## MANAGEMENT TEAM



**Sachith Perera**  
Director/CEO  
– First Capital Treasuries PLC

Please refer to the Directors' profile on page 24



**Mangala Jayashantha**  
Chief Financial Officer

B.Sc. (Special) Degree in Accountancy (University of Sri Jayewardenepura), Fellow Member - CA Sri Lanka and CMA Sri Lanka

Over 24 years of experience in financial management, financial reporting, auditing, corporate planning and taxation, including 19+ years with First Capital



**Wasanthi Stephen**  
Group Chief Human Resources Officer

Attorney-at-Law, an International Master of Business Administration from Canterbury Christ Church University (UK), a Chartered Member of the Chartered Institute of Personnel Management (CIPM), a Professional Member of the Association of HR Professionals, a Professional Certified Coach (PCC) accredited by the International Coaching Federation (ICF) USA, a Member of the ICF Colombo Chapter, a Life Member of the Bar Association of Sri Lanka, a Council Member of the Chartered Institute of Personnel Management Sri Lanka for the 2024/25 term, a member of the Board of Industrial Mentors for the BBM (Honors) in Human Resource Development at Uva Wellassa University of Sri Lanka

Over 25 years of experience in human resource industry, including 9+ years with the Company



**K V Kuganathan**  
Group Chief Information Officer

MBA (UK), MSc. in IT Consultancy, BSc. in Computing and Information Systems, Chartered IT professional (CITP), MBCS

Over 26 years of experience in banking, insurance and capital market sectors as an IT professional, including 8+ years with the Company



**Gamika De Silva**  
Group Chief Marketing Officer

Fellow of the Sri Lanka Institute of Marketing, Graduate of the Chartered Institute of Marketing (CIM) and holds a MBA in Marketing from the University of Wales.

Over 25 years of experience in marketing, brand management, retail sales, and customer experience management, including 1+ years with the Company





**Harshanee Deshapriya**  
Group Chief Legal Officer

LL.M. in International Business and Commercial Law (Merit) (University of West London), LLB (Hons) (University of Colombo), Post Attorney Diploma in Corporate Law (Merit) (Sri Lanka Law College), PQHRM (Merit) (IPMSL), Attorney-at-Law

Over 19 years of corporate experience, including 10+ years with the Company



**Sujani Kumarage**  
Executive Vice President – Operations

MBA (University of Suffolk), Diploma in Treasury and Risk Management (IBSL), Diploma in Computer Studies (IDM), Certificate in Treasury & Foreign Exchange Operations (CBS)

Over 26 years of experience in business processing related to fixed income securities and treasury operations with First Capital



**Kapila Perera**  
Chief Risk Officer

MBA (University of Colombo), B. Com (Special) Degree (University of Sri Jayewardenepura), Fellow Member - SLICM, Member - CPM, Diploma in Treasury and Risk Management (IBSL)

Over 22 years of experience in risk, compliance, AML/CFT, data protection, business operations and finance, including 18+ years with First Capital



**Dimantha Mathew**  
Chief Research and Strategy Officer

MBA (University of Wales, UK), FCMA (UK), CGMA (UK), LL.B (University of London), Attorney-at-Law

Over 17 years of experience in investment banking, including 11+ years with First Capital



**Mithila Abeysekera**  
Chief Technology and Digital Officer

PhD (Reading), MBA (Aus), B.Sc in IT (1<sup>st</sup> class honours) UK, CBF & DBF (IBSL), Certificate in Business Process Excellence (Dr. Mikel J. Harry Six Sigma Management Institute)

Over 21 years of transformative leadership in technology across prominent Sri Lankan banks, leads IT and digital transformation including 1+ years with First Capital



**Chamara Pussella**  
Head of Human Resources

MBA (University of Wales), Claritas Investment Certification for Investment Banking Professionals (CFA Institute), Professional Member (Association of HR Professionals)

Over 16 years of collective HR experience in investment banking and finance industries, including 5+ years with First Capital



## Management Team



**Randinith Madanayake**  
Head of Marketing

Bachelor of Science (University of Colombo)

Over 12 years of experience in brand marketing across consumer durables, FMCG, and alcoholic beverages, including 3+ years with First Capital



**Prashani Perera**  
Assistant Vice President – CRM

Reading – PGDip (Public Administration) at Kensley Graduate School

Over 17 years of experience in customer service, specialising in customer relationship management, customer retention, relationship building, managing customer experience metrics, enhancing customer satisfaction and loyalty, including 1+ years with First Capital

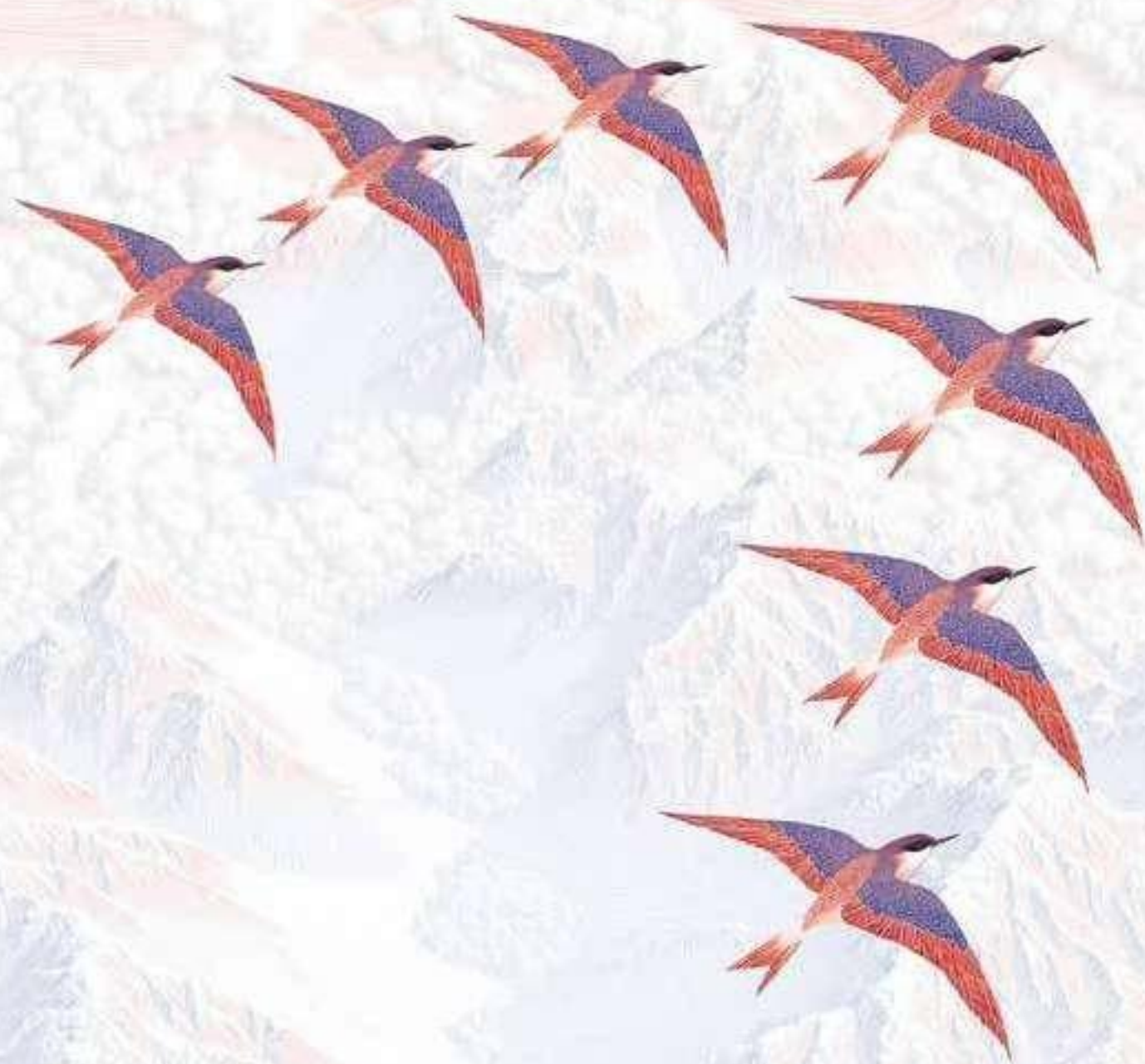


**Malith Pathirana**  
Senior Manager – Administration

EMBA (University of Colombo)

Over 21 years of experience in administration, supply chain and procurement management, including 12+ years with the Company

# OUR BUSINESS AND VALUE CREATION



## SET TO TRANSFORM

In shaping our path forward, we make a habit of aligning purpose with performance, charting strategy that is focused, dynamic, and value-led.

The bird's migratory patterns are among the longest in the animal kingdom, measured, purposeful journeys that span continents. Their route is never random, and each one is a masterclass in strategy and energy efficiency.

# WHO WE ARE

First Capital Treasuries PLC operates at the heart of the sovereign debt market facilitating liquidity, enabling monetary transmission and connecting capital to the state with integrity and precision. We are licensed by the Central Bank of Sri Lanka as a primary dealer and listed on the Colombo Stock Exchange (Ticker: FCT).

A subsidiary and core business of First Capital Holdings PLC, a member of the Janashakthi Group (JXG). FCT is a performance-led institution built on a foundation of transparency, strong governance and robust risk management. Our A+ credit rating with a stable outlook from Lanka Rating Agency Limited (LRA) reflects the capital strength, prudent liquidity management and resilient earnings profile.

We serve a broad client base including institutions, corporates and high net-worth individuals delivering market access, tactical rate strategies and liquidity solutions across the yield curve.

Founded over four decades ago, FCT has evolved from a trade-execution desk into a capital markets intermediary defined by discipline, strategic clarity and digital enablement. Our infrastructure and approach are engineered for scale but our service remains personal, precise and insight-led.

We do not pursue volume for its own sake. Our balance sheet is managed with discretion, guided by return-on-equity and a deep understanding of duration risk, sovereign credit and liquidity management. We value capital efficiency over asset intensity and focus resources where we can create differentiated value.

We draw strength from being part of the First Capital Group sharing integrated systems, treasury infrastructure, research insights and

leadership oversight while retaining operational agility and product focus as a dedicated primary dealer.

This affiliation supports our culture of performance, innovation and integrity as embodied in our Group's corporate philosophy and values.

In FY2025, we continued to deliver on our mandate, advancing digital access, retaining market leadership in the non-bank segment and reaffirming our position as a reliable participant in Sri Lanka's evolving public finance architecture.

Our WhatsApp-based Treasury bidding platform, an industry first, underscores our commitment to inclusive access without compromising execution or economics.

In a time of macroeconomic realignment, our identity remains clear: a disciplined risk intermediary, a trusted partner to stakeholders and a dependable market anchor of capital flows.

## LEGACY AND TRANSFORMATION

In 1982, we began as licensed money broker facilitating trades between commercial banks in a fledgling domestic market. Our role was simple, our ambition measured and our discipline absolute.

But market relevance is not granted, it is built, often in silence. Over the decades each evolution reflects not opportunism but a refined understanding of what it means to be at the heart of capital flow and monetary stability. That distinction shaped our ethos.

Ours was not the business of speculation but of stewardship. Through political cycles, policy reversals, liquidity shortages and institutional reform, we learned to navigate volatility not as a threat but as a structural condition of emerging markets.

## AND THEN CAME THE CRISIS.

Sri Lanka's economic dislocation in 2022-2023 was a defining moment not just nationally, but institutionally. Yield curves inverted, auctions destabilised and confidence fractured. We recalibrated. It was in that tenuous environment FCT's strategic clarity, capital discipline and risk orthodoxy converged. During this time, we leveraged the opportunities present in crisis, earning record profits and broadening our client franchise.

## YET OUR STORY DID NOT PEAK WITH PROFIT. IT EVOLVED.

Recognising the structural inflection point in both market dynamics and investor behaviour, we began to redesign our operating model—not in reaction, but in anticipation. We pivoted from traditional balance sheet growth to selective capital deployment. We scaled back cost-heavy retail access and engineered leaner, digitally-enabled platforms for institutional and mass affluent clients.

Our core has not changed despite evolution. We still approach risk with restraint, capital with clarity and markets with the belief that our legitimacy and reputation are singular differentiators.





# CELEBRATORY MILESTONES

## RECOGNISING DISTINCTION. SIGNALING LEGITIMACY.

FY2025 marked a year of elevated brand recognition for FCT where consistent delivery met external validation. From disclosure excellence to innovation in investor engagement our efforts translated into credible, independent endorsements across local and international platforms.



### TAGS AWARDS 2024

Newly Listed Companies - Gold Award

Service Sector - Silver Award



### FINANCE DERIVATIVE MAGAZINE NETHERLANDS

Most Leading Non-Bank Primary Dealer in Sri Lanka for 2024



### BUSINESS TODAY

TOP 40 for 2023/24 - 21<sup>st</sup> Position



### ARC AWARDS INTERNATIONAL (MERCOMM INC, NEW YORK)

Gold Award - Cover/ Home Page: Primary Dealer Company (Government Securities)

Silver Award - PDF Version of Annual Report: Primary Dealer Company (Government Securities)



### MOST AWARDED ENTITY

Investment Banking sector - 2<sup>nd</sup> Place

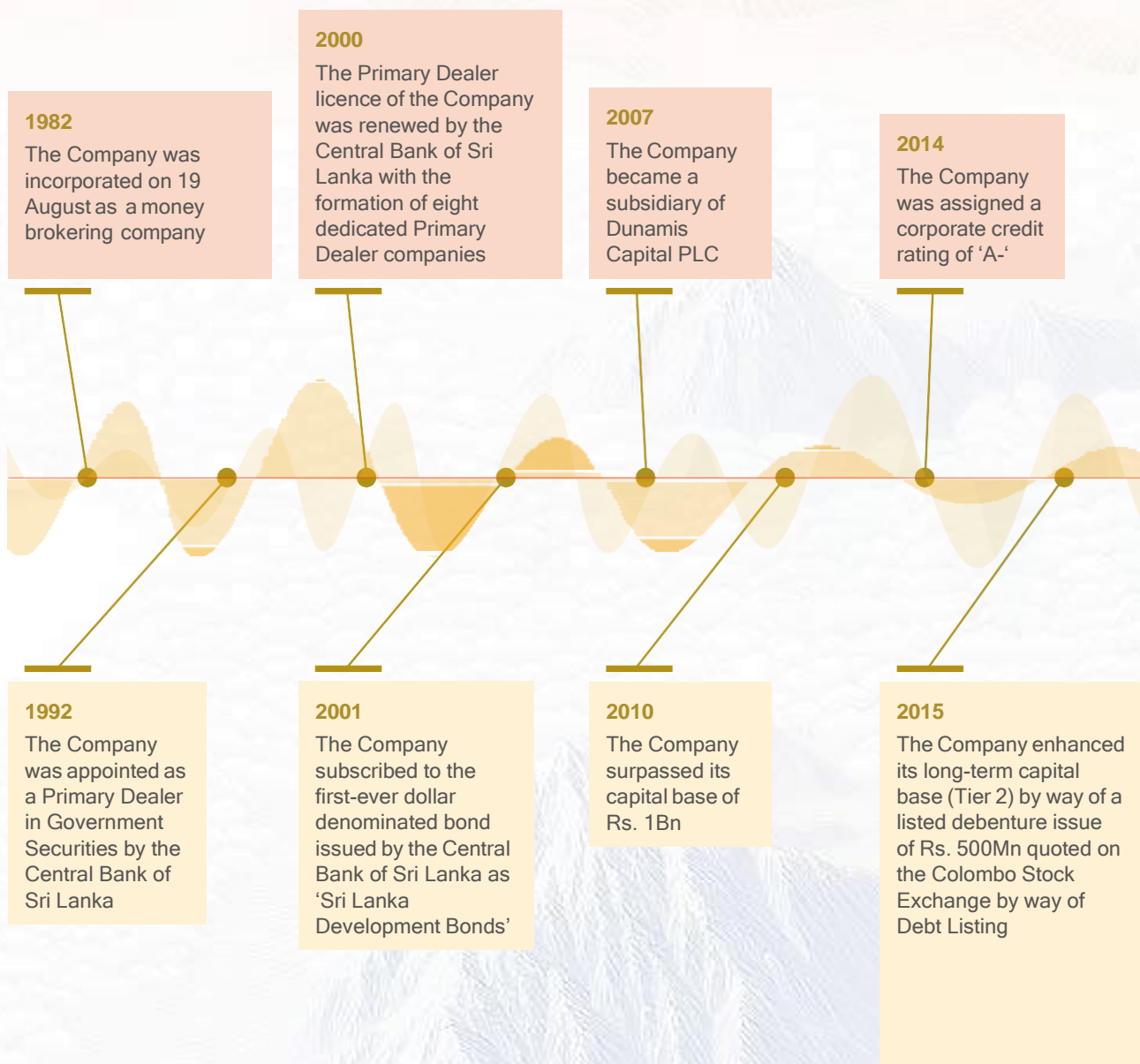
Category	Rank	Entity	Score
Investment Banking	1	First Capital Treasuries PLC	95
Investment Banking	2	First Capital Treasuries PLC	90
Investment Banking	3	First Capital Treasuries PLC	85
Investment Banking	4	First Capital Treasuries PLC	80
Investment Banking	5	First Capital Treasuries PLC	75
Investment Banking	6	First Capital Treasuries PLC	70
Investment Banking	7	First Capital Treasuries PLC	65
Investment Banking	8	First Capital Treasuries PLC	60
Investment Banking	9	First Capital Treasuries PLC	55
Investment Banking	10	First Capital Treasuries PLC	50
Investment Banking	11	First Capital Treasuries PLC	45
Investment Banking	12	First Capital Treasuries PLC	40
Investment Banking	13	First Capital Treasuries PLC	35
Investment Banking	14	First Capital Treasuries PLC	30
Investment Banking	15	First Capital Treasuries PLC	25
Investment Banking	16	First Capital Treasuries PLC	20
Investment Banking	17	First Capital Treasuries PLC	15
Investment Banking	18	First Capital Treasuries PLC	10
Investment Banking	19	First Capital Treasuries PLC	5
Investment Banking	20	First Capital Treasuries PLC	0



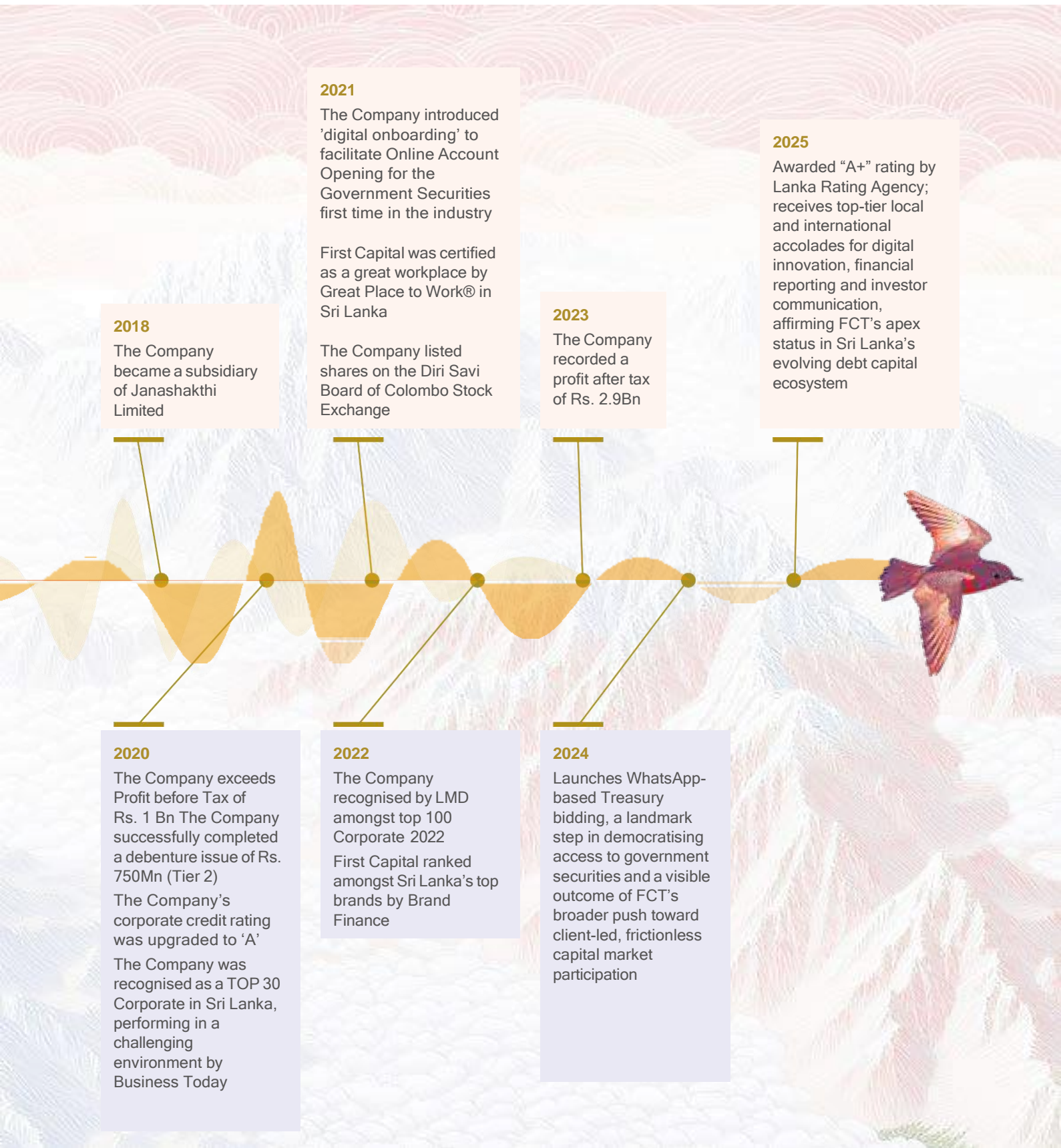
### THE COMPANY'S CREDIT RATING

upgraded from "A" to "A+" (by Lanka Rating Agency Ltd)

## HISTORICAL MILESTONES

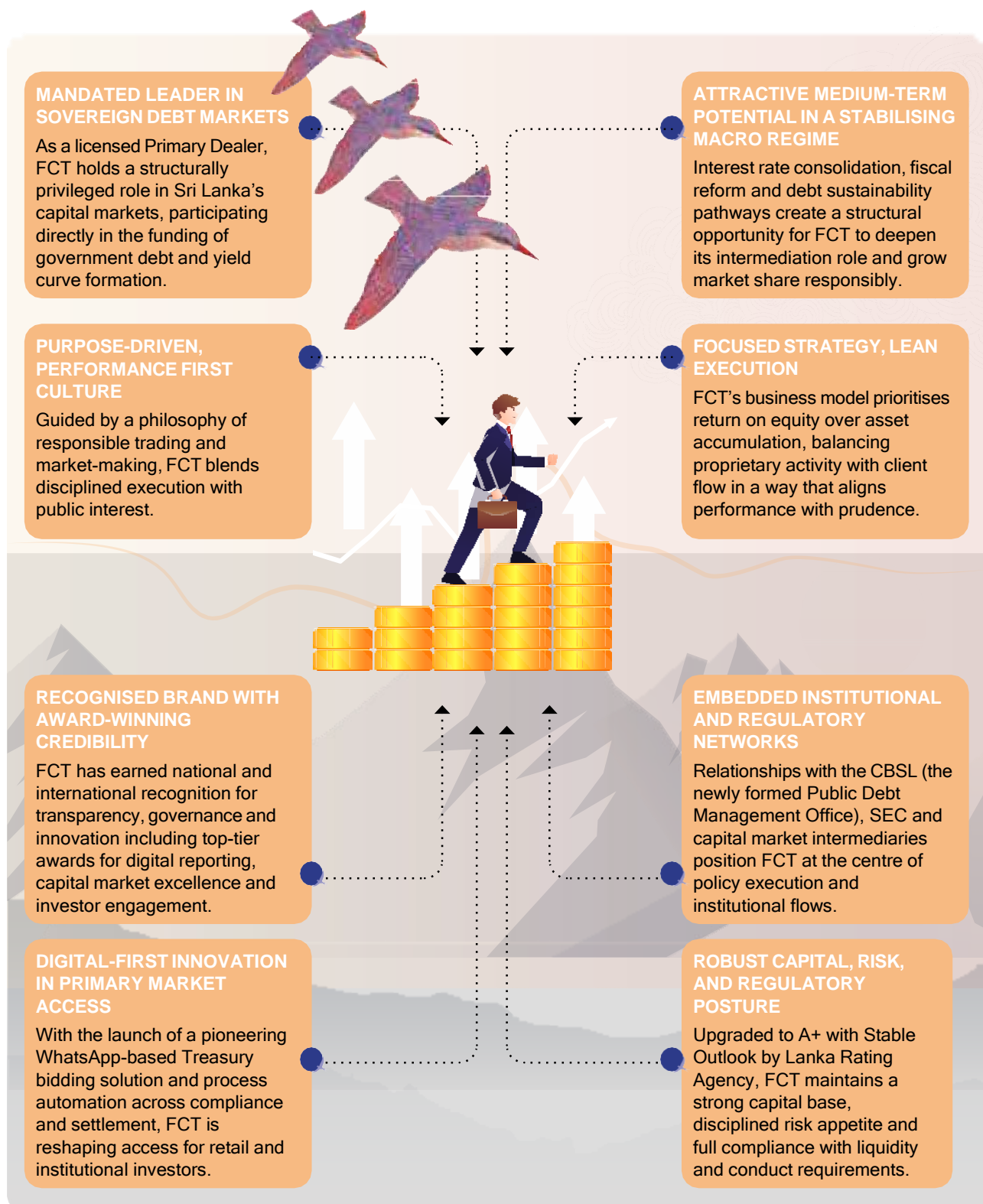








# INVESTMENT PROPOSITION

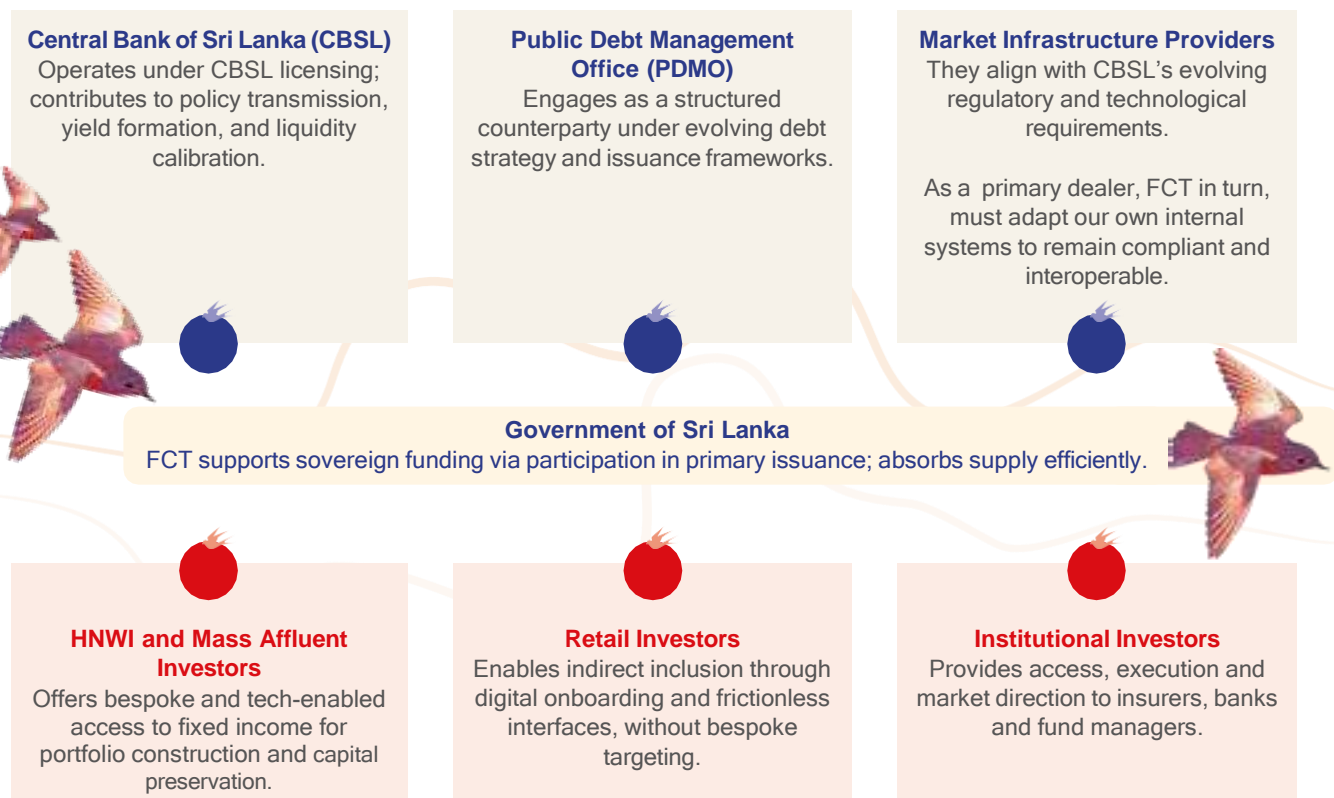




## MARKET ECOSYSTEM

As a nexus within Sri Lanka's government securities market, FCT plays a pivotal role in aligning investor opportunity with sovereign funding, while operating at the intersection of regulatory, market and infrastructure frameworks.

## KEY MARKET RELATIONSHIPS



## WHY IT MATTERS

### CAPITAL INTERMEDIATION

Channels institutional capital to the state efficiently and continuously.

### MARKET STABILITY

Anchors pricing and liquidity across the curve, especially in volatile or uncertain environments.

### ACCESS DEMOCRATISATION

Expands participation via scalable platforms even when investor depth is limited.

### GRADUATED RISK RETURN

Supports investor migration up the risk-return curve starting with sovereign assets as a base.

### SOVEREIGN DEBT AS A FOUNDATION

Serve as disciplined entry point for new investors and serve as a reliable benchmark for risk-adjusted portfolio expansion. This mitigates exposure missteps and fosters market confidence.

### POLICY TRANSMISSION

Acts as a signal carrier for monetary and fiscal stance via interest rate responsiveness.

# FINANCIAL HIGHLIGHTS

For the year ended 31 March	2025	2024	Variance
<b>Income Statement (Rs. '000)</b>			
Income	10,837,803	26,598,738	(15,760,935)
Net Trading Income before Expenses	5,352,976	18,405,885	(13,052,909)
Profit after Tax	3,042,430	11,143,128	(8,100,698)
Total Comprehensive Income	3,042,520	11,141,555	(8,099,035)
<b>Selected Return Ratios (Percentage)</b>			
Return on Average Equity	36.22	169.56	(133.34)
Return on Average Assets	4.12	19.07	(14.95)
<b>Financial Position (Rs. '000)</b>			
Total Assets	83,144,761	64,555,943	18,588,818
Total Shareholders' Funds	9,121,328	7,679,368	1,441,960
Stated Capital	256,500	256,500	-
Funds Employed (Equity/Debt)	81,402,727	56,925,878	24,476,849
<b>Selected Ratios (Time/ Percentage)</b>			
Leverage Ratio (Debt to Equity)	7.92	6.41	1.51
Interest Cover	1.74	3.11	(1.37)
Capital Adequacy Ratio	15.55	22.76	(7.21)
<b>Shares Related Information</b>			
Earnings per Share (Rs.)	4.94	18.10	(13.16)
Dividend per Share (Rs.)	2.60	14.50	(11.90)
Net Assets per Share (Rs.)	14.82	12.47	2.35
Dividend Payout Ratio (Percentage)	52.61	80.11	(27.50)
Closing Share Price (Rs.)	23.00	24.70	(1.70)
Market Capitalisation (Rs. Mn)	14,158.80	15,205.32	(1,046.52)
Number of Shares Issued	615,600,000	615,600,000	-





## OPERATIONAL HIGHLIGHTS



Credit Rating  
"Stable Outlook"

**"A+"**



Capital  
Adequacy Ratio

**15.55%**



Dividend Payout

**53%**



Market  
Capitalisation

**Rs. 14.2 Bn**



Capital Funds

**Rs. 9.1 Bn**



Total Active  
Clients

**2,496**



Digitally On-boarded  
Clients FY 2024/25

**573**

# STAKEHOLDER ENGAGEMENT

At FCT, we recognise that our ability to deliver sustainable value depends on the quality of our relationships with regulators, clients, employees, providers of financial capital and the wider financial ecosystem. These relationships are not transactional; they are built on transparency, relevance and long-term alignment.

We take deliberate steps to understand what matters most to those we serve and work alongside. Whether it's institutional investors seeking clarity on rate signals, regulators navigating new issuance strategies or clients adapting to digital access models, we listen actively and respond purposefully.



Our engagement approach is both formal and informal, ranging from structured compliance consultations and investor briefings to client education sessions and internal feedback loops. These touchpoints help inform how we calibrate risk, shape strategy and evolve our service offering.

During FY2025, we deepened our regulatory dialogue, including early engagement with the emerging Public Debt Management Office (PDMO) and held multiple briefings with market participants on shifting rate environments and liquidity dynamics. We also enhanced our internal engagement practices,

capturing employee input as we refine operating models and client-facing tools.








As a system-facing institution, we see stakeholder feedback not as a courtesy, but as a strategic input. It influences how we deploy capital, manage conduct and contribute to the integrity of Sri Lanka's debt capital market. We remain committed to strengthening these connections, ensuring our role as an intermediary is matched by trust, relevance and a shared commitment to financial resilience. See Social and Relationship Capital for how we build Trust and Reciprocity on pages 100 to 107.

## STAKEHOLDER INSIGHT MATRIX

Stakeholder Group	How We Engage	Key Concerns / Interests	FCT's Response & Outcomes (FY2025)	Capitals Impacted
<b>Clients</b> 	<ul style="list-style-type: none"> <li>Relationship management and Customer Relationship Management (CRM)-led segmentation</li> <li>WhatsApp auction bidding (digital)</li> <li>Investor education content (digital)</li> <li>Onboarding and transaction User Experience (UX) surveys</li> </ul>	<ul style="list-style-type: none"> <li>Transparent pricing and suitability</li> <li>Secure digital access to securities</li> <li>Ease of direct market access on familiar channel</li> <li>Multi-language interaction</li> <li>Execution quality</li> </ul>	<ul style="list-style-type: none"> <li>Introduced tri-lingual onboarding and WhatsApp bidding</li> <li>Pivoted B2C focus to HNWIs (Rs. 10Mn+)</li> <li>Maintained zero conduct breaches</li> <li>Integrated real-time auction access and confirmation with CBSL's RTGS/post-trade system</li> </ul>	Social & Relationship Manufactured Intellectual
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Regular team briefings and internal surveys</li> <li>Learning and development sessions</li> <li>Cross-functional engagement</li> <li>Clubs and communal activities</li> <li>Performance-linked incentives</li> <li>Hybrid work and wellbeing channels</li> <li>Rewards and recognition</li> </ul>	<ul style="list-style-type: none"> <li>Fair progression and skills development</li> <li>Job purpose and recognition</li> <li>Work-life flexibility</li> <li>Ethical culture</li> </ul>	<ul style="list-style-type: none"> <li>94.4% retention</li> <li>320+ training hours (macro, trading, compliance)</li> <li>Internal mobility and cross-training achieved</li> <li>Hybrid work model with digital enablement</li> </ul>	Human Intellectual

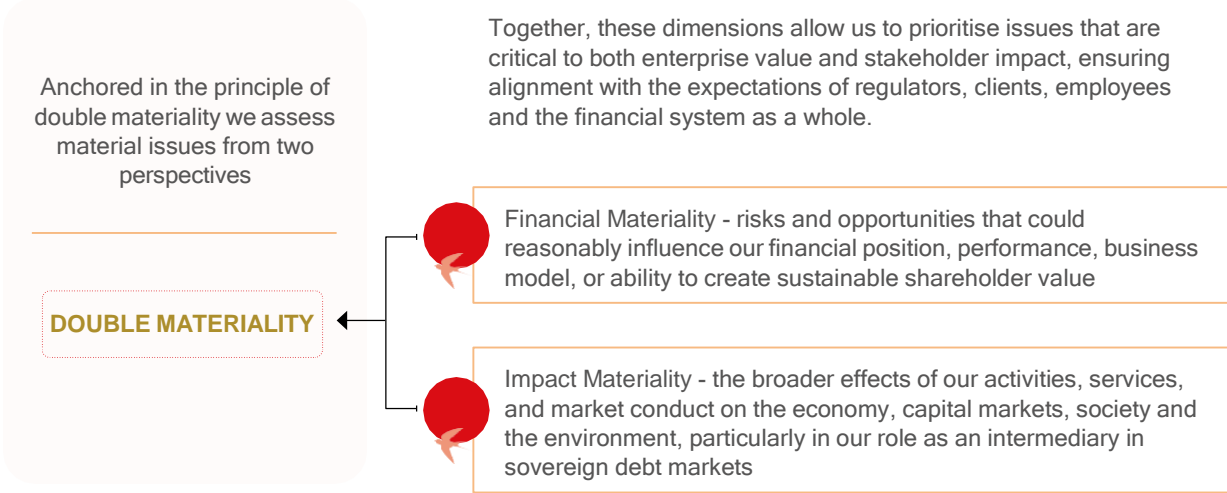




Stakeholder Group	How We Engage	Key Concerns / Interests	FCT's Response & Outcomes (FY2025)	Capitals Impacted
<b>Regulators</b> 	<ul style="list-style-type: none"> <li>CBSL compliance liaison and regulatory engagements</li> <li>Coordination with the Public Debt Department on auction participation and policy transmission</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Auction discipline and liquidity support</li> </ul>	<ul style="list-style-type: none"> <li>Full compliance record</li> <li>Strategic consultation with PDMO on B2C cost/risk</li> </ul>	Social & Relationship Intellectual Manufactured
<b>Regulators</b> 	<ul style="list-style-type: none"> <li>PDMO and Ministry of Finance consultations</li> <li>Stress-testing submissions</li> <li>Participation in auction and market development reforms</li> </ul>	<ul style="list-style-type: none"> <li>Cost-effectiveness of retail channels</li> <li>Capital optimisation</li> <li>Timely data reporting</li> </ul>	<ul style="list-style-type: none"> <li>Aligned systems with CBSL post-trade infrastructure and DvP models</li> <li>Participated in auction process and settlement digitisation discussions</li> </ul>	
<b>Providers of Financial Capital</b> 	<ul style="list-style-type: none"> <li>Investor presentations</li> <li>Capital market disclosures</li> <li>AGM and dividend statements</li> </ul>	<ul style="list-style-type: none"> <li>Return on capital and risk profile</li> <li>ESG-readiness and transparency</li> <li>Balance sheet management</li> </ul>	<ul style="list-style-type: none"> <li>ROE of 36.22%, PAT of Rs. 3 Bn Dividend payout of Rs. 2.60 per share Tier 1 capital: 100%;</li> <li>Debt capital raised: Rs. 3 Bn (subsequent to the reporting period – April 2025)</li> </ul>	Financial Intellectual
<b>Rating Agencies &amp; Analysts</b> 	<ul style="list-style-type: none"> <li>Performance briefings and audit trails</li> <li>Risk modelling dashboards</li> <li>Direct analyst engagements</li> </ul>	<ul style="list-style-type: none"> <li>Forward risk indicators</li> <li>Credit fundamentals</li> </ul>	<ul style="list-style-type: none"> <li>Rating upgraded to A+ / Stable (LRA)</li> <li>Disclosed risk-weighted asset management and ESG roadmap</li> <li>Reported auction and market participation metrics</li> </ul>	
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>Procurement processes with ESG filters</li> <li>Procurement system Service Level Agreements (SLAs)</li> <li>Service audits and feedback</li> </ul>	<ul style="list-style-type: none"> <li>Contract fairness and reliability</li> <li>Payment terms and procurement integrity</li> <li>ESG onboarding</li> </ul>	<ul style="list-style-type: none"> <li>Majority local sourcing maintained</li> <li>Fair competition across tech and facilities vendors</li> </ul>	Manufactured Social
<b>Business Partners &amp; Market Infrastructure Providers</b> 	<ul style="list-style-type: none"> <li>Digital solutions co-development</li> <li>Technical onboarding with CBSL, LankaSecure</li> <li>Shared innovation pilots</li> </ul>	<ul style="list-style-type: none"> <li>Interoperability and execution latency</li> <li>Data handshakes and real-time clearing</li> <li>Transparent pricing and system stability</li> </ul>	<ul style="list-style-type: none"> <li>Integrated trade flow systems with CBSL's RTGS and post-trade infrastructure</li> <li>Partnered on WhatsApp bidding rollout</li> <li>Supported data accuracy and transparency across auction systems</li> </ul>	Intellectual Manufactured
<b>Community Ecosystem</b> 	<ul style="list-style-type: none"> <li>CSR via education, ESG, and inclusion</li> <li>Donations and civic engagement</li> <li>Environmental partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Financial access and education</li> <li>Environmental impact mitigation</li> <li>Responsible capital markets</li> </ul>	<ul style="list-style-type: none"> <li>Funded mangrove restoration and water infrastructure</li> <li>Continued investor education via digital content</li> <li>Indirect inclusion through scalable interfaces</li> </ul>	Social Natural

# MATERIAL MATTERS

At FCT, we approach material matters grounded in the concept of double materiality, consistent with global best practice and emerging sustainability reporting standards. In FY2025, we reaffirmed and refined our material themes through internal review and executive validation, ensuring alignment with stakeholder expectations, enterprise risk assessments and shifts in the operating environment.



These layers of materiality- impact, risk, and strategy, are not considered in isolation. They are interlinked dimensions of how we define what truly matters. The diagram below illustrates how our materiality assessment integrates:

- the outward impacts of our operations on markets and stakeholders,
- the internal risks we face to business resilience, and
- the core issues we prioritise in strategic planning.

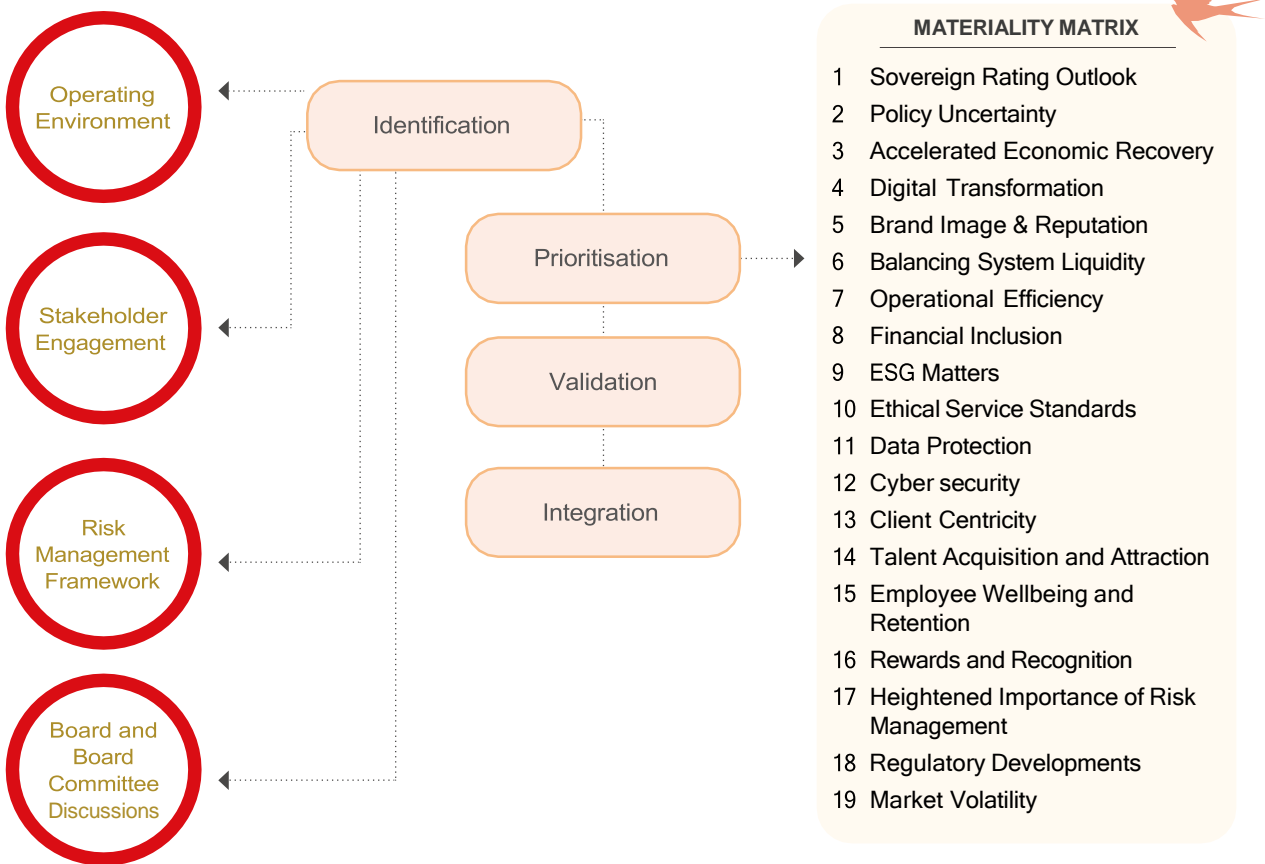
By applying this structured, double materiality lens, we ensure that every material matter we identify supports both enterprise value creation and the integrity of the financial ecosystem in which we operate.





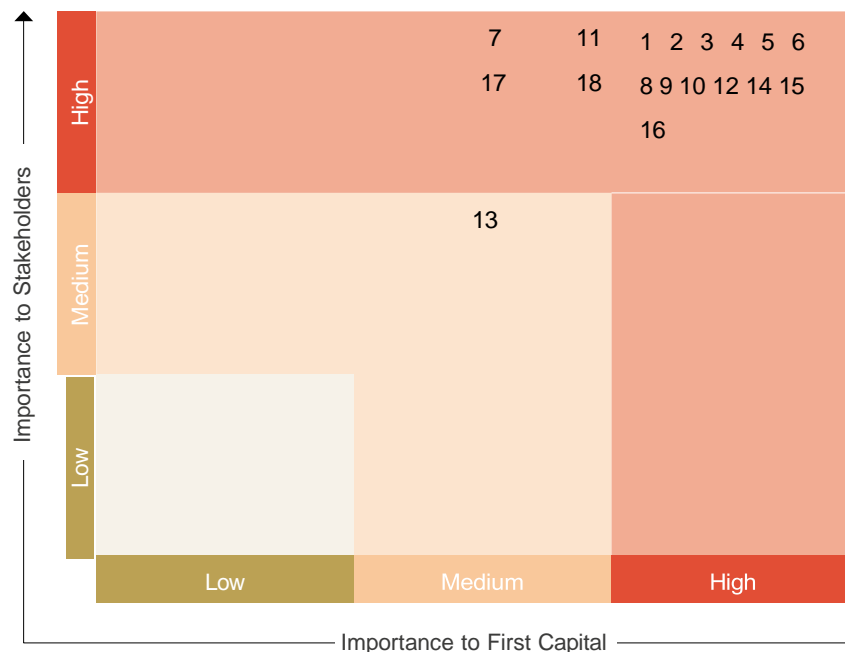


## MATERIALITY DETERMINATION PROCESS







## MAPPING STAKEHOLDER PRIORITIES AND MATERIAL THEMES

The following matrix maps the relative prioritisation of the material issues identified.



# MATERIALITY MATRIX

SOVEREIGN RATING OUTLOOK			
Topic Boundary External - Macroeconomic and policy environment			
Impact Materiality ●●●	Financial Materiality ●●●	Strategic Relevance Impacts pricing of risk, auction participation strategies and portfolio positioning ●●●	Degree of Significance ●●●
Variation YoY :Impact Materiality ↑	Variation YoY: Financial Materiality ↔	Capitals Impacted 	GRI Reference GRI 201, GRI 207
Link to Strategy Execute with Precision and Integrity	Risk Impact Interest Rate Risk, Credit Risk, Liquidity Risk	Linked SDGs 	
Topic Boundary External - Fiscal and monetary policy frameworks			
Impact Materiality ●●●	Financial Materiality ●●●	Strategic Relevance Shapes investor sentiment and redefines demand for government securities ●●●	Degree of Significance ●●●
Variation YoY :Impact Materiality ↔	Variation YoY: Financial Materiality ↔	Capitals Impacted 	GRI Reference GRI 201, GRI 207
Link to Strategy Execute with Precision and Integrity	Risk Impact Strategic risk, Regulatory and Compliance risk	Linked SDGs 	



## ACCELERATED ECONOMIC RECOVERY

### Topic Boundary

External - Investor confidence & capital flows

#### Impact Materiality



#### Financial Materiality



#### Strategic Relevance

Enables scalable service delivery and cost efficiency, while enhancing client access.



#### Degree of Significance



#### Variation YoY :Impact Materiality



#### Variation YoY: Financial Materiality



#### Capitals Impacted



#### GRI Reference

GRI 201,  
GRI 203

**Link to Strategy**  
Grow Responsibly, Sustain Performance

**Risk Impact**  
Strategic Risk, Interest rate risk, Liquidity risk

#### Linked SDGs



## DIGITAL TRANSFORMATION

### Topic Boundary

Internal - Operational processes and interfaces

#### Impact Materiality



#### Financial Materiality



#### Strategic Relevance

Underpins stakeholder trust and institutional legitimacy in regulated markets



#### Degree of Significance



#### Variation YoY :Impact Materiality



#### Variation YoY: Financial Materiality



#### Capitals Impacted



#### GRI Reference

GRI 418

**Link to Strategy**  
Transform Client Experience

**Risk Impact**  
Technological and cyber risk, Business continuity risk

#### Linked SDGs



## BRAND IMAGE AND REPUTATION

### Topic Boundary

Internal/External - Stakeholder perception

#### Impact Materiality



#### Financial Materiality



#### Strategic Relevance

Central to FCT's role as part of the First Capital Group, a nexus of communal relationships



#### Degree of Significance



#### Variation YoY :Impact Materiality



#### Variation YoY: Financial Materiality



#### Capitals Impacted



#### GRI Reference

GRI 102-16  
GRI 417  
GRI 304

**Link to Strategy**  
Grow Responsibly, Sustain Performance

**Risk Impact**  
Reputation risk, Regulatory and Compliance risk

#### Linked SDGs





# Materiality Matrix

## BALANCING SYSTEM LIQUIDITY

Topic Boundary

External - Market intermediation

Impact Materiality



Financial Materiality



Strategic Relevance

Supports capital productivity, profitability and risk-adjusted execution



Degree of Significance



Variation YoY :Impact Materiality



Variation YoY: Financial Materiality



Link to Strategy

Execute with Precision and Integrity

Risk Impact  
Liquidity risk

Linked SDGs



GRI Reference

GRI 201

## OPERATIONAL EFFICIENCY

Topic Boundary

Internal - Business processes

Impact Materiality



Financial Materiality



Strategic Relevance

Expands investor access to secure assets, especially through digital channels



Degree of Significance



Variation YoY :Impact Materiality



Variation YoY: Financial Materiality



Link to Strategy

Execute with Precision and Integrity

Risk Impact  
Business continuity risk,  
Operational risk

Linked SDGs



GRI Reference

GRI 302  
GRI 404

## FINANCIAL INCLUSION

Topic Boundary

External - Access to markets

Impact Materiality



Financial Materiality



Strategic Relevance

Growing stakeholder expectation for responsible risk, disclosure, and long-term value creation



Degree of Significance



Variation YoY :Impact Materiality



Variation YoY: Financial Materiality



Link to Strategy

Transform Client Experience

Risk Impact  
Strategic risk

Linked SDGs



GRI Reference

GRI 203  
GRI 413



## ESG MATTERS

<b>Topic Boundary</b> Value Chain - Compliance and stakeholder value			
<b>Impact Materiality</b> 	<b>Financial Materiality</b> 	<b>Strategic Relevance</b> Essential for conduct culture, governance alignment, regulatory confidence 	<b>Degree of Significance</b> 
<b>Variation YoY :Impact Materiality</b> 	<b>Variation YoY: Financial Materiality</b> 	<b>Capitals Impacted</b> 	<b>GRI Reference</b> GRI 302 GRI 305 GRI 307
<b>Link to Strategy</b> Grow Responsibly, Sustain Performance	<b>Risk Impact</b> ESG risk, Regulatory and compliance risk, Reputation risk	<b>Linked SDGs</b> 	

## ETHICAL SERVICE STANDARDS

<b>Topic Boundary</b> Internal - Conduct and governance			
<b>Impact Materiality</b> 	<b>Financial Materiality</b> 	<b>Strategic Relevance</b> Drives product relevance, investor retention, and execution quality 	<b>Degree of Significance</b> 
<b>Variation YoY :Impact Materiality</b> 	<b>Variation YoY: Financial Materiality</b> 	<b>Capitals Impacted</b> 	<b>GRI Reference</b> GRI 102-16 GRI 205
<b>Link to Strategy</b> Execute with Precision and Integrity	<b>Risk Impact</b> Regulatory and Compliance risk	<b>Linked SDGs</b> 	

## DATA PROTECTION

<b>Topic Boundary</b> Internal - Digital systems and client data			
<b>Impact Materiality</b> 	<b>Financial Materiality</b> 	<b>Strategic Relevance</b> Fundamental to digital trust and regulatory compliance under evolving frameworks 	<b>Degree of Significance</b> 
<b>Variation YoY :Impact Materiality</b> 	<b>Variation YoY: Financial Materiality</b> 	<b>Capitals Impacted</b> 	<b>GRI Reference</b> GRI 418
<b>Link to Strategy</b> Transform Client Experience	<b>Risk Impact</b> Technological and cyber risk, Reputation risk	<b>Linked SDGs</b> 	

# Materiality Matrix

## CYBERSECURITY

### Topic Boundary

Internal - IT infrastructure, digital platforms, and operational technology systems critical to business continuity and market interfacing

### Impact Materiality



### Financial Materiality



### Strategic Relevance

Essential for operational continuity, resilience against cyber threats, and technology risk management



### Degree of Significance



Variation YoY :Impact Materiality



Variation YoY: Financial Materiality



Capitals Impacted



GRI Reference

GRI 418

Link to Strategy

Transform Client Experience

Risk Impact

Technological and cyber risk, Reputation risk

Linked SDGs



## CLIENT CENTRICITY

### Topic Boundary

Value Chain - Investor needs

### Impact Materiality



### Financial Materiality



### Strategic Relevance

Critical for maintaining institutional capability and capital markets judgement



### Degree of Significance



Variation YoY :Impact Materiality



Variation YoY: Financial Materiality



Capitals Impacted



GRI Reference

GRI 416

Link to Strategy

Transform Client Experience

Risk Impact

Strategic risk

Linked SDGs



## TALENT ACQUISITION AND ATTRACTION

### Topic Boundary

Internal - Human resources

### Impact Materiality



### Financial Materiality



### Strategic Relevance

Supports resilience, morale, and long-term capability amid ongoing brain-drain concerns



### Degree of Significance



Variation YoY :Impact Materiality



Variation YoY: Financial Materiality



Capitals Impacted



GRI Reference

GRI 401, GRI 404

Link to Strategy

Execute with Precision and Integrity

Risk Impact

Operational risk

Linked SDGs







## EMPLOYEE WELLBEING AND RETENTION

<b>Topic Boundary</b> Internal - Human resources			
<b>Impact Materiality</b> ●●	<b>Financial Materiality</b> ●●	<b>Strategic Relevance</b> Increases focus on productivity and embedded culture and behaviours ●●	<b>Degree of Significance</b> ●●
<b>Variation YoY :Impact Materiality</b> 	<b>Variation YoY: Financial Materiality</b> 	<b>Capitals Impacted</b> 	<b>GRI Reference</b> GRI 403, GRI 409, GRI 405
<b>Link to Strategy</b> Grow Responsibly, Sustain Performance	<b>Risk Impact</b> Operational risk,Business continuity risk	<b>Linked SDGs</b> 	

## REWARDS AND RECOGNITION

<b>Topic Boundary</b> Internal - Human resources			
<b>Impact Materiality</b> ●●●	<b>Financial Materiality</b> ●●●	<b>Strategic Relevance</b> Increases focus on productivity, engenders satisfaction, builds communal inclusion and acceptance; enables PERFORMANCE FIRST ●●●	<b>Degree of Significance</b> ●●●
<b>Variation YoY :Impact Materiality</b> 	<b>Variation YoY: Financial Materiality</b> 	<b>Capitals Impacted</b> 	<b>GRI Reference</b> GRI 401 GRI 403 GRI 409
<b>Link to Strategy</b> Grow Responsibly, Sustain Performance	<b>Risk Impact</b> Operational risk,	<b>Linked SDGs</b> 	

# Materiality Matrix

## HEIGHTENED IMPORTANCE OF RISK MANAGEMENT

Topic Boundary Internal - Risk governance			
Impact Materiality ●●●	Financial Materiality ●●●	Strategic Relevance Affects product structuring, disclosure standards, and operational oversight ●●●	Degree of Significance ●●●
Variation YoY :Impact Materiality ↑	Variation YoY: Financial Materiality ↑	Capitals Impacted 	GRI Reference GRI 102 -30
Link to Strategy Execute with Precision and IntegrityGrow Responsibly, Sustain Performance	Risk Impact Liquidity and Interest rate risk	Linked SDGs 	

## REGULATORY DEVELOPMENTS

Topic Boundary External - Legal and compliance frameworks			
Impact Materiality ●●●	Financial Materiality ●●●	Strategic Relevance Impacts earnings quality, auction behaviour, and secondary market pricing ●●●	Degree of Significance ●●●
Variation YoY :Impact Materiality ↔	Variation YoY: Financial Materiality ↔	Capitals Impacted 	GRI Reference GRI 207
Link to Strategy Execute with Precision and Integrity	Risk Impact Regulatory and compliance risk	Linked SDGs 	

## MARKET VOLATILITY

Topic Boundary External - Yield curve and auction dynamics			
Impact Materiality ●●●	Financial Materiality ●●●	Strategic Relevance Impacts pricing of risk, auction participation strategies, and portfolio positioning ●●●	Degree of Significance ●●●
Variation YoY :Impact Materiality ↔	Variation YoY: Financial Materiality ↔	Capitals Impacted 	GRI Reference GRI 201
Link to Strategy Execute with Precision and Integrity	Risk Impact Interest rate risk	Linked SDGs 	

# CREATING ENDURING VALUE

At FCT, value creation is not incidental but intentional. Through disciplined execution, sound governance and forward-looking strategy we create value not only for shareholders but for the broader financial ecosystem and community.

Dimension	Our Approach	Where to Read More
Purposeful Delivery	Our strategy is designed to deliver our purpose. Our strategic priorities and medium-term financial targets inform the allocation of our resources in line with our resource allocation framework and ensure we deliver against our commitments.	Strategy on page 54
Business Model	We operate as a capital-efficient intermediary focused on market-making, tactical trading and digital engagement.	Creating Enduring Value on page 50 Segmental Snapshot on page 51 Capital Reports on page 66 to 111
Informing Our Strategic Thinking	Our strategies respond to macro shifts, stakeholder needs and regulatory developments navigating trade-offs between growth, risk, and resilience.	Local and Global Context on pages 58 to 65 Material Matters on pages 40 to 48 Stakeholder Engagement on pages 38 to 39
Our Approach to Sustainability	We embed ESG principles into how we manage risk, provide access, anchoring trust and reciprocity across communities.	Driving Sustainable Growth and Value on pages 130 to 138
Governing Value Creation	Governance is our credibility engine ensuring integrity, transparency and legitimacy in all we do.	Our Governance Outcomes on pages 30 to 31
Effectively Managing Risk	Identifying and mitigating principle and emergent risks arising from our operations and our environment.	Risk Management on pages 113 to 129
Executing Our Strategy	Performance is tracked through financial, market and ESG metrics, each linked to our strategic goals and capital allocation decisions.	Performance Outcomes on pages 130 137
Overseeing and Rewarding Progress	Rewards are tied to sustainable value creation, overseen by a governance framework that ensures alignment, fairness and impact.	Remuneration Committee Report on pages 230 to 231 Governance Outcomes - HR Governance on page 88

We are aligned to the UN SDGs with priority given to the thematic approach below from our Sustainability Policy:





## Creating Enduring Value

First Capital Treasuries operates as a pivotal primary dealer business facilitating the flow of capital between the Government of Sri Lanka and investors. Our business model is designed to create sustainable value by leveraging our expertise, infrastructure and stakeholder relationships.

### KEY INPUTS

#### Financial Capital

- Rs. 8 Bn equity
- Rs. 48 Bn investor capital
- Rs. 750 Mn debt (up to 30 January 2020)
- Repo leverage for carry and liquidity

#### Manufactured Capital

- CBSL-linked trade & post-trade systems
- CRM, STP, onboarding portal
- WhatsApp bidding
- Enabling techstack

#### Intellectual Capital

- In-house research desk
- Yield curve and spread analytics
- Auction simulation models
- Compliance for rate-linked products

#### Human Capital

- 17 specialists
- Rs. 3 Mn in training
- Trading, administration, strategy, operations, research, analytical and macro risk skills
- Conduct and governance alignment

#### Social & Relationship Capital

- Regulator and PDMO engagement
- Investor education
- Market coverage & auction participation

#### Natural Capital

- Cloud-hosted systems
- Paperless onboarding
- LED infrastructure

### KEY TRADE-OFFS

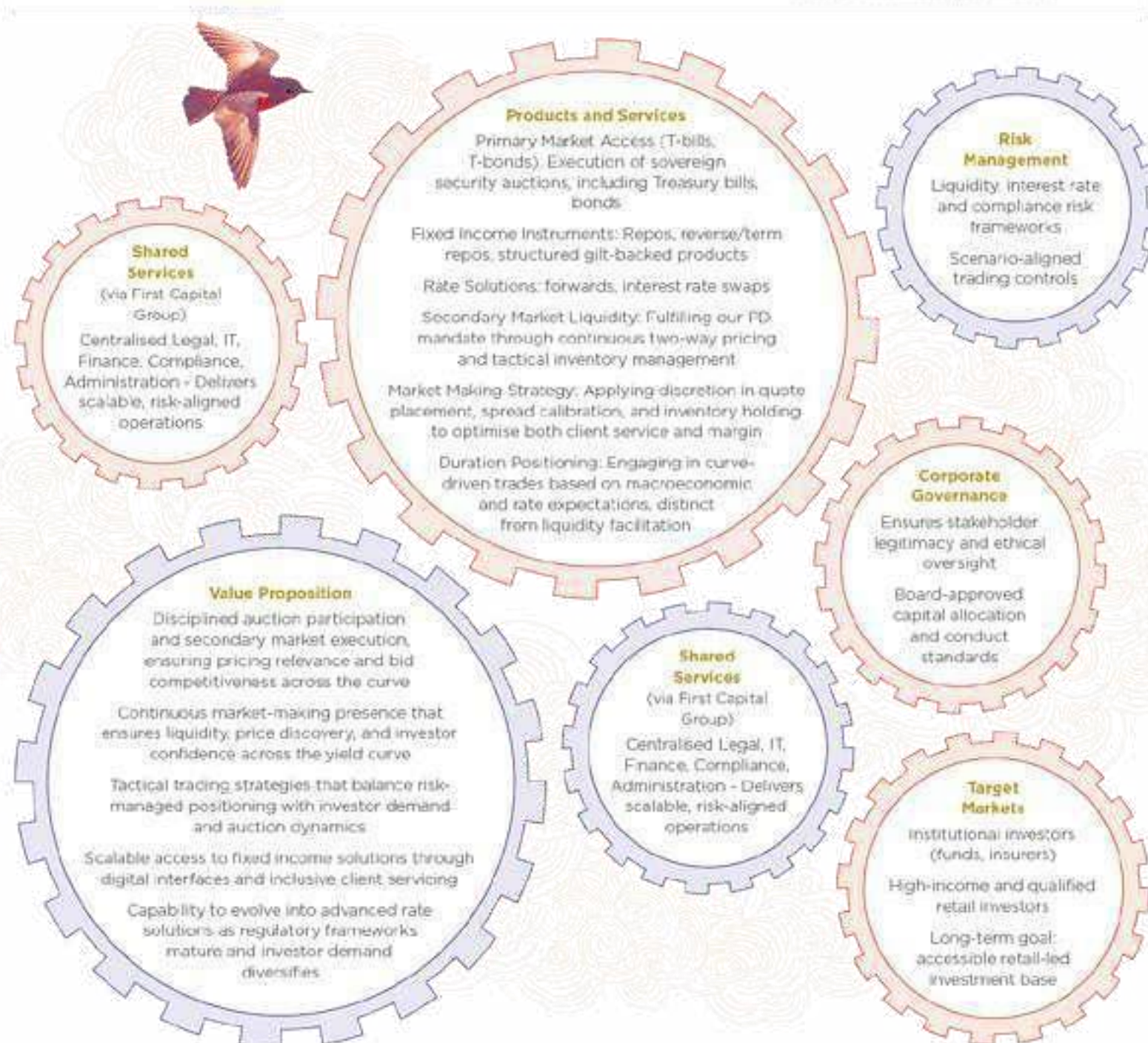
- Portfolios reduce trading flexibility
- Repos increase earnings but raise liquidity risk
- Balancing profit with auction commitments
- Compliance with infrastructure reforms limits internal innovation cycles
- Tech investment delays ROI but drives long-term trust
- Insight used for public-good vs. commercial value capture
- Allocation of modelling resources vs. client acquisition efforts
- Away from client acquisition
- Upskilling impacts short-term productivity
- Market-linked remuneration needed to prevent attrition
- Education efforts reduce near-term ROI
- Balancing public trust with profitability
- Green compliance adds ops cost
- Eco upgrades delay investment in core tech

### ENABLERS OF VALUE DELIVERY

The delivery of our value creation strategy is underpinned by a set of core enablers at the centre of our operating model. These include strong corporate governance, a disciplined risk management framework, and a suite of shared

services delivered by First Capital Holdings PLC (business cluster parent). Together, these functions support ethical conduct, regulatory compliance, operational efficiency, and strategic alignment.

Our products, services, and value propositions are built on this foundation—ensuring that our role as a primary dealer is executed with transparency, resilience, and stakeholder relevance. These central enablers are strategic levers of sustainable performance.







## KEY OUTPUTS

### Financial Capital

- ◀ The company declared a total dividend of Rs. 1.6 Bn to investors
- ◀ Stable NAV performance despite interest rate volatility

### Manufactured Capital

- ◀ Frictionless transaction experience
- ◀ Higher client throughput and onboarding speed
- ◀ Resilient tech infrastructure supporting compliance

### Intellectual Capital

- ◀ Enhanced investor decision-making
- ◀ Data-driven market forecasting
- ◀ Policy-aligned financial innovation

### Human Capital

- ◀ 94% staff retention
- ◀ 320+ training hours logged

### Social & Relationship Capital

- ◀ Rs. 143 Mn market value created
- ◀ 17% client growth
- ◀ 820 digital onboardings
- ◀ Expanded access to rate products

### Natural Capital

- ◀ 30% drop in paper use
- ◀ Full digital KYC
- ◀ Energy per transaction down

## STAKEHOLDER OUTCOMES

### Clients

- ◀ Introduced tri-lingual onboarding and WhatsApp bidding
- ◀ Strategic pivot: B2C now focused on HNWI's
- ◀ Maintained zero product conduct breaches
- ◀ Integrated real-time trade capture and confirmation through CBSL's RTGS/post-trade system, enhancing price integrity and client trust
- ◀ Capitals Impacted
  - ◀ Social & Relationship | Financial | Intellectual

### Employees

- ◀ 94.4% employee retention
- ◀ Rs. 240.1 Mn in total benefits distributed
- ◀ 650 hours of skill training
- ◀ Conduct integrity upheld with zero breaches
- ◀ Capitals Impacted
  - ◀ Human | Social & Relationship

### Regulators

- ◀ Full compliance with PD obligations
- ◀ Participation in CBSL consultations
- ◀ Strategic consultation with PDMO on cost-effective client diversification
- ◀ Aligned systems with CBSL post-trade infrastructure and DvP protocols
- ◀ Capitals Impacted
  - ◀ Social & Relationship | Manufactured | Intellectual

### Providers of Financial Capital

- ◀ ROE maintained within target band through disciplined asset-liability expansion
- ◀ Enhanced credit profile supported by stable liquidity and risk buffers
- ◀ Transparent and timely investor disclosures, aligned with ESG and integrated reporting principles
- ◀ Capitals Impacted
  - ◀ Financial | Intellectual | Social & Relationship

\* Including Government agencies such as IRD and operational partners including Market Infrastructure Providers

### Shareholders

- ◀ ROE: 36% (from 170% FY2024)
- ◀ Rs. 2.60 dividend per share
- ◀ Total dividend payout: Rs. 1.6Bn
- ◀ Strengthened capital adequacy and performance
- ◀ Capitals Impacted
  - ◀ Financial | Intellectual

### Rating Agencies & Analysts

- ◀ Transparent disclosures and regular updates
- ◀ Upgradation to A+ issuer rating
- ◀ Improved investor visibility
- ◀ Capitals Impacted
  - ◀ Intellectual | Social & Relationship

### Suppliers

- ◀ >90% of vendors locally sourced
- ◀ Consistent procurement under First Capital Group governance
- ◀ Stable supplier relationships; adherence to ESG criteria introduced
- ◀ Capitals Impacted
  - ◀ Manufactured | Social & Relationship

### Business Partners\*\*

- ◀ Joint rollout of WhatsApp bidding platform
- ◀ Improved client accessibility and turnaround times
- ◀ Collaborative tech deployment with value alignment
- ◀ Integrated front-to-post trade systems into CBSL's updated frameworks
- ◀ Collaborated with infrastructure providers to test and roll out digital bidding and secure order capture
- ◀ Supported data accuracy and regulatory reporting alignment via infrastructure touchpoints
- ◀ Capitals Impacted
  - ◀ Manufactured | Intellectual

### Community & Civil Society

- ◀ CSR contributions and educational outreach
- ◀ Water project donation and mangrove restoration
- ◀ Indirect access to government securities through inclusion initiatives
- ◀ Capitals Impacted
  - ◀ Natural | Social & Relationship

## LINKED SDGS

### Financial Capital



### Manufactured Capital



### Intellectual Capital



### Human Capital



### Social & Relationship Capital



### Natural Capital







# CREATING ENDURING VALUE

## ALLOCATING RESOURCES WITH STRATEGIC PRECISION

### CLIENT-ALIGNED, STRATEGY-LED

At FCT, our resource allocation philosophy is shaped not only by what markets demand, but by the systemic trust we must uphold as a Primary Dealer. Every investment, whether in a secondary market playbook, digital infrastructure or liquidity response mechanism, is assessed for its ability to reinforce yield curve efficiency and price discovery.

Our capital strategy, as articulated by the Director/CEO, begins with the end in mind: target return on equity (ROE). We work backwards from this benchmark, deploying capital only toward business opportunities we intend to pursue, client delivery requirements, or regulatory commitments. Any surplus capital is returned to shareholders. This approach ensures that our resource decisions reflect both performance discipline and strategic relevance.

### OUR INVESTMENT FILTERS

Our capital deployment is governed by three cross-cutting lenses:

Filter	Guiding Question
Market Lens	Does this initiative support FCT’s role in deepening the sovereign debt market or respond to structural liquidity shifts?
Value Lens	Will this allocation enhance spread integrity, contribute to ROE optimisation or improve our balance sheet posture?
Strategic Lens	Do we possess the execution capability, market insight and client access to deliver this initiative at scale and with credibility?

### PRECISION IN CAPITAL DEPLOYMENT

Resource allocation is a continuous orchestration—not a static decision. Each initiative is evaluated through:

- Scenario-weighted stress testing linked to auction volatility, repo leverage and counterparty exposures
- Regulatory calibration, including the CBSL debt issuance calendar and PDMO consultations
- Platform investment cycles such as multilingual digital access, WhatsApp bidding and innovation-led pathways

This iterative process enables us to allocate capital dynamically while maintaining alignment with our risk appetite and liquidity buffers.

### MORE THAN CAPITAL: WE TRACK INFLUENCE

We assess success not just by financial returns, but by our influence on market structure, investor inclusion, and systemic stability. Key metrics include:

- Financial Metrics: ROE evolution, spread preservation, secondary market turnover
- Market Conduct Metrics: Policy responsiveness, regulator engagement outcomes, bid coverage quality
- Strategic Enablers: Platform usage among underserved segments, investor feedback velocity, time-to-onboard efficiency

### MAKING RESOURCE ALLOCATION RELEVANT TO PRIMARY DEALERS

Unlike banks, PDs do not deploy capital across lending portfolios. Instead our capital supports:

- Market-making and liquidity support across the sovereign yield curve
- Inventory buffers and tactical positioning aligned with duration and rate expectations
- Digital systems and reporting infrastructure, enabling real-time auction participation, post-trade compliance and client interfacing

Resource allocation, therefore, is not only about profitability, it is about sustaining trust, fulfilling regulatory performance and enabling scalable investor access.

### CAPITALS VS. STAKEHOLDER OUTCOMES

At FCT, value creation is examined through two integrated lenses. The first is a capital-based view aligned to the <IR> Framework, which maps how we allocate and transform resources – the six capitals – into long-term value. The second is a stakeholder-outcomes view, which shows how that value is experienced by our most material stakeholder groups, including clients, regulators, employees, partners, and society.






















While these frameworks differ in structure they are interconnected in practice. Value flows from capital deployment to stakeholder trust and stakeholder trust, in turn, sustains and enhances our capital base. Presenting both views allows for a holistic understanding of FCT’s performance, responsibility and impact.





See Social and Relationship Capital for how we build Trust and Reciprocity on pages 100 to 107.

### Stakeholder Outcomes – FY2025

Stakeholder Group	Key Outcomes Delivered (FY2025)	Capitals Impacted
Clients	<ul style="list-style-type: none"> <li>Introduced tri-lingual onboarding and WhatsApp bidding</li> <li>Strategic pivot: B2C now focused on HNWLs</li> <li>Maintained zero product conduct breaches</li> <li>Integrated real-time trade capture and confirmation through CBSL's RTGS/post-trade system, enhancing price integrity and client trust</li> </ul>	  
Employees	<ul style="list-style-type: none"> <li>94.4% employee retention</li> <li>Rs. 240.1 Mn in total benefits distributed</li> <li>650 hours of skill training</li> <li>Conduct integrity upheld with zero breaches</li> </ul>	 
Regulators (Including Government agencies such as IRD)	<ul style="list-style-type: none"> <li>Full compliance with PD obligations</li> <li>Participation in CBSL consultations</li> <li>Strategic consultation with PDMO on cost-effective client diversification</li> <li>Aligned systems with CBSL post-trade infrastructure and DvP protocols</li> </ul>	  
Providers of Financial Capital	<ul style="list-style-type: none"> <li>ROE maintained within target band through disciplined asset-liability expansion</li> <li>Enhanced credit profile supported by stable liquidity and risk buffers</li> <li>Transparent and timely investor disclosures, aligned with ESG and integrated reporting principles</li> </ul>	  
Shareholders	<ul style="list-style-type: none"> <li>ROE: 36% (from 170% FY2024)</li> <li>Rs. 2.60 dividend per share</li> <li>Total dividend payout: Rs. 1.6Bn</li> <li>Strengthened capital adequacy and performance</li> </ul>	 
Rating Agencies & Analysts	<ul style="list-style-type: none"> <li>Transparent disclosures and regular updates</li> <li>Upgration to A+ issuer rating</li> <li>Improved investor visibility</li> </ul>	 
Suppliers	<ul style="list-style-type: none"> <li>&gt;90% of vendors locally sourced</li> <li>Consistent procurement under First Capital Group governance</li> <li>Stable supplier relationships; adherence to ESG criteria introduced</li> </ul>	 
Business Partners (and operational partners including Market Infrastructure Providers)	<ul style="list-style-type: none"> <li>Joint rollout of WhatsApp bidding platform</li> <li>Improved client accessibility and turnaround times</li> <li>Collaborative tech deployment with value alignment</li> <li>Integrated front-to-post trade systems into CBSL's updated frameworks</li> <li>Collaborated with infrastructure providers to test and roll out digital bidding and secure order capture</li> <li>Supported data accuracy and regulatory reporting alignment via infrastructure touchpoints</li> </ul>	 
Community & Civil Society	<ul style="list-style-type: none"> <li>CSR contributions and educational outreach</li> <li>Water project donation and mangrove restoration</li> <li>Indirect access to government securities through inclusion initiatives</li> </ul>	 

# Allocating Resources with Strategic Precision

## STRATEGY

### Focused Themes Guiding Performance and Purpose

Our FY2024-29 medium-term strategy reflects both FCT's distinctive identity as a licensed Primary Dealer. Anchored in three interlinked themes, our strategy articulates how we engage clients, allocate resources and build future-ready capabilities. These themes are implemented through cross-functional collaboration and aligned to our core capital strengths spanning intellectual insight, digital innovation, stakeholder trust, and performance-led culture.

## TRANSFORM CLIENT EXPERIENCE

What it means: We are removing friction from how investors engage with the government securities market. From multilingual WhatsApp bidding to targeted access strategies, our aim is to simplify engagement, improve transparency and deliver responsive service to institutional and mass affluent clients.

In FY2025, we refined our operating model to align with our capital market intermediation strengths and efficiency objectives. While we continue to support broad-based retail access via digital channels, our direct servicing model is now tailored toward institutional, high-net-worth, and qualified emerging affluent clients (with Rs. 10 Mn+ in net wealth) requiring bespoke market access and advisory support.

Retail inclusion remains a strategic Group-wide priority, enabled through First Capital's broader platform and supported by FCT's role in maintaining market liquidity and price transparency.

## STRATEGIC FOCUS AREAS:

- Investor base diversification through targeted access channels - WhatsApp-based auction bidding (first in Sri Lanka), now with tri-lingual access

- CRM-led segmentation for targeted client service
- AI-ready infrastructure and chatbot roadmap
- Group-led financial literacy tools via digital channels for ecosystem access

## HOW WE'RE DELIVERING:

- 573 new clients onboarded via digital platforms
- B2C repositioned to focus on institutional, HNWI and qualified retail clients
- Cost-intensive broad retail strategy de-emphasised; access maintained through scalable digital tools
- CRM integration supports lead generation and scoring

## EXECUTE WITH PRECISION AND INTEGRITY

What it means: As Sri Lanka's most awarded non-bank Primary Dealer, we deliver our market-making mandate with clarity, compliance and consistency. Execution is guided by scenario-tested positioning, tactical trading, bid discipline and continuous regulatory alignment supported by a culture of risk awareness and operational excellence.

## STRATEGIC FOCUS AREAS:

- Bettering conduct obligations as against regulatory thresholds set
- Transparent pricing and two-way secondary market presence
- Stress-tested inventory and rate strategy management
- Ethics-led separation between client flow and proprietary trading

## HOW WE'RE DELIVERING:

- Integrated with CBSL's RTGS and post-trade systems
- Integrated with market infrastructure providers under CBSL's remit to improve execution latency, STP compliance and bid discipline
- Full automation of money market transactions via STP platforms
- Staff trained in conduct, suitability and market ethics

## GROW RESPONSIBLY, SUSTAIN PERFORMANCE

What it means: FCT's growth strategy is underpinned by financial sustainability capital stewardship, sustainability embedding and FCT's People as an asset. We measure success not only in size but in efficiency and the ability to navigate shifting rate cycles. Our aim is to embed ESG-readiness, while ensuring ROE-aligned balance sheet expansion, responsible liability sourcing and credible positioning of our Human Capital.

## STRATEGIC FOCUS AREAS:

- Earnings and Profitability
- Asset and liability base expansion aligned with risk appetite
- ROE-led balance sheet deployment
- People as a Strategic Lever
- ESG and SLFRS S1 and S2 readiness despite taxonomy gaps for PDs



## PERFORMANCE OUTCOMES

Transform Client Experience					
Key Outcome	FY2025	FY2024	Value Driver(s)	Capital(s)	Tracker
No. of Digital client onboarding	563	878	Client Centricity	Intellectual, Manufactured	Preserved
Active account base (Mass Affluent, B2B)	2,496	2,429	Client Access	Social & Relationship	Created

### KEY INSIGHT

Digital traction and CRM tools advanced markedly; retail education outreach slowed, requiring renewed effort through multi-lingual platforms and partnerships.

Execute with Precision and Integrity					
Key Outcome	FY2025	FY2024	Value Driver(s)	Capital(s)	Tracker
T-bond auction effective participation	68.91%	105.9%	Regulatory Integrity	Financial, Intellectual	Preserved
T-bill Market success rate	4.5%	6.1%	Regulatory Integrity	Intellectual	Preserved

### KEY INSIGHT

FCT outperformed through disciplined auction strategy, spread preservation, and zero breach compliance, underscoring capital discipline.

Grow Responsibly, Sustain Performance					
Key Outcome	FY2025	FY2024	Value Driver(s)	Capital(s)	Tracker
Portfolio base (assets)	Rs. 81.4 Bn	Rs. 61.2 Bn	Balance Sheet Strength	Financial	Created
Capital adequacy ratio	15.55%	22.76%	Market Liquidity	Manufactured, Intellectual	Created
(Tier 1+2)	Rs. 8.9 Bn	Rs. 8.1 Bn	Risk Buffer	Financial	Created
ESG integration (S1/S2)	Ongoing	Not initiated	ESG Readiness	Natural, Social	Created
Employee retention	94%	94%		Human	Created
Skills development investment per employee (hours)	36	19	Employee Empowerment	Human	Created
ROE (annualised)	36%	170%	Shareholder Return	Financial	Created
PAT (full year)	Rs. 3.0 Bn	Rs. 11.1 Bn	Profitability	Financial	Created
Effective trading gains (realised + MTM)	Rs. 3.7 Mn	Rs. 15.5 Bn	Tactical Trading	Financial	Created
Net Interest Margin/Spread	>1.0%	1.03%	Financial Resilience	Financial	Preserved

### KEY INSIGHT

Asset base growth and capital strength enabled robust ROE and ESG foundation-building; retail digital inclusion slipped due to B2C focus shift; continued focus on People as a strategic level strengthened by the Group's operating model, strategy and philosophy.







# MANAGEMENT DISCUSSION AND ANALYSIS



## Built to Advance

Equipped with the right framework for success, we are designed to be ever agile and responsive to change.

*The incredible agility, efficiency, and maneuverability of swifts are attributed not only to their streamlined shape, but to their ability to transform their wings in response to changing dynamics.*

# GLOBAL AND LOCAL CONTEXT

## OVERVIEW: RESETTling THE GLOBAL SYSTEM

The global economic architecture that has underpinned trade, investment and monetary stability is undergoing a profound recalibration. As the established order fractures, with new paradigms yet to solidify, global markets face an era defined by volatility, uncertainty and opportunity.

A surge in trade protectionism, punctuated by the United States' sweeping tariff hikes initiated in early 2025, has ushered in a major negative supply and demand shock. The U.S. effective tariff rates now surpass Great Depression levels, triggering a reciprocal escalation from trading partners. Epistemic uncertainty of policy trajectories has become a dominant economic driver as businesses and investors recalibrate their expectations. Against this backdrop, the IMF's April 2025 World Economic Outlook downgraded global GDP forecasts to 2.8% in 2025 and 3.0% in 2026, nearly 80 basis points lower than projections made earlier in January. Trade volumes are set to underperform broader output with global trade growth expected to dip to 1.7%, highlighting the increasing fragility of global supply chains under tariff stress.



*The U.S. growth forecast has been cut sharply to 1.8% for 2025, with inflation expectations revised higher by 100 basis points amid tariff-induced price pressures. China's GDP outlook has been downgraded to 4.0%, weighed down by diminished export demand despite fiscal stimulus support. The Euro Area faces more moderate pressure with growth forecasts trimmed to 0.8%.*

*Emerging markets are particularly vulnerable, as tighter global financial conditions and lower demand for exports collide with already fragile domestic fundamentals.*

*The market group's 2025 growth forecast was reduced by 50 basis points to 3.7%, underscoring the disproportionate risks these economies face.*

## MONETARY POLICY INFLEX

The ECB cut policy rates by 25 basis points in March 2025, bringing the deposit facility rate to 2.5% amid disinflationary momentum. The Federal Reserve has shifted cautiously dovish, holding the federal funds target at 4.25%-4.50% following a series of rate cuts in

late-2024. Canada followed suit, lowering its policy rate to 2.75% after seven consecutive cuts. In contrast, India's RBI has held firm at 6.25% in March 2025, prioritising inflation anchoring, while Australia's RBA has maintained a restrictive 4.10% in March 2025 stance amid persistent price pressures.

## DOLLAR SOFTENING

FX markets remain unsettled. Initially, the U.S. dollar appreciated on tariff news, yet has since softened on dimmer U.S. growth prospects and a potential productivity drag from protectionism. Meanwhile, volatility in government bond yields has surged as markets recalibrate inflation and growth expectations.

France: The 10-year OAT yield climbed 22 bps to 3.45%, although inflation remained subdued at 0.8%.

United States: The U.S. 10-year Treasury yield remained relatively stable, edging just 1 bp higher to 4.24% in March 2025 despite notable volatility in risk sentiment and a moderation in inflation to 2.8%.

United Kingdom: Gilt yields rose by 22 bps to 4.68%. Fiscal developments and resilient consumer sentiment helped lift rates even amid disinflationary surprises.

Germany: The 10-year Bund yield surged 34 bps to 2.73%, reflecting political momentum towards loosening fiscal constraints to finance defense spending.

Australia and Canada: Yields rose 9 bps and 7 bps respectively, reflecting stronger-than-expected inflation prints and cautious central bank messaging.

Italy: Yields on the 10-year BTP rose 33 bps to 3.86%. Inflation ticked up to 2.0%, while manufacturing activity contracted sharply.

## GLOBAL GOVERNMENT BOND MARKET HIGHLIGHTS

The reverberations of trade realignment and monetary easing have been deeply felt across sovereign debt markets. March 2025 witnessed a broad-based sell-off in government bonds, driven by hawkish fiscal policy shifts, political uncertainties, and recalibrated growth/inflation narratives. In aggregate, the March sell-off underscores that sovereign debt remains highly sensitive to shifts in fiscal policy credibility, inflation expectations, and geopolitical tail risks.

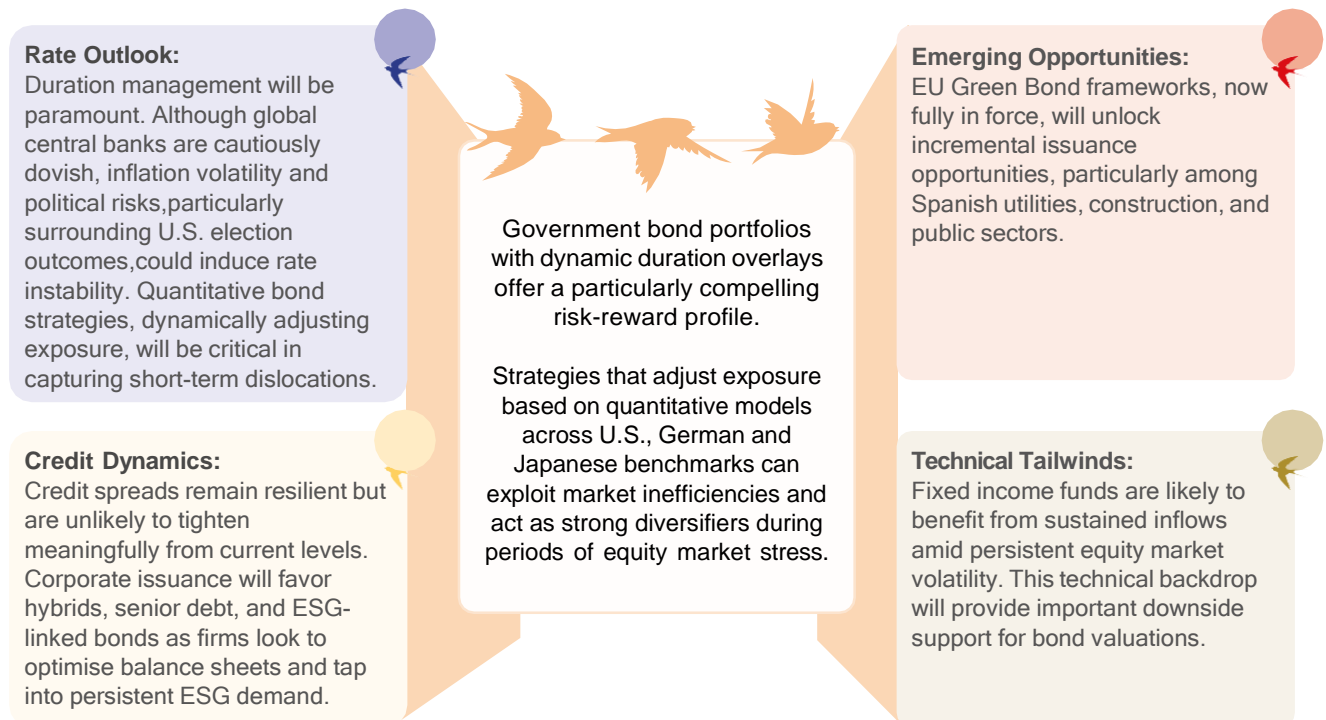




## MARKET OUTLOOK - GLOBAL FIXED INCOME

European bond markets were active with Spanish issuers alone surpassing €130.0 Bn in issuance, the highest in over a decade, buoyed by falling rates and a search for yield. Credit inflows reached record highs, eclipsing levels last seen post-Global Financial Crisis. Investors gravitated toward high-yielding instruments, including corporate hybrids, Tier 2 bank capital and ESG-linked bonds.

Looking ahead to 2025, fixed income is likely to remain a cornerstone of portfolio construction in a complex and asymmetric macro environment:



## SRI LANKA: RECOVERY AND PARADIGM SHIFT

### Real Sector Rebound

Sri Lanka's macroeconomic trajectory was marked by a definitive shift to recovery during 2024. After two consecutive years of economic decline, real GDP expanded by a notable 5.0% in 2024, reflecting the first full-year recovery since 2019. All four quarters posted positive growth rates, marking a significant structural turnaround in economic activity.

This broad-based growth was underpinned by a resilient industrial sector, particularly in manufacturing and construction, which responded strongly to improved input availability and easing cost pressures. The services sector benefited from improved mobility and the return of tourism-related activity. Agriculture, while modest, also contributed positively adding to the composite growth picture.

The level of real GDP remains below pre-pandemic benchmarks, underscoring the enduring impact of the 2022-2023 crisis. Household and business balance sheets remain under strain, though improvements in real sector activity are gradually alleviating credit risk pressures across the financial system.

## Global and Local Context

### Inflation Dynamics

Following a period of hyperinflation in preceding years, Sri Lanka experienced a rapid and broad-based decline in inflation in 2024, culminating in outright deflation by year-end.

Headline inflation measured by the Colombo Consumer Price Index (CCPI) declined to -1.7% at year-end as against 4.0% in the prior year driven by:

- Sharp declines in energy and transport prices, aided by global commodity normalisation and cost-reflective domestic pricing adjustments;
- Rupee appreciation, which improved import cost dynamics;
- And administrative electricity tariff reductions in July 2024, reinforcing the disinflation trend.

By March 2025, inflation reached further deflationary depths -2.6% (CCPI) and -3.9% (NCPI) driven by statistical base effects and lingering administered price cuts.

Despite this, the CBSL remains focused on anchoring inflation near the medium-term 5% target, anticipating a reversion toward that range in H2 2025.

### Easing Policy Cycle

In response to the dramatic decline in inflation and sustained economic slack, the CBSL continued its accommodative monetary policy stance throughout the year. Having initiated its easing cycle in mid-2023, total policy rate cuts reached 775 basis points, with 125 bps delivered during 2024.

A significant shift occurred in November 2024, with the introduction of the Overnight Policy Rate (OPR), marking a move from a dual-policy rate system to a single anchor. The transition was aimed at enhancing policy transparency and aligning market expectations more effectively with the CBSL's monetary operations.

The Average Weighted Call Money Rate (AWCMR) responded accordingly, falling in tandem with surplus liquidity and policy relaxation. By end-2024, the AWCMR had stabilised near 8.00%, consistent with the policy stance.

The CBSL's continued easing was underpinned by:

- Deflationary headline inflation;
- Moderating inflation expectations;
- Final stages of sovereign debt restructuring; and
- Easing domestic and global risk premia.

The real interest rate environment became firmly positive, aiding financial stability and disinflation credibility, while providing monetary space for further rate flexibility if needed in 2025.

### DOWNWARD ADJUSTMENT OF MARKET RATES

While policy rates have declined swiftly, market interest rates, both in the money market and retail banking segments, have exhibited a more complex adjustment trajectory.

The granular dynamics which are central to credit expansion, investor sentiment and household resilience are detailed here:

### Money Market and Benchmark Rates

The AWCMR, reflecting overnight liquidity conditions, closely mirrored the CBSL's stance and improved market liquidity. Enhanced transparency via the OPR mechanism contributed to reduced volatility and narrower rate dispersion across institutions.

Yields on government securities, however, showed temporary resistance to the easing cycle during mid-2024 due to elevated risk premiums and auction dynamics, before correcting downward in Q4 2024 following debt restructuring progress.

### Gradual Repricing of Deposits

Deposit rates reflected the transmission of policy easing with a lag and in stages:

- The Average Weighted Deposit Rate (AWDR) and Average Weighted Fixed Deposit Rate (AWFDR) fell by 4.1 to 5.6 percentage points (pps) over the year.
- More responsive indicators, AWNDR (new deposit rate) and AWFNDR, declined by 4.5 to 4.8 pps, particularly in early 2024 when monetary easing was front-loaded.

Despite these declines, some rigidity persisted in longer-term fixed deposits, reflecting cautious investor behavior and the need for real return maintenance in a deflationary setting.

### Lending Rates

Lending rates, crucial for household and business credit uptake, responded positively albeit unevenly to policy shifts:



- The Average Weighted Prime Lending Rate (AWPR), a benchmark for prime clients, dropped 3.2 pps in 2024, with sharpest declines observed in the first half;
- Broader retail lending benchmarks, AWLR (based on outstanding loans) and AwnLR (based on new loans), fell by 2.3 and 3.6 pps, respectively.

### REAL INTEREST RATES AND OUTLOOK

The transition to deflation in late 2024 meant that real interest rates turned decisively positive, improving the savings environment but tempering borrowing appetite, particularly in sectors still recovering from income compression.

Looking forward, as inflation converges toward target and nominal rates stabilise, real rates are expected to moderate, reinforcing the conditions for a credit-led growth phase in H2 2025. The gradual normalisation of rate spreads.

### NAVIGATING A DELICATE BALANCE

Sri Lanka enters 2025 with early signs of macroeconomic stabilisation taking firmer root. Inflation is under control, the rupee remains stable and GDP growth has returned to positive ground. The CBSL's data-driven, accommodative policy stance continues to support economic activity while anchoring inflation expectations.

However, the economy remains vulnerable to:

- External shocks and commodity price swings;
- Fiscal constraints amid debt restructuring outcomes;

- And slow transmission of monetary easing into meaningful private credit expansion.

### LIQUIDITY DYNAMICS

A core enabler of market stabilisation was the substantial improvement in domestic liquidity, which transitioned from chronic deficits to significant surpluses during 2024.

Key contributors to liquidity expansion included:

- CBSL's net Forex purchases totaling approximately Rs. 858 Bn, driven by stronger forex inflows from exports, remittances and tourism;
- Net foreign loan disbursements from bilateral lenders;
- Net foreign currency swaps between CBSL and Licensed Commercial Banks (LCBs).

Liquidity, which averaged a deficit of Rs. 70.0 Bn in the previous year, reversed to a surplus of Rs. 120.0 Bn by mid-2024, expanding further to Rs. 168 Bn by year-end.

However, liquidity distribution remained asymmetric, particularly in H1 2024:

- Foreign banks held excess liquidity but were constrained in deploying it to domestic deficit banks due to counterparty exposure limits.
- This asymmetry restricted interbank trading volumes despite overall system-wide surpluses.

CBSL responded through targeted Open Market Operations (OMOs) to smooth imbalances. As conditions

normalised, overnight reverse repo operations were phased out from December 2024, reflecting improved autonomous liquidity management by market participants.

### MARKET VOLATILITY AND INVESTOR SENTIMENT

The government securities market experienced reduced volatility overall, reflecting improved macroeconomic stability, although some fluctuations persisted during Q2 due to:

- Pre-election uncertainty;
- Temporary auction mismatches;
- And yield curve realignments.

Despite these episodes, volatility in benchmark yields and auction outcomes remained well-contained relative to the turbulence observed during the peak crisis period.

The Average Weighted Call Money Rate (AWCMR) remained tightly anchored, averaging around 8.55% in August 2024, and tracking closely to the lower bound of the CBSL's Standing Rate Corridor (SRC). This convergence reflected:

- Ample system liquidity;
- Predictable policy signaling through the new Overnight Policy Rate (OPR) mechanism;
- And reduced speculative activity in interbank markets.

The improvement in Sri Lanka's sovereign rating toward the end of 2024 also supported capital inflows, although most foreign participation was back-loaded:

- A net outflow of USD 178.9 Mn was recorded in 2024;
- However, Q4 2024 alone recorded USD 77.4 Mn in net inflows, signaling renewed international confidence.



## Global and Local Context

### PRIMARY DEALER (PD) PERFORMANCE: EXPANSION IN ASSETS, CONTRACTION IN PROFITABILITY

Sri Lanka's Primary Dealer (PD) segment continued to play a central role in market functioning but faced a more challenging operating environment in 2024.

#### Key Metrics

- Total assets of Primary Dealers (PDs) increased by 9.7% to Rs. 297.2 Bn, reflecting balance sheet expansion;
- The investment portfolio in government securities rose by 5.7% to Rs. 277.9 Bn, in line with lower yields and stable risk appetite;
- Profit after tax (PAT) dropped sharply to Rs. 9.7 Bn, down from Rs. 30.4 Bn in 2023, driven by:
  - Declining interest income;
  - Lower capital gains due to stabilising yields;
  - Revaluation losses on mark-to-market assets under a fair value accounting framework.

#### Return Metrics and Capital Adequacy

- Return on Assets (ROA) fell from 31.9% to 7.9%;
- Return on Equity (ROE) dropped from 113.9% to 30.9%;
- Equity base declined marginally by 2.3%, mainly due to lower earnings;
- Nevertheless, the Risk-Weighted Capital Adequacy Ratio (CAR) remained strong at 18.7%, well above the regulatory floor of 10.0%.

#### Trading Activity

- Secondary market transactions by PDCs fell 25.4% to Rs. 18.6 Tn;
- Repurchase agreements accounted for 72.9% of trades;
- Outright purchases and sales declined by 28.8% and 11.3%, respectively, indicating reduced duration trading activity and a more conservative posture amid declining volatility.

The participation in primary auctions remained stable, though yields and bid-cover ratios varied across cycles, particularly in mid-2024 when funding pressures led to increased supply.

### OUTLOOK: NORMALISATION CONTINUES, WATCHPOINTS REMAIN

The Sri Lankan government securities market in 2024 reflected a measured normalisation process characterised by declining yields, expanding liquidity, improved confidence and evolving yield curve dynamics.

Key forward-looking considerations include:

- the pace of yield curve steepening as opposed to flattening, in the event inflation reverts toward target in H2 2025;
- the ability of PDCs to rebuild profitability in a low-rate, low-volatility environment;
- the sustainability of foreign investor re-entry, contingent on macro reforms and continued fiscal discipline; and
- the deepening of secondary market liquidity, particularly in long-dated securities.

With deflation receding, structural reforms continuing and sovereign risk easing, the stage is set for a renewed private sector engagement in capital markets in 2025. However, effective transmission and confidence in the depth of the government securities market will be critical to support broader investment flows and financial stability.

### THE ROLE OF PRIMARY DEALERS IN THE NEW ERA

#### Introduction: A Reset in Debt Market Dynamics

With the successful conclusion of Sri Lanka's Domestic Debt Optimisation (DDO) in 2023 and External Debt Restructuring (EDR) by December 2024, in 2025, a recalibrated public debt framework and a forward-looking borrowing strategy prevail underpinned by the Medium-Term Debt Management Strategy (MTDS 2025-2029) of the Government.

This strategic realignment aims to reduce debt vulnerabilities, lengthen maturity profiles and prioritise cost-effective, risk-sensitive borrowing. Central to this ambition is the revitalisation of the domestic government securities market, where PDs will play a pivotal role in deepening market participation, managing liquidity and ensuring a reliable transmission of monetary and fiscal signals.

### A SHIFTING BORROWING LANDSCAPE

Sri Lanka's gross financing requirement for 2025 is projected at Rs. 3,800 Bn, with Rs. 3,100 Bn (80%) to be sourced from domestic markets. This marks a continuation of the strategy to reduce reliance on external commercial debt while



supporting debt sustainability through predominantly rupee-denominated instruments.

The Annual Borrowing Plan (ABP) for 2025 outlines this composition:

- Rs. 2,170 Bn in T-Bills (short-term instruments);
- Rs. 930 Bn in T-Bonds (medium to long-term tenors);
- Across tenors from 91-day bills to 15-year bonds.

The MTDS further identifies Strategy 2 (S2), a domestic-oriented model, as the optimal path for Sri Lanka, targeting:

- An 80:20 domestic-to-external borrowing mix,
- Reduced interest and refinancing risks,
- A manageable debt maturity profile.

#### PRIMARY DEALERS AS MARKET ANCHORS

PDs, both bank-affiliated and standalone entities, are essential intermediaries in Sri Lanka's public debt system. As of end-2024, there were 10 PDs (5 LCBs and 5 standalone PD companies) with a combined government securities portfolio of Rs. 278 Bn, representing a 5.7% annual increase.

Key responsibilities of PDs include:

- Underwriting government securities at primary auctions,
- Market-making to provide two-way quotes in the secondary market,
- Disseminating price information to support transparency and liquidity,

- Facilitating portfolio flows, including those from foreign and diaspora investors.

In the post-DDO, post-EDR context, PDs are expected to function not just as conduits but as strategic partners in the execution of debt policy, aligned with MTDS goals of cost-efficiency, risk mitigation and market development.

#### PRIMARY DEALERS AS PILLARS OF MARKET MATURITY

The Government debt trajectory is at a turning point. The twin pillars of debt restructuring success and a rule-based borrowing strategy create an environment ripe for domestic capital market deepening.

PDs, equipped with new mandates, must evolve from auction participants to strategic market enablers, supporting issuance volumes, fostering liquidity and enhancing price discovery. Their performance will determine not just borrowing efficiency but also how confidently Sri Lanka transitions into a more resilient, self-reliant debt ecosystem.

As the Public Debt Management Office becomes fully operational by end-2025 and greater fiscal transparency is institutionalised, the government securities market is set to become the anchor of Sri Lanka's financial system. PDs are and will remain central to this transformation.

#### COMPETITIVE LANDSCAPE

First Capital Treasuries operates in a competitive and evolving government securities market in Sri Lanka. The Company maintains a leading market position within the standalone PD segment, while facing both direct and indirect competitive forces across the broader investment landscape.

#### Direct Competition: Other Primary Dealers

At the close of 2024, Sri Lanka's Primary Dealer system comprised 10 active dealers, split equally between:

- 5 Licensed Commercial Banks (LCBs) operating PD businesses
- 5 standalone PDs including FCT.

FCT demonstrates superior performance across key metrics such as:

- Assets
- Primary auction participation
- Secondary market turnover
- Digitalisation
- Client acquisition and servicing

Bank-affiliated PDs represent formidable direct competition due to:

- Broader funding bases,
- Integrated balance sheet management,
- Cross-selling opportunities across client relationships

However, standalone PDs such as FCT offer specialised expertise, greater operational flexibility and client-centric service models, positioning them competitively especially among institutional investors, corporate treasuries and institutional/high-net-worth individuals seeking specialised fixed income solutions.

The government's borrowing programme for 2025—requiring Rs. 3,100 Bn in gross domestic issuance, creates significant volume opportunities. However, increased competition among PDs for

## Global and Local Context

allocations at primary auctions and trading activity will continue to place emphasis on operational excellence, pricing capabilities and relationship-driven market making.

### Indirect Competition: Alternative Investment Options

Although government securities remain a critical component of investor portfolios due to their sovereign backing and liquidity, FCT also faces indirect competition from other asset classes and investment service providers, including:

- Equity markets, particularly during periods of bullish sentiment;
- Mutual funds and unit trusts, offering diversified exposure across asset classes;
- Corporate bonds and fixed deposits, especially as bank deposit rates stabilise;
- Emerging alternative assets, such as private credit and structured products, appealing to sophisticated investors.

As inflation stabilises and interest rates consolidate at lower, single-digit levels, search-for-yield behavior among investors may intensify, increasing relative competition from these alternative products.

Thus, maintaining client engagement, providing insightful market commentary and offering customised fixed income investment solutions will be vital to sustain investor flows into government securities.

### Competitive Advantages

FCT's competitive positioning is anchored on several structural advantages:

- Dominant share in standalone dealer segment, with proven leadership in auction participation and secondary market activities;
- Deep market expertise in navigating interest rate cycles and liquidity management;
- Client-focused relationship model, offering tailored investment strategies for institutional and retail segments;
- Innovative digital solutions for onboarding and transacting aid cost effective client acquisition;
- Agile decision-making processes, enabling timely responses to shifting market dynamics compared to larger, bank-affiliated counterparts;
- Strong risk management and compliance frameworks, ensuring regulatory adherence and investor confidence.

### Market Outlook

As Sri Lanka's government securities market continues to evolve post-DDO and EDR, and as the Medium-Term Debt Management Strategy (MTDS 2025-2029) shifts towards longer maturities and broader investor participation, the competitive intensity among PDs is expected to rise.

Key competitive differentiators moving forward will include:

- Ability to mobilise diverse investor bases, including diaspora and foreign institutional investors;
- Capability to underwrite and distribute long-tenor bonds efficiently;

- Innovative digital engagement tools to enhance investor access and education;
- Superior secondary market liquidity provision, supporting the Government's goals of market deepening.

FCT remains strategically positioned to capitalise on these developments through its leadership, operational agility, and unwavering commitment to market excellence.

### Participation Metrics and Market Position

FCT operates within Sri Lanka's evolving government securities market, which witnessed significant shifts in 2024 and early 2025. At end-2024, the PD sector recorded a total asset base of approximately Rs. 297.2 Bn, reflecting a 9.7% year-on-year expansion. The collective government securities investment portfolio of PDCs reached Rs. 277.9 Bn, growing 5.7% over the year. Although detailed institution-level participation data is not publicly disclosed, the independent credit rating report by Lanka Rating Agency affirms FCT's leadership among standalone PDs supported by a strong share of the sector asset base.

On an individual entity basis FCT bettered its PD conduct obligations against regulatory thresholds. In FY2025, T-Bill primary market bid participation rate was 11.7.% (FY2024:13.7%) against the regulatory requirement of 10.0% and the market success rate, 4.5% (FY2024:6.1% ) of commitment. The T-Bond primary market bid participation rate for the year was 16.3% (FY2024:20.8% ). Effective participation was 68.9%





(FY2024:105.9%) against the regulatory requirement of 50.0% of average issuance per PD.

Successful bids totaled Rs. 333 Bn (FY2024: Rs.420 Bn) in T-Bill auctions and Rs.108 Bn (FY2024: Rs.127 Bn) in T-Bond auctions. Secondary market turnover in government securities was 10 (FY2024:13) times the average stock.

Market-wide developments were supportive. T-Bill primary market yields declined sharply, with the 91-day yield dropping from 14.51% in January 2024 to 8.62% by December and similar downward trends observed across 182-day and 364-day tenors. The secondary market yield curve normalised to an upward slope, with shorter-term yields declining more significantly than longer maturities.

Secondary market liquidity, measured by daily average trading volume, rose modestly from Rs. 25.7 Bn in 2023 to Rs. 27.0 Bn in 2024, although turnover ratios dipped slightly to 37.2%, reflecting steadier holding behavior among investors as yields compressed.

Looking ahead, the Government's Rs. 3,100 Bn gross domestic borrowing requirement for 2025, split between T-Bills (Rs. 2,170 Bn) and T-Bonds (Rs. 930 Bn), provides a robust volume pipeline. FCT remains well-positioned to participate actively across both primary issuances and secondary market activities. Against a backdrop of stabilising interest rates, improved market liquidity, and a normalised yield curve structure, FCT continues to focus on maintaining its leadership position by offering consistent liquidity, competitive pricing and tailored fixed income solutions to its expanding investor base.

# FINANCIAL CAPITAL



For First Capital Treasuries financial capital represents the pool of equity and interest-bearing liabilities - primarily repurchase agreements, that fuel the ability to actively preside across primary and secondary market activities and provide liquidity to the financial system. Unlike diversified financial institutions, our financial capital deployment is uniquely characterised by rapid turnover of trading positions, short-duration funding and leveraged trading books supported by dynamic risk management frameworks.

The strength and flexibility of our financial capital underpin our role as a standalone non-bank primary dealer licensed by the Central Bank of Sri Lanka. It enables us to absorb market shocks, mobilise liquidity efficiently, and manage spread risk across different points on the yield curve - all while fulfilling our regulatory obligations and delivering risk-adjusted returns to shareholders.



Management Approach	Material Matters
<p>FCT manages financial capital with a focus on liquidity efficiency, spread optimisation, and capital adequacy.</p> <p>This approach is driven by real-time treasury analytics and internal risk-adjusted return models. Capital allocation, particularly across tenors and yield strategies, is guided by scenario-based planning.</p> <p>The repo-driven funding model ensures margin stability and liquidity access, even during adverse yield movements.</p> <p>Capital is dynamically reallocated based on market depth, rate trends, and auction outcomes. The Company adheres to CBSL capital and liquidity norms for standalone primary dealers. Beyond compliance, tax planning, reserve formation, and dividend strategy are aligned to ensure financial resilience and flexibility, enabling consistent performance delivery and long-term shareholder value creation.</p>	<ul style="list-style-type: none"><li>• Balanced earnings</li><li>• Operational efficiency</li><li>• Ethical service standards</li><li>• Country rating upgrade</li><li>• Accelerated economic recovery</li><li>• Policy uncertainty</li><li>• Market volatility</li><li>• Balancing system liquidity</li><li>• Heightened importance of risk management</li><li>• Regulatory developments</li><li>• Environmental, social and governance matters</li></ul>



## Strengths

- Strong capital adequacy of 15.55% and high-quality retained earnings
- Market leadership among standalone non-bank primary dealers
- High asset turnover from agile, repo-funded balance sheet
- A+(Stable) credit rating and Robust Risk Management practices

## Weaknesses

- Income concentration in trading and MTM gains
- Narrowing NIM due to policy rate cuts and spread compression
- Reduced arbitrage potential from flatter yield curve

## Opportunities

- Monetary easing cycle and curve re-steepening potential
- Digital onboarding to tap mass-affluent investors
- Secondary market reforms

## Threats

- Competitive intensity from bank-backed primary dealers
- Fiscal and political uncertainty impacting issuance and liquidity
- Rising ESG and SLFRS S1/S2 compliance costs

### STRATEGIC CONTEXT

FY2025 marked a year of tactical recalibration for FCT. The Company shifted to a conservative but active strategy, stacking value positions in the short to medium term ('belly') of the curve while selectively trading around market dynamics. This reflected a flattening yield curve thesis and expectations of a continued policy easing cycle.

The orthodox "hold-and-trade" combination enabled FCT to preserve spread and generate Rs. 4.67 Bn in net trading income, despite muted arbitrage opportunities. This strategy was justified when the 5-year benchmark touched 10.66% in December 2024, validating FCT's curve positioning

and disciplined risk rotation. Earnings and profitability represent the Company's second-highest profitability in its operating history, reinforcing the resilience of its capital and trading model.

### INCOME STATEMENT ANALYSIS

#### Direct Income

In FY2025, First Capital Treasuries recorded total income of Rs. 10,838 Mn, a sharp contraction from the Rs. 26,599 Mn posted in the prior year, in line with expectations of market normalisation after an exceptional interest rate cycle.

The primary drag on topline was the decline in gains on sale of financial assets, which reduced to Rs. 3,092 Mn from a high of Rs. 15,811 Mn in

FY2024, following a shift in trading strategy and lower realised price volatility in government securities. This reflects the structural transition from opportunistic interest rate positioning to more duration-neutral trading and holding strategies.

Interest income from fair value through profit or loss (FVTPL) assets also decreased to Rs. 6,887 Mn, down from Rs. 10,334 Mn the year before, in tandem with moderating yields.

#### Direct Expenses

Direct expenses for FY2025 amounted to Rs. 6,166 Mn, a 21.9% reduction from Rs. 7,894 Mn in FY2024. This decline was driven



# Financial Capital

predominantly by lower interest expenses on repurchase agreements, which constitute the majority of the Company's direct cost base.

- Repo interest expense fell to Rs. 5,915 Mn, down from Rs. 7,514 Mn in the prior year - a drop of Rs. 1.6 Bn, or 21.3% YoY. This reflects the impact of a low interest rate regime, which compressed borrowing costs across the market;
- Other components such as brokerage (Rs. 110 Mn) and debenture interest (Rs. 82 Mn) declined proportionately but represent a relatively small share of direct expenses.

The moderation in repo cost directly mirrors the accommodative stance CBSL took throughout the year and the Company's responsive funding strategy. This cost discipline helped partially offset the drop in trading income and contributed to sustaining positive net spreads in a less volatile interest rate environment

## Net Trading Income

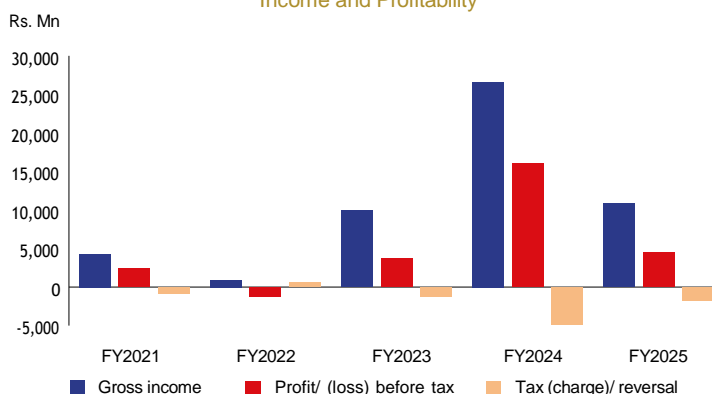
Net trading income for the year stood at Rs. 4,672 Mn, a decline of 75% YoY, consistent with the lower trading turnover and tighter interest spreads. Despite this contraction, the Company maintained a positive net spread, supported by reduced funding costs and disciplined cost management.

Direct expenses fell by 21.9% YoY to Rs. 6,166 Mn, driven by a decrease in repo borrowing costs and broking fees, aligned with lower volume activity and leaner balance sheet structure.

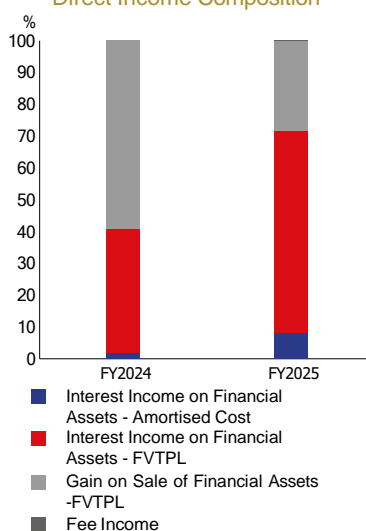
## Other Income

Other income rose significantly to Rs. 54 Mn (FY2024: Rs. 8.8 Mn), primarily due to one off income of Rs. 30 Mn recognised on account of rent refunds received as result of ceasing of lease agreement.

Income and Profitability



Direct Income Composition



## Interest Income, Interest Expenses and Spread

Total interest income for the year declined by 28.1% to Rs. 7,743.7 Mn, reflecting the impact of lower yields on trading assets as the market transitioned to a stabilised interest rate environment. This decline was primarily driven by reduced returns from financial assets measured at fair value, offset to a limited extent by increased interest from amortised cost instruments.

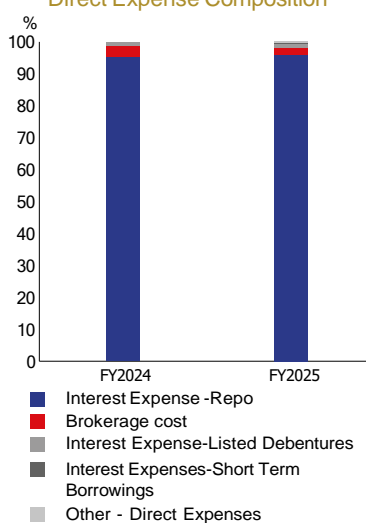
In parallel, interest expenses fell by 20.8% to Rs. 6,030.7 Mn, aided by lower average funding costs in a soft rate environment and the absence of high-cost debenture obligations post-redemption.

Average Interest rate spread for FY 2025 was 1.2% (FY 2024 : 2.22%). This reflects a reduction of 1% compared to last year.

## Operating Income

Operating income dropped significantly to Rs. 5.35 Bn, down 71% from FY2024's peak of Rs. 18.4 Bn. While the comparative decline is substantial, the fair valuation gain of Rs. 626.9 Mn represents a reversal from a loss of Rs. 307.6 Mn last year, demonstrating improved portfolio calibration and timely repositioning during Q3 and Q4.

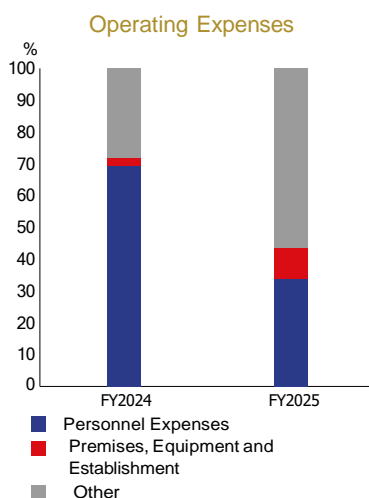
Direct Expense Composition





### Operating Expenses

Operating expenses saw a remarkable contraction of 63% YoY, declining to Rs. 0.88 Bn from Rs. 2.37 Bn. The reduction was primarily driven by normalisation in variable compensation (notably bonus accruals), and partly by decline in VAT/Social Security Contribution Levy charges on Financial Services in line with the decline in operating profit.



### Cost to Income

The cost-to-income ratio rose modestly to 18.6% from 12.6%, reflecting base income contraction. However, this still evidences substantial administrative discipline, as operating costs dropped by Rs. 1.49 Bn, reflecting a YoY decline of 63% - aligned to earnings normalisation.

### Profit Before Tax

PBT stood at Rs. 4.47 Bn, down 72% from FY2024, but remaining among the Company's strongest historic performances. Despite the reversion, FY2025 results reinforce the Company's capability to remain profitable in flatter and more range-bound yield curve conditions.

### Taxation

Tax expense reached Rs. 1.43 Bn, with an effective tax rate of 32%.

### Profit After Tax

Net profit was Rs. 3.04 Bn (FY2024: Rs. 11.14 Bn), highlighting a base-effect driven reversion rather than structural weakness. While the YoY decrease appears significant, it reflects a base effect distortion and not a deterioration in structural profitability. Return metrics remain robust, underpinned by a strong capital adequacy ratio of 15.55%.

### Dividend

The Company declared a total dividend of Rs. 1.6 Bn with a Dividend Per Share (DPS) of Rs. 2.60. The dividend payout ratio stood at 52.6% and dividend cover at 1.9x.

This payout ratio reflects confidence in earnings sustainability, while preserving sufficient retained earnings to support regulatory buffers and growth initiatives.

### MARKET PERFORMANCE AND VALUATION METRICS

FCT's share (FCT.N0000) declined by 6.9% year-on-year to Rs. 23.00s of 31 March 2025. Despite the expected normalisation in earnings following FY2024's exceptional trading gains, the share price remained relatively resilient. Investor sentiment was supported by other fundamentals including the Company's strong capital position and dividend track record. This outcome was delivered against a backdrop of reduced market volatility, tighter trading spreads, and stabilised interest rate expectations, underscoring confidence in FCT's ability to generate sustainable returns even in a more subdued market environment.

Metric	FY2025	FY2024
P/E Ratio	4.65x	1.36x
P/BV Ratio	1.55x	1.98x
Beta (ASPI)	0.45	0.77
Beta (S&P SL20)	0.42	0.37

While the P/BV ratio remains above the CSE multiple (1.1x), the P/E ratio of 4.65x is substantially below the average (8.3x). This differential suggests that while FCT's strong book value and consistent capital returns are recognised, the earnings potential in a stabilised interest rate environment may not be fully priced in.

Year end beta values of 0.45 vs. ASPI and 0.42 vs. S&P SL20 indicate that the FCT share exhibits lower volatility relative to the market. These sub-parity beta values suggest that the share remains relatively stable, with dampened sensitivity to broader market swings, reinforcing its appeal to risk-conscious investors.

### STRATEGIC POSITIONING – INCOME STATEMENT

FY2025 represented a year of tactical consolidation for First Capital Treasuries following an extraordinary FY2024 performance. The Company adeptly recalibrated its trading posture in response to a maturing interest rate cycle and compressed yield curves. While topline income declined by 59% YoY, this was largely attributable to the high base effect from FY2024 driven by yield volatility and market repricing. In contrast, FY2025 reflected a pivot towards duration agility, risk-managed portfolio rotation and tight control of funding spreads.

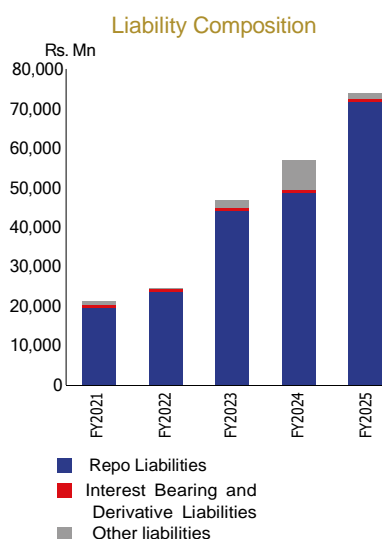
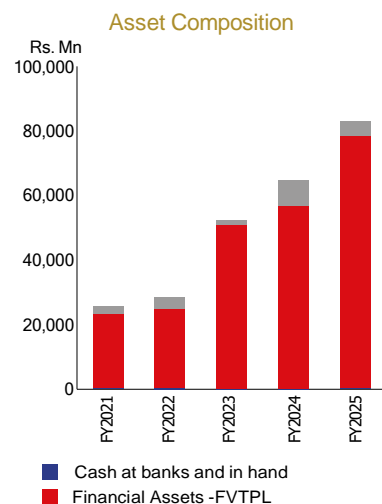
Fair value gains of Rs. 627 Mn underscored curve timing, while reduction in variable costs (performance bonus and VAT/SSCL charges on Financial Services) helped maintain earnings stability even in a muted yield environment.

From a strategic lens, FY2025 solidified FCT's evolution from opportunistic trading to a risk-calibrated market-maker, capitalising on flow-based income and leveraging a broader client franchise.

# Financial Capital

This shift sets the stage for a return to sustainable earnings growth in a potentially easing monetary environment in FY2026.

## BALANCE SHEET ANALYSIS



### Total Assets

Total Assets stood at Rs. 83.1 Bn at year end reflect a YoY increase of 29%.

Asset growth was underpinned by increased holdings of trading assets, indicating active balance sheet deployment aligned to duration and yield expectations within the government securities market.

### Key Composition:

- **Trading Book - Financial Assets - FVTPL:** Rs. 78.1 Bn (94% of total assets): Up from Rs. 56.7 Bn in FY2024, this sharp increase reflects strategic accumulation of long and mid-tenor securities amid favourable yield compression in H2 FY2025. It also signals tactical positioning to benefit from potential monetary easing cycles, reinforcing FCT's dynamic interest rate risk management capabilities.
- **Amortised Cost Assets:** Rs. 3.3 Bn Declined from Rs. 4.54 Bn YoY, reflecting a recalibration in portfolio mix with greater tilt toward marked-to-market assets to capture upside in trading income during yield curve shifts.
- **Other Operating Assets:**
  - Cash and Bank Balances: Rs. 236 Mn
  - Deferred Tax Asset: Rs. 187 Mn – primarily represents the timing benefit arising via deferred bonus expenses
  - Property, Plant and Equipment: Rs. 605 Mn – increased primarily due to capitalisation of Land and Building amounting to Rs. 270Mn
  - Other Assets: Rs. 669 Mn

### Total Liabilities

Total liabilities stood at Rs. 74.0 Bn at year-end reflecting a 30% YoY increase. The liability structure is dominated by short-term market funding, consistent with primary dealer models. The expanded repo book reflects both market confidence and efficient capital deployment.

### Key Composition:

- **Securities Sold Under Repurchase Agreements (Repos):** at Rs. 71.4 Bn, reflects a substantial YoY increase (2024: Rs. 48.5 Bn) mirroring the funding required to support expanded trading

inventory. This funding base continues to provide FCT with flexibility in maturity transformation and enhances portfolio yield through leverage.

- **Short-Term Borrowings:** at Rs. 806 Mn, reflects opportunistic use of bilateral funding lines to supplement liquidity for tactical trades.
- **Payables and Accruals:**
  - Creditors & Other Payables: Rs. 919 Mn
  - Taxes Payable: Rs. 790 Mn

These liabilities remain well managed, declining significantly from FY2024, supporting FCT's efficient working capital cycle.

- FCT reported the settlement of its listed debenture debt, from Rs. 764 Mn in 2024 with the scheduled tranche-maturity and redemption. However, after the reporting period, FCT successfully completed a new debenture issuance of Rs. 3.0 Bn. This issuance comprised listed, rated, subordinated, unsecured, redeemable debentures with a five-year maturity.
- FCT's core reliance was focused on repo markets for tactical liquidity.
- **Repo Liabilities to Trading Assets:** at 91.5%, compared to 85.5% in the previous year reflects a higher level of leverage applied to the trading portfolio, indicating greater reliance on short-term funding sources to support growth in FVTPL assets. While this funding mix enhances asset velocity and return potential, it also signals tighter liquidity management and heightened sensitivity to interest rate movements.

### Total Equity

Total Equity stood at Rs. 9.12 Bn reflecting a YoY growth of 19.0%. Retained Earnings was a significant contributor, with a 24.5% YoY





increase, reflecting strong profitability and prudent dividend policy. Risk Reserve: Rose by 10.9%, indicating continued allocation of profits to buffer capital against transitional market and operational risks.

The strengthening equity base, along with a CAR of 15.55% well above the 10% regulatory minimum, positions the Company strongly.

### STRATEGIC COMMENTARY

The balance sheet structure continues to reflect FCT's business model efficiency and primary dealer mandate. With 94% of assets in marketable government securities and nearly all funding sourced via repos, the Company is well-positioned to capture relative value opportunities in the yield curve while preserving liquidity and risk buffers. The absence of long-term debt and the scaling back of non-core assets denote increased balance sheet precision post-FY2024's record year. This positioning aligns with market expectations of further monetary policy easing in the latter part of 2025.

### CASH FLOW ANALYSIS

In FY2025, FCT demonstrated resilient operating cash generation despite a normalised trading environment and tighter margins. The Company preserved financial agility through disciplined liquidity management, a conservative capex approach, and efficient capital allocation, while continuing its strong dividend policy and funding flexibility.

#### Operating Cash Flows

Net cash generated from operating activities amounted to Rs. 5.7 Bn, reflecting a strong recovery in net operational inflows despite lower trading income and tighter spreads.

#### Key drivers included:

- Interest receipts and realised gains: At Rs. 10.8 Bn, though down significantly from FY2024 (Rs. 26.6 Bn), still provided a solid earnings base.
- Direct interest and funding costs: Decreased to Rs. 4.8 Bn (FY2024: Rs. 6.8 Bn), aided by a lower average repo cost structure and tighter funding spreads.
- Cash payments to employees and suppliers: Dropped sharply by 66% YoY to Rs. 793 Mn, aligning staff cost accruals with more moderate profitability.
- Repo inflows from the securities sold under repurchase agreements: Surged to Rs. 21.6 Bn (FY2024: Rs. 3.6 Bn), demonstrating the Company's adept leveraging of short-term funding to tactically scale its trading book during opportunistic periods in the yield curve.

While trading inventory increased substantially (Rs. 20.8 Bn deployed into FVTPL), this was effectively absorbed through matched repo funding and net working capital movements, resulting in cash from operations of Rs. 9.5 Bn.

After settling Rs. 3.8 Bn in tax liabilities, net operating cash flows stood at Rs. 5.7 Bn, a commendable result in a rebalanced earnings environment.

#### Investing Cash Flows

Net cash used in investing activities was modest at Rs. 374 Mn, largely reflecting controlled investments in infrastructure and digital enablement.

The restrained capital outlay signals a shift toward scalability and capital efficiency.

#### Financing Cash Flows

Net cash used in financing activities totaled Rs. 5.12 Bn, primarily reflecting shareholder returns and deleveraging.

- Two dividend tranches (FY2024 second interim and FY2025 interim) amounted to Rs. 4.37 Bn, continuing the Company's commitment to delivering value through high payout ratios.
- The Rs. 750 Mn redemption of listed debentures reduced long-term borrowing exposure and interest outflows.

This outflow aligns with the Company's strategy to manage cost of funds while preserving return flexibility and maintaining a leaner debt profile.

#### Net Liquidity Movement

The net increase in cash and cash equivalents of Rs. 207 Mn resulted in a year-end cash balance of Rs. 236 Mn (up from Rs. 29 Mn in FY2024) which offers a comfortable short-term buffer and positions the Company for tactical responsiveness to emerging market conditions.

#### Strategic Context

Cash flow performance in FY2025 underscores disciplined treasury and capital allocation. The Company managed to fund a substantial trading book expansion while maintaining operating cash generation and high dividend payouts. This reflects not just balance sheet strength, but also strategic maturity in navigating evolving market dynamics.

# MANUFACTURED CAPITAL



Manufactured Capital at FCT represents the tangible infrastructure and digital Solutions that enables us to deliver value to clients, maintain operational resilience and pursue our digital transformation agenda. While our physical footprint is streamlined and centrally managed, our infrastructure investments have been sharply focused on technology-driven service delivery, efficiency and secure market access.

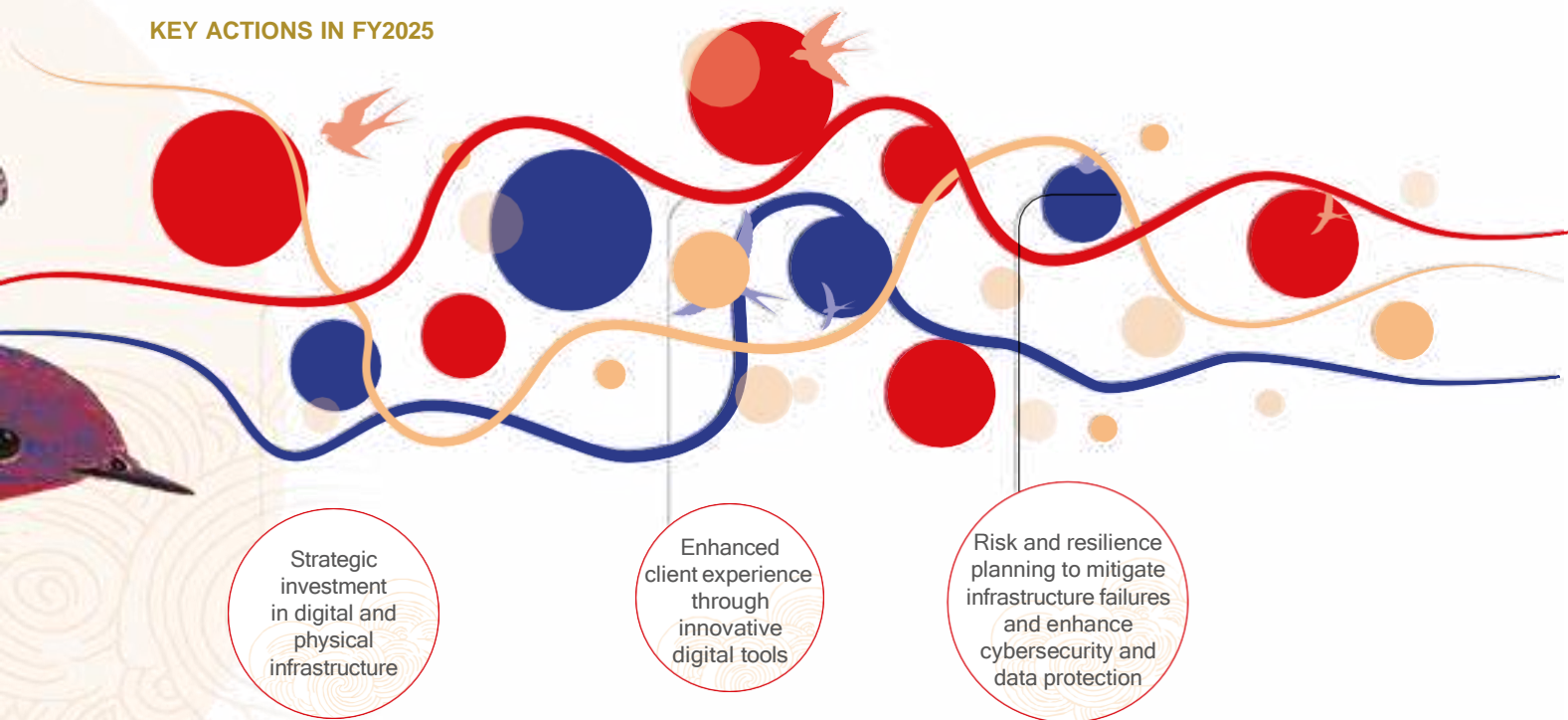
Unlike traditional banking institutions with large branch networks, FCT's model leverages core IT assets, client-servicing platforms and purpose-built systems to facilitate a modern, frictionless investor experience. Our Manufactured Capital is not simply defined by geography, but by the agility, reliability and innovation capacity of our digital infrastructure.



Management Approach	Material Matters	Link to capitals impacted
<p>We manage our Manufactured Capital with a long-term focus on resilience, digital readiness, and client-centric innovation. Our approach prioritises:</p> <ul style="list-style-type: none"><li>• Technology Investment: Scalable, secure infrastructure that supports operational growth</li><li>• Client-Centric Design: Hybrid channels (assisted and self-service) to meet diverse user preferences</li><li>• Cybersecurity and Continuity: Ongoing investment in risk mitigation and disaster recovery</li><li>• Agility: Modular systems and adaptable processes aligned with regulatory shifts and investor behavior</li></ul> <p>These investments are closely linked with our overall value creation goals, enabling secure, seamless, and digitally enhanced access to government securities markets.</p>	<ul style="list-style-type: none"><li>• Balanced earnings</li><li>• Brand Image</li><li>• Client centricity</li><li>• Financial inclusion</li><li>• Operational efficiency</li><li>• Digital transformation</li><li>• Ethical service standards</li><li>• Data protection</li><li>• Cyber security</li><li>• Accelerated economic recovery</li></ul>	<ul style="list-style-type: none"><li>• Financial Capital</li><li>• Intellectual Capital</li><li>• Social &amp; Relationship Capital</li><li>• Human Capital</li></ul>



## KEY ACTIONS IN FY2025



## Strengths

- Agile digital infrastructure tailored to primary dealer functions purpose-built onboarding and secure bidding platforms

## Weaknesses

- Limited physical and digital penetration relative to traditional banks and larger non-bank financial institutions

## Opportunities

- First-mover advantage in low-friction, digitally-led transactional solutions
- Expand analytics and AI in service personalisation
- Integration across onboarding, trading, compliance value chain

## Threats

- Rapid technological advancements by bank-affiliated PDs and indirect competitors providing alternative investment solutions may erode differentiation over time
- Regulatory changes could necessitate costly updates



# Manufactured Capital

## FUTURE PRIORITIES

Short-medium term	Long-term
<ul style="list-style-type: none"><li>• Advance CRM analytics for deeper insights</li><li>• Integrate service platforms for onboarding-to-trade flow</li><li>• Explore AI-based investor support features</li></ul>	<ul style="list-style-type: none"><li>• Maintain leadership in digital-first market access</li><li>• Continued exploration of AI-led client service and other frontier technological capabilities</li></ul>

### REFRAMING INFRASTRUCTURE FOR THE DIGITAL AGE

Over the past year, FCT has continued to build on its “phygital” model, blending essential physical presence through our Customer Relationship Unit (CRU) with an expanding suite of digital service channels. This approach reflects changing investor expectations, particularly in fixed income markets, where speed, access and convenience are critical differentiators.

Our manufactured capital in FY2025 includes a diverse mix of:

- **Client-Facing Platforms:** WhatsApp transactional tool enabling bidding in government securities auctions, investor onboarding portals and mobile-first communications
- **Core IT Systems:** Upgraded infrastructure for real-time processing, compliance and reporting
- **Support Infrastructure:** Modern workstation setups, CRM terminals and digital documentation systems
- **Property, plant and equipment (PPE) and ROU assets** of over Rs. 605 Mn as at year end, primarily reflecting physical infrastructure utilised for operations.

### KEY INITIATIVES IN FOCUS

#### e-KYC and Digital Onboarding

Our electronic Know Your Customer (e-KYC) platform has become the primary gateway for new client onboarding. Designed to meet both regulatory standards and user expectations, the solution streamlines client data capture, identity verification and documentation all without requiring a physical visit.

Key enhancements in FY2025 included:

- Pre-populated digital forms that reduce manual input errors
- Integrated document upload and validation tools, accelerating approval times

The e-KYC system has contributed significantly to faster onboarding times, improved data quality, and greater user satisfaction. It also supports FCT’s environmental objectives by reducing reliance on paper-based forms and storage.

#### WhatsApp-Based Treasury Bidding

In a landmark step toward digitising investor participation in government securities, FCT launched a secure WhatsApp-based bidding platform. The solution allows eligible clients to submit bids for Treasury Bills and Bonds in real time via the widely used messaging app.



This initiative enhances:

- **Accessibility:** Eliminating the need for physical forms or branch visits
- **Convenience:** Enabling transactions to be initiated and confirmed within minutes
- **Client Confidence:** Supported by secure backend integration and bid acknowledgment workflows

This feature has become especially valuable for the targeted clients seeking convenience without compromising on security or execution quality.

For a detailed Case Study on this transformational digital tool, see page 82 of the Intellectual Capital Report.



### CRM Integration and Service Continuity

The activation of a dedicated CRM system was another key initiative. It now forms the backbone of our client lead generation, interaction tracking and service optimisation efforts.

CRM benefits realised during the year include:

- Enhanced lead generation, segmentation and follow-up
- Improved cross-team collaboration, linking relationship officers, compliance and operations seamlessly across the value chain

These investments not only improve the client experience but also build institutional memory, enabling deeper insight into client needs and service gaps.

### IT Infrastructure Modernisation

To support the above initiatives and prepare for future scalability, FCT undertook critical IT infrastructure enhancements during FY2025:

- Upgraded processing speed and internal bandwidth to manage higher transaction loads.
- Strengthened cybersecurity layers to counter rising threats in financial messaging and transaction platforms.
- Implemented cloud-aligned backend architecture supporting digital business units and client portals.
- Integrated redundancy protocols and disaster recovery tools to ensure uninterrupted service delivery.

These enhancements ensure that FCT's infrastructure is not only functional but also future-ready, capable of evolving with regulatory shifts, market expectations, and business growth.

See Intellectual Capital report for transformational advantages gained by FCT via the Group IT function.

#### Key metrics

Indicator	FY2025
PPE value (Rs. Mn)	605
Investment in Digital Infrastructure (Rs. Mn)	42

As we move forward, our goal remains clear: to position our infrastructure not just as an operational necessity, but as a strategic enabler of trust, transparency and transformation in Sri Lanka's fixed-income market.



# INTELLECTUAL CAPITAL



First Capital Treasuries regards Intellectual Capital as one of its most enduring sources of value creation and strategic differentiation. It encompasses the collective strength of our brand, digital capabilities, process discipline, risk awareness, governance culture and institutional knowledge. As the most awarded non-bank primary dealer in Sri Lanka for FY2025, FCT has demonstrated how intangible assets, when deliberately cultivated can yield measurable competitive advantage in even the most volatile market conditions.

As a core subsidiary within the First Capital Group, FCT benefits from a shared ecosystem of research, IT infrastructure, legal and compliance frameworks and a unified digital transformation agenda. At the same time, FCT has carved a distinct leadership position through its pioneering approach to client interaction, robust performance in capital markets and elevated brand recognition.

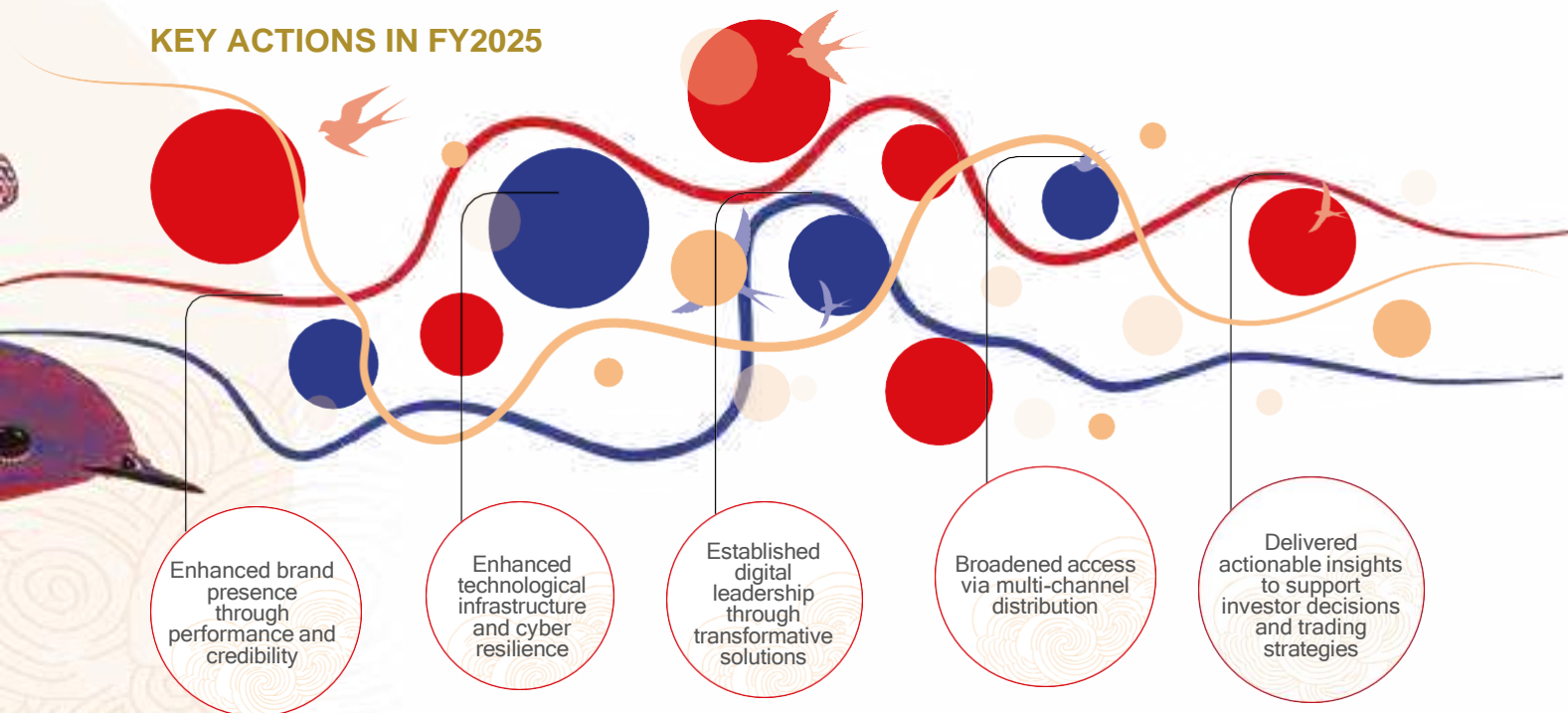


Management Approach	Material Matters	Link to capitals impacted
<p>FCT's Intellectual Capital strategy is guided by four fundamental objectives:</p> <ul style="list-style-type: none"><li>Protecting and enhancing brand equity built on trust, innovation and investor confidence</li><li>Enabling digital innovation that improves service experience and efficiency</li><li>Preserving institutional knowledge and risk culture for long-term resilience</li><li>Fostering continuous learning and value stewardship across teams and stakeholder relationships</li></ul> <p>Our Intellectual Capital is inherently collaborative, drawing strength from Group-level capabilities, yet custom-fitted to our unique identity as a primary dealer and gateway to government securities.</p>	<ul style="list-style-type: none"><li>Balanced earnings</li><li>Brand image</li><li>Client centricity</li><li>Digital transformation</li><li>Financial inclusion</li><li>Ethical service standards</li><li>Accelerated economic recovery</li><li>Environmental, social and governance matters</li><li>Regulatory developments</li><li>Heightened importance of risk management</li><li>Data protection</li><li>Cyber security</li></ul>	<ul style="list-style-type: none"><li>Financial Capital</li><li>Manufactured Capital</li><li>Natural Capital</li><li>Human Capital</li></ul>





## KEY ACTIONS IN FY2025



## Strengths

- Established brand legitimacy and credibility as a licensed primary dealer with a track record in government securities markets
- Advanced digital infrastructure, robust cybersecurity and transformative IT capabilities, enhancing efficiency and client trust
- Strong internal culture and employer brand, retaining high-calibre finance and analytics professionals
- Operational and compliance excellence, underpinned by a disciplined governance and reporting framework aligned with regulatory expectations

## Weaknesses

- Limited public awareness among the emerging mass affluent and retail investor segments unfamiliar with the role of primary dealers
- Perceived product complexity, with government securities seen as less accessible than traditional bank savings products

## Opportunities

- Government securities have a low-risk profile and interest can be driven by portfolio diversification trends and a renewed focus on capital preservation
- Leveraging digital platforms and AI-driven analytics to personalise investment offerings, enhancing client experience and scale

## Threats

- Persistently low financial literacy regarding capital markets can slow product uptake and hinder long-term brand equity
- Rising competition from banks and fintechs expanding aggressively into investment and treasury solutions, leveraging their distribution muscle
- Regulatory tightening or shifts in monetary policy could increase operational constraints, impacting agility and product innovation
- Macroeconomic volatility and political risk could dampen investor sentiment, limiting FCT's brand-building momentum and outreach efforts

# Intellectual Capital

## FUTURE PRIORITIES

Short-medium term	Long-term
<ul style="list-style-type: none"><li>• Elevate brand in alignment with its vision-led positioning as a trusted market intermediary</li><li>• Elevate category dominance by expanding visibility and engagement within Sri Lanka’s government securities and fixed income space</li><li>• Leverage AI, automation, and data analytics in collaboration with Group IT and Research, to optimise investment decisions, enhance market insights and deliver tailored client solutions</li><li>• Strengthen cyber resilience and data stewardship, reinforcing trust and security in digital client interactions and operational infrastructure</li><li>• Enhance talent-led brand equity, supported by Group HR to attract, develop and retain top-tier fixed income/market analysts and technology professionals</li></ul>	<ul style="list-style-type: none"><li>• Accelerate technology transfer from the Group’s innovation ecosystem to future-proof FCT’s operating model and enhance product agility</li><li>• Anchor long-term brand equity through the development of enduring client relationships and institutional trust in the domestic market</li></ul>

### SUSTAINED BRAND INVESTMENT AND VISIBILITY

FCT’s brand positioning is guided by a targeted strategy: deepen penetration among mass affluent and institutional investor segments, while maintaining scalable access for retail clients via digital self-service models. This allows for channel and cost optimisation without diluting inclusivity.

As a celebrated and market dominant non-bank primary dealer in FY2025, FCT has become emblematic of digital trust and execution strength, a perception reinforced by its operational performance and strong association with the First Capital brand.

While the Group pursues broad market appeal and retail financial literacy, FCT’s own focus is to strengthen engagement with investor classes that demand real-time access, technical precision and regulatory assurance - priorities that align squarely with its digital infrastructure and governance culture.

FCT’s visibility in the capital markets space is inseparable from its association with the First Capital brand, which continued to build

recognition through national and international branding accolades and thought leadership.

### UNIFIED BRAND STRENGTH, DIFFERENTIATED IDENTITY

FCT’s brand operates under the umbrella of First Capital Holdings, but retains operational and functional clarity. This dual positioning, unified in values -differentiated in execution, is one of FCT’s greatest intangible assets.

The strength of this architecture lies in its brand symbiosis:

- From the Group: FCT gains market trust, media visibility and digital equity through First Capital’s broader campaigns
- Within FCT: It adds depth by delivering high-value service to institutional and mass affluent clients, using systems that are built for precision and compliance
- To retail clients: The FCT interface is familiar, accessible, and consistent with Group-wide visual and service standards, maintaining a seamless user experience

FCT’s digital architecture from e-KYC to CRM to WhatsApp bidding is consistent with the Group’s digital design language, but uniquely configured for fixed income product workflows. This ensures alignment with First Capital’s vision “To improve the lives of all Sri Lankans through financial solutions,” while sharpening FCT’s positioning as the leading digitally enabled primary dealer in the market.

Looking forward, FCT’s brand strategy will continue to reinforce its legitimacy through digital scale, secure infrastructure, and a performance-led identity not only as a business unit but as a vital contributor to the First Capital Group’s trusted reputation.

While financial literacy and inclusion activities are orchestrated centrally, FCT aligns with these efforts by ensuring its onboarding tools, interfaces and investor communications are user-friendly, tri-lingual and compliant. This alignment supports a coherent brand experience across all investor segments.



**FCT was listed among the LMD 100 and secured second place in the investment banking sector in LMD's Most Awarded Entities listing while its parent FCH holds the top position, for 2024. These recognitions validate FCT's disciplined execution, strong market positioning, and contribution to public debt market development.**

In FY2025, the Group's coordinated digital branding campaign significantly enhanced cross-platform reach and brand searchability, and FCT's presence in digital engagement metrics rose in parallel. This shared infrastructure of trust ensures that even as FCT specialises in fixed income, its visibility scales with the Group's credibility.

#### **CELEBRATING BREAKTHROUGHS IN BRAND LEGITIMACY**

FY2025 was a landmark year in strengthening FCT brand legitimacy and market standing, as the Company garnered multiple prestigious awards across governance, reporting, communications and financial service excellence. These recognitions not only validate FCT's operational performance but also underscore its evolution into a trusted, innovation-led institution within Sri Lanka's capital markets.

FCT was listed among the LMD 100 and secured second place in the investment banking sector in LMD's Most Awarded Entities listing while its parent FCH holds the top position, for 2024. These recognitions validate FCT's disciplined execution, strong market positioning, and contribution to public debt market development. As Sri Lanka's leading non-bank primary dealer, FCT combines tactical market-making with digital innovation, pioneering multilingual WhatsApp bidding and post-trade integration with CBSL. Its exceptional performance, ethical client conduct and consistent returns reflect both the resilience of its strategy and its alignment with the Group's values of transparency, ethics, and institutional trust.

A standout achievement was FCT being named the Most Leading Non-Bank Primary Dealer in Sri Lanka for 2024 by Finance Derivative Magazine, a Netherlands-based publication with global reach in financial and economic insights. This accolade reflects FCT's market leadership, disciplined risk management and its ability to deliver value even in complex economic conditions. The recognition affirms



FCT's stature among domestic financial institutions and highlights its capacity to respond to shifting market dynamics.

In the domain of corporate reporting and stakeholder communications, FCT earned top honors at the ARC Awards International, organised by MerComm Inc. (New York). The Company secured the Gold Award in the Cover/Home Page category and a Silver Award for its PDF Annual Report.

Locally, the Company was recognised at the TAGS Awards 2024, hosted by CA Sri Lanka, winning the Gold Award for Newly Listed Companies and Silver in the Service Sector. These distinctions underscore FCT's consistent service quality, robust governance practices and adherence to evolving standards in corporate accountability. The Company's reporting was noted for clarity, accessibility, and alignment with best practices in integrated thinking.

Complementing these achievements, FCT was ranked 21<sup>st</sup> in the Business Today TOP 40 list for 2023/24. This ranking recognises the country's top-performing corporates for their resilience, adaptability and contribution to economic recovery. The inclusion affirms FCT's growing influence, strategic alignment with national financial priorities and excellence in disclosure and performance management.





# Intellectual Capital



Collectively, these awards reinforce FCT's standing as more than a transactional market intermediary. They reflect a forward-looking institution defined by brand integrity, leadership in governance and a deep commitment to innovation. This legitimacy is rooted in FCT's alignment with Group values, emphasising data protection, transparency, and client-first digital experiences. These dimensions of intellectual capital continue to differentiate FCT in a competitive market landscape.

## GROUP-TO-FCT TECHNOLOGY TRANSFER AND CUSTOMISATION

### Digital Systems

FCT leverages the Group's investments in core IT infrastructure including on-premise servers, upgraded Oracle databases, and enterprise CRM, to ensure stability, compliance, and scale. These systems are adapted at subsidiary level to serve real-time Treasury market operations with near-zero downtime and financial-grade resilience.

### Client Platforms

While the Group launched a comprehensive online portal, mobile app and multi-channel client access model, FCT tailors these innovations to suit the regulatory and market-specific needs of a licensed primary

dealer. WhatsApp-based transactional solutions and e-KYC upgrades are direct extensions of Group innovations, adapted with full security protocols and regulatory integration.

### Cybersecurity & Data Privacy

FCT benefits from Group-wide implementation of Microsoft Intune, PAM, EDR, DLP and WAF protocols. These systems form the defensive architecture for sensitive data handling, aligning with ISO 27001 certification efforts underway at Group-level. FCT reported zero downtime or security breaches in FY2025.

### Shared Knowledge and Research Infrastructure

FCT relies on the First Capital Research unit's macroeconomic forecasts and fixed-income analysis to inform investor strategy, bid positioning, and liquidity management. This Group-led function is critical in supporting FCT's investment advisory and execution model.

## DIGITAL TRANSFORMATION

FY2025 marked a significant phase in FCT's ongoing journey to embed technology into its core operations. Building on the momentum from last year's introduction of the ISO 20022-compliant Real-Time Gross

Settlement (RTGS) and SWIFT upgrade, this year saw the full implementation of CBSL's RTGS system using both MT and MX messaging formats. These upgrades were critical in ensuring seamless, real-time interbank settlements while aligning with global financial messaging standards. This foundational infrastructure not only enhances transaction reliability but also fortifies FCT's positioning within Sri Lanka's national payment ecosystem.

In parallel, a major upgrade to the Navision ERP platform was completed, involving a vendor transition and system version enhancement with long-term support secured through 2027. These changes have ensured the continuity and scalability of FCT's enterprise systems, enabling more efficient processing across finance, procurement, and operational workflows.

Infrastructure modernisation was a key priority during the year. The IT refurbishments at FCT's Deal Place and Vallibel locations, along with centralised server hardware upgrades, improved system performance, scalability and business continuity readiness. These upgrades were essential in supporting a more distributed and digitally-enabled workforce.



**A highlight of FY2025 was the full automation of money market transaction processing via straight-through processing (STP) systems. This initiative has significantly reduced manual intervention, minimised operational risk, and enhanced execution speed further strengthening FCT's leadership in fixed income trading.**

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Cybersecurity continued to be a central theme, in response to rising digital threats and compliance mandates. FCT benefits from a full suite of security controls deployed by Group IT, including endpoint detection and response (EDR), data loss prevention (DLP), mobile device management (MDM), conditional access policies, spam filtering and a web application firewall (WAF). Patch management was systematised across all endpoints using Microsoft's Windows Server Update Services. These measures were not only

responsive to CBSL's regulatory requirements but also proactive in reducing vulnerabilities across the IT environment.

Operational continuity and access governance were reinforced through two rounds of disaster recovery (DR) drills and the rollout of a Digital Staff ID system—securing both physical and digital workspaces. The implementation of a secure remote proxy browsing environment further reduced endpoint exposure and protected against unauthorised internet-based threats.

Administrative and communication systems saw key upgrades. The PBX system modernisation improved internal and external communications, while the implementation of an Oracle-based procurement platform brought greater control, transparency, and efficiency to purchasing processes.

Together, these initiatives underscore FCT's commitment to cultivating intellectual capital through targeted technology investments. By embedding digital resilience, regulatory compliance, and system scalability into its operations, FCT continues to unlock value for stakeholders while positioning itself for sustainable growth in an increasingly data-driven financial services landscape.

As part of its ongoing digital transformation journey, we introduced a pioneering solution that enables clients to submit bids for Treasury Bill and Bond auctions directly via WhatsApp. Developed in partnership with Yenasys, the solution integrates seamlessly into FCT's auction operations, replacing the traditional, email-based bidding process with a more automated and user-friendly system.

- The innovation allows clients to follow a structured process using a WhatsApp bot, where their bid instructions are securely captured and automatically populated into the internal bid sheet. This eliminates manual data entry, reduces turnaround times by nearly 50%, and significantly lowers the potential for input errors, enhancing both speed and accuracy.
- The adoption of WhatsApp, a widely trusted and encrypted messaging platform, ensures secure communication while expanding accessibility for a broader range of investors. With this move, FCT has not only streamlined the auction experience but also improved operational efficiency and data integrity.
- This initiative reflects FCT's commitment to simplifying client engagement, driving service innovation, and modernising core processes, underscoring its role as a technology-driven market leader in Sri Lanka's fixed income space.

# Intellectual Capital

## CASE STUDY - TRANSFORMING GOVERNMENT SECURITIES BIDDING

In line with its overarching digital transformation agenda, FCT launched a pioneering Treasury Bill and Bond investment solution through WhatsApp. This marks a significant evolution in government securities trading in Sri Lanka, democratising access and streamlining the traditionally complex bidding process.

### STRATEGIC OBJECTIVE

Recognising that retail and small institutional investors often faced procedural complexities in accessing primary government debt markets, we leveraged technological expertise to bridge this gap. The goal was simple yet revolutionary: make government securities as accessible as a text message.

### CHALLENGES AND RESOLUTIONS

Deploying Treasury investment services onto a social messaging app required robust system and regulatory adaptations:

- **Transactional Integrity:** Simplifying the initial bidding process via WhatsApp into a guided menu structure, reducing manual steps and enhancing user friendliness
- **KYC and Compliance:** Strict identity verification is in place in a mobile-first setting
- **Market Trust:** Building confidence among traditional investors through layered communications and testing feedback

Through rigorous development cycles and stakeholder engagement, FCH successfully operationalised a digital Treasury solution fit for the demands of modern investors.

### SOLUTION OVERVIEW

FCT's WhatsApp Treasury Bidding Solution integrates:

- **Real-time bidding functionality:** Direct participation in government securities auctions
- **Portfolio management tools:** Post-issuance monitoring and transaction history tracking via WhatsApp, an upcoming enhancement
- **Language Inclusivity:** Full tri-lingual access (Sinhala, Tamil, English), ensuring nationwide reach
- **Technology and AI Adoption**
- **Backend Automation:** The solution captures requests via WhatsApp channel, which are then verified and finalised by portfolio managers prior to execution
- **Security Measures:** OTP-based transaction verification, encrypted communication and audit trail generation
- **Customer Education:** Digital onboarding has been prioritised, with enhancements such as AI-driven FAQs and chatbot functionality planned as upcoming features

### MARKET AND CLIENT IMPACT

This innovation significantly enhances:

- **Financial Inclusion:** Opening up government bond participation beyond large institutions to individual investors and underserved demographics
- **Speed and Convenience:** Real-time bids and transparent allocations, eliminating traditional paperwork delays
- **Investor Confidence:** Strengthened through security protocols and user education initiatives

### POSITIONING IN THE DIGITAL TRANSFORMATION LANDSCAPE

FCT's Treasury bidding initiative is symbolic of broader shifts towards:

- **Embedded Financial Services:** Integrating financial operations into daily communication tools
- **Mobile-led Financial Inclusion:** Aligning with regulatory priorities for digital inclusion
- **AI-driven Efficiency:** With future upgrades planned, including predictive bidding insights and automated customer support





## FCT also aligns with the Group-wide roadmap toward ISO 27001 certification, currently in progress and scheduled for FY2026.

### CYBERSECURITY AND DATA PROTECTION

As a regulated primary dealer operating within the financial system's core, FCT maintains the highest standards of digital security and client data integrity. FCT benefits from the Group's enterprise-wide cybersecurity framework, which is centrally developed and managed by First Capital's Group IT function. FCT tailors its usage and compliance to ensure operational alignment with its specific regulatory obligations and market profile.

In FY2025, the Group's cybersecurity programme was enhanced in partnership with leading vendors such as Microsoft and internal IT governance specialists. Through this centralised initiative, FCT gained the advantages of a comprehensive, multi-layered defence model. Group-wide implementations that FCT benefits from include:

- Microsoft Intune for securing mobile device environments and managing endpoint access
- Privileged Access Management (PAM) and conditional access protocols to mitigate unauthorised system access
- Data Loss Prevention (DLP) tools to protect sensitive investor data and institutional records
- EDR and advanced spam filtering to address phishing, malware, and endpoint intrusion risks
- Web Application Firewalls (WAF) and centralised patch management to ensure platform integrity

AML platform enhancements, further supporting regulatory compliance and transaction monitoring standards

FCT's digital infrastructure, from trading, clearing and settlement systems to client onboarding is protected and maintained through this Group-level cybersecurity ecosystem, enabling business continuity without compromising execution speed or client trust.

FCT also aligns with the Group-wide roadmap toward ISO 27001 certification, currently in progress and scheduled for FY2026. This initiative reflects a unified and forward-looking commitment to global data security standards.

Throughout FY2025, FCT recorded zero cybersecurity breaches or unplanned downtime, underscoring the efficacy of its proactive and integrated digital risk posture. Regular phishing simulations and mandatory internal training reinforced a shared culture of digital vigilance. This culture is not limited to frontline staff; it extends to client interactions via secure, OTP-enabled interfaces for WhatsApp bidding, encrypted onboarding forms and email/SMS confirmation protocols.

As digital transformation accelerates across Sri Lanka's financial landscape, FCT remains a benchmark for balancing accessibility with resilience in the capital markets domain.

### CREDIT RATINGS AND INSTITUTIONAL TRUST

FCT's market position as Sri Lanka's leading non-bank primary dealer is reinforced not just by its operational performance, but by the trust placed in it by external stakeholders. This trust was formally acknowledged through credit rating upgrades in FY2025.

Lanka Rating Agency (LRA) affirmed an Issuer Rating of A+ (Stable) and an Instrument Rating of A, the latter for the upcoming issuance of Listed, rated, subordinated, unsecured, redeemable debentures totaling Rs. 3.0 Bn in value.

#### Issuer Rating

- Long-Term Issuer Rating: A+/ Stable (Upgraded on 5 March 2025)
- The rating reflects:
  - FCT's strong market position among standalone Primary Dealers.
  - Robust profitability, particularly in FY2024.
  - Healthy capitalisation, well above regulatory norms.
  - Minimal credit risk exposure, as 97.9% of assets are in Government securities.

#### Risk Profile

- Credit Risk: Very low, with nearly all assets held in risk-free government securities.
- Market Risk: High sensitivity to interest rate movements, given 100% exposure to fixed income securities.
- Funding Profile: Reliant on repo transactions, which made up ~96.6% of total liabilities in FY25.
- Equity: Rs. 9.1 Bn as of 31 March 2025 significantly exceeding the regulatory capital floor of Rs. 2.5 Bn.

# Intellectual Capital

## Debt Instrument Rating (Rs. 3.0 Bn Debenture Issue)

- Instrument: Listed, rated, subordinated, unsecured, redeemable debenture (5-year maturity)
- Instrument Rating: A/ Stable
- Types of tranches:
  - Fixed-rate options: 12% and 11.66%
  - Floating-rate option: 364 Days T-Bill + 2.25%
- Ranking: Subordinated to other creditors, but senior to equity holders.
- Purpose: Boost Tier II capital and enhance overall capital adequacy buffer.

The upgrade from A (Stable) in the prior year, is a testament to FCT's financial resilience, balance sheet discipline, and governance maturity. The ratings also directly impact strategic flexibility, including cost of capital, investor confidence and competitive positioning.

## REGULATORY ALIGNMENT AND STEWARDSHIP

FCT's position as a listed primary dealer places it under a multi-tiered regulatory environment that shapes both operational discipline and intellectual capital development. Licensed by CBSL, the Company is subject to stringent prudential, liquidity and reporting requirements that govern market-making activity in the government securities space.

In parallel, as a listed entity, FCT is regulated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Colombo Stock Exchange (CSE), which serve as the principal market and frontline regulators. These bodies enforce a continuous disclosure regime, require rigorous corporate governance standards and monitor compliance- statutory and regulatory.

This multi-regulatory alignment contributes directly to FCT's intellectual capital by embedding a culture of discipline, transparency, and ethical accountability into its operating framework. These obligations are not treated as compliance burdens but as opportunities to sharpen risk awareness, strengthen investor confidence, and align with global reporting expectations.

FCT's approach to navigating these frameworks is proactive and integrated. The compliance function is supported closely by internal audit, legal and risk functions. Regulatory changes are assessed for both tactical response and strategic impact, ensuring business decisions reflect a deep understanding of regulatory expectations and market integrity.

This ecosystem of regulatory stewardship reinforces FCT's role not only as a capital markets intermediary but also as a custodian of public trust in Sri Lanka's debt market infrastructure.

## VALUE STEWARDSHIP AND KNOWLEDGE SAFEGUARDING

FCT's stewardship role extends beyond earnings performance. In FY2025, the company deepened its commitment to value preservation through enhanced governance, cross-functional collaboration and institutional memory capture.

Key initiatives included:

- Increased Board engagement on risk culture, compliance and value preservation metrics
- Use of CRM-based client intelligence to build long-term investor insights (FCT currently benefits from the Group-wide CRM implementation, which is 75% rolled out)
- Activation of lead generation functionality for FCT-specific client segments
- Planning for intuitive, AI-based CRM enhancements as part of future Group phases
- Integration of internal dashboards to support operational visibility and risk mitigation
- Cross-training of teams to improve functional agility and knowledge continuity

FCT's centralised infrastructure under the Group's shared services enhances execution strength while safeguarding intellectual capital from attrition or fragmentation. These efforts ensure that even in a fluid market environment, FCT retains clarity, control and continuity, enabling sustained delivery of stakeholder value and positioning the company as a long-term partner to both clients and regulators.



## KNOWLEDGE CAPITAL AND RESEARCH-LED INSIGHT

FCT's knowledge capital is anchored in a combination of institutional memory, market intelligence, and shared expertise derived from First Capital Group's centralised research and knowledge platforms. The First Capital Research Unit is integrated into the Group's operating model and produces daily market updates, policy analyses, fixed income forecasts, and macroeconomic insights. These outputs directly influence FCT's strategic positioning in Treasury auctions, client advisory content, and internal market commentary. In FY2025, this collaboration enabled FCT to respond quickly to macroeconomic shifts such as the evolving interest rate path, debt restructuring dynamics, and liquidity movements within the banking sector.

In addition to formal research, FCT's knowledge capital is reinforced by its leadership team's deep experience in treasury markets, risk management, and investor engagement.

As part of its ongoing digital transformation, FCT is also set to benefit from AI-driven knowledge tools under development at the Group level. These include internal knowledge bots for document interpretation, digital FAQs, and predictive analytics, all designed to improve internal efficiency and enhance the timeliness and accuracy of market-facing communication.

FCT's knowledge capital is thus not only defined by what it knows, but by how it applies, shares and protects that knowledge, translating market data and strategic foresight into value for its clients and resilience for its business.

## RISK CULTURE AND CONDUCT PROTOCOLS

FCT operates in a highly regulated environment that demands constant attention to risk governance, ethical conduct, and institutional integrity. As part of the First Capital Group, FCT's risk management framework is anchored in the Group's overarching governance architecture while adapted to the nuances of its role as a primary dealer and listed entity.

In FY2025, FCT strengthened its risk culture through an integrated approach involving its local management team and the Group's shared risk and compliance resources. Risk responsibilities are guided by the three-lines-of-defence model, ensuring clear delineation between operational management, risk oversight, and independent assurance functions.

All risk management practices are aligned with the ISO 31000:2018 Risk Management Framework, including policies related to market, operational, conduct, and liquidity risk. Particular attention was given to regulatory and operational resilience — with scenario-based reviews conducted to ensure business continuity and stress preparedness, especially during phases of interest rate realignment and market volatility.

Conduct standards at FCT are embedded through an internal Code of Conduct, regulatory training and accountability structures. These are supported by whistleblowing protocols, conflict of interest disclosures, and Board-level oversight of ethical behaviour. FCT's listing on the CSE further necessitates continuous engagement

with the SEC and market regulators, embedding an added layer of responsibility into its conduct profile.

In alignment with the Central Bank of Sri Lanka's Code of Conduct for Primary Dealers, FCT has formally embedded principles of fiduciary responsibility, client-first thinking and market integrity into its conduct protocols. This regulatory framework reinforces behavioural discipline across the Company, ensuring staff act with honesty, fairness, and professionalism. By institutionalising these ethical standards through structured training and leadership reinforcement, FCT strengthens its intellectual capital building a workforce that internalises regulatory expectations and upholds the trust placed in it by clients and the market.

This integrated risk and conduct framework enables FCT to deliver its core market-making role responsibly, protecting clients, safeguarding reputation, and contributing to the overall stability of Sri Lanka's government securities market.





# HUMAN CAPITAL



As a primary dealer with a lean but high-performing team, First Capital Treasuries recognises the pivotal role its people play in delivering value, maintaining regulatory credibility and reinforcing market confidence. Our Human Capital strategy is aligned to the Group-wide HR governance model, while being tailored to the specific needs of our small, specialised workforce comprising trading, operations, compliance and support professionals.

Despite our compact team size of 18 in the reporting period, we uphold a workplace culture that is values-led, performance-driven, and purpose-aligned, anchored in the First Capital Group's broader vision "To improve the lives of all Sri Lankans through financial solutions".



## Management Approach

FCT's approach to people management is focused on nurturing a resilient, engaged, and ethically grounded team. We seek to:

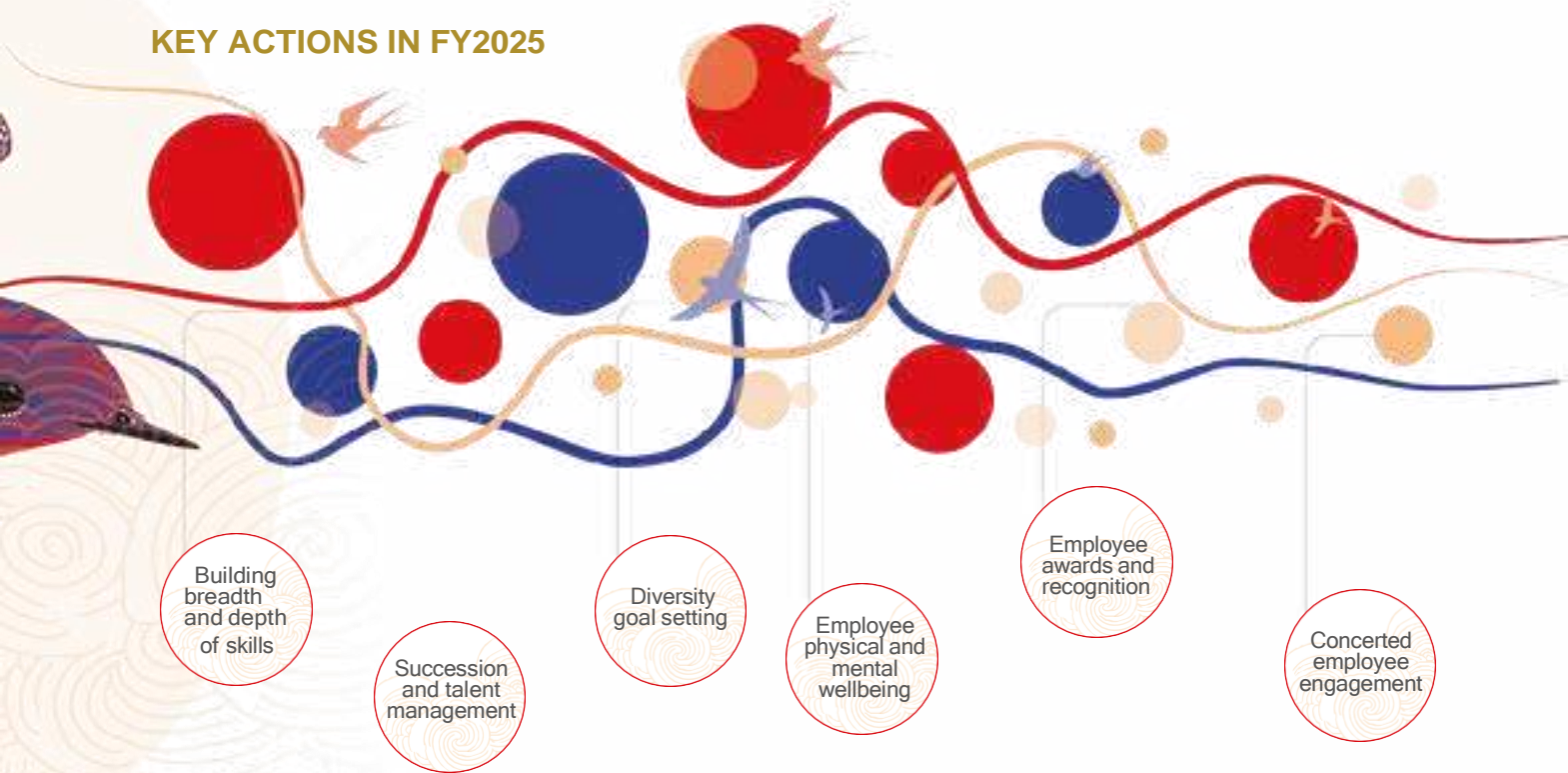
- Build a vision- and values-led performance culture
- Attract and retain professionals aligned with FCT's high-integrity, high-output expectations
- Mitigate risks associated with brain drain, particularly in niche technical roles
- Empower employees to contribute effectively to the Company's strategy in the prevailing domestic reset - economic recovery and consolidating rate dynamics

## Material Matters

- Balanced earnings
- Brand image
- Client centricity
- Operational efficiency
- Talent acquisition and attraction
- Retention and brain-drain
- Accelerated economic recovery
- Rewards and recognition



## KEY ACTIONS IN FY2025



### Strengths

- Strong and respected brand in capital markets
- High degree of professional competency in trading and operations
- Group synergies accruing from both FCH and JXG

### Weaknesses

- Succession risks due to lean structure
- Limited second-tier leadership

### Opportunities

- Leverage Group EVP for targeted hires and retention
- Implement EVP with flexible and purpose-led features for new generations

### Threats

- Increased demand and external competition for niche talent
- Market-wide skilled labour mobility through outbound migration

# Human Capital

## FUTURE PRIORITIES

Short-medium term	Long-term
<ul style="list-style-type: none"><li>Enhance engagement through recognition platforms, informal culture events and collaborative challenges</li><li>Broaden and deepen training including roll out of supervisory development and coaching for team leads</li></ul>	<ul style="list-style-type: none"><li>Maximise productivity through lean team optimisation and process automation</li><li>Sustain above-market benefits to support retention and workforce continuity</li></ul>

## GOVERNANCE

Effective governance fosters FCT's culture of trust, transparency, and accountability. Fair, consistent and transparent HR policies and practices promote a sense of responsibility and inclusivity, and purposeful performance.

The Board provides ultimate oversight and direction supported by its designated sub-committees, the Remuneration Committee and the Nomination and Governance Committee.

The responsibility for implementing Board directives falls under the purview of the Group Head of HR, tasked with oversight of statutory, regulatory and contractual compliance and the adoption of best practices including the International Labour Organisation (ILO) mandate and the United Nations Global Compact (UNGC) Principles on Labour.

Disclosure on Human rights
<p>FCT's policies are consistent with internationally-recognised human rights principles such as the UN Global Compact. We comply fully with applicable legislative and constitutional rights, for example locally, areas such as freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination.</p> <p>We do not procure services from, nor invest in businesses which make use of slavery, servitude, human trafficking, forced labour, exploitation, compulsory labour or harmful child labour.</p> <p>Considering the nature of our business and lean workforce, FCT's employees are not unionised, nor do they engage in collective bargaining.</p>

## SCOPE OF COMPLIANCE

Statutory compliance	Regulatory compliance	Voluntary best practices
<ul style="list-style-type: none"><li>Shop and Office Employees Act of 1954</li><li>EPF Act</li><li>ETF Act</li><li>Payment of Gratuity Act No.12 of 1983</li></ul>	<ul style="list-style-type: none"><li>SEC Act and rules promulgated thereunder</li><li>Local Treasury Bill Ordinance</li><li>Regulations, directives and guidelines applicable to Primary Dealers as issued by the CBSL</li><li>CSE Listing Rules</li></ul>	<ul style="list-style-type: none"><li>UNGC Principle 3: freedom of association and the effective recognition of the right to collective bargaining</li><li>UNGC Principle 4: elimination of all forms of forced and compulsory labour</li><li>UNGC Principle 5: effective abolition of child labour</li><li>UNGC Principle 6: elimination of discrimination in respect of employment and occupation</li><li>Code of best practice on corporate governance 2023</li></ul>



## Suite of Policies

Recruitment and Selection	Remuneration and Benefits	Culture and Conduct	Performance Management	Training and Development	Leadership Development	Safety and Wellbeing	Communication and Engagement	Rewards and Recognition
<ul style="list-style-type: none"> <li>Recruitment Process</li> <li>Internal Job Posting</li> <li>The Referral System</li> <li>Call Back Interviews</li> <li>Policy on rehiring terms</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration and Benefits Policy</li> <li>Leave Policy for Employees</li> <li>Policy for Staff Housing Loans</li> <li>Policy for Staff Vehicle Loans</li> <li>Examination Reimbursement Policy</li> <li>Educational Assistance Scheme</li> <li>Professional Subscription Policy</li> <li>Staff Distress Loan</li> <li>Extension after Retirement</li> <li>Gratuity/EPF/ETF Continuation after 60</li> <li>Sports &amp; Welfare club</li> </ul>	<ul style="list-style-type: none"> <li>Dress Code Policy</li> <li>Friend at Work Policy</li> <li>Induction and Orientation Programme</li> <li>Office Relationships</li> <li>Information Technology End User Policy</li> <li>Code of Conduct</li> <li>Disciplinary Actions</li> <li>Gift declaration policy</li> <li>Internal notifications policy</li> <li>Categories of Employment</li> </ul>	<ul style="list-style-type: none"> <li>Performance Development Plan</li> <li>Cross Exposure Procedure</li> <li>Employee Secondments and Transfer Procedure</li> <li>Job Rotation Policy</li> <li>Probationary Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Knowledge Sharing Sessions</li> <li>Technical skills development</li> <li>Leadership skills development</li> <li>Soft skills development</li> </ul>	<ul style="list-style-type: none"> <li>Succession Planning</li> <li>Focused training for identified staff</li> <li>Foreign training opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Flexi Working Hours policy</li> <li>Staff Medical/ Life Insurance</li> <li>Work From Home Policy</li> <li>Hospitalisation</li> <li>Personal Accident Insurance Cover</li> <li>Critical- illness Cover</li> </ul>	<ul style="list-style-type: none"> <li>Focus Group Meetings</li> <li>Suggestion Scheme</li> <li>Skip Level Meetings</li> <li>Grievance Handling Procedure</li> <li>Whistleblowing</li> <li>Employee Separation/ Cessation</li> </ul>	<ul style="list-style-type: none"> <li>Living Janashakthi Values Awards</li> <li>JXG Business related Awards Policy</li> <li>Recognition of Academic / Professional/ Social Achievements</li> <li>First Capital Annual Awards</li> <li>Service Awards</li> </ul>



# Human Capital

**At FCT our people strategy is central to creating sustainable value. With a lean but agile workforce, we continue to invest in skills, performance and inclusion to ensure our teams are empowered to deliver on both operational excellence and long-term transformation.**

## HUMAN CAPITAL: CULTIVATING CAPABILITY WITH PURPOSE

At FCT our people strategy is central to creating sustainable value. With a lean but agile workforce, we continue to invest in skills, performance and inclusion to ensure our teams are empowered to deliver on both operational excellence and long-term transformation. As a subsidiary of First Capital Holdings PLC, FCT benefits from a shared HR governance model, which ensures strategic alignment, policy consistency and access to best-in-class people practices.

## CONDUCTIVE INSTITUTIONAL CULTURE

FCT benefits from the Group's open, flexible, and inclusive culture one that recognises performance while prioritising the physical and mental wellbeing of its employees. Our work environment encourages individual growth, shared purpose, and a collective commitment to the vision: To improve the lives of all Sri Lankans through financial solutions.

- Leaders at FCT are guided by the Group's PERFORMANCE FIRST ideology, leading through empowerment, coaching, and cross-functional collaboration rather than hierarchy.
- All employment decisions, whether related to recruitment, promotion, or recognition, are made based solely on merit and aligned to the Group's Equal Opportunity Employment policy.
- We embrace diversity of thought, gender and background, enabling varied perspectives to influence decision-making and strategy.

- Our cultural DNA encourages people to take ownership of their development, contribute meaningfully to client success and uphold a strong sense of ethical and professional conduct.

## GROUP-ALIGNED HR OPERATING MODEL

FCT's Human Capital is managed under the shared services framework of First Capital Group. The Group's HR infrastructure ensures uniform policy adoption, compliance oversight and access to an established suite of employee benefits, training platforms and performance systems. The HR Manual provides comprehensive policies covering recruitment, onboarding, remuneration, performance, learning, conduct and wellness. Governance is primarily overseen by the Board. The Remuneration Committee and the

Nomination and Governance Committee supports the Board as designated Board Committees. The Board has primary oversight of sustainability as part of its ESG agenda.

## EMPLOYEE VALUE PROPOSITION

The Company's people philosophy is rooted in our client-centricity. We recognise that there is a direct correlation between a great employee experience and a great client experience. We want employees to gain value from their employment and our employee value proposition (EVP) combines a robust suite of benefits and ways of working.

With the advent of Generation Z (Gen Z) and more recently Generation Alpha (Gen Alpha) into the workforce, we have progressively assimilated deeper insights to evolve our EVP as one with multi-generational appeal. Our culture already comprises the building blocks of flexibility and being vision-led, factors that can be leveraged successfully. Nonetheless, we continue to align with the values and expectations of these generations, prioritising a greater sense of purpose, inclusion, flexibility and continuous learning.





We offer employees remuneration and benefits that are competitive relative to the industry and comply with all applicable statutory labour laws:

- Performance-based incentives
- Fixed pay on par with industry median
- Variable pay above industry median
- Housing/vehicle and educational loan facilities
- Professional subscriptions
- Distress loans
- Club memberships
- Medical insurance cover for employees
- Reimbursement for travel
- Benefits provided as welfare

## REWARDS AND RECOGNITION

Rewards and recognition play a dual role in reinforcing a high-performance, engaged workforce internally, while enhancing brand credibility and stakeholder trust externally.

Internally, structured reward mechanisms and recognition practices are integral to our EVP. They not only validate individual and team contributions but also serve to motivate, retain and align employees with our cultural values and strategic direction. From peer-to-peer acknowledgements to performance-linked incentives and leadership commendations, internal recognition helps foster a sense of belonging, reinforce desired behaviours and support continuous improvement.

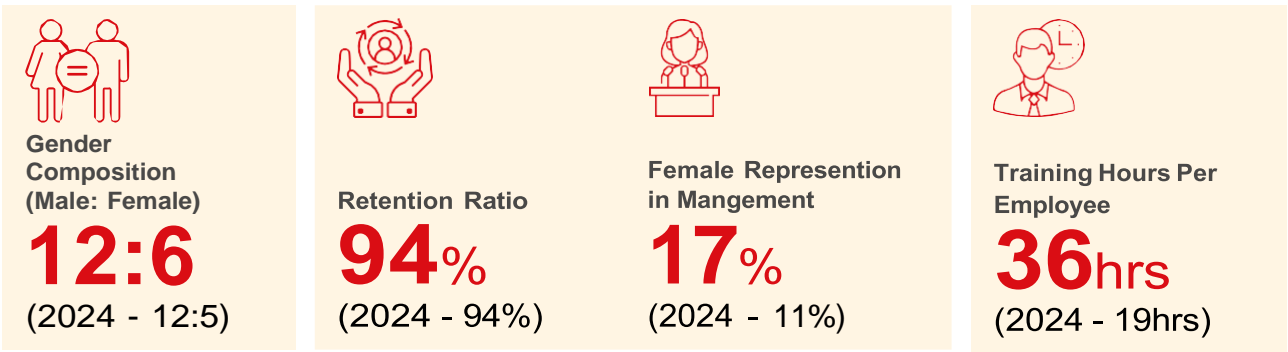
Externally, recognitions awarded by independent institutions reflect our leadership in governance, innovation, talent development, and sustainable practices. These accolades strengthen our positioning as an employer of choice and a responsible market participant in the financial services sector.

During the year, First Capital Holdings and FCT received awards and accolades both local and international, spanning areas such as corporate excellence, reporting prowess, capital market innovation, learning culture and brand legitimacy. These achievements affirm our strategic priorities and contribute to a culture of pride, purpose and performance among employees and stakeholders alike.

See page 76 of Intellectual Capital for FCT specific recognition.



# Human Capital

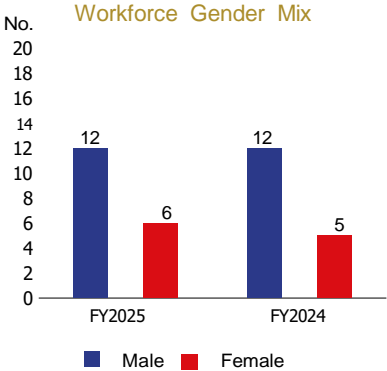
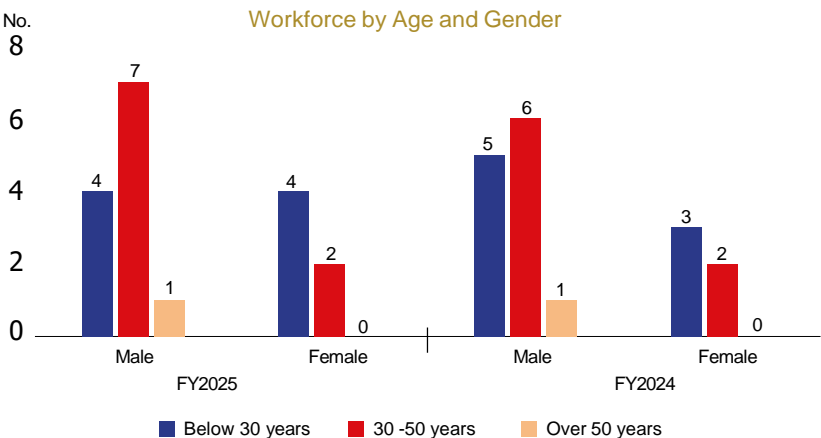


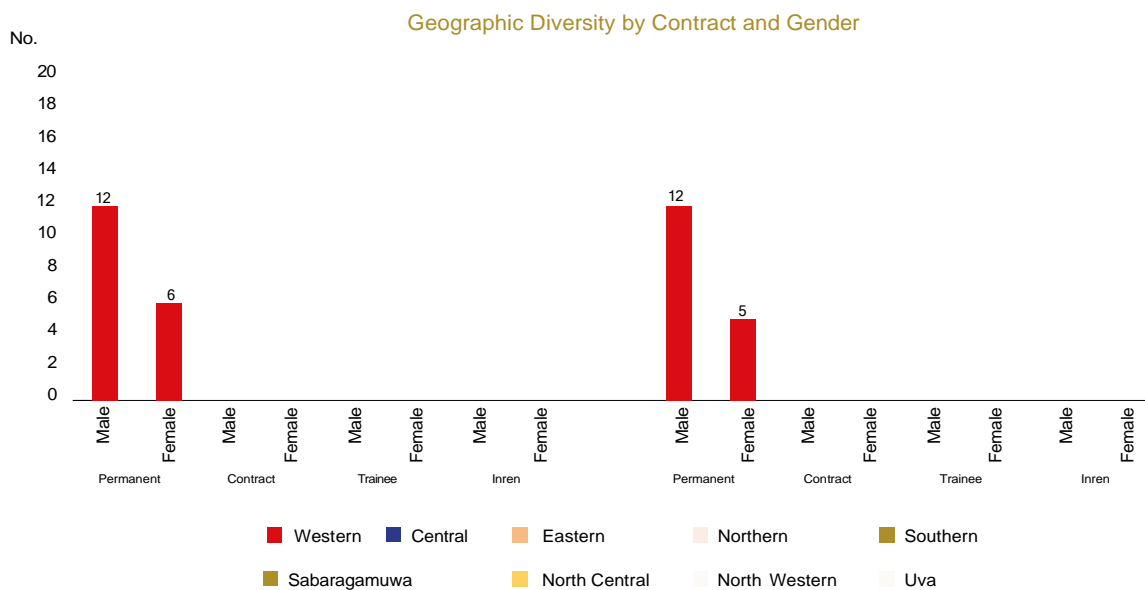
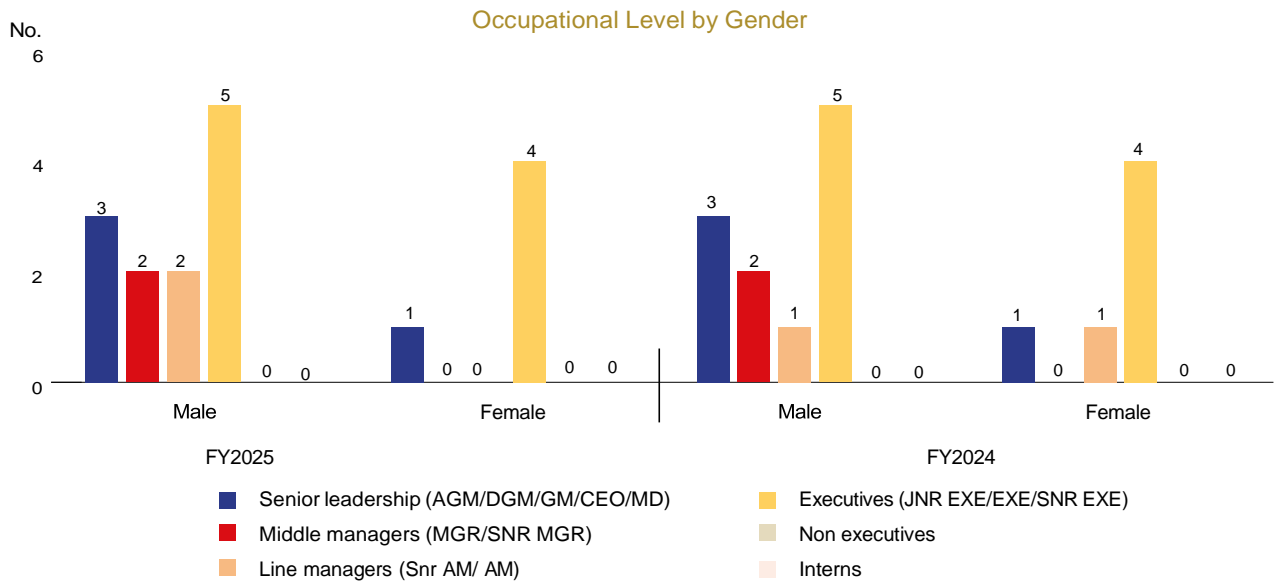
### MANPOWER PLANNING AND WORKFORCE COMPOSITION

The Company’s Manpower Plan is developed in tandem with the annual budgeting cycle to ensure alignment between human resource requirements and strategic business objectives. Each department submits detailed workforce projections, identifying the staffing levels required to execute their respective business strategies effectively. This comprehensive manpower planning process ensures that all business units are adequately resourced to meet operational and growth demands. The consolidated Manpower Plan is reviewed and presented to the Board for approval alongside the annual budget.

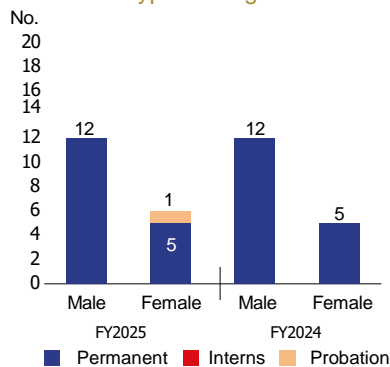
### WORKFORCE SNAPSHOT AS AT END FY2025:

- Total permanent employees: 18 (12 male, 6 female)
- Female representation: 33.3% of total workforce
- Women in management: 17.0% of female staff, 17.0% of total management
- Age distribution: Majority under 50 years; 8 employees below 30
- Ethnic composition: 15 Sinhalese, 3 Tamil
- All employees are Sri Lankan nationals
- There was one female hire in the female workforce in FY2025. FCT maintained a 100.0% retention rate for maternity returnees.





### Contract Type amongst Genders



Female workforce		
As at 31 March	FY 2025	FY 2024
Number of female employees	6	5
Number of female employees in managerial Level	1	1
Percentage of females at managerial roles (from total female workforce)	17.0%	20.0%
Percentage of females in managerial roles (from total managerial workforce)	17.0%	11.0%
Percentage of female recruitments	100.00%	-
Percentage of female exits	-	-

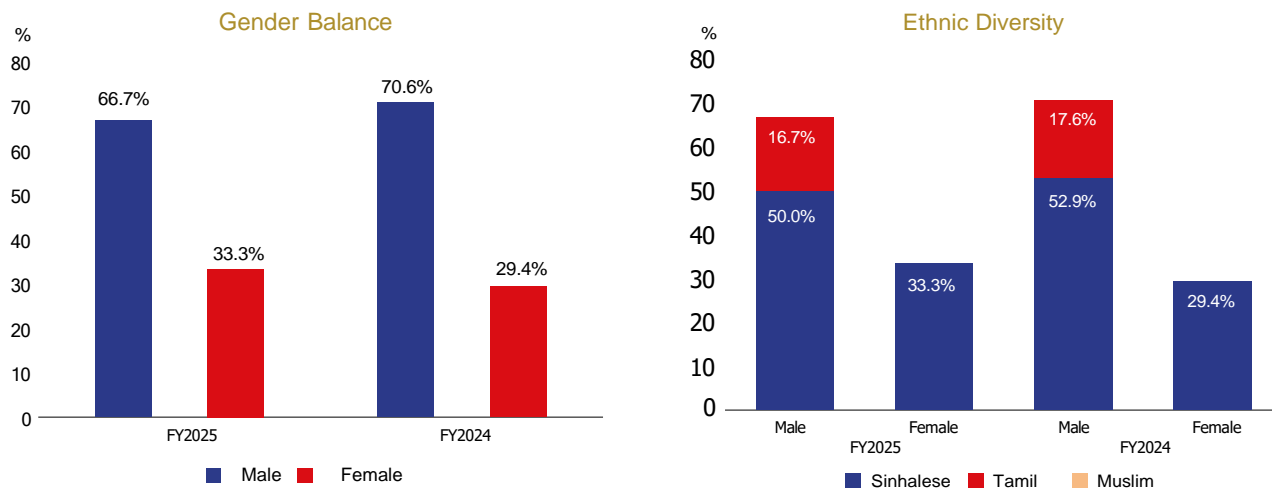
# Human Capital

## DIVERSITY AND INCLUSION

In line with its ongoing commitment to diversity and inclusion, FCT maintains a zero-tolerance approach to discrimination of any form, whether based on age, gender, religion, marital status, ethnicity or any other protected characteristic under applicable law. Recruitment and internal promotions are conducted in a fair and transparent manner, guided strictly by merit, role-specific competencies and cultural alignment with FCT's values and ethical work environment.

While the Company operates within a lean organisational structure, which naturally limits the scope for large-scale diversity programmes. Opportunities are extended equitably to all qualified candidates, ensuring that decisions are not influenced by personal background or bias. The Company also upholds strict compliance with labour laws and regulatory requirements, including minimum employment age checks for all new hires.

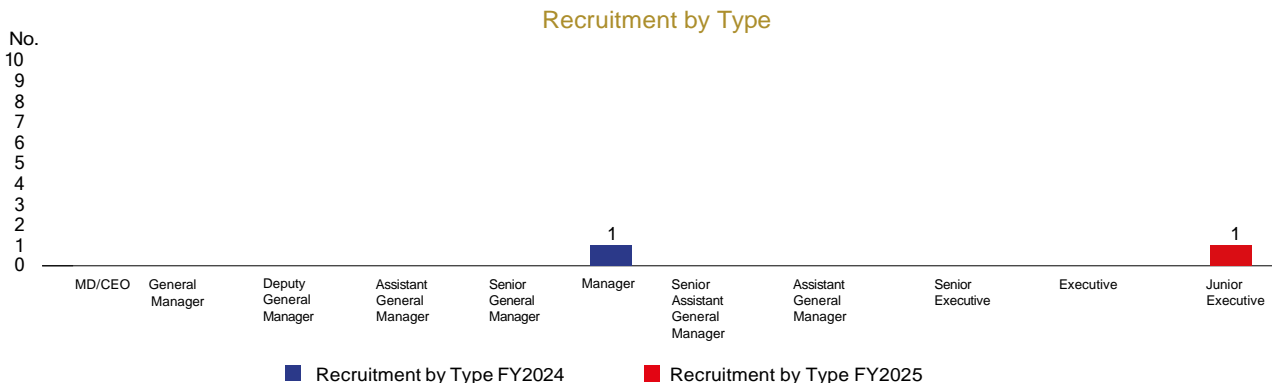
With relatively low turnover and recruitment volumes FCT acknowledges that achieving better diversity will be a gradual process. Nonetheless, we remain committed to fostering an equitable workplace culture and will continue to evaluate ways to enhance diversity and inclusion initiatives proportionate to its operational scale and resource capacity.



## TRANSPARENT RECRUITMENT AND ONBOARDING

FCT follows a non-discriminatory, merit-based recruitment process guided by the Group Recruitment Policy. Vacancies are advertised internally and externally, candidates are screened through structured assessments and all new hires undergo a six-month probation period. Callback interviews are conducted to assess cultural alignment and adaptability. Final confirmation into permanent cadre is contingent on demonstrated KPI achievement during the probation period.

Onboarding begins with a formal Day 1 orientation, introducing new employees to the Company's vision, values, and leadership. Each recruit is paired with a "Friend at Work" to ease cultural assimilation. In FY2025, FCT also adopted the monthly Group-wide induction facilitated by JXG, strengthening group-level identity and shared value.



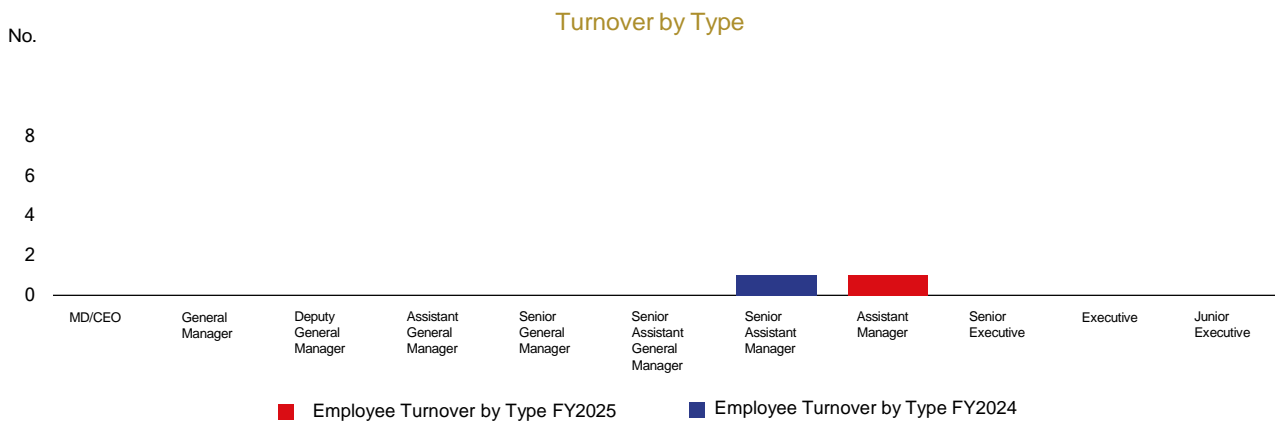
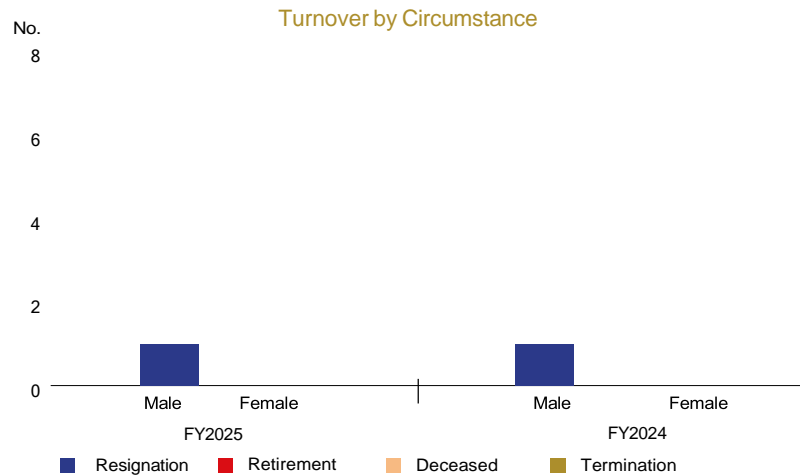
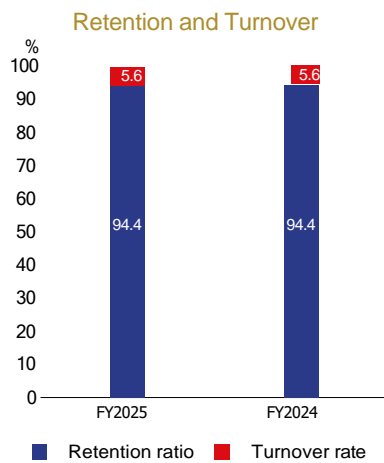




## TALENT ACQUISITION AND RETENTION

FCT leverages the Group's reputation as a Great Place to Work® and its visibility across digital and university networks to attract top-tier financial services talent. With heightened labour mobility and global migration trends, talent scarcity has intensified.

In FY2025, total recruitments were minimal with one junior executive level hire.



## TURNOVER AND RETENTION

FCT's retention remained high 94.4% (or 5.6% turnover) despite macro-level disruptions in Sri Lanka's labour market. The stability of the FCT workforce reflects:

- Strong internal promotion and mobility pathways
- A cohesive team culture grounded in shared purpose
- Performance-linked recognition and career development transparency

# Human Capital

Retention rate (Maternity Leave)		
As at 31 March	FY 2025	FY 2024
Number of female employees	6	5
Entitled to leave during the year	6	5
Employees who took maternity leave	0%	0%
Returned during the year	0%	0%
Employed for the last 12 months after return from maternity leave	N/A	N/A
Return ratio (%)	N/A	N/A
Retention ratio (%)	100.0%	100.0%

## TENURE

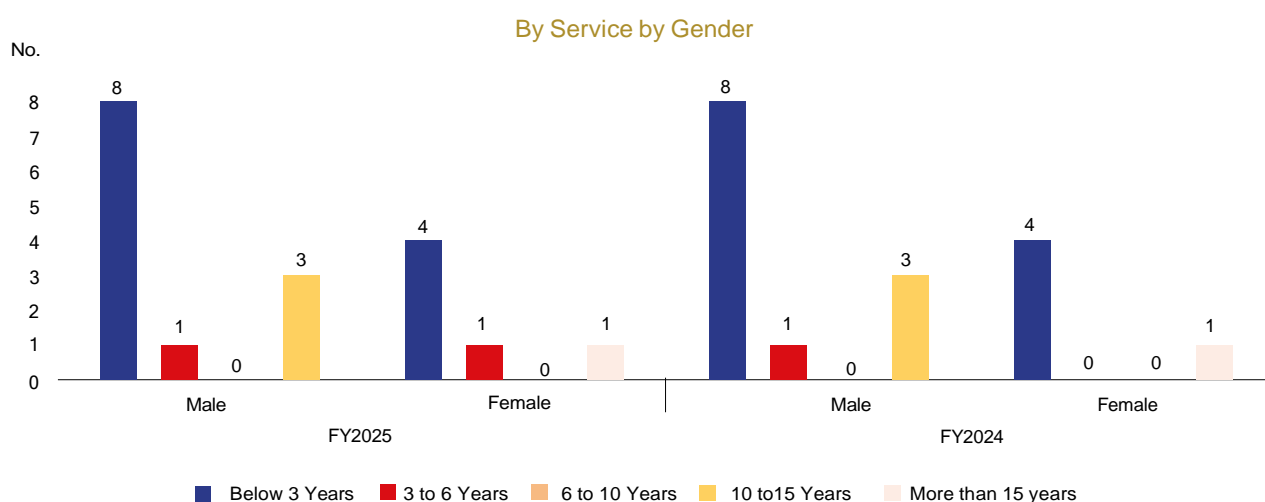
Tenure composition of FCT is as follows:

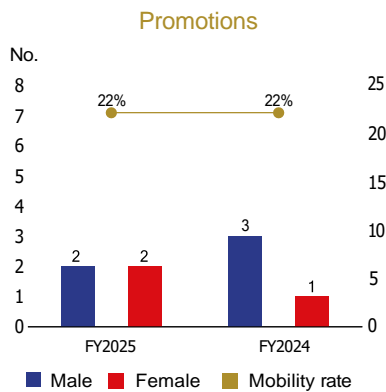
- 22.2% of staff have over 10 years of service with 5.6% having over 15 years of service
- 11.1% fall within the 3-6 years bracket
- 66.7% have less than 3 years of tenure

Service Horizon	FY 2025	FY 2024
Below 3 Years	66.7%	70.6%
3 to 6 Years	11.1%	5.9%
6 to 10 years	0.0%	0.0%
10 to 15 Years	16.7%	17.6%
More than 15 Years	5.6%	5.9%

## INTERNAL MOBILITY

FCT supports internal promotions as a key retention lever. In FY2025 four internal promotions were recorded reflecting a 22% internal mobility rate.





### PERFORMANCE MANAGEMENT

FCT's performance management system forms a core element of its Human Capital strategy, with a focus on aligning personal development goals with the Company's broader objectives. FCT uses a digital HRIS platform for its structured performance cycle, which includes

both mid-year reviews and annual appraisals. At the beginning of each financial year, Key Performance Indicators (KPIs) are developed at the departmental level, reflecting the Company's short-, medium-, and long-term goals. Departmental KPIs are cascaded to define individual KPIs for employees. This methodical framework is aimed at fostering a culture of goal alignment and enabling employees to grow in tandem with the Company's evolution.

### LEARNING AND DEVELOPMENT

Recognising that market leadership depends on a skilled and agile workforce, FCT treats learning as a strategic investment. The annual training plan and budget are informed by appraisal-based training needs assessments and strategic priorities.

Learning methods include:

- E-learning via "I Learn Space"
- Technical certifications and treasury-focused training
- Soft-skills and leadership development
- Internal mentoring and cross-functional exposure

### Formal Training

Three core pillars define formal learning:

Leadership Development - including global executive programmes

Technical Mastery - Treasury operations, compliance, risk, investment strategy

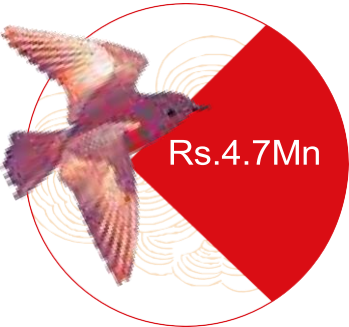
Softskills/Behavioural Skills – Communication, mindfulness, team-building





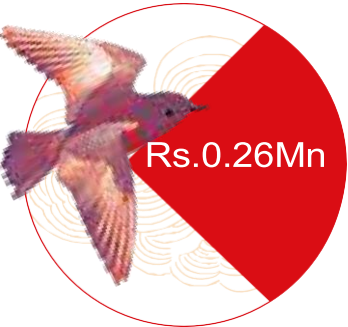
# Human Capital

## INVESTMENT IN TRAINING



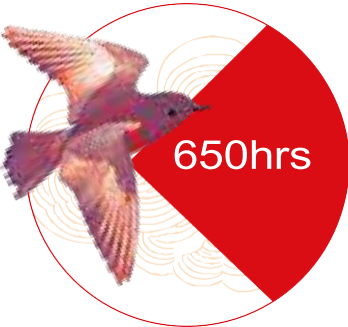
(FY2024:Rs. 3 Mn)

## PER EMPLOYEE TRAINING SPEND



(FY2024:Rs.0.17 Mn)

## TRAINING HOURS



(FY2024:320hrs)

Courses ranged from strategic finance to behavioural training and capital market dealer essentials, equipping staff to meet regulatory demands and evolving client needs.

## WORKFORCE TRAINING ENGAGEMENTS

Key Training Programme	Hours/per programme
Diploma in Treasury and Risk Management	144
Course on Navigating Financial Markets a Practical Approach to Money, FX, and Bond Markets with Local Insights	8.3
Strategy workshop	25.5
Power BI Session	8

## REMUNERATION AND BENEFITS

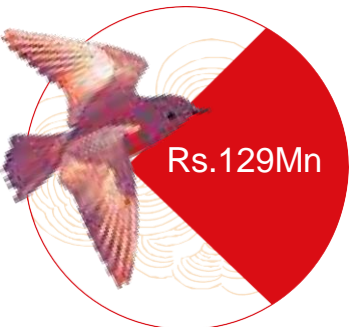
FCT's remuneration and benefits framework is designed to attract, motivate, and retain high-calibre talent capable of advancing the Company's strategic and operational ambitions. Salary structures are benchmarked to remain competitive with prevailing industry standards.

Salary bands are benchmarked against industry standards and include:

- Fixed pay aligned with market median
- Fuel reimbursements and vehicle hire reimbursement facilities for selected grades
- Variable Bonus above industry median for high performers
- Housing, vehicle, and educational loan facilities
- Medical insurance and wellness benefits

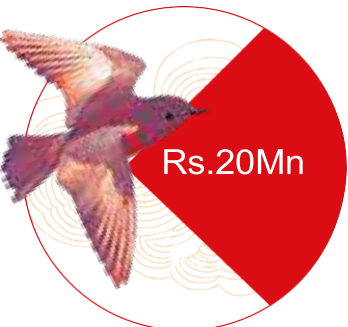
Minimum salary thresholds are maintained across comparable roles to mitigate gender-based discrepancies. Performance-based increments and promotions are driven by structured appraisals.

## TOTAL SALARY DISBURSEMENT



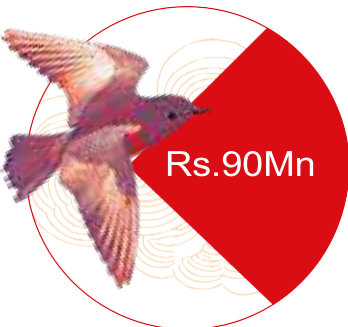
(FY2024:Rs. 122Mn)

## EPF AND ETF EMPLOYER CONTRIBUTIONS



(FY2024:Rs. 19Mn)

## VARIABLE PERFORMANCE BONUSES



(FY2024:Rs. 1,357Mn)



## PRODUCTIVITY

We see normalisation in profit based productivity indicators as returns declined significantly from the prior year of exceptional performance with operating environmental changes.

The workforce return which was 8.27 times net profit in FY2025 (FY2024:3.91 times).

Employee Productivity	FY 2025	FY 2024
Workforce return on investment (times)	8.27	3.91
Direct income per employee (Rs. Mn)	602	1,565
Total assets per employee (Rs. Mn)	4,619	3,797
Profit before tax per employee (Rs. Mn)	248	943
Profit after tax per employee (Rs. Mn)	169	655
Value added per employee (Rs. Mn)	17	97

## SAFETY, WELL-BEING AND WORK-LIFE BALANCE

Although our operations present minimal physical risk, workplace safety is prioritised. All offices comply with national safety regulations and are equipped with the necessary safety infrastructure. Annual health checks and insurance are provided to all staff.

Well-being is further supported by:

- Flexi-hours and hybrid work options
- Mandatory annual leave policy
- Employee assistance and mental health initiatives
- Wellness-themed learning

## COMMUNICATION AND ENGAGEMENT

An open-door policy is maintained across management tiers to encourage employee feedback and transparency. In addition:

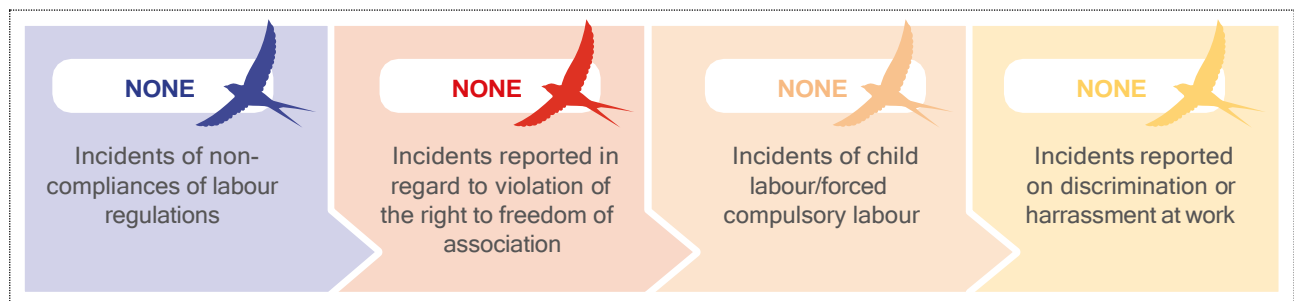
- Email updates are used for operational and leadership communications
- Formal grievance channels are available through Group HR
- Exit interviews are conducted for resigning employees
- Employee engagement is reinforced through team events, internal clubs, community based initiatives and informal activities

## An open-door policy is maintained across management tiers to encourage employee feedback and transparency.

This two-way communication fosters trust, alignment, and a cohesive work culture.

## GRIEVANCE HANDLING

FCT has established clear grievance handling and disciplinary procedures, supported by its policy-suite embedded HR Manual. An independent whistleblowing mechanism is in place, enabling employees to confidentially report concerns related to misconduct, harassment or unethical practices to the Audit Committee. These channels ensure issues are addressed promptly, fairly and without fear of retaliation.

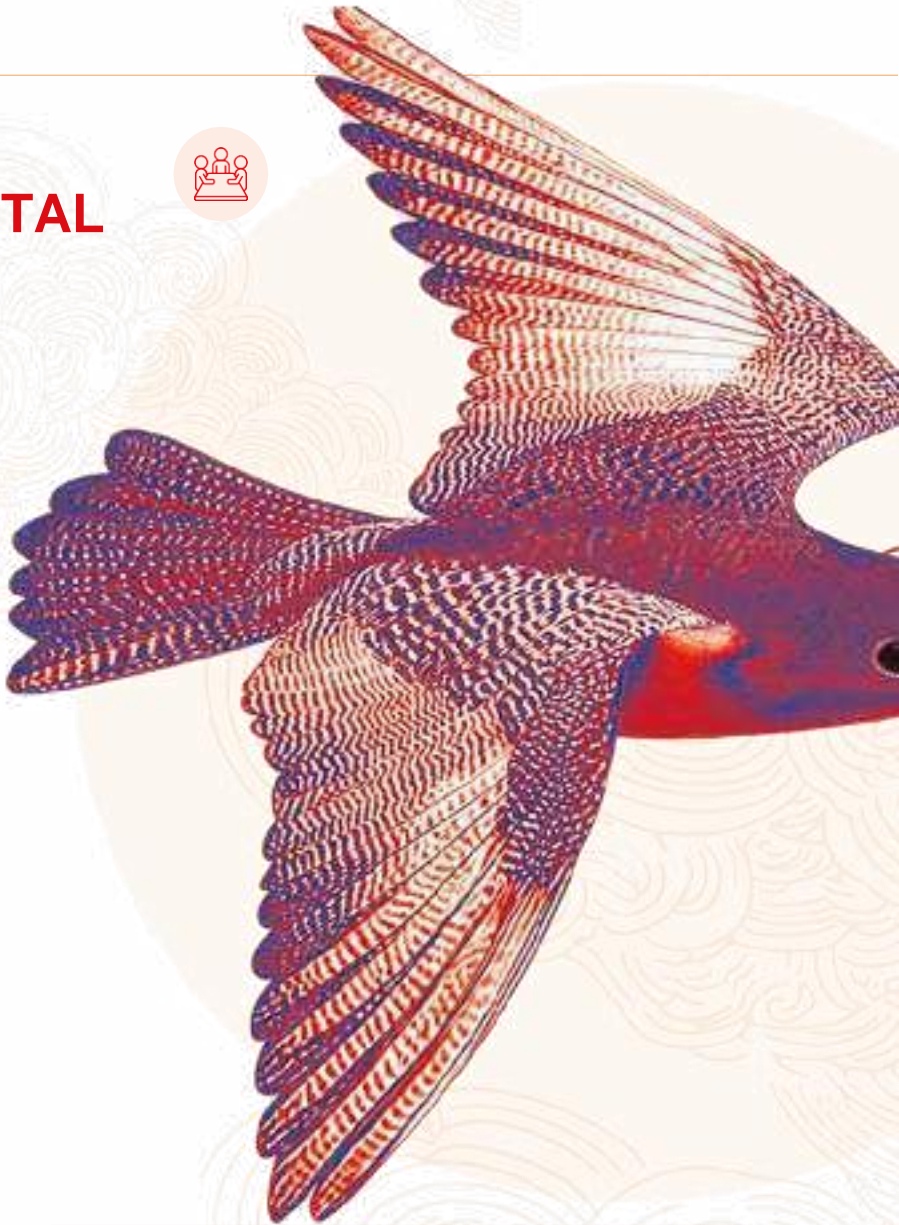


# SOCIAL AND RELATIONSHIP CAPITAL



Social and Relationship Capital reflects the strength and quality of the relationships that FCT cultivates with its clients, regulators, employees, partners and society at large. It is a core enabler of stakeholder trust, market legitimacy and the long-term sustainability of our role as a primary dealer.

FCT recognises that its ability to responsibly intermediate capital flows is directly influenced by the trust it earns from those it serves. In FY2025, FCT continued to build on its legacy of ethical conduct, transparent engagement, financial literacy and technology-enabled inclusion, further embedding stakeholder relationships as a strategic asset.



Management Approach	Material Matters	Link to capitals impacted
<p>Our stakeholder engagement is guided by clearly defined policies, Board oversight and a shared values system that reflects performance with integrity.</p> <p>FCT adopts a proactive, client-centric approach in all interactions, embedding ESG-aligned practices, responsive communication and inclusive access into our daily operations.</p>	<ul style="list-style-type: none"><li>• Brand image</li><li>• Client centricity</li><li>• Ethical service standards</li><li>• ESG matters</li><li>• Regulatory developments</li><li>• Digital transformation</li><li>• Financial inclusion</li><li>• Policy uncertainty</li><li>• Data protection</li><li>• Cyber security</li><li>• Risk management</li><li>• Accelerated economic recovery</li><li>• Heightened importance of risk management</li></ul>	<ul style="list-style-type: none"><li>• Financial Capital</li><li>• Intellectual Capital</li><li>• Manufactured Capital</li></ul>





## KEY ACTIONS IN FY2025

Expanded and enhanced digital client experience through innovation

Leveraged collaborative partnerships for digital metamorphosis

Built trust and reciprocity across multiple stakeholders deepening our relationships

Sponsorships and community-positive initiatives facilitated social and philanthropic impact

## Strengths

- Long-standing stakeholder trust across investor and regulatory ecosystems
- Award-winning innovations enhancing client experience
- Transparent reporting and ethical product delivery

## Weaknesses

- Limited visibility among mass-affluent-markets nationwide
- ESG strategy still evolving in its standalone articulation at PD level

## Opportunities

- Scale financial inclusion through mobile and chat-based platforms
- Enhance client profiling for personalisation and insight new generations

## Threats

- Reputational risk from wider sectoral misconduct or regulatory scrutiny
- Rising expectations for ESG and digital transparency may strain resources

## FUTURE PRIORITIES

Short-medium term	Long-term
<ul style="list-style-type: none"><li>• Scale CRM use for behavioural insights and segment-specific engagement</li><li>• Expand feedback loops via sentiment analytics and real-time dashboards</li><li>• Formalise financial inclusion pathways using partnerships and media outreach</li></ul>	<ul style="list-style-type: none"><li>• Position FCT as an ESG-visible financial brand through transparent disclosure</li><li>• Leverage data to offer personalised risk-adjusted product recommendations</li><li>• Build partnerships for green investment awareness and accessibility</li><li>• Evolve a social procurement framework for inclusive vendor engagement</li></ul>

# Social and Relationship Capital

## SOCIAL NETWORKS: STRENGTHENING CONNECTIONS THAT DRIVE VALUE

At FCT, our social networks span beyond organisational boundaries to encompass the financial system, regulatory environment, capital markets, service partners, and the broader community we serve. These connections are not incidental — they are vital to fulfilling our mandate as a Primary Dealer and financial market participant.

One of our most critical stakeholder nexuses includes the Public Debt Management Office (PDMO), the Central Bank of Sri Lanka (CBSL), and the Government of Sri Lanka. As a licensed primary dealer, FCT plays a central role in the domestic debt market infrastructure, acting as a conduit between the government and the market. We directly support Sri Lanka's public financing and economic objectives by ensuring orderly primary auction participation, price discovery, and market liquidity.

## PRIMARY DEALER MANDATE

FCT upholds its obligations to participate meaningfully in primary auctions and offer consistent liquidity in the secondary market, acting as a stabilising force in Sri Lanka's debt market.

Our broader stakeholder networks include:

### CLIENTS

We deliver tailored investment solutions to institutional and individual clients through transparent pricing, suitability-aligned advice and digital access. Strong research and client engagement build long-term trust.



### RATING AGENCIES AND ANALYSTS

We maintain open channels with both local and international rating agencies, offering performance transparency and consistent updates, demonstrated in our FY2025 A+ rating affirmation.



### EMPLOYEES

Our internal social capital is enabled by shared services inclusive leadership and cross-functional teamwork.



### BUSINESS PARTNERS

Strategic alliances with placement agents, structuring entities, and digital providers enable product delivery, market access, and innovation, especially during market shifts.



### SUPPLIERS

A reliable and compliant supplier base, spanning IT services, facilities, logistics and outsourced processing supports operational efficiency under defined procurement frameworks.



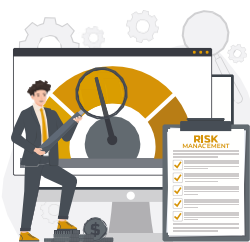
### COMMUNITY ECOSYSTEM

We engage in sponsorships and CSR initiatives that promote shared progress and economic inclusion.



### REGULATORS

Our proactive relationships with the SEC, CSE, CBSL and IRD reflect a commitment to regulatory partnership, not just compliance. We engage in policy consultations and voluntarily adopt evolving standards.





These multidimensional networks reinforce our ability to serve the economy with agility and integrity, while building trust across the financial services value chain.

#### **TRUST AND RECIPROCITY: REINFORCING SOCIAL CAPITAL THROUGH MARKET INTEGRITY**

Trust is the cornerstone of FCT's Social and Relationship Capital. It underpins every client relationship, every transaction in the bond market, and every interaction with the government, regulators, and institutional investors.

##### **Trust in Action**

FCT maintains a spotless track record in regulatory compliance and market conduct, recognised through performance metrics and stakeholder feedback. Our auction performance reflects consistent fulfilment of our market support obligations.

As a primary dealer, trust is earned through consistent adherence to regulatory expectations, transparency in market conduct, and performance in both primary and secondary government securities markets. FCT honours its auction obligations with integrity, maintaining active and high-quality participation, and offering liquidity in the secondary market. These practices reinforce confidence in the debt issuance process, helping government funding efforts remain smooth, credible, and cost-effective.

Reciprocity, the principle of mutual value, is embedded into our relationships across the financial ecosystem:

- Clients receive fair access, timely insights, and continuity of service across market cycles.
- Regulators experience cooperative oversight and compliance transparency.
- Rating agencies and investors benefit from data reliability and access to leadership perspectives.
- Employees experience fairness, purpose, and empowerment, reflected in high retention and mobility.
- Vendors and business partners benefit from long-term engagement grounded in integrity, operational transparency, and mutual value creation.
- Suppliers and partners are treated with ethical standards and collaborative efficiency.

#### **EXTERNAL VALIDATION**

Our A+ credit rating, affirmed in FY2025, reflects the institutional trust we have built through transparent communication, disciplined performance, and credibility with rating agencies and analysts.

This culture of trust is also lived internally. Our people agenda fosters fairness, performance accountability, and shared purpose. Internal teams collaborate across compliance, IT, risk and trading to uphold standards that earn respect externally.

Ultimately, trust and reciprocity are not tactical levers, they are strategic assets. They enhance our license to operate, build resilience in challenging market conditions, and enable us to deliver long-term stakeholder value in a transparent, ethical, and client-focused manner.

For the awards and accolades we won over the year see page 79 to 80 of the Intellectual Capital Report.

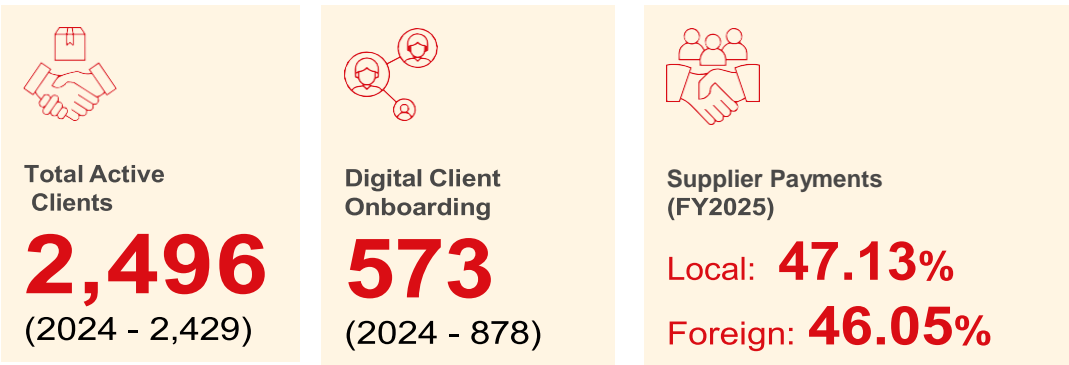
#### **NORMS AND VALUES: VISION- LED AND GUIDED BY PRINCIPLES**

At First Capital Treasuries (FCT), our organisational culture is deeply rooted in the Group-wide PERFORMANCE FIRST philosophy, with a shared commitment to delivering impact through professionalism, discipline and innovation.

As a wholly owned subsidiary of First Capital Holdings, we are aligned with a unifying purpose "to improve the lives of all Sri Lankans through financial solutions". This vision shapes our internal mindset and external engagement.



# Social and Relationship Capital



Paired with a mission “to lead the way in innovative solutions to manage risk and create wealth” for FCT it translates into delivering excellence in our primary dealer function, supporting Sri Lanka’s fiscal sustainability, and fostering market development with integrity and expertise.

Our role in the financial system requires more than technical competence; it demands ethical stewardship, transparent communication, and a culture that places stakeholders, from regulators and clients to employees and society, at the centre of decision-making.

These aspirations are upheld by our core values, which are consistently reinforced across all touchpoints:



These values form the behavioural compass of our institution. They are integrated into:

- Our client engagement protocols, ensuring fairness and responsible advice
- Our employee development frameworks, embedding a performance and purpose-oriented culture

- Our compliance and governance standards, safeguarding institutional credibility
- Our community and ESG initiatives, demonstrating respect for people and the planet

By living our values and aligning our operations with our Vision and Mission, we create not just financial value, but also societal relationships that reinforce First Capital’s long-term resilience and relevance.

### CLIENT RELATIONSHIPS AND SOCIAL CAPITAL

FCT continued to evolve its approach to customer engagement in FY2025, adapting to a changing operating environment with a sharpened focus on cost-efficiency, scalability, and digital enablement. Recognising that traditional broad-based retail outreach is no longer economically viable at scale, FCT reoriented its model to prioritise institutional and



mass affluent clients, delivered through a streamlined, technology-led platform.

This shift is supported by strategic investments in digital infrastructure, including the continued rollout of a digital onboarding portal and enhancements to FCT's CRM system, designed to improve the quality and timeliness of interactions across key client segments. The introduction of a WhatsApp-based Treasury bidding solution marks a significant milestone in market accessibility and client convenience, demonstrating FCT's commitment to inclusive access through familiar, low-friction channels.

As at 31 March	FY2025	FY2024
Digital client onboarding	573	878
Total Active Clients	2,496	2,429

Customer communication is anchored by an integrated call center and responsive digital touchpoints, including email, WhatsApp, and platform-based updates. Engagement is increasingly data-informed, with a focus on timely, relevant, and secure content delivery.

While financial literacy programmes were conducted at a Group level in FY2025, FCT indirectly benefits from these ecosystem-wide efforts by contributing to a more informed and confident investor base.

Through this evolving engagement model, FCT reinforces its role as a trusted market intermediary, prioritising responsible access, digital responsiveness and long-term relationship value.

#### STRATEGIC VENDOR PARTNERSHIP: YENASYS

In FY2025, First Capital Treasuries PLC deepened its commitment to innovation and customer-centric digital transformation through a strategic partnership with Yenasys, a

local fintech solutions provider. This collaboration led to the launch of a groundbreaking WhatsApp-based bidding solution for Treasury Bill and Bond auctions, marking a first in Sri Lanka's primary dealer sector.

The system allows clients to submit auction bids securely via WhatsApp, automating the capture of bid data and integrating it directly into FCT's internal processing sheets. This reduces manual intervention, lowers error rates, and accelerates bid turnaround times by up to 50%. For customers, it offers a simple, familiar interface—eliminating the need for email-based submissions and enabling wider accessibility to government securities markets.

**This integration exemplifies our dedication to embracing innovation and enhancing the client experience. With the adoption of WhatsApp, we have made it easier and faster for our customers to engage with the T-Bill and bond auction process. The ability to participate directly from their phones, while ensuring the utmost security and accuracy, sets a new standard in how financial transactions should be conducted.**

Mithila Abeysekera (Chief Technology and Digital Officer)

This partnership reflects FCT's pragmatic approach to technology: leveraging third-party expertise to scale efficiency while safeguarding data integrity. The WhatsApp platform's end-to-end encryption ensures secure communication, supporting FCT's operational priorities around accuracy, compliance, and client trust. This vendor collaboration exemplifies how responsible innovation can enhance both service delivery and market access in a digitally evolving capital market.

#### CX SNAPSHOT: TRANSFORMING ACCESS TO GOVERNMENT SECURITIES THROUGH WHATSAPP

FCT has redefined investor access to government securities by introducing Sri Lanka's first WhatsApp-based Treasury Bill and Bond bidding platform. Designed with client accessibility in mind, this innovation simplifies an otherwise procedural

investment process into a user-friendly, chat-based experience, removing barriers that once limited retail and small institutional participation in the primary debt market.

The platform empowers users to request bids directly through WhatsApp, with plans to extend features to include post-trade monitoring and portfolio summaries. Key features include OTP-secured bidding, end-to-end encrypted communication, and upcoming AI-powered FAQs to support digital onboarding. The system supports tri-lingual interaction underscoring FCT's commitment to nationwide financial inclusion.

From a client perspective, this innovation delivers speed, clarity, and convenience. By embedding trading into a familiar platform, FCT is breaking down the complexity of government securities and expanding access to underserved segments.

# Social and Relationship Capital

See page 82 Intellectual Capital for a Case Study on the WhatsApp transacting solution.

## RESPONSIBLE PRODUCTS AND ETHICAL STANDARDS

As a licensed primary dealer, FCT upholds rigorous standards in conducting its business. All products offered by FCT primarily Treasury Bills and Bonds, are issued by the Government of Sri Lanka and are inherently low-risk, making them well-suited for investors seeking capital preservation and predictable returns.

FCT's product delivery is anchored in regulatory compliance, transparency and ethical conduct. Clients are presented with accurate, jargon-free product disclosures, including details on yield, tenor, market risks and liquidity. All client interactions are governed by fiduciary principles reinforced through internal training, compliance to the internal Code of Conduct and the CBSL-mandated Code of Conduct for Primary Dealers.

Our approach to responsible selling is embedded across the investment lifecycle. In both B2B and B2C segments, core business teams are trained to engage with clients based on transparency, relevance and suitability. For retail investors, particularly those classified as vulnerable-our advisors conduct product suitability assessments, deliver risk disclosures and explain market mechanics to support informed decision-making.

FCT does not engage in speculative retail promotions; instead, our focus remains on clear suitability alignment and factual representation of product performance. There were no breaches reported in FY2025 relating to product conduct, affirming our reputation as a responsible market intermediary.

## Proprietary and Client-Flow Trading

At FCT, we maintain a clear ethical boundary between proprietary trading activities and client-facing operations to uphold integrity and fairness. Client trades are always executed at prevailing market rates and are not influenced by internal portfolio positions. This separation ensures that our clients' interests are never compromised by our own trading strategies, reinforcing our commitment to transparency, responsible selling, and ethical conduct across all transactions.

## DISCLOSURE ON COMPLIANT BUSINESS PRACTICES

Conduct metric	FY2025	FY2024
Number and percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Nil	Nil
Total amount of monetary losses as a result of legal proceedings associated with: <ul style="list-style-type: none"><li>Marketing and communication of financial product-related information to new and returning customers;</li><li>Fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations; and</li><li>Professional integrity, including duty of care</li></ul>	Nil	Nil
Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Nil	Nil

## SUPPLIER ENGAGEMENT AND PROCUREMENT PRACTICES

While FCT operates within a service-intensive business model with a limited physical supply chain, supplier partnerships continue to play a vital role in enabling seamless operations, regulatory compliance, and digital advancement. The Company engages a modest but essential group of vendors across areas such as IT systems and fintech solutions (e.g., CRM implementation and digital bidding platforms), legal and professional advisory services, branding and communication, and facilities management including cleaning, security and premises maintenance.

Procurement activities are centrally administered through the Group's Administration Department under First Capital Holdings PLC, ensuring consistency, transparency and alignment with Group-wide governance standards. Supplier selection and engagement processes follow standardised protocols that assess vendors on a range of criteria, including regulatory compliance, technical capability, service reliability and adherence to fair labour practices.

The majority of FCT's suppliers are locally based in Sri Lanka, supporting domestic enterprise while simplifying logistical and legal oversight. Emphasis is placed on fostering long-term, fair, and equitable relationships, with due diligence applied during onboarding and throughout the vendor lifecycle.





Going forward we intend to enhance the procurement policy to encourage vendors to adopt improved ESG practices, aligned with the Group's sustainability goals. We aim to expand our ESG screening of suppliers, using both environmental and social indicators to strengthen resilience and accountability across our value chain.

	Local	Foreign
Supplier Payments – Local and Foreign		
Amount (Rs. Mn)	574.89	17.06
As a percentage	47.13%	46.05%

### COLLABORATIVE PARTNERSHIPS FOR STRATEGIC DELIVERY

We approach vendor and business partnerships as strategic enablers of service excellence and innovation. We engage partners who reflect our core values, ensuring alignment in ethics, service quality and reputational standards.

All engagements are guided by structured onboarding, evaluation, and governance protocols, designed to uphold transparency, continuity, and compliance throughout the vendor lifecycle.

Our collaborative ethos is anchored in trust, joint problem-solving and shared performance metrics. Through close cooperation, partners contribute to the design and execution of scalable and secure solutions that enhance FCT's operational agility.

A prime example is our partnership with Yenasys, which delivered a pioneering WhatsApp-based Treasury bidding interface, transforming the customer experience for B2C clients by enabling secure, real-time participation in government securities auctions.

Through these synergistic efforts, FCT continues to advance its digital transformation agenda while reinforcing service reliability, innovation, and client value across all stakeholder interactions.

### COMMUNITY INVESTMENT AND SOCIAL IMPACT

First Capital Treasuries PLC (FCT) recognises that long-term business resilience is interwoven with the well-being of the communities in which it operates. While FCT does not maintain a dedicated CSR function, it actively contributes to the Group's broader social impact efforts while also undertaking targeted standalone initiatives that reflect its values and stakeholder responsibilities.

In FY2025, FCT extended its support across a range of socially meaningful engagements. Among these, the Company independently funded the donation of a water tank to a religious institution, enhancing access to clean water and supporting local welfare infrastructure. Staff also participated in a mangrove planting initiative contributing both time and funding to environmental restoration activities aligned with FCT's climate consciousness and commitment to preserving natural capital.

See page 108 for the Natural Capital Report.

Internally, employee-led recycling and clothing donation drives continued to foster a culture of social awareness and collective responsibility.

These actions are grounded in FCT's broader purpose: to promote inclusive growth, social cohesion and responsible corporate citizenship. Consistent with the Group's vision to uplift Sri Lankans through sustainable financial solutions, FCT remains committed to playing a constructive role in national progress, supporting not only financial markets, but also communities across the country.

### FCT SPONSORSHIP HIGHLIGHTS

As part of FCH Group's commitment to purposeful stakeholder engagement, First Capital Treasuries (FCT) extended its support to two key initiatives in 2024, focused on community and recreational development within the financial services sector.

- Cooperative Insurance Company PLC- Finance Team Building Event: FCT supported this initiative aimed at enhancing team cohesion and strengthening inter-organisational collaboration
- UOC Management and Finance Group of 87/89 -Dinner Dance (Silver Sponsor): This sponsorship contributed to fostering alumni engagement and professional networking within the financial community

These initiatives reflect FCT's broader strategy of promoting meaningful relationships and recreational social fabric of our community.

# NATURAL CAPITAL



At First Capital Treasuries, we acknowledge that robust financial performance must increasingly coexist with responsible environmental stewardship. As a standalone non-bank primary dealer with a focused operational footprint, our natural capital strategy is intentionally designed around meaningful, measurable and material contributions to a nature-positive future. Our direct consumption of natural resources may be limited, but our influence via stakeholder networks, investment flows and market conduct extends further.

Our operational footprint includes consumption of energy, water and materials, and the generation of emissions and waste at our Office. These interactions, though limited in scale, reflect our role as a digitally enabled financial intermediary with a lean environmental impact. See the “Conserving the Environment” pillar of our ESG Scorecard on page 137 for quantified metrics on emissions, resource use and operational sustainability efforts.

As a trusted capital market intermediary and a high-performer in Sri Lanka’s financial services ecosystem, we remain committed to leveraging our reach and credibility to promote sustainability, reduce our environmental impact and support ecosystems that fortify social and economic resilience.

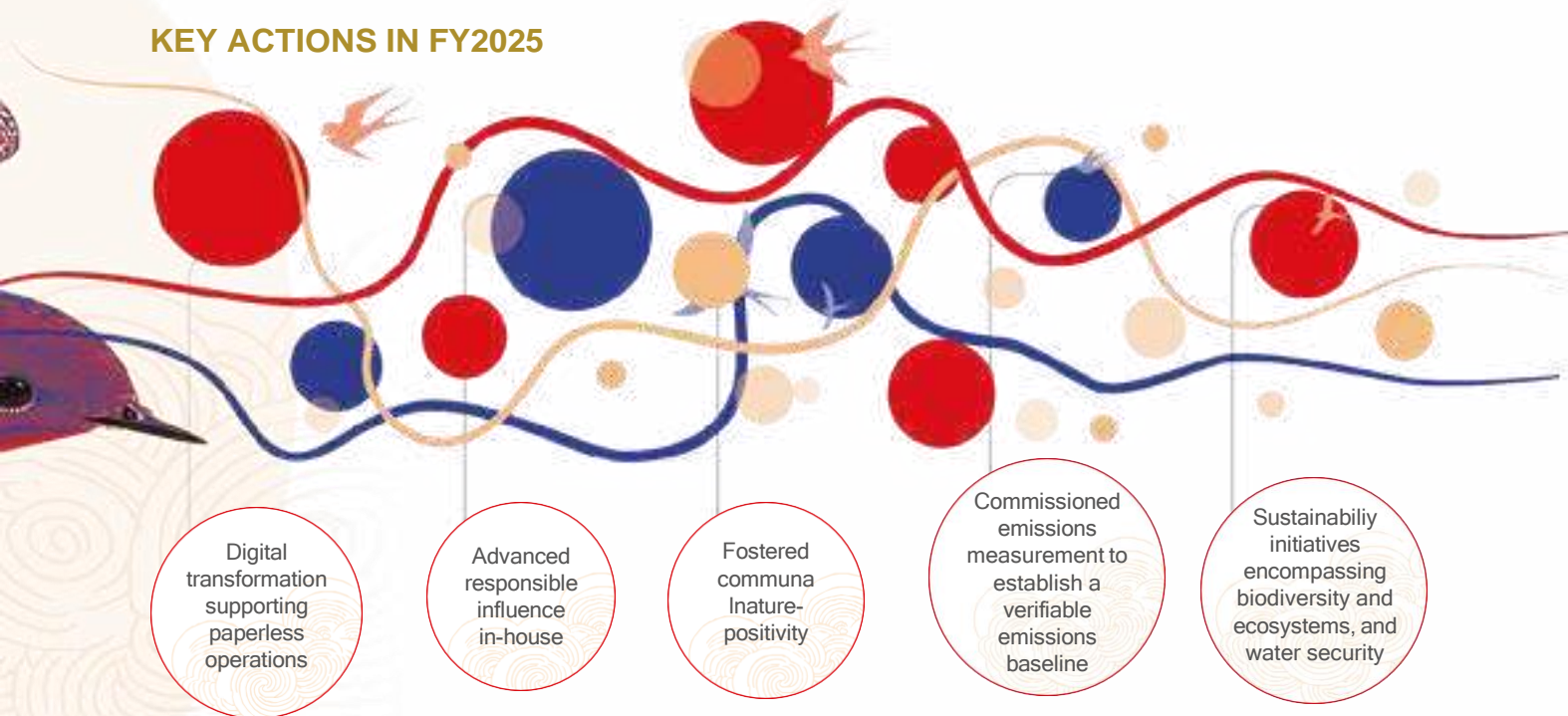


Management Approach	Material Matters	Link to capitals impacted
Our natural capital strategy is guided by a practical, forward-looking approach that aligns with FCT’s core business model and operating context. Recognising the interlinkages between ecological resilience and economic stability, our strategy addresses both direct operational impact and broader stakeholder expectations. We manage natural capital through:	<ul style="list-style-type: none"><li>• Brand image</li><li>• Operational efficiency</li><li>• Digital transformation</li></ul>	<ul style="list-style-type: none"><li>• Financial Capital</li><li>• Intellectual Capital</li><li>• Manufactured Capital</li><li>• Social Capital</li></ul>
Operational Efficiency: Paperless operations, digitised client engagement and eco-efficient office practices reduce consumption and enhance productivity.	<ul style="list-style-type: none"><li>• Environmental, Social and governance matters</li></ul>	
Community-based Environmental Stewardship: Investments in mangrove plantation and water security projects reflect our long-term view on climate resilience and sustainable social impact.	<ul style="list-style-type: none"><li>• Regulatory developments</li><li>• Heightened Importance of risk management</li></ul>	
Regulatory Readiness and ESG Integration: In light of SLFRS S1 and S2 becoming applicable to large corporates, we are progressing toward embedding climate-related disclosure into our enterprise processes while noting the absence of PD-specific taxonomies as a detraction to adoption relative to that of the banking sector.	<ul style="list-style-type: none"><li>• Market volatility</li></ul>	





## KEY ACTIONS IN FY2025



### Strengths

- Focused operational footprint with limited environmental liabilities
- Track record of credible, community grounded environmental initiatives
- Executive commitment to sustainability and stakeholder value
- Established emissions baseline (Scope 1, 2, and Scope 3 excluding financed emissions) strengthens data driven environmental strategy
- Early alignment with emerging standards SLFRS S1 and S2 and SASB integration lays foundation for future-proof disclosures and market relevance

### Weaknesses

- Absence of sector-specific taxonomies enabling accelerated adoption – in contrast bank-specific guidance facilitates alignment and differentiation from slower-adopting sub-sectors
- Absence of formal natural capital KPIs aligned to SLFRS S1 and S2
- Gaps in internal processes for ESG data collection and disclosure consistency
- Formalised natural capital KPIs under SLFRS S1 and S2 are still evolving
- ESG data collection and reporting processes under refinement following baseline completion

### Opportunities

- While ESG integration into sovereign debt is gaining momentum globally, influencing both investment decisions and sovereign credit evaluations, local discourse remains underdeveloped. The absence of ESG considerations in domestic sovereign bond markets presents both a deficiency and an opportunity to align public finance with sustainability goals
- Ability to be an early adopter of ESG-aligned reporting frameworks beyond banks
- Strengthen stakeholder trust through nature-based local interventions
- Enhancing digital sustainability infrastructure

### Threats

- SLFRS S1 and S2 expectations may outpace the sector's current capacity to respond
- Global reporting complexity - IFRS/ISSB, regional taxonomies and voluntary standards, can stretch limited strategic bandwidth
- Heightened scrutiny around greenwashing in natural capital claims where data is limited or unverifiable, posing reputational risks
- Implementation costs could be high relative to scale



# Natural Capital

## FUTURE PRIORITIES

Short-medium term	Long-term
<ul style="list-style-type: none"><li>Diagnostic review of resource efficiency and material environmental dependencies.</li><li>Expand tracking mechanisms for emissions and resource use in line with SLFRS S1 and S2.</li><li>Strengthen mapping of natural capital initiatives to UN SDGs, with emphasis on SDG 6, 12, 13 and 15.</li><li>Integrate ESG assessment criteria into supplier and operational policies.</li></ul>	<ul style="list-style-type: none"><li>Define a climate resilience and natural capital impact strategy tailored for Primary Dealer operations.</li><li>Build internal ESG competencies and cross-functional governance frameworks.</li><li>Allocate operational savings from digitisation toward nature-based community projects.</li><li>Support sector-wide dialogue to extend ESG guidance to PDs beyond banking taxonomy</li></ul>

We carried out these nature-positive actions during the reporting period:

- Paperless Transformation:** Digital adoption accelerated through paperless onboarding, e-KYC and transactional processes such as Treasury bidding, resulting in significant paper-use reduction and faster client servicing. Beyond operational efficiency, our digital-first model contributes to forest conservation and emissions reduction by minimising paper use.
- Plastic-Free Shift:** Transition from single-use plastic bottles to reusable glass alternatives across office locations reduced landfill contribution and aligned with circular economy principles.
- Internal Recycling and Reuse Culture:** Continued implementation of separation of recyclable material, employee sensitisation and sustainable procurement within operational functions.

- Mangrove Restoration:** Our mangrove planting initiative went beyond the symbolic. Mangroves act as powerful carbon sinks, sequestering up to four times more carbon than tropical forests while protecting coastlines from tidal surges and erosion. By supporting this initiative in vulnerable coastal zones, FCT contributed to biodiversity preservation, carbon sequestration and climate adaptation for local communities.
- Water Tank Donation:** Donated water tank provided consistent, clean water access, reducing the burden on groundwater resources and enhancing resilience to climate variability.

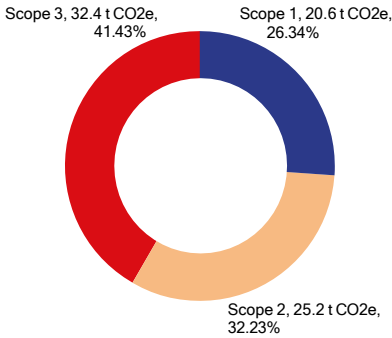
## CARBON FOOTPRINT AND CLIMATE STRATEGY

FCT completed a baseline measurement of its carbon footprint, covering Scope 1, Scope 2 and selected Scope 3 emissions (excluding financed emissions). This inventory informs our internal carbon strategy and will guide future reduction pathways in line with science-based targets. This foundational exercise enhances our climate accountability and supports the shift toward low-emission operations.

As part of our transition, we continue to optimise office energy efficiency, advance paperless transformation and prioritise sustainability-aligned supplier choices. These steps align with our commitment to SLFRS S1 and S2 and other emerging ESG disclosure standards.

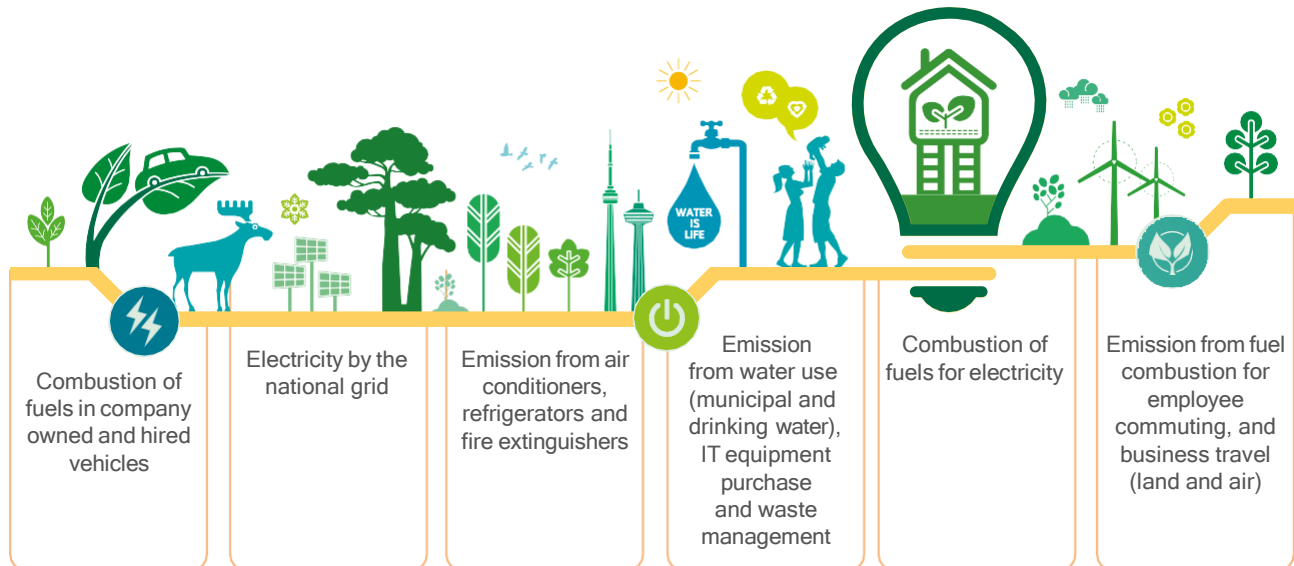
Please see our transitional disclosures on SLFRS S1 and S2 on page 138 to 140 of Driving Sustainable Growth and Value.

Category	GHG Emission (t CO2e)	% Emission
Scope 1	20.6	26.34%
Scope 2	25.2	32.23%
Scope 3	32.4	41.43%
<b>Total GHG emission</b>	<b>78.2</b>	<b>100%</b>





## REPORTING BOUNDARY



## FCT'S STRATEGIC FOCUS ON NATURAL CAPITAL THEMES

Theme	Significance	Our Approach
Water Stewardship	Key for community resilience	Targeted access support through water tank installation
Biodiversity and ecosystems	Climate resilience and carbon sequestration	Expand coastal mangrove planting
GHG Emissions	Regulatory and reputational risk driver	Utilise established emissions baseline to informs carbon strategy
Circular Economy	Waste and resource efficiency imperative	Digital-first culture reducing physical resource use and waste generation
ESG Data Integration	Supports transparency, strategy and stakeholder trust	Expand KPI coverage and align with phased SLFRS S1 and S2 and SASB reporting requirements

Indicator	Unit	Status FY2025
Total GHG Emissions (Scope 1, 2 and Scope 3 excluding financed emissions)	tCO <sub>2</sub> e	78.2
Electricity Usage	kWh	55,481
Water Use	m <sup>3</sup>	497
Circular Economy Initiatives	-	Plastic-free shift; digital workflows
Nature-Based Projects	-	Active in coastal zones

FCT's natural capital strategy is proportionate, focused and purposeful. It reflects both the scale of our direct impact and the capacity to act as a responsible financial intermediary. As regulatory frameworks evolve to include non-bank financial institutions and large listed corporates under ESG and climate reporting mandates, we are preparing to meet that challenge.

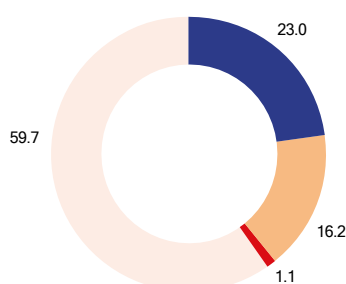
With a foundation of digital agility, stakeholder engagement and community-level commitment, we are laying the groundwork for nature-positive finance within and beyond the boundaries of our operations.

*For a detailed roadmap on how FCT is aligning with SLFRS S1 and S2 and broader ESG disclosure standards, please refer to the Driving Sustainable Growth and Value section (pg 130 to 136), where we outline governance, risk and metrics linked to climate preparedness.*

# VALUE ADDED STATEMENT

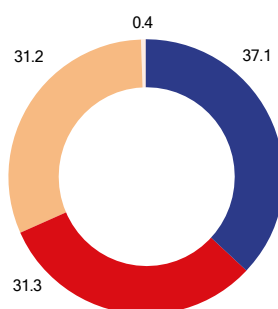
	FY 2024/25	FY 2023/24
	Rs.	Rs.
Income generated	10,837,803	26,598,738
Distributed as follows:		
Shareholders		
Dividends paid and declared to ordinary shareholders	(1,600,560)	(8,926,200)
Debt funding providers		
Interest on other debt instruments issued	(81,583)	(97,591)
Clients		
Interest on other debt instruments issued	(5,949,160)	(7,513,552)
Employees		
Salaries and other benefits	(297,294)	(1,641,574)
Government		
Income and other taxes	(1,738,554)	(5,408,975)
Corporate social investment	(12)	(426)
Suppliers/ service providers including vendors	(322,014)	(481,808)
Total distribution	(9,989,176)	(24,070,126)
Retention for future expansion and growth	848,627	2,528,612

Total Distribution - 2024/25



■ Employees, Government, Social, Suppliers  
 ■ Shareholders  
 ■ Debt Funding Providers  
 ■ Clients

Total Distribution - 2023/24



■ Employees, Government, Social, Suppliers  
 ■ Shareholders  
 ■ Debt Funding Providers  
 ■ Clients





# RISK MANAGEMENT REPORT

## RISK MANAGEMENT APPROACH

Our approach to risk management is interwoven with that of the First Capital Group. The parent's subsidiary governance model sets a consistent approach to risk identification, assessment and mitigation across all subsidiaries ensuring alignment with Group policies. However, as a primary dealer (PD) operating under the regulatory remit of the CBSL, the Company is governed as a separate legal entity and defines, where deemed necessary, specific entity level risk management controls, policies and procedures and formulates its risk appetite.

**Risk objectives and risk culture**  
FCT prides itself on its robust embedded risk and capital management culture.  
See page (119)

**Risk governance**  
Our governance structure supports strategic risk-taking within a disciplined framework.  
See page (115)

**The three lines of defence model**  
Sets risk ownership responsibilities functionally independent from oversight and assurance.

**Risk ownership:**  
Design and implement effective risk management across business units and entities.  
See page (117)

**Risk universe**  
Our risk universe is a comprehensive catalogue of potential risks, both financial and non-financial risk. We routinely scan our operating environment, identifying changes, assessing their potential impact and developing appropriate responses.  
See page (117)

**Risk framework**  
Our risk management framework is aligned with the three lines of defence model.  
See page (118)

**Risk management process**  
FCT's risk framework is based on stable and robust principles reflecting ISO 31000:2018 (ISO-31000) and regulatory best practices.

**Direct, control and oversight:**  
Risk and Compliance (R&C) facilitates risk management activities upholding risk principles.

**Risk appetite**  
FCT operates within acceptable levels of risk in compliance with Board-approved risk appetite.  
See page (119 to 120)

**Risk assurance:**  
An independent Internal Control Assurance function reporting to the Board monitors the end-to-end effectiveness of risk management and compliance with the framework.

**Our material matters highlighted on page 41, recognise the importance of stakeholders and society at large and delivering sustainable value. We manage our risks closely with our principal and emerging enterprise risks, shown on pages 121 to 129, being proactively identified and mitigated. These risks require focused management attention as they represent potential material implications to corporate strategy.**

# Risk Management Report

## OUR RISK CONTEXT

The global and domestic risk landscape has been marked by persistent volatility, policy divergence and geopolitical uncertainty during the period under consideration. The International Monetary Fund (IMF) estimates global growth at 2.8% for 2024 and projects a modest 3.0% for FY2025, with significant regional variations. While recession has been averted, the outlook remains fragile amid tightening financial conditions, regional divergences and intensifying geopolitical tensions.

A significant concern is the rising trend of trade bifurcation, particularly between the United States and China. The imposition of reciprocal tariffs, alongside import substitution policies in advanced economies, has heightened global economic fragmentation. These shifts could undermine global capital flows, investor confidence and export competitiveness, posing indirect risks to Sri Lanka's recovery, especially through reduced export demand, tourism receipts, and remittances. Global institutions including the World Bank have called for urgent reform in macroeconomic policy and climate risk governance to preserve medium-term stability and sustainable growth.

Sri Lanka's economic recovery continued through CY2024, supported by the conclusion of the external debt restructuring process and a sovereign rating upgrade. Fitch Ratings raised Sri Lanka's long-term foreign currency rating to 'CCC+' from 'RD', while Moody's upgraded it to 'Caa1' from 'Ca'. These upgrades have enhanced international credit visibility and lowered perceived sovereign risk, contributing to improved liquidity in domestic markets.

The CBSL adopted an accommodative monetary policy stance, reducing policy rates by 125 basis points during the Calendar year and cumulatively by 775 bps since mid-2023. These actions contributed to a steady decline in market interest rates and government securities yields with Treasury Bill yields falling between 397 to 589 basis points across maturities in CY2024.

Sri Lanka's gross borrowing requirement for CY2024 reached Rs. 3.9 Tn, predominantly financed through domestic sources, with the government securities market continuing to serve as the cornerstone of public financing. In this context, Primary Dealers (PDs) such as FCT continue to play a pivotal role in ensuring market liquidity, bid cover and price discovery.

Following the successful completion of both Presidential and Parliamentary elections, the continuation of the IMF-backed macroeconomic reform agenda has improved investor confidence and supported more accommodative monetary policy. Despite easing inflation and improved macro stability, market volatility in government securities and equities continued to reflect both external shocks and local liquidity cycles.

Labour market migration dynamics, reflecting national demographic shifts, intensified the need to attract and retain skilled talent to drive our performance driven culture.

Business risks were also shaped by increased technological integration and tightening regulatory frameworks.

The growing reliance on digital infrastructure, amplified by client portals, frontier technologies like AI and end-to-end investment platforms, demands increased investment in system resilience and multi-layered cybersecurity protocols.

The issuance of SLFRS S1 and S2 on sustainability and climate-related disclosures in Sri Lanka underscores the regulatory priority around ESG integration. As a listed company and market intermediary we comply with expansive corporate governance rules, operational, regulatory and conduct obligations imposed by market regulators.







Within this evolving environment, FCT maintained a proactive and forward-looking approach to risk management. Our strategy balances opportunity and caution, navigating cyclical recovery while preparing for structural shifts.

Looking ahead, FCT's enterprise-wide risk governance will continue to evolve in response to emerging risks and stakeholder expectations. We remain committed to embedding ESG and climate risk considerations into core business decisions, enhancing risk analytics through frontier technological solutions and ensuring robust conduct, cyber and operational resilience. Our strong

credit fundamentals, disciplined risk culture and well-established governance architecture position us to prudently manage uncertainty while unlocking opportunity in our role as a PD.

#### RISK GOVERNANCE

At First Capital Treasuries, risk management is not only a safeguard but a strategic enabler. As a standalone PD regulated by the CBSL, operating within the subsidiary governance framework of the parent, First Capital Holdings PLC, FCT developed Company specific risk management framework, contextualised for the unique

dynamics of Sri Lanka's financial markets and applicable regulatory regime.

Our risk governance and practices are aligned with international standards such as ISO-31000 and are responsive to both domestic macroeconomic developments and global regulatory trends. Our risk management system is governed by appropriately mandated governance committees and fit-for-purpose governance documents. We remain acutely aware that our ability to create and sustain stakeholder value is intrinsically linked to how effectively we identify, manage, and mitigate risks.

#### GOVERNANCE HIERARCHY



#### RISK GOVERNANCE STRUCTURE

The governance structure at FCT supports strategic risk-taking within a disciplined framework led by the Board. Each designated committee operates with clearly defined mandates and ensures risk oversight is embedded into FCT's strategic and operational agendas.

#### ROLE OF THE BOARD

The Board is entrusted with promoting the long-term interests of the Company, with due consideration to its broader responsibilities toward stakeholders and the communities in which it operates. In fulfilling its governance mandate, the Board plays a pivotal role in overseeing risk management. Its key responsibilities include:

- Oversight of Management's execution of the risk management framework and strategy
- Approval of risk appetite and tolerance levels
- Active engagement with key regulatory bodies
- Fostering a sound, risk-aware institutional culture

Through these responsibilities, the Board ensures that risk considerations are embedded in strategic decision-making and aligned with long-term value creation objectives.

#### RISK GOVERNANCE ARCHITECTURE

##### Reconstitution of Governance Committees

During the reporting period, the Enterprise Risk Management Committee (ERMC) was reconstituted and redesignated as the Board Integrated Risk Management Committee (BIRMC). This change reflects a strategic shift toward a more holistic approach to risk governance, integrating both operational and strategic risk dimensions across the entity.



# Risk Management Report

In accordance with Section 9 of the Listing Rules, the Nominations Committee was also reconstituted and redesignated as the Nominations and Governance Committee (NGC). The Committee now assumes an expanded mandate, reflecting a stronger role in the oversight of governance and associated risk considerations.

## BOARD COMMITTEES: ROLES AND RESPONSIBILITIES IN RISK GOVERNANCE

BOARD COMMITTEE	ROLES AND RESPONSIBILITIES
Board Integrated Risk Management Committee (BIRMC)	Oversees FCT's aggregate entity-level risk profile and monitors the implementation of the Board-approved risk management framework.
Board Audit Committee (BAC)	Supports the Board in its oversight of financial reporting integrity, internal control systems, whistleblowing procedures, and the functions of both internal and external audit.
Nominations and Governance Committee (NGC)	Develops governance policies on Board composition, diversity, and recruitment. Leads director and senior executive succession planning and ensures Board effectiveness through evaluations and education. It also maintains oversight of corporate governance standards.
Investment, Asset Liability Committee (IALCO)	Manages liquidity risk and ensures financial stability. Optimises the asset and liability structure of the Company to maintain resilience under various economic scenarios.

EXECUTIVE COMMITTEE	ROLES AND RESPONSIBILITIES
Management Committee (MANCO)	Oversees day-to-day operational execution across trading, client engagement and back-office functions; monitors progress of strategic projects including digitalisation; and ensures alignment with the Approved Operating Plan (AOP).
Group IT Steering Committee (GITSC)	Provides governance on information security, cybersecurity, and alignment of technology risk with institutional priorities. Further, oversee the status of digitalisation and other IT project initiatives.

## ROLE OF MANAGEMENT

Management at FCT, including the Chief Executive Officer (CEO) and Heads of business and functional units, play a central role in operationalising the risk management framework. Together, they ensure that risk considerations are embedded in day-to-day decision-making, strategic execution, and performance management.

*Key responsibilities of Management include:*

- Leading the implementation of the risk management framework within their areas of control
- Promoting adherence to approved risk appetite and tolerance levels
- Setting risk-informed business objectives and allocating resources accordingly
- Ensuring timely identification, assessment, and response to emerging risks

- Reporting risk-related findings through formal reporting lines, at minimum on a monthly basis
- Reinforcing a risk-conscious culture through communication, training and leadership example

The CEO, in particular, holds overarching accountability for ensuring that risk management is integrated across all levels of FCT's operations. The CEO drives alignment between strategic goals and the risk profile of the Company and supports risk transparency to the Board and relevant Committees.

## THREE LINES OF DEFENCE MODEL AT FCT

FCT adheres to the 'three lines of defence' model.

This model ensures clear accountability and functional separation between:

### FIRST LINE

The first line of defence at FCT is comprised of all risk owners. These functions are responsible for owning and managing risks through:

- Maintaining robust and well-documented operational procedures
- Implementing internal controls and managing exposures within approved risk limits
- Ensuring compliance with internal policies and all applicable regulatory requirements
- Updating and maintaining the Risk Register with relevant and timely data
- Detecting, escalating, and addressing issues promptly within their operational remit

Front and back office personnel, supported by finance, legal, IT, HR, and compliance teams, collectively ensure that risk management is operationalised throughout the business.



These groups contribute to:

- Embedding a risk-aware culture across the Company
- Delivering insights to the Risk and Compliance Division (R&C) to inform second-line oversight
- Enhancing accountability through daily interaction with processes that impact risk exposure

By reinforcing risk ownership at all levels, FCT ensures that the first line of defence is not merely procedural but deeply embedded within the fabric of the Company's activities and culture. This proactive approach supports long-term resilience and value creation.

## SECOND LINE

The second line comprises the Risk and Compliance (R&C) function which monitors, reviews and provides risk oversight.

## RISK AND COMPLIANCE DIVISION

FCT benefits from a Risk and Compliance Division (R&C) which serves as the second line of defence. Independent of operational management, the R&C provides objective oversight, monitoring and challenge in relation to the Company's material risks.

## KEY RESPONSIBILITIES OF THE R&C INCLUDE:

- Designing and supervising the risk management framework's implementation
- Collaboratively assessing and monitoring risk exposures with business units
- Supporting a unified, enterprise-wide view of risk while enabling detailed analysis

## THIRD LINE

The third line comprises Internal Control Assurance which independently assures the effectiveness of the risk and control environment. This structured approach enhances risk governance, embeds resilience, and supports FCT's commitment to sustainable value creation.

## INTERNAL CONTROL ASSURANCE FUNCTION

The Internal Control Assurance function, operating as the third line of defence, provides independent assurance to the Board, its Committees and Management regarding:

- The design and operational effectiveness of risk and control systems
- Compliance with the financial and risk management framework
- Adequacy of policies, procedures, systems, and resources to manage material risks

## GOVERNANCE OF INTERNAL CONTROL ASSURANCE

The Internal Audit Control Assurance function reports functionally to the BAC and maintains unrestricted access, including private meetings with the Committee, if required. The BAC is responsible for reviewing the Internal Audit Control Assurance function's objectives, scope, performance, fees and make sure the function is independent.

## RISK GOVERNANCE: THREE LINES OF DEFENCE MODEL

Design and implement an effective risk management function	Primary responsibility for day-to-day risk management lies with the business with the risk owner being the first line of defence. All staff throughout the Company are expected to manage risks in accordance with the risk management framework.
Facilitate risk management activities at an enterprise level and across risk owners	The R&C, the second line, is an independent function responsible for building and embedding the risk framework.
Provide assurance on the adequacy and effectiveness of risk management	Internal Control Assurance, as the third line, provides independent and objective risk based assurance on the compliance with, and effectiveness of the Company's financial and risk management framework.

# Risk Management Report

Our risk universe encompasses financial and non-financial risks



## Financial risks

Financial risks comprises risks associated with unexpected changes in external markets, which pose financial implications.

- Interest rate risk
- Liquidity risk

## Non-financial risk

Non-financial risks cover operational risks from inadequate or failed processes, people and systems as a result of internal or external factors.

- Regulatory and compliance risk
- Business continuity risk
- Reputation risk
- Strategic risk
- Information and cyber security risk
- Operational risk
- ESG risk

## Emerging risks and risk themes

- Complexity in the regulatory landscape
- Developments in the technological landscape
- Talent and human capital challenges

The risks we manage are on page (123)



## RISK MANAGEMENT FRAMEWORK

The risk management framework at FCT provides a structured and integrated approach to identifying, assessing, mitigating, and monitoring risks across the business.

The framework is aligned with regulatory guidelines, including those issued by the CBSL and SEC, as well as the CSE, the frontline regulator of listed corporates, while drawing from international standards such as ISO-31000 to ensure sound risk governance.

It defines the responsibilities of all risk owners, from front-line staff to executive leadership, and establishes formal mechanisms for managing market, credit, liquidity, operational, compliance, and strategic risks. The framework ensures that risk-taking remains within the approved risk appetite set by the Board and is consistent with FCT's mandate to preserve market integrity, financial stability and investor confidence.

By embedding risk management into strategic planning, trading activities and operational processes, the

framework reinforces FCT's accountability, resilience, and capacity to create sustainable value in a dynamic financial environment.

## RISK MANAGEMENT OBJECTIVES

FCT's integrated risk management seeks to:

- Embed a sound risk culture at every level of the Company
- Enable timely identification and mitigation of both principal and emerging risks
- Maintain full alignment with Board-approved risk appetite and tolerance thresholds
- Aggregate, monitor, and report risk exposures consistently and transparently
- Provide assurance to the Board that risks are effectively governed and mitigated
- Resource risk teams with appropriate expertise
- Support appropriate risk committees, as mandated by the Board
- Comply fully with statutory and regulatory requirements

## RISK MANAGEMENT PRINCIPLES

FCT adopts stable and robust core risk management principles in line with the ISO-31000 standard. These principles are designed to ensure that risk management is effective, structured and aligned with institutional objectives. While not prescriptive, they serve as a foundation for integrating risk management into governance, strategy and operations:

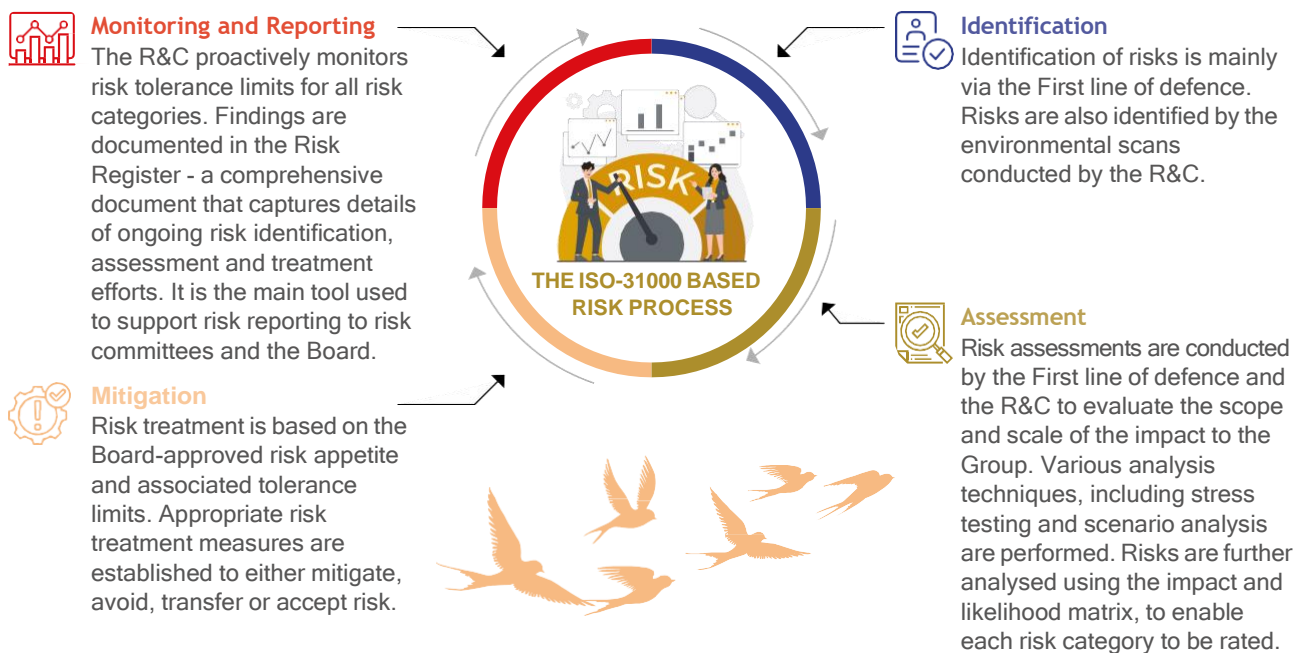
- **Integration:** Risk management should be part of all organisational activities, including decision-making at all levels.
- **Structured and Comprehensive:** A consistent, systematic approach enhances efficiency and generates reliable outcomes.
- **Customised:** The risk management framework must be tailored to the organisation's external and internal context, objectives, and risk profile.
- **Inclusive:** Engaging stakeholders and decision-makers improves risk understanding and strengthens buy-in.





- **Dynamic and Responsive:** Risk management should anticipate, detect, and respond to changes in internal and external environments.
- **Best Available Information:** Decisions should be based on reliable data, but also consider uncertainties and limitations.
- **Human and Cultural Factors:** Recognising that human behavior and culture influence risk at every level.
- **Continual Improvement:** Risk management should evolve through learning, innovation, and performance evaluation.

## THE ISO-31000 BASED RISK PROCESS



## RISK CULTURE

FCT maintains a strong, embedded risk culture that is aligned with its vision, mission, and core values. As a regulated PD a listed corporate and a subsidiary of First Capital Holdings, FCT views a sound risk culture as foundational to fulfilling its fiduciary responsibilities and safeguarding market integrity.

The Board, supported by the Board Integrated Risk Management Committee (BIRMC), is responsible for shaping and assessing the Company's risk culture and for identifying any actions needed to strengthen alignment with FCT's strategic objectives and approved risk appetite.

## Cultivating a Risk-Aware Culture

FCT's approach to fostering a strong risk culture begins with clearly defined behavioural expectations. While the Board sets the tone from the top, Senior Management, facilitate alignment by promoting ethical conduct and principled decision-making. These expectations are guided by a Board-approved Code of Conduct.

## Monitoring and Reinforcing Culture

To ensure that the risk culture remains effective and evolves with the institution, FCT monitors and measures cultural indicators on an ongoing basis. These include breaches of policies, limits or training

in compliance. The Risk and Compliance Division (R&C) consolidates these indicators and escalates concerns through formal reporting channels, in accordance with the governance framework. Regular updates are presented to Senior Management, the Board and relevant Committees, enabling continuous feedback and risk culture and conduct alignment.

## Policy Alignment and Oversight

Policies serve as critical tools for operationalising risk management across FCT. These outline the principles and controls that govern risk-related decision-making and help ensure consistency across the

# Risk Management Report

Company. These policies reinforce a unified and disciplined approach to risk and conduct.

## DEFINING AND GOVERNING RISK APPETITE

FCT operates with a clearly defined and strategically aligned risk appetite that underpins its risk management framework. Approved by the Board, risk appetite comprises acceptable risk thresholds across key categories such as market, credit, liquidity and

operational risk, ensuring consistency with regulatory obligations and the Company's long-term objectives.

The risk appetite serves as a guiding principle for navigating financial market volatility, optimising returns and preserving value creation, while maintaining strong internal controls to mitigate potential downsides. To operationalise this, specific and measurable risk tolerance limits are established to guide day-to-day

decision-making and ensure disciplined risk-taking within acceptable boundaries. These limits are reviewed regularly in response to shifts in the operating environment and risk landscape.

This proactive and structured approach supports FCT's goal of building a resilient institution capable of responding to emerging threats, while fostering responsible risk behaviour across all levels of the Company.

Risk Category	Risk Appetite Statement	Appetite Level	Key Metrics / Indicators	Early Warning Indicators
Capital Position	Maintain capital ratios above CBSL minimums with adequate buffers to support market volatility.	Low	<ul style="list-style-type: none"><li>Capital Adequacy Ratio (CAR)</li><li>Internal capital buffer</li></ul>	<ul style="list-style-type: none"><li>CAR approaching internal minimum buffer</li><li>Increased market volatility or asset price decline impacting valuation</li></ul>
Liquidity Management	Maintain high-quality liquid assets and self-sufficient liquidity at all times.	Low	<ul style="list-style-type: none"><li>Cash flow gap analysis</li></ul>	<ul style="list-style-type: none"><li>Short-term funding reliance increasing</li><li>Settlement delays from counterparties</li></ul>
Financial Sustainability	Pursue sustainable, risk-adjusted returns through prudent trading and cost management.	Moderate	<ul style="list-style-type: none"><li>Net trading income</li><li>Net interest income</li><li>Return on equity</li><li>Cost-to-income</li></ul>	<ul style="list-style-type: none"><li>Deviation from budgeted income</li><li>High earnings volatility</li><li>Declining spread/ margins</li></ul>
Reputation	Zero tolerance for actions that damage market trust or stakeholder confidence.	Zero	<ul style="list-style-type: none"><li>Client complaints</li><li>Media references</li><li>Regulatory feedback</li></ul>	<ul style="list-style-type: none"><li>Unresolved regulatory queries</li><li>Client attrition</li><li>Negative press mentions</li></ul>
Regulatory Compliance	Full compliance with CBSL, SEC and other regulatory obligations is mandatory.	Zero	<ul style="list-style-type: none"><li>Regulatory breaches</li><li>Audit findings</li><li>Compliance incidents</li></ul>	<ul style="list-style-type: none"><li>Delays in regulatory reporting</li><li>Repeat audit issues</li><li>Elevated compliance breach trends</li></ul>
Ethical Conduct	Zero tolerance for intentional unethical, dishonest, or unlawful conduct.	Zero	<ul style="list-style-type: none"><li>Whistleblower cases</li><li>Breach of Code of Conduct</li></ul>	<ul style="list-style-type: none"><li>Increase in HR incidents</li><li>Employee grievance trends</li><li>Investigation frequency</li></ul>
Anti-Bribery & Corruption	No tolerance for bribery, facilitation payments, or unethical inducements.	Zero	<ul style="list-style-type: none"><li>Incident reports</li><li>Third-party risk assessments</li></ul>	<ul style="list-style-type: none"><li>Suspicious transactions</li><li>Conflict of interest disclosures rising</li><li>Adverse media on vendor relationships</li></ul>



Risk Category	Risk Appetite Statement	Appetite Level	Key Metrics / Indicators	Early Warning Indicators
Data Protection & Cybersecurity	Protect data integrity and system resilience through robust cybersecurity and controls.	Very Low	<ul style="list-style-type: none"> <li>Cyber incidents</li> <li>System downtime</li> <li>Compliance with CBSL IT guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Increase in phishing or malware attempts</li> <li>Delayed patch management</li> <li>Results from vulnerability assessments</li> </ul>
ESG Exposure	Avoid business activities that conflict with ESG principles and promote responsible investing.	Low	<ul style="list-style-type: none"> <li>ESG screening outcomes</li> <li>Carbon impact indicators</li> </ul>	<ul style="list-style-type: none"> <li>Investments or trades flagged during ESG due diligence</li> <li>Stakeholder concerns on governance</li> <li>Supplier violations of ESG commitments</li> </ul>

Risk Appetite	Zero	Very Low	Low	Medium	High
Risk Behaviour	Averse		Prudent	Balanced	Considerable
Capital Position					
Liquidity Management					
Financial Sustainability					
Reputation					
Regulatory Compliance					
Ethical Conduct					
Anti-Bribery & Corruption					
Data Protection & Cybersecurity					
ESG Exposure					

## STRESS TESTING

At FCT, stress testing is a core component of our risk management framework and a critical tool for understanding the resilience of the business under adverse but plausible conditions. It is FCT's policy to regularly perform a range of stress testing scenarios, assessing potential vulnerabilities across capital, liquidity and market exposures. These exercises test the Company's ability to absorb shocks and inform actionable contingency planning.

Regulatory stress testing is carried out in compliance with the CBSL's requirements. These exercises primarily focus on interest rate shocks, assessing the potential impact of upward or

downward shifts in rates on FCT's core capital, and risk weighted adequacy ratio, which is a key regulatory capital measure for PDs.

In parallel, internal stress testing is conducted with a broader focus. This includes both scenario and sensitivity analyses related to interest rate risk and liquidity risk. Internal models assess the effect of stressed market conditions on net capital, after accounting for collateral margins pledged under repo borrowing arrangements. This ensures that FCT is adequately positioned to withstand disruptions to funding sources or adverse valuation movements in the government securities portfolio.

Stress testing outcomes are not only used for risk measurement but also serve a strategic function. The results inform the calibration of FCT's risk appetite and tolerance levels, guide the corporate strategy and budgeting process and provide insights into whether the current business strategy is sustainable under a range of stress scenarios. Importantly, these assessments help determine whether FCT's risk profile remains aligned with its risk appetite framework, both under current and forward-looking conditions.

By integrating stress testing into decision-making and planning processes, FCT strengthens its ability to navigate uncertainty, uphold regulatory compliance, and preserve long-term value for stakeholders.



# Risk Management Report

## INTEGRATION OF VaR WITHIN THE STRESS TESTING FRAMEWORK

In addition to scenario and sensitivity analyses, FCT incorporates Value at Risk (VaR) models as part of its broader market risk assessment toolkit. While VaR is not a stress test by itself, it serves as a baseline metric that quantifies the potential loss in the value of FCT's trading portfolio under normal market conditions, over a defined time horizon and confidence level.

The output from VaR modelling is used in three key ways within FCT's risk governance:

### BASELINE MARKET RISK MEASURE:

Daily VaR provides an estimate of the potential trading loss over a 1-day horizon at a 99% confidence level. This metric supports daily risk management and informs trading limits set by the Board.

### INPUT INTO STRESS TESTING:

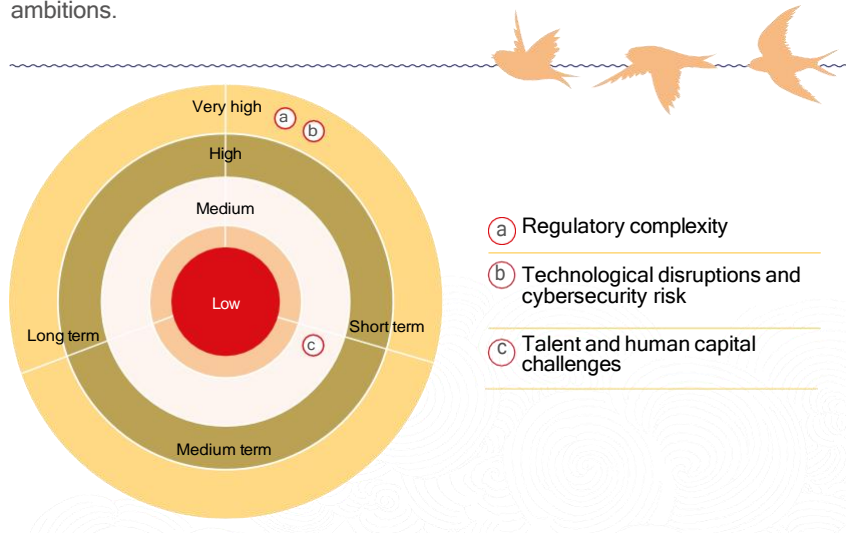
FCT integrates VaR-based scenarios into its internal stress testing. This includes stressed VaR (SVaR), which applies historical crisis periods or extreme market shocks to the current portfolio, helping gauge the impact of tail-risk events that fall outside the assumptions of standard VaR models.

### LINK TO RISK APPETITE AND CAPITAL ADEQUACY:

VaR outcomes are monitored relative to Board-approved risk appetite thresholds and are a key input in determining the adequacy of capital buffers, especially under volatile interest rate conditions. They also support liquidity planning by signaling potential margin calls or collateral demands under stress.

## OUR EMERGING ENTERPRISE RISKS

Our enterprise risks represent the top and emerging risks that could have a material impact on the Company's ability to achieve its strategic priorities and ambitions.



These risks are reflective of the internal and external operating environment as well as strategic ambitions. The emerging risks and material matters are collected in simultaneous and related processes to enable more informed and proactive decisions. Over time, these risks evolve as mitigation efforts mature, the factors that influence a risk change or as new risks emerge. This allows us to adapt and develop our risk management strategies to better support longer-term sustainability.

See pages 40 to 48 for material matters and determination process.



## EMERGING RISK THEMES

	Regulatory Complexity	Technological and Cyber Risk	Talent and Human Capital Challenges
 Emerging Risk	<p>FCT faces a highly regulated environment which is now increasingly more complex from structural, governance, prudential and conduct perspectives.</p> <p>Frequent changes in laws, taxes, and financial regulations means that the level of formal regulation applied increases as we seek to scale the business. Non-compliance can lead to reputational damage, penalties, sanctions and operational disruptions.</p>	<p>Whilst significant opportunities exist due to the enhancements of the technology landscape, FCT is also required to keep pace with an evolving risk environment and advancements in cybercrime and fraud techniques.</p> <p>Adequate technology investments, resourcing levels and skills are needed to operate a digital business given the current exponential growth in technological change and speed of take-up of new technologies.</p>	<p>The evolving nature of work, coupled with talent shortages in critical areas like technology, risk management, and business operations, poses a significant risk to the FCT's ability to execute strategy.</p> <p>Shifting employee expectations, such as work-life balance and career development, require FCT to adopt highly people centric HR practices to remain competitive in attracting and retaining top talent. With the influx of Gen Z and Gen Alpha into the workforce, understanding how to attract and retain talent in this demographic is a growing priority.</p>
 Key Threats / Issues	<ul style="list-style-type: none"> <li>Increased regulatory scrutiny from market and frontline regulators</li> <li>Frequent changes in tax and compliance obligation</li> <li>Reputational and financial risk from non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>Growing sophistication of cybercrime and digital fraud</li> <li>Operational disruptions due to technology failures</li> <li>Reputational damage from data breaches</li> <li>Multiple-risks including data and conduct, in adopting frontier-technologies such as AI</li> </ul>	<ul style="list-style-type: none"> <li>Difficulty in attracting and retaining specialised skills</li> <li>Misalignment between staff expectations and traditional work models</li> <li>Succession risk in key roles</li> </ul>
 Treatment / Mitigation	<ul style="list-style-type: none"> <li>Strengthening compliance infrastructure</li> <li>Continuous horizon scanning and policy review</li> <li>Regulatory liaison and proactive engagement</li> </ul>	<ul style="list-style-type: none"> <li>Investment in cyber defence systems and secure infrastructure</li> <li>Ongoing staff training and simulations</li> <li>Incident response plans and testing</li> <li>Dual process models with human-in-the-loop reviews for key decisions made through AI</li> <li>Enforce encryption and access protocols</li> <li>Implement clear data labelling and anonymisation protocols for AI training data</li> </ul>	<ul style="list-style-type: none"> <li>Targeted talent acquisition and upskilling programmes</li> <li>Modernised people policies focused on flexibility and inclusion</li> <li>Evolving an employee value proposition with multi-generational appeal</li> <li>Succession planning</li> </ul>



# Risk Management Report

 Opportunities	<ul style="list-style-type: none"><li>• Competitive advantage through a strong regulatory reputation</li><li>• Early mover compliance with future reforms</li></ul>	<ul style="list-style-type: none"><li>• Operational efficiency through digitisation</li><li>• Differentiation through AI of the client experience and analytical precision</li><li>• Brand value as a secure service provider</li></ul>	<ul style="list-style-type: none"><li>• Building a future-ready workforce</li><li>• Enhanced employer brand in a competitive market</li><li>• Strengthened leadership pipeline</li></ul>

## PRINCIPAL RISKS - PROFILE AND OPPORTUNITY MATRIX

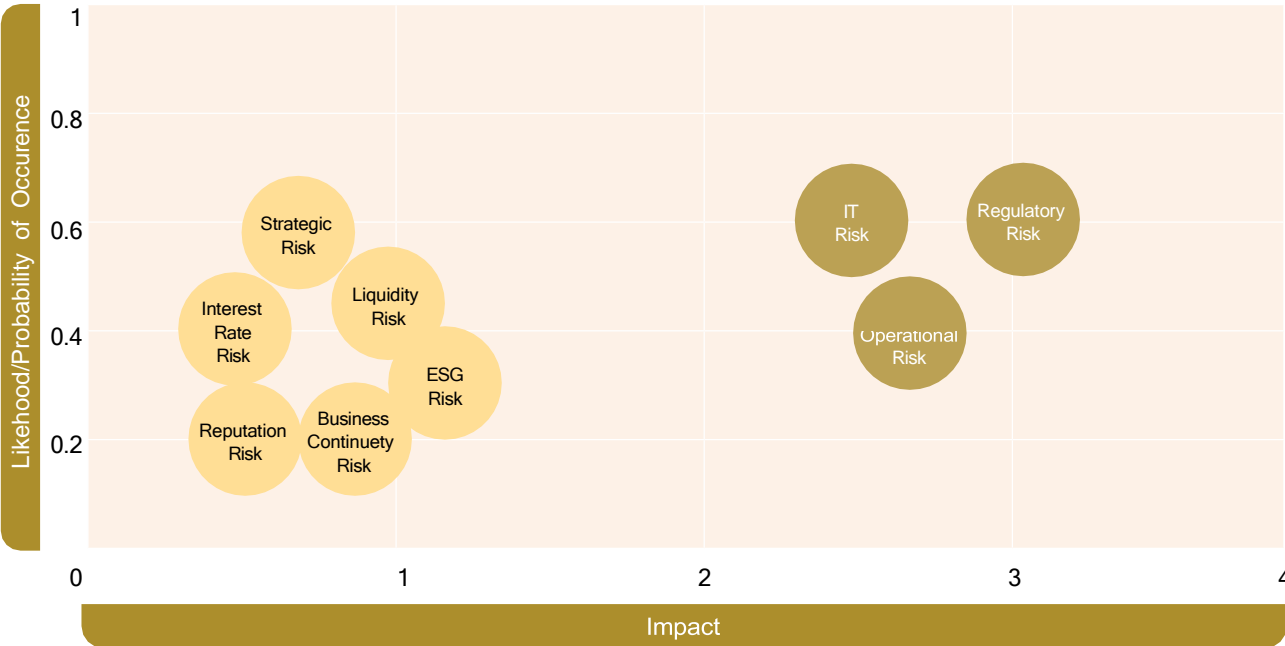
### Risk and Opportunity Matrix

The Risk and Opportunity Matrix is a core tool within FCT’s risk management framework. It supports consistent assessment and prioritisation of risks across all business units using standardised impact and likelihood ratings aligned to risk appetite.

The matrix ensures comparability and objectivity in risk evaluation and includes guidance to promote uniform application. Risk ratings are reviewed regularly and updated in response to changes in market conditions, regulations, technology, or business exposure.

Each risk is plotted based on its severity and likelihood, enabling proactive and proportionate mitigation and the identification of strategic opportunities.

### RISK MATRIX







## Interest Rate Risk - Potential losses to the government securities portfolio owing to adverse rate movements

**Risk Context for FYz2025** The successful completion of the External Debt Restructuring (EDR) in 2024 reduced underlying uncertainties and the accommodative monetary policy stance, low inflation expectations, positive macroeconomic recovery and improved liquidity contributed to a downward trend in rates.

Impact to FCT	Scale - Medium	Probability - Low	Risk Score - Low
Monitoring and Mitigation	Advanced forecasting models to improve the accuracy of predicting interest rate movements in order to proactively respond to changing market conditions.		
	Formally documented the interest rate risk management framework inducing the stress testing model and the governance structure.		
	Capability of in-house research division to provide reliable forecasts on interest rate movements.		
Opportunities derived and FCT's response	Leveraged research and forecasting capabilities to capitalise on optimal rate movements to grow the Treasury bond portfolio at the start of the financial year, to substantially bolster income growth for the current financial year. Over the year we utilised orthodox trading strategies and tactical position taking to achieve strong albeit normalised earnings and profitability.		
Link to strategy and opportunities	Board committee oversight BIRMC, IALCO  Executive committee oversight MANCO		<b>Link to six capitals</b> Intellectual Capital Financial Capital Manufactured Capital

## Liquidity Risk - Potential losses as a result of inadequate cash flows to conduct daily operations and meet regulatory obligations

**Risk Context for FY 2025** Average Weighted Call Money Rate (AWCMR) remained closer to the lower bound of the standing rate corridor, reflecting improved liquidity conditions within the domestic money market from 1QFY2025, facilitating a more conducive environment in terms of rupee liquidity for the financial sector.

Impact to FCT	Scale - Low	Probability - Low	Risk Score - Low
Monitoring and Mitigation	Expanded the stress testing model to assess FCT's ability to manage and maintain sufficient liquidity amid adverse market conditions or unexpected events.		
	Formally documented the liquidity risk management framework inducing the stress testing model and the governance structure.		
Opportunities derived and FCT's response	Capitalised on the enhanced liquidity in the market to negotiate additional facilities to enhance the Company's contingency funding position.		
Link to strategy and opportunities	Board committee oversight BIRMC, IALCO  Executive committee oversight MANCO		<b>Link to six capitals</b> Intellectual Capital Financial Capital Manufactured Capital

# Risk Management Report

## Regulatory and Compliance Risk - Potential losses owing to non-compliance of regulations

Risk Context for FY 2025	The compliance framework and governance structures were changed to meet expansive regulations in view of corporate governance of listed companies and market intermediaries, anti-money laundering (AML) and data protection laws.		
Impact to FCT	Scale - Medium	Probability - Low	Risk Score - Moderate
Monitoring and Mitigation	Continuous and ongoing monitoring of regulatory requirements by the R&C and reporting to the Board to ensure timely compliance.		
	Automation of compliance monitoring requirements against stress testing of regulatory thresholds.		
Opportunities derived and FCT's response	The evolving regulatory landscape has enabled FCT to enhance its compliance posture through strategic investments in automation and digitalisation, leading to greater operational efficiency and risk mitigation.		
	Implementation of the new AML system has allowed the Company to streamline client onboarding and monitoring processes, improving turnaround times and regulatory responsiveness.		
	By proactively aligning with the new CSE Corporate Governance Rules and Personal Data Protection Act, the Company strengthened stakeholder trust and positioned itself as a market leader in ethical and transparent operations.		
Link to strategy and opportunities	Board committee oversight BIRMC, BAC, NGC	<b>Link to six capitals</b> Human Capital Intellectual Capital Social and Relationship Capital	

## Business Continuity Risk - Potential losses owing to business disruptions attributed to the failure of back end systems or inadequate human resources

Risk Context for FY 2025	Positive business sentiment and economic optimism resulting from macroeconomic recovery and political transition supporting stability and continued reform.		
Impact to FCT	Scale - Low	Probability - Low	Risk Score - Low
Monitoring and Mitigation	Conducting routine BCP Drills in the presence of an independent observer to provide additional assurances.		
	A robust Board-approved human capital strategy aimed at attracting and retaining the best in-class team.		
	Implementing IT infrastructure to facilitate remote working under secured environment.		
	Implementing and maintaining a strong succession and back-up plan.		
Opportunities derived and FCT's response	The routine conduct of BCP drills, independently observed, not only validates preparedness but also enhances investor and stakeholder confidence. These capabilities can be positioned as differentiators, particularly when partnering with institutional clients that prioritise continuity and risk controls in capital markets.		
Link to strategy and opportunities	Board committee oversight BIRMC, BAC  Executive committee oversight MANCO	<b>Link to six capitals</b> Manufactured capital Human Capital Intellectual capital Social and Relationship Capital	



Reputation Risk - Potential or actual damage to the Company's image which may impair business profitability and sustainability

Risk Context for FY 2025	Operating model changes encompassing client acquisition strategies through digital channels increase system reliance and in turn potential loss from service failure and technology events.		
Impact to FCT	Scale - Medium	Probability - Low	Risk Score - Low
Monitoring and Mitigation	Continuous and ongoing monitoring of service quality parameters.		
	Regular training of sales teams on customer service.		
	Monitoring and promptly addressing customer complaints.		
	Implemented a CRM system to enhance end-to-end services provided to customers.		
Opportunities derived and FCT's response	Operating model changes leverage client experience (CX) as a significant differentiator. Client feedback is utilised more effectively and tactically through enhanced client relationship management systems, leading to service improvements and a deeper client franchise.		
	Increased reliance on digital channels provided an opportunity to standardise client experiences across platforms, promoting brand consistency and reliability.		
	Continuous service monitoring and proactive complaint management allowed the Group to identify service gaps early and improve turnaround times, reinforcing stakeholder confidence.		
Link to strategy and opportunities	Board committee oversight BIRMC  Executive committee oversight MANCO	Link to six capitals Human Capital Intellectual Capital Social and Relationship Capital	

Strategic Risk - Potential losses owing to actual results being significantly different from the strategy and business plan

Risk Context for FY 2025	Delays to the dependency on external service providers (mainly the system vendors).		
Impact to FCT	Scale - Low	Probability - Low	Risk Score - Low
Monitoring and Mitigation	Continuous and ongoing monitoring and follow up and regular reporting to the Board detailing actual performance against strategic objectives and targets, including through fortnightly Management Committee and monthly Board review meetings.		
Opportunities derived and FCT's response	The delays caused by external service providers created a window to re-evaluate vendor relationships and renegotiate service-level agreements, ensuring stronger accountability and performance benchmarks going forward.		
	The Company used the period of delay to refine internal project management processes, enabling greater agility and preparedness for future implementations.		
	Strengthened collaboration between internal teams and vendors fostered knowledge transfer and capability building, reducing long-term dependency on third-party expertise.		
Link to strategy and opportunities	Board committee oversight BIRMC  Executive committee oversight MANCO, GITSC	Link to six capitals Financial Capital Intellectual Capital Social and Relationship Capital	



# Risk Management Report

Information and Cybersecurity Risk - Potential losses arising as a result of the loss of information due to external or internal breach of IT systems

Risk Context for FY 2025	Continued and increased trend in cybercrime targeting financial institutions.		
Impact to FCT	Scale - Medium	Probability - Possible	Risk Score - Medium
Monitoring and Mitigation	Comprehensive assessment of IT and Information Security (IT & IS) risks using local and international IT & IS benchmarks, with findings reported to the management and Board for necessary actions.		
	Vulnerability Assessment and Penetration Testing (VAPT) conducted by an independent third party specialist with findings reported to the Board.		
	Continuous education was provided to staff on cyber security risks.		
Opportunities derived and FCT's response	The heightened cybersecurity threat landscape prompted FCT to invest in advanced security infrastructure, strengthening its overall technology resilience and competitive positioning.		
	Regular VAPT exercises and risk assessments created opportunities to benchmark security maturity against global standards, fostering continuous improvement and proactive risk mitigation.		
	Increased focus on cybersecurity led to enhanced employee awareness and training programs, building a more risk-conscious culture and reducing internal vulnerabilities.		
	Strengthened incident response and business continuity planning has positioned the Company to respond swiftly to potential cyber incidents, limiting impact and maintaining stakeholder trust.		
Link to strategy and opportunities	Board committee oversight BIRMC  Executive committee oversight MANCO, GITSC		<b>Link to six capitals</b> Manufactured Capital Intellectual Capital

Operational Risk - Potential losses owing to flawed and failed systems, policies, processes or events that disrupt business operations.

Risk Context for FY 2025	Incidents and near-misses identified as a consequence of the increased business and transaction volumes and customer onboarding. There were no material incidents reported during the year.		
Impact to FCT	Scale - Medium	Probability - Possible	Risk Score - Medium
Monitoring and Mitigation	A robust framework of policies and processes in place that mitigates operational risk.		
	Incident and near-miss policy in place to escalate operational misconduct or control lapses to the Management and the Board of Directors.		
	Frequent risk assessments and gap analysis conducted to assess the efficiency of policies and processes.		
Opportunities derived and FCT's response	The identification of incidents and near-misses, despite the absence of material losses, provided the Company with a valuable opportunity to enhance operational controls and strengthen preventive measures.		
	Increased transaction volumes and client onboarding facilitated process optimisation and automation initiatives, improving operational efficiency and scalability.		
	Regular risk assessments and gap analyses led to the refinement of internal policies and escalation protocols, reinforcing FCT's operational resilience.		
Link to strategy and opportunities	Board committee oversight BIRMC, BAC  Executive committee oversight MANCO		<b>Link to six capitals</b> Financial capital Manufactured capital Intellectual capital Human capital Social and Relationship capital



ESG Risk - is defined as the risk that negatively impacts, or is impacted by, natural capital, climate change, human rights, promoting workplace diversity and the integration of other ESG matters in the business. ESG risks may manifest as credit, market, liquidity, business and non-financial risks for the Company, resulting in potential adverse financial, liability and reputational impacts.

Risk Context for FY 2025	<p>Sri Lanka has issued SLFRS S1 and S2 Sustainability and Climate related disclosure standards, effective from January 1, 2025. These standards underscore the necessity to address and integrate ESG in business strategy, particularly in large corporates. There is an ongoing discourse regarding the economy's decarbonisation goals and energy transition. Extreme weather conditions continue to manifest globally with increased frequency and intensity.</p> <p>We are informed by regulatory standards on governance and climate action in charting the course of FCT's ESG action.</p>		
Impact to FCT	Scale - Low	Probability - Low	Risk Score - Low
Monitoring and Mitigation	<p>Board focus on ESG integration across all levels of the business.</p> <p>Improve ESG reporting transparency through the adoption of global frameworks such as IR, GRI, SASB and the UN SDGs.</p>		
Opportunities derived and FCT's response	<p>The introduction of SLFRS S1 and S2 standards provided FCT with a timely opportunity to integrate ESG principles more strategically into business planning and disclosures, strengthening transparency and long-term value creation.</p> <p>The global emphasis on ESG opens avenues for primary dealers to attract sustainability-conscious investors, enhance credibility with regulatory and capital market stakeholders, and strengthen access to responsible investment funding, including from sovereign-focused debt funds and international financial institutions.</p> <p>By aligning with globally recognised reporting frameworks (IR, GRI, SASB, and UN SDGs), the Company has been able to demonstrate leadership in ESG compliance and differentiate itself in the financial sector.</p>		
Link to strategy and opportunities	Board committee oversight BIRMC, BAC		<b>Link to six capitals</b> Financial Capital Manufactured Capital Social and Relationship Capital Intellectual Capital Natural capital

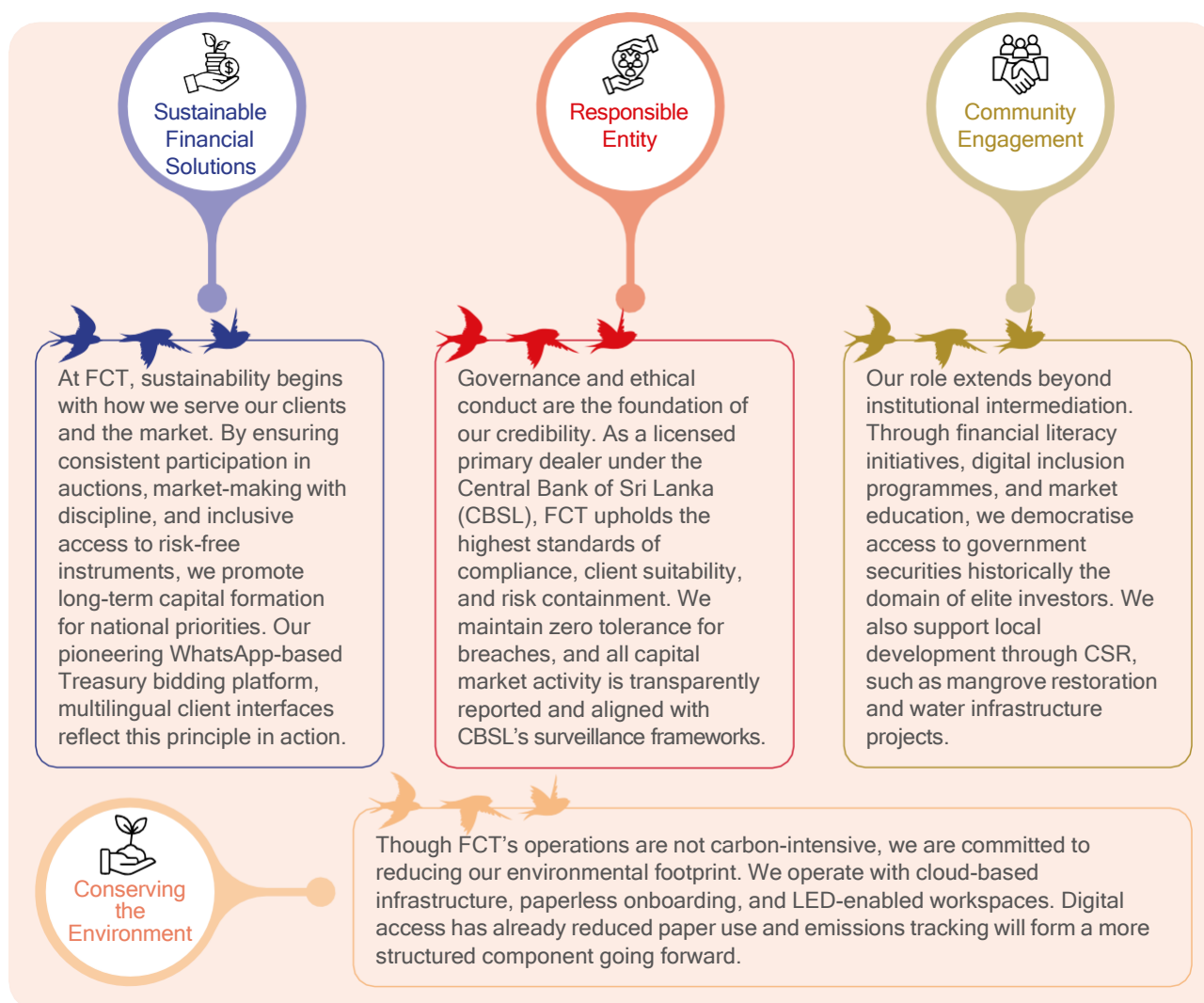
# DRIVING SUSTAINABLE GROWTH AND VALUE

## OUR ESG APPROACH

First Capital Treasuries PLC (FCT) plays a critical role in aligning investor capital with sovereign funding needs. Our unique position in the financial system gives us both the responsibility and opportunity to drive sustainability in a way that is strategically relevant, market-aligned and nationally significant.

While the broader sustainability discourse has traditionally focused on corporates with large physical footprints or diversified financial products, the role of primary dealers in enabling inclusive and resilient public finance is increasingly gaining recognition. FCT acts not only as a market intermediary but also as a systemic channel of macroeconomic capital flows. We facilitate liquidity, monetary transmission and price discovery in the government securities market.

We embed our Environmental, Social, and Governance (ESG) agenda through a framework built on the four sustainability pillars adopted by our parent, First Capital Holdings PLC (FCH) and adapted to FCT's distinct business model:







## PREPARING FOR THE FUTURE: TRANSITIONING TOWARDS SLFRS S1 AND S2

As the global shift toward sustainability reporting accelerates, FCT is aligning with the roadmap set by the Group to adopt SLFRS S1 and S2 standards, which are effective from 1 January 2025 with first reporting due in FY2026. These standards - local adaptations of the IFRS sustainability disclosure framework, are designed to promote transparency, risk resilience and accountability across financial markets.

FCH has engaged KPMG to conduct a comprehensive Group-wide gap analysis benchmarking our ESG practices against SLFRS S1, S2 and SASB standards. As part of this transition, at FCT, principal ESG oversight is vested with the Board, reinforcing governance accountability.

In FY2025, FCT established its baseline emissions, which now serve as reference points for assessing operational impact and setting materiality thresholds. Additionally, the SASB framework for the investment banking sector is being applied to guide sector-specific materiality assessment and prepare for full SLFRS S1 and S2 alignment, enabling FCT to identify and prioritise the most relevant sustainability metrics.

In continuation from the previous year, the Parent Company has designated February as the 'Month of Sustainability'. As a preliminary step towards aligning with SLFRS S2, staff members are being educated on climate change, its causes and effects through informational email flyers.

## FCT'S DISTINCT ROLE IN ESG VALUE CREATION

Unlike diversified banks or conglomerates, FCT operates with strategic focus and capital discipline in a highly specialised niche. This

makes our sustainability narrative more intentional and precise. We are not simply adapting to regulatory shifts, instead we are shaping market norms for responsible intermediation.

As we evolve our ESG disclosures and reporting capabilities, our objective remains clear to anchor trust in the sovereign debt market while ensuring that our growth aligns with climate resilience, stakeholder accountability, and market integrity.

## MAXIMISING POSITIVE IMPACT

### Our ESG Strategy in Action

To bring our sustainability commitments to life, FCT has adopted a focused and pragmatic ESG implementation model. While guided by the overarching sustainability policy of the First

Capital Group, FCT's approach is distinctly tailored to our role as a non-bank primary dealer.




Our ESG strategy is built around the four core pillars detailed in the First Capital Sustainability policy. Each pillar reflects operational relevance and is underpinned by internationally recognised frameworks, including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) Standards.

Importantly, these pillars are directly mapped to specific United Nations Sustainable Development Goals (SDGs), ensuring our efforts are targeted, measurable and aligned with global development priorities. Oversight is exercised through Board governance structures and integrated into our risk and performance frameworks.

## SDGS ALIGNED WITH FCT'S FOUR PILLARS

### Pillar 1: Sustainable Financial Solutions

Aligning product design and client access with public finance, financial inclusion and innovation

SDG	INITIATIVE
<b>SDG 8 – Decent Work and Economic Growth</b> 	Diversity and inclusion efforts despite having lean structure Evolving EVP Continuous investment in training Performance-linked employee recognition
<b>SDG 9 – Industry, Innovation and Infrastructure</b> 	WhatsApp-based auction access; simplified onboarding for a broad investor base Multiple technological enhancements and upgrades including in core infrastructure Reg-Tech enhancement and cybersecurity investments
<b>SDG 17 – Partnerships for the Goals</b> 	Collaborations with fintechs for innovations

# Driving Sustainable Growth and Value



## Pillar 2: Responsible Entity

Maintaining integrity, governance and stakeholder accountability.

SDG	INITIATIVE
SDG 16 - Peace, Justice and Strong Institutions 	Compliance with CBSL, CSE, SEC, AML and data protection laws; Strong internal control system
SDG 12 - Responsible Consumption 	Paperless operations Limited use of plastics at workplace
SDG 13 - Climate Action 	Scope 1, 2 & 3 emissions baseline tracking ESG risk embedded in governance and risk frameworks

## Pillar 4: Conserving Environment

Limiting operational impact and advocating for responsible practices.

SDG	INITIATIVE
SDG 13 - Climate Action 	Low-carbon operations Emissions tracking initiated Energy-efficient office spaces
SDG 12 - Responsible Consumption 	Recycling programmes, electronic communication and identification protocols

### PRIORITISATION

At FCT, we recognise that sustainable value creation is achieved not by broad ambition, but through strategic focus. Unlike diversified financial institutions, our business model allows for a high degree of precision and accountability in aligning our actions with relevant SDGs.

Rather than attempting to address all 17 Goals, we have actioned those we can deliver material, scalable impact—particularly in financial system development, inclusive access, climate resilience and institutional trust.

As our ESG maturity deepens, we will continue to strengthen these priority linkages, ensuring that initiatives

## Pillar 3: Community Engagement

Uplifting society through inclusive access, education and resilience-building.

SDG	INITIATIVE
SDG 6 - Clean Water and Sanitation 	Water access project
SDG 13 - Climate Action 	Mangrove restoration programme

we undertake contribute meaningfully to Sri Lanka's sustainable development agenda and aligns with our purpose as a capital market intermediary of national significance.

With this strategy in place, FCT is now building the infrastructure needed for compliance with emerging sustainability standards.

### EMBEDDING ESG DISCLOSURE: FROM BASELINE TO SLFRS S1 AND S2 ALIGNMENT

In FY2025, FCT advanced its commitment to climate and sustainability governance by embedding foundational ESG practices into its reporting and risk oversight processes. Guided by the Group's roadmap and in preparation for the mandatory adoption of SLFRS S1 and S2 (effective January 2025), FCT initiated targeted internal upgrades aligned to its operating model as a licensed primary dealer.

KPMG was engaged at Group level to conduct a benchmark gap analysis against SLFRS S1, S2, and the SASB standards, including metrics relevant to the investment banking sector. For FCT, this supported the development of sector-relevant disclosure pathways and helped identify capability gaps in emissions tracking, data governance and climate risk analysis.

A verified GHG emissions baseline was established for Scope 1 and 2 emissions and selected Scope 3 categories, including travel, procurement, and waste but excluding financed emissions. This provides the operational foundation for setting internal materiality thresholds and developing scenario analysis aligned with best practice.

FCT applies the SASB Investment Banking standard in a principles-based manner to reflect its core activities in government securities trading, proprietary investing, and client intermediation. While many global benchmarks are designed for complex banks, our interpretation ensures sector relevance and regulatory consistency.



## ESG INTEGRATION READINESS: KEY CHALLENGES AND STRATEGIC RESPONSES

KEY CHALLENGE	STRATEGIC RESPONSE
Standardising climate-related and ESG data	GHG baseline established; ESG systems and processes being upgraded for data capture.
Defining material KPIs and performance metrics	Aligning ESG KPIs to SASB guidance and SDGs; embedding in operational scorecards.
Embedding ESG into a lean, regulated business	ESG oversight formalised at Board level; supported by Group-wide governance.

While full compliance will be phased, FCT's approach reflects a deliberate and scalable model for integrating sustainability into a capital market intermediary of national importance.



### ADDRESSING CLIMATE AND ESG TRANSPARENCY

In FY2025, we established our first full greenhouse gas (GHG) emissions inventory, covering Scope 1, Scope 2, and selected Scope 3 categories. These include fuel consumption, electricity usage, business travel, product purchases and waste excluding financed emissions at this stage. This exercise marks a key milestone in enhancing our ESG transparency and lays the groundwork for future climate-related disclosures.

Although our emissions profile is modest due to the nature of our operations, we are committed to improving operational efficiency, supporting Sri Lanka's low-carbon transition, and responding credibly to stakeholder expectations. Our journey will evolve further through enhanced data systems, clearer ESG-linked governance, and alignment with internationally recognised disclosure frameworks such as SLFRS S1 and S2 for Addressing nature-related risks.

Our position as a non-bank primary dealer gives us a distinct role: to preserve confidence in sovereign debt while setting the tone for responsible financial market participation. We will continue to build a credible, transparent, and value-aligned sustainability narrative, serving as a steward of institutional trust and resilience.

### UNDERSTANDING CLIMATE-RELATED RISKS AND OPPORTUNITIES

With the GHG baseline now in place and ESG oversight formally vested with the Board, we are in the early stages of evaluating how climate risks and opportunities may influence our strategy and operations. Though we do not yet measure financed emissions, internal capacity-building and governance processes are underway to address this in future reporting cycles.

As per the objective of SLFRS S2: Climate-related Disclosures, entities are required to disclose information on climate-related risks and opportunities (CRROs) that may affect their financial position, performance and cash flows, in a way that is useful to primary users of general-purpose financial reports.

Accordingly, FCT provides the following qualitative disclosures, derived through a business-specific analysis of our operating model and regulatory environment.

### DEFINING OUR TIME HORIZONS

FCT aligns its climate-related disclosures with the planning horizons used in corporate strategy and financial risk management.

Accordingly, we define:



Short Term: 0 - 2 years



Medium Term: 3 - 5 years



Long Term: Beyond 5 years

These horizons are used consistently across climate risk prioritisation, capital allocation and ESG roadmap development.

### HOW WE ARRIVED AT OUR CRROS

Our identification of material climate-related risks and opportunities was guided by:

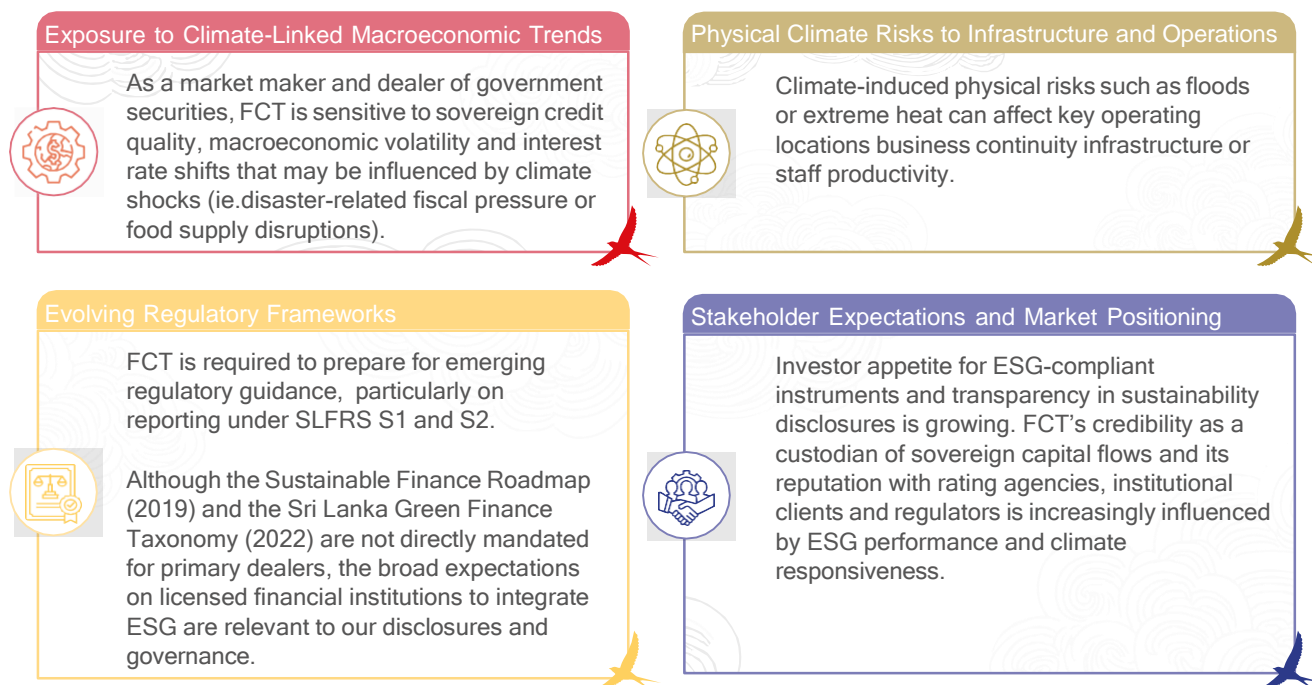
- The disclosure requirements and principles set out in SLFRS S2
- The SASB Investment Banking sector standard, adapted to the operational model of a primary dealer
- Review of macro-financial climate risks affecting sovereign debt markets and public finance
- A KPMG-led gap analysis of ESG governance, disclosure and data integrity
- Internal materiality assessments involving key personnel from risk, compliance, operations and strategy functions



# Driving Sustainable Growth and Value

## KEY FACTORS TRIGGERING CLIMATE RISK FOR FCT



While FCT does not engage in lending or operate a branch network, it faces indirect and operational exposures to climate-related risks through the following channels:



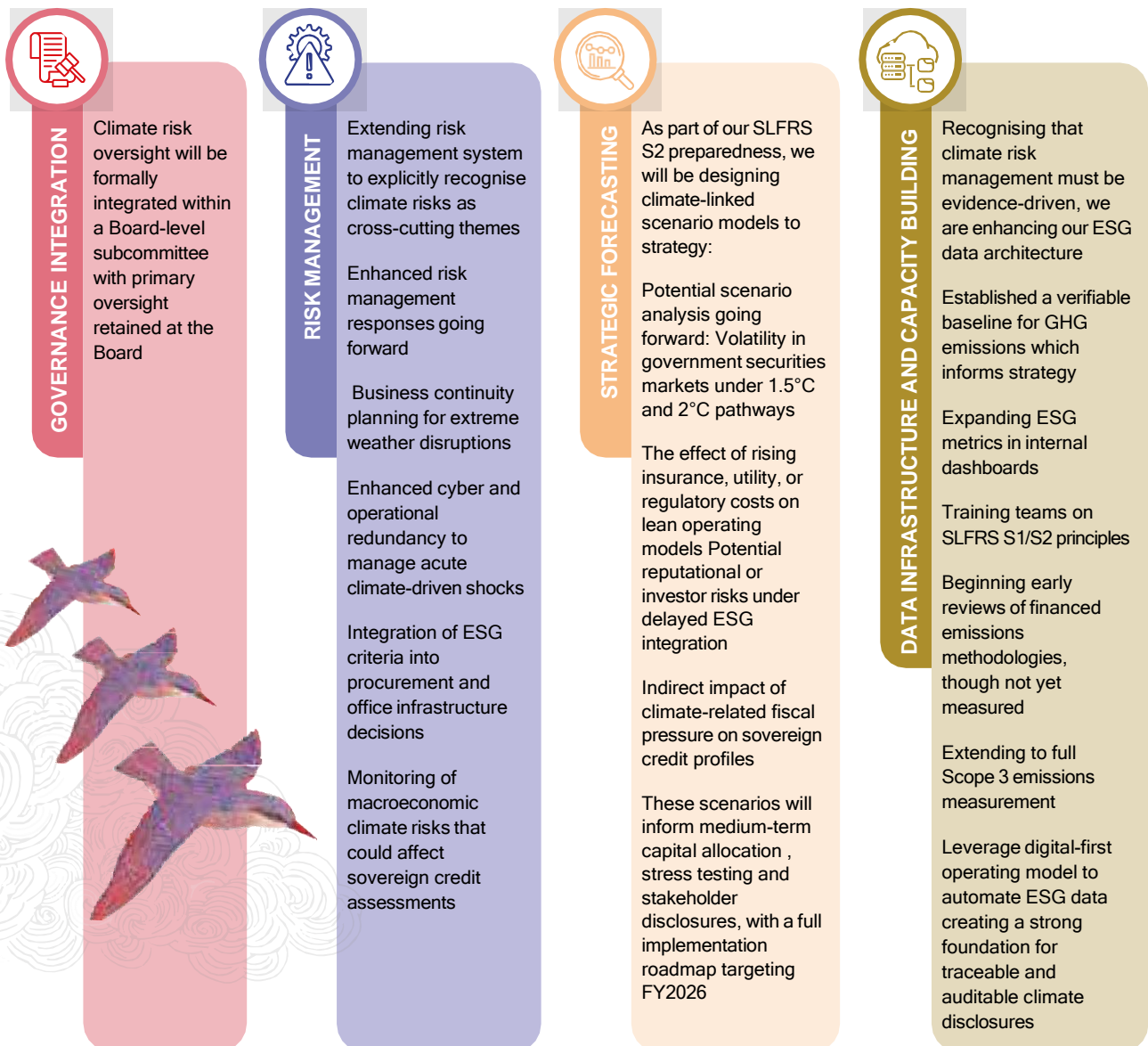
## CLIMATE-RELATED RISK TYPOLOGY AND BUSINESS IMPACTS

Risk Type	Description	Examples Relevant to FCT	Strategic Implications	Time Horizon
Acute Physical Risk	Short-term, event-driven extreme weather events such as floods, heatwaves, or storms	Flooding affecting Deal Place or Galle-Road offices Disruptions to real-time bidding or treasury operations- Higher business continuity and insurance costs	Business continuity upgrades Adoption of cloud-based platforms Ensure remote operability and data resilience	Short to Medium
Chronic Physical Risk	Long-term, gradual shifts in climate such as rising temperatures, precipitation variability, sea-level rise	Increased cooling and energy needs at offices Urban Water supply vulnerability Macro volatility affecting sovereign ratings	Environmental resource efficiency Macroeconomic climate risk integration into strategy and stress testing	Medium to Long
Transition Risk	Risks from regulatory, policy, market, and technology shifts during the low-carbon transition	New disclosure mandates under SLFRS S1 and S2 Changing investor appetite ESG reporting gaps	Proactive compliance Readiness for ESG audits Improved investor communication and system readiness	Short to Medium



Risk Type	Description	Examples Relevant to FCT	Strategic Implications	Time Horizon
Liability Risk	Legal/regulatory action for misstatements, mislabelling, or inadequate climate consideration	Inaccurate disclosures Lack of ESG traceability or documentation	Internal ESG assurance Cross-functional audit trails Disclosure credibility safeguards	
Reputational Risk	Reputational loss as a cross-cutting impact of any Sustainability Related Risk and Opportunity (SRRO) such as a misstatement, failure to act, or underperformance	Peer comparisons- Perceived lag on ESG products or metrics	Strengthens need for ESG transparency, stakeholder engagement and alignment with credible ESG assurance frameworks	

## OUR APPROACH TO MANAGING CLIMATE RISK IS FOUR-FACETED



# Driving Sustainable Growth and Value

## OPPORTUNITIES MAPPING: ESG-ALIGNED GROWTH PATHWAYS

Opportunity	Strategic Relevance to FCT	Time frame
Efficiency and Waste Reduction	Emissions tracking and resource efficiency can reduce overhead and improve ESG ratings	 Short to Medium
Digital ESG Enablement	Embedding ESG into RegTech, trading, and compliance platforms supports transparent, automated reporting	 Short to Medium
Credible Climate Positioning	Early-mover advantage in climate disclosures within the primary dealer sector enhances reputation with CBSL, rating agencies and investors	 Medium
Green Market Development Support	Opportunity to support green bond distribution or analytics under CBSL's Green Taxonomy	 Medium
ESG Communication and Investor Transparency	Proactive ESG reporting and scorecarding builds institutional trust and appeals to ESG-focused asset owners	 Short to
Workforce and Culture Transition	Climate-literate workforce and process digitisation align operational model with low-carbon finance best practices	 Medium to Long

### LOOKING AHEAD

Managing climate risk is a journey. As regulatory expectations mature and climate finance becomes mainstream, we intend to not only comply but lead with purpose.

Over the next reporting cycles, we will:

- Expand climate risk assessments
- Conduct annual scenario testing under SLFRS S2-aligned assumptions
- Continue stakeholder engagement to shape ESG standards specific to primary dealers

- Increase internal ESG literacy through cross-functional awareness programmes

We believe that by building climate resilience into our core operations and culture, FCT will not only meet regulatory obligations but elevate its role as a responsible and forward-thinking custodian of public finance.

### INTEGRATING SUSTAINABILITY

FCT's commitment to sustainability is evolving through a measured and accountable journey, guided by Group-wide priorities and the realities of a lean, regulated operating model.

While we do not present formal S1 and S2-aligned disclosures in this

year's report, we continue to advance the building blocks of integration. Governance structures retain Board-level ESG oversight and will be strengthened further; emissions baselines for Scope 1, 2, and 3 (excluding financed emissions) have been established; and sector-specific ESG materiality is being refined using the SASB framework for investment banking.

These foundational steps enable us to align with emerging regulatory expectations while staying true to our business-specific sustainability impact. The disclosures that follow present our progress against the four sustainability pillars adapted from the Group and mapped to SDG-aligned outcomes.





## ESG SCORECARD

Strategic Pillar	Key Focus Area	Performance Indicator	FY2025	FY2024
Sustainable Financial Solutions	Financial inclusion	Active clients	2,496	2,429
	Product transparency	Conduct obligation disclosures in Annual Report	Maintained	Maintained
	Auction conduct	Effective participation rate (%)	Above CBSL benchmark	Above CBSL benchmark
		Auction success rate (%)	Above CBSL benchmark	Above CBSL benchmark
	Technology enablement	Award Winning WhatsApp-based auction participation	Rolled out	N/A
	Trade lifecycle automation	STP/ automation initiatives	Extended to post-trade	In progress
	RegTech & compliance	Compliance automation	Strengthened	Initiated
Responsible Entity	Ethical Governance	Board Independence (%)	37.5%	50.0%
	ESG Accountability	ESG KPIs in executive scorecards	In progress	Not implemented
		System downtime	None	None
Community Engagement	Financial Inclusion	Institutional and Mass Affluent Reach	Digitally scaled	Enhanced
	Community contribution	CSR projects	Scaled up	Initiated
	Donations	Community/CSR outlay (LKR '000)	12	426
	Client Experience	Digital efficacy; CRM-driven segmentation	WhatsApp provides ease of direct-market-access; Active profiling, with enhancements planned through AI-based tools	Initiated
	Gender balance	Female workforce (%)	33.3%	42%
		Female exit rate (%)	0.0%	0.0%
	Maternity retention	12-month retention post-return (%)	100.0%	100.0%
	Learning & development	Avg. training hours per employee	36	19
		Internal mobility rate(% of staff)	22%	22%
Conserving the Environment	GHG Emissions	Scope 1 (Direct) emissions (tCO <sub>2</sub> e)	20.6	Not measured
		Scope 2 (Indirect - Electricity) emissions (tCO <sub>2</sub> e)	25.2	Not measured
		Scope 3 (Business Travel, Upstream Energy) (tCO <sub>2</sub> e)	32.4	Not measured
	Operational emissions	Electricity consumption (kWh)	55,481	Not measured
		Business air travel emissions (tCO <sub>2</sub> e)	1.217	Not measured
		Water consumption Municipal (m <sup>3</sup> )	799	Not measured
		Dispenser(m <sup>3</sup> )	14	

# TRANSITIONAL DISCLOSURE GRID – SLFRS S1 AND S2

The gap analysis conducted by KPMG informs the development of internal ESG controls and a targeted roadmap to progressively comply with SLFRS and SASB standards. Here we present the transitional disclosure as a transparent reflection of current status:

Disclosure Area	SLFRS S1/S2 Requirement	FCT Current Position	Gap Identified	Planned Enhancements	Financial Relevance
Governance – Board	S1.27, S2.6: ESG oversight, ToR, director awareness	ESG oversight vested with Board	No designated Board Committee with specific ToR yet	Establish Board Subcommittee with ESG ToR  Appoint Director in Charge of ESG  Launch structured ESG capacity-building for directors	Enhances Board-level control and trust signals
Governance – Management	S1.27(b), S2.6(b): Management oversight, delegated authority	ESG roles are being defined	No cross-functional ESG team in place; ESG not fully integrated in control systems	Form ESG Working Team  Assign ESG controls across Risk, Compliance, Finance  Integrate ESG into assurance model	Strengthens accountability, operational readiness
Strategy	S1.30-35, S2.10-13: Describe SRROs, time horizons, value chain	ESG embedded partially into corporate strategy; time horizons defined	ESG impacts not yet quantified; trade-offs and resilience mapping pending	Link SRROs to strategic priorities  Quantify ESG impact on cost base and stakeholder confidence  Identify cost/risk trade-offs	Aligns strategy with risk-adjusted planning
Risk Management	S1.32-34, S2.14-16: Identify, assess, monitor SRROs	Physical and transition risks classified; initial mapping done	SRROs not prioritised; Not integrated into risk management or compliance tracking	Develop SRRO registry  Link to Risk and Control Self-Assessments (RCSAs)  Define climate triggers for escalation	Risk tracking, BCP strength, compliance integrity



Disclosure Area	SLFRS S1/S2 Requirement	FCT Current Position	Gap Identified	Planned Enhancements	Financial Relevance
Scenario Analysis	S1.41, S2.15: Strategy resilience under climate scenarios	Commitment to begin scenario analysis by FY2026	No climate scenario testing framework in place	Design 1.5°C and 2°C scenarios Model impact on operating costs and resource efficiency Link scenarios to capital adequacy	Scenario preparedness, stakeholder confidence
Metrics & KPIs	S1.36-38, S2.27-30: Sustainability metrics	Scope 1, 2, and selected Scope 3 disclosed in FY2025	No full KPI dashboard	Expand ESG KPIs (intensity metrics) Align metrics with SDGs Link KPIs to internal scorecards	ESG performance tracking, investor engagement
Targets	S2.31-34: Set and disclose targets	Committed to net-zero Scope 1 and 2 by FY2027	No interim or product-linked targets defined	Set operational milestones Introduce KPIs for resource use, digitalisation, green impact Link targets to Board oversight	Creates accountability pathway
Financed Emissions	S2.36-38: Financed and advisory-related emissions	Not measured; excluded in FY2025 baseline	Methodology not defined	Adopt sector-relevant methodology Disclose phased timeline (FY2027 target)	ESG rating impact; regulatory readiness
Anticipated Financial Effects	S1.34-40, S2.16-26: Effects on financials, cash flow, valuation	Not measured	No quantitative model Cash flow or capex sensitivity not disclosed	Build cost scenario model Integrate impact into budget and liquidity plans	Investor risk perception, cost management
Remuneration Linkage	S1.27(v), S2.6(v): ESG in executive pay	ESG KPIs in executive scorecards - in progress	ESG not yet linked to compensation formally	Include ESG metrics in variable pay Disclose weighting by FY2026	Aligns incentives to ESG strategy delivery



## Transitional Disclosure Grid – SLFRS S1 and S2

Disclosure Area	SLFRS S1/S2 Requirement	FCT Current Position	Gap Identified	Planned Enhancements	Financial Relevance
Data Integrity & Assurance	S1.25-26: Internal controls and assurance	ESG data mapping initiated  Assurance scope expanded to cover ESG	System controls evolving	Implement ESG data governance policy  Apply limited assurance to GHG metrics in FY2026	Enhances disclosure reliability and audit confidence
Disclosure Maturity	Transition roadmap, reliefs, phased rollout	Phased roadmap aligned to Group's 2025-2028 compliance plan	No formal SLFRS S1 and S2 compliance status yet disclosed	Document and disclose compliance roadmap  Use reliefs such as the Scope 3 delay and scenario deferral	Regulatory compliance, transparency roadmap

### SASB-ALIGNED DISCLOSURES (INVESTMENT BANKING STANDARDS)

As a licensed primary dealer, FCT applies the Sustainability Accounting Standards Board (SASB) framework for Investment Banking (IB). While we do not perform underwriting, advisory or asset management functions, we adopt the most relevant metrics to reflect the ESG materiality of our core activities: government securities trading, market making proprietary investments and client intermediation.

As a lean, regulated intermediary, FCT acknowledges that many ESG metrics under global frameworks are calibrated for large investment banks or diversified financial institutions. Nevertheless, we remain committed to the spirit and purpose of the SASB standards. Below is our SASB-aligned disclosure index, reflecting the current state of alignment.

SASB Topic	Code(s)	Disclosure Summary	Page Reference	Alignment
Employee Diversity & Inclusion	FN-IB-330a.1	Gender and ethnicity disclosed by role and level; data captured in ESG Scorecard. Not yet fully aligned to SASB segmentation format.	Page 137	Partially Aligned
Incorporation of ESG Factors	FN-IB-410a.3	ESG considerations embedded into treasury operations, risk assessment, staff training, and client suitability. No product-level attribution yet.	Page 137	Partially Aligned
Whistleblower Policies	FN-IB-510a.2	Whistleblower framework in place, governed at Group level; oversight by Audit Committee; internal awareness and access channels operational.	Page 223	Fully Aligned
Professional Integrity – Legal	FN-IB-510b.1, b.2, b.4	Zero integrity or arbitration cases reported; all staff undergo ethics and fit-and-proper vetting; compliance with CBSL & SEC codes.	Page 106	Fully Aligned
Systemic Risk Management – G-SIB	FN-IB-550a.1	Not applicable; FCT is not a G-SIB or domestic systemically important intermediary.	N/A	Not Applicable
Stress Testing and Capital Planning	FN-IB-550a.2	Regular scenario-based stress testing conducted for core capital, liquidity and interest rates.	Page 121	Fully Aligned

This SASB-based disclosure is intended to complement SLFRS S1 and S2 reporting and will evolve as sector-specific benchmarks become more formalised for primary dealers in Sri Lanka.

## GOVERNANCE AND STEWARDSHIP



### Made to Conquer

We make a habit of holding ourselves to the highest standards, ensuring our flight is steady, responsible, and true to our purpose through strong governance and thoughtful stewardship.

Swifts are meticulous nest builders, returning to the same sites and maintaining them over years. Their disciplined behavior and commitment to long-term care of their habitats mirror principles of sustainability and responsible oversight.



# GOVERNANCE AT FIRST CAPITAL TREASURIES

## CHAIRPERSON'S STATEMENT

FY2025 marked a year of strategic progress in strengthening First Capital Treasuries PLC's governance framework against a backdrop of expanded regulatory expectations, greater stakeholder scrutiny and a rapidly changing operating environment.

Guided by the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, governance requirements set out by market regulators and the Listing Rules of the Colombo Stock Exchange, the Board sharpened its focus on embedding fit-for-purpose governance practices that are strategically aligned and future-ready.

### Strengthening Governance Structures

FCT maintains a standalone and robust governance structure, designed to meet the specific regulatory, operational, and risk oversight needs of a licensed primary dealer. The governance model is grounded in full fiduciary accountability, supported by clearly defined policies and procedures tailored to FCT's business model and regulatory landscape.

As a primary dealer operating in a systemically significant role within the financial market, FCT views governance as a strategic enabler of market stability, institutional integrity and long-term stakeholder trust. Our framework supports risk-informed decision-making, prudent capital deployment and ethical conduct, while ensuring resilience across economic cycles.

It is underpinned by a governance philosophy centred on strategic alignment with the Board-approved risk appetite, transparent stakeholder engagement, and a proactive risk culture. We also emphasise

stakeholder inclusiveness, robust ethical standards, and the continuous evolution of governance practices in step with global standards and regulatory developments.

A key governance outcome during the year was the reconstitution and strengthening of our Board Committees. Recognising the need for an integrated approach to risk management, we restructured the former Enterprise Risk Management (ERMC) Committee as a Board Committee redesignated as the Board Integrated Risk Management Committee (BIRMC). This change is more than cosmetic, absorbing primary risk governance at Board level with renewed vigor while signalling a strategic shift towards a holistic view of risk across financial and non-financial risk categories.

The BIRMC's mandate incorporates liquidity risk management, interest rate risk management and compliance risk management into the broader enterprise risk management framework. This integrated approach positions FCT to better anticipate and respond to a complex and dynamic risk landscape.

Additionally, the Board established a dedicated Nomination and Governance Committee. This Committee plays a critical role in strengthening governance by overseeing Board composition, succession planning, director evaluation and development to ensure the Board possesses the skills and independence necessary for effective oversight.

### BOARD RENEWAL AND SUCCESSION

In response to evolving governance standards and to further reinforce Board independence and effectiveness, FCT undertook a significant Board reconstitution

during the year. We welcomed three new Directors to the Board, two of whom are independent non-executive directors. Their diverse expertise spanning financial and business acumen, regulatory, transactional and stakeholder engagement, enhances the Board's ability to challenge, support and guide management effectively.

Furthermore, the appointment of the CEO of the Company to the Board reflects our commitment to refining information flow protocols and establishing clear governance lines between management and oversight. This integration ensures that the Board has direct insight into operational realities while maintaining the necessary governance distance for objective strategic oversight.

The Board, through the Nomination and Governance Committee, also discussed and advanced its Board succession planning initiatives, acknowledging the need for continuous refreshment and leadership continuity.

### ENHANCING BOARD EFFECTIVENESS

Following the annual Board Effectiveness Evaluation, as Chairperson, I am of the view that the Board is functioning effectively, with robust oversight capabilities, strategic foresight and a culture of constructive challenge.

Importantly, the Board's composition is considered well-diversified in terms of skills, knowledge and experience, ensuring that a broad range of perspectives informs strategic decisions and governance practices. This diversity supports better risk management, innovation, and responsiveness to the evolving needs of stakeholders.



### ADVANCING ESG INTEGRATION

We recognise that ESG factors are fundamental to the long-term success of the business and the creation of sustainable value. Accordingly, we are working to prioritise initiatives that promote environmental stewardship, social responsibility and strong governance practices. These efforts are overseen at the Board level, ensuring alignment with stakeholder expectations and positioning FCT for long-term resilience.

### DECLARATION

As Board Chair, I wish to confirm that the Board remains firmly committed to observing the highest standards of corporate governance, integrity and professionalism throughout all operations. Furthermore, I declare that all the members of the Board and all employees of the Company have acted in compliance with the applicable regulatory and statutory requirements and have discharged their duties in accordance with the policies, procedures and standards

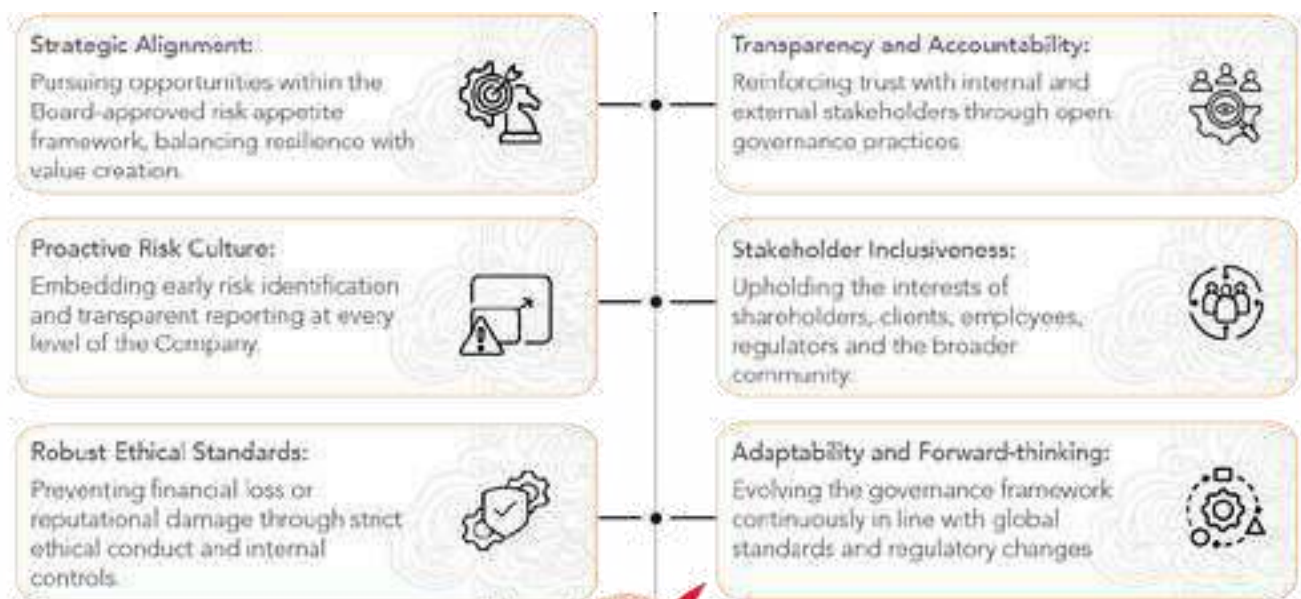
set out under the Corporate Governance Framework, including the Internal Code of Business Conduct and Ethics for Employees and Directors and the Anti-Bribery and Corruption policy.

(Sgd.)  
Manjula Mathews  
Chairperson

5 June 2025

### GOVERNANCE PHILOSOPHY

At FCT, governance is viewed not merely as a compliance function, but as a critical strategic enabler that supports sustainable growth, risk-informed decision-making and long-term stakeholder trust. Our governance philosophy is founded on the following core ideologies:





# Governance at First Capital Treasuries

## CORPORATE GOVERNANCE FRAMEWORK

Our corporate governance framework defines the relationship between the Board and management, underpinned by a strong risk management framework and the infrastructure needed to manage the business of primary dealing. At FCT, we are committed to the highest standards of corporate governance, business behaviour and transparency to protect and enhance the interests of our stakeholders.

Our corporate governance framework includes robust policies and processes underpinning the maintenance of strong relationships with our stakeholders and our ability to create long-term value. The framework ensures Board accountability to stakeholders and provides for an appropriate delegation of responsibilities to our people.

## UNIQUE GOVERNANCE CONSIDERATIONS AS A PRIMARY DEALER

As a primary dealer that operates as a market intermediary, both proprietary and client flow-based, there are unique considerations embedded in the governance framework of FCT:

## CONFLICT OF INTEREST MANAGEMENT

- As a primary dealer with inherently dual roles, trading on FCT's own account (proprietary trading) and executing client trades, robust governance ensures that proprietary activity does not disadvantage or exploit client flows;
- FCT's internal Code of Conduct and Conflict of Interest Policy in addition to the CBSL Code of Conduct for Primary Dealers collectively address:
  - The management of real and perceived conflicts of interest;
  - Maintenance of information barriers (Chinese walls);

- Fair order handling
- Transparent and equitable trade allocation.
- Governance policies address information barriers, order handling fairness and trade allocation principles.

## MARKET CONDUCT AND ETHICAL STANDARDS

- As a systemically important standalone primary dealer, FCT adheres to the highest standards of market conduct and ethics;
- Governance structures actively oversee compliance with obligations relating to fair dealing, transparent pricing, market integrity, and the prevention of manipulation or unfair practices, in line with CBSL's regulatory requirements and FCT's internal policies.

## REGULATORY COMPLIANCE AND SUPERVISION

- Market regulators impose enhanced scrutiny as a market intermediary and a listed corporate, and governance ensures full compliance with:
- Dealer licensing conditions
- Minimum operational requirements
- Governance best practices
- Capital adequacy norms
- Reporting requirements (transaction disclosures, position limits)
- Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) rules
- The Chief Risk Officer and independent assurance providers report regularly to the Board.

## RISK MANAGEMENT FRAMEWORKS

- We uphold integrated risk governance as critical because primary dealers are exposed to:

- Market risk (especially interest rate risk)
- Liquidity risk (both funding and market liquidity)
- Counterparty risk
- Operational risk (including trading system failures or settlement errors)
- The BIRMC oversees these risks, backed by risk management framework approved by the Board.

## GOVERNANCE OVER PROPRIETARY TRADING ACTIVITIES

- Proprietary trading is strategically aligned with the Company's role as a market developer and liquidity provider, not purely for speculative profit.
- Clear limits on proprietary positions, stress testing and trading authorisations are Board-governed.

## FIDUCIARY RESPONSIBILITIES AND CLIENT ASSET SAFEGUARDING

- Client asset segregation from proprietary assets is mandatory.
- Governance mechanisms must ensure clear documentation, client disclosure and asset protection arrangements.

## DISCLOSURE AND TRANSPARENCY

- As a market intermediary influencing price discovery, FCT provides accurate, timely disclosures, including on:
- Potential conflicts of interest
- Financial health and governance structures

## BOARD COMPOSITION AND EXPERTISE

- Board members must possess appropriate competencies and be ascertained as fit and proper.



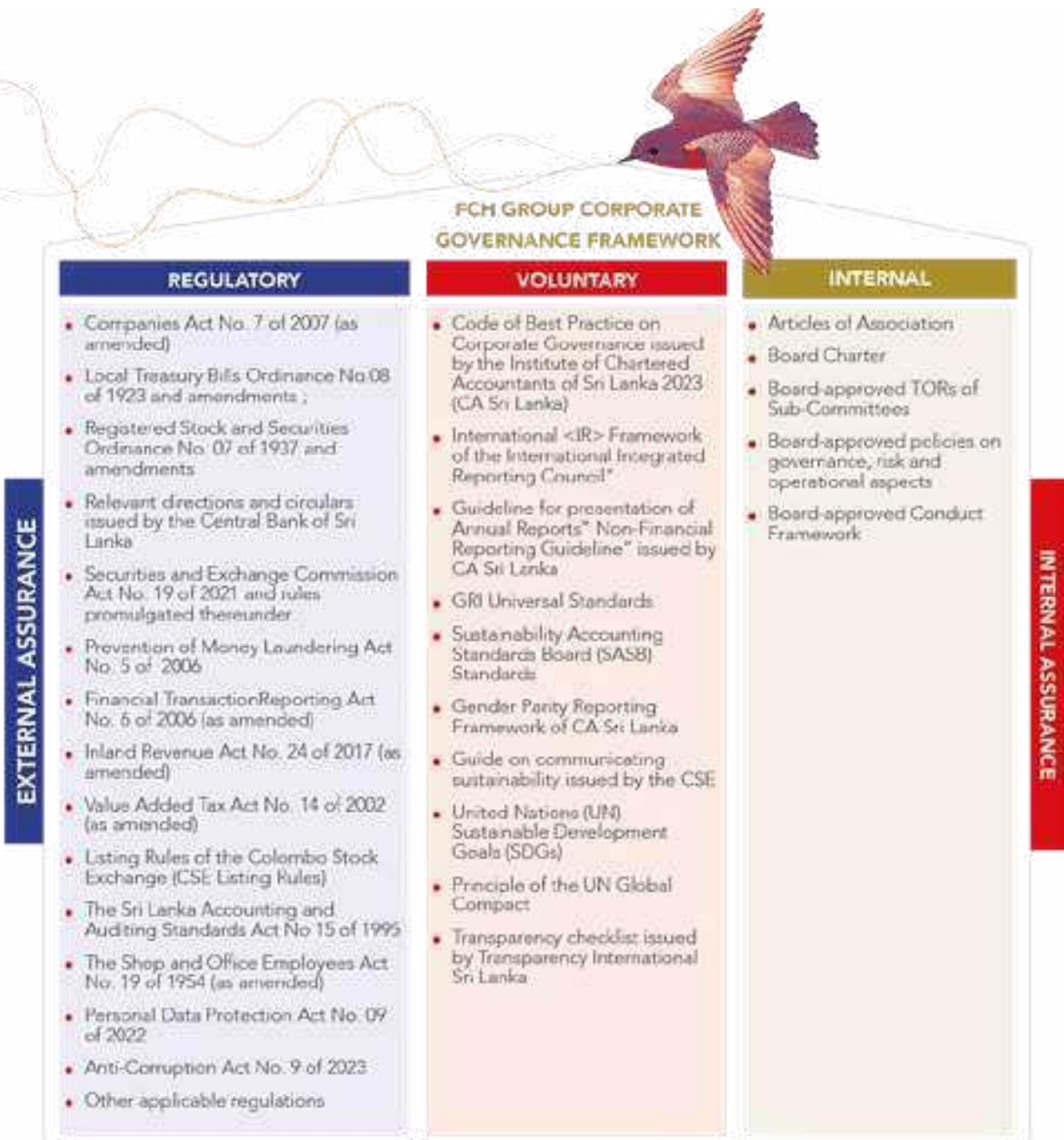
- Independence of Board members is assessed annually.
- Financial acumen among Board members (especially around market instruments) is critical to enable meaningful oversight.

### ESG AND RESPONSIBLE INVESTMENT PRACTICES

- Increasingly, governance frameworks are expected to integrate ESG considerations, including:
- Supporting sustainable finance initiatives
- Promoting ethical trading standards
- Managing environmental and social risks in investment portfolios

### KEY EMBEDDED MANDATES

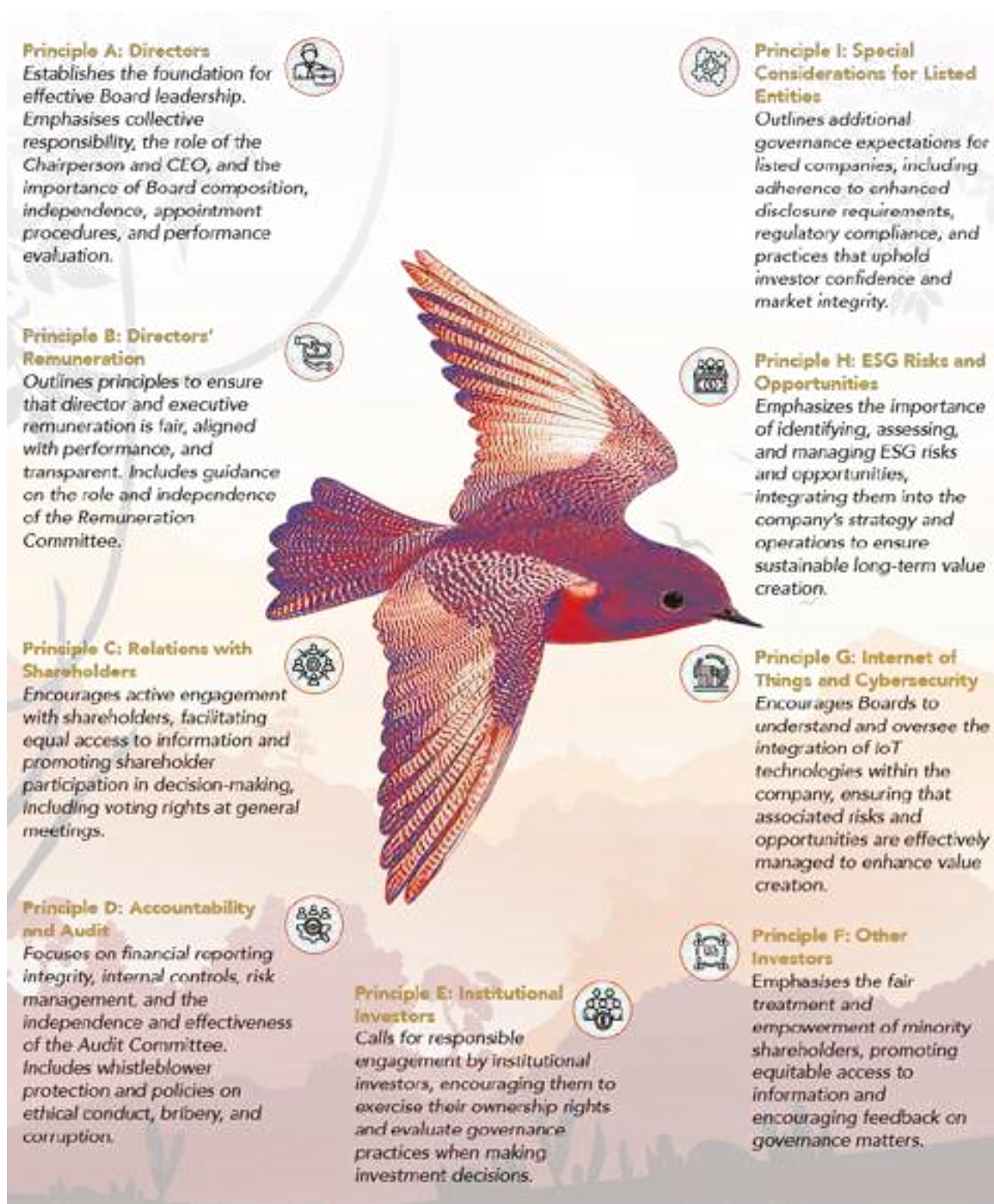
To satisfy various compliance reporting requirements, the disclosure requirements of the following corporate reporting and regulatory frameworks and guides, among others, are considered when reporting.



# Governance at First Capital Treasuries

## GOVERNANCE STRUCTURES AND PRINCIPLES

FCT fully applies the Code of Best Practice on Corporate Governance 2023, addressing principles across:

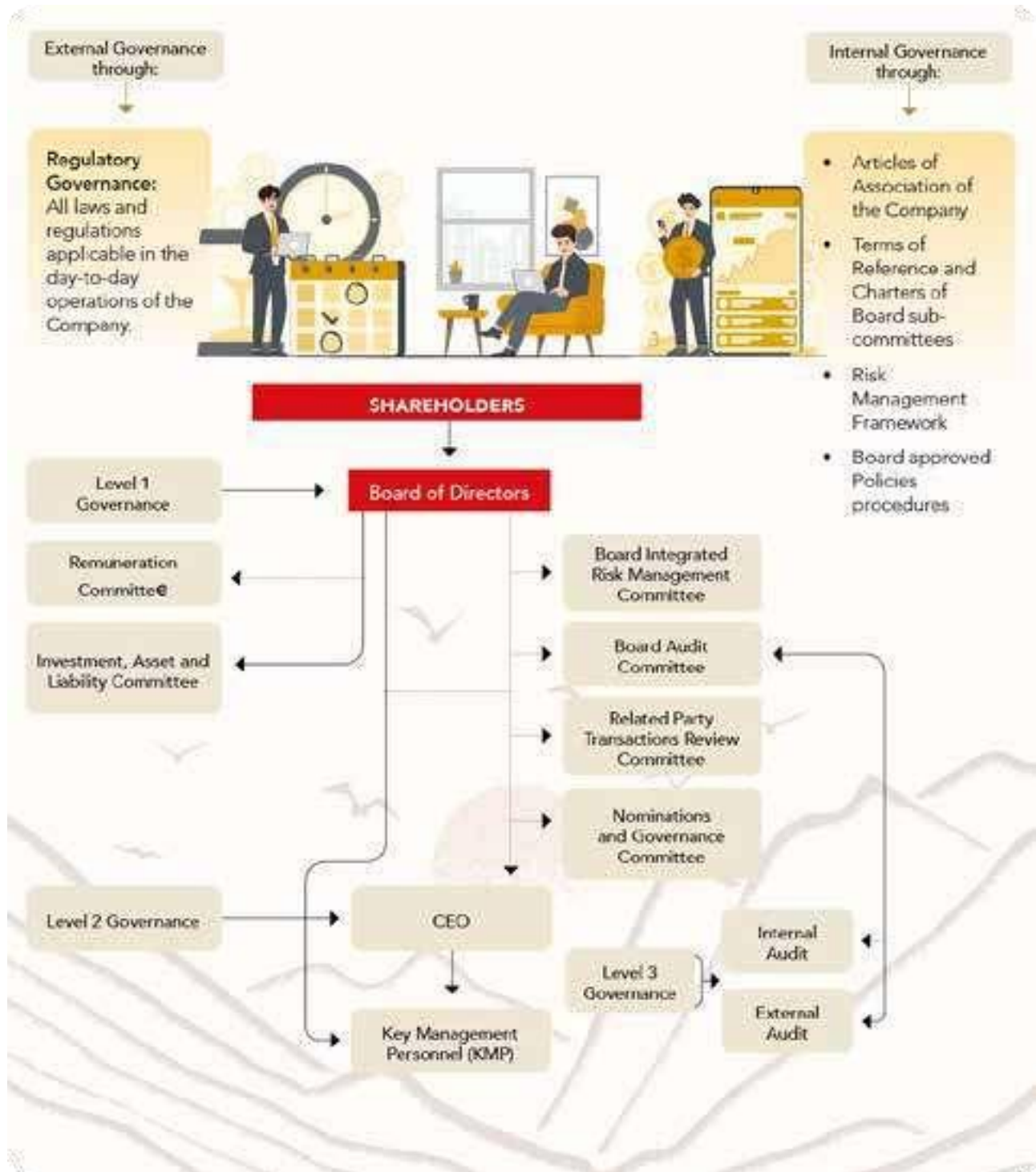






## GOVERNANCE STRUCTURE

FCT's well-defined governance structures support our ability to create and preserve value, while guarding against value erosion. The governance structure at FCT ensures effective segregation of duties, promoting strategic decision-making aligned with accountability, fairness, and integrity. The Board of Directors remains the highest governing body, overseeing the appointment of designated Board Committees and Key Management Personnel (KMP) and periodically reviewing governance structures to ensure alignment with FCT's growth strategy.



# Governance at First Capital Treasuries

FCT's governance structure reflects a comprehensive and layered approach, with ultimate oversight by the Board, focused governance by Board Committees, active execution and reporting by the CEO, and robust independent assurance. This framework supports FCT's objectives of sustainable growth, ethical conduct and regulatory compliance.

## BOARD OF DIRECTORS

The Board of Directors holds ultimate responsibility for the governance and strategic direction of FCT. It sets the Company's overall purpose, values and strategic objectives, while ensuring that risks are appropriately managed and that regulatory compliance is maintained. The Board exercises independent judgment and

collective oversight on behalf of shareholders and other stakeholders.

## BOARD COMMITTEES

To support its responsibilities and enhance governance effectiveness, the Board delegates specific oversight functions to its sub-committees. These committees operate under formal Terms of Reference and regularly report to the Board.

Board Committees	
Board Audit Committee (BAC)	Oversees financial reporting integrity, internal controls, external audits, and compliance with regulatory requirements.
Board Integrated Risk Management Committee(BIRMC)	Provides comprehensive oversight of FCT's risk management framework, including strategic, operational, liquidity, interest rate and compliance risks.
Remuneration Committee(REMCO)	Recommends remuneration frameworks aligned with performance, risk management, and long-term shareholder interests.
Nominations and Governance Committee (NGC)	Manages Board succession planning, Director appointments, and reviews governance policies and structures to ensure continued alignment with best practices.
Related Party Transactions Review Committee (RPTRC)	Reviews and approves all related party transactions, ensuring they are conducted on arm's length terms and in the best interest of shareholders, while safeguarding against potential conflicts of interest.
Investment, Asset and Liability Committee (IALCO)	Reviews investment related analysis, liquidity positions and risks and approving investment decisions of the Company in the best interest of shareholders.

Each committee primarily comprises independent non-executive directors to ensure objectivity, transparency, and effective challenge.

## EXECUTIVE COMMITTEES

The following Executive Committees comprising management representatives are embedded in the risk governance structure:

Executive Committees	
Management Committee (MANCO)	Oversees day-to-day operational execution across trading, client engagement and back-office functions; monitors progress of strategic projects including digitalisation; and ensures alignment with the Approved Operating Plan (AOP).
Group IT Steering Committee (ITSC)	Oversees the alignment of IT strategy with business objectives, monitors major IT projects, manages technology-related risks including cybersecurity and ensures effective governance of IT investments and resources.

## CHIEF EXECUTIVE OFFICER (CEO)

The CEO plays an active role in FCT's governance framework by:

- Leading the management team in executing the Board-approved strategy;
- Embedding governance policies, internal controls and risk management systems into operational processes;

- Providing regular governance, risk and performance reports to the Board and its committees;
- Acting as a bridge between the Board and operational management, ensuring decisions are communicated and executed effectively.

The appointment of the CEO to the Board further enhances the quality of information flow and reinforces governance linkages between management and oversight.

## INDEPENDENT ASSURANCE

FCT's governance framework is further supported by strong independent assurance mechanisms:



- **External Auditors:** Provide independent verification of the accuracy and fairness of financial statements and assess elements of the internal control environment related to financial reporting;  
  
directly to the BAC to preserve independence and objectivity.  
  
These assurance layers help validate the effectiveness of FCT's governance, risk management and compliance practices, offering stakeholders additional confidence.
- **Internal Control Assurance Function:** Conducts risk-based reviews across operations, systems, and controls, reporting  
  
**BOARD ACCOUNTABILITY**  
  
The Board holds itself accountable to stakeholders for maintaining the highest standards of compliance, ethical conduct, and regulatory alignment. Beyond meeting legal requirements, the Board proactively embraces international best practices to ensure stakeholder trust and corporate resilience.

## Role of the Board

### Board oversight

- Commitment to achieving the highest standards of professional conduct across the business
- Regularly reinforce company-wide expectations on conduct and ethical behaviour
- Diligently act in the interests of shareholders, funders, clients, employees, and the broader community in which FCT operates
- Review, monitor, and challenge management's operations and decision-making

### Culture and Conduct

- Set and uphold high behavioural and ethical standards and enforce via the Internal Code of Business Conduct and Ethics Code of Conduct for Directors and Employees (Code of Conduct)
- Take a dynamic approach to oversight of risk culture and conduct risk management in response to business outcomes and expectations of communities and regulators
- Monitor management's initiatives to embed strong behavioural standards, including staff training, direct communications and risk surveillance activities

### Business strategy

- Assess the business strategy's ability to adapt to changing markets and deliver sound outcomes for clients and communities.
- Approve FCT's budget, funding and capital management strategies to support long-term growth.

### Financial and non-financial risk management

- Approve the Risk Management Framework based on the risk appetite.
- Monitor material risks and review management's approach to risk mitigation.
- Oversee the operation and effectiveness of the company's overall risk management and compliance frameworks.

### Pay for performance

- Approve a remuneration policy that aligns staff incentives with shareholder and stakeholder interests.
- Ensure remuneration outcomes reflect a balanced assessment of financial and non-financial performance, including risk management and compliance behaviour.

## BOARD COMPOSITION

With extensive collective experience spanning capital markets, financial acumen, risk management and regulatory affairs, FCT's Board brings invaluable insights, critical analysis and innovative perspectives to its governance role. This strategic foresight positions FCT to drive sustainable growth, resilience, and long-term competitive advantage.

Acting with independence and objectivity, the Board exercises rigorous oversight over strategic execution. It constructively challenges and monitors executive management's delivery of strategic initiatives, ensuring alignment with the approved business framework and the risk appetite set by the Board. Through this disciplined and forward-looking governance approach, the Board safeguards stakeholder interests and supports FCT's continued leadership in an evolving market environment.



# Governance at First Capital Treasuries

## BOARD PROFILES

Manjula Mathews Chairperson		Dilshan Wirasekara Non-independent Non-Executive Director	
Appointed:		Appointed:	
<b>Qualifications</b> <ul style="list-style-type: none"> <li>Fellow Member - Chartered Institute of Management Accountants (CIMA), UK</li> <li>MBA - University of Cambridge, UK</li> </ul>		<b>Qualifications</b> <ul style="list-style-type: none"> <li>Executive Education - INSEAD Business School, Fontainebleu, France</li> <li>Alumnus - Association for Overseas Technical Scholarship (AOTS), Japan</li> </ul>	
<b>Profile in Summary</b> Manjula Mathews brings over 30 years of experience across finance, marketing, and general management in both Sri Lanka and the UK. She has held senior leadership and governance roles within several listed entities and is also actively engaged in global non-profit work.		<b>Profile in Summary</b> Dilshan Wirasekara is a capital markets specialist with over 25 years of experience in banking, investment management, and corporate finance. Since joining First Capital in 2013, he has played a pivotal role in transforming it into a fully integrated financial services provider.	
<b>Key Strengths</b> <ul style="list-style-type: none"> <li>Strategic business leadership across financial services</li> <li>Capital market transactional experience</li> <li>Deep involvement in corporate governance and sustainability initiatives</li> <li>Strong advocacy for social impact and philanthropic engagement</li> </ul>		<b>Key Strengths</b> <ul style="list-style-type: none"> <li>Capital market strategy and product innovation</li> <li>Investment advisory and deal structuring with global Development Finance Institutions</li> <li>Leadership in integrated financial services</li> </ul>	
<b>External Directorships</b> <ul style="list-style-type: none"> <li>Director - Janashakthi Limited</li> <li>Board Member - Habitat for Humanity International (Global)</li> <li>Chair - Habitat for Humanity Sri Lanka</li> <li>Custodian - Alzheimer's Association of Sri Lanka</li> </ul>		<b>External Directorships</b> <ul style="list-style-type: none"> <li>Chairman - Colombo Stock Exchange</li> </ul>	
<b>Previous Roles</b> <ul style="list-style-type: none"> <li>Managing Director &amp; Chairperson - Dunamis Capital PLC and subsidiaries</li> <li>Finance Director - Janashakthi Insurance PLC</li> <li>Lecturer and Counsellor - Colombo Theological Seminary</li> </ul>		<b>Previous Roles:</b> <ul style="list-style-type: none"> <li>General Manager - Softlogic Capital PLC</li> <li>Head of Treasury - Nations Trust Bank PLC</li> <li>Multiple award winner in international asset-liability management competitions</li> </ul>	
Sachith Perera Director/Chief Executive Officer		Ramesh Schaffter Non-Independent Non-Executive Director	
Appointed:		Appointed:	
<b>Qualifications</b> <ul style="list-style-type: none"> <li>Diploma Holder, ACI Financial Markets Association</li> </ul>		<b>Qualifications</b> <ul style="list-style-type: none"> <li>Fellow Member, Chartered Institute of Management Accountants (CIMA), Sri Lanka</li> <li>Associate Member, Chartered Institute of Marketing, UK</li> </ul>	
<b>Profile Summary</b> Sachith Perera is a financial market specialist with over 30 years of experience in treasury management, balance sheet optimisation, and financial derivatives advisory		<b>Profile in Summary</b> Ramesh Schaffter brings over 30 years of experience in finance, marketing, corporate leadership and social entrepreneurship.	



<b>Sachith Perera</b> Director/Chief Executive Officer	<b>Ramesh Schaffter</b> Non-Independent Non-Executive Director
<b>Key Strengths</b> <ul style="list-style-type: none"> <li>• Treasury operations and market risk management</li> <li>• Financial innovation and structured solutions</li> <li>• Balance sheet and fund management expertise</li> </ul>	<b>Key Strengths</b> <ul style="list-style-type: none"> <li>• Strategic leadership and financial stewardship</li> <li>• Executive coaching and cultural transformation</li> <li>• Community leadership and public speaking</li> </ul>
<b>External Directorships</b> <ul style="list-style-type: none"> <li>• Former Director/Shareholder, Clearpoint Residencies</li> </ul>	<b>External Directorships</b> <ul style="list-style-type: none"> <li>• Managing Director/Group CEO, Janashakthi Limited</li> <li>• Director, Janashakthi Insurance PLC, Kelsey Developments PLC, Orient Finance PLC, Serendib Land PLC</li> </ul>
<b>Previous Roles</b> <ul style="list-style-type: none"> <li>• Treasurer and Director of Global Markets, HSBC Sri Lanka and Maldives</li> <li>• Financial markets consultant for leading local and international projects</li> </ul>	<b>Previous Roles</b> <ul style="list-style-type: none"> <li>• President, Habitat for Humanity Sri Lanka Board Member, World Vision Sri Lanka</li> </ul>
<b>Minette Perera</b> Non-independent Non-Executive Director	<b>Dr. Nishan de Mel</b> Independent Non-Executive Director
<b>Appointed:</b>	<b>Appointed:</b>
<b>Qualifications</b> <ul style="list-style-type: none"> <li>• Fellow Member, Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)</li> <li>• Fellow Member, Chartered Institute of Management Accountants (CIMA), UK</li> <li>• Fellow Member, Association of Chartered Certified Accountants (ACCA), UK</li> </ul>	<b>Qualifications</b> <ul style="list-style-type: none"> <li>• DPhil and MPhil in Economics, University of Oxford, UK</li> <li>• BA (Economics), Harvard University, USA</li> </ul>
<b>Profile in Summary</b> Minette Perera has over 40 years of experience as a finance professional, serving in senior leadership roles within local and multinational corporations.	<b>Profile in Summary</b> Dr. Nishan de Mel is an economist and public policy expert with over 20 years of experience spanning academia, think tank leadership, and policy advisory roles.
<b>Key Strengths</b> <ul style="list-style-type: none"> <li>• Corporate financial governance and risk oversight</li> <li>• Financial reporting and internal controls</li> <li>• Strategic financial planning</li> </ul>	<b>Key Strengths</b> <ul style="list-style-type: none"> <li>• Economic and policy analysis</li> <li>• Governance and strategic advisory</li> <li>• Research leadership</li> </ul>
<b>Key Strengths</b> <ul style="list-style-type: none"> <li>• Corporate financial governance and risk oversight</li> <li>• Financial reporting and internal controls</li> <li>• Strategic financial planning</li> </ul>	<b>Key Strengths</b> <ul style="list-style-type: none"> <li>• Economic and policy analysis</li> <li>• Governance and strategic advisory</li> <li>• Research leadership</li> </ul>
<b>External Directorships</b> <ul style="list-style-type: none"> <li>• Non-Executive Director: Orient Finance PLC, Dilmah Ceylon Tea Company PLC, Kahawatte Plantations PLC, Talawakelle Tea Estates PLC, Forbes &amp; Walker (Pvt) Limited</li> </ul>	<b>External Directorships</b> <ul style="list-style-type: none"> <li>• Director, Eureka Technology Partners (Pvt) Limited</li> </ul>
<b>Previous Roles</b> <ul style="list-style-type: none"> <li>• Group Finance Director, MJF Group (Dilmah Tea</li> </ul>	<b>Previous Roles</b> <ul style="list-style-type: none"> <li>• Executive Director, Verité Research</li> <li>• Lecturer in Economics, Oxford University</li> </ul>

# Governance at First Capital Treasuries

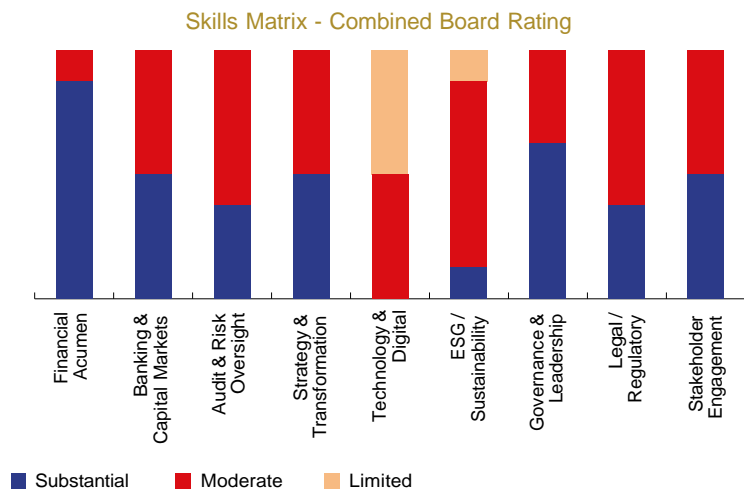
Channa de Silva Independent Non-Executive Director	Cilani Wijesinghe Independent Non-Executive Director
<b>Appointed:</b>	<b>Appointed:</b>
<b>Qualifications</b> <ul style="list-style-type: none"><li>FCMA, Chartered Institute of Management Accountants (UK)</li><li>FCCA, Association of Chartered Certified Accountants (UK)</li><li>Master's Degrees, Harvard University and University of Melbourne</li></ul>	<b>Qualifications</b> <ul style="list-style-type: none"><li>Associate Member, Chartered Institute of Management Accountants (ACMA)</li><li>MSc in Finance and Accounting, University of the West of England, Bristol, UK</li></ul>
<b>Profile in Summary</b> <p>Channa de Silva is a seasoned professional in financial services, private equity, and capital markets regulation. His extensive experience at the SEC, BOI and private sector enterprises provides the Board with insights into governance, investment and compliance.</p>	<b>Profile in Summary</b> <p>Cilani Wijesinghe has nearly 20 years of financial and operational management experience. Her strength lies in driving operational efficiency, financial analysis, and strategic development, particularly in dynamic organisational contexts.</p>
<b>Key Strengths</b> <ul style="list-style-type: none"><li>Legal, Regulatory and Compliance</li><li>Capital Markets</li><li>Financial Acumen</li><li>Risk Management</li><li>Stakeholder Engagement</li></ul>	<b>Key Strengths</b> <ul style="list-style-type: none"><li>Investment management and financial control</li><li>Strategic operations and governance frameworks</li><li>Client relationship management and contract negotiations</li></ul>
<b>External Directorships</b> <ul style="list-style-type: none"><li>Chairman, Sarvodaya Development Finance PLC</li><li>Chairman, Echelon Media</li></ul>	<b>External Directorships</b> <ul style="list-style-type: none"><li>Chief Operating Officer, Verité Research (Pvt) Limited</li></ul>
<b>Previous Roles</b> <ul style="list-style-type: none"><li>Director General/CEO, SEC Sri Lanka</li><li>Executive Director, Board of Investment Sri Lanka</li></ul>	<b>Previous Roles</b> <ul style="list-style-type: none"><li>Strategic Project Manager, MAS Holdings</li></ul>

## BOARD SKILLS MATRIX

### FINANCIAL ACUMEN (PRINCIPLE A.4)

The Board overall demonstrates strong depth in financial services expertise. A majority of the directors have substantial expertise in financial and industry acumen including deep treasury, investment banking, corporate finance and capital markets leadership.

The presence of Directors with broader strategic, policy, and economic expertise enhances the diversity of viewpoints at Board level.







## BOARD COMPOSITION AND INDEPENDENCE (PRINCIPLES A.5, A.5.1, A.5.2, A.10)

FCT maintains a balanced Board structure, with a combination of executive, non-executive, and independent non-executive directors, ensuring that a diversity of perspectives informs governance and oversight.

Currently, the Board comprises three independent non-executive directors (or 37.5% of the Board) and five non-independent directors (or 62.5% of the Board). This balance supports both informed executive input and robust independent oversight. The following directors have been determined as independent by the NGC during the reporting period.

### Directors determined as independent by the NGC

Nishan de Mel

Channa de Silva

Cilani Wijesinghe

The Company's Independent Directors meet the criteria for determining independence as per the Listing Rules of the CSE.

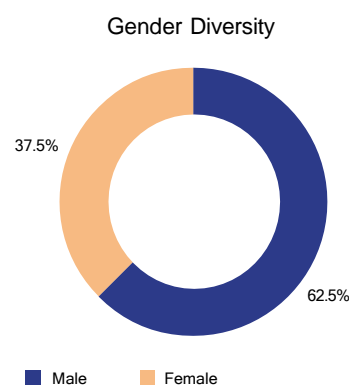
Independent directors play a particularly vital role in fostering objective and constructive dialogue at the Board level. Their external perspectives, free from management influence, are crucial in critically challenging assumptions, testing strategic proposals, and strengthening governance processes. This independent insight enhances decision-making rigor and ensures that the interests of shareholders, funders, clients, and other stakeholders are safeguarded.

During the year, the CEO of FCT was appointed to the Board as an Executive Director. This appointment, aligned with the subsidiary governance policy of the First Capital Group, establishes a separate and direct reporting line from the FCT CEO to the FCT Board. From a

standalone governance perspective, the CEO's presence on the Board enhances transparency, strengthens Board oversight and minimises information asymmetry between management and the Board by facilitating the timely flow of accurate, operationally-grounded insights.

## DIVERSITY, INCLUSION AND LEADERSHIP AT BOARD LEVEL

### Gender and Cultural Diversity



At FCT diversity, inclusion, and strong leadership are fundamental to the Board's effectiveness and ability to drive resilient and sustainable performance. The Board reflects a balanced gender composition, with 62.5% male and 37.5% female representation.

The Board is limited in its ethnic diversity, with 75% Sinhala and 25% Tamil representation. In terms of religious affiliation, Board members represent Buddhism (2 members), Christian/Catholicism (5 members), and Other faiths (1 member), reflecting a leadership group that is inclusive and respectful of diverse societal values.

### AGE DIVERSITY

Age diversity is another strength of the Board:

- 25.0% of Directors fall within the 41-50 year-age group,
- 62.5% are aged between 51-60 years, and
- 12.5% are aged 61-70 years.

This age range provides a healthy mix of experience, energy, and maturity in Board deliberations.

### TENURE PROFILE

The Board's tenure profile ensures a balance between continuity and renewal:

- 25% of Directors have served for below 1 year
- 12.5% between 1-5 years
- 37.5% between 6-8 years
- 25% for 9 years and above

This diversity of tenure fosters both historical insight and fresh thinking at the leadership level.

Together, the Board's diversity in gender, ethnicity, religion, age, and tenure, combined with strong executive participation, ensures robust, dynamic governance and positions FCT to deliver sustainable growth.

## APPOINTMENT, RE-ELECTION, AND RESIGNATION OF DIRECTORS (PRINCIPLES A.7, A.8)

The appointment of Non-Executive Directors at FCT is governed by the Company's Articles of Association and the CSE Listing Rules. Appointments are based on a structured process that prioritises professional expertise, industry reputation, integrity and alignment with FCT's strategic vision and values.

In accordance with the Articles of Association, one-third of Non-Executive Directors must retire by rotation at each Annual General Meeting (AGM), with the longest-serving Directors retiring first. Directors appointed to fill casual vacancies must also stand for re-election at the following AGM, ensuring continued shareholder confidence and accountability.

FCT is in the process of finalising formalised procedures for the appointment, re-election, and resignation of Directors, aligning with the enhanced Corporate Governance

# Governance at First Capital Treasuries

rules introduced by the CSE. Under these proposed procedures, all Non-Executive Director appointments will require recommendation by the Nomination Committee. These nominations will undergo a comprehensive assessment that considers Board balance, skills, experience, diversity, and a formal determination of independence based on “fit and proper” criteria as outlined in the CSE Listing Rules and in keeping with Principles, A.5.3, A.5.4, and A.5.5 of the Code.

The Company’s fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfied the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

The Board confirms that the organisation has fully complied with the Corporate Governance Rules set out in the Listing Rules of the CSE

## RESPONSIBILITIES OF INDIVIDUAL DIRECTORS (PRINCIPLE A.1.2)

All Directors are expected to allocate sufficient time to effectively discharge their fiduciary duties to FCT. Directors are required to actively engage in Board meetings, contribute their independent judgment, share professional expertise, and participate meaningfully in Board deliberations.

Directors are further expected to participate annually in the Board evaluation process, recognising that continuous assessment and development are key to maintaining effective governance.

## MANAGING CONFLICTS OF INTEREST (PRINCIPLE A.10)

Directors are obligated to disclose any actual, potential, or perceived conflicts of interest that may compromise their ability to exercise objective judgment. These disclosures are systematically reviewed by the RPTRC and findings are reported to the Board.

When matters involving conflicts of interest arise at Board meetings, affected Directors must recuse themselves from deliberations and voting on the relevant item. FCT has formalised protocols to ensure comprehensive documentation of Directors’ interests in contracts and related disclosures, in full compliance with the CSE Listing Rules.

## DIVISION OF RESPONSIBILITY BETWEEN THE CHAIRPERSON AND CEO (PRINCIPLES A.2, A.3)

The roles of Chairperson and CEO remain distinct, ensuring no individual holds unchecked authority, preserving balanced governance. The Chairperson oversees Board effectiveness while the CEO manages strategy execution and stakeholder engagement.

Duties of the Chairperson	Role of the CEO
<ul style="list-style-type: none"><li>Leads the Board in ensuring effective governance</li><li>Sets the ethical tone for the Board and the Company</li><li>Plans and conducts Board meetings efficiently</li><li>Sets agendas in consultation with Directors, Committees and the Company Secretary</li><li>Create an environment to ensure the Board collectively and Directors, individually can perform their roles effectively</li><li>Promotes a culture of openness and encouraging constructive debates and challenges, between Non-Executive Directors regarding Board matters so as to fully contribute to the effective functioning of the Board</li><li>Provides leadership the process for self-assessment to generate meaningful feedback to further improve the effectiveness of the Board</li><li>Builds and maintains stakeholder trust and confidence</li></ul>	<ul style="list-style-type: none"><li>Oversees the day-to-day management of the Company under Board-delegated authority</li><li>Provides leadership to senior management and operational teams</li><li>Acts as the principal interface between the Board and management</li><li>Develops the strateav and long-term plans for consideration and approval by the Board</li><li>Establishes an operational structure which is annronriate for the execution of strateav</li><li>Appoints and ensures proper succession planning of the executive team and assesses their performance</li><li>Sets the tone for ethical leadership, creating an ethical environment and culture</li><li>Acts as the face of the Company and engages with shareholders and other material stakeholders including clients, regulators and employees on an ongoing basis</li></ul>



This division of responsibilities ensures a well-functioning Board and executive management team, supporting transparency, accountability, and operational efficiency.

#### **MATTERS RESERVED EXPRESSLY FOR BOARD CONSIDERATION**

The Board retains full oversight over critical strategic, financial, and governance matters, including:

- Approving FCT's corporate strategy and strategic plans
- Endorsing major capital investments and expansions
- Appointing and removing Directors, Sub-Committee members, and the Company Secretary
- Reviewing and updating remuneration structures for Directors
- Approving principal regulatory filings
- Conducting the annual evaluation of the CEO's performance
- Reviewing the Board Charter, Sub-Committee Terms of Reference, governance frameworks, and major policy updates

#### **BOARD MEETINGS (PRINCIPLES A.1.1, A.1.6, A.1.7, A.6, A.10)**

The FCT Board meets monthly, with additional meetings convened as necessary. Only Directors attend these meetings; however, Key Management Personnel (KMP) or external specialists may be invited to present or advise on specific agenda items.

Each Director is encouraged to contribute proactively to the meeting agenda by submitting written requests to the Chairperson. Directors are also entitled to seek clarification or further information on Board Papers to facilitate well-informed decision-making.

If a Director cannot attend, he or she must review the Board Papers and provide written comments to the Chairperson, ensuring that their perspectives are considered.

In FY2025, the Board convened 13 meetings, with strong attendance and robust participation, demonstrating a high level of commitment to governance excellence.

# Governance at First Capital Treasuries

## MODE OF BOARD MEETINGS

Board meetings may be hosted as physical, virtual or hybrid meetings in accordance with the Articles of Association.

## ATTENDANCE OF MEETINGS

Name of the Director	No. of Meetings Entitled	No. of Meetings Attended
Ms. Manjula Mathews (Chairperson)	13	11
Mr. Ramesh Schaffter	13	9
Mr. Chandana de Silva (Retired on 28.6.2024)	4	4
Ms. Minette Perera	13	13
Dr. Nishan de Mel	13	12
Mr. Dilshan Wirasekara	13	11
Ms. Cilani Wijesinghe (Appointment w.e.f. 20.8.2024)	7	6
Mr. Channa de Silva (Appointment w.e.f. 1.1.2025)	3	2
Mr. Sachith Perera (Appointment w.e.f. 1.1.2025)	3	3

## Board Considerations and Value Creation

Area	Key Board Considerations FY2025	Future Focus
Client-Centricity (Intellectual, Manufactured, Social and Relationship Capital)	<ul style="list-style-type: none"> <li>Monitored evolution to institutional and mass affluent client model in contrast to retail-led strategy</li> <li>Reviewed effectiveness of client onboarding, KYC/AML/CFT controls, and complaint management</li> <li>Oversaw client-centric digital initiatives (e.g. WhatsApp based Treasury Bidding).</li> </ul> <p>Prioritised Client Experience (CX) metrics for strategic differentiation</p> <p>Ensured alignment with Data Protection Act and data privacy frameworks</p>	<ul style="list-style-type: none"> <li>Deepen digital client engagement channels</li> <li>Enhance CX measurement and personalisation Strengthen privacy, compliance, and client trust measures</li> <li>Target cost-effective client acquisition via digital models</li> </ul>
Employee Focus (Human, Social and Relationship Capital)	<ul style="list-style-type: none"> <li>Reviewed succession plans and leadership development</li> <li>Monitored talent attraction and retention strategies</li> <li>Discussed evolving Employee Value Proposition (EVP) toward innovation and tech-savvy capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Position EVP to attract high-skilled, digital-first talent</li> <li>Develop leadership capabilities and digital skill pipelines.</li> <li>Promote agility, resilience and a high-performance culture</li> </ul>
Risk and Conduct (Intellectual, Social and Relationship Capital)	<ul style="list-style-type: none"> <li>Approved the establishing the BIRMC replacing the former ERM C</li> <li>Launch of expanded policy suite</li> <li>Reviewed sovereign risk, liquidity, credit risk and operational risks</li> <li>Monitored conduct, reputational and outsourcing risks</li> <li>Oversaw Internal Control Assurance findings and compliance performance</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of enterprise-wide risk management processes and strengthen integrated risk reporting</li> <li>Enforcement and compliance with the expanded FCT policy suite and Board Committee TORs</li> <li>Enhance proactive conduct risk monitoring</li> <li>Integrate ESG-related risks into enterprise risk frameworks</li> <li>Ensure resilience against emerging financial and non-financial risks</li> </ul>





Area	Key Board Considerations FY2025	Future Focus
Operational Excellence (Intellectual, Manufactured, Social and Relationship Capital)	<ul style="list-style-type: none"> <li>• Oversaw institutional resilience efforts</li> <li>• Reviewed monthly technology and cybersecurity updates</li> <li>• Supported frontier technology exploration (AI, automation, data analytics).</li> <li>• Highlighted need for secure and agile IT infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Expand digital transformation initiatives</li> <li>• Further embed AI, machine learning and predictive analytics</li> <li>• Strengthen cybersecurity frameworks and system resilience</li> <li>• Continued focus on scalable, agile tech platforms</li> </ul>
Financial Outcomes (Financial Capital)	<ul style="list-style-type: none"> <li>• Reviewed and approved budgets, liquidity and capital plans</li> <li>• Monitored dividend declarations and financial forecasts</li> <li>• Focused on capital optimisation and strong shareholder returns</li> <li>• Assessed the portfolio performance amid consolidating rates</li> <li>• Noted potential lower trading income and narrowing spread; shift towards investment-driven returns</li> </ul>	<ul style="list-style-type: none"> <li>• Balance between risk-adjusted returns and capital strength</li> <li>• Sustain attractive shareholder returns</li> <li>• Optimise capital under consolidating interest rate conditions</li> </ul>
Societal Impact and Sustainability (Social and Relationship, Natural Capital)	<ul style="list-style-type: none"> <li>• Monitored stakeholder engagement on ESG matters</li> <li>• Considered future approach to embedding ESG strategy in the business</li> </ul>	<ul style="list-style-type: none"> <li>• Advance ESG maturity and data-driven reporting</li> <li>• Embed ESG considerations across all capital allocation decisions</li> <li>• Deepen community engagement and societal impact initiatives</li> <li>• Further embedding stakeholder feedback into strategic planning</li> </ul>

## BOARD'S FUTURE STRATEGIC OUTLOOK

Across all focus areas, the Board remains committed to

- Enhancing strategic resilience by balancing innovation, risk management, and financial stewardship
- Fostering client trust and loyalty through technology-enabled client engagement and exceptional service delivery
- Building an adaptive workforce fit for the future by sharpening the EVP and talent development
- Strengthening operational robustness through agile digital transformation and cybersecurity
- Managing capital efficiently to support shareholder value creation in a more stable interest rate environment
- Leading ethical, sustainable business practices to ensure long-term positive impact for all stakeholders

The Board recognises that success in a consolidating market landscape will depend not just on financial performance, but also on operational agility, governance maturity and stakeholder trust. Strategic investments in digital capabilities, talent, client-centricity and sustainability will remain high priorities moving forward.

# Governance at First Capital Treasuries

## DIRECTOR TRAINING FY2025

The Board encourages continuous professional development to ensure Directors remain informed of regulatory, industry and governance developments. Training programmes, workshops and regulatory briefings are arranged periodically.

Programme Focus	No. of Directors Participated
Anti-bribery and anti-corruption	2
Market Misconducts and regulatory background	8
Information Technology and Information Security Risk	6
Board Leadership Refresher	2
Anti-Money Laundering and Countering the Financing of Terrorism	1

An induction programme is conducted for new Directors, covering governance frameworks, strategic priorities, risk architecture, and regulatory obligations.

## EVALUATING BOARD PERFORMANCE (PRINCIPLES A.9)

The Board undertakes an annual evaluation of its performance and functional effectiveness. FCT has a formal evaluation process where all Directors will submit annual self-assessments to the NGC. The Committee will review the evaluations focusing on Board composition, skills mix, gender representation, independence and effectiveness. Based on the review, recommendations are presented to the Board for continuous improvement initiatives.

## EVALUATING THE PERFORMANCE OF THE CEO (PRINCIPLE A.11)

The performance of the CEO is reviewed annually by the Chairperson. This evaluation considers predefined strategic objectives, key performance indicators (KPIs), leadership behaviours, risk management practices, and stakeholder feedback.

The process ensures constructive feedback, identifies development areas, and aligns the CEO's performance with FCT's long-term strategic goals.

## BOARD SUB COMMITTEES (PRINCIPLES B.2, D.3, D.4, D.5)

Board Sub Committees enhance governance efficiency by leveraging specialised skills to address critical risk, audit, remuneration, nomination, governance, and risk management issues. Sub-committees operate under formal Terms of Reference and report regularly to the Board, ensuring transparency and accountability.



### BOARD AUDIT COMMITTEE

**Purpose:**  
Oversight of financial reporting, internal controls, internal and external audits and compliance with legal and regulatory requirements

**Composition of the Committee:**

Cilani Wijesinghe (Chairperson)  
Independent Non-Executive Director

Minette Perera  
Non-Independent Non-Executive Director

Channa De Silva  
Independent Non-Executive Director

**Meeting Frequency:**  
Quarterly

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### BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

**Purpose:**  
To monitor and oversee the Company's risk profile and the implementation of the risk framework approved by the Board.

**Composition of the Committee:**

Nishan De Mel (Chairman)  
Independent Non-Executive Director

Minette Perera  
Non-Independent Non-Executive Director

Dilshan Wirasekara  
Non-Independent Non-Executive Director

**Meeting Frequency:**  
Monthly

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### REMUNERATION COMMITTEE

**Purpose:**  
Evaluation and recommendation of the Company's remuneration structure in alignment with performance parameters.

**Composition of the Committee:**

Nishan de Mel (Chairman)  
Independent Non-Executive Director

Ramesh Schaffter  
Non-Independent Non-Executive Director

Channa de Silva  
Independent Non-Executive Director

**Meeting Frequency:**  
Semi-annually

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### RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

**Purpose:**  
Ensuring that the Company takes the interest of shareholders as a whole into consideration in a manner that avoids conflict of interest.

**Composition of the Committee:**

Cilani Wijesinghe (Chairperson)  
Independent Non-Executive Director

Minette Perera  
Non-Independent Non-Executive Director

Channa De Silva  
Independent Non-Executive Director

**Meeting Frequency:**  
Quarterly

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### NOMINATION AND GOVERNANCE COMMITTEE

**Purpose:**  
Reviewing the composition of the Board to ensure that the Board is properly constituted and balanced in terms of skills, experience and diversity.

**Composition of the Committee:**

Channa de Silva (Chairman)  
Independent Non-Executive Director

Cilani Wijesinghe  
Independent Non-Executive Director

Manjula Mathews  
Non-Independent Non-Executive Director

**Meeting Frequency:**  
Annually and as and when required

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### INVESTMENT, ASSET AND LIABILITY COMMITTEE

**Purpose:**  
Reviewing investment related analysis, liquidity positions and risks and approving investment decisions of the Group in the best interest of shareholders.

**Composition of the Committee:**

Nishan de Mel (Chairman)  
Independent Non-Executive Director

Manjula Mathews  
Non-Independent Non-Executive Director

Dilshan Wirasekara  
Non-Independent Non-Executive Director

**Meeting Frequency:**  
Bi-weekly

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# Governance at First Capital Treasuries

## RISK MANAGEMENT AND INTERNAL CONTROL (PRINCIPLE D.2)

The Board has ultimate oversight for risk governance at FCT. This includes defining the Company's risk appetite, approving risk management strategies, and overseeing material risks across operational, financial, regulatory, and reputational domains.

Functional responsibility for risk oversight is delegated to the BAC and the BIRMC, who provide the Board with regular independent assurance. Together, they assess the adequacy and effectiveness of risk

management and internal control systems and recommend improvements where necessary.

See page 113 to 129 for the Risk Management Report.

## CONDUCT AND ETHICS (PRINCIPLE D.6)

The Board places a strong emphasis on cultivating a culture of integrity, fairness, and accountability. FCT's ethical framework includes:

Code of Conduct: Sets clear standards for behaviour, decision-making, and employee conduct. Directors and employees are

required to uphold these standards without exception.

Anti-Bribery and Corruption Policy (Principle D.6.1): Strictly prohibits bribery, facilitation payments, and conflicts of interest. Compliance training for employees and Directors reinforces these expectations.

Whistleblower Policy (Principle D.6.4): Provides confidential channels for reporting financial misconduct, internal control breaches, and unethical behaviour. Regular awareness sessions ensure employee familiarity and confidence in using these mechanisms.

Policy	Approval Date (FCT Board)	New/ Existing	Content	Changes/Enhancements
Policy on Matters Relating to the Board of Directors	12 September 2024	New	Covers Board structure and diversity, appointment and re-election, fitness of directors, roles and responsibilities, performance evaluation, and Board meeting protocols.	Entirely new comprehensive policy to formalise Board governance practices.
Policy on Board Committees	14 June 2024	New	Sets general guidelines for the formation, governance requirements, outcomes, and Terms of Reference (TOR) of all Board sub-committees.	New policy aligned to strengthen committee governance frameworks.
Policy on Corporate Governance, Nominations and Re-election	12 July 2024	New	Outlines corporate governance principles, nomination procedures, and re-election of directors.	New formal framework introduced to align with latest CSE governance rules.
Policy on Remuneration	12 July 2024	New	Establishes the remuneration structure and framework for executive and non-executive directors and employees.	Introduces principles of pay for performance, risk adjusted remuneration practices.
Internal Code of Business Conduct and Ethics (including Securities Trading Policy)	26 June 2024 (Code) and 12 September 2024 (Trading Policy)	New	Defines workplace conduct, conflict of interest management, asset protection, and whistleblower reporting. Separate trading policy governs insider trading and disclosure responsibilities.	First-time formalisation at FCT level, including market disclosure and insider compliance procedures.
Policy on Risk Management (Framework)	15 December 2023	Updated	Defines risk appetite, principles for managing risks, risk assessment, and emerging risk identification.	Updated to expand frameworks for compliance risk, interest rate risk and liquidity risk.
Policy on Internal Controls (Delegated Authority Manual)	15 March 2024	Updated	Establishes principles for delegation of authority, approval matrices for capital expenditure, payments, and consultations.	Enhanced delegation principles and structured approval limits introduced.





Policy	Approval Date (FCT Board)	New/ Existing	Content	Changes/Enhancements
Policy on Relations with Shareholders and Investors	12 August 2024	New	Outlines transparent engagement mechanisms, timely disclosure expectations, and major shareholder issue reporting processes.	New policy emphasising transparency, accountability, and shareholder responsiveness.
Policy on Environmental, Social, and Governance Sustainability	26 May 2023	Existing	Defines sustainability strategy, stakeholder engagement, ESG materiality identification, and reporting approaches.	Continuation of existing commitment; no major changes recorded.
Policy on Control and Management of Company Assets and Shareholder Investments	14 June 2024	New	Governs acquisition, utilisation, disposal, and reporting of company assets and shareholder investments.	New policy introduced to strengthen asset management accountability and regulatory compliance.
Policy on Corporate Disclosures	14 June 2024	New	Details financial and non-financial disclosure requirements, timing, processes, and internal responsibilities.	New structured disclosure policy to meet enhanced listing rules.
Whistleblowing Policy	26 June 2024	Updated	Enables confidential reporting of fraud, misconduct, financial irregularities, with formal investigation processes.	Updated version tailored to FCT context; refreshed awareness mechanisms introduced.
Policy on Anti-Bribery and Corruption	12 July 2024	New	Defines prohibited behaviours, reporting mechanisms, compliance requirements, risk assessments, and consequences for non-compliance.	First formal Anti-Bribery and Corruption policy specific to introduced.

All policies are made accessible to employees via the HRIS platform and to Directors through BoardPac. In line with Listing Rule 9.2.1, we publicly disclose the existence of key governance policies and provide details of their implementation, thereby ensuring transparency and enabling informed stakeholder engagement. A summary of policies and their implementation status is available at: <https://firstcapital.lk/wp-content/uploads/2024/10/Policy-Summary-2.pdf>

#### IT GOVERNANCE (PRINCIPLE G)

The Board sets the overall direction for IT governance by approving IT strategies, major investments, budgets, and policies, ensuring that technology initiatives are aligned with FCT's strategic priorities and risk appetite. Through proactive monitoring of global technology trends and emerging digital risks, the Board reinforces FCT's commitment to innovation, security, and client-centricity.

While the IT function is centralised at Group level, governance mechanisms are designed to ensure that FCT's specific operational and regulatory needs are effectively addressed. An independent director with IT domain expertise has been appointed to the Board of First Capital Holdings to provide strategic oversight of Group-wide digital initiatives, including those impacting FCT.

Operational responsibility for IT governance resides with the Group-level Chief Technology and Digital Officer (CTDO), who oversees technology strategy, cybersecurity, systems resilience and IT risk management across the First Capital Group. The CTDO provides regular reports and presentations to the FCT Board and its sub-committees, ensuring that subsidiary-level oversight is maintained and that FCT's specific technology risks, investments, and operational needs are appropriately addressed.

Technology is recognised as a key enabler of differentiation, operational efficiency and long-term value creation at FCT.

#### IT GOVERNANCE HIERARCHY

FCT's IT governance framework is structured across multiple levels to ensure comprehensive oversight and execution:

- Board of Directors: Exercises strategic oversight of IT governance, ensuring technology initiatives align with business strategy, risk appetite and long-term value creation goals
- BIRMC and BAC: Assist the Board by monitoring technology-related risks, cybersecurity, regulatory compliance and the effectiveness of internal IT control frameworks
- Group IT Steering Committee (Executive Management Level): Evaluates, prioritises and monitors critical IT projects and digital transformation initiatives.

# Governance at First Capital Treasuries

The Committee ensures that technology activities are business-aligned, risk-sensitive and appropriately resourced, escalating significant matters to management and the Board as necessary.

## STRATEGIC ALIGNMENT AND LEADERSHIP OVERSIGHT

During the financial year, the Board reaffirmed that information and technology governance must form an integral part of overall corporate strategy. IT risk management, innovation initiatives, and cybersecurity resilience were key priorities for Board deliberations. The CTDO provides formal reports and strategic updates to the Executive Committee and the Board, offering insight into the execution of IT strategy, cybersecurity posture, emerging technology risks, data governance standards and major technology investments.

All material technology investments undergo formal evaluation against criteria that include business impact, risk profile, regulatory compliance, return on investment and sustainability considerations.

## TECHNOLOGY COST AND INVESTMENT OVERSIGHT

The Board maintained oversight over FCT's technology cost structures, ensuring that prioritised investments were aligned with corporate strategic goals. Technology budgets, forecasts, and project milestones were periodically reviewed, allowing the Board to track delivery timelines, performance against objectives and realised value creation.

The Board's active monitoring ensures that IT expenditure supports operational resilience, regulatory readiness, innovation acceleration and client service enhancement.

## CYBERSECURITY AND INFORMATION SECURITY

The expanding threat landscape in cybersecurity has prompted continued investment in enhancing FCT's threat detection, monitoring, and response capabilities.

FCT maintains a robust cybersecurity governance framework, incorporating advanced threat detection protocols, endpoint security measures, and secure data access controls. Regular vulnerability assessments, penetration tests, and security incident simulations are conducted to stress-test defenses and ensure swift response mechanisms.

During the year, FCT further enhanced its cybersecurity posture by upgrading monitoring capabilities and implementing tighter privileged access controls.

- Internal and external audit reviews on cybersecurity frameworks were conducted.
- No material breaches of data security or privacy were recorded during the financial year.

The BAC receives periodic assurance on the cybersecurity environment and recommends enhancements to continuously strengthen defenses.

In addition, FCT initiated steps to align its information security practices with ISO/IEC 27001 standards, further strengthening its commitment to international best practice frameworks.

## DATA GOVERNANCE AND PRIVACY

Data governance and information security were further prioritised during the year through several targeted initiatives:

- Strengthened Data Loss Prevention (DLP) tools and endpoint security solutions

- Deployment of encryption protocols across critical systems and applications
- Enhanced patch management and vulnerability scanning protocols to mitigate emerging threats
- Conditional Access Policies were implemented to enforce multi-factor authentication across the enterprise environment

Awareness programmes were conducted throughout the year to promote responsible data handling practices among employees, emphasising vigilance against phishing attacks, unauthorised access and cyber hygiene. In line with emerging data protection compliance obligations under the local Data Protection Act, Janashakthi Group (JxG) plans to appoint a Chief Information Security Officer (CISO) at JxG level to strengthen oversight of cybersecurity and information security across all subsidiaries, including FCT. At the entity level, FCT's Chief Risk and Compliance Officer serves as the designated Data Protection Officer.

## ETHICAL AND RESPONSIBLE TECHNOLOGY USE

FCT is committed to the responsible development, deployment, and governance of technologies, particularly where client data or algorithmic processing is concerned. Policies supporting fairness, transparency, and accountability are applied when deploying digital solutions, ensuring that innovation is reinforced by strong ethical standards.

Any introduction of automated systems, data analytics platforms, or machine-learning applications is subject to Board and management review processes that consider ethical risks, regulatory compliance and fairness.



## INNOVATION AND DIGITAL ENABLEMENT

FCT continues to drive digital enablement initiatives aligned with its broader transformation strategy. During the year, various innovations in client services, trading platforms, risk analytics, and compliance automation were piloted and scaled.

Emerging technologies such as AI are being explored cautiously to support operational efficiencies and enhance client service delivery, within the boundaries of regulatory compliance and responsible technology use.

Formal project governance mechanisms ensure that all digital initiatives are evaluated for strategic fit, risk exposure, and ethical considerations before deployment.

## IT RISK MANAGEMENT

FCT's IT risk management framework is fully integrated into its broader enterprise-wide risk management framework. Key elements include:

- Regular IT audits and system access reviews.
- Bi-annual business continuity and disaster recovery testing.
- Cyber incident simulation exercises.
- Continuous monitoring of critical third-party IT service providers.

IT risks are routinely escalated to the BIRMC for oversight and are incorporated into Board risk reporting dashboards. Technology risks are explicitly mapped to FCT's overall risk appetite and tolerance thresholds to ensure strategic consistency.

The BAC evaluates the integrity and effectiveness of internal IT control environments through quarterly reporting and audit findings.

## ASSURANCE ON IT GOVERNANCE

The Board gains independent assurance on IT risk management and governance through:

- Internal control review reports focused on cybersecurity, data protection, and IT controls.
- External audits and penetration testing reports.
- Independent assessments of compliance with data protection obligations and cybersecurity frameworks.

Findings are reviewed at both the BIRMC and AC levels to ensure that any gaps are addressed promptly and that continuous improvement remains a priority.

## HR GOVERNANCE (PRINCIPLE B.1)

The Board maintains oversight over human resources governance to ensure that HR policies, practices, and strategies are aligned with the Company's strategic objectives and core values. This involves actively shaping and approving policies on talent acquisition, development, retention, succession planning, diversity and inclusion, and workforce wellbeing.

The Board also reviews and approves remuneration structures, benefits schemes, and incentive plans, balancing the need to attract and retain top talent with regulatory requirements, financial prudence, and shareholder interests. Compensation is aligned with individual and institutional performance, reinforcing a culture of meritocracy and accountability.

Through these mechanisms, the Board fosters a positive workplace culture, enhances employee engagement, and drives sustainable,

people-centric growth. An emphasis is placed on promoting diversity, equality, and the development of future leadership within the institution.

## SUSTAINABILITY GOVERNANCE AND REPORTING (PRINCIPLE H)

Sustainability is integral to FCT's corporate strategy and long-term value creation. The Board oversees the formulation, implementation, and monitoring of the Company's sustainability strategy, ensuring that it is embedded into day-to-day operations and strategic planning.

The Board reviews identified Material Matters and integrates them into business plans to ensure sustainability is not an ancillary consideration but a core operational principle. Operational teams are empowered to implement initiatives supporting economic, environmental, and social goals.

FCT promotes voluntary sustainability reporting in line with global best practices such as the Global Reporting Initiative (GRI) Standards, the UN Sustainable Development Goals (SDGs) and sector-specific guidelines.

During the financial year, the Board initiated readiness reviews to align with the SLFRS S1 and S2 Sustainability Disclosure Standards, assessing current reporting practices and enhancing capabilities to meet future reporting expectations.

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Board Concern Area	Report	Reference
Financial Sustainability	Financial Capital	Page 66 -71
Environmental Sustainability	Natural Capital	Page 108-111
Social Sustainability	Social and Relationship Capital	Page 100-107
Brand Sustainability	Intellectual Capital	Page 76-85
Employee Sustainability	Human Capital	Page 86-99

## SHAREHOLDER RELATIONS AND COMMUNICATION (PRINCIPLES C.1, C.2, E & F)

The Board places a high priority on effective shareholder communication and engagement. This is central to fostering trust, supporting informed decision-making, and promoting accountability.

To ensure the Board remains informed of key shareholder interests and concerns, FCT has formalised its approach through the Policy on Relations with Shareholders and Investors, which has been approved and adopted by the Board. The policy outlines the principles and procedures governing our engagement with shareholders and is publicly accessible via FCT's website, reinforcing our commitment to transparency and accountability.

As part of this framework, clear contact points and communication channels have been established to facilitate effective and timely dialogue. In accordance with the policy, the Company Secretary is responsible for consolidating and reporting material shareholder issues and concerns to the Board. This process ensures that shareholder perspectives are reflected in strategic and governance discussions, supporting alignment between the Board's oversight responsibilities and stakeholder expectations.

Timely and accurate dissemination of information on financial performance, strategic initiatives, governance developments, and significant events is a key focus area. Multiple

communication channels are used, including interim and annual reports, regulatory announcements, direct meetings, and digital platforms.

The Board also engages proactively with shareholders to understand their perspectives, priorities, and concerns. Shareholders are encouraged to raise concerns or seek clarifications through formal written representations, strengthening transparency and responsiveness.

Through these practices, the Board seeks to enhance shareholder confidence, sustain long-term value, and build enduring relationships founded on respect and collaboration.

## THE ANNUAL GENERAL MEETING (PRINCIPLE E, F)

The Annual General Meeting (AGM) serves as a vital forum for direct engagement with shareholders. It promotes transparency, facilitates dialogue, and enhances accountability.

Notice of the AGM, along with the Annual Report, audited financial statements, and details of proposed resolutions, is dispatched at least 15 working days prior to the meeting, in accordance with the CSE Listing Rules.

FCT's next AGM is scheduled for 30 June 2025, where shareholders will be afforded the opportunity to ask questions, vote on resolutions, and engage directly with the Board and management.

## SHAREHOLDERS' RIGHTS AND VOTING

FCT is committed to ensuring that all holders of the same class of shares issued by the Company are treated equitably. The Articles of Association provides for multiple classes of shares, with shares in each class having the same rights. At present, there is only one class of shares issued, comprising ordinary voting shares which rank *pari passu*, having equal rights and privileges with respect to voting and other distributions.

Corporate elections including the AGM are facilitative of shareholder voting. Shareholders may vote at a shareholder meeting by attending in person. Most shareholders, however, vote by "proxy" without being present in person.

Corporate elections may be held in person, virtually through online platform or as a hybrid meeting where certain attendees attend physically while others may attend virtually.

## ROLE OF THE COMPANY SECRETARY (PRINCIPLE A.1.4)

The Company Secretary is central to effective Board governance. Responsibilities include:

- Advising the Board on corporate governance standards and regulatory obligations.
- Assisting the Chairperson in organising Board and Committee meetings.
- Maintaining formal records and minutes of meetings.
- Providing Directors with direct access to governance advice and support.

Janashakthi Corporate Services Limited serves as the appointed Company Secretary for FCT, ensuring independent and expert support for the Board's operations.





# STATEMENT OF COMPLIANCE

## CORPORATE GOVERNANCE COMPLIANCE REPORT ON CODE OF BEST PRACTICES

This report shows the status of compliance of the Company in accordance with the Code of Best Practice on Corporate Governance published by CA Sri Lanka (2023).

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
Section A			
A. Directors	Every public Company should be headed by an Effective Board, which should direct, lead and control the Company.	Complied	Please refer the list of Directors and related details.
A.1 Board	The Board should meet regularly. Board meetings should be held at least once in every quarter of a financial year, in order to effectively execute Board's responsibilities, while providing information to the Board on a structured and regular basis (ideally monthly or as agreed by the Board). The regularity of the Board meetings and the structure and process of submitting information should be agreed to and documented by the Board.	Complied	Board meetings are held monthly basis.  Last Board meeting was held on 10 March 2025 (FY 2024/25).  All relevant information is submitted to the Board meetings every month
A.1.1 Frequency of Board meetings	<p>Information is to be provided on a regular basis.</p> <ul style="list-style-type: none"> <li>• A board pack containing all relevant information is submitted to the Board of Directors.</li> <li>• Financial and operational results on preagreed with Key Performance Indicators.</li> <li>• Financial performance compared to previous periods, budgets and targets.</li> <li>• Impact of risk factors on financial and operating results and actions to mitigate such risks.</li> <li>• Forecast for the next period.</li> <li>• Compliance with laws and regulations and any non-compliances.</li> <li>• Internal control breaches or frauds during the period and related actions taken.</li> <li>• Financial and operational decisions taken by the CEO within his delegated authority.</li> <li>• Share trading of the Company and related party transactions by Key Management Personnel.</li> <li>• Sustainability/ environmental, social, and governance (ESG) related risks and opportunities (if any) during the period.</li> <li>• Cyber security-related risks, mitigative measures and a security breach report (if any) during the period and any other matters the Board should be aware of.</li> </ul>		

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.1.2 Responsibilities of the Board	The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including:	Complied	
	Ensuring the formulation and implementation of a sound business strategy;	Complied	The Board implements the Strategic Planning process and the status of the same is reviewed on a monthly basis. Strategies formulated are implemented through the Chief Executive Officer (CEO) and Senior Management Team.
	Appointing the chair and the Senior Independent Director, if relevant;	Complied	The Chairperson of the Board is a separate individual from the one who holds the position of CEO.
	Ensuring that the Chief Executive Officer (CEO) and the management team possess the skills, experience and knowledge to implement the strategy.	Complied	Fitness and proprietary criteria are met and the same is evaluated on an annual basis. The Company is steered by a team of multidisciplinary professionals (Profiles of Senior Management Team are provided on pages 26 to 28), led by a CEO with diversified qualifications and experience reporting to the Chairperson/ Board of Directors, an industry prominent figure with diversified qualifications and experience.
	Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy;	Complied	A strong succession planning process in place to identify and groom staff for key positions within the Company in order to ensure the continuity of its operations.
	Approving budgets and major capital expenditure.	Complied	Budgets and capital expenditure which require consent from the Board are being approved.
	Determining the matters expressly reserved to the Board and those delegated to the Management including the limits of authority and financial delegation.	Complied	A formal Delegated Authority Manual is being maintained, it overlooks the delegated operational functions and determines the matters delegated to the Management.
	Ensuring effective systems to secure integrity of information, internal controls, cyber security, business continuity and risk management.	Complied	These aspects are being managed through establishing a sound internal audit process and the Risk Management Framework including IT controls. Such systems are continuously monitored by the Management, Internal and External auditors. The Board Audit Committee periodically reviews these, and the findings are reported to the Board for their decisions. A Business Continuity Plan is developed and being tested periodically to ensure sustainability of operations.
	Ensuring the availability of information communication technology (ICT) roadmap in line with the business strategy of the Company and monitor the progress of implementation through the ICT dashboard	Complied	This is an integral part of our strategic plan and follow-up is ensured at Board meetings.



Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
	Ensuring compliance with laws, regulations and ethical standards.	Complied	<p>The responsibility is delegated to the Board Audit Committee. The status of the same is being reported to the Board for review. All new regulations pertaining to compliance with laws and regulations are discussed at the Board Meetings thus ensuring the commitment of the highest governing body.</p> <p>A stringent governance, risk and compliance (GRC) framework tailored to Company and regulatory requirements which enhance proactive compliance culture.</p>
	Ensuring all stakeholder interests are considered in corporate decisions.	Complied	<p>The Company has established a strong set of values and adhering to these values and principles are encouraged at all times. The Board evaluates the impact on all the key stakeholders of the Company before arriving at any key business decision.</p>
	Recognising sustainable business development and ESG risk and opportunities in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting".	Complied	<p>The Board recognises the importance of including principles of sustainability and ESG opportunities in Corporate strategy, decisions and activities. Principles of Integrated Reporting framework are being followed when finalising Annual Reports.</p>
	Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;	Complied	<p>The responsibility of the same is being reviewed by the Board Audit Committee. Accounting policies are reviewed on a frequent basis to ensure they are in line with the changing business specifics and best practices in the industry. The Independent Auditor's Report appears from pages 247 to 250 in the Annual Report and affirms that the Company's financial statements are in line with Sri Lanka Accounting Standards.</p>
	Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	Complied	<p>This function is being conducted through and continuously reviewed and monitored the progress of the business at the monthly Board Review Committee meetings.</p>
	Ensuring that a process is established for corporate reporting on an annual and quarterly basis or more regularly as relevant to the Company.	Complied	<p>The corporate reporting process (including financial and non-financial disclosures) follows a review process through the Board Audit Committee and the final reports are being approved by the Board. The Company issues and uploads quarterly and annual financial statements together with the relevant disclosures, on the CSE and Company websites.</p>
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.	Complied	<p>During the year, the Board committed to fulfilling their stewardship obligations on behalf of all stakeholders in line with laws, regulations and governance practices of the Company.</p>

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.1.3 Compliance with Laws and independent professional advice	The Board collectively, and Directors individually, must act in accordance with the laws of the Country, as applicable to the business enterprise. There should be a procedure agreed to by the Board of Directors, wherein a Director can require the Company to obtain independent professional advice where necessary, at the Company's expense.	Complied	Provisions are available through the recommend, approve, consult, inform (RACI) framework for the Board of Directors to obtain such independent professional advice.
A.1.4 Company Secretary	<p>All Directors should have access to the advice and services of the Company Secretary, who is responsible to the Board in ensuring that Board procedures are followed and that applicable rules and regulations are complied with.</p> <p>If the Company secretary is employed by the Company in another capacity as well, it cannot conflict with the role of Company secretary.</p> <p>Any question of the removal of the Company Secretary should be a matter for the Board as a whole.</p>	Complied	<p>Janashakthi Corporate Services Limited serves as the Company Secretary for First Capital Treasuries PLC and the Board members have direct access to the advice and services of the Company Secretary.</p> <p>The appointment and removal of the Company Secretary remains with the Board through the RACI framework</p>
	The Company should obtain appropriate insurance cover as recommended by the Nomination committee to the Board of Directors and key management personal (KMP).	Partially complied	Appropriate insurance covers are available for the Board of Directors and KMPs.
A.1.5 Independent judgment	All Directors should bring independent judgment to bear in discharging their duties and responsibilities on matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	Complied	Relevant provisions and powers are provided to the Board members to bring their independent judgements, avoiding matters of potential or actual conflicts of interests and use their vote for the matters accordingly.
A.1.6. Dedication of adequate time and effort by the Board	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged. It must be recognised that Directors have to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business operations, risks and controls.	Complied	<p>Proper time durations are allocated by timely tabling of reports and analysis. Paperless board meeting solutions (BoardPac software) have been arranged to facilitate review, questioning and discussion of these reports prior and after the meeting. Directors' time was spent on strategy evaluation, performance review and directing corrective measures for fine tuning areas where it was deemed required. In addition to the Board meetings, Directors attended to Sub- Committee meetings and also contributed to the decision making.</p> <p>Board Sub-Committees include</p> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Related Party Transactions Review Committee</li> <li>• Remuneration Committee</li> <li>• Nomination and Governance Committee</li> <li>• Investment, Asset and Liabilities Committee</li> <li>• Board Integrated Risk Management Committee</li> </ul>





Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.1.7 Calling for resolutions for the best interest to the Company	One third of Directors can call for a resolution to be presented to the Board where they feel it is in best interest of the Company to do so.	Complied	Any single Director may call for a resolution to be presented to the Board where he feels it is in the interest of the Company. As per Articles of Association, resolutions can be passed with majority voting.
A.1.8 Training for new and existing Directors	<p>Every Director should receive appropriate training when first appointed to the Board of a Company, and subsequently as necessary. Training curricula should encompass both general aspects of directorship and matters specific to the industry/ Company concerned. A Director must recognise that there is a need for continuous training and an expansion of the knowledge and skills required to effectively perform duties as a Director. The Board should regularly review and agree the training and development needs of the Directors.</p> <p>In accepting an appointment as a Director of a Company, consideration should be given to the responsibilities of the role, ability to commit time any existing or potential conflicts of interest and possessing required competencies of the role.</p>	Complied	<p>Directors are encouraged to participate in continuous professional and self-development activities as necessary. The Board consists of professionals and industry experts who have adequate knowledge and experience to conduct their functions (please refer to the Director profiles, pages from 21 to 25). Relevant training is being provided/ arranged if such requirements are identified at Board or Sub-committee levels (pages from 226 to 236).</p> <p>Nomination and Governance Committee is collectively overlooking the requirement in the event of appointing a Director.</p>
A.2 Chairman and Chief Executive Officer (CEO)	<p>There are two key tasks at the top of every public Company;</p> <p>(i) Conducting of the business of the Board</p> <p>(ii) Facilitating executive responsibilities for management of the Company's business.</p> <p>There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no individual has unfettered powers of decisions.</p>	Complied	Clear division of responsibilities is being maintained. Relevant responsibilities are clearly mentioned in the Policy for Matters related to the Board of Directors.
A.2.1 Separation of Roles - Chairman and CEO	A decision to combine the posts of Chairman and CEO in one person should be justified and highlighted in the Annual Report.	Not applicable	Chairperson and CEO are two separate posts held by two different competent personnel.
A.3 Chairman's Role A.3.1	<p>The Chairman's role in preserving good Corporate Governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.</p> <p>The Chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that:</p> <p>The agenda for board meetings is developed in consultation with the CEO, Directors and the Company secretary taking into considerations matters relating to strategy, performance, resource allocation, risk management and compliance.</p>	Complied	The agenda of the meeting is decided based on the regular discussions, sub-committee reports (including risk management requirements), regulatory guidance and the points the CEO required to present and highlight.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
	Sufficiently detailed information of matters included in the agenda should be provided to Directors in timely manner.	Complied	Reports and analysis related to matters are being tabled in timely manner to provide Directors adequate time to review and discuss.
	All Directors are made aware of their duties and responsibilities and the board and committee structures through which it will operate in discharging its responsibilities.	Complied	Relevant Board sub-committees are in place and the responsibilities of the same are specified through the 'Terms and References' (TOR) of such sub-committee.
	The effective participation of both Executive and Non-Executive Directors is secured; all Directors are encouraged to make an effective contribution, within their respective capabilities for the benefit of the Company.	Complied	The Board includes Directors with diverse knowledge and expertise and their contribution on the subject matters are being obtained.
	All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda.	Complied	IT infrastructure being provided to facilitate this requirement.
	A balance of power between Executive and Non-Executive Directors is maintained.	Complied	Please refer the Director list and details on Pages from 21 to 25.
	The views of Directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes.	Complied	Matters discussed at the meetings are being properly minuted.
	The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.	Complied	At monthly Board meetings performance and affairs of each business unit are being discussed. Through the Sub-Committee reports and Risk Management Framework, information related to Company affairs is obtained and analysed at the Board level.
A.4 Financial acumen and knowledge	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Complied	The Board consists of Finance professionals and collectively possess a strong capability to assess the integrity of the Company's financial reporting systems and controls, continually review, critique these systems and make changes to them as necessary and to guide the matters related to Finance. Such professionals are being allocated to the Board Audit Committee as well. Refer Director profiles in pages 21 to 25.
A.5 Board Balance	It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.	Complied	The Board comprised with both Executive and Non-Executive Directors. The board was reconstituted by appointing CEO as an Executive Director.  Four of the Non-Executive Directors are Non Independent.



Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.5.1. Board Balance	The Board should include Non-Executive Directors of sufficient caliber and number for their views to carry significant weight in the Board's decisions.	Complied	The Board comprised of seven (7) Non-Executive Directors.
	The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of the total number of Directors, whichever is higher.	Complied	The Board is composed of eight Directors, seven of whom are Non-Executive Directors. Please refer the Director list and details (pages 21 to 25).
	In the event the Chairman and CEO is the same person or if the Chairman is not an Independent Director, Non- Executive Directors should comprise a majority of the Board.	Not applicable	
	The total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting.	Complied	The Board comprises total of eight (8) Directors.
	Further, any change occurring to this ratio should be rectified within 90 days from the date of the change.	Not applicable	
A.5.2/ A.5.3/ A.5.4/ A.5.5/ A.5.6 Independent Directors	Where the constitution of the Board of Directors includes only three Non-Executive Directors, all three Non-Executive Directors should be 'independent'. In other instances, three or two third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be 'independent'.	Substantially complied	The Board comprises Three (3) Independent Directors out of total seven (7) Non-Executive Directors. Please refer Director list and details from Pages 21 to 25. The Company is complied with the corporate governance section of Listing rules.
	For a Director to be deemed 'independent' such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Complied	The Board considers Non-Executive Directors independence on an annual basis. The independence of Non- Executive Directors is determined in line with the Listing Rules of Colombo Stock Exchange (CSE).
	Each Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria set out in the Specimen in Schedule C and confirm at the end of each quarter whether the declared status on independence continues.	Complied	Non-Executive Directors have submitted the declaration to determine their independence or non-independence.
	The Board should make a determination annually, unless a change has arisen subsequently, as to the Independence or Non-Independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the Board. The Board should determine whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.	Complied	Independence of the Board of Directors is being periodically evaluated.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
	The Board should specify the criteria not met and the basis for its determination in the annual report, if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary and should set out in the Annual Report the names of Directors determined to be 'independent'.	Not applicable	
	A.5.6 If an alternate Director is appointed by a Non- Executive Director such alternate Director should not be an executive of the Company.	Not applicable	
	If an alternate Director is appointed by an independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of independent Directors also should be satisfied.	Not applicable	
	Alternate Directors shall provide declaration of independence as required for Directors whom he/ she alternate to. The name and brief profile of the alternate Directors should be disclosed in the Annual Report.		
A.5.7/ A.5.8 Senior Independent Director (SID)	A.5.7 In the event the Chairman and CEO is the same person or the Chairman is not an Independent Director or the Chairman is the immediately preceding CEO, or the Chairman and CEO are close family members, the Board should appoint one of the Independent Non- Executive Directors to be the SID and disclose this appointment in the Annual Report.	Not applicable	
A.5.7/ A.5.8 Senior Independent Director (SID)	The Senior Independent Director should provide guidance to the chairman on matters of governance of the Company, to enable this process he should meet at least twice each year with the Non-Executive Directors and at least once a year with the Executive Directors, to enable discussion and communication of governance related matters. The outcome of these discussions should be informed to the Chairman.	Not applicable	
	A.5.8 The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.	Not applicable	
	The Senior Independent Director should participate in all meetings with majority, significant, and minority shareholders and be made aware of their concerns by the Company Secretary.	Not applicable	





Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.5.9 Meetings with Non-Executive Directors	The Chairman should hold meetings with the Non- Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	Complied	Chairperson and the Directors maintain a solid rapport and work together professionally. As such, formal meetings were not conducted during the year. If any issue arises, it's discussed and resolved amicably in any event.
A.5.10 Recording of concern in Board Minutes	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes.	Complied	All matters discussed at the Board meetings are properly minuted.
A.6 Supply of information	The Board should be provided with timely information in the form and of a quality appropriate to enable it to discharge its duties.		
A.6.1 Obligation of the Management	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	Complied	The Management provides required (standard and other) timely information to the Board of Directors. Proper time durations are being allocated by timely tabling of reports and analysis. Paperless board meeting solutions (BoardPac software) have been arranged to facilitate review, inquiries and discussion of these reports prior and after the meeting.
A.6.2 Management has obligation to provide appropriate and timely information	The agenda and papers required for a Board Meeting should ordinarily be provided to Directors at least seven (7) days before the meeting, to facilitate its effective conduct. The minutes of the meeting should ordinarily be provided to Directors at least two weeks after the meeting date.	Complied	Agenda and the papers are being tabled at least a week prior to the meeting and minutes are being circulated within two weeks after the meeting.
A.7 Appointment to the Board	There should be a formal and transparent procedure for the appointment of new Directors to the Board.		
A.7.1 Nomination Committee	A Nomination Committee comprising a minimum of three members should be established to make recommendations to the Board on all new Board appointments.	Complied	Providing recommendations for the Board appointments is the primary responsibility of the Nomination and Governance Committee appointed by the Board of Directors.
	The majority of the membership of the committee shall comprise maximum of 3 Non-Executive Directors and shall include at least two or one third (whichever is higher) of Independent Non-Executive Directors.	Complied	The committee is comprised of three (3) members whereas the majority of Directors are Independent Non-Executive Directors.
	The Chairman of the committee shall be an Independent Non-Executive Director appointed by the Board.	Complied	Chairman of the committee is an Independent Non-Executive Director.
	If the Chairman of the Company is an Independent Non-Executive Director, he/she should chair the Nomination Committee. In situations where a Senior Independent Director has been appointed, he/she should chair the Nomination Committee.	Conflicts with Listing Rules	The Chairman of the committee and the Chairperson of the Company (Independent Non-Executive Director) is two different personnel to be complied with the amended Listing Rule 9.3.3.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.7.2 Assessing Board Composition	<p>The Nomination Committee should annually assess Board-composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.</p> <p>The Committee should also consider diversity on the board including gender, age and any other factor relevant to the industry.</p> <p>The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election, including a process to determine that such proposed Board appointees are fit and proper.</p> <p>Members of the Nomination Committee should not participate in decision making relating to their own appointment/ reappointment and the Chairman of the Board should not chair the Committee when it is dealing with the appointment of his/her successor.</p>	Complied	The assessment is conducted by the Nomination and Governance Committee as required.
A.7.3 Succession plan for CEO and Key Management Personnel	The Committee should ensure that there is a succession plan for the Chief Executive Officer and for all Key Management Personnel (KMP) and determine the training and development requirements for those identified for succession.	Complied	The succession plan for KMPs is reviewed by the Nomination and Governance Committee on annual basis.
A.7.4 Appointment of new Directors to the Board	<p>Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders:</p> <ul style="list-style-type: none"> <li>a brief resume of the Director;</li> <li>the nature of his expertise in relevant functional areas;</li> <li>the names of companies in which the Director holds directorships or memberships in Board committees; and</li> <li>whether such Director can be considered 'independent'.</li> </ul> <p>Even if a Director is appointed as an Alternate Director, the disclosures stated above should be made.</p>	Complied	Changes in directorships are published on the CSE website immediately after such events along with the required set of information. An immediate disclosure to the CSE is made upon the appointment of new Directors.
A.7.5 Appointment to the Nomination Committee	The Chairman and members of the Nomination Committee should be identified in the annual report. A separate section of the Annual Report should describe the work of the Nomination Committee, including the process it has used in relation to Board appointments.	Complied	Please refer the Nomination and Governance Committee details in Pages from 234 to 235.
A.7.6	Terms of reference for the Nomination Committee are set out in place.	Complied	Terms of Reference for the Nomination and Governance Committee are in place.
A.8 Re-election	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	Complied	Process is being followed.



Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.8.1 Appointment of Non-Executive Directors	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their re-appointment should not be automatic.	Complied	This process is evaluated annually, and re-elections are taking place at the AGM. Re-appointment of the Non-Executive Directors has been made according to the provision of the Companies Act.
A.8.2 Electing of Directors and Re-election	All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a resume minimally as set out in paragraph A.7.4 above, to enable shareholders to make an informed decision on their election.	Complied	This procedure is in place.
A.8.3 Resignation	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Complied	The Directors who resigned/retired during the year have given written communication to the Board.
A.9 Appraisal of Board performance	Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	Complied	The Directors have made self-appraisal for this financial year.
A.9.1	The board should have in place a formal and rigorous process for annually reviewing the performance of the Board and its Committees and should address any matters that may arise from such review, in the discharge of its key responsibilities.	Complied	A formal process is being followed. The Policy on matters related to the Board of Directors contains the process.
A.9.2	<p>The Board should also undertake an annual self-evaluation of its own performance and that of its Committees, Chairman, Non-Executive Directors and Executive Directors.</p> <p>The evaluation of the Board and the Chairman should be carried out by each Director individually. Evaluation of Non- Executive Directors should be carried out individually by the Executive Directors and the Chairman. Evaluation of Executive Directors should be carried out individually by the Chairman and Non-Executive Directors.</p> <p>The Board should consider a periodic 360-degree appraisal of Executive Directors and other Key Management Personnel.</p> <p>The collective outcome should be compiled and made available to the Nomination Committee, which should consider the results of the evaluation and make recommendation to the Board on initiatives and actions required to improve the balance of skills, experience, independence, industry and Company knowledge training of Directors, governance processes, strategy review and other factors relevant to its effectiveness.</p>	Complied	<p>The Board performance evaluation process in place and consists of the required evaluation levels.</p> <p>Periodic 360-degree appraisal for the CEO and KMPs are being conducted with the assistance of an external service provider.</p>
A.9.3	The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election.	Complied	The Nomination and Governance Committee is delegated with the relevant responsibilities to align with re-election process in accordance with the provisions of the Company's Articles of Association (AoA) and the CSE Listing Rules.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.9.4	The Board should state how such performance evaluations have been conducted, in the Annual Report.	Complied	Please refer page 237 to 239.
A.10 Disclosure of information in respect of Directors	Shareholders should be kept advised of relevant details in respect of Directors.	Complied	Please refer page 237 to 239.
A.10.1	<p>The Annual Report should set out following information in relation to each Director:</p> <ul style="list-style-type: none"> <li>• name, qualifications and brief profile;</li> <li>• the nature of his/her expertise in relevant functional areas;</li> <li>• immediate family and/or material business relationships with other Directors of the Company;</li> <li>• whether Executive, Non-Executive and/or Independent Director;</li> <li>• names of listed companies in Sri Lanka in which the Director concerned serves as a Director;</li> <li>• names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/ she holds other directorships in such companies;</li> <li>• number/percentage of Board meetings of the Company attended during the year;</li> <li>• the total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an Executive or Non-Executive capacity;</li> <li>• names of Board Committees in which the Director serves as Chairman or a member; and</li> <li>• number/percentage of committee meetings attended during the year.</li> </ul>	Substantially Complied	Please refer Director list and details from pages 21 to 25.
A.11 Appraisal of CEO	The Board should be required, at least annually, to assess the performance of the CEO.	Complied	The Board delegated this to the Remuneration Committee.
A.11.1 Target/ Goals for the CEO	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the CEO during the year.	Complied	The Board ensures that a business performance plan is completed and approved by the Board for each year of operation. This plan is developed to tie up with the corporate plan of the Company and Key Performance Indicators (KPIs) are drawn up to monitor the success of operations. The overall KPIs are used to evaluate the performance of the CEO against the results achieved by the Company.





Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
A.11.2 Evaluation of the performance of the CEO	The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in these circumstances.	Complied	The Remuneration Committee of the Board carries out this evaluation and submits their briefing to the Board for any further discussion required.
<b>Section B - Directors' remuneration</b>			
B.1 Remuneration procedure	Companies should establish a formal and transparent procedure for developing policy on Executive remuneration and for fixing the remuneration packages of individual Directors. To avoid potential conflicts of interest, no Director should be involved in deciding his/her own remuneration.	Complied	The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a Remuneration Committee.
B.2 Remuneration Committee	Level and makeup of remuneration of both Executive and Non-executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance ensuring the balance between short, medium and long-term perspectives of the performance outcomes.	Complied	The Remuneration Committee ensures this aspect.
B.2.1 Remuneration Committee Purpose	The Board of Directors should set up a Remuneration Committee to make recommendations to the board on the Company's framework of remunerating the CEO, Executive and Non-Executive Directors, and guidelines for fair and transparent procedures for remunerating Senior Management, including post-employment benefits as well as terminal benefits.	Complied	The purpose of the Committee is to assist the Board in matters of compensation of the Company's Directors, Corporate Management Team and other employees as determined by the committee.
B.2.2 Composition	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. The Chairman should be an Independent Non-Executive Director and should be appointed by the Board.	Complied	The Remuneration Committee consists of two Independent Non- Executive Directors out of total three Non-Executive Directors. . Please refer to details on pages 230 to 231.
B.2.3 Remuneration of Executive Directors & Senior Management	The remuneration committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of Executive Directors & Senior Management and have access to professional advice from within and outside the Company, in discharging their responsibilities.	Complied	The Remuneration Committee decides the remuneration of the Directors. The Committee has provisions to obtain professional advice if required.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
B.2.4 The level and make up of remuneration	<p>The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors and the Chief Executive of the quality required but should avoid paying more than is necessary for this purpose and ensure that the process for senior management compensation is structured in the similar manner.</p> <p>The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a sub-committee of the Board, which might include the CEO.</p>	Complied	<p>The Remuneration Committee decides the remuneration of the Directors. The Committee has provisions to obtain professional advice if required.</p> <p>This responsibility is with the Remuneration Committee.</p>
B.2.5 Design the remuneration for long term success	Executive Directors' remuneration should be designed to promote the short, medium and long-term performance of the Company.	Complied	The remuneration levels are designed to attract and retain the best talent to ensure the long-term success and sustainability of the business.
B.2.6 Design the remuneration of the Executive Directors to promote long-term success of the Company	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	Complied	Relevant remuneration surveys are being conducted by the Remuneration Committee to analyse the adequacy of the remuneration packages provided.
B.2.7 Comparison of remuneration within the Company	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or group of which it is a part, especially when determining annual salary increases.	Complied	Salary standards are being maintained and the Committee conducts a centralised function to the entire group of Companies.
B.2.8 Performance based remuneration	<p>The performance-related elements of remuneration of the CEO and Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance-related elements should be transparent, stretching and rigorously applied. The committee should review at least annually the performance of the CEO and Executive Directors against the set targets and goals, which have been approved by the Board, and recommend the basis for revising remuneration, benefits and other payments of performance-based incentives.</p> <p>The Committee should ensure that the guidelines for fair and transparent procedures recommended by them and approved by the Board for evaluating senior managements' performance and revising their remuneration, benefits and other payments of performance-based incentives are followed.</p>	Complied	<p>A proper performance evaluation is being conducted by the Remuneration Committee. A standard and transparent evaluation methodology is being followed for all Directors.</p> <p>The performance related element of the remuneration is being decided through a policy approved by the Board which is transparent.</p>



Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
B.2.9 Executive share options under discounted prices.	Executive share options should not be offered at a discount (i.e. less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Stock Exchange. Shares granted under share option schemes should not be exercisable in less than three years and the Remuneration Committee should consider requiring Directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	Not applicable	No Executive share options offered under discounted prices.
B.2.10 Designing the remuneration	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule G. The schemes should include provisions that would enable the Company to recover sums paid or withhold a portion of such performance related remuneration and specify the circumstances in which a Company may not be entitled to do so.	Complied	
B.2.11 Early termination of Directors	Remuneration Committees should consider what compensation commitments (including pension contributions) their CEO's and Executive Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committees should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Complied	The Remuneration Committee consider such information in decision making on remuneration of the Directors.
B.2.12 Early termination of Directors	Where the initial contract does not explicitly provide For compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Complied	A proper performance evaluation is conducted by the Company which is reviewed by the Remuneration Committee.
B.2.13 The level and make up of remuneration	The Board as a whole, or where required by the Articles of Association, the shareholders should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee. The board may delegate this responsibility to a sub-committee of the board, which might include the CEO.	Complied	The Board decides the remuneration of Non-Executive Directors.
B.2.14 Remuneration for Non- Executive Directors	<p>Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices which should be reviewed periodically.</p> <p>Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5)</p>	Complied	The fee of Non-Executive Directors is determined by the time, commitment and responsibilities of their role.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
B.2.15 Annual report disclosures	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	Complied	Please refer pages from 230 to 231.
B.2.16 Terms of Reference	The terms of reference for Remuneration Committees are set out in Schedule H.	Complied	Terms of reference of the Remuneration committee was established based on the Listing Rules.
B.3 Disclosures of Remuneration	The Company's Annual Report should contain a statement of remuneration policy and details of remuneration of the board as a whole.	Complied	Aggregate remuneration paid to Directors is mentioned in Note 35.5 to the financial statements. Please refer to the Director list and details from pages 21 to 25.
B.3.1 Annual report disclosure on remuneration payment to Directors	The Annual Report should set out the names of Directors (or persons in the parent Company's committee in the case of a Group Company) comprising the Remuneration Committee, scope, number of meetings held, a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	Please refer pages from 230 to 231.
B.3.2 Annual report disclosure on remuneration payment to Senior Management and CEO	The annual report should also contain the number and aggregate remuneration of the senior management personnel reporting directly to the CEO including that of the CEO, if he/she is not an Executive Director.	Complied	Aggregate remuneration paid during the year 2024/25 is stated on page 290.
<b>Section C - Relations with shareholders</b>			
C.1 Constructive use of the AGM and conduct of General Meetings.	Boards should use the AGM to communicate with shareholders and should encourage their participation.	Complied	
C.1.1 Adequate notice of the AGM	Companies should arrange for the notice of the AGM and related papers to be sent to the shareholders as determined by the statute, before the meeting.	Complied	A copy of the Annual Report including Financial Statements along with the notice of the Meeting is sent to shareholders 15 working days prior to the date of the AGM.
C.1.2 Separate resolution for all separate issues at the AGM	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcement of the results of a vote should make it clear that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.	Complied	Relevant proxy appointment forms are being provided for each resolution.





Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
C.1.3 Recording and counting proxy appointment	<p>The Company should ensure that all the valid proxy appointments received for general meetings are properly recorded and counted. For each resolution, where a vote has been taken on a show of hands, the Company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Company:</p> <ul style="list-style-type: none"> <li>the number of shares in respect of which proxy appointments have been validly made</li> <li>the number of votes for the resolution</li> <li>the number of votes against the resolution</li> <li>the number of shares in respect of which the vote was directed to be withheld.</li> <li>when, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board should take steps to understand the reasons behind the vote results and determine any actions are required.</li> </ul>	Complied	Relevant procedures are being followed at the AGM.
C.1.4 Availability of board sub-committee chairpersons	The Chairman of the Board should arrange for the Chairman of the Audit, Remuneration, Nomination and Related Party Transactions Review Committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if so requested by the Chairman.	Complied	All respective Chairman of the sub-committees attend the AGM and available for any questions.
C.1.5 Procedure for voting	Companies should circulate, along with every notice of general meeting, a summary of the procedures governing voting at General Meetings.	Complied	Disseminations are made through Colombo Stock Exchange (CSE).
C.2 Communication with the shareholders	The Company should disclose the policy and methodology for communication with shareholders.	Complied	All information with regard to the Annual Report is disseminated through Chief Financial Officer and all other changes are communicated through the Company Secretary- Janashakthi Corporate Services Limited.
C.2.1 Effective Communication with shareholders	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	Complied	Disseminations are made through Colombo Stock Exchange (CSE).
C.2.2 Policy and methodology for communication with shareholders	The Company should disclose the policy and methodology for communication with shareholders.	Complied	Please refer to the shareholder communication section. The Company has published the Policy on Relations with Shareholders and Investors on the Corporate website.
C.2.3 Implementation of the policy and the methodology	The Company should disclose how the above policy and methodology are implemented.	Complied	Disclosed in the Policy on Relations with Shareholders and Investors.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
C.2.4 Contact person in relation to shareholder communications	The Company should disclose the contact person for such communication.	Complied	Disclosed in the Policy on Relations with Shareholders and Investors.
C.2.5 Process to make all Directors aware of major issues and concern of shareholders and responding them	There should be a process to make all Directors aware of major issues and concerns of shareholders, and this process has to be disclosed by the Company.	Complied	Shareholder inquiries and concerns are being communicated to the Directors through the Company Secretary. The Company Secretary maintains a record of all correspondence received and will deliver such correspondence to the Board or individual Director as applicable. The process is in place through the Policy on Relations with Shareholders and Investors.
C.2.6 Person to contact in relation to shareholders and responding them	The Company should decide the person to contact in relation to shareholders' matters. The relevant person with statutory responsibilities to contact in relation to shareholders' matters is the Company Secretary or in his/ her absence should be a member of the Board of Directors.	Complied	Shareholder inquiries and concerns are being communicated to the Directors through the Company Secretary.
C.2.7 Responding to shareholder matters	The process for responding to shareholder matters should be formulated by the Board and disclosed.	Complied	Disclosed in the Policy on Relations with Shareholders and Investors.
C.3 Major and material transactions	Further to complying with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/ vary the Company's net assets base or in the case of a Company with subsidiaries, the Consolidated group net asset base.	Complied	
C.3.1 Major and material transactions	Prior to a Company engaging in or committing to a 'Major transaction' with a Related Party, involving the acquisition, sale or disposition of greater than one third of the value of the Company's assets or that of a subsidiary which has a material bearing on the Company and/ or consolidated net assets of the Company, or a transaction which has or has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by Ordinary Resolution at an Extraordinary General Meeting. It also applies to transactions or series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company.	Complied	
C.3.2	Limited liability companies should in addition comply with section 185 (1),(2),(3) and any other provisions of the Companies Act 07 of 2007 and articles of association of the Company.	Not applicable	



Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
C.3.3	Public Listed companies should in addition comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulations of the Securities and the Exchange Commission and by the Colombo Stock Exchange which are contained in the Section 9.14 (related party transactions) of the listing rules .	Complied	The Company Secretary ensures the disclosure requirements and shareholder approval by special resolution.
<b>D. Accountability and Audit</b>			
<b>D.1 Financial and Business Reporting (The Annual Report)</b>			
D.1	The Board should present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.	Complied	All required sections are included in the Annual Report.
D.1.1	The Board should present an Annual Report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	Complied	The Annual Report is audited by the M/s KPMG and the same is being reviewed by the Board Audit Committee prior to obtaining approval from the Board. The above-mentioned process ensures the compliance with relevant laws, regulations and standards.
D.1.2	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	Complied	The review process of interim and other price sensitive public reports follows the same review and monitoring processes prior to publication.
D.1.3	The Board should before it approves the Company's financial statements for a financial period, obtain from the CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	Complied	The declaration is obtained by the Board Audit Committee at the point of recommending financial statements for the approval of the Board.
D.1.4 Director's report	The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that:	Complied	Please refer the Director declaration on pages from 21 to 25.
	The Company has not engaged in any activity, which contravenes laws and regulations;	Complied	
	The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;	Complied	
	The Company has made all endeavours to ensure the equitable treatment of shareholders;	Complied	
	The Directors have complied with best practices of corporate governance.	Complied	
	Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made.	Complied	

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
D.1.4 Director's report	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,	Complied	
	<p>The business is a going concern, with supporting assumption or qualifications as necessary (The matters to which the Board should give due consideration when adopting the going concern assumption are set out in Schedule J to this Code).</p> <p>The Directors should explain in the Annual Report their responsibility for preparing the Annual Report and financial statements, and state that they consider the annual report and financial statements, taken as a whole, are fair, balanced, and understandable, and provides the information necessary for shareholders to assess the Company's financial position, performance, ESG/ sustainability risk and opportunities, business model, and outlook and if it is unable to make any of these declarations, explain why it is unable to do so.</p>	Complied	Please refer pages from 238.
D.1.5 Statement of Directors and Auditors responsibility for the financial statement	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of financial statements, together with a statement by the Auditors about their reporting responsibilities. Further, the Annual Report should contain a Report/Statement on risk management and Internal Control. (Refer H for the Contents of the statement on internal control)	Complied	<p>The Statement of Directors' responsibility in preparation of the Financial Statements is given on page 244 while the Independent Auditor's report on pages 247 to 250 states the Auditor's responsibility for the Financial Statements.</p> <p>The statement on risk management and internal control is given on pages of 238.</p>
D.1.6 Management discussion Analysis	<p>The Annual Report should contain a "Management Discussion &amp; Analysis", discussing, among other issues:</p> <ul style="list-style-type: none"> <li>• Business model</li> <li>• Industry structure and developments;</li> <li>• Opportunities and threats;</li> <li>• Risks management;</li> <li>• Internal control systems and their adequacy;</li> <li>• Corporate and enterprise governance</li> <li>• Stakeholder relationships</li> <li>• Social and environmental governance activities carried out by the Company;</li> <li>• Financial performance;</li> <li>• Investment in physical and intellectual capital</li> <li>• Human resource management carried out by the Company</li> <li>• Prospects for the future.</li> </ul>	Complied	Please refer the Management Discussion and Analysis section from pages 113 to 129.





Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
	The management discussion & analysis may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and "A Preparer's Guide to Integrated Corporate Reporting", handbook on integrated corporate reporting and non-financial reporting guideline issued by CA Sri Lanka.		
D.1.7 Summoning an Extra-ordinary General Meeting (EGM) to notify serious loss of capital	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken. The Directors should report periodically to the shareholders progress on this remedial action.	Not applicable	
D.1.8 Related Party Transactions	<p>The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report:</p> <ul style="list-style-type: none"> <li>Each Related Party should submit signed and dated declaration quarterly mentioning whether they have Related Party Transactions with the Company as defined in this Code;</li> <li>It should be the responsibility of the Company secretary to keep a record on Related Party Transactions and make necessary disclosures accordingly;</li> <li>There should be a process to capture Related Parties and Related Party Transactions. This process needs to be operationalised and Related Party Transactions should be properly documented.</li> <li>A record/ register either in hard or soft form on Related Party and Related Party Transaction should be maintained by the Company;</li> <li>This record should ensure that the Company captures information to comply with the respective Related Party disclosure requirements imposed by SEC/Accounting Standards/ Auditing Standards and similar regulations.</li> </ul>	Complied	<p>The Company has system capability to identify Related Party Transactions. Such reports can be generated through the system.</p> <p>Details of such related party transactions are being tabled to the Related Party Transactions Review Committee through the Company Secretary. Records of the same are being maintained in soft form.</p> <p>When identifying and reporting such transactions, relevant regulations and Accounting standards are being followed.</p>
D.2 Risk management and internal control	The Board should establish a policy for determining the nature and extent of the principal risks, which are anticipated to be undertaken in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.	Complied	<p>Risk Management Framework is in place to achieve this requirement.</p> <p>Relevant policies and procedures are in place to ensure sound system of internal controls.</p>
D.2.1 Risk Management Framework	The Board should adopt a framework for risk management and the processes to identify, assess, monitor and manage risks with clear delegation of responsibilities to ensure its effectiveness in supporting achievement of the strategic, operational, and financial objectives of the Company.	Complied	The Board monitor the effectiveness of Risk Management processes and internal controls through the Risk Management Framework and reporting processes.

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Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
D.2.1.1 Risk Assessment	The Board should ensure that the Company has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.	Complied	
D.2.1.2 Disclosures	The Board should describe the risk management framework, processes, responsibilities and explain in the Annual Report how they are being managed or mitigated.	Complied	Please refer page 112.
D.2.1.3 Risk Committee	While the Board as a whole is ultimately responsible for risk management, the Board should establish a risk committee to oversee risk management. Alternatively, the entire board may take up this role or allocate certain aspects of risk to other committees established by the Board and retain certain aspects specifically at Board level.	Complied	The Board Integrated Risk Management Committee (a Board sub-committee) is established for this task.
D.2.1.4 Regulatory Requirements	The Company should consider regulatory requirements and sector/industry specific business risks in determining the need to have a separate risk committee. Companies may consider combining audit and risk functions under one committee.	Complied	
D.2.1.5 Risk Committee composition	When an Independent Risk Committee established, the committee should comprise of at least three members, a majority of whom should be Non-Executive Directors and be chaired by an Independent Non-Executive Director.	Complied	The Committee consists of three members, all of whom are Non-Executive Directors and the Committee chaired by an Independent Non-Executive Director.
D.2.1.6 Terms of Reference	The Risk Committee should have a written term of reference dealing clearly with its authority and duties.  The terms of reference must be addressed at a minimum how it will assist the Board's oversight of risk management.	Complied	Responsibility has been assigned through the Terms of Reference of the Board Integrated Risk Management Committee.
D.2.1.7 Disclosures	The Annual Report should contain a report of the risk committee, setting out its role and how it discharged its responsibilities.	Complied	Please refer to pages from 226 to 227.
D.2.1.8 Regulatory Requirements on forming Risk Committee	Companies in regulated industries should consider applicable laws and regulations in determining the composition, scope, roles and responsibilities of the risk committee.  Guidance on establishing a risk management framework is given in Schedule K.	Not applicable	
D.2.2 Procedures	The Board should establish a process to ensure internal controls are designed, implemented and monitored, to provide reasonable assurance of the achievement of an entity's objectives on reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.	Complied	The delegated authority manual provides the RACI framework of establishing and reviewing policies and procedures which will ultimately achieve this objective.



Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
D.2.2.1 Review and Monitoring	The Board should ensure that an effective system of internal controls is established in respect of financial, operational and compliance system, processes, and practices and are monitored regularly. Further, at least annually the Board should obtain a review of the effectiveness of the internal control systems and report on that review in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	Complied	The Company achieves this through the outsourced internal audit functions. Such reports are being verified, and actions are being followed by the Board Audit Committee.  Refer to pages from 241 to 242 for the statement on internal controls.
D.2.2.2 Internal Audit	Companies should have an internal audit function.	Complied	
D.2.2.3 Audit Committee	The Board should require the Audit Committee to ensure carrying out reviews of the process and effectiveness of internal controls and report their recommendations to the Board. Board should take responsibility for disclosures on internal controls in the Annual Report.	Complied	Please refer pages from 226 to 227.
D.2.2.4 Responsibilities of Directors	The Schedule L contains guidance on the responsibilities of Directors in maintaining a sound system of internal control and the contents of the statement of internal control.	Complied	
D.2.2 Review the need for internal audit function	The Directors should confirm in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Directors should describe those risks and explain how they are being managed or mitigated.	Complied	Please refer pages from 237 to 239.
D.2.3 Internal Audit function	Companies should have an internal audit function.	Complied	.
D.3. Audit Committee	The Board should establish formal and transparent arrangements for considering how they should; select and apply accounting policies for financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management ensure compliance with laws and regulations and ensuring the independence of the Company's Auditors.	Complied	
D.3.1 Composition of the audit committee	The Board should establish an Audit Committee exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent. If there are more Non-Executive Directors, the majority should be independent. The Committee should be chaired by an Independent Non- Executive Director who is a member of a professional accounting body. The board should satisfy itself that at least one member of the audit committee has recent and relevant experience in financial reporting and control.	Complied	Please refer pages from 226 to 227.

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Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
D.3.2 TOR of the Audit committee	<p>The Audit Committee should have a written TOR, dealing clearly with its authority and duties. The Audit Committee's written terms of reference must address:</p> <ul style="list-style-type: none"> <li>• The Committee's purpose</li> <li>• The duties and responsibilities of the Audit Committee</li> </ul>	Complied	TOR of Board Audit Committee complies with all the requirements mentioned.
D.3.3 Disclosures	<p>A separate section of the Annual Report should describe the work of the committee in discharging its responsibilities.</p> <p>The Annual Report should contain a report by the Audit Committee, setting out the manner of compliance by the Company, in relation to the above, during the period to which the Annual Report relates.</p>	Complied	Please refer the Audit Committee report from pages 226 to 227.
D.3.2 TOR of the Audit committee	<p>The Audit Committee should have a written TOR, dealing clearly with its authority and duties. The Audit Committee's written terms of reference must address:</p> <ul style="list-style-type: none"> <li>• The Committee's purpose</li> <li>• The duties and responsibilities of the Audit Committee</li> </ul>	Complied	TOR of Board Audit Committee complies with all the requirements mentioned.
D.4 Risk Committee	The Board should establish a procedure for risk management including how they determine, risk culture, risk appetite, risk identification and classification, rating and management of risk.	Complied	The Board monitors the effectiveness of Risk Management processes and internal controls through the Risk Management Framework and reporting processes.
D.4.1 Composition of Risk Committee	The Board should establish a Risk Committee which should comprise of a minimum of three members, a majority of whom should be Non-Executive Directors and be chaired by an Independent Non-Executive Director. The Chief Executive Officer and Chief Financial officer should be required to attend all meetings of the risk committee. The Chief Information officer and heads of strategic business units should be invited to attend as necessary.	Complied	The Committee consists of three members, all of whom are Non-Executive Directors. The CEO and CFO attend all meetings and relevant heads of business and service functions are invited as necessary.
D.4.2 Terms of Reference of Risk Committee	<p>The Risk Committee should have written terms of reference dealing clearly with its authority and duties.</p> <p>The terms of reference must be addressed at a minimum on how it will assist the board's oversight.</p>	Complied	Responsibility has been assigned through the TOR of the Board Integrated Risk Management Committee.
D.4.3 Risk Committee	The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. The Chief Risk Officer shall be the Secretary of the committee. If the Company does not have a designated Chief Risk Officer, CEO shall nominate a Senior Executive to serve as the secretary to the committee.	Complied	The committee meets monthly. The Chief Risk Officer is the secretary of the committee.





Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
D.4.4 Independent professional advice	The committee should have authority to seek external professional advice if required in connection with the performance of its duties.	Complied	Provisions are available for the committee to obtain such advice.
D.4.5 Disclosures	The Annual Report should contain a report on the risk committee, setting out its role and how it discharged its responsibilities.	Complied	Please refer pages 113 to 129 for the committee details.
D.5 Related Party Transactions Review Committee	The Board should establish a procedure to ensure that the Company does not engage in transactions with “Related Parties” in a manner that would grant such parties “more favourable treatment” than that accorded to third parties in the normal course of business.	Complied	Relevant policies are in place.
D.5.1 Disclosures of Related Party Transaction Review Committee	A Related Party and Related Party Transactions will be as defined in LKAS 24.	Complied	
D.5.2 Related Party Transaction Review Committee Composition	The Board should establish a Related Party Transactions (RPT) Review Committee consisting exclusively of Non- Executive Directors with a minimum of three Non- Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The Chairman should be an Independent Non- Executive Director appointed by the Board.	Complied	Please refer pages from 232 to 233 for the committee details.
D.5.3	<p>RPT Review Committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the Board of Directors. The RPT Review Committee’s written terms of reference must address:</p> <ul style="list-style-type: none"> <li>• A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules.</li> </ul> <p>A procedure for obtaining a statement from each related party:</p> <ul style="list-style-type: none"> <li>• if such party is a person; details of their close family members and entities in which the aforementioned parties have control, joint control, significant influence or serve as a Key Management Personnel and, transactions if any, in accordance with the listing rules of Colombo Stock Exchange.</li> <li>• If such party is an entity as defined in LKAS 24 as a related party details of transactions and balances with such party/parties.</li> </ul> <p>Declaration of related parties and related party transactions should be obtained at least once in each quarter, and when there is a change in circumstances from each key management personnel, and in respect of related parties which are entities, from their CEO.</p>	Complied	The TOR of the Committee addresses the relevant requirements.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
	<p>In any event prior to entering into any transaction between such related parties and the Company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entities which are considered related parties as defined in LKAS 24, a specific disclosure should be made and reviewed by the RPT review committee and/or the Board of Directors as relevant, unless they are exempted related party transactions as defined in CSE listing rules.</p> <p>Personnel of the Company responsible for contracting, procurement, payments, and any other channel through which an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility.</p> <ul style="list-style-type: none"> <li>• A procedure to inform all related parties of what constitutes exempted related party transactions.</li> <li>• A procedure to identify and for Directors and other Key Management Personnel to report recurrent and non-recurrent transactions and to obtain Board or shareholder approval by special or ordinary resolution as required by the CSE listing rules.</li> <li>• A policy and procedure to delegate dealing with recurrent related party transactions (as defined in the CSE listing rules) to relevant management personnel.</li> <li>• A procedure for the RPT review committee to review and recommend to the board matters relating to such transactions.</li> <li>• Any interested Directors should not participate at the meeting at which the transaction relating to him/ her is discussed unless invited to seek clarification/ information.</li> <li>• A procedure and definition of disclosures required to be made by the Company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval.</li> <li>• A procedure to identify related party transactions which require immediate disclosure as per the CSE listing rules and to ensure that required disclosures are made by the Company to the CSE in accordance with the CSE listing rules.</li> <li>• A procedure to identify related party transactions which require shareholder approval by special resolution at an Extraordinary General Meeting.</li> <li>• The Company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes.</li> </ul>		



Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
	<ul style="list-style-type: none"> <li>Review and recommend to the board the related party disclosures to be made in the Annual Report of the Company.</li> </ul>		
D.6. Code of Business Conduct & Ethics	Companies must adopt a code of business conduct & Ethics for Directors, Key Management Personnel and all other employees' including but not limited to: dealing with shares of the Company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The Company must disclose waivers of the Code for Directors, if any.	Complied	Policy on the code of conduct is in place.
D.6.1 Code of Business Conduct and ethics	<p>All Companies must disclose whether they have a Code of Business Conduct &amp; Ethics for Directors and Key Management Personnel and if they have such a Code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such Code, and if unable to make that declaration, state why they are unable to do so. Each Company may determine its own policies in the formulation of such a code, but all Companies should address the following important topics in their respective Codes:</p> <ul style="list-style-type: none"> <li>conflict of interest;</li> <li>bribery and corruption;</li> <li>entertainment and gifts;</li> <li>accurate accounting and record-keeping;</li> <li>fair and transparent procurement practices;</li> <li>corporate opportunities;</li> <li>confidentiality;</li> <li>fair dealing;</li> <li>protection and proper use of Company assets including information assets;</li> <li>Sexual harassment, discrimination and abuse</li> <li>compliance with laws, rules and regulations (including insider trading laws); and</li> <li>encouraging the reporting of any illegal, fraudulent or unethical behaviour.</li> </ul>	Complied	Please refer page 198.
D.6.2 Process in placed to identify and report material and price sensitive information	The Company should have a process in placed to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Complied	The Company has formulated a policy.
D.6.3 Policy, process for monitoring, and disclosure of shares purchased	The Company should establish a policy, process for monitoring, and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting.	Complied	The policy on Trading in Company Securities is in place.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
D.6.4 Procedures for the Code of Conduct	The Company should establish a procedure to deal with complaints received from whistle-blowers such as employees, customers, suppliers and any other parties in relation to non-compliance with Company's code of business conduct and ethics.	Complied	The whistleblowing policy is in place.
D.6.5 Training	The Company should conduct training on the code of business conduct and ethics as part of induction training of new employees and require confirmation of compliance at least on an annual basis from all employees.	Complied	Induction sessions are conducted for all new staff members.
D.6.6 Compliance	<p>The process for company wide dissemination of the policy, training arrangements, violations/non compliances (if any) with actions taken should be reported to the board on a regular basis.</p> <p>Any exemptions/ waivers from compliance with the code of business conduct and ethics with reasons and timelines should be approved by the board.</p>	Complied	
D.6.7 Affirmation by the chairman for no violation	The Chairman must affirm in the Company's Annual Report that a code of conduct and ethics has been introduced companywide and the procedure for disseminating, monitoring and compliance with that code. He must also disclose that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics. Disclosers should contain the types and numbers of violation and procedures followed in dealing with them.	Complied	Please refer the Chairperson's report.
D.7. Corporate Governance Disclosures	Directors should be required to disclose the extent to which the Company adheres to establish principles and practices of good Corporate Governance.	Complied	Please refer the Corporate Governance report from pages from 185 to 197.
D.7.1 Corporate Governance Report in Annual Report	The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	Complied	Please refer the Corporate Governance report from pages from 185 to 197.
Section E - Shareholders			
Section E - Institutional Investors			
E.1 Shareholder Voting	Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.	Complied	The shareholders are given sufficient opportunity at the AGM to discuss any matters with the Directors.
E.1.1 Views of shareholders	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	Complied	The Company Secretary corresponds with the shareholders as and when the need arises.





Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
E.2. Evaluation of Governance Disclosures (Principle)	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	Complied	The Management and Board maintain regular dialogue with institutional shareholders with regard to key business transactions.
Section F - Other Investors			
F.1. Investing/ Divesting Decision (Principle)	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	Complied	Required financial and non-financial information are being disseminated through Colombo Stock Exchange to facilitate this requirement.
F.2. Shareholder Voting (Principle)	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	Complied	Invitations are being circulated to all shareholders to participate to General meetings of the Company.
Section G - Internet of Things and Cybersecurity			
G.1. (Principle)	The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cybersecurity risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	Complied	Such policies are in place in the Board approved IT Policy Manual.
G.2 (Principle)	<p>The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cybersecurity risk management policy which should be approved by the Board.</p> <p>The policy should include a robust cybersecurity risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, Reporting process, scope and regularity of an information communication technology (ICT) audit, and the need for cybersecurity insurance.</p>	Substantially complied	<p>There is a dedicated team ensuring the IT Security aspect under Head of IT even though there is no designated Chief Information Security Officer. As per the IT Policy of the Company, periodic IT and cyber security audits are being conducted and it gives assurance to the same.</p> <p>The Company is in the process of recruiting a CISO.</p>
G.3 (Principle)	<p>The Board should allocate regular and adequate time on the board meeting agenda for discussions about cyber- risk management. The matters taken up for the discussion on the board meeting agenda may include;</p> <ul style="list-style-type: none"> <li>• Potential cybersecurity risks in the Company's business model</li> <li>• CISO's security strategy and status of the current projects</li> <li>• Compliance with the cybersecurity risk management process and incident reports</li> <li>• Findings and recommendations from independent reviewers</li> </ul>	Complied	Risk register items related to Information security and cyber- security are being discussed at the Board Integrated Risk Management Committee and at the Board meetings.

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
G.4 (Principle)	The Board should ensure the effectiveness of the cybersecurity risk management through independent periodic review and assurance. The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, Company's business model and incident findings.	Complied	Based on the IT Policy approved by the Board, Information and cyber security audits are being conducted and reports of the same are being reviewed by the Board Audit Committee and discussed at the Board meetings.
G.5 (Principle)	The Board should disclose in the annual report, the process to identify and manage cyber security risks.	Complied	Please refer the Risk Management section.
Section H.1 - Sustainability : ESG Risk and Opportunities			
H.1 Board Concerns on ESG	The board should consider sustainability/ESG risk and opportunities in the Company's business model, operations, short and medium-term planning and in its long-term strategy to ensure that the Company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.	Complied	The Board and Key Management have given necessary awareness on sustainability and ESG aspects. The same is embedded when formulating the strategic plan.
H.1.1 Strategic Plans	The Company should include the impact of sustainability/ESG risks and opportunities in its business plans, strategic plans and present to the board for consideration on a regular basis. This could be in the form of scenarios, probability of occurrence, likely impact, mitigative actions and monitoring and management.	Complied	
H.2 Stakeholder Engagement	The Board and Key Management Personnel should continuously engage with and consider the views of its stakeholders to better understand and manage the Company's sustainability/ESG risk and opportunities, as stakeholder expectations are heightening across various sustainability/ESG issues relating to the protection of environment and other ESG issues.  Many institutional investors consider these factors in their investment decision making.	Complied	
H.2.1 Procedure on stakeholder Interest	The Company should have a process to recognise significant stakeholders and material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.	Complied	Please refer pages from 40 to 48, for material matters.  Stakeholder engagement are discussed on page 38 to 39.
H.3 Governance framework	The Company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors.	Partially complied	Matters are discussed at the Board level. A proper governance framework has yet to be established.
H.3.1 Environmental Governance	Sustainability factors should be addressed through a process of environmental governance and social governance.	Partially complied	



Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
H.3.1.1 Policies and Practices	<p>Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications on business strategies, plans, decisions and operations. The Company policy and practices on matters such as followings should be considered:</p> <ul style="list-style-type: none"> <li>• health and safety</li> <li>• climate change</li> <li>• pollution prevention</li> <li>• effluent treatment</li> <li>• sustainable resource use</li> <li>• restoration of natural resources</li> <li>• renewable energy and</li> <li>• biodiversity</li> </ul>	Partially complied	A sustainability policy is in place to ensure governance on ESG factors.
H.3.1.2 Community Engagement	<p>Social governance of an organisation should include an integrated approach to engage separately with representative groups of the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organisation's business model in relation to aspects material to its sustainable growth.</p> <p>The organisation should include an integrated approach to build a relationship with the community for sustainable development including a process for responsive community engagement, fair competition and business practices, thereby demonstrating corporate social responsibility.</p> <p>The organisation should adopt an integrated approach to building a relationship with customers. This includes establishing a process for customer feedback through engagement, efficient service delivery, standards for product responsibility and product recall and other matters material and relevant to the organisation's business model and customer experience.</p> <p>The labour practice related governance of an organisation should encompass all policies and practices in relation to work performed by or on behalf of the organisation in accordance with its business model and should also include policies and practices such as health and safety, equal opportunity, gender balance, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations.</p> <p>The organisation should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the Company.</p>	Substantially complied	<p>The Company engages in activities related to improving the financial literacy of society, especially for women. Such awareness campaigns are conducted both physically and through digital channels.</p> <p>Further, the Company engages in community development activities on its own and through organisations that specialise in such activities.</p> <p>The Company has implemented initiatives to improve communication with clients, especially through digital channels.</p> <p>HR practices are maintained to improve the work-life balance of staff members. Relevant legal requirements are being followed.</p>

# Statement of Compliance

Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
H.4 Governance Structure	The board should establish a governance structure to support sustainability/ESG factors including its ability to create value and manage risks in the short, medium and long term, recognising, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.	Partially complied	
H.4.1 Key resources and Capitals	The Company should recognise the key resources/capitals deployed in its business and stakeholders who can influence these resources/capitals and establish financial and non-financial measures for resource/capital management and related outputs and outcomes.	Partially complied	Please refer pages from 66 to 71.
H.4.2 Process of managing ESG	The Company should have a process to ascertain, assess and manage sustainability/ESG factors which have an impact on the sustainability of the Company.	Partially complied	
H.4.3 Financial and Non-financial measures	The Company should establish financial and non-financial measures in respect of all material matters relating to significant stakeholders including as determined in H.2.1 and environmental and social factors stated in H.3.1.1 and H.3.1.2.	Partially complied	
H.5 Disclosures	The Company's Annual Report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported.	Complied	Please refer page 137.
H.5.1 ESG Business strategy	<p>Environmental, social and governance considerations can affect a Company's ability to execute its business strategy and create value. While many of these factors are 'non-financial', their management and likely impact have financial consequences. Hence, they are important factors to be built into a Company's business model, strategy, governance and risk management framework. Sustainability/ESG factors relevant to the Company could impact the following:</p> <ul style="list-style-type: none"> <li>• Access to financial capital</li> <li>• Cost savings and productivity</li> <li>• Brand value and reputation</li> <li>• Employee recruitment</li> <li>• Employee retention Access to markets</li> <li>• License to operate</li> <li>• Market capitalisation</li> </ul>	Partially complied	





Section	Regulator Requirement	Compliance Status by the Company	Details/ Reference
	<p>Integrating sustainability/ESG related policies and practices into a Company's strategy, business model, governance and risk management, and reporting its likely impact and implications are increasingly seen by investors as material to their investment decisions.</p> <p>Further, investors want to understand how well companies are managing the risks associated with such factors, as this is seen as a key test of the long-term sustainability of the Company.</p> <p>They are also increasingly interested in the opportunities presented by the low carbon economy and are allocating capital to companies that are well equipped to benefit from this.</p>		
H.5.2 Disclosures	<p>Companies should provide information in relation to:</p> <ul style="list-style-type: none"> <li>• The relevance of environmental, social and governance factors to their business models and strategy.</li> <li>• How sustainability/ESG related issues may affect their business, e.g. through legislation, reputational damage, employee turnover, license to operate, legal action, stakeholder relationships, and how these impacts may affect business, strategy, and financial and operational performance.</li> <li>• How risks and opportunities pertaining to sustainability/ESG are recognised, managed, measured and reported.</li> </ul>	Complied	<p>Please refer pages from 130 to 137.</p> <p>For Environmental, Social and Governance, refer pages from 130 to 137.</p> <p>Please refer pages from 130 to 137.</p>
H.5.3 Corporate Governance	The disclosures should deal with how the Company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organisational culture, code of conduct and business model supports sustainability of the Company in the short, medium and long term.	Complied	Please refer pages from 144 to 147.
H.5.4 ESG Reporting	<p>Sustainability/ESG reporting is a board's responsibility, and it is designed to add value by providing a credible account of the Company's economic, social and environmental impacts.</p> <p>Sustainability/ESG reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis.</p> <p>Such reporting should link sustainable/ESG issues more closely with strategy. Sustainability/ESG reporting may be built on a number of different guidelines, such as:</p> <ul style="list-style-type: none"> <li>• Integrated reporting framework</li> <li>• The global reporting initiative guidelines</li> </ul>	<p>Partially complied</p> <p>Complied</p>	Please refer pages from 130 to 137.

# Statement of Compliance

## COMPLIANCE REQUIREMENTS ON CORPORATE GOVERNANCE RULES (SECTION 9) OF THE LISTING RULES

The Continuing Listing Rule Section 9.1.3 of the Colombo Stock Exchange mandates companies listed on the Colombo Stock Exchange to publish a statement in the Annual Report, confirming compliance with the Corporate Governance rules.

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
<b>9.2 Policies</b>			
9.2.1 Policies	<p>Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website;</p> <ul style="list-style-type: none"> <li>(a) Policy on the matters relating to the Board of Directors</li> <li>(b) Policy on Board Committees</li> <li>(c) Policy on Corporate Governance, Nominations and Re-election</li> <li>(d) Policy on Remuneration</li> <li>(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</li> <li>(f) Policy on Risk management and Internal controls</li> <li>(g) Policy on Relations with Shareholders and Investors</li> <li>(h) Policy on Environmental, Social and Governance Sustainability</li> <li>(i) Policy on Control and Management of Company Assets and Shareholder Investments</li> <li>(j) Policy on Corporate Disclosures</li> <li>(k) Policy on Whistleblowing</li> <li>(l) Policy on Anti-Bribery and Corruption</li> </ul>	Complied	All required policies were established. Please refer page 165 to 222 for the disclosure of policies related to Corporate Governance.
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.	N/A	N/A
9.2.3	Listed Entities shall disclose in its Annual Report:	Complied	Please refer page 165 to 222 for the disclosure of policies related to Corporate Governance.



Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.2.3	<p>(i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website.</p> <p>(ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.</p>		
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Complied	The procedure is in place to facilitate this requirement.
9.3 Board Committees			
9.3.1	<p>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;</p> <p>(a) Nominations and Governance Committee</p> <p>(b) Remuneration Committee</p> <p>(c) Audit Committee</p> <p>(d) Related Party Transactions Review Committee.</p>	Complied	Please refer pages from 226 to 227.
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.	Complied	Please refer pages from 226 to 227.
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.	Complied	Please refer page 226 to 227 for the members of the Board sub-committees.
9.4 Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	<p>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.</p> <p>(a) The number of shares in respect of which proxy appointments have been validly made;</p> <p>(b) The number of votes in favour of the resolution;</p> <p>(c) The number of votes against the resolution; and</p> <p>(d) The number of shares in respect of which the vote was directed to be abstained.</p>	Complied	

# Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.4.2	<p>Communication and relations with shareholders and investors</p> <p>(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.</p> <p>(b) Listed Entities shall disclose the contact person for such communication.</p> <p>(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.</p> <p>(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.</p>	Complied	<p>The policy on relations with shareholders and investors has been established.</p> <p>Please refer page 215 for the Annual Report disclosure.</p>
9.5 Policy on matters relating to the Board of Directors			
9.5.1	<p>Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall:</p> <p>(a) recognise 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 CEO 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.</p> <p>(b) where a Listed Entity decides to combine the role of the Chairperson and CEO,</p> <p>(i) set out the rational for combining such positions; and,</p> <p>(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</p> <p>(iii) set out the measures implemented to safeguard the interests of the SID</p>	Complied	The policy on matters relating to the Board of Directors is in place.





Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.5.1	<ul style="list-style-type: none"> <li>(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</li> <li>(d) stipulate the maximum number of Directors with the rationale for the same</li> <li>(e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules</li> <li>(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</li> <li>(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</li> <li>(h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements</li> <li>(i) specify the maximum number of directorships in Listed Entities that may be held by Directors</li> <li>(j) Recognise 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.</li> </ul>		
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.	Complied	Please refer page 126.
<b>9.6 Chairperson and CEO</b>			
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	Complied	Please refer pages from 12 to 15.

# Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity 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 if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules. Such Market Announcement shall include the rationale for appointment of an Executive Director as Chairperson and/or combining the positions of the Chairperson and CEO of the Listed Entity	N/A	N/A
9.6.3	The Requirement for a SID (a), (b), (c), (d) and (e)	N/A	N/A
9.6.4	Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity.	N/A	N/A
9.7 Fitness of Directors and CEOs			
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 persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, Listed Entities shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below.	Complied	Fit and Proper criteria have been considered in the assessment for all Directors and CEO.
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	
9.7.3	Fit and Proper Assessment Criteria a) Honesty, Integrity and Reputation b) Competence and Capability c) Financial Soundness	Complied	
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	Declarations from all directors and CEO were obtained.



Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.7.5	Disclosures in the Annual Report of Listed Entities Listed Entities shall include the following disclosures/ reports in the Annual Report;  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.  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.	Complied     N/A	Please refer pages from 153 to 154.     N/A
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Complied	Please refer pages from 21 to 25.
9.8.2	Minimum Number of Independent Directors:  (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.  (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Complied	The Board composition re-constituted during the year, please refers to page 171 for details.
9.8.3	Criteria for determining independence:	Complied	Independence of the Directors is assessed against the stipulated criteria.
9.8.4	Definitions related to Section 9.8.3	Complied	

# Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.8.5	<p>The Board of Directors of Listed Entities shall require:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	Complied	Declarations from all directors were obtained and assessed.
9.9 Alternate Directors			
9.9	<p>If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the following requirements and such requirements shall also be incorporated into the Articles of Association of the Entity:</p> <p>(a) Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.</p> <p>(b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity.</p> <p>(c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent Directors specified in these Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.</p>	N/A	No alternate directors are appointed to the Board as at re-portaling date.





Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.9	<p>(d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. Such Market Announcement shall include the following:</p> <ul style="list-style-type: none"> <li>i. The exceptional circumstances leading to such appointment;</li> <li>ii. The information on the capacity in which such Alternate Director is appointed, i.e., whether as an Executive, Non-Executive or Independent Director;</li> <li>iii. The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and,</li> <li>iv. A Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.</li> </ul> <p>(e) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.</p>		
9.10 Disclosures relating to Directors			
9.10.1	<p>Listed Entities shall disclose its policy on the maximum number of directorships its 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.</p>	Complied	<p>The policy on matters relating to the Board of Directors is in place and necessary limits are included.</p> <p>Related details are included in the Articles of Association.</p>
9.10.2	<p>Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following;</p> <ul style="list-style-type: none"> <li>i. a brief resume of such Director;</li> <li>ii. his/her capacity of directorship; and,</li> <li>iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.</li> </ul>	Complied	<p>Immediate market announcements related to new director appointments have been published on the CSE website accordingly.</p>
9.10.3	<p>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.</p>	Complied	<p>Changes made to the composition of the Board sub-committees have been duly published on the CSE website.</p>

# Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.10.4	<p>Listed Entities shall also disclose the following in relation to the Directors in the Annual Report:</p> <ul style="list-style-type: none"> <li>(a) name, qualifications and brief profile;</li> <li>(b) the nature of his/her expertise in relevant functional areas</li> <li>(c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity;</li> <li>(d) whether Executive, Non-Executive and/or Independent Director;</li> <li>(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;</li> <li>(f) number of Board meetings of the Listed Entity attended during the year;</li> <li>(g) names of Board Committees in which the Director serves as Chairperson or a member;</li> <li>(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,</li> <li>(i) The terms of reference and powers of the SID (where applicable).</li> </ul>		Refer the pages from 226 to 236.
<b>9.11 NOMINATIONS AND GOVERNANCE COMMITTEE</b>			
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.	Complied	Please refer page 230.
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.	Complied	The procedures are outlined in the policy on Matters relating to the Board of Directors and policy on Corporate Governance, Nominations and Re-Elections. The policies are disclosed in page 232.



Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of Composition meetings.	Complied	The terms of reference are in place.
9.11.4	<p>(1) The members of the Nominations and Governance Committee (NGC) shall;</p> <p>(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. 1) The members of the Nominations and Governance Committee (NGC) shall;</p> <p>(b) not comprise of Executive Directors of the Listed Entity.</p> <p>(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.</p> <p>(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.</p>	Complied	<p>The NGC composition was constructed in line with the stipulated rules.</p> <p>Please refer page 234.</p>
9.11.5	Functions of the Nominations and Governance Committee	Complied	The NGC functionalities are in line with the stipulated rules and the terms of reference is established covering the requirements.
9.11.6	<p>Disclosures in Annual Report</p> <p>The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.</p>	Complied	Please refer page 234.
<b>9.12 REMUNERATION COMMITTEE</b>			
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Complied	Please refer page 230.
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.	Complied	The policy on remuneration is in place.

# Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
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.	Complied	
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.	Complied	The terms of reference are in place for remuneration committee.
9.12.6	<p>Composition</p> <p>(1) The members of the Remuneration Committee shall;</p> <p>(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.</p> <p>(b) not comprise of Executive Directors of the Listed Entity.</p> <p>(2) In a situation where both the parent company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary.</p> <p>(3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.</p>	Complied	<p>The remuneration committee composition constructed in line with the stipulated rules.</p> <p>Please refer pages from 230 to 231.</p>
9.12.7	Functions of Remuneration Committee	Complied	
9.12.8	The Annual Report should set out the following:		
	(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);	Complied	Please refer pages from 230 to 231.
	(b) A statement regarding the remuneration policy; and,	Complied	N/A
	(c) The aggregate remuneration of the Executive and Non-Executive Directors.	Complied	Please refer pages from 230 to 231.





Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.13 AUDIT COMMITTEE			
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.	Not Applicable	A separate sub-committee is in place  - Board Integrated Risk Management Committee  Please refer pages from 226 to 227.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Complied	The terms of reference are in place.
9.13.3	<p>Composition</p> <p>(1) The members of the Audit Committee shall;</p> <p>(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.</p> <p>(b) not comprise of Executive Directors of the Listed Entity.</p> <p>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors.</p> <p>(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis released to the market.</p> <p>(4) If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary.</p> <p>(5) An Independent Director shall be appointed as the Chair-person of the Audit Committee by the Board of Directors.</p> <p>(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.</p> <p>Provided however, where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.</p>	Complied	<p>The Board Audit Committee composition is constructed in line with the stipulated rules.</p> <p>Please refer pages from 226 to 227.</p>

# Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
	<p>(7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.</p> <p>Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.</p>		
9.13.4	Functions of the Audit Committee	Complied	Terms and references cover all the required functions.
9.13.5	Disclosures in Annual Report		
	<p>(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.</p>	Complied	Please refer pages from 226 to 227
	<p>(2) The Audit Committee Report shall contain the following disclosures:</p> <p>(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)</p> <p>(b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable)</p> <p>(c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.</p> <p>(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</p> <p>(e) whether the Listed Entity has a formal Audit Charter</p> <p>(f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function</p> <p>(g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity</p>	Complied	Please refer pages from 226 to 227



Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.13.5	<p>(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</p> <p>(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.</p>		
9.14 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE			
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	Complied	Please refer page 232.
9.14.2	<p>Composition</p> <p>1) 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</p> <p>(2) If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary</p>	Complied	<p>The Related Party Transactions Review Committee composition constructed in line with the stipulated rules.</p> <p>Please refer pages from 232 to 233.</p>

# Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.14.3	<p>Functions of the Related party transactions review committee</p> <ol style="list-style-type: none"> <li>(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</li> <li>(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</li> <li>(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</li> <li>(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</li> </ol>	Complied	Terms and references cover all the required functions.
9.14.4	<p>General requirements</p> <ol style="list-style-type: none"> <li>(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</li> <li>(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</li> </ol>	Complied	Please refer page 232 for the details of the Related Party Transactions Review Committee.





Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
	<p>(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</p> <p>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:</p> <p>(a) be present while the matter is being considered at the meeting; and,</p> <p>(b) vote on the matter</p>		
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied	
9.14.6	Shareholder approval	Complied	
9.14.7	Immediate disclosures	Complied	
9.14.8	Disclosures in the Annual Report	Complied	
9.14.9	Acquisition and disposal of assets from/to related parties	Complied	
9.14.10	Exempted related party transactions	Complied	
9.15 DEFINITIONS			
9.16 ADDITIONAL DISCLOSURES			
	The following declarations by the Board of Directors to be included in the Annual Report:	Complied	Refer the pages from 299 to 301.
	(i) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested	Complied	
	(ii) 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	Complied	
	(iii) 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	Complied	
	(iv) 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.	Complied	

# Statement of Compliance

## REPORT ON THE STATUS OF COMPLIANCE WITH SECTION 168 OF THE COMPANIES ACT NO. 07 OF 2007 IS PRESENTED BELOW.

Reference to the companies act	Information Required to be Disclosed as per the / Companies Act	Status of Compliance	Details/Reference
Section 168 (1) (a)	The nature of the business of the Company together with any change thereof during the accounting period.	Complied	Please refer page 255.
Section 168 (1) (b)	Signed Financial Statements of the Company for the accounting period completed in accordance with Section 151 and 152.	Complied	Financial Statements of the Company for the year ended 31 March 2025 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards and comply with the requirements of the Companies Act No. 07 of 2007 which were duly certified by the Chief Financial Officer (the person responsible for the preparation of the Financial Statements) and were approved by two members of the Board as appearing on page 252 from an integral part of this Report.
Section 168 (1) (c)	Auditors' Report on the Financial Statements of the Company.	Complied	Please refer pages from 247 to 250 for the "Independent Auditors' Report."
Section 168 (1) (d)	Accounting policies of the Company and any change therein.	Complied	Note to the Financial Statements, Material accounting policies adopted in the preparation of the Financial Statements of the Company are given on pages from 258 to 263.
Section 168 (1) (e)	Particulars of the entries made in the Interests Register of the Company during the accounting period.	Complied	<p>The Company maintains the Interest Registers.</p> <p>All Directors have made declarations as required by Sections 192 (1) and (2) of the Companies Act aforesaid and all related entries were made in the Interest Registers during the year under review.</p> <p>The Interest Registers are available for inspection by shareholders, or their authorised representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.</p>
Section 168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Complied	<p>Please refer note 11 to the Financial Statements on page 270.</p> <p>Further, please refer the Remuneration Committee report on page 230.</p>



Reference to the companies act	Information Required to be Disclosed as per the / Companies Act	Status of Compliance	Details/Reference
Section 168 (1) (g)	Total amount of donations made by the Company during the accounting period.	Complied	Please refer note 11 to the Financial Statements on page 270.
Section 168 (1) (h)	Information on Directorate of the Company during and at the end of the accounting period.	Complied	Please refer pages from 288 to 290.
Section 168 (1) (i)	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Company.	Complied	The related disclosures are given on Note 11 to the Financial Statements on page 270.
Section 168 (1) (j)	Auditors' relationship or any interest with the Company.	Complied	Please refer pages from 247 to 250 for Auditors' Report.
Section 168 (1) (k)	Acknowledgement of the contents of this Report/Signatures on behalf of the Board.	Complied	Please refer page 252.

# Statement of Compliance

The following outlines the extent to which current practices on information technology, data privacy and cyber security align with applicable governing principles and best practices.

## STATUS OF IT COMPLIANCE TO FIVE DOMAINS INTRODUCED BY THE IT GOVERNANCE INSTITUTE [ISACA]

Criteria	Description	Status of compliance
<b>1 Strategic Alignment</b>		
1.1 Ensure IT input is obtained in Strategic Planning	Ensure senior IT Staff are involved in the development of the organisation's strategic plan.	Complied
1.2 Review & Approve IT Strategic Plan	Approve the IT Strategic plan developed for the organisation which sets the overall direction of IT. IT goals and strategy must be periodically reviewed based on the role IT plays in the organisation [Offensive or defensive]	Complied
1.3 Ensure Business Strategy - IT Alignment	The goals and plans related to information technology should facilitate the achievement of strategic goals	Complied
1.4 Review & Approve IT Capital Expenditure	Review and approve capital expenditure on IT	Complied
1.5 Monitoring of IT Investments	IT investments must be reviewed periodically to ensure that IT investments deliver the promised benefits	Complied
1.6 Stay abreast of New Technologies	Monitor new technologies in order to obtain competitive advantages for business growth	Complied
<b>2 Value Delivery</b>		
2.1 Review & Approve IT Policies	Approve IT Policies, review policies periodically based on changes in the internal and external environments	Complied
2.2 Obtain Independent Assurance on Compliance & Policy Enforcement	Obtain assurance on compliance and ensure policy enforcement. This should cover outsourced third-party vendors who provide services.	Complied
2.3 Establish Mechanisms for Policy Communication	Ensure IT Policies are communicated to staff	Complied
2.4 Obtain reports on Critical Review of IT Infrastructure	Periodically receive review reports on IT infrastructure & platforms and ensure they are up to date in line with emerging technologies.	Complied
2.5 Approve Key Infrastructure Changes	Approve key changes to IT Services, vendors, business applications and infrastructure	Complied
<b>3 Risk Management</b>		
3.1 Review Cyber Risk Assessments [Risk Identification, Assessment and Mitigation]:	Periodical review of cyber risk assessments including internal and external vulnerability assessments. Obtain assurance on the effectiveness of risk treatment plans.	Complied
3.2 Review BCP and DRP	Review the organisation's BCP/DRP including the BCP test results	Complied
3.3 Establish Security Policies & Protocols	Review and approve security policies and protocols ensuring a multi-layered defense encompassing MFA, firewalls, encryption, and regular patch management	Complied
3.4 Establish Mechanisms for Cyber Security Training & Awareness	Ensure cybersecurity training is carried out when onboarding new employees and the conduct of periodical refresher sessions on latest cyber security threats	Complied





Criteria	Description	Status of compliance
<b>4 Resource Management</b>		
4.1 Review and Approve the IT Budget and Ensure Effective Resource Allocation	Review the IT budget to ensure proper alignment with strategic goals. Resource allocation is dependent on IT Posture, need for innovation, future plans, maintenance, and upgrades	Complied
4.2 Evaluate and Optimise IT Infrastructure	Review the IT budget to ensure proper alignment with strategic goals. Resource allocation is dependent on IT Posture, need for innovation, future plans, maintenance, and upgrades	Complied
4.3 Talent Augmentation and Succession	Invest in continuous professional development for IT professionals. Create a culture of learning where reskilling and upskilling is done to keep pace with advancements in technology and changes to the cyber threat landscape. Ensure proper succession plans are in place for Senior IT Staff	Complied
4.4 Monitor IT Capital Expenditure	Review reports on budget versus actual cost incurred and timelines of key capital expenditure projects	Complied
<b>5 Performance Management</b>		
5.1 Ensure a Cyber Skills Competency Assessment is carried out for IT Function	This is required to ensure that the IT Function consists of skilled, competent and experienced employees for the various critical IT roles and are able to discharge their duties effectively	Complied
5.2 Rigorous Review of the IT Organisation Chart and Cadre	This entails a comprehensive review of the roles and responsibilities of the IT function, a review of the reporting lines to ensure proper segregation of duties and independence of certain cyber security roles	In progress. The Company is in the process of recruiting a CISO at Group level to make the IT security function Independent.
5.3 Formulate Key Performance Indicators (KPIs)	Establishing KPIs for the IT function is important to monitor performance of IT activities, processes and projects. These KPI's may include system downtime, service response times, adherence to service level agreements (SLAs), user satisfaction rates, or on time project completion, project cost overruns	Complied
5.4 Regular Assessments of Processes and Systems	Conduct regular audits or performance reviews which assist in identifying inefficiencies, bottlenecks, or areas that could be further optimised. Proactively analyse performance data which allows for proactive measures to be taken to enhance efficiency and address potential adverse events	Complied
5.5 Create Feedback Channels	Obtaining feedback from end-users and other stakeholders helps to understand user experiences and new needs. Surveys, focus groups, or helpdesk feedback may provide valuable feedback for enhancing IT service delivery and user satisfaction	Yes

# Statement of Compliance

Criteria	Description	Status of compliance
7 Benchmarking Exercises	Comparing current performance metrics against industry benchmarks or past performance assists in the identifying of areas requiring further improvement	In progress. The company is in the process of conducting an benchmarking assesemnt through an external service provider.

Status of IT compliance to King IV Technology and Information Governance Principles and recommended practices

No	Recommended practices	Status of compliance
1	The governing body should assume responsibility for the governance of technology and information by setting the direction for how technology and information should be approached and addressed in the organisation.	Complied
2	The governing body should approve policy that articulates and gives effect to its set direction on the employment of technology and information.	Complied
3	The governing body should delegate to management the responsibility to implement and execute effective technology and information management.	Complied
4	The governing body should exercise ongoing oversight of technology and information management and, in particular, oversee that it results in the following:	
	a. Integration of people, technologies, information and processes across the organisation.	Yes
	b. Integration of technology and information risks into organisation-wide risk management.	Yes
	c. Arrangements to provide for business resilience.	Yes
	d. Proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events.	Complied
	e. Management of the performance of, and the risks pertaining to, third- party and outsourced service providers.	Complied
	f. The assessment of value delivered to the organisation through significant investments in technology and information, including the evaluation of projects throughout their life cycles and of significant operational expenditure.	Yes
	g. The responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security.	Yes
	h. Ethical and responsible use of technology and information.	Yes
	i. Compliance with relevant laws.	Yes



No	Recommended practices	Status of compliance
5	The governing body should exercise ongoing oversight of the management of information and, in particular, oversee that it results in the following:	
	a. The leveraging of information to sustain and enhance the organisation's intellectual capital.	Yes
	b. An information architecture that supports confidentiality, integrity and availability of information.	Yes
	c. The protection of privacy of personal information.	Yes
	d. The continual monitoring of security of information.	Yes
6	The governing body should exercise ongoing oversight of the management of technology and, in particular, oversee that it results in the following:	
	a. A technology architecture that enables the achievement of strategic and operational objectives.	Yes
	b. The management of the risks pertaining to the sourcing of technology.	Yes
	c. Monitoring and appropriate responses to developments in technology, including the capturing of potential opportunities and the management of disruptive effects on the organisation and its business model.	Yes
7	The governing body should consider the need to receive periodic independent assurance on the effectiveness of the organisation's technology and information arrangements, including outsourced services.	Yes
8	The following should be disclosed in relation to technology and information:	Yes
	a. An overview of the arrangements for governing and managing technology and information.	
	b. Key areas of focus during the reporting period, including objectives, significant changes in policy, significant acquisitions and remedial actions taken as a result of major incidents.	Yes
	c. Actions taken to monitor the effectiveness of technology and information management and how the outcomes were addressed.	Yes
	d. Planned areas of future focus.	Yes

# Statement of Compliance

IT Checklist on Data Protection & Privacy as per Personal Data Protection Act, No. 9 of 2022

No	Checklist Item	Status/ Comments
1	Does the Company have a data classification policy ?	Yes
2	Does the Company know what data protection laws and regulations the organisation is subject to ?	Yes
3	Does the Company have a data protection officer (DPO)?	In progress. Chief Risk Officer has been appointed as the DPO. Formal approval of the same is delayed due to Government announcement of further amendments to the Personal Data Protection Act No. 09 of 2022 (the Act)
4	What type of personal data the Company collect and where is it located ? <ul style="list-style-type: none"> <li>type</li> <li>sources</li> <li>format</li> <li>how it is used</li> <li>structure and classification according to sensitivity</li> <li>whether it is subject to access, deletion, disclosure or other individual rights and requests</li> <li>location</li> </ul>	The details have been provided in the Data Protection Policy which will be formally approved by the Company after the pending Government Announcement of the amendments to the Act.
5	What is the purpose of collecting and retaining personal data? Is it disclosed in the form of a privacy policy ?	Yes
6	Does the Company obtain consent for collecting the data ?	Yes
7	Does the Company have proper safeguards in place to protect the data ?	Yes
8	Does the Company transfer personal data across borders ?	No
9	Does the Company transfer personal data to other vendors ?	Yes (based on the specific requirements after executing NDAs)
10	Has the Company carried out a privacy due diligence prior to onboarding third party vendors ?	Yes (through the Vendor Management Policy)
11	Does the Company have privacy related clauses in the agreements with vendors ?	Yes
12	Does the Company have a right to audit vendors for compliance with "privacy" requirements ?	Yes
13	Does the company have a data privacy strategy ?	Yes (this is included in the IT policy under Data Protection policy)
14	Does the Company have a data privacy program in place ?	In progress. This will be formally approved and implemented after the announcement of amendments to the Act.
15	Has the Company established a data breach notification process ?	In progress. This will be formally approved and implemented after the announcement of amendments to the Act.
16	Does the Company carry out awareness sessions and training for Directors and employees ?	Yes
17	Does the Company have a data destruction policy ?	In progress. This will be formally approved and implemented after the announcement of amendments to the Act.





## Board Level Checklist for Cyber Security

This report shows the status of compliance of the highest governance body in accordance with the Guideline on IT Governance for Directors issued by CA Sri Lanka and Schedule O of the Code of Best Practice on Corporate Governance 2023.

Section	Requirement	Status/ Compliance
1	The board should consist of at least one Director from an information technology background, preferably with knowledge and experience in cyber security.	Complied
2	A dedicated board committee or the delegated Audit/Risk Committee should exercise oversight over cyber security.	Complied
3	The board should ensure that the organisation has a cyber security strategy.	Complied
4	The board should ensure that cyber security roles and responsibilities are defined.	Complied
5	The board should ensure that staff at all levels recognise that they each have important responsibilities to ensure your organisation's cyber resilience. Make clear that you expect all staff to act with integrity and to promptly escalate observed non-compliance within or outside your organisation.	Complied
6	The board should appoint a Chief Information Security Officer [CISO]. The roles of Chief Information Officer [CIO] and Chief Information Security Officer [CISO] should be segregated.	In progress. The Company is in the process of recruiting a CISO at Group level to make the IT security function Independent.
7	The board should ensure that the organisation adopts a risk management framework for identifying, evaluating and mitigating cyber risks and periodically review the cyber security risk assessment. [including third party vendors and supply chain partners].	Complied
	Regularly review third-party risks related to cyber security.	Complied
	Periodically review the performance on the cyber security control measures and consider seeking independent advice for continuous improvement.	Complied
	Work to integrate cyber resilience and risk assessment into your organisation's overall business strategy, risk management, budgeting, and resource allocation.	Complied
8	The board should ensure that adequate time is spent on deliberating cyber risks and the adequacy of technology resilience.	Complied
9	Ensure that a formal, independent cyber resilience review of your organisation is carried out annually.	Complied
10	The board should determine and set the "cyber risk appetite" of the organisation.	Complied
	Annually define your organisation's risk tolerance, ensuring it is consistent with your corporate strategy and risk appetite.	Complied
11	The board should allocate sufficient resources to managing cyber risks.	Complied
	The board should ensure that the organisation has a cyber security budget sufficient to address and mitigate cyber security threats faced by the organisation.	Complied
12	The board should be made aware of any laws and regulations regarding cybersecurity and data protection in jurisdictions that the company operates in and ensure that a mechanism is available to ensure ongoing compliance.	Complied

# Statement of Compliance

Section	Requirement	Status/ Compliance
13	The board should ensure that the organisation has an incident response plan.	Complied
14	The board should ensure that the organisation adopts an effective data governance program that classifies data, determines its value and allows for a risk-based safeguarding of data covering its entire life cycle.	Substantially complied
15	The board should ensure that the organisation has an up to date and tested business continuity plan	Complied
16	When an individual joins the board, ensure that they have appropriate and up-to-date skills and knowledge to understand and manage the risks posed by cyber threats.	Complied
17	The board should ensure that Directors and employees receive cybersecurity training periodically.	Complied
	Ensure that the board is aware of its role as the ultimate responsibility-holder for your organisation's cyber risk and resilience.	Complied
	Oversee the creation, implementation, testing and ongoing improvement of cyber resilience plans, ensuring they are harmonised across your organisation and that your CISO or other accountable officer regularly reports on them to the board.	In progress. The Company is in the process of recruiting a CISO at Group level to make the IT security function Independent.
18	Solicit regular advice from management on your organisation's current and future cyber risk exposure, relevant regulatory requirements, and industry and societal benchmarks for risk appetite. Plan to engage in: <ul style="list-style-type: none"> <li>* Regular briefings on duties created by new regulations and legislation,</li> <li>* Board and executive committee joint planning and visits to best practice peers and leaders in cybersecurity,</li> <li>* Security briefings on the threat environment, and</li> <li>* Board-level exchanges of information on governance and reporting.</li> </ul>	Complied
19	Make clear to management that they are accountable for reporting a quantified and understandable assessment of cyber risks, threats, and events as a standing agenda item during board meetings.	Complied
	Regularly check in with management and other relevant personnel about developments related to ongoing systemic challenges such as supply chain vulnerabilities, common dependencies, and gaps in information sharing.	Complied
	Oversee management's role in fostering and maintaining your organisation's risk culture. Regularly assess the effectiveness of your organisation's risk culture, considering the impact of culture on safety and soundness and making changes where necessary.	Complied



# ADHERENCE TO THE REQUIREMENTS OF TRANSPARENCY INTERNATIONAL SRI LANKA

Q. No.	Checklist on Transparency in Corporate Reporting (TRAC)	Reference
1	Does the Company have a publicly stated commitment to anti-corruption?	Please refer page 160.
2	Does the Company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?	Internal processes are in place to ensure that the Company comply with all laws regulations, directions and internal policies of the Company. The Board affirms that the Company complies with all relevant laws, regulations, directions and internal policies of the Company.
3	Does the Company leadership (Chairperson/CEO/ Member of the board of Directors) demonstrate support for anti-corruption?	The Board approved Anti-Bribery and Corruption (ABC) Policy is in place.
4	Does the Company's code of conduct / anti-corruption policy explicitly apply to all employees and Directors?	Please refer page 160.
5	Does the Company's anti-corruption policy explicitly apply to persons who are not employees but are authorised to act on behalf of the Company or represent it (for example: agents, advisors, representatives or intermediaries)?	The Board approved ABC Policy applies for all stakeholders.
6	Does the Company require external entities that provide goods or services under contract (for example: contractors, subcontractors, suppliers) to abide by the Company's anti-corruption programme or supplier code?	The Anti- Bribery and Corruption Policy explicitly applies for external entities that provide goods and services under contracts to comply with Company's ABC policy requirements.
7	Does the Company have in place an anti-corruption training programme for its employees and Directors?	We have implemented the policy in previous financial year and based on the guidelines, awareness and training should be provided to the employees and directors. Awareness for the employees has been conducted by the HR division and Risk and Compliance division.
8	Does the Company have a policy on gifts, hospitality and expenses?	Yes. It is incorporated in to the ABC Policy.
9	Does the policy on gifts, hospitality or expenses include a definition of thresholds (descriptive or quoted as amounts) as well as procedures and reporting requirements?	Yes. It is clearly defined.
10	Is there a policy that explicitly prohibits facilitation payments?	Yes. It is incorporated in to the ABC Policy.
11	Does the Company provide a mechanism/channel through which employees can report suspected acts of corruption or breaches of anti-corruption policies, and does the mechanism/channel allow for confidential and/or anonymous reporting (whistle-blowing)?	Board approved whistle blowing policy is in place. Please refer page 160 for more details.
12	Does the whistle-blowing mechanism/channel enable employees and others to raise concerns and report suspected acts of corruption or breaches of anti- corruption policies without risk of reprisal?	The whistleblowing policy effectively delineates the procedure for reporting suspicions of corruption or breaches of anti-corruption regulations, guaranteeing that individuals can raise concerns without apprehension of reprisal.
13	Does the mechanism/channel provide for two-way communication with the whistle-blower for any needed follow-up on the concern/s raised?	The mechanism provides for two-way communication with the whistle-blower for any needed follow-up on the concerns raised.
14	Does the Company carry out regular or continuous monitoring of its anti-corruption programme/policy to review its suitability, adequacy and effectiveness, and implement improvements as appropriate?	Yes. The policy is reviewed on an annual basis or as and when required.

## Adherence to the Requirements of Transparency

### International Sri Lanka

Q. No.	Checklist on Transparency in Corporate Reporting (TRAC)	Reference
15	Does the Company have a policy on political contributions that either prohibits such contributions or if it does not, requires such contributions to be publicly disclosed?	Yes. There is a defined process to be followed and the policy requires such contributions to be disclosed in the Annual report. No political contributions were made during the period.
16	Does the Company disclose its ultimate beneficial owner/s?	Yes. Please refer page 255.
17	Which of the following information does the Company disclose for all of its fully consolidated subsidiaries? - The full list with names	Not Applicable. The company does not have subsidiaries.
18	Which of the following information does the Company disclose for all of its fully consolidated subsidiaries? - Percentages owned in each of them	Not Applicable
19	Which of the following information does the Company disclose for all of its fully consolidated subsidiaries? - Countries of incorporation (for each entity) The place of incorporation is the principal address of the corporation in the state where it's incorporated/ registered.	Not Applicable
20	Which of the following information does the Company disclose for all of its fully consolidated subsidiaries? - Countries of operations (for each entity) A multinational corporation (MNC) is a Company that has business operations in at least one country other than its home country. Countries in which it conducts business aside from the home country are considered to be countries of operations.	Not Applicable
21	Which of the following information does the Company disclose for all of its non-fully consolidated holdings (consolidated by equity method or proportionally), such as associates, joint-ventures? - the full list with names	Not Applicable
22	Which of the following information does the Company disclose for all of its non-fully consolidated holdings (consolidated by equity method or proportionally), such as associates, joint-ventures? - percentages owned in each of them	Not Applicable
23	Which of the following information does the Company disclose for all of its non-fully consolidated holdings (consolidated by equity method or proportionally), such as associates, joint-ventures? - Countries of incorporation (for each entity) The place of incorporation is the principal address of the corporation in the state where it's incorporated/ registered.	Not Applicable





Q. No.	Checklist on Transparency in Corporate Reporting (TRAC)	Reference
24	Which of the following information does the Company disclose for all of its non-fully consolidated holdings (consolidated by equity method or proportionally), such as associates, joint-ventures? - Countries of operations (for each entity) A multinational corporation (MNC) is a Company that has business operations in at least one country other than its home country. Countries in which it conducts business aside from the home country are considered to be countries of operations.	Not Applicable
25	Does the Company disclose its revenue/sales in Sri Lanka?	Please refer page 267.
26	Does the Company disclose its capital expenditure in Sri Lanka?	Please refer pages 278 to 279.
27	Does the Company disclose its pre-tax income in Sri Lanka?	Please refer page 251.
28	Does the Company disclose its income tax in Sri Lanka?	Please refer page 251.
29	Does the Company disclose its community contribution (Corporate Social Responsibility programmes) in Sri Lanka?	Please refer page 270.
30	Does the Company have an explicit publicly stated commitment against sexual harassment?	The Company's code of conduct covers the commitment to non-discrimination based on gender.
31	Does the Company have an explicit, publicly stated commitment to non-discrimination based on gender?	Board approved HR policy of the Company include the Company's commitment to non discrimination based on the gender.
32	Does the Company adopt a gender inclusive/equal opportunity recruitment policy?	Please refer Human Capital section on pages 86 to 99 for gender balance.
33	Does the Company adopt a gender inclusive promotion policy?	The Company adopts a non- discrimination policy for promotions based on gender.
34	Does the Company have a policy for bidding on government contracts/tenders?	Not Applicable. The Company does not engage in bidding on government contracts/tenders.
35	Does the Company disclose its current contracts with local and/or foreign governments?	Not Applicable. No such contracts with local and/or foreign governments.
36	Does the Company publish tendering and post award documents for government contracts and awarded tenders?	Not Applicable. No such contracts or awarded tenders.
37	Does the Company disclose audited financial accounts for government contracts and awarded tenders?	No such transactions.

# BOARD AUDIT COMMITTEE REPORT

## CHARTER OF THE COMMITTEE

The Board Audit Committee (BAC) assists the Board in the discharge of its responsibilities by overseeing financial reporting, internal/ external audits and internal control practices. The BAC Charter clearly defines the Terms of Reference (TOR) of the Committee and regulates the composition, functions and responsibilities of the BAC. The Committee shall have the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to members of the management and other employees of the Company, as well as all information relevant to the carrying out of its responsibilities.

## COMPOSITION

The Audit Committee consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director of the Company. The Committee is chaired by Ms. Cilani Wijesinghe.

The members of the Board Audit Committee are as follows.

Ms. Cilani Wijesinghe - Chairperson  
– Independent Non-Executive Director

Mr. Channa de Silva - Independent  
Non-Executive Director

Ms. Minette Perera - Non-  
Independent Non-Executive Director

Janashakthi Corporate Services  
Limited serves as the Secretary to the Committee.

Brief profiles of the members of the Board appointed Audit Committee are given on Pages 21 to 25 of the Annual Report.

## MEETINGS

Four audit committee meetings were held during the year under review. External Auditors and Internal

Auditors are also present at meetings on a need basis. The proceedings of the Audit Committee meetings are reported to the Board of Directors on a regular basis.

The attendance of the Members for the Audit Committee meetings during year 2024/25 is as follows.

Name	Membership Status	Attendance in 2024/25 (Attended/ Eligible to Attend)
Ms. Minette Perera*	Former Chairperson	2/2
	Member	2/2
Ms. Cilani Wijesinghe**	Chairperson	2/2
Mr. Channa de Silva ***	Member	-
Mr. Chandana de Silva****	Former Member	1/1
Mr. Ramesh Schaffter****	Former Member	1/2
Dr. Nishan de Mel *****	Former Member	3/3

## NOTES

\* Ms. Minette Perera served as the Chairperson of the Committee and stepped down as the Chairperson of the Committee effective 1 October 2024. She continued to serve as a member of the committee.

\*\* Ms. Cilani Wijesinghe was appointed to the Committee as Chairperson on 1 October 2024.

\*\*\* Mr. Channa de Silva was appointed to the Committee on 10 February 2025.

\*\*\*\*Mr. Chandana de Silva and Mr. Ramesh Schaffter served as members of the Committee and stepped down from the Committee effective 28 June 2024 and 1 October 2024 respectively.

\*\*\*\*\* Dr. Nishan de Mel was appointed to the Committee on 4 July 2024 and stepped down from the Committee effective 10 February 2025.

Regular Attendees by Invitation:

Ms. Manjula Mathews (Chairperson)	2/2
Mr. Sachith Perera (Director/ Chief Executive Officer)	4/4
Mr. Mangala Jayashantha (Chief Financial Officer)	4/4
Ms. Harshanee Deshapriya (Head of Legal)	4/4
Mr. Kapila Perera (Chief Risk Officer)	4/4

## FUNCTIONS

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through:

- Overseeing management's conduct of the Company's financial reporting process and systems of internal accounting and financial controls;
- Monitoring the independence and performance of the Company's external auditors;
- Providing an avenue of communication among the external auditors, internal auditors, management and the Board; and
- Review the integrity and adequacy of Company's internal control process



## FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting mechanism adopted by the Company with particular reference to the following;

- The preparation, presentation and adequacy of the disclosures in the Company's annual and interim financial statements in accordance with the Sri Lanka Accounting Standards, Listing Rules, the Companies Act No. 7 of 2007 and other applicable statutes.
- The underlying rationale and basis for the significant estimates and judgments to the financial statements.

## INTERNAL AUDIT / CONSULTANCY SERVICE

M/s Ernst & Young Consulting Services (Pvt) Ltd has been assigned as the consultant to the Board Audit Committee and to conduct benchmark review of internal controls covering the operations of First Capital Treasuries PLC and reporting there on. Control weaknesses/ gaps highlighted in the audit reports were examined by the Committee and follow up action taken by the management on the audit recommendations / leading practices were also reviewed. The committee reviewed the effectiveness of the internal audit/consultancy function and the scope and procedures during the ensuing year. The internal audit scope has been significantly enhanced to cover internal and regulatory control parameters, including AML/CFT procedures mandated by the FIU, CBSL.

## EXTERNAL AUDIT

External Auditors' management letters pertaining to the previous year's audit and the Management's response thereto were discussed during the year. Follow-up action taken by the management to ensure that the recommendations contained in the management letter were implemented was reviewed. Further, the draft annual financial statements

for 2024/25 were also reviewed with the External Auditors prior to release.

The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services does not impair their independence and objectivity.

The fees payable to the auditors have been recommended by the Committee to the Board for approval.

Having determined the independence of the auditor and reviewed the effectiveness of the External Audit, the Audit Committee also recommended to the Board of Directors that M/s KPMG be reappointed as Auditors for the financial year ending 31 March 2026, subject to the approval of the shareholders at the Annual General Meeting. Furthermore, M/s KPMG has been the external auditors of the company for more than 20 years and the rotation of engagement partner taken place every 5 years.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Committee reviewed the Company's key financial risk exposures, along with the policies and procedures established by management to monitor, control, and report such risks. In addition, the Committee assessed ongoing legal matters concerning the Company, with a focus on the potential implications and associated risks.

The Committee was briefed on the Company's Incident and Near Miss Reporting Procedure, as well as the Whistleblowing Policy, both of which are designed to mitigate financial and reputational risks. Significant incidents reported under these frameworks were duly brought to the attention of the Committee for review.

The findings of the IT General Controls Review, conducted by M/s KPMG, were presented and discussed in detail. Following the

review, the Committee emphasised the need to further strengthen the Company's IT risk governance framework and highlighted the importance of appointing a Chief Information Security Officer (CISO) at the Group level.

The Committee also reviewed the Compliance Register, maintained by the Compliance Division, which is used to monitor adherence to applicable policies related to corporate governance requirements. Furthermore, the Committee reviewed and recommended for Board approval the Policy on Engagement of External Auditors for Non-Audit Services, as presented by the Compliance Division.

In line with emerging regulatory expectations, the Committee approved the appointment of M/s KPMG to conduct a gap analysis relating to the newly introduced Sustainability Disclosure Standards (SLFRS S1 and S2), with the objective of aligning the Group's reporting practices accordingly.

The Committee reviewed the ongoing tax matters and obtained legal opinions wherever applicable, and provided relevant guidance and recommendations to the management.

The Board Audit Committee has received written assurance from the Chief Executive Officer and the Chief Financial Officer of the company that the financial and business operations are operating effectively through the submission of compliance reports on a quarterly basis.

(Sgd.)

Ms. Cilani Wijesinghe  
Chairperson- Board Audit Committee

5 June 2025  
Colombo

# BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

The Board Integrated Risk Management Committee (BIRMC) is responsible for overseeing the implementation and continuous improvement of the Company's risk governance and management systems. It supports the Board and Corporate Management Team in identifying, assessing, mitigating, and monitoring key risks to ensure that operations are conducted within the defined risk appetite and in compliance with applicable regulatory requirements.

## CHARTER OF THE COMMITTEE

The Board Integrated Risk Management Committee was reconstituted by the Board of Directors in February 2025, transitioning from the former Enterprise Risk Management Committee (established in November 2023), in line with the "Code of Best Practice on Corporate Governance". The Board recognised the need for a more focused and integrated approach and as a result, the BIRMC was formalised as a Board subcommittee with a broadened scope and enhanced oversight responsibilities. The Committee Charter (Terms of Reference) was last reviewed and approved by the Board in February 2025.

## COMPOSITION OF THE COMMITTEE

Name	Designation	Membership Status
Dr. Nishan de Mel	Independent Non-Executive Director	Chairman
Ms. Minette Perera	Non-Independent Non-Executive Director	Member
Mr. Dilshan Wirasekara	Non-Independent Non-Executive Director	Member
Mr. Kapila Perera	Chief Risk Officer	Secretary

## KEY RESPONSIBILITIES AND SCOPE OF WORK OF THE COMMITTEE

- Oversee the Company's integrated risk management framework, including identification, evaluation, and response to key risks.
- Ensure business management assumes full accountability for managing risk in their respective areas in line with the Company's defined risk appetite.
- Monitor and assess the adequacy of internal controls and risk mitigation strategies.
- Promote a strong risk-aware culture and facilitate organisation-wide integration of risk practices.
- Review and recommend the Terms of Reference (ToR) for approval of the Board.
- Provide reports and updates to the Board on the progression of integrated risk management activities and exposures.

- Review quarterly risk registers and recommend appropriate actions.
- Ensure the Committee has access to adequate resources, including training, tools, and budget, to fulfil its responsibilities.

## OTHER RESPONSIBILITIES OF THE COMMITTEE

The Committee also plays a key role in supporting the Board's oversight responsibilities related to compliance, internal controls, and regulatory risks. It reviews the implementation of compliance frameworks and ensures that risk incidents, systemic issues, or regulatory gaps are promptly addressed and escalated where necessary.

## COMMITTEE MEETINGS

The BIRMC (and previously the ERMCM) held a total of 10 meetings during the financial year under review. The minutes and proceedings were duly reported to the committee members.

The attendance of the Members for the Committee meetings during year 2024/25 is as follows.

Name	Membership Status	Attendance in 2024/25
Dr. Nishan de Mel *	Chairman	09/10
Mr. Dilshan Wirasekara	Member	10/10
Ms. Minette Perera **	Member	02/02
Mr. Mangala Jayashantha***	Former Member	08/08
Ms. Sujani Sellahewa ***	Former Member	08/08
Mr. Kapila Perera	Secretary	10/10





Regular Attendee (By Invitation)

Ms. Cilani Wijesinghe - Independent Non-Executive Director	02/02
Mr. Sachith Perera - Director/ Chief Executive Officer	09/10
Mr. Mangala Jayashantha - Chief Financial Officer	02/02
Ms. Sujani Sellaheva - EVP - Operations	02/02

\* Dr. Nishan de Mel served as the Chairman of the Enterprise Risk Management Committee (ERMC) and was subsequently appointed as the Chairman of the BIRMC on 7 February 2025.

\*\* Ms. Minette Perera was appointed as a member to the BIRMC on 7 February 2025, in accordance with the revised Committee composition.

\*\*\* These members stepped down from the Committee with effect from 7 February 2025, following the reconstitution of the ERMC as the BIRMC.

(Sgd.)

Dr. Nishan de Mel  
Chairman- Board Integrated Risk Management Committee

5 June 2025  
Colombo

# REMUNERATION COMMITTEE REPORT

## COMPOSITION OF THE COMMITTEE

The Remuneration Committee was appointed by the Board of Directors of the Company. The Committee comprised following members.

- Dr. Nishan de Mel – Independent Non- Executive Director (Chairman)
- Mr. Ramesh Schaffter - Non - Independent Non-Executive Director
- Mr. Channa de Silva – Independent Non- Executive Director

Janashakthi Corporate Services Limited serves as the Secretary to the Committee.

Brief profiles of the members of the Board appointed Remuneration Committee are given on Pages 21 to 25 of the Annual Report.

## SCOPE OF THE REMUNERATION COMMITTEE

The scope of the Remuneration committee covers the Company's remuneration and benefits, competency development of employees, especially the key drivers of the business, and succession planning.

## KEY RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- Review and recommend a remuneration and incentive scheme, including any proposed equity incentive awards including terminal benefits for the CEO and the Senior Management team including KMPs.
- Review proposed increments and market adjustments to compensation to ensure appropriate rates in relation to market/industry and the compensation philosophy.

- Approve annual increments, bonuses, incentives and any other compensation changes for the CEO and the Senior Management team including KMPs, based on corporate and individual performance against set targets and goals.
- Ensure the remuneration and benefits are set on a fair and equitable basis.
- Ensure a proper mechanism is in place for management development and succession planning and periodic reviews of the same.
- Review market data on compensation and benefits and approve periodic recommendations made by the management.
- Communication with shareholders on the remuneration policy and the committee's work (on behalf of the Board) through a Remuneration committee report.
- Participate in the recruitment and selection process of the KMPs based on the recommendations made by the CEO.
- Recommend appropriate service contracts for Executive Directors.
- Approve the terms of any compensation package in the event of early termination of the contract of an Executive Director.
- Provide direction on disciplinary matters that involves an employee that could create a significant impact to the company.

The aggregate remuneration of the Executive and Non-Executive Directors for the year is Rs. 52.9 Mn

## COMMITTEE MEETINGS

The Remuneration Committee convened two times during the period under review. The attendance of the Members for the Committee meetings during the year 2024/25 is as follows.

Name of the Board Subcommittee Member	Membership Status	Attendance in 2024/25 (Attended/ Eligible to Attend)
Mr. Chandana de silva *	Former Chairman	1/1
Dr. Nishan de Mel **	Chairman	2/2
Mr. Ramesh Schaffter***	Member	1/1
Mr. Channa de Silva***	Member	-
Ms. Manjula Mathews ****	Former Member	1/1



Name of the Board Subcommittee Member	Membership Status	Attendance in 2024/25 (Attended/ Eligible to Attend)
Ms. Minette Perera*****	Former Member	-
Ms. Cilani Wijesinghe*****	Former Member	1/1

#### Notes

\* Mr. Chandana de silva served as the Chairman of the Committee and stepped down from the Committee effective 28 June 2024.

\*\* Dr. Nishan de Mel was appointed to the Committee as Chairman on 4th July 2024.

\*\*\*Mr. Ramesh Schaffter and Mr. Channa de Silva were appointed to the Committee on 4 July 2024 and 10 February 2025 respectively.

\*\*\*\* Ms. Manjula Mathews served as a member of the Committee and stepped down from the Committee effective 11th July 2024.

\*\*\*\*\* Ms. Minette Perera and Ms. Cilani Wijesinghe were appointed as members to the Committee on 11 July 2024 and 1 October 2024 respectively and subsequently stepped down from the Committee effective on 1 October 2024 and 10 February 2025 respectively.

#### OTHER MATTERS

The Remuneration Committee is authorised by the Board to seek appropriate professional advice inside and outside the company as and when it considers this necessary.

(Sgd.)  
Dr. Nishan de Mel  
Chairman -Remuneration Committee  
5 June 2025

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

## COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee was appointed by the Board of Directors of the Company and reports directly to the Board. The Committee consists of three (3) members with a combination of two Independent Non- Executive Directors and one Non-Independent Non- Executive Director. The members of the committee are as follows:

Ms. Cilani Wijesinghe  
Independent Non-Executive Director  
(Chairperson)

Ms. Minette Perera  
Non - Independent Non-Executive  
Director

Mr. Channa de Silva  
Independent Non-Executive Director

Brief profiles of the members of the Board appointed Related Party Transactions Review Committee are given on pages 21 to 25 of the Annual Report.

Janashakthi Corporate Services Limited serves as the Secretary to the Committee.

## SCOPE

The Related Party Transactions Review Committee was formed by the Board to assist the Board in reviewing the Related Party Transactions (RPT) carried out by the Company.

The mandate of the Committee includes inter-alia the assurance of the following:

1. Developing and recommending for adoption by the Board of Directors of the Company and its subsidiaries, a RPT Policy which is consistent with the listing rules of the Colombo Stock Exchange (CSE).
2. Making immediate market disclosures on applicable RPT, as required by Section 9 of the Continuing Listing Requirements of the CSE.

3. Making appropriate disclosures on RPT in the Annual Report, as required by Section 9 of the Continuing Listing Requirements of the CSE.

## POLICIES AND PROCEDURES

The Company has adopted a Related Party Transactions (RPTs) Policy in view of structuring the Company's policies and procedures to uphold good governance and in the best interests of the Company.

The Committee adopted policies and procedures for (a) reviewing the Related Party Transactions at each quarterly meeting, (b) identifying and reporting on recurrent and non-recurrent transactions to be in line with the applicable CSE Rules.

The Committee ensures that all transactions with related parties are in the best interests of all stakeholders, adequate transparency is maintained and are in compliance with the Listing Rules.

The Committee reviewed related party transactions during the year and communicated its observations to the Board.

## MEETINGS

The Committee held four meetings during the year under review. Proceedings of the committee meetings are regularly reported to the Board of Directors.

The attendance at the Related Party Transactions Review Committee meeting during the year 2024/25 is as follows.

Name of Director	Membership Status	Attendance in 2024/25 (Attended/ Eligible to Attend)
Ms. Minette Perera*	Former Chairperson	2/2
	Member	2/2
Ms. Cilani Wijesinghe**	Chairperson	2/2
Mr. Channa de Silva***	Member	-
Mr. Chandana de Silva****	Former Member	1/1
Mr. Ramesh Schaffter****	Former Member	1/2
Dr. Nishan de Mel*****	Former Member	3/3

## Notes

\* Ms. Minette Perera served as the Chairperson of the Committee and stepped down as the Chairperson of the Committee effective 1 October 2024. She continued to serve as a member of the committee effective 1 October 2024.

\*\* Ms. Cilani Wijesinghe was appointed to the Committee as Chairperson on 1 October 2024.

\*\*\* Mr. Channa de Silva was appointed to the Committee on 10 February 2025.

\*\*\*\* Mr. Chandana de Silva and Mr. Ramesh Schaffter served as members of the Committee and stepped down from the Committee effective 28 June 2024 and 1 October 2024 respectively.

\*\*\*\*\* Dr. Nishan de Mel was appointed to the Committee on 4 July 2024 and stepped down from the Committee effective 10 February 2025.





#### **DURING THE YEAR UNDER REVIEW**

There were no non-recurrent related party transactions that exceeded the thresholds that required the immediate market disclosure, shareholder approval or disclosure in the Annual Report, as required under Section 9 of the Continuing Listing Requirements of the CSE.

There were no recurrent related party transactions that exceeded the thresholds that required the immediate market disclosure or shareholder approval as required under Section 9 of the Continuing Listing Requirements of the CSE. Recurrent related party transactions that require disclosure in the Annual Report are given in Note 35 of the Financial Statements.

#### **DECLARATION BY THE BOARD OF DIRECTORS**

A declaration by the Board of Directors relating to compliance under the listing rules is given on pages 237 to 239 of the Annual Report.

(Sgd.)

Ms. Cilani Wijesinghe  
Chairperson-Related Party  
Transactions Review Committee

5 June 2025

# BOARD NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The principal role of the Nominations and Governance Committee is to proactively manage the composition of the Board which is under the delegated authority of the Board of Directors of the Company.

The Committee comprised following members.

- Mr. Channa de Silva – Independent Non- Executive Director (Chairman)
- Ms. Cilani Wijesinghe – Independent Non-Executive Director
- Ms. Manjula Mathews - Non - Independent Non- Executive Director

Janashakthi Corporate Services Limited serves as the Secretary to the Committee.

## CHARTER OF THE COMMITTEE

The Committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take relevant decisions, define and establish the nomination process for Non-Executive Directors (NEDs), lead the process of Board appointments and make recommendations to the Board on the appointment of Non-Executive Directors.

In addition, the Committee focuses on the following objectives in discharging its responsibilities:

- Review the composition of the Board and ensure that there is an appropriate balance between Executive and Non-Executive Directors.
- Assess the skills and knowledge required in the Board for the Board to discharge its duties effectively and strategically.
- Periodically assess the extent to which the required skills are represented at the Board.

- Prepare a clear description of the role and capabilities required for appointments.
- Identify and recommend suitable candidates for appointments to the Board.
- Ensure, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment clearly specifying the expectations in terms of time commitment, involvement outside of the formal Board meetings, participation in Committees, amongst others.
- Ensure that every appointee undergoes an induction to the Company.
- Ensure that the appointment of the Chairperson and the Executive Directors is a collective decision by the Board.
- Self-assessment of the Committee and its members.

## RE-APPOINTMENTS / RE-ELECTIONS

In accordance with the Articles of Association, one Director - excluding the Chief Executive and those appointed since the last Annual General Meeting, shall retire by rotation and, being eligible, offer themselves for re-election.

Accordingly, the Committee recommends the re-election of Ms. Minette Delicia Anne Perera at the Annual General Meeting on 30th June 2025. She was first appointed to the Board on 16th March 2012 and rejoined for a second term on 22nd April 2015. She was last re-elected on 22nd September 2021.

Mr. Ginige Channa Ajith de Silva and Mr. Don Franciscuge Sachith Nalika Perera were appointed to the Board on 1st January 2025. Their profiles, including directorships and principal commitments, appear on page [21-25], and the Committees on which they serve are listed on page [226-236].

## POLICIES

The Company's policies, Sub-Committee Charters, and Terms of Reference were reviewed and amended where necessary during the year. Updated policies were uploaded to the Company's website. A list of policies is provided on page [160-161] of the Report of the Board of Directors.

During the year under review, the Committee met once during the year 2024/25. The attendance of the Members for the Committee meetings during year 2024/25 is as follows.

Name of the Board Subcommittee Member	Membership Status	Attendance in 2024/25 (Attended/ Eligible to Attend)
Dr. Nishan de Mel*	Former Chairman	1/1
Mr. Channa de Silva**	Chairman	-
Ms. Manjula Mathews	Member	1/1
Ms. Cilani Wijesinghe***	Member	1/1
Ms. Minette Perera****	Former Member	-
Mr. Ramesh Schaffter*****	Former Member	-



#### Notes

\* Dr. Nishan de Mel served as the Chairman of the Committee and stepped down from the Committee effective 10 February 2025

\*\*Mr. Channa de Silva was appointed as Chairman to the Committee on 10 February 2025.

\*\*\* Ms. Cilani Wijesinghe was appointed as a member to the Committee on 1 October 2024.

\*\*\*\* Ms. Minette Perera served as a member of the Committee and stepped down from the Committee on 4 July 2024 and reappointed on 11 July 2024. Subsequently, she stepped down from the Committee effective 1 October 2024.

\*\*\*\*\*Mr. Ramesh Schaffter was appointed as a member to the Committee on 4 July 2024 and Subsequently stepped down from the Committee on 11 July 2024.

#### COMMITTEE STRUCTURE DIVERSITY

Type of Directorship	Composition (%)
Non-Executive	100%
Executive	0%
Total	100%

#### PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview whenever required.

#### THE YEAR AHEAD

The Committee will continue to review the skills and knowledge required by the Board, minimise key individual dependency risk and identify and groom suitable candidates to key positions of the organisation. The Committee will also ensure that the Company is in compliance with its stipulated framework and is in compliance with the regulations issued by the Colombo Stock Exchange (CSE) on Board composition.

#### CONCLUSION

The Committee continues to work closely with the Board of Directors in relation to the structure, size and composition of the Board, ensuring diversity and balance of skills, knowledge and experience. The Committee is satisfied that the representation of skills, knowledge and experience on the Board is appropriate for the Company's current needs at Board level.

(Sgd.)

Mr. Channa de Silva

Chairman- Board Nominations and Governance Committee

5 June 2025

# INVESTMENT, ASSET AND LIABILITY COMMITTEE REPORT

The Investment Asset and Liability Committee (IALCO) has the delegated authority of the Board of Directors to make strategic and operational investment decisions and is primarily responsible for the investment strategy and the asset and liability management of the Company. Investment decisions on debt, equity, and other related investment proposals are being evaluated by the Committee for the best interest of the Company. The Committee also evaluates the liquidity positions of the Company regulatory compliances related to Investment decisions while enhancing the shareholder value.

## COMPOSITION OF THE COMMITTEE

Name of the Board Sub-Committee Member	Designation	Membership Status
Dr. Nishan de Mel	Independent Non-Executive Director	Chairman
Ms. Manjula Mathews	Non- Independent Non-Executive Director	Member
Mr. Dilshan Wirasekara	Non - Independent Non-Executive Director	Member

Janashakthi Corporate Services Limited serves as the Secretary to the Committee.

## KEY RESPONSIBILITIES AND SCOPE OF WORK OF THE COMMITTEE

- Developing the investment strategy of the Company based on the strategic plan
- Review, evaluate and approve investment decisions relating to the investment strategy
- Ensure adherence to the regulatory and internal compliance levels and policies in making investment and borrowing decisions
- Reviews the performance of the existing portfolios
- Advise and recommend investment decisions for the best interests of the company.

## COMMITTEE MEETINGS

The Investment Committee held 25 meetings during the year under review. The proceedings of the Committee meetings have been escalated to the Board Meetings.

The attendance of the Members for the Committee meetings during year 2024/25 is as follows.

Name of the Board Sub-Committee Member	Membership Status	Attendance in 2024/25 (Attended/ Eligible to Attend)
Dr. Nishan de Mel	Chairman	24/25
Ms. Manjula Mathews	Member	21/25
Mr. Dilshan Wirasekara	Member	21/25

## METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee evaluates the business environment and captures the changes in micro and macro factors in making decisions that will be best suited to the business unit prevailing under the given conditions. The Committee would also instruct executive officers from time to time on investment paradigms for enhancing shareholder returns.

The Committee meets bi-weekly to evaluate the strategy and risks associated with the future and past investment decisions. Also, the Committee evaluated the progress of the investment decisions made by the Committee in the past and measured the performance of the portfolios carried out by the Company. The performance report of the business unit with key performance indicators is presented to the Investment Committee to make better decisions and for the evaluation of past decisions.

(Sgd.)

Dr. Nishan de Mel  
Chairman- Investment, Asset and Liability Committee

5 June 2025





# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of First Capital Treasuries PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements for the year ended 31 March 2025 which were approved by the Directors on 5 June 2025.

## REVIEW OF OPERATIONS

During the year under review, the company reported total revenue of Rs. 10,838 Mn compared to Rs. 26,599 Mn reported in the previous year.

Net Trading Income before expenses for the year is Rs. 5,353 Mn (2023/24- Rs. 18,406 Mn) and Profit before Tax for the year is Rs. 4,472 Mn (2023/24- Rs. 16,038 Mn)

## PRINCIPAL ACTIVITIES

The main activity of the company is operating as a Primary Dealer in Government Securities.

## LEGAL STATUS

First Capital Treasuries PLC was incorporated on 19 August 1982 under the provisions of the Companies Act, No. 17 of 1982 and re- registered under the Companies Act, No. 7 of 2007. The ordinary shares of the Company were listed on the Colombo Stock Exchange on 23 December 2021.

## FINANCIAL RESULTS

The Company's Profit after Tax was Rs. 3,042 Mn compared to Rs. 11,143 Mn in previous year.

A summary of the financial results for the year is set out below.

	2025 Rs. '000	2024 Rs. '000
Revenue	10,837,803	26,598,738
Profit before tax	4,472,066	16,038,040
Profit after tax	3,042,430	11,143,128
Total comprehensive income	3,042,520	11,141,555

The financial statements of the company are set out on pages 247 to 302 of the Annual Report.

## BOARD OF DIRECTORS

### DIRECTORATE

The following were the Directors of the Company as at 31 March 2025.

1. Ms. Manjula Mathews
2. Mr. Sachith Perera
3. Mr. Dilshan Wirasekara

4. Mr. Ramesh Schaffter
5. Ms. Minette Perera
6. Dr. Nishan de Mel
7. Ms. Cilani Wijesinghe
8. Mr. Channa de Silva

Mr. Chandana de Silva stepped down from the Board with effect from 28 June 2024.

Ms. Cilani Wijesinghe was appointed to the Board with effect from 20 August 2024.

Mr. Sachith Perera and Mr. Channa De Silva were appointed to the Board with effect from 1 January 2025.

The profiles of the Directors are given on pages 21 to 25 of the Annual Report.

## INTEREST IN SHARES / DIRECTORS DEALINGS IN SHARES

Directors/Chief Executive Officer and their shareholdings as at 31 March 2025 were as follows:

	No. of Shares 31.03.2025	No. of Shares 31.03.2024
Ms. Manjula Mathews	-	-
Mr. Sachith Perera	-	-
Mr. Dilshan Wirasekara	-	-
Mr. Ramesh Schaffter	-	-
Ms. Minette Perera	-	-
Dr. Nishan de Mel	-	-
Ms. Cilani Wijesinghe	-	-
Mr. Channa de Silva	-	-

## OTHER DIRECTORSHIP/SIGNIFICANT POSITIONS OF DIRECTORS

Information of the other Directorships/significant positions of the present Directors of the Company are given on pages 21 to 25.

## RELATED PARTY TRANSACTIONS

Related party transactions have been declared at the meetings of the Directors and are detailed in Note 35 to the financial statements.

The Directors declare that the company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) pertaining to related party transactions during the year 2024/25.

# Annual Report of The Board of Directors

## DIRECTORS' INTERESTS

As required by the Companies Act, No. 7 of 2007, an Interests Register was maintained by the Company during the period under review. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act aforesaid. The Interests Register is available for inspection as required under the Companies Act.

The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director. The transactions with entities where a Director of the company either has control or exercises significant influence have been classified as related party transactions and disclosed in Note 35.5 to the Financial Statements.

## REMUNERATION AND FEES

Details of Directors' remuneration and fees are set out in Note 35.5 to the financial statements. All fees and remuneration have been duly approved by the Board of Directors of the company.

## RISK AND INTERNAL CONTROL

The Board of Directors has satisfied itself that there exists an effective and comprehensive system of internal controls to monitor, control and manage the risks to which the company is exposed, to carry on its business in an orderly manner, to safeguard its assets and to secure as far as possible the reliability and accuracy of records. We have discussed Exposure to Risk in detail under "Risk Management Report" on pages 113 to 129.

## CORPORATE GOVERNANCE

The Directors acknowledge their responsibility for the Company's corporate governance and the system of internal control. The Directors are responsible to the shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. The Board is satisfied with

the effectiveness of the system of internal control for the period up to the date of signing the financial statements. Compliance with recommended corporate governance practices is disclosed on pages 165 to 262 of the Annual Report.

The performance of the company is monitored by way of regular review meetings. These meetings provide an opportunity to ensure that progress is in line with agreed targets. Regular Board meetings are held to further strengthen the review process and ensure compliance with all statutory and regulatory obligations.

## DIVIDEND

The Board of Directors of the company declared and paid an interim dividend of Rs. 2.60 per share amounting to Rs. 1,600.56 Mn for financial year 2024/25 (2023/24 - total of Rs. 8,926 Mn was paid).

## MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on pages 258 to 263. There were no changes in the accounting policies adopted by the Company during the year under review.

## GOING CONCERN

The Board of Directors has reviewed the company's business plans and is satisfied that the company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

## CAPITAL EXPENDITURE

Details of property, plant and equipment and their movements during the year are given in Note 22 to the financial statements.

## RESERVES

The movements in reserves during the financial year 2024/25 have been presented in the Statement of

Changes in Equity on page 253 of the Annual Report.

## INCOME TAX EXPENSES

Income tax expenses have been computed in accordance with the provision of the Inland Revenue Act, No. 24 of 2017 and subsequent amendments thereto as disclosed in Note 12 to the financial statements.

## STATED CAPITAL

The stated capital of the company as at 31 March 2025 was Rs. 256.5 Mn consisting of 615,600,000 ordinary shares.

## SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2025, there were 3,888 registered shareholders. Share information and the twenty largest shareholders as at 31 March 2025 are listed on pages 305 to 311 of the Annual Report.

Information relating to the market value of a share and information on share trading is stated under Shareholder and Investor information on pages 307 to 308 of the Annual Report.

## DEBT SECURITIES ISSUED

The debt securities issued by the Company (Tier II capital of Rs. 750 Mn) matured and were fully settled in January 2025. There are no debt securities outstanding as of 31 March 2025.

## CORPORATE DONATIONS

The details relating to corporate donations are presented under Note 10.3 to the financial statements.

## STATUTORY PAYMENTS AND COMPLIANCE WITH LAWS AND REGULATIONS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government and in relation to the employees have been made on time, and that the company has not engaged in any activities contravening laws and regulations.



## ENVIRONMENTAL PROTECTION

The Company has not engaged in any activity that is harmful or hazardous to the environment. Measures taken by the Company on environmental protection are given in the report on Natural Capital on pages 108 to 111.

## EQUAL OPPORTUNITIES

The Company is committed to providing equal opportunities to all employees irrespective of their gender, marital status, age, religion, race or disability. It is the company's policy to give full and fair consideration to persons, with respect to applications for employment, continued employment, training, career development and promotion, having regard for each individual's particular aptitudes and abilities.

## EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events after the financial reporting period, which requires an adjustment to or a disclosure in the financial statements.

## INDEPENDENT AUDITORS

During the period under review, the company's Auditors were Messrs. KPMG, Chartered Accountants. The fees paid to auditors are disclosed in Note 11 to the financial statements.

Based on the declaration from Messrs. KPMG, and as far as the Directors are aware, the Auditors do not have any relationship or interest in the company, other than as disclosed in the above paragraph.

Messrs. KPMG, Chartered Accountants, have expressed their willingness to continue in office as Auditors of the company for the ensuing year.

In accordance with the Companies Act, No. 7 of 2007, a resolution proposing the re-appointment of Messrs. KPMG, Chartered

Accountants, as Auditors to the Company will be submitted at the Annual General Meeting.

## INDEPENDENT AUDITOR'S REPORT

The Independent Auditor's report on the financial statements is given on pages 247 to 250 of the Annual Report.

## AUDITOR'S RIGHT TO INFORMATION

Each person who is a Director of the company at the date of approval of this report confirms that:

As far as each Director is aware, there is no relevant audit information of which the company's Auditors are unaware.

Each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the company's Auditors are aware of that information.

## FUTURE DEVELOPMENTS

An overview of the future developments of the company is given in the Chairperson's Statement on pages 12 to 15, Chief Executive Officer's Review on pages 16 to 19 and the Management Discussion and Analysis on pages 58 to 65.

## DIGITAL TRUST AND INNOVATION

We recognise that digital trust is the foundation of our relationship with customers, partners, and stakeholders. As we continue to invest in digital transformation, our commitment to security, privacy, and transparency remains a top priority.

This year marked a significant milestone with a groundbreaking move as the company introduced a game-changing facility for bidding on treasury bills and bond auctions through WhatsApp and becoming

the first company in the country to integrate this feature and making it easier than ever.

By fostering a culture of digital trust and investment in digital infrastructure, we empower our customers with secure, seamless, and ethical digital experiences, reinforcing our reputation as a responsible and forward-thinking organisation.

## SUSTAINABILITY IN ACTION

Our sustainability strategy focuses on commitment towards fostering a sustainable future by integrating environmental stewardship, ethical business practices, and community well-being into every aspect of our operations. We recognise the importance of balancing economic growth with social and environmental responsibility, ensuring that our actions contribute to a positive impact on the communities we serve.

## ANNUAL GENERAL MEETING

The Annual General meeting of the Company will be held on 30 June 2025. The Notice convening the Meeting and the agenda are given on page 164 of the Annual Report.

This Annual Report is signed for and on behalf of the Board,

(Sgd.)  
Janashakthi Corporate Services  
Limited  
Secretaries

(Sgd.)  
Dilshan Wirasekara  
Director

(Sgd.)  
Manjula Mathews  
Chairperson  
5 June 2025  
Colombo

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Statement sets out the responsibility of the Board of Directors, in relation to the Financial Statements of First Capital Treasuries PLC.

The Directors of the Company are responsible for ensuring that the Company maintains accurate records of accounts of all the transactions and prepare and present the financial statements to the shareholders in accordance with the relevant provisions of the Companies Act, No. 7 of 2007 and other statutes which are applicable in the preparation of financial statements. The financial statements comprise of the Statements of Financial Position as at 31 March 2025, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended and notes thereto. The Directors are required to prepare these financial statements on a going concern basis unless it is not appropriate.

The Directors confirm that the financial statements of the Company give a true and fair view of;

- The state of affairs of the Company as at 31 March 2025 and
- The financial performance of the Company for the financial year ended 31 March 2025

## COMPLIANCE REPORT

The Board of Directors also wishes to confirm that;

- Appropriate accounting policies have been adopted in a consistent basis and appropriate estimates and judgments have been made to reflect the true substance and form of transactions.
- The financial statements of the Company for the year ended 31 March 2025 incorporated in this report have been prepared in accordance with the Companies Act, No. 7 of 2007, Sri Lanka

Accounting Standards (LKAS/SLFRS) and Listing Rules of the Colombo Stock Exchange.

- They ensure the proper accounting records which correctly record and explain the Company's transactions and also determine the Company's financial position with reasonable accuracy at any time are maintained by the Company enabling the preparation of financial statements and further enabling the financial statements to be readily and properly audited, in accordance with Section 148 (1) of the Act. The Directors have therefore caused the Company to maintain proper books of accounts and regularly review financial reports at their meetings.
- They accept the responsibility for the integrity and objectivity of the financial statements presented.
- The financial statements of the Company have been certified by the Chief Financial Officer of the Company who is responsible for the preparation of financial statements and signed by two Directors in accordance with Section 150 and 152 of the Companies Act.
- They review and approve all interim financial statements prior to their release.
- They have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have laid down effective and comprehensive internal control system.
- To the best of their knowledge, all statutory payments due in respect of the Company as at the financial reporting date have been paid or where relevant provided for.

- After considering the financial position, operating conditions and regulatory and other factors, they have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future and that the Going Concern basis is the most appropriate in the preparation of these financial statements.
- The Auditors of the Company, Messrs. KPMG who were reappointed in accordance with a resolution passed at the last Annual General Meeting were provided with all necessary information required by them in order to carry out their audit and to express an opinion which is contained on pages 247 to 250 of this Annual Report.
- As required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared the Annual Report in time and will ensure that a copy thereof is sent to every shareholder of the Company, who expressed desire to receive a hard copy. A soft copy of the Annual Report will be published/ hosted on the Company's website and Colombo Stock Exchange website within the stipulated period of time as required by the Section 7.5 (a) and (b) of the Listing Rules of the Colombo Stock Exchange.

Accordingly, the Board of Directors is of the view that they have discharged their responsibilities as set out in the above statement.

By order of the Board,

(Sgd.)  
Janashakthi Corporate Services Limited  
Secretaries

5 June 2025  
Colombo





# DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The Board is accountable for ensuring a robust internal control system to protect shareholders' investments and company assets. It has assigned the task of overseeing the adequacy of these controls to the Board Audit Committee, along with other responsibilities. Additionally, this task is further delegated to the Board Integrated Risk Management Committee for more frequent monitoring.

The primary function of the Risk Management (RM) process is to identify key risks affecting the business and implement appropriate mitigating measures. The Company's management identifies these risks and reports relevant issues to the appropriate Sub-committees, Senior management, guided by the RM framework and the Risk and Compliance division, works together to implement policies related to risk and control. The Risk and Compliance division is responsible to the Board for monitoring and ensuring the effectiveness of internal controls. To verify the effectiveness of these controls, the Company has engaged M/s EY as independent internal audit consultants. As a result of their efforts, several processes have been improved over the course of the year.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- The delegation of authority has been revisited with the recent changes to the organisation structure, adjustments required based on inflation and relevant changes were made to ensure system and internal controls.
- The effectiveness of the internal audit function was monitored, and M/s EY was appointed as the internal audit consultant.

- Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), and independent Internal Auditor ensure reviewing and reporting on the internal control environment of the Company.
- The minutes of the BAC and BIRMC meetings are tabled at regular Board meetings. The report of the BAC and BIRMC are provided in the annual report.
- The BAC reviews and approves the internal audit plan for the year. The audit plan is structured on a matrix based on key risk areas including the adequacy of internal controls. Delivery dates of action plans are regularly monitored, and any delays are highlighted and rectified.
- During the year under review the audit committee reviewed two audit reports and the management letter submitted by both internal and external auditors. The reports covered key findings with management comments and actions taken to rectify any control improvements required. Control improvements identified in previous reviews were also tracked to ensure that the management has taken the necessary actions to eliminate and/or minimise any identified risks.
- The BAC reviewed and approved the Internal Audit scope which includes ensuring the effective design and implementation of internal controls;
  - The effectiveness of internal controls is measured based on the repetition of the control weaknesses or improvement areas that have been highlighted in the audit reports.
- Improvements in line with industry and / or non-industry best practices are also implemented on an ongoing basis.
- BAC continued to monitor the progress of the bottom-up compliance sign off process which strengthened the control environment and provide comfort to the senior management and the Board of Directors that staff at all functions are aware and conducts business transactions as per the rules and procedures.
- To maintain and ensure the data privacy, the Company conducted a Data Protection Impact Assessment and the results have been escalated to the Board sub-committee, along with a suggestion to appoint a Data Protection Officer. Implementation was delayed due to the Government decision on bringing new changes to the Act.
- The Company's AML/CFT Policy was updated based on the improvement suggestions made by the Financial Intelligence Unit of CBSL and Internal Auditors.
- Risk and Compliance division review the process and system gaps frequently and policies and processes are being implemented and updated in order to mitigate the risks identified based on such assessments.
- On Information Technology (IT) controls, the Board has initiated multiple mechanisms.
  - Vulnerability and penetration testing assessments were carried out to ensure the integrity of financial information, data security, and adequate access controls are in place with regard to the processing of data.
  - The assignment of conducting an audit of IT policies and procedures was awarded to M/s KPMG.

## Director's Statement on Internal Controls

- To further enhance the security of our communication channels, additional email security controls were implemented which collectively reduce the risk of cyber-attacks, such as phishing and malware delivery via email.
- Recognising the increasing reliance on mobile devices for business operations, we implemented a Mobile Device Management (MDM) solution for all end users. This solution provides centralised control over mobile devices, enabling us to enforce security policies, remotely wipe devices in case of loss or theft, and ensure compliance with our security standards.
- To protect against unauthorised access, sharing, or loss of sensitive data, a Data Loss Prevention (DLP) system was implemented across our network. The DLP system actively monitors and controls the movement of sensitive data, ensuring that it is not exposed or misused, either internally or externally.
- As part of our ongoing efforts to ensure the safety of our IT environment, we implemented a robust web filtering security solution. This system restricts access to harmful or unauthorised websites, helping to prevent malware infections, data breaches, and other web-based security threats.
- Following actions were taken by the Board to enhance the effectiveness of the Corporate Governance structure and risk management framework.

- The Company restructured the composition of the Board of Directors and Board sub-committees especially appointing new members to accelerate the independent decision making and governance oversight. Independence criteria of the existing Directors have been thoroughly assessed against the rules and governance best practices.
- The Board Nomination Committee restructured as Nomination and Governance Committee (NGC) by intensifying the scope and responsibilities of governance requirements.
- The Enterprise Risk Management Committee of the Company reconstituted under the new name of the Board Integrated Risk Management Committee (BIRMC) as a formal Board sub-committee limiting the composition to the Board of Directors. New Board members were appointed to the Committee to improve the balance and expertise.

The Company has implemented 9 policies and has updated 3 policies outlined by the Listing Rules of the CSE to establish and enhance the corporate governance practices.

### NEWLY IMPLEMENTED POLICIES

- Policy on the matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and Re-election
- Policy on Remuneration

- Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- Policy on Relations with Shareholders and Investors
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Anti-Bribery and Corruption

### UPDATES POLICIES

- Policy on Risk management and Internal controls
- Policy on Whistleblowing
- Policy on Environmental, Social and Governance Sustainability

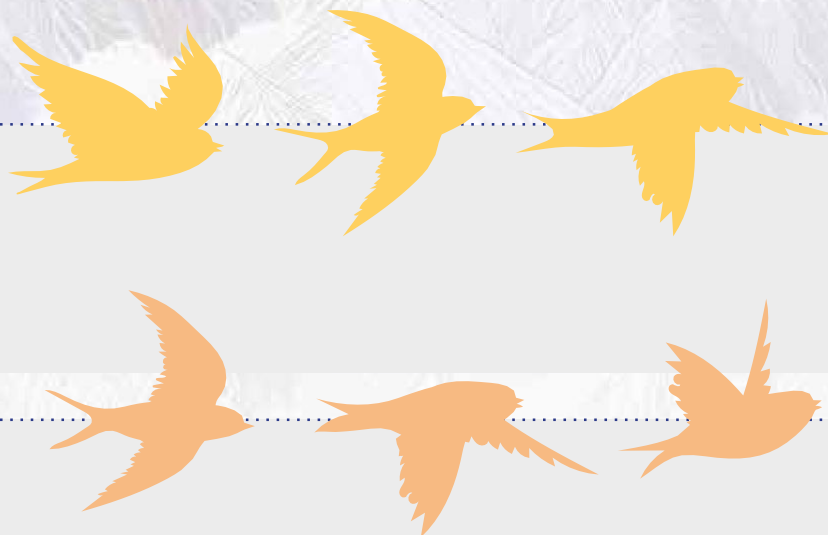
### CONCLUSION

The Board having implemented the above is aware that such systems are designed to mitigate rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements of loss.

(Sgd.)  
Cilani Wijesinghe  
Chairperson - Board Audit Committee

(Sgd.)  
Manjula Mathews  
Chairperson  
5 June 2025  
Colombo

# FINANCIAL STATEMENTS



## Ready to Soar

We're built to rise above the challenges of the present, and soar with renewed momentum to reach new heights of excellence.

*Swifts are known to fly up to heights of 5,700m above sea level, soaring much higher than their counterparts, the swallows and the martins. They also perform vertical ascents at both dawn and dusk, reaching altitudes of up to 2 -3 km, with the purpose of regularly assessing their environment, and preparing themselves for the journey ahead.*

# FINANCIAL STATEMENTS

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# FINANCIAL CALENDAR

## Annual General Meetings held/ to be held on

For the Year 2023/2024

28 June 2024

For the Year 2024/2025

30 June 2025

## Annual Report and Accounts signed/to be signed

For the Year 2023/2024

4 June 2024

For the Year 2024/2025

5 June 2025

## Interim Financial Statements Calendar

1<sup>st</sup> Quarter 2024/25 Interim Financial Report (Unaudited)

Submission to CSE

13 August 2024

Publication in the Newspaper

N/A

2<sup>nd</sup> Quarter 2024/25 Interim Financial Report (Unaudited)

12 November 2024

Unaudited half year financials -  
22 November 2024

3<sup>rd</sup> Quarter 2024/25 Interim Financial Report (Unaudited)

11 February 2025

N/A

4<sup>th</sup> Quarter 2024/25 Interim Financial Report (Unaudited)

27 May 2025

To be published

## Annual Financial Statements Calendar

Annual Financial Statements for 2023/24 (Audited)

Submission to CSE

5 June 2024

Publication in the Newspaper

31 July 2024

Annual Financial Statements for 2024/25 (Audited)

5 June 2025

To be published

## DIVIDEND CALENDAR

### Dividend – 2024/25

Amount per share (Gross) - Rs.

1<sup>st</sup> Interim dividend

2.60

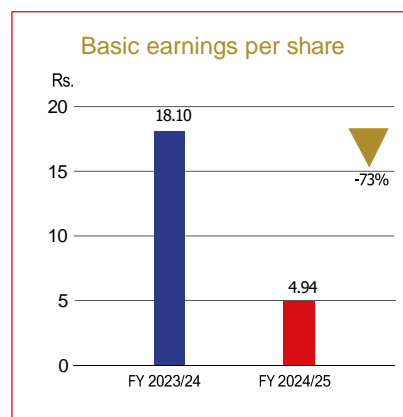
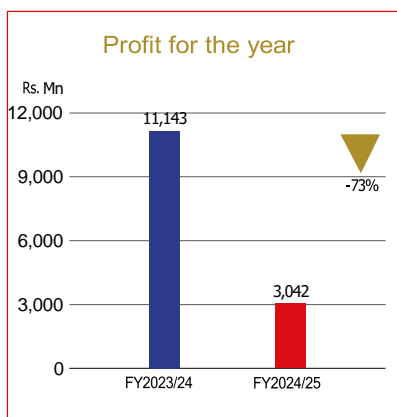
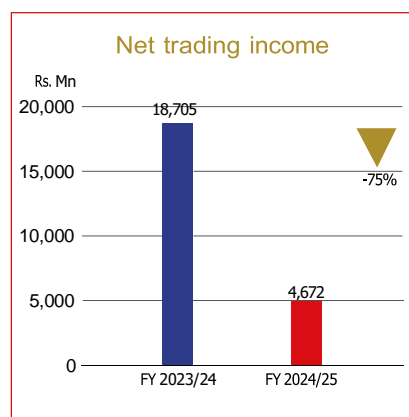
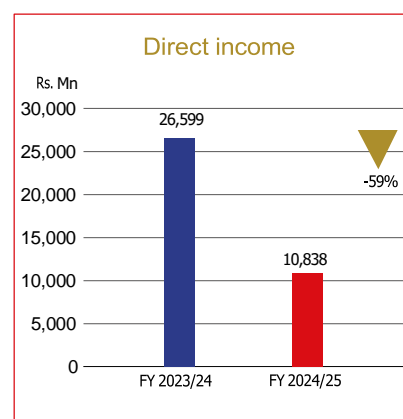
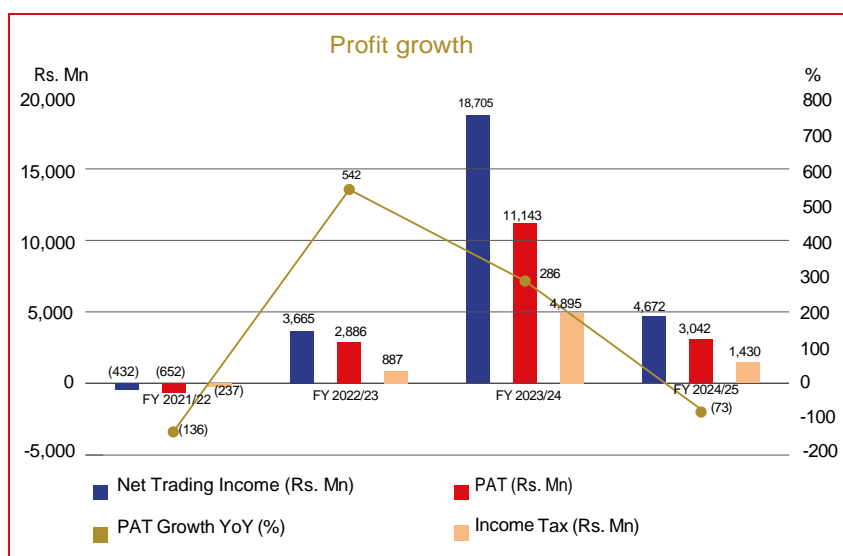
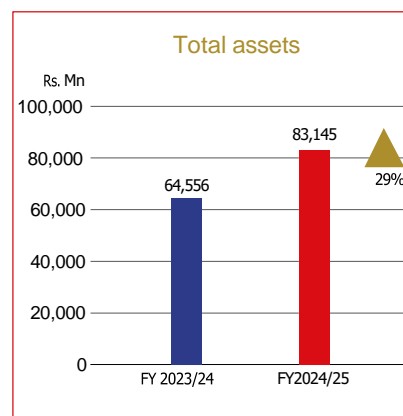
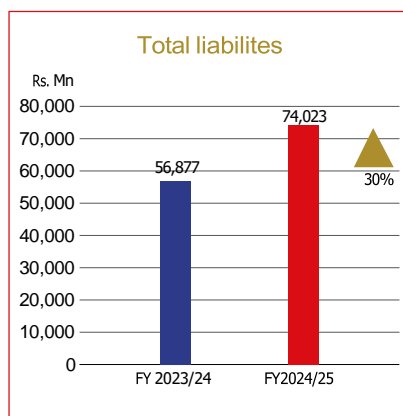
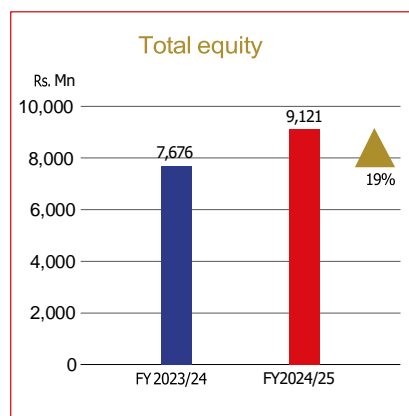
**1<sup>ST</sup> INTERIM  
DIVIDEND  
- 2024/25**

Date of dividend  
announced 6 January 2025

Date of dividend paid  
6 February 2025

Total Dividend paid  
(Gross) - Rs.1.60 Bn

# FINANCIAL PERFORMANCE





# INDEPENDENT AUDITOR'S REPORT



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426  
Fax +94 - 11 244 5872  
+94 - 11 244 6058  
Internet [www.kpmg.com/lk](http://www.kpmg.com/lk)

## TO THE SHAREHOLDERS OF FIRST CAPITAL TREASURIES PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of First Capital Treasuries PLC ("the Company"), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory 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 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in 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.

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C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
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M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA  
W. K. D. C. Abeyrathne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R.W.M.O.W.D.B. Rathnadiwakara FCA

W. W. J. C. Perera FCA  
G. A. U. Karunaratne FCA  
R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCTT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dharmaratne

# Independent Auditor's Report



## 1. Carrying amount of financial assets

Refer the material accounting policy in note 3.4 and explanatory notes 17 to the financial statements.

Risk Description	Our Response
<p>As at 31 March 2025, the Company's financial assets portfolio consists of treasury bills and treasury bonds measured at fair value through profit or loss. Further, these financial assets make up 94% of total assets.</p> <p>The Company's business operations are sensitive to market conditions hence the carrying amounts of its financial assets are considered an area of risk for the current financial year. Changes in macroeconomic factors, including market interest rates, could influence the Company's investment decision making processes, which could materially affect the carrying value of its financial assets as of the reporting date.</p> <p>Based on the above factors, we considered the carrying amount of financial assets as a key audit matter.</p>	<p>Our audit procedures included:</p> <p>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the management's key internal controls over identification, measurement and management of valuation risk as well as evaluating the methodologies and input parameters used by the Company in determining carrying amounts.</p> <ul style="list-style-type: none"> <li>Comparing observable inputs against independent sources and externally available market data and re-performing independent valuations considering the macroeconomic environment factors including market interest rates.</li> <li>Making inquiries of the management on the market conditions and reviewing the minutes of the enterprise risk management committee meetings.</li> <li>Testing mathematical accuracy and verifying the appropriateness and completeness of the data used.</li> <li>Obtaining and agreeing with the third-party confirmations for outstanding financial assets measured at fair value through profit or loss.</li> <li>Assessing the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.</li> </ul>

## 2. Recognition of direct income on financial assets

Refer the material accounting policy and explanatory note 6 to the financial statements.

Risk Description	Our Response
<p>As described in note 6, the Company has recognised a total direct income of Rs. 10,838Mn during the year comprising of gains/ (losses) on sales and interest income on financial assets. Based on the Company's business model, this arises from different types of financial instruments.</p> <p>Direct income from financial assets is a key element in the Company's budgeting process and is used as a basis for evaluating management performance. During the year, the Company's business operations were impacted by changes in the macroeconomic environment and policy decisions, resulting in significant change in direct income. These circumstances may create an incentive for management to recognise direct income in inappropriate accounting periods. Accordingly, we identified an inherent risk of manipulation in the timing of revenue recognition to meet specific performance targets or expectations.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the management's key internal controls over the gains/ (losses) on sales and interest income recognition and measurement.</li> <li>Testing the operating effectiveness of key IT application controls over gains/ (losses) on sales and interest income, in addition to evaluating the integrity of the general IT control environment.</li> </ul>





Risk Description	Our Response
Based on the above factors, we considered recognition of direct income on financial assets as a key audit matter.	<ul style="list-style-type: none"><li>• Making inquiries of the management on the market conditions and reviewing the minutes of the enterprise risk management committee meetings.</li><li>• Evaluating the appropriateness of the Company's gains/ (losses) on sales and interest income recognition policies, including the recognition, measurement and classification criteria as well as disclosure requirements as per relevant accounting standards.</li><li>• Performing test of details over gains/ (losses) on sales and interest income by inspecting a sample of transactions, recomputation of gains/ (losses) on sales and interest income and testing of cut off transactions in order to ensure such direct income is recognised and measured in accordance with the applicable financial reporting requirements and the Company's accounting policies.</li></ul>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### 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.

# Independent Auditor's Report



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 3544.



CHARTERED ACCOUNTANTS  
Colombo, Sri Lanka  
5 June 2025



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	2025 Rs.'000	2024 Rs.'000
<b>Income</b>	6	10,837,803	26,598,738
Direct expenses	7	(6,165,985)	(7,893,976)
<b>Net trading income</b>		4,671,818	18,704,762
Other income	8	54,239	8,752
Gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	9	626,919	(307,629)
<b>Net income before operating expenses</b>		5,352,976	18,405,885
<b>Operating expenses</b>			
Personnel expenses	10.1	(297,294)	(1,641,574)
Premises, equipment and establishment expenses	10.2	(84,584)	(54,911)
Other operating expenses	10.3	(499,032)	(671,360)
		(880,910)	(2,367,845)
<b>Profit before tax</b>	11	4,472,066	16,038,040
Income tax expenses	12	(1,429,636)	(4,894,912)
<b>Profit for the year</b>		3,042,430	11,143,128
<b>Other comprehensive income</b>			
Items that will never be reclassified to profit or loss			
Actuarial gain/(loss) on retirement benefit obligation	30	129	(2,247)
Tax effect on other comprehensive income	12	(39)	674
Item that are or may be reclassified to profit or loss		-	-
<b>Other comprehensive income/ (loss)</b>		90	(1,573)
<b>Total comprehensive income for the year</b>		3,042,520	11,141,555
Basic earnings per share (Rs.)	13	4.94	18.10

Figures in brackets indicate deductions.

The notes disclosed on pages 255 to 302 form an integral part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	2025 Rs. '000	2024 Rs. '000
<b>Assets</b>			
Cash at banks and in hand	15	236,104	29,161
Derivative financial instruments	16	2,820	51,933
Financial assets recognised through profit or loss - measured at fair value	17	78,107,519	56,684,886
Financial assets - at amortised cost	18	3,304,664	4,539,304
Amounts due from related companies	19	28,040	5,245
Deferred tax asset	20.1	186,812	-
Other assets	21	669,410	2,922,901
Property, plant and equipment and right of use assets	22	604,858	321,891
Intangible assets	23	4,534	622
<b>Total assets</b>		<b>83,144,761</b>	<b>64,555,943</b>
<b>Liabilities</b>			
Derivative financial instruments	24	768	71,742
Securities sold under re-purchase agreements	25.1	71,475,370	48,482,468
Short-term borrowings	25.2	806,029	-
Creditors and other payables	26	919,325	4,279,710
Amounts due to related companies	27	18,216	279,955
Deferred tax liability	20.2	-	16,276
Taxes payable	28	789,983	2,971,647
Borrowing on listed debentures	29	-	764,042
Retirement benefit obligations	30	13,742	10,735
<b>Total liabilities</b>		<b>74,023,433</b>	<b>56,876,575</b>
<b>Equity</b>			
Stated capital	31	256,500	256,500
Risk reserve	32	3,093,989	2,789,746
Retained earnings		5,772,839	4,635,122
Fair valuation reserve	33	(2,000)	(2,000)
<b>Total equity</b>		<b>9,121,328</b>	<b>7,679,368</b>
<b>Total equity and liabilities</b>		<b>83,144,761</b>	<b>64,555,943</b>
<b>Net assets per share (Rs.)</b>			
		<b>14.82</b>	<b>12.47</b>

The notes disclosed on pages 255 to 302 form an integral part of these Financial Statements.

I certify that these Financial Statements are prepared and presented in compliance with the requirements of the Companies Act No. 07 of 2007.



Mangala Jayashantha  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board,



Sachith Perera  
Director/CEO



Manjula Mathews  
Chairperson

5 June 2025  
Colombo





# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March		Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total Equity
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2023		256,500	1,675,433	3,534,080	(2,000)	5,464,013
Total comprehensive income for the year						
Profit for the year		-	-	11,143,128	-	11,143,128
Other comprehensive loss for the year		-	-	(1,573)	-	(1,573)
Total comprehensive income for the year		-	-	11,141,555	-	11,141,555
Transactions with equity holders						
Distribution to equity holders						
Dividend paid for 2023/24	34	-	-	(8,926,200)	-	(8,926,200))
Total distribution to equity holders		-	-	(8,926,200)	-	(8,926,200)
Total transactions with equity holders		-	-	(8,926,200)	-	(8,926,200)
Transfers to risk reserve	32	-	1,114,313	(1,114,313)	-	-
Balance as at 31 March 2024		256,500	2,789,746	4,635,122	(2,000)	7,679,368
Balance as at 1 April 2024		256,500	2,789,746	4,635,122	(2,000)	7,679,368
Total comprehensive income for the year						
Profit for the year		-	-	3,042,430	-	3,042,430
Other comprehensive income for the year		-	-	90	-	90
Total comprehensive income for the year		-	-	3,042,520	-	3,042,520
Transactions with equity holders						
Distribution to equity holders						
Dividend paid for 2024/25 (Interim)	34	-	-	(1,600,560)	-	(1,600,560)
Total distribution to equity holders		-	-	(1,600,560)	-	(1,600,560)
Total transactions with equity holders		-	-	(1,600,560)	-	(1,600,560)
Transfers to risk reserve	32	-	304,243	(304,243)	-	-
Balance as at 31 March 2025		256,500	3,093,989	5,772,839	(2,000)	9,121,328

Figures in brackets indicate deductions.

The notes disclosed on pages 255 to 302 form an integral part of these Financial Statements.

# STATEMENT OF CASH FLOWS

## ACCOUNTING POLICY

The Statement of Cash Flow has been prepared using the "Direct Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard - (LKAS 7) "Statement of Cash Flows". Cash at banks and in hand comprise cash in hand, balances with banks as presented in the Statement of Financial Position. and are subject to an insignificant risk of changes in value.

For the year ended 31 March	Note	2025 Rs.'000	2024 Rs.'000
<b>Cash flows from operating activities</b>			
Interest receipts and gains realised		10,832,848	26,578,897
Interest payments and other direct cost		(4,790,513)	(6,792,098)
Other receipts		53,159	8,288
Cash payments to employees and suppliers		(792,995)	(2,364,419)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>5,302,499</b>	<b>17,430,668</b>
Increase in financial assets-fair value through profit or loss- measured at fair value		(20,817,576)	(6,321,926)
Decrease/(Increase) in financial assets at amortised cost		1,239,595	(3,387,612)
Decrease/(Increase) in other assets		2,253,491	(2,583,951)
Increase in amounts due from related companies		(22,795)	(1,502)
(Decrease)/Increase in creditors and accrued charges		(586,456)	979,090
(Decrease)/Increase in amounts due to related companies		(261,739)	268,200
Increase in short-term borrowings	25.2	806,029	-
Increase in securities sold under re-purchase agreements		21,603,388	3,551,730
<b>Cash generated from operations</b>		<b>9,516,436</b>	<b>9,934,697</b>
Income tax paid	28	(3,815,019)	(2,531,059)
Gratuity paid	30	-	(557)
<b>Net cash flows generated from operating activities</b>		<b>5,701,417</b>	<b>7,403,081</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	22	(370,361)	(318,636)
Acquisition of intangible assets	23	(4,433)	(370)
Proceeds from sale of property, plant and equipment	8	1,080	463
<b>Net cash flows used in investing activities</b>		<b>(373,714)</b>	<b>(318,543)</b>
<b>Cash flows from financing activities</b>			
Dividend paid to shareholders		(4,370,760)	(7,079,400)
Redemption of borrowing on debentures issued in January 2020	29	(750,000)	-
<b>Net cash flows used in financing activities</b>		<b>(5,120,760)</b>	<b>(7,079,400)</b>
<b>Net increase in cash and cash equivalents</b>		<b>206,943</b>	<b>5,138</b>
Cash and cash equivalents at the beginning of the year		29,161	24,023
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>236,104</b>	<b>29,161</b>

Figures in brackets indicate deductions.

The notes disclosed on pages 255 to 302 form an integral part of these Financial Statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

### 1.1 Domicile and Legal Form

First Capital Treasuries PLC (“the Company”) is a public limited liability company incorporated and domiciled in Sri Lanka on 19 August 1982. The registered office and place of business of the Company is No. 2, Deal Place, Colombo 03. The ordinary shares and the debentures issued by the Company are listed on the Colombo Stock Exchange. The staff strength of the Company as at 31 March 2025 is 18 (31 March 2024 – 17).

### 1.2 Parent Entity and Ultimate Parent Entity

The Company’s parent entity is First Capital Limited. The ultimate parent undertaking and controlling party of the Company is Janashakthi Limited.

### 1.3 Principal Activities

The principal activity of the Company continued to be engaged in the business operations of a Primary Dealer in Government Securities. There were no significant changes in the nature of the principal activities of the Company during the financial year.

## 2. BASIS OF PREPARATION

### 2.1. Statement of Compliance

Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka. Further these statement comply with the requirements of the Companies Act No. 7 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

These SLFRSs and LKASs are available at the website of CA Sri Lanka [www.casrilanka.com](http://www.casrilanka.com).

The Company did not adopt any inappropriate accounting treatment, which are not in compliance with the requirements of the SLFRSs and LKASs and regulations governing the preparation and presentation of the Financial Statements.

Details of the Company’s Material Accounting Policies followed during the year are given in Notes 03 to 43 on pages 258 to 302.

#### 2.1.1 Directors’ Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007 and related disclosure requirements of Listing Rules.

This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors acknowledges their responsibility as set out in the “Annual Report of the Board of Directors”, “Statement of Directors’ Responsibility”. and the certification on the statement of financial position on page 237 to 239 (AROBOD), 204 (SODR), 252 (SOFP) respectively.

The Financial Statements of the Company and the separate Financial Statements of the Company as at 31 March 2025 comprises of –

- The Statement of Profit or Loss and Statement of Comprehensive Income (SOCI) providing information on the performance for the year under review (Refer pages 251).
- Statement of Financial Position (SOFP) providing the information on the financial position of the Company as at the year end (Refer page 252).
- Statement of Changes in Equity (SCE) providing the movement in the shareholders’ funds during the year under review for the Company (Refer pages 253).
- Statement of Cash Flows (SCF) - which provides the information to the users, on the ability of the Company to generate cash and cash equivalents and utilisation of those cash flows (Refer page 254).
- Notes to the Financial Statements, which comprise of the Accounting Policies and other explanatory notes and information (Refer pages 255 TO 302).

### 2.2 Presentation of Financial Statements

The assets and liabilities of the Statement of Financial Position are Companied by nature and listed in order to reflect their relative liquidity and maturity pattern.

### 2.3 Approval of Financial Statements by Directors

The Financial Statements for the year ended 31 March 2025 were authorised for issue by the Board of Directors on 5 June 2025. (Financial Statements of the company for the year ended 31 March 2024, were approved by the Board of Directors on 4 June 2024).

# Notes To The Financial Statements

## 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.

Category	Basis of Measurement	Note	Page Number
Derivative financial assets/ liabilities	Fair value	Note 16 & 24	273 & 281
Financial assets measured at fair value through profit or loss (FVTPL)	Fair value	Note 17	273 & 274
Financial assets at amortised cost	Amortised cost	Note 18	274 & 275
Right of use of assets	Discounted future lease rental payments	Note 22	277 & 279
Retirement benefit obligations	Projected unit credit method	Note 30	284 & 286
Financial liabilities	Amortised cost	Note 25 & 29	281, 282 & 284

## 2.5 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is the Company's functional currency. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

## 2.6 Use of Significant Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with SLFRSs/ LKASs requires 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 based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are included in the following notes to these Financial Statements.

The following table includes the items that involve significant accounting judgments, estimates and assumptions in the preparations of the Financial Statements of the Company.

Critical Accounting Estimate/Judgment	Disclosure Note	Page Number
Going concern	Note 2.11	257
Classification of financial assets and liabilities	Note 3.4.2	259
Fair value of financial instruments	Note 2.6.5 & 42	257
Useful lives of intangible assets	Note 23	280
Useful lives of property, plant and equipment	Note 22	278
Retirement benefit obligation	Note 30	284 to 286
Deferred tax asset/ liability	Note 20	276 to 277
Derecognition of financial assets and liabilities	Note 3.4.7	260
Impairment of non-financial assets	Note 3.5	261
Provisions for liabilities, commitments and contingencies	Note 2.6.7	257

### 2.6.1 Determination of Fair Values

'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. Several of the Company's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

### 2.6.2 Fair Value of Non-Financial Assets

The fair value used by the Company in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the



most advantageous market that is accessible by the Company for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### 2.6.3 Useful Lives of Depreciable Assets

Management reviews its estimation of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment (Refer Note 22).

#### 2.6.4 Defined Benefit Obligation

The cost of the defined benefit plans are determined using an actuarial valuation. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as mortality rates, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense (Refer Note 30).

#### 2.6.5 Fair Value of Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Refer Note 42).

#### 2.6.6 Recognition of Deferred Tax Assets

Management applies significant judgment to the extent the deferred tax assets can be recognised based on an assessment of the probability of the company future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

#### 2.6.7 Provisions for Liabilities, Commitments and Contingencies

The Company receives legal claims in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions the time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due processes in respective legal jurisdictions (Refer Note 26 ,36 & 38).

#### 2.7 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements for the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

#### 2.8 Materiality, Presentation and aggregation

As per LKAS – 1 "Presentation of Financial Statements" (LKAS 1) and amendments to the LKAS 1 no "Disclosure Initiative" which was effective from 1 January 2016, each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

#### 2.9 Rounding

The amounts in the Financial Statements have been rounded off to the nearest Thousands, except where otherwise indicated as permitted by the LKAS 1.

#### 2.10 Events after Reporting Date

In this regard, all material and important events that occurred after the reporting period are considered and appropriate disclosures are made where necessary (Note 39).

#### 2.11 Going Concern

The Board of Directors of the Company 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 Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the ability of the Company to continue as a going concern.

Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.



# Notes To The Financial Statements

## 3. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements of the company, unless otherwise indicated.

### 3.1 New and Amended Standards and Interpretations

The amendment to Accounting Standards LKAS 1, LKAS 7, SLFRS 16, and LKAS 21 do not have a material effect on the Company Financial Statements.

### 3.2 Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently for all periods presented in the financial statements by the Company unless otherwise indicated.

#### Index of Material Accounting Policy Information

Accounting Policy	Note	Page Number
Material accounting policies - General		
Financial instruments	3.4	258 to 261
Material accounting policies - Recognition of income and expenses		
Income	6	267
Other income	8	268
Gain/(loss) on fair valuation of financial assets recognised through profit or loss - measured at fair value	9	268
Operating expenses	10	269
Income tax expenses	12	270 to 272
Earnings per share (EPS)	13	272
Dividend per share (DPS)	14	272
Material accounting policies - Recognition of assets and liabilities		
Cash at banks and in hand	15	273
Derivative financial assets	16	273
Financial assets recognised through profit or loss - measured at fair value (FVTPL)	17	273 & 274
Financial assets at amortised cost	18	274 & 275
Deferred tax asset/ liability	20	276 to 277
Property, plant and equipment and right of use assets	22	277 to 279

Accounting Policy	Note	Page Number
Intangible assets	23	280
Derivative financial liabilities	24	281
Securities sold under re-purchase agreements	25.1	281
Short-term borrowings	25.2	282
Retirement benefit obligations	30	284 to 286
Borrowings on debentures	29	284

### 3.3 Foreign Currency

#### 3.3.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currency (Sri Lankan Rupees - LKR/ Rs.) at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the middle rate of exchange prevailing at the reporting date. The foreign currency gain or loss on monetary items are the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in Statement of Profit or Loss.

### 3.4 Financial Instruments

#### 3.4.1 Initial Recognition, Classification and Subsequent Measurement

##### 3.4.1.1 Date of Recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

##### 3.4.1.2 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial



instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### 3.4.2 Classification and Subsequent Measurement of Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortised cost 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 Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest ("SPPI").

##### 3.4.2.1 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 the 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 realising 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 (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- 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 realised.

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 cashflows nor held both to collect contractual cash flows and to sell financial assets.

#### 3.4.3 Financial Assets

Financial assets are classified appropriately as FVTPL and Financial assets at amortised cost. All the financial assets are recognised at fair value at its initial recognition.

##### 3.4.3.1 Financial Assets - Assessment whether contractual cash flows are solely payments of principal and interest (SPPI test)

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 a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also

## Notes To The Financial Statements

include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### 3.4.4 Financial Liabilities

The Company classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss,

### 3.4.5 Classification and Subsequent Measurement of Financial Liabilities

The subsequent measurement of financial liabilities depends on their classification.

### 3.4.6 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company's changes its objective of the business model for managing such financial assets. Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

### 3.4.7 Derecognition of Financial Assets and Financial Liabilities

#### 3.4.7.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### 3.4.7.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

### 3.4.8 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.



#### 3.4.9 Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

#### 3.4.10 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 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 of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at 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 at 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 that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at 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.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net

exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

#### 3.5 Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, all company assets are combined together into the smallest class of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The ‘recoverable amount’ of an asset or CGU is the greater of its value in use and its fair value less costs to sell. ‘Value in use’ is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Company’s corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying

## Notes To The Financial Statements

amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.6 Borrowings

Repo borrowings, borrowing on debentures and short-term borrowing are the Company's sources of debt funding. When the Company sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a borrowing.

The borrowing on debentures are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

### 3.7 Value Added Tax on Financial Services (VAT on FS)

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003 and subsequent amendments thereto. VAT on financial services is computed on the prescribed rate. The Company is required to pay VAT on Financial Services on the VAT liable turnover at the rate of 18%.

### 3.8 Social Security Contribution Levy (SSCL)

The Social Security Contribution Levy (SSCL) Act No. 25 of 2022, has been passed in the parliament imposing a new levy on the turnover of persons. The SSCL comes into operations with effect from 1 October 2022. Since SSCL is a turnover based direct tax, it has two tax bases.

1. Value Addition attributable to financial services.
2. Turnover liable for General VAT (Turnover not liable for financial services).

The Value Addition attributable for Financial Services shall be derived with the application of the turnover ratio distinguishing General VAT and VAT on Financial Services. Tax fraction 2.5/120.5 is applied in computing SSCL. In addition, turnover, liable for General VAT too shall be chargeable with SSCL. The Company is required to pay SSCL on the General VAT liable turnover at the rate of 2.5%.

### 3.9 Advance Income Tax (AIT) on Dividend

The dividend distributed after 1 January 2023 shall be subject to 15% AIT where shareholders shall receive dividend net of AIT. AIT deducted on dividend shall be final tax and will attract no further tax in the hands of the shareholders. With the introduction of the Inland Revenue (Amendment) Acts No. 10 of 2021 and No. 45 of 2022, any dividend paid out of the dividend received, shall be exempted from income tax net of the cost of funds.

### 3.10 Advance Income Tax (AIT) and Withholding Tax (WHT)

AIT shall be charged on the interest paid or credited from all interest bearing deposit accounts denominated in Sri Lankan Rupees at the rate of 5% on such interest payments, 10% rent payment which surpass or equal to the aggregate gross rent amount for the calendar month and for the service receipt, 5% on the total gross amount if such payment exceeds Rs. 100,000 per calendar month.

WHT on interest payments has been revised to 10% with effect from 1 April 2025.

### 3.11 SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate related Disclosures Effective on or after 01 January 2026 with early adoption permitted.

With SLFRS Sustainability Standards SLFRS S1 and SLFRS S2 in effect, the Company has adopted the two standards on a voluntary and limited basis, as the Company gear up for full adoption of the two standards as they become mandatory for the financial year ending 31 March 2026. The Company is currently in the process of carrying out a thorough review of its ESG framework to ensure alignment with SLFRS S1 and SLFRS S2 and the Company's long-term sustainability goals.

Company has conducted a comprehensive gap analysis to identify the requirement related to specific sustainability related risks and opportunities (SRROs), climate related risks and opportunities (CRROs), and their impact on Company's Governance, Business Strategy and value chain model, Risk Management and Setting up of Metrics and Targets (refer page 130 to 140 for more information).





#### 2025/26

1<sup>st</sup> Reporting Period (1 April 2025 – 31 March 2026)

- Comply with SLFRS S1 & S2 (sustainability and climate-related risks and opportunities).
- Disclose scope 1 & 2 emissions

#### 2026/27

2<sup>nd</sup> Reporting Period (1 April 2026 – 31 March 2027)

- Provide comparative information on SLFRS S1 & S2 (sustainability and climate-related risks and opportunities)
- Disclose scope 1 & 2 emissions

#### 2027/28

3<sup>rd</sup> Reporting Period (1 April 2027 – 31 March 2028)

- Fully comply with SLFRS S1 & S2.
- Provide Comparative information for all sustainability-related risks and opportunities.
- Report Scope 3 emissions, including financed emissions.

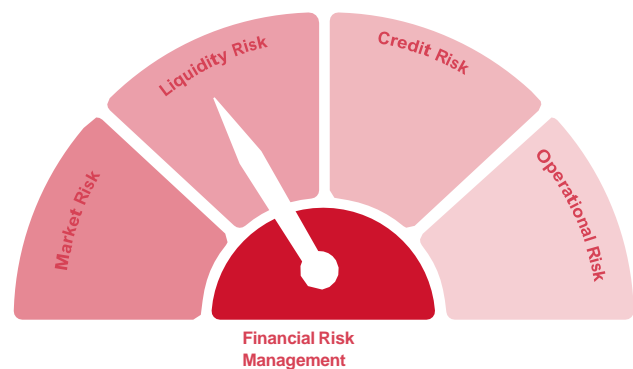
#### 4. FINANCIAL RISK MANAGEMENT FRAMEWORK

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The Risk Management Policy of the Company translates overall risk appetite on business activities in a holistic approach to provide the guidance required for convergence of strategic and risk perspectives of the Company. The Board Integrated Risk Management Committee (BIRMC) meets quarterly to review and assess the Company's overall risks and to focus on policy recommendations and strategies in an integrated manner and the Board of Directors is duly updated of its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

A detailed disclosure on how the financial risk management is carried out within the Company's Risk Management Framework with due consideration given to Market, Liquidity, Credit, and Operational risks are given in the Notes to the Financial Statements Section on "Risk Management disclosures" on pages 293 to 297.



#### 5. NEW AMENDMENTS TO THE SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued following new amendments to the Sri Lanka Accounting Standards which will become applicable for financial periods beginning after on or after 1 April 2025. Accordingly, the Company has not applied the following new amendments to the standard in preparing these Financial Statements. The following new amendments to the standards are not expected to have a Material impact on the Company's financial statements.

# Notes To The Financial Statements

High Impact ● Moderate Impact ● No Impact ●

## 5.1 New accounting standards effective for annual reporting periods beginning on or after 1 January 2025

New SLFRS amendment to the existing SLFRS	Summary of the requirements/ Objective	Possible impact to the Financial Statements	Impact on the Financial Statements
Amendments to SLFRS 16 - Lease Liability in a Sale and Leaseback	The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. These narrow-scope amendments to the requirements for sale and leaseback transactions in SLFRS 16 Leases explain how an entity accounts for a sale and leaseback after the date of the transaction.	This could particularly impact sale and leaseback transactions, where the lease payments include variable payments that do not depend on an index or a rate. The Company has not entered into sale and lease back transactions during the year.	●
Amendments to LKAS 7 and SLFRS 7 - Supplier Finance Arrangements	Objective of the new disclosures is to provide information about Supplier Finance Arrangements (SFAs) that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.	<p>The new disclosures include:</p> <ul style="list-style-type: none"> <li>• Terms and conditions of SFAs;</li> <li>• Carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented;</li> <li>• Carrying amount of the financial liabilities for which suppliers have already received payment from the finance providers;</li> <li>• Range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements;</li> <li>• Non-cash changes in the carrying amounts of financial liabilities;</li> <li>• Access to SFA facilities and concentration of liquidity risk with finance providers.</li> <li>• The amendment does not have a material impact on the Financial Statements of the Company due to non-availability of supplier finance arrangements.</li> </ul>	●



New SLFRS amendment to the existing SLFRS	Summary of the requirements/ Objective	Possible impact to the Financial Statements	Impact on the Financial Statements
Amendments to LKAS 21 - Lack of exchangeability	<p>These disclosures might include:</p> <ul style="list-style-type: none"> <li>• nature and financial impacts of the currency not being exchangeable; spot exchange rate used;</li> <li>• estimation process; and</li> <li>• risks to the Company because the Currency is not exchangeable</li> </ul>	Provide new disclosures to help users assess the impact of using an estimated exchange rate on the Financial Statements. The amendment is not expected to have a material impact on the Financial Statements of the Company's since the Company has not entered into transactions in terms of the currencies that have lack of exchangeability.	●

## 5.2 New accounting standards effective for annual reporting periods beginning on or after 1 January 2026

New SLFRS amendment to the existing SLFRS	Summary of the requirements/ Objective	Possible impact to the Financial Statements	Impact on the Financial Statements
Amendments to SLFRS 9 and SLFRS 7 - Contracts Referencing Nature-dependent Electricity (previously Power Purchase Agreements) Early application of the amendments is permitted.	<p>Nature-dependent electricity contracts assist companies to secure their electricity supply from wind and solar power sources. Since the amount of electricity generated under these contracts may vary based on uncontrollable factors related to weather conditions, current accounting requirements may not adequately capture how these contracts affect a company's performance.</p>	<p>Financial Instruments: Disclosures to improve the disclosure of these contracts in the financial statements. The amendments include:</p> <ul style="list-style-type: none"> <li>• Clarifying the application of the 'own-use' requirements;</li> <li>• Permitting hedge accounting if these contracts are used as hedging instruments; and</li> <li>• Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.</li> </ul>	●
Amendments to SLFRS 9, Financial Instruments and SLFRS 7, Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments	<p>Clarify financial assets and financial liabilities are recognised and derecognised at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognise certain financial liabilities settled via electronic payment systems earlier than the settlement date.</p> <p>The amendments specify:</p> <ul style="list-style-type: none"> <li>• when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date;</li> </ul>	<p>Amendments provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features.</p> <p>Derecognition of financial liabilities</p> <ul style="list-style-type: none"> <li>• Derecognition of financial liabilities settled through electronic transfers.</li> </ul>	●

## Notes To The Financial Statements

New SLFRS amendment to the existing SLFRS	Summary of the requirements/ Objective	Possible impact to the Financial Statements	Impact on the Financial Statements
	<ul style="list-style-type: none"> <li>• how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and</li> <li>• new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.</li> </ul>	<p>Classification of financial assets</p> <ul style="list-style-type: none"> <li>• Elements of interest in a basic lending arrangement (the solely payments of principle and interest assessment - 'SPPI test')</li> <li>• Contractual terms that change the timing or amount of contractual cash flows</li> <li>• Financial assets with non-recourse features</li> <li>• Investments in contractually linked instruments.</li> </ul> <p>Disclosures</p> <ul style="list-style-type: none"> <li>• Investments in equity instruments designated at fair value through other comprehensive income</li> <li>• Contractual terms that could change the timing or amount of contractual cash flows.</li> </ul> <p>The Amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified.</p> <p>The Amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply the remaining amendments later. This would be particularly useful to entities that wish to apply the Amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.</p>	



## 6 INCOME

### Accounting Policy

#### Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' (EIR) is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the EIR, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the EIR of the instrument.

Interest income and expense presented in the statement of profit or loss and other comprehensive income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an EIR basis; and
- interest on financial assets measured at fair value through profit or loss are calculated on an EIR basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest expense is recognised in the SOCI as it accrues and is calculated by using the EIR method. Accrued interest is included within the carrying value of the interest-bearing financial liability. The company's expense includes repo interest expense, interest expenses on short/ long-term borrowing and other interest expenses. As at the reporting date, the Company has classified all financial liabilities under the amortised cost category.

#### Gain/(loss) on sale of financial assets measured at fair value through profit or loss

Gain/(loss) on sale of financial assets measured at fair value through profit or loss comprises realised trading gains on disposal of government securities, is presented as sale of financial assets at fair value through profit or loss in the statement of profit or loss.

For the year ended 31 March	2025 Rs.'000	2024 Rs.'000
Interest income on financial assets recognised through profit or loss measured at fair value	6,886,820	10,333,640
Interest income on financial assets at amortised cost	856,897	443,383
Gain on sale of financial assets recognised through profit or loss measured at fair value	3,091,716	15,811,184
Fee income	2,370	10,531
	10,837,803	26,598,738

### 6.1 Timing of income recognition

For the year ended 31 March	2025 Rs.'000	2024 Rs.'000
Income generated at a point in time	3,094,086	15,821,715
Income generated over the period	7,743,717	10,777,023
	10,837,803	26,598,738



# Notes To The Financial Statements

## 7 DIRECT EXPENSES

For the year ended 31 March	2025 Rs.'000	2024 Rs.'000
Interest expenses on repurchase agreements	5,915,378	7,513,552
Brokerage cost	110,356	274,131
Interest expenses on listed debentures	81,583	97,591
Interest expenses on short-term borrowings	33,782	-
Other direct expenses	24,886	8,702
	6,165,985	7,893,976

## 8 OTHER INCOME

### Accounting policy

#### Other Income

Other income is recognised on an accrual basis. Other income comprises administrative income, disposal gains on property, plant and equipment, exchange gain/(loss) and miscellaneous income.

#### Gains or losses on disposal of an item of property, plant and equipment (PPE)

Any gain or loss on disposal of an item of PPE (calculated as the difference between net proceeds from disposal and carrying amount of the item at the time of disposal) is recognised as 'other income' in the SOCI in the year in which the Company transfers control of the asset to the buyer. When revalued assets are sold, any related amount included in the revaluation reserves are transferred to retained earnings.

For the year ended 31 March	2025 Rs.'000	2024 Rs.'000
Profit on sale of property, plant and equipment	1,080	463
Administrative income	52,858	7,275
Miscellaneous income	301	1,014
	54,239	8,752

## 9 GAIN/(LOSS) ON FAIR VALUATION OF FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS MEASURED AT FAIR VALUE

### Accounting policy

#### Gain/(loss) on fair valuation of financial assets – fair value through profit or loss

Gain/(loss) on fair valuation of financial assets is the unrealised gain/(loss) on fair valuation (marked to market valuation) of government securities. The fair valuation gain/ (loss) is presented in the SOCI.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and financial liabilities carried at fair value through profit or loss, are presented in net income as gain on fair valuation of other financial instruments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

For the year ended 31 March	2025 Rs.'000	2024 Rs.'000
Gain/(loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	605,057	(390,212)
Gain on fair valuation of derivative financial assets	45,564	740
Gain/(loss) on fair valuation of derivative financial liabilities	(23,702)	81,843
	626,919	(307,629)

Gain/(loss) on fair valuation of financial assets has been accounted for in accordance with the SLFRS 9.



## 10 OPERATING EXPENSES

### Accounting policy

#### Expenses recognition

Expenses are recognised in the SOCI on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the SOCI the directors are of the opinion that the nature of the expenses method present fairly the element of the Company's performance, and hence such presentation method is adopted.

### Accounting policy

#### Employee Provident Fund (EPF)

All employees of the Company are members of the Employees' Provident Fund. The Company and employees contribute 12% and 8% respectively of the salary to EPF.

#### Employees Trust Fund (ETF)

All employees of the Company are members of the Employees Trust Fund. The Company contributes 3% of the salary of each employee to ETF.

### 10.1 Personnel expenses

For the year ended 31 March	Note	2025 Rs.'000	2024 Rs.'000
Salaries		129,453	121,681
Employer's contribution to EPF & ETF		20,208	18,992
Performance bonus		90,467	1,357,438
Retirement benefit cost	30	3,136	2,512
Other personnel expenses		54,030	140,951
		297,294	1,641,574

### 10.2 Premises, equipment and establishment expenses

For the year ended 31 March	Note	2025 Rs.'000	2024 Rs.'000
Building maintenance charges		6,770	25,693
Depreciation and amortisation	22 & 23	87,915	13,099
Electricity		2,975	2,138
Other premises, equipment and establishment expenses/ (reversal)		(13,076)	13,981
		84,584	54,911

### 10.3 Other operating expenses

For the year ended 31 March	2025 Rs.'000	2024 Rs.'000
Value added tax on financial services	271,245	451,420
Professional service related expenses	115,089	77,005
Bank related charges	21,600	17,284
Communication and information technology expenses	44,123	29,492
Sales promotion expenses	7,917	33,038
Donations	12	426
Travelling expenses	1,373	748
Social security contribution levy	37,673	62,643
Miscellaneous expenses/ (reversal)	-	(696)
	499,032	671,360

# Notes To The Financial Statements

## 11 PROFIT BEFORE TAX

For the year ended 31 March	Note	2025 Rs.'000	2024 Rs.'000
Profit before taxation is stated after charging all expenses including the following:			
Directors' emoluments		52,933	7,962
Auditors' remuneration - Audit services		900	815
Auditors' remuneration - Other services		2,021	778
Depreciation on property, plant and equipment and right of use assets	22	87,394	12,857
Amortisation of intangible assets	23	521	242
Retirement benefit cost	30	3,136	2,512
Salaries		129,453	121,681
Employer's contribution to EPF & ETF		20,208	18,992
Legal fees		2,595	1,011
Donations		12	426

Directors' emoluments represent the salaries, fees and other short-term benefits paid to both Executive and Non-Executive Directors of the Group and are presented in Note 35.5 on page 290.

## 12 TAXATION

### Tax Exposures

In determining the amount of current tax and deferred tax, the Company considers the impact of tax exposure, including whether additional taxes and penalties are due. Finalisation of the tax liability with authorities may change the position already recorded in the Financial Statements and such changes to tax liabilities could impact the tax expense either as an over or under provision in the period in which such a determination is made.

### Accounting policy

#### Tax Expense

Tax expense comprises current and deferred tax. Income tax and deferred tax expense is recognised in statement of profit or loss except to the extent that it relates to items recognised in the SOCI or SCE.

#### Current tax expense

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and is measured using the tax rates enacted or substantially enacted as at the reporting date.

#### Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date



### Deferred Tax (Contd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and 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 realised simultaneously.

A deferred tax asset is recognised 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 utilised. 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 realised.

Deferred tax assets and liabilities are not discounted. The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense, in the SOCI.

The Company is liable to pay income tax at the rate of 30% in accordance with the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

For the year ended 31 March	Note	2025 Rs.'000	2024 Rs.'000
<b>Recognised in profit or loss</b>			
Current tax expense	12.1	(1,395,317)	(4,937,677)
(Under)/over provision for tax		(237,446)	64,679
Deferred tax asset recognised/ (reversed) during the year	20	203,127	(21,914)
		(1,429,636)	(4,894,912)
<b>Recognised in other comprehensive income</b>			
Deferred tax asset recognised/ (reversed) during the year	20	(39)	674

### 12.1 Reconciliation of accounting profit to income tax

For the year ended 31 March	2025 Rs.'000	2024 Rs.'000
Profit before tax	4,472,066	16,038,040
Exempted income	(1,077)	(462,503)
Disallowable expenses	319,678	488,107
Allowable expenses	(140,691)	(67,223)
Assessable charge on depreciable Assets	1,077	462,503
Statutory income	4,651,053	16,458,924
Tax loss claimed during the year	-	-
Taxable income	4,651,053	16,458,924

	Taxable Income	Tax rate	Tax expense
For the year ended 31 March 2025	4,651,053	30%	1,395,317

# Notes To The Financial Statements

## 12 TAXATION (CONTD)

### 12.2 Effective tax rate

For the year ended 31 March	Note	2025	2024
Effective tax rate (excluding deferred tax)	12.3	36.51%	30.38%
Effective tax rate	12.3	31.97%	30.52%

### 12.3 Reconciliation of accounting profit/(loss) to income tax

For the year ended 31 March	2025		2024	
	%	Rs. '000	%	Rs. '000
Profit before tax	-	4,472,066	-	16,038,040
Tax using the Company's domestic tax rate	30.00%	1,341,620	30.00%	4,811,412
Tax on exempted income	(0.01%)	(323)	(0.87%)	(138,751)
Tax on disallowable expenses	2.14%	95,903	0.91%	146,432
Tax on allowable expenses	(0.94%)	(42,206)	(0.13%)	(20,167)
Tax on assessable charge on depreciable assets	0.01%	323	0.87%	138,751
Under / (over) provision in respect of the previous year	5.31%	237,446	(0.40%)	(64,679)
Effective tax rate (excluding deferred tax)	36.51%	1,632,763	30.38%	4,872,998
Deferred tax asset recognised/ (reversed) during the year	(4.54%)	(203,127)	0.14%	21,914
Income tax expense recognised in the Income Statement at the average effective income tax rate	31.97%	1,429,636	30.52%	4,894,912

## 13 EARNINGS PER SHARE (EPS)

### Accounting policy

The Company presents 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.

For the year ended 31 March	2025	2024
Profit attributable to ordinary shareholders (Rs.'000)	3,042,430	11,143,128
Weighted average number of ordinary shares in issue	615,600,000	615,600,000
Basic earnings per share (Rs.)	4.94	18.10

There were no potentially dilutive ordinary shares outstanding at anytime during the year, hence diluted earnings per share is equal to the basic earnings per share.

## 14 DIVIDEND PER SHARE (DPS)

Dividend on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's Board of Directors in accordance with the Articles of Association of the Company. Dividend declared by the Board of Directors before the reporting date is recognised as a liability in accordance with the Sri Lanka Accounting Standard – LKAS 10 on “Events after the reporting period”.

### Dividend declared/ paid from recorded profit

For the year ended 31 March	2025	2024
Dividend declared/ paid per share (Rs.)	2.60	14.50
Number of ordinary shares ('000)	615,600	615,600
Total dividend declared (Rs. '000)	1,600,560	8,926,200



**Interim dividend declared**

The Board of Directors declared a total interim dividend of Rs. 2.60 per share for the financial year 2024/25 on 6 January 2025 (2023/24 - dividend per share of Rs. 14.50).

**Compliance with the Section 56 and 57 of the Companies Act No. 7 of 2007**

As required by the Section 56 of the Companies Act, No. 7 of 2007, the Board of Directors of the Company need to satisfy the solvency test in accordance with the Section 57, prior to recommending the dividend. A statement of solvency duly completed and signed by the Directors on 20 December 2024 have been reviewed by Messrs. KPMG.

**15 CASH AT BANKS AND IN HAND****Accounting policy**

Cash and cash equivalents comprise cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

As at 31 March	Note	2025 Rs.'000	2024 Rs.'000
Cash at banks	41.4.1	236,029	29,086
Cash in hand	41.4.1	75	75
<b>Total</b>		<b>236,104</b>	<b>29,161</b>

**16 DERIVATIVE FINANCIAL INSTRUMENTS****Accounting policy**

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the SOFP.

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net gain/(loss) from fair valuation of FVTPL.

As at 31 March	2025 Rs.'000	2024 Rs.'000
Forward purchase contracts - Government securities	2,814	49,989
Forward sale contracts - Government securities	6	1,944
	<b>2,820</b>	<b>51,933</b>

**17 FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE****Accounting policy**

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognised in profit or loss as incurred.

Financial assets at fair value through profit or loss are initially measured at fair value. Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in 'Gain/(loss) on fair valuation of financial assets recognised through profit or loss measured at fair value' in the SOCI. Investment in government securities represent FVTPL.

# Notes To The Financial Statements

## 17 FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE (CONTD)

As at 31 March	Market Value		Face Value	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Treasury bills	729,308	18,227,996	758,525	18,633,283
Treasury bonds	77,378,211	38,456,890	74,367,333	36,459,308
	78,107,519	56,684,886	75,125,858	55,092,591

### 17.1 Securities pledged as Collateral

Out of the Government securities classified as Financial assets recognised through profit or loss - measured at fair value, following securities had been pledged as collateral for repurchase agreements entered into by the Company as at 31 March 2025.

As at 31 March	Market Value		Face Value	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Treasury bills	695,792	13,605,361	724,073	13,923,141
Treasury bonds	76,676,775	37,145,268	73,822,960	35,066,565
	77,372,567	50,750,629	74,547,033	48,989,706

## 18 FINANCIAL ASSETS - AT AMORTISED COST

### Accounting policy

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) 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.

### Initial measurement

Financial Instruments classified as amortised cost are initially measured at fair value plus transaction costs that are directly attributable to acquisition or issue of such instrument.

### Subsequent measurement

After the initial measurement, these assets are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment).

### Accounting Policy

#### Securities purchased under resale agreements (Reverse Repo)

When the Company purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (reverse repo), the arrangement is accounted for as a financial asset in the SOFP reflecting the transaction's economic substance as a loan granted by the Company. Subsequent to initial recognition, these securities issued are measured at amortised cost using the EIR with the corresponding interest income/ receivable being recognised as interest income in the SOCI.

As at 31 March	2025	2024
	Rs.'000	Rs.'000
Investments under resale agreements - Treasury bills	705,626	1,060,827
Investments under resale agreements - Treasury bonds	2,599,038	3,478,477
	3,304,664	4,539,304



### 18.1 Securities received as collateral

As at 31 March	Market Value		Face Value	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Treasury bills	747,341	1,196,154	756,000	1,217,000
Treasury bonds	3,012,781	4,060,822	2,571,073	3,435,945
	3,760,122	5,256,976	3,327,073	4,652,945

The Company is entitled to repledge the securities received as collateral for its Borrowings (Repos) and requires to return the said collateral to the respective counterparties at the time of the settlement of outstanding (Reverse Repos). Accordingly, the Company has repledged market value of treasury bonds amounting to Rs. 2,624 Mn as at 31 March 2025 and treasury bills amounting to Rs. 690 Mn were repledged. (comparative repledged market value of treasury bonds amounting to Rs. 2,808 Mn and treasury bills amounting to Rs. 1,121 Mn).

The Company follows the guidelines stipulated in the direction, Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills issued by the Central Bank of Sri Lanka, in receiving securities for reverse repurchase agreements (Direction No. 01 of 2019 dated 20 December 2019). Only the eligible securities are being used for such receipts and the Section 4.3, 4.4 and 4.5 are being complied with when considering the haircut requirements.

The Company have established an effective risk management framework by implementing necessary policies and procedures to ensure compliance with the said guidelines. An effective internal control system is being used to verify the accuracy of security receipts.

The Company's policy is that the market values of eligible securities are adequately covered the resale values of the securities in line with the direction of Central Bank of Sri Lanka as follows (at the time of origination of the transactions as well as the ongoing transactions).

Remaining term to maturity of the eligible security	Minimum Haircut (%)
Up to 1 year	4
More than 1 year and up to 3 years	6
More than 3 year and up to 5 years	8
More than 5 year and up to 8 years	10
More than 8 years	12

### 19 AMOUNT DUE FROM RELATED COMPANIES

As at 31 March	2025 Rs.'000	2024 Rs.'000
First Capital Limited	2,785	-
First Capital Equities (Pvt) Limited	19,487	-
First Capital Asset Management Limited	5,759	2,000
First Capital Advisory Services (Pvt) Limited	2	-
Janashakthi Business Services (Pvt) Limited	7	-
Janashakthi Limited	-	3,245
	28,040	5,245

# Notes To The Financial Statements

## 20 DEFERRED TAX ASSET / (LIABILITY)

### Accounting policy

#### Deferred Taxation

Deferred tax is recognised by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

### Accounting Policy

#### Deferred Tax Assets

Management applies significant judgment to the extent the deferred tax assets can be recognised based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

Deferred tax assets are recognised for all deductible temporary differences, carried forward 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, carried forward unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow 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. Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax laws of the relevant jurisdiction. Details of deferred tax assets / (liabilities) given in Note 20.1 & 20.2 to the Financial Statements.

### 20.1 Deferred Tax Asset

As at 31 March	Note	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year		-	4,964
Charge/(reversal) in profit or loss during the year	12	203,127	-
Recognised/(reversed) in other comprehensive income during the year	12	(39)	-
Transferred (from)/to deferred tax liabilities	12	(16,276)	(4,964)
Balance at the end of the year		186,812	-

### Accounting Policy

#### Deferred Tax Liability

Deferred tax liabilities are recognised for all taxable temporary differences, except: Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary difference.



## 20.2 Deferred Tax Liability

As at 31 March	Note	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year		16,276	-
Transferred to deferred tax assets		(16,276)	(4,964)
Charge in profit or loss during the year	12	-	21,914
Reversed in other comprehensive income during the year	12	-	(674)
Balance at the end of the year		-	16,276

## 20.3 The deferred tax asset/liabilities have been computed on the basis of 30% (2023/24 - 30%). Deferred tax is attributable to the followings;

As at 31 March	2025		2024	
	(Taxable)/ Deductible Temporary Difference Rs.'000	Tax Effect Rs.'000	(Taxable)/ Deductible Temporary Difference Rs.'000	Tax Effect Rs.'000
On property, plant and equipment	(59,208)	(17,763)	(64,988)	(19,496)
On retirement benefit obligations	13,742	4,123	10,735	3,220
On deferred bonus payments	668,171	200,452	-	-
	622,705	186,812	(54,253)	(16,276)

The Company's does not have brought forward tax losses as at 31 March 2025 (31 March 2024 – Nil).

## 21 OTHER ASSETS

As at 31 March	2025 Rs.'000	2024 Rs.'000
Advance paid for building	-	230,000
Advance paid for land	77,300	77,300
Prepayments and other receivable	89,346	80,776
Receivable from First Capital Holdings PLC's deferred bonus fund	502,764	-
Treasury bill maturity proceeds	-	2,534,825
	669,410	2,922,901

## 22 PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

### Accounting policy

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

### Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in SOCI.



# Notes To The Financial Statements

## 22 PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (CONTD)

### Subsequent Cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

### Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation methods, useful lifetime and residual values are reviewed at each reporting date and adjusted if appropriate.

**The estimated useful lives of significant items of property, plant and equipment are as follows:**

Type of Asset	Life Time (Years)
Building	30
Computer equipment	5
Fixtures and fittings	5
Furniture	5
Office equipment	5
Motor vehicle	5

### 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 the derecognition of an item of property, plant and equipment is included in profit or loss 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.

### Right of Use Assets

#### Recognition

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. To assess whether a contract conveys the right to control use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

#### As a lessee

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. However, for the leases of property and equipment, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

### ROU assets

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on 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 Company applies the cost model for subsequent measurement of the ROU asset and accordingly, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lessor transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

### Depreciation expenses

Depreciation expenses has been charged to income statement under premises equipment and establishment expenses.



2024/25	Land	Building	Office Equipment	Furnitures	Fixtures & Fittings	Right of Use Asset	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost</b>							
Balance as at 1 April 2024	-	-	177,351	7,616	186,118	1,890	372,975
Additions during the year	177,200	92,800	41,698	-	58,663	-	370,361
Disposals during the year	-	-	(200)	(4,597)	(46)	-	(4,843)
As at 31 March 2025	177,200	92,800	218,849	3,019	244,735	1,890	738,493
<b>Accumulated Depreciation</b>							
As at 1 April 2024	-	-	26,100	7,173	17,574	237	51,084
Charge for the year	-	3,093	37,047	100	46,210	944	87,394
Disposals during the year	-	-	(200)	(4,597)	(46)	-	(4,843)
As at 31 March 2025	-	3,093	62,947	2,676	63,738	1,181	133,635
<b>As at 31 March 2025</b>	<b>177,200</b>	<b>89,707</b>	<b>155,902</b>	<b>343</b>	<b>180,997</b>	<b>709</b>	<b>604,858</b>

2023/24	Office Equipment	Furnitures	Fixtures & Fittings	Right of Use Asset	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost</b>					
Balance as at 1 April 2023	37,381	7,117	19,052	1,456	65,006
Additions during the year	140,461	499	175,786	1,890	318,636
Disposals during the year	(491)	-	(8,720)	(1,456)	(10,667)
As at 31 March 2024	177,351	7,616	186,118	1,890	372,975
<b>Accumulated Depreciation</b>					
As at 1 April 2023	21,875	7,117	19,052	850	48,894
Charge for the year	4,716	56	7,242	843	12,857
Disposals during the year	(491)	-	(8,720)	(1,456)	(10,667)
As at 31 March 2024	26,100	7,173	17,574	237	51,084
<b>As at 31 March 2024</b>	<b>151,251</b>	<b>443</b>	<b>168,544</b>	<b>1,653</b>	<b>321,891</b>

Based on the assessment of potential impairment carried out by the Company as at 31 March 2025, no provision was required to be made in the Financial Statements.

Property, Plant and Equipment included fully depreciated assets having a gross amount of Rs. 35,854,313 as at 31 March 2025 (2023/24 Rs. 34,196,178).

There were no capitalised borrowing cost related to the acquisition of Property, Plant and Equipment during the year (2023/24 - Nil).

There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2025.

There were no items of Property, Plant and Equipment pledged as security as at 31 March 2025.

There were no temporary idle items of Property, Plant and Equipment as at 31 March 2025.

The land referred to above is located in No. 02, Deal Place, Colombo 03. The fair valuation of the land as of 31 March 2025 is Rs. 208 Mn (Extent of land - 10.4 Perches).

The building referred to above represents building space (three floors) acquired by the company on a condominium contract basis (No. 02, Deal Place, Colombo 03). The company did not have other buildings as of 31 March 2025.

# Notes To The Financial Statements

## 23 INTANGIBLE ASSETS

### Accounting policy

#### Software

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2024/25	Software  Rs.'000	Total	
		2025 Rs.'000	2024 Rs.'000
Cost			
Balance as at 1 April	17,842	17,842	17,472
Additions during the year	4,433	4,433	370
Balance as at 31 March	22,275	22,275	17,842
Amortisation			
Balance as at 1 April	17,220	17,220	16,978
Amortisation charge for the year	521	521	242
Balance as at 31 March	17,741	17,741	17,220
Carrying Value as at 31 March 2025	4,534	4,534	-
Carrying Value as at 31 March 2024	622	-	622

Software included fully depreciated assets having a gross amount of Rs. 17,112,354 as at 31 March 2025 (2023/24 Rs.16,542,354).

## FINANCIAL LIABILITIES

### Accounting policy

The Company initially recognises debt securities and borrowings on the date that they are originated. All other financial liabilities are recognised at initially on the trade date, which is the date that the Company becomes party to the contractual provisions of the instruments. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method. Financial liabilities comprise;

- Securities sold under re-purchase agreements
- Borrowing on listed debentures
- Short term borrowing



A financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial liability is at fair value or amortised cost. The amortised cost of a financial liability is the amount at which the 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 the initial amount and the maturity amount.

#### Financial liabilities at amortised cost

Financial liabilities issued by the Company that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The Effective Interest Rate amortisation is included in "Interest expense" in the statement of profit or loss. Gains and losses too are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

#### Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

### 24 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March	2025 Rs.'000	2024 Rs.'000
Forward purchase contracts - Government securities	768	202
Forward sale contracts - Government securities	-	71,540
	768	71,742

### 25 SHORT-TERM BORROWING

As at 31 March	Note	2025 Rs.'000	2024 Rs.'000
Securities sold under re-purchase agreements	25.1	71,475,370	48,482,468
Short-term borrowing	25.2	806,029	-
		72,281,399	48,482,468

#### 25.1 Securities sold under re-purchase agreements

As at 31 March	2025 Rs.'000	2024 Rs.'000
Against treasury bills	416,461	7,420,359
Against treasury bonds	71,058,909	41,062,109
	71,475,370	48,482,468

#### Securities given as Collateral

As at 31 March	Market Value		Face Value	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Treasury bills	464,996	14,726,738	485,106	15,063,141
Treasury bonds	80,320,203	39,953,367	77,006,365	37,471,265
	80,785,199	54,680,105	77,491,471	52,534,406

## Notes To The Financial Statements

The Company follows the guidelines stipulated in the direction, Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills issued by the Central Bank of Sri Lanka, in allocating securities for repurchase agreements (Direction No. 01 of 2019 dated 20 December 2019). Only the eligible securities are being used for such allocations and the Section 4.3, 4.4 and 4.5 are being complied with when considering the haircut requirements.

The company's policy is that the market values of eligible securities are adequately covered the repurchase values of the securities in line with the direction of Central Bank of Sri Lanka as follows (at the time of origination of the transactions as well as the ongoing transactions).

Remaining Term to Maturity of the Eligible Security	Minimum Haircut (%)
Up to 1 year	4
More than 1 year and up to 3 years	6
More than 3 year and up to 5 years	8
More than 5 year and up to 8 years	10
More than 8 years	12

The Company has established an effective risk management framework by implementing necessary policies and procedures to ensure compliance with the said guidelines. An effective internal control system is being used to verify the accuracy of security allocations.

### 25.2 Short-term borrowing

As at 31 March	Note.	2025 Rs.'000	2024 Rs.'000
Standby Liquidity/ Intra-day Liquidity Facility (ILF)*	25.2.1	806,029	-

\* This credit facility has been arranged by First Capital Holdings PLC (unsecured). Limit of the said facility is Rs. 1.5Bn (Note 35.2). Expiry of the credit facility will be on 2 May 2026.

#### 25.2.1 Movement in Short-term borrowing

As at 31 March	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year	-	-
Amount borrowed during the year	2,100,000	-
Repayments during the year	(1,304,216)	-
Interest expenses during the year	10,245	-
Balance at the end of the year	806,029	-





## 26 CREDITORS AND OTHER PAYABLES

### Accounting policy

#### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### Dividends Payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors.

#### Other Liabilities

Other liabilities are recorded at amounts expected to be payable at the reporting date.

As at 31 March	2025 Rs.'000	2024 Rs.'000
Provision for staff expenses	823,652	1,432,244
Dividend payable	3,735	2,772,969
Provision for statutory liabilities	55,042	18,722
Other provisions and payables	36,896	55,775
	919,325	4,279,710

## 27 AMOUNTS DUE TO RELATED COMPANIES

As at 31 March	2025 Rs.'000	2024 Rs.'000
First Capital Holdings PLC	7,097	29,974
Janashakthi Limited	11,119	-
First Capital Limited	-	246,713
First Capital Equities (Pvt) Limited	-	550
Janashakthi Business Services (Pvt) Ltd	-	2,718
	18,216	279,955

## 28 TAXES PAYABLE

As at 31 March	Note	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year		2,971,647	629,708
Current tax provision for the year	12	1,395,317	4,937,677
Claimed during the year		592	-
Under/ (over) provision of tax with respect to previous year		237,446	(64,679)
		4,605,002	5,502,706
Payment made during the year		(3,815,019)	(2,531,059)
Balance at the end of the year		789,983	2,971,647

# Notes To The Financial Statements

## 29 BORROWING ON LISTED DEBENTURES

As at 31 March	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year	764,042	762,076
Accrual of interest	81,583	97,591
	845,625	859,667
Less: Settlement of interest (coupon)	(95,625)	(95,625)
Less: Debentures redeemed during the year	(750,000)	-
Balance at the end of the year	-	764,042

## 30 RETIREMENT BENEFIT OBLIGATIONS

### Accounting policy

#### Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as expense in the profit or loss as and when they are due.

#### Employees' Provident Fund

The Company and employee contribute 12% - 15% and 8% - 10% respectively on the salary of each employee to an approved Provident Fund.

#### Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

#### Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

#### Gratuity

Gratuity is a Defined Benefit Plan. The Company annually measures the present value of the promised retirement benefits for gratuity, which is a Defined Benefit Plan. The cost of providing benefits under the defined benefits plans is determined using the projected unit credit method. Gain or loss arising as a result of changes in assumption is recognised in other comprehensive income (OCI) in the period in which it arises.

The Gratuity liability is not externally funded. These items are Companyed under Defined Benefit Liability in the Statement of Financial Position.

According to the payment of Gratuity Act No.12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



As at 31 March	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year	10,735	18,718
Amount recognised in profit or loss for the year		
Gratuity charge for the year	1,916	1,735
Interest charge for the year	1,220	777
Amount recognised in Other comprehensive income for the year		
Actuarial (gain)/ loss for the year	(129)	2,247
Benefits paid during the year	-	(557)
Transfers made during the year	-	(12,185)
Balance at the end of the year	13,742	10,735

As required by Sri Lanka Accounting Standard LKAS 19 - "Employee Benefits", gratuity liability is provided for based on the Projected Unit Credit Method.

The average duration of the defined benefit obligation is 18.93 years as at 31 March 2025 (2023/24 - 19.85 years).

### 30.1 Principal Assumptions used:

As at 31 March	2025 Rs.'000	2024 Rs.'000
Discount rate/ interest rate	11.50%	12.50%
Expected annual average salary increment	8.00%	8.00%
Staff turnover factor	12.00%	14.00%
Retirement age of employees	60 Years	60 Years

As per the LKAS 19 issued by the Institute of Chartered Accountants of Sri Lanka, A long-term treasury bond rate of 11.50% p.a. (2024 - 12.50% p.a.) was used to discount future liabilities taking into consideration the remaining working life of eligible employees for the purpose of valuing Employee benefit obligations. Further, the salary increment rate of 8% (2024/25) is considered appropriate to be in line with the company's targeted future salary increments when taking into account the current market conditions and inflation rate.

### 30.2 Maturity analysis of the retirement benefit obligations

As at 31 March	2025 Rs.'000	2024 Rs.'000
Up to 1 year	-	-
1 - 5 years	1,719	-
5 - 10 years	-	1,071
Over 10 years	12,023	9,664
	13,742	10,735

## Notes To The Financial Statements

### 30 RETIREMENT BENEFIT OBLIGATIONS (CONTD)

#### 30.3 Sensitivity of the assumptions used

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31 March	2025 Rs.'000 Sensitivity	2025 Rs.'000 Approx. RBO	2024 Rs.'000 Sensitivity	2024 Rs.'000 Approx. RBO
Decrease in discount rate by 1%	887	14,629	629	11,364
Increase in discount rate by 1%	(824)	12,918	(588)	10,147
Decrease in salary increment by 1%	(857)	12,885	(617)	10,118
Increase in salary increment by 1%	908	14,650	650	11,385

### 31 STATED CAPITAL

As at 31 March	2025 Rs.'000	2024 Rs.'000
Ordinary Shares of 615,600,000	256,500	256,500

Ordinary shares in the Company are recognised at the amount paid per ordinary share net of directly attributable issue costs. The shares of the Company are quoted on the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at general meetings of the Company.

#### *Rights of ordinary shareholders*

The shares of First Capital Treasuries PLC are quoted on the Dirisavi Board of Colombo Stock Exchange. All issued shares are fully paid. There is one class of ordinary shares. All shares issued carry equal voting rights. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the Company.

#### *Fully paid ordinary shares*

Movement in ordinary voting shares	Number of Shares	Amount Rs.'000
<b>Fully paid ordinary shares</b>		
As at 31 March 2024	615,600,000	256,500
Share split/ issue	-	-
Re-purchase of Shares	-	-
As at 31 March 2025	615,600,000	256,500

Refer share information section in pages 305 to 311 for more information on the composition of shares in issue as at 31 March 2025.

### 32 RISK RESERVE

	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year	2,789,746	1,675,433
Transfer during the year	304,243	1,114,313
Balance at the end of the year	3,093,989	2,789,746

The Company makes a transfer of 10% (2023/24 -10%) of its profit after tax to the risk reserve in accordance with the directions issued by the Central Bank of Sri Lanka.



### 33 FAIR VALUATION RESERVE VIA FINANCIAL ASSET RECOGNISED THROUGH OTHER COMPREHENSIVE INCOME

As at 31 March	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of the year	(2,000)	(2,000)
Transfer during the year	-	-
Balance at the end of the year	(2,000)	(2,000)

The above reserve is relating to the Company's equity investment in Lanka Financial Services Bureau Limited amounting to Rs. 2Mn (at cost) which was accounted for "Financial Assets - fair value through other comprehensive income." Carrying value of the said investment as at 31 March 2025 is Nil (31 March 2024 - Nil).

### 34 DIVIDEND

#### Accounting policy

Dividend on ordinary shares is recognised as a liability and deducted from equity when it is recommended and declared by the Board of Directors.

The Board of Directors of the Company declared an interim dividend of Rs. 2.60 per share amounting to Rs 1,600.56 Mn on 6 February 2025 (2023/24 - Rs. 8,926Mn).

### 35 RELATED PARTY DISCLOSURES

#### Accounting Policy

The Company carried out transactions in the ordinary course of business on arm's length basis with parties who are defined as related parties as per the Sri Lanka Accounting Standard – LKAS 24 'Related Party Disclosures'.



**35.1 Directorships in Other Companies**

The Directors of First Capital Treasuries PLC (Reporting Entity) are also Directors of the following companies as of 31 March 2025.

Name of the company	Relationship	Ms. Manjula Mathews	Mr. Sachith Perera	Mr. Channa de Silva	Mr. Dilshan Wirasekara	Ms. Minette Perera	Ms. Cilani Wijesinghe	Dr. Nishan de Mel	Mr. Ramesh Schaffter
Janashakthi Limited	Ultimate Parent	Director-			Director-		-	-	Managing Director/ Group CEO
Janashakthi Insurance PLC	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	-	Director
Janashakthi Capital Limited	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	-	Director
Janashakthi Business Services (Private) Limited	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	-	Director
Janashakthi Corporate Services Limited	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	-	Director
Beckett Capital (Pvt) Ltd	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	-	Director
Orient Finance PLC*	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	-	-
First Capital Holdings PLC	Intermediate Parent	Deputy Chairperson	-	-	Managing Director/ CEO	-	-	-	Director
First Capital Limited	Immediate Parent	Deputy Chairperson	-	-	Managing Director/ CEO	-	-	-	Director
First Capital Asset Management limited	Subsidiary of Immediate Parent	-	-	-	Managing Director	Director	-	Chairman	-
First Capital Markets Limited	Subsidiary of Immediate Parent	Director	-	-	Managing Director/ CEO	-	-	-	-
First Capital Equities (Private) Limited	Subsidiary of Immediate Parent	-	-	-	Director	-	Chairman	-	-
First Capital Trustee Services (Private) Limited	Subsidiary of Immediate Parent	Deputy Chairperson	-	-	Managing Director/ CEO	-	-	-	-
First Capital Advisory Services (Private) Ltd	Subsidiary of Immediate Parent	-	-	Chairman	Director	-	-	-	-

\* Mr. Prakash Schaffter represents as a director of Orient Finance PLC and is also a director of Janashakthi Limited (Ultimate Parent company). The company has subsequently been renamed as Janashakthi Finance PLC.

**Notes**

- Mr. Chandana de Silva retired from the position of Independent Non-Executive Director of First Capital Treasuries PLC with effect from 28 June 2024.
- Ms. Cilani Wijesinghe was apportioned the Board of Directors of First Capital Treasuries PLC with effect from 20 August 2024.
- Mr. Sachith Perera and Mr. Channa de Silva were apportioned to the Board of Directors of First Capital Treasuries PLC with effect from 1 January 2025.

First Capital Asset Management Limited manages licensed Unit Trusts namely First Capital Wealth Fund, First Capital Fixed Income Fund, First Capital Gilt-Edged Fund, First Capital Money Market Fund, First Capital Money plus Fund and First Capital Equity Fund which are also treated as Related Parties of the Company.

The Company carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions 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.

Related party transactions were made on to the terms equivalent to those that prevail in arm's length transactions.



### 35.2 Transactions with Parent Companies

Nature of Transaction	2024/25 Rs.'000	2023/24 Rs.'000
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Interest income on re-sale agreements	115,911	906
Interest expenses on re-purchase agreements	261	162,493
Interest expense on debentures	2,444	2,924
Management Fees	60,000	50,000
Reimbursement of expenses	-	20,239
Gain/(loss) realised on sale of government securities	847	519,441
Interest expenses on standby liquidity/intra-day liquidity facility	18,975	-
Commitment fee	7,485	8,702
Corporate guarantee charges	12,078	3,675
Commission expense	66,797	-
<b>Statement of Changes in Equity</b>		
Dividend paid	(1,430,244)	(5,500,940)
Dividend declared	-	(2,475,423)
<b>Statement of Financial Position</b>		
Right of use asset (at cost)	-	5,257
Borrowings on listed debentures	-	22,891
Short-term borrowings (Note 25.2)	806,029	-
Securities sold under re-purchase agreements (government securities)	-	400,405
Transfer of retirement benefit obligations	-	12,712
Amount due to related companies	18,216	276,687
Amount due from related companies	2,785	3,246
Transactions relating to Corporate guarantees		
Corporate guarantee received	1,000,000	-

### 35.3 Transactions with subsidiaries of the parent company (First Capital Limited)

Nature of Transaction	2025 Rs.'000	2024 Rs.'000
<b>Statement of Financial Position</b>		
Right of use asset (at cost)	-	1,550
Amount due from related companies	25,248	2,000

## Notes To The Financial Statements

### 35.4 Transaction with other related parties

Nature of Transaction	2025 Rs.'000	2024 Rs.'000
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Interest income on re-sale agreements	142,900	49,209
Gain on sale of government securities	3,604	676,864
Interest expenses on re-purchase agreements	1,863,321	1,302,041
Interest expenses on debenture	27,194	31,875
Secretarial fees paid	1,047	461
Allocation of personnel expenses	11,035	-
Administrative charges	2,656	-
<b>Statement of Financial Position</b>		
Securities purchased under re-sale agreements (government securities)	47,711	1,495,635
Securities sold under re-purchase agreements (government securities)	18,054,428	12,527,897
Borrowings on listed debentures	-	254,681
Amount due to related companies	-	2,718
Amount due from related companies	7	-

Outstanding trading investments (Resale agreements with parent company) at year end are secured (i.e. collateralised via assets without guarantees). Other investments and current account balances with related parties are unsecured. The settlement of all transactions occurs in cash. No expenses have been recognised in the current year or previous years for bad or doubtful debts in respect of amounts owed by related parties.

### 35.5 Transactions with Key Management Personnel (KMP) and their Close Family Members (CFM)

According to Sri Lanka Accounting Standards LKAS 24 "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the entity. Accordingly, the Board of Directors have been classified as key management personnel of the entity.

Close family members of a key management person 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;

- The individual's domestic partner and children;
- Children of the individual's domestic partner; and
- Dependants of the individual or individual's domestic partner

Close Family Members are related parties to the Entity.

Transactions with key management personnel and their close family members are disclosed below.

Nature of Transaction	2024/25 Rs.	2023/24 Rs.
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Emoluments paid - short-term benefits	52,933	7,962
Interest income on re-sale agreements	138,273	45,825
Interest expense on re-purchase agreements	3,834	5,186
Gain/(loss) on sale of government securities	(24,494)	-
<b>Statement of Changes in Equity</b>		
Dividend paid	52	-
<b>Statement of Financial Position</b>		
Securities purchased under re-sale agreements (against government securities)	136,272	520,544
Securities sold under re-purchase agreements (against government securities)	25,723	22,948



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#### Accounting policy

##### Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Company's share of any contingencies and capital commitments of a the Company is also liable severally or otherwise are also included with appropriate disclosures.

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 recognised in the statement of financial position but are disclosed unless they are remote.

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#### 36 CONTINGENT LIABILITIES

There were no material contingent liabilities as at the reporting date which require disclosures in the financial statements for the year ended 31 March 2025 except for the following.

In April 2025, the Central Bank of Sri Lanka (CBSL) indicated a regulatory penalty charge in relation to non-compliances with CBSL's Direction No. 01 of 2019 with respect to financial year 2024/25. However, the exact charge has not been concluded yet. No provision has been made as of 31 March 2025.

#### 37 LITIGATION AND CLAIMS

There were no material litigations or claims with respect to employee compensation. Further, the Company did not have any other material litigations or claims that could have a material impact on the financial position of the company, or which would lead to disclosures in the financial statements for the year ended 31 March 2025.

#### 38 COMMITMENTS

There were no material capital commitments as at the reporting date which require disclosures in the financial statements other than those disclosed below:

##### (a) Capital Commitments

The Company entered into sale and purchase agreement to acquire a property (land and premises) for a consideration of Rs. 382Mn and an advance of Rs. 77.3Mn was paid. However, as a consequence of the seller failing to honour the terms of the agreement, legal proceedings were initiated against the seller and the District Court granted an interim order in favour of the Company, against the seller disposing and alienating the property to any third party. Further, respective appeals against the interim order are pending before the higher courts. The legal proceedings are in progress.

##### (b) Other Commitments

The value of forward purchase contracts (Government Securities) as at 31 March 2025 is Rs. 1,342 Mn (31 March 2024 - Rs. 14,567Mn) and the value of forward sales contracts (Government Securities) as at 31 March 2025 is Rs. 11 Mn (31 March 2024 - Rs. 7,162 Mn).

#### 39 EVENTS AFTER THE REPORTING PERIOD

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#### Accounting policy

Events after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. In this regard, all material and important events that occurred after the reporting period are considered and appropriate disclosures are made where necessary.

In April 2025, the company issued Listed, Rated, Subordinated, Unsecured, Redeemable debentures of Rs. 30 Mn (par value of Rs. 100/- each) and raised funds amounting to Rs. 3Bn (Tier II capital funds).

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# Notes To The Financial Statements

## 40 CAPITAL MANAGEMENT

The Objectives of the capital management of the company are summarised below.

1. Appropriately allocate capital to meet the strategic objectives.
2. Enable the company to face any economic downturn/crisis situation (via a solid capital buffer).

The Company's policy is to maintain a strong capital base to ensure investor, creditor, and market confidence in order to sustain the future development of the business, complying with the regulatory requirements on an ongoing basis. The Company monitors the return on capital, gearing ratio, dividend payout to ordinary shareholders.

The Capital comprises stated capital, capital reserves and revenue reserves with adjustments on intangible assets and deferred tax assets (core capital - Tier I) and subordinated debts (Tier II). The Company manages its capital structure and adjusts it accordingly in line with the changes in regulatory, economic and market conditions and the overall risk appetite. Summary of the capital structure of the company is as follows:

As at 31 March	2025 Rs.'000	2024 Rs.'000
Core capital	9,121	7,679
Subordinated debts (listed debts) - Discounted value	-	450
<b>Total capital funds</b>	<b>9,121</b>	<b>8,129</b>

The Company is required to maintain statutory minimum core capital and risk weighted capital adequacy positions as prescribed by the CBSL periodically.

Minimum core capital requirement for primary dealer companies as per the CBSL Direction No. 01 of 2021 is as follows;

Effective Date	Minimum of Core Capital Requirement	Actual Core Capital
Prior to 1 January 2022	Rs. 1.0 Bn	Rs. 3.8 Bn
1 January 2022	Rs. 2.0 Bn	Rs. 5.5 Bn
1 January 2023 (prevailing requirement)	Rs. 2.5 Bn	Rs. 9.1 Bn

The Company's compliance status in relation to minimum core capital and risk weighted capital adequacy ratio is as follows;

Compliance requirement	Status as at 31 March 2025	Status as at 31 March 2024
Minimum core capital of Rs. 2.5 Bn	Rs. 9.1 Bn	Rs. 7.7 Bn
Risk weighted capital adequacy ratio (RWCAR) of 10%	15.55%	22.76%



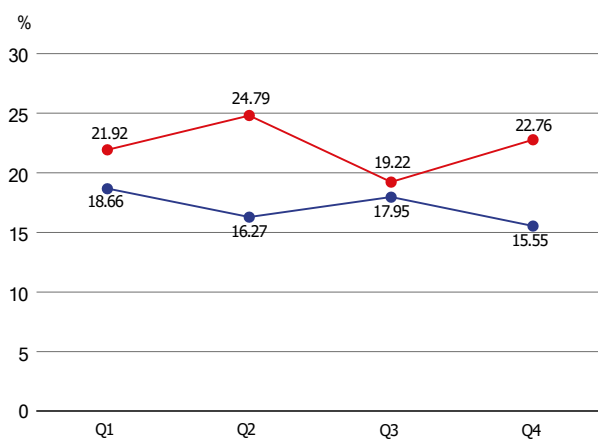


### Sensitivity analysis of Risk Weighted Capital Adequacy Ratio (RWCAR)

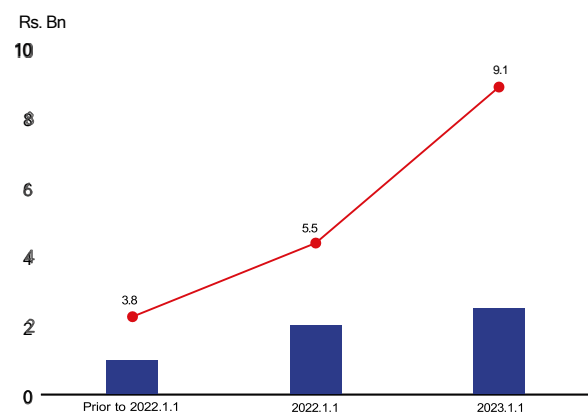
The following table shows the estimated impact on RWCAR ratio due to various predicted scenario testing

Variable	Change in assumptions	Estimated RWCAR Ratio
Interest rate	-100Bps	14.71%
	+100Bps	16.46%
Other Assets	+10%	15.52%
	-10%	15.59%

Quarterly RWCAR



Minimum statutory core capital requirement vs Actual core capital



## 41 FINANCIAL RISK MANAGEMENT

### Overview

The Company has exposure to the following risks via financial instruments.

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

### 41.1 Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has established an Board Integrated Risk Management Committee (BIRMC) which is tasked with reviewing wide-ranging risk categories that includes market, liquidity, credit and operational risk. Functionally, BIRMC identifies, measures, monitors and controls risk while keeping the Board of Directors informed.

The Company's risk management policies are established to identify and analyse the risk confronted by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products and services offered.

# Notes To The Financial Statements

## 41.2 Market Risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk includes the following elements:

- The operational authority for managing market risk is vested with the Investment Committee (IC).
- Interest rate risk is managed within the approved limits by the Asset and Liability Committee (IALCO).

### 41.2.1 Interest rate risk

As at 31 March	2025 Rs.'000	2024 Rs.'000
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Financial assets recognised through profit or loss - measured at fair value	78,107,519	56,684,886
Financial assets at amortised cost	3,304,664	4,539,304
	81,412,183	61,224,190
<b>Financial liabilities</b>		
Securities sold under re-purchase agreements	71,475,370	48,482,468
Borrowings on debentures	-	764,042
	71,475,370	49,246,510

*Fair value sensitivity analysis for fixed rate instruments*

A reasonably possible 1% change in interest rates at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant except the interest rate.

As at 31 March	Profit or loss		Equity, net of tax	
	1% Decrease Rs.'000	1% Decrease Rs.'000	1% Decrease Rs.'000	1% Decrease Rs.'000
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
Derivative financial assets	28,664	(27,601)	20,065	(19,321)
Financial assets recognised through profit or loss - measured at fair value	2,091,269	(2,019,673)	1,463,888	(1,413,771)
	2,119,933	(2,047,274)	1,483,953	(1,433,092)
<b>Financial liabilities</b>				
Derivative financial liabilities	(12,107)	11,609	(8,475)	8,126
	(12,107)	11,609	(8,475)	8,126

## 41.3 Liquidity Risk

Liquidity risk is the risk that the Company will not have adequate financial resources to meet Company's obligations as when they fall due. This risk arises from mismatches in the timing of cash flows.

Management of liquidity risk includes the following elements:

- Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.



### 41.3 Liquidity Risk (Contd)

#### Maturity Analysis of Financial Assets and Financial Liabilities

	Carrying Amount	Total	On demand	Upto 3 Months	3 Months to 1 Year	1-3 Years	3-5 Years	Over 5 Years
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Assets</b>								
Cash at banks and in hand	236,104	236,104	236,104	-	-	-	-	-
Derivative financial assets	2,820	2,820	329	2,491	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value	78,107,519	78,107,519	180,248	42,354	506,706	33,194,306	43,874,060	309,845
Financial assets - at amortised cost	3,304,664	3,304,664	3,304,664	-	-	-	-	-
Receivable from related companies	28,040	28,040	28,040	-	-	-	-	-
<b>Total as at 31 March 2025</b>	<b>81,679,147</b>	<b>81,679,147</b>	<b>3,749,385</b>	<b>44,845</b>	<b>506,706</b>	<b>33,194,306</b>	<b>43,874,060</b>	<b>309,845</b>
<b>As at 31 March 2024</b>								
As at 31 March 2024	63,845,354	63,845,354	5,890,689	15,349,104	4,202,768	13,439,836	23,840,041	1,122,916
<b>Liabilities</b>								
Derivative financial liabilities	768	768	768	-	-	-	-	-
Short-term borrowings	806,029	806,029	-	806,029	-	-	-	-
Securities sold under re-purchase agreements	71,475,370	71,475,370	18,834,262	6,816,358	45,816,495	8,255	-	-
Payable to related companies	18,216	18,216	18,216	-	-	-	-	-
<b>Total as at 31 March 2025</b>	<b>72,300,383</b>	<b>72,300,383</b>	<b>18,853,246</b>	<b>7,622,387</b>	<b>45,816,495</b>	<b>8,255</b>	<b>-</b>	<b>-</b>
<b>As at 31 March 2024</b>								
As at 31 March 2024	49,598,207	49,680,052	13,076,669	21,783,711	14,811,979	2,002	5,691	-

## Notes To The Financial Statements

### 41.4 Credit Risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's investment in reverse repo agreements and forward transactions.

Management of credit risk includes the following components:

- 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.
- Limiting concentration of exposures to counterparties.
- Reviewing compliance through regular audits by internal audit.

#### 41.4.1 Credit risk exposure - Cash at bank and in hand

Credit risk exposure of cash at bank and cash in hand is depicted in the below table using carrying values as at the Statement of Financial Position date.

As at 31 March	Rating	Rating agency	2025 Rs. '000	2024 Rs. '000
Seylan Bank PLC	A+	Fitch	224,082	3,996
National Development Bank PLC	A	Fitch	18	28
Nations Trust Bank PLC	A	Fitch	25	-
Bank of Ceylon	AA-	Fitch	463	17,499
Commercial Bank of Ceylon PLC	AA-	Fitch	34	38
Hatton National Bank PLC	AA-	Fitch	2,654	2,217
People's Bank	AA-	Fitch	-	521
<b>Total Exposure to credit Risk</b>			<b>227,276</b>	<b>24,299</b>
Central Bank of Sri Lanka			8,753	4,787
Cash in hand			75	75
<b>Cash and Cash Equivalents</b>			<b>236,104</b>	<b>29,161</b>

#### Credit Quality by Class of Financial Assets

As at 31 March 2025	12 Month expected credit losses Rs.'000	Life time expected credit losses not credit impaired Rs.'000	Life time expected credit losses credit impaired Rs.'000	Total Rs.'000
<b>Assets</b>				
Financial assets - at amortised cost	3,304,664	-	-	3,304,664
<b>Total</b>	<b>3,304,664</b>	<b>-</b>	<b>-</b>	<b>3,304,664</b>
<b>As at 31 March 2024</b>				
<b>Assets</b>				
Financial assets - at amortised cost	4,539,304	-	-	4,539,304
<b>Total</b>	<b>4,539,304</b>	<b>-</b>	<b>-</b>	<b>4,539,304</b>



#### Analysis of Concentration Risk

The following table shows the risk concentration by sector for the components of Statement of Financial Position.

As at 31 March 2025	Cash at banks	Derivative financial instruments	Financial assets recognised through profit or loss - measured at fair value	Financial assets - at amortised cost	Trade Receivable	Receivable from related companies
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

#### Sector wise breakdown

Government	9,216	-	78,107,519	-	-	-
Corporate	226,813	2,820	-	963,828	-	28,040
Others	75	-	-	2,340,836	-	-
<b>Total</b>	<b>236,104</b>	<b>2,820</b>	<b>78,107,519</b>	<b>3,304,664</b>	<b>-</b>	<b>28,040</b>

As at 31 March 2024

#### Sector wise breakdown

Government	22,807	29,240	56,684,886	-	2,534,825	-
Corporate	6,279	595	-	744,215	-	5,245
Others	75	22,098	-	3,795,089	-	-
<b>Total</b>	<b>29,161</b>	<b>51,933</b>	<b>56,684,886</b>	<b>4,539,304</b>	<b>2,534,825</b>	<b>5,245</b>

### 41.5 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the department. This responsibility is supported by the development of overall Company's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Company's internal controls and procedures 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 Company with summaries submitted to the Audit Committee.



# Notes To The Financial Statements

## 42 FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

### Level- 1

Financial Instruments that are measured in whole or in part by reference to published quotes in an active market. A Financial Instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### Level- 2

Financial instruments that are measured at fair value on regular basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by the market transactions involving comparable securities.

### Level- 3

Financial Instruments that are not supported by observable market prices information.

The following tables compare the fair values of the financial instruments with their carrying values.

As at 31 March	2025		2024	
	Carrying Amount Rs.'000	Fair Value Rs.'000	Carrying Amount Rs.'000	Fair Value Rs.'000
<b>Financial assets measured at fair value</b>				
Derivative financial assets	2,820	2,820	51,933	51,933
Financial assets recognised through profit or loss - measured at fair value	78,107,519	78,107,519	56,684,886	56,684,886
	78,110,339	78,110,339	56,736,819	56,736,819
<b>Financial assets not measured at fair value</b>				
Cash at banks and in hand	236,104	236,104	29,161	59,161
Financial assets - at amortised cost	3,304,664	3,304,664	4,539,304	4,539,304
Receivable from related companies	28,040	28,040	5,245	5,245
Trade Receivable	-	-	2,534,825	2,534,825
	3,568,808	3,568,808	7,108,535	7,108,535
<b>Total financial assets</b>	<b>81,679,147</b>	<b>81,679,147</b>	<b>63,845,354</b>	<b>63,845,354</b>

### 42.1 Fair Value Versus the Carrying Amount

As at 31 March	2025		2024	
	Carrying Amount Rs.'000	Fair Value Rs.'000	Carrying Amount Rs.'000	Fair Value Rs.'000
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	768	768	71,742	71,742
	768	768	71,742	71,742
<b>Financial liabilities not measured at fair value</b>				
Securities sold under re-purchase agreements	71,475,370	71,674,868	48,482,468	48,698,838
Payable to related companies	18,216	18,216	279,955	279,955
Borrowing on listed debentures	-	-	764,042	759,959
	71,493,586	71,693,084	49,526,465	49,738,752
<b>Total financial liabilities</b>	<b>71,494,354</b>	<b>71,693,852</b>	<b>49,598,207</b>	<b>49,810,494</b>



## 42.2 Financial Instruments- Fair Value

The following tables show an analysis of financial instruments at fair value and by level of fair value hierarchy.

As at 31 March 2025	Total Carrying Value Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Fair Value Rs.'000
<b>Financial assets measured at fair value</b>					
<b>Derivative financial assets</b>					
Forward purchase contracts	2,814	2,814	-	-	2,814
Forward sale contracts	6	6	-	-	6
	2,820	2,820	-	-	2,820
<b>Financial assets recognised through profit or loss - measured at fair value</b>					
Investment in government securities	78,107,519	78,107,519	-	-	78,107,519
	78,107,519	78,107,519	-	-	78,107,519
<b>Financial assets recognised through other comprehensive income</b>					
	-	-	-	-	-
	78,110,339	78,110,339	-	-	78,110,339
<b>Financial assets not measured at fair value</b>					
Cash at banks and in hand	236,104	-	-	236,104	236,104
Financial assets - at amortised cost	3,304,664	-	-	3,304,664	3,304,664
Receivable from related companies	28,040	-	-	28,040	28,040
	3,568,808	-	-	3,568,808	3,568,808
<b>Total financial assets</b>	81,679,147	78,110,339	-	3,568,808	81,679,147
<b>Financial liabilities measured at fair value</b>					
<b>Derivative financial liabilities</b>					
Forward purchase contracts	768	768	-	-	768
<b>Financial liabilities not measured at fair value</b>					
Securities sold under re-purchase agreements	71,475,370	-	-	71,674,868	71,674,868
Payable to related companies	18,216	-	-	18,216	18,216
	71,493,586	-	-	71,693,084	71,693,084
<b>Total financial liabilities</b>	71,494,354	768	-	71,693,084	71,693,852

During the year ended 31 March 2025, there were no transfers between levels of the fair value hierarchy.

# Notes To The Financial Statements

## 42 FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (CONTD)

As at 31 March 2024	Total Carrying Value Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Fair Value Rs.'000
<b>Financial assets measured at fair value</b>					
<b>Derivative financial assets</b>					
Forward purchase contracts	49,989	49,989	-	-	49,989
Forward sale contracts	1,944	1,944	-	-	1,944
	51,933	51,933	-	-	51,933
<b>Financial assets recognised through profit or loss - measured at fair value</b>					
Investment in government securities	56,684,886	56,684,886	-	-	56,684,886
	56,684,886	56,684,886	-	-	56,684,886
<b>Financial assets not measured at fair value</b>					
Cash at banks and in hand	29,161	-	-	29,161	29,161
Financial assets - at amortised cost	4,539,304	-	-	4,539,304	4,539,304
Receivable from related companies	5,245	-	-	5,245	5,245
Trade receivable	2,534,825	-	-	2,534,825	2,534,825
	7,108,535	-	-	7,108,535	7,108,535
<b>Total financial assets</b>	<b>63,845,354</b>	<b>56,736,819</b>	<b>-</b>	<b>7,108,535</b>	<b>63,845,354</b>
<b>Financial liabilities measured at fair value</b>					
<b>Derivative financial liabilities</b>					
Forward purchase contracts	202	202	-	-	202
Forward sale contracts	71,540	71,540	-	-	71,540
	71,742	71,742	-	-	71,742
<b>Financial liabilities not measured at fair value</b>					
Securities sold under re-purchase agreements	48,482,468	-	-	48,698,838	48,698,838
Payable to related companies	279,955	-	-	279,955	279,955
Borrowing on listed debentures	764,042	-	759,959	-	759,959
	49,526,465	-	759,959	48,978,793	49,738,752
<b>Total financial liabilities</b>	<b>49,598,207</b>	<b>71,742</b>	<b>759,959</b>	<b>48,978,793</b>	<b>49,810,494</b>

During the year ended 31 March 2025, there were no transfers between levels of the fair value hierarchy.



## 43 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS

### Analysis of Financial Instruments by Measurement Basis

#### Accounting policy

Financial instruments in the Statement of Financial Position are measured on an ongoing basis either at fair value or at amortised cost. The Accounting Policies describe how each category of financial instrument is measured and how income and expenses, including fair value gains and losses are recognised. The following tables analyse the carrying amount of the financial instruments by category as defined in Sri Lanka Accounting Standard SLFRS 9 - 'Financial Instruments' under headings of the SOFP.

As at 31 March 2025	Financial assets/ liabilities - FVTPL Rs.'000	Financial assets/ liabilities at amortised cost Rs.'000	Financial assets - FVTOCI Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
<b>Financial assets measured at fair value</b>					
Derivative financial assets	2,820			2,820	2,820
Financial assets - FVTPL	78,107,519	-	-	78,107,519	78,107,519
	78,110,339	-	-	78,110,339	78,110,339
<b>Financial assets not measured at fair value</b>					
Cash at banks and in hand	-	236,104	-	236,104	236,104
Financial assets at amortised cost	-	3,304,664	-	3,304,664	3,304,664
Amounts due from related companies	-	28,040	-	28,040	28,040
	-	3,568,808	-	3,568,808	3,568,808
<b>Total financial assets</b>	<b>78,110,339</b>	<b>3,568,808</b>	<b>-</b>	<b>81,679,147</b>	<b>81,679,147</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial liabilities	768	-	-	768	768
	768	-	-	768	768
<b>Financial liabilities not measured at fair value</b>					
Amounts due to related companies	-	18,216	-	18,216	18,216
Securities sold under re-purchase agreements	-	71,475,370	-	71,475,370	71,674,868
Short-term borrowings	-	806,029	-	806,029	806,029
	-	72,299,615	-	72,299,615	72,499,113
<b>Total financial liabilities</b>	<b>768</b>	<b>72,299,615</b>	<b>-</b>	<b>72,300,383</b>	<b>72,499,881</b>

## Notes To The Financial Statements

As at 31 March 2024	Financial assets/ liabilities - FVTPL Rs.'000	Financial assets/ liabilities at amortised cost Rs.'000	Financial assets - FVTOCI Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
<b>Financial assets measured at fair value</b>					
Derivative financial assets	51,933	-	-	51,933	51,933
Financial assets - FVTPL	56,684,886	-	-	56,684,886	56,684,886
	56,736,819	-	-	56,736,819	56,736,819
<b>Financial assets not measured at fair value</b>					
Cash at banks and in hand	-	29,161	-	29,161	29,161
Financial assets at amortised cost	-	4,539,304	-	4,539,304	4,539,304
Amounts due from related companies	-	5,245	-	5,245	5,245
	-	4,573,710	-	4,573,710	4,573,710
<b>Total financial assets</b>	56,736,819	4,573,710	-	61,310,529	61,310,529
<b>Financial liabilities measured at fair value</b>					
Derivative financial liabilities	71,742	-	-	71,742	71,742
	71,742	-	-	71,742	71,742
<b>Financial liabilities not measured at fair value</b>					
Amounts due to related companies	-	279,955	-	279,955	279,955
Securities sold under re-purchase agreements	-	48,482,468	-	48,482,468	48,698,838
Borrowings on debentures	-	764,042	-	764,042	759,959
<b>Total financial liabilities</b>	71,742	49,526,465	-	49,598,207	49,810,494



## SUPPLEMENTARY INFORMATION



### Formed to Forge

Even in the smallest of details, we make a habit of transparency and depth, and in doing so, we make certain that our path is clear and accessible to all who follow our progress.

*Though often unnoticed in plain sight, swifts are masters of precision. Their wings adjust incrementally mid-flight, enabling efficient glides and tight turns. Every small movement supports the bigger journey, just as detail supports understanding.*



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# INVESTOR INFORMATION

## INVESTOR INFORMATION CONTENT

### 1 STOCK EXCHANGE LISTING

Ordinary shares of First Capital Treasuries PLC were listed on the Colombo Stock Exchange on 23 December 2021.

Security Type	Quoted Ordinary Shares
Listed Exchange	Colombo Stock Exchange (CSE) - Diri savi board
Featured stock indices	All Share Price Index (ASPI)
GICS Sector Classification	Investment Banking and Brokerage
CSE stock symbol	FCT.N0000
ISIN	LK0439N00006

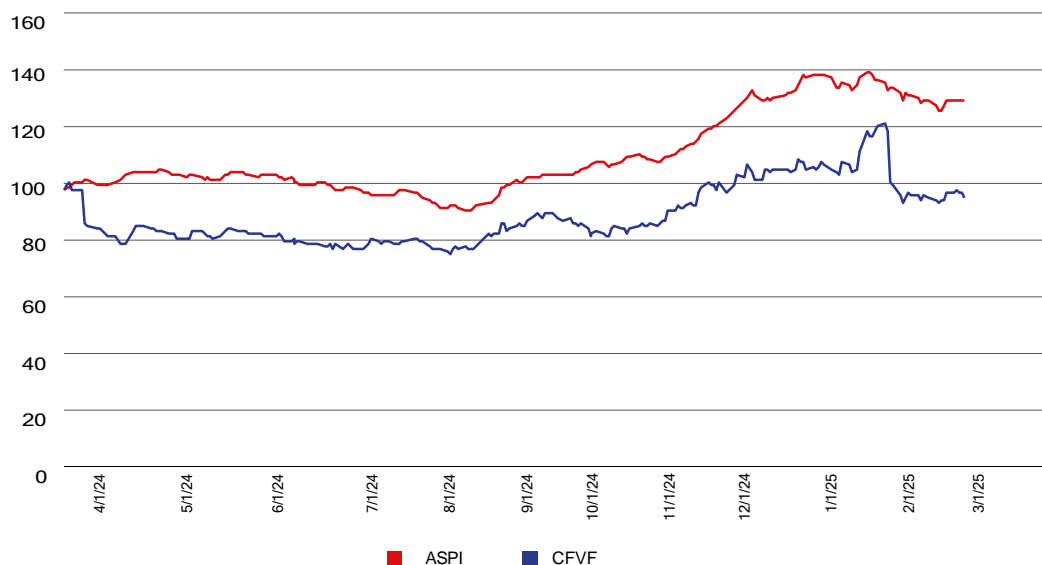
### 2 CSE PERFORMANCE

#### 2.1 Best Performing Sectors Based on Index Value

SECTOR	INDEX VALUE		CHANGE %
	31/03/2025	31/03/2024	
Banks	1,325.17	839.21	57.91%
Food & Staples Retailing	2,776.90	2,075.65	33.78%
Capital Goods	1,845.93	1,579.63	16.86%
Food Beverage & Tobacco	1,665.98	1,185.51	40.53%
Consumer Durables & Apparel	2,052.14	1,589.80	29.08%

#### 2.2 CSE vs FCT Index Chart

ASPI Vs FCT indexed to 100



# Investor Information

## 3 ANALYSIS OF EQUITY MARKET PERFORMANCE AND FCT SHARE PERFORMANCE

### 3.1 Performance of Global Equity Markets

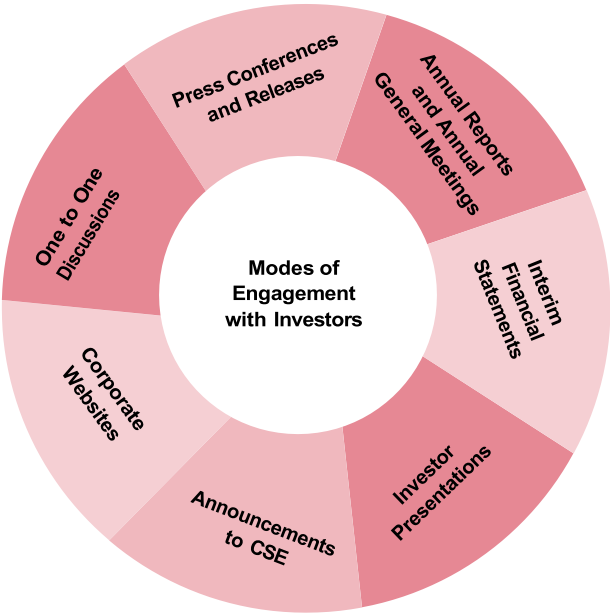
Global equity markets delivered a mixed performance during the year under review, influenced by varying monetary policy directions, persistent geopolitical tensions, and uneven economic momentum. The S&P 500 advanced by approximately 7%, underpinned by a recovery in corporate earnings, particularly within the technology and AI sectors. Meanwhile, the Euro Stoxx 50 posted a modest gain of 4%, amid sluggish growth and inflationary pressures across the Eurozone. In Asia, performance was divergent—Japan’s Nikkei 225 declined by 11%, whereas Hong Kong’s Hang Seng Index surged 36.5%, supported by improving investor confidence and accommodative policy measures from China.

### 3.2 Performance of the Colombo Stock Exchange

The Colombo Stock Exchange recorded a strong performance during the year ended 31 March 2025, with the ASPI rising by 37% and the S&P SL20 Index gaining 41%. The ASPI reached an all-time high of 17,322 points in February 2025, while the S&P SL20 hit a record 5,202 points in January 2025. These gains were primarily driven by improved corporate profitability supported by the ongoing economic recovery. Additionally, easing inflation, a reduction in electricity tariffs, and the successful conclusion of the debt restructuring process contributed to improved business margins and overall market sentiment.

### 3.3 Performance of the FCT Share

First Capital Treasuries share behaved with less volatility during the year ended 31 March 2025, recording a highest of Rs. 28.10 in January 2025 and touching the lowest of Rs. 22.00 in September 2024. The moderate performance of the FCT share during the period is largely due to moderate/normalised earnings that were recorded for the year. Relatively lower volatility observed on interest rates, coupled with clearing out of major obstacles related to debt restructuring that wiped off uncertainty in the equity markets were reasons for the stable profits and share price movement observed during the concerned period.





#### 4 DISTRIBUTION OF SHAREHOLDING

No. of Shares held	31 March 2025				31 March 2024			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
1-1,000	1,772	45.56	601,462	0.10	1,471	41.64	513,915	0.08
1,001 - 10,000	1,468	37.75	6,262,439	1.02	1,398	39.57	5,891,403	0.95
10,001 - 100,000	584	15.02	16,686,907	2.71	599	16.95	17,245,021	2.80
100,001 - 1,000,000	62	1.59	14,580,246	2.37	61	1.73	13,796,117	2.25
Over 1,000,000	3	0.08	577,468,946	93.80	4	0.11	578,153,544	93.92
Total	3,889	100.00	615,600,000	100.00	3,533	100.00	615,600,000	100.00

#### 5 PUBLIC SHAREHOLDING

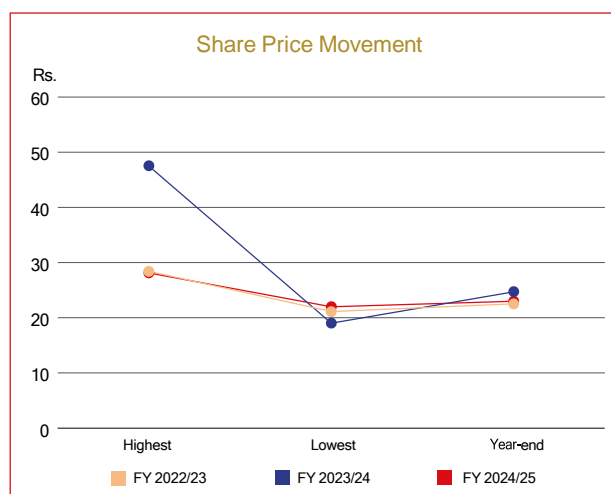
	31 March 2025	31 March 2024
Number of shares held by the public	65,506,032	65,506,032
Percentage held by the public	10.64%	10.64%
Float adjusted market capitalisation	1,506,638,736	1,617,998,990

Number of public shareholders as at 31 March 2025 is 3,888.

The Company is complied with the Minimum Public Holding requirement under option 1 of the Section 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange.

#### 6 SHARE PRICE MOVEMENT FOR THE LAST THREE YEARS

	2024/25	2023/24	2022/23
	Rs.	Rs.	Rs.
Highest	28.10	47.50	28.40
Lowest	22.00	19.00	21.10
Year-end	23.00	24.70	22.50

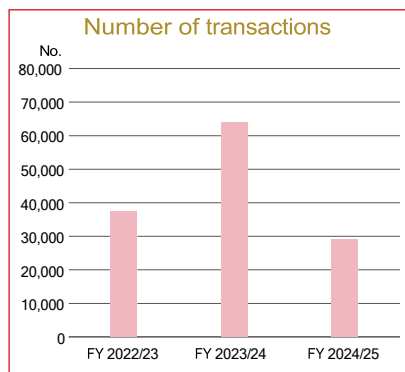




# Investor Information

## 7 SHARE TRADING DETAILS & MARKET CAPITALISATION

	2024/25	2023/24	2022/23
Number of transactions	29,181	63,989	37,488
Number of shares traded	41,310,424	157,255,641	172,079,612
Value of shares traded (Rs.)	1,044,013,413	5,462,397,347	3,672,021,598
Market capitalisation (Rs.)	14,158,800,000	15,205,320,000	13,851,000,000

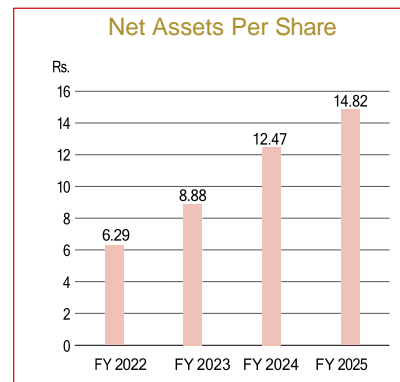
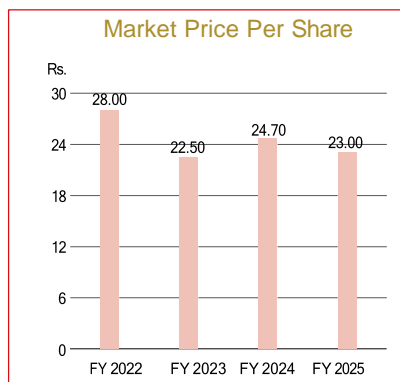
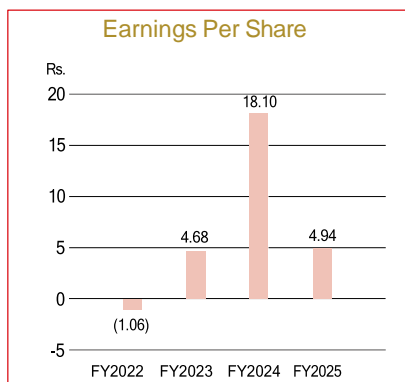


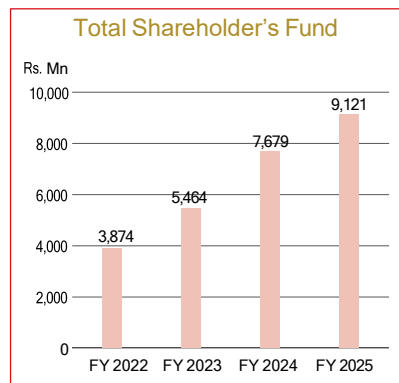
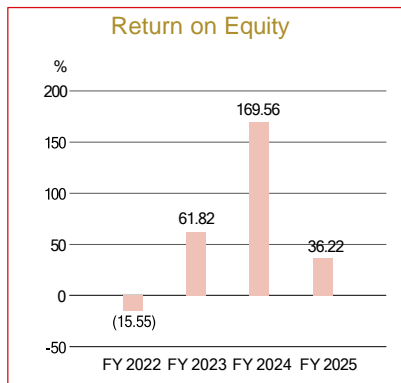
## 8 INFORMATION OF SHAREHOLDERS' FUNDS AND FCT MARKET CAPITALISATION

As at 31 March	First Capital's Market Capitalisation (Rs. '000)	Shareholder's Funds (Rs. '000)
2025	14,158,800	9,121,328
2024	15,205,320	7,679,368
2023	13,851,000	5,464,013

## 9 KEY SHAREHOLDERS RETURN INDICATORS

As at 31 March	2025	2024	2023	2022
Earnings Per Share (Rs.)	4.94	18.10	4.68	(1.06)
Market Price Per Share (Rs.)	23.00	24.70	22.50	28.00
Net Assets Per Share (Rs.)	14.82	12.47	8.88	6.29
Return on Equity	36.22%	169.56%	61.82%	-15.55%
Total Shareholder's Funds (Rs. '000)	9,121,328	7,679,368	5,464,013	3,873,560





## 10 DIRECTORS' SHAREHOLDING INCLUDING CEO

	No. of Shares 31.03.2025
Ms. Manjula Mathews	Nil
Mr. Dilshan Wirasekara	Nil
Ms. Minette Perera	Nil
Dr. Nishan de Mel	Nil
Mr. Ramesh Schaffter	Nil
Mr. Sachith Perera	Nil
Mr. Chandana de Silva*	N/A
Ms. Cilani Chamika Marion Wijesinghe	Nil
Mr. Channa de Silva	Nil

\* Resigned with effect from 28 June 2024.

	No. of Shares 31.03.2024
Ms. Manjula Mathews*	Nil
Mr. Dilshan Wirasekara	Nil
Ms. Minette Perera	Nil
Dr. Nishan de Mel	Nil
Mr. Ramesh Schaffter	Nil
Mr. Sachith Perera	Nil
Mr. Chandana de Silva	Nil
Mr. Nishan Fernando**	N/A

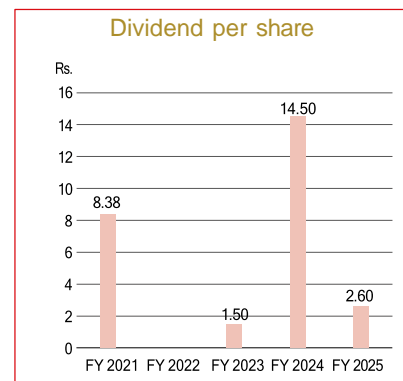
\* Appointed as the chairperson with effect from 12 January 2024.

\*\* Resigned with effect from 1 January 2024.

# Investor Information

## 11 INFORMATION ON DIVIDEND

	2024/25	2023/24	2022/23	2021/22	2020/21
Cash – Rs. per share					
1 <sup>st</sup> Interim	2.60	10.00	1.50	-	8.38*
2 <sup>nd</sup> Interim	-	4.50	-	-	-
Total	2.60	14.50	1.50	-	8.38*
Gross dividend paid (Rs. Mn)					
1 <sup>st</sup> Interim	1,600.56	6,156.00	923.40	-	516.00
2 <sup>nd</sup> Interim	-	2,770.20	-	-	-
Total	1,600.56	8,926.20	923.40	-	516.00
Dividend payout ratio (%)	52.61	80.11	32.05	-	70.14



\*Sub-division of shares has been retrospectively adjusted.

## 12 TOP TWENTY SHAREHOLDERS

Name of the Shareholder	No. of Shares as at 31 March 2025	Holding (%)
1 First Capital Limited	550,093,968	89.36
2 Employees Trust Fund Board	25,924,978	4.21
3 Dr. K. A. S. S. Rodrigo	1,450,000	0.24
4 Mr. D. N. P. Rathnayake	960,942	0.16
5 Mr. S. Senthilnathan	750,000	0.12
6 Mr. P. A. C. Priyantha	653,645	0.11
7 Senkadagala Finance PLC/ N. W. D. I. Sanjeewan Sirimanna	626,600	0.10
8 Mr. E. N. Weerakoon	507,109	0.08
9 Miss. D. R. Edussuriya	500,000	0.08
10 Mrs. E. M. O. W. Edirisinghe	450,000	0.07
11 Mr. A. N. Handunpathirana	430,000	0.07
12 People's Leasing and Finance PLC/ Mr. K. J. Gamage	412,109	0.07
13 Industrial Asphalts (Ceylon) PLC	383,179	0.06
14 People's Leasing and Finance PLC/ H. Guruge	300,000	0.05
14 Mr. C. D. S. Rathnayake	300,000	0.05
16 Mr. D. P. G. A. S. Fernando	283,610	0.05
17 Mr. G. R. Weerakoon	272,000	0.04
18 Mr. H. J. O. Silva	263,500	0.04
19 Mr. G. P. J. H. Gunarathna	253,635	0.04
20 Mrs. N. C. Madanayake	250,000	0.04
	585,065,275	95.04



Name of the Shareholder	No. of Shares as at 31 March 2024	Holding (%)
1 First Capital Limited	550,093,968	89.36
2 Employees Trust Fund Board	25,924,978	4.21
3 Deutsche Bank AG-National Equity Fund	1,100,931	0.18
4 Mr. K. R. E. M. D. M. B. Jayasundara	1,033,667	0.17
5 Mr. J. M. Wanigasekara	805,712	0.13
6 Mr. P. A. C. Priyantha	753,645	0.12
7 Dr. K. A. S. S. Rodrigo	650,000	0.11
8 Mr. D. N. P. Rathnayake	555,327	0.09
9 Mr. E. N. Weerakoon	522,878	0.08
10 Miss. D. R. Edussuriya	500,000	0.08
11 People's Leasing and Finance PLC/ H. Guruge	377,331	0.06
12 Mr. R. V. D. Piyathilake	313,000	0.05
13 Mr. T. F. Raheem	310,000	0.05
14 Dr. J. P. A. Kumara	300,300	0.05
15 Deutsche Bank AG as Trustee to Assetline Income Plus Growth Fund	300,000	0.05
15 Mr. C. D. S. Rathnayake	300,000	0.05
17 Mr. G. R. Weerakoon	275,000	0.04
18 Bank of Ceylon No. 1 Account	274,936	0.04
19 Mrs. N. C. Madanayake	250,000	0.04
19 Miss. T. C. P. Peiris	250,000	0.04
19 Merchant Bank of Sri Lanka PLC/ M. Batuwantudawa	250,000	0.04
	585,141,673	95.04

# QUARTERLY RESULTS

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - 2024/25 AND 2023/24

For the quarter ended	2024/25				2023/24			
	Quarter 1 30-06-2024	Quarter2 30-09-2024	Quarter 3 31-12-2024	Quarter 4 31-03-2025	Quarter 1 30-06-2023	Quarter 2 30-09-2023	Quarter 3 31-12-2023	Quarter 4 31-03-2024
<b>Income</b>	3,090,673	2,061,383	3,436,976	2,303,010	5,299,488	11,034,289	5,195,192	5,078,521
Direct income	3,083,649	2,055,735	3,431,328	2,267,091	5,297,597	11,033,073	5,195,219	5,072,849
Direct expenses	(1,534,572)	(1,584,068)	(1,658,991)	(1,388,354)	(2,036,134)	(1,492,022)	(2,285,706)	(2,080,114)
<b>Net trading income</b>	1,549,077	471,667	1,772,337	878,737	3,261,463	9,541,051	2,909,513	2,992,735
Other income/ (expense)	7,024	5,648	5,648	35,919	1,891	1,216	(27)	5,672
Gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	(727,632)	(113,182)	1,443,145	24,588	1,442,551	1,358,175	(1,681,485)	(1,426,870)
	828,469	364,133	3,221,130	939,244	4,705,905	10,900,442	1,228,001	1,571,537
<b>Operating expenses</b>								
Administrative expenses	(117,243)	(120,217)	(303,350)	(1,653)	(527,461)	(1,416,570)	58,905	81,397
Sales and distribution expenses	(938)	(1,098)	2,036	(7,917)	(1,998)	(4,647)	(9,304)	(17,089)
Other operating expenses	(37,426)	(54,826)	(177,667)	(60,611)	(190,856)	(158,108)	(108,821)	(73,293)
	(155,607)	(176,141)	(478,981)	(70,181)	(720,315)	(1,579,325)	(59,220)	(8,985)
<b>Profit before tax</b>	672,862	187,992	2,742,149	869,063	3,985,590	9,321,117	1,168,781	1,562,552
Income tax expense	(208,793)	(74,048)	(866,965)	(279,830)	(1,253,668)	(2,842,855)	(318,156)	(480,233)
<b>Profit/(Loss) for the period</b>	464,069	113,944	1,875,184	589,233	2,731,922	6,478,262	850,625	1,082,319
<b>Other comprehensive income</b>								
Items that will never be reclassified to profit or loss	-	-	-	-	-	-	-	-
Actuarial gain/ (loss) on retirement benefit obligation	-	-	-	129	-	-	-	(2,247)
Items that are or may be reclassified to profit or loss	-	-	-	(39)	-	-	-	674
<b>Other comprehensive income/ (loss) for the period</b>	-	-	-	90	-	-	-	(1,573)
<b>Total comprehensive income/ (loss) for the period</b>	464,069	113,944	1,875,184	589,323	2,731,922	6,478,262	850,625	1,080,746
Earnings per share (Rs.)	0.75	0.19	3.05	0.96	4.44	10.52	1.38	1.76





## STATEMENT OF FINANCIAL POSITION - 2024/25 AND 2023/24

As at 31 March	2024/25				2023/24			
	Quarter 1	Quarter2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	30-06-2024	30-09-2024	31-12-2024	31-03-2025	30-06-2023	30-09-2023	31-12-2023	31-03-2024
<b>Assets</b>								
Cash at banks and in hand	47,130	19,674	18,147	236,104	1,743,677	59,159	34,807	29,161
Derivative financial instruments	122,067	84,659	4,750	2,820	40,048	541,587	32,608	51,933
Financial assets recognised through profit or loss - measured at fair value	65,159,604	73,011,876	66,188,841	78,107,519	41,240,203	57,538,554	86,313,548	56,684,886
Financial assets at amortised cost	12,940,939	14,690,590	7,453,900	3,304,664	1,768,415	1,963,149	4,220,252	4,539,304
Group balances receivable	6,995	32,582	6,304	28,040	33,170	3,153	-	5,245
Taxes receivable	-	-	257,442	-	-	-	5	-
Deferred tax asset	-	-	-	186,812	5,210	5,697	5,369	-
Other assets	433,738	452,601	463,644	669,410	633,109	560,730	621,421	2,922,901
Property, plant and equipment and right of use assets	315,923	326,829	320,787	604,858	15,430	14,193	20,637	321,891
Intangible assets	742	677	1,984	4,534	437	457	615	622
<b>Total Assets</b>	<b>79,027,138</b>	<b>88,619,488</b>	<b>74,715,799</b>	<b>83,144,761</b>	<b>45,479,699</b>	<b>60,686,679</b>	<b>91,249,262</b>	<b>64,555,943</b>
<b>Liabilities</b>								
Derivative financial instruments	25,167	40,011	155,375	768	215,104	602,497	208,710	71,742
Securities sold under re-purchase agreements	67,963,943	77,576,468	62,219,772	71,475,370	32,206,297	39,072,927	75,681,125	48,482,468
Short term borrowings	-	1,505,153	-	806,029	-	-	-	-
Group balances payable	12,209	17,664	13,396	18,216	3,117	8,691	36,432	279,955
Trade and other payables	385,694	145,017	308,809	919,325	2,316,055	1,888,917	1,680,152	4,279,710
Taxes payable	1,682,404	285,046	1,081,101	789,983	1,737,166	3,655,089	3,464,327	2,971,647
Deferred tax liability	13,723	14,063	-	-	-	-	-	16,276
Retirement benefit obligations	12,097	13,451	14,813	13,742	19,589	20,952	21,609	10,735
Borrowings on listed debentures	788,464	765,234	789,968	-	786,436	763,409	788,083	764,042
<b>Total Liabilities</b>	<b>70,883,701</b>	<b>80,362,107</b>	<b>64,583,234</b>	<b>74,023,433</b>	<b>37,283,764</b>	<b>46,012,482</b>	<b>81,880,438</b>	<b>56,876,575</b>
<b>Equity</b>								
Stated capital	256,500	256,500	256,500	256,500	256,500	256,500	256,500	256,500
Risk reserve	2,836,153	2,847,547	3,035,066	3,093,989	1,948,625	2,596,451	2,681,514	2,789,746
Retained earnings	5,052,784	5,155,334	6,842,999	5,772,839	5,992,810	11,823,246	6,432,810	4,635,122
Fair valuation reserve	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
<b>Total Equity</b>	<b>8,143,437</b>	<b>8,257,381</b>	<b>10,132,565</b>	<b>9,121,328</b>	<b>8,195,935</b>	<b>14,674,197</b>	<b>9,368,824</b>	<b>7,679,368</b>
<b>Total Equity And Liabilities</b>	<b>79,027,138</b>	<b>88,619,488</b>	<b>74,715,799</b>	<b>83,144,761</b>	<b>45,479,699</b>	<b>60,686,679</b>	<b>91,249,262</b>	<b>64,555,943</b>

# TEN YEAR SUMMARY

Year ended 31 March	2025 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>1 TRADING RESULTS</b>			
Gross income	10,837,803	26,598,738	9,969,951
Profit/ (loss) before tax	4,472,066	16,038,040	3,752,909
Tax (charge)/ reversal	(1,429,636)	(4,894,912)	(866,513)
Profit/ (loss) after tax	3,042,430	11,143,128	2,886,396
Other comprehensive income/ (loss)	90	(1,573)	(2,429)
<b>Total comprehensive income/ (loss) for the year</b>	<b>3,042,520</b>	<b>11,141,555</b>	<b>2,883,967</b>
<b>As at 31 March</b>	<b>2025 Rs. '000</b>	<b>2024 Rs. '000</b>	<b>2023 Rs. '000</b>
<b>2 FINANCIAL POSITION</b>			
<b>Assets</b>			
Cash at banks and in hand	236,104	29,161	24,023
Derivative financial instruments	2,820	51,933	51,194
Financial assets recognised through profit or loss - measured at fair value	78,107,519	56,684,886	50,753,172
Financial assets -fair value through other comprehensive income	-	-	-
Financial assets - at amortised cost	3,304,664	4,539,304	1,131,851
Deferred tax asset	186,812	-	4,964
Property, plant and equipment and right of use assets	604,858	321,891	16,112
Other assets	701,984	2,928,768	342,592
<b>Total assets</b>	<b>83,144,761</b>	<b>64,555,943</b>	<b>52,323,908</b>
<b>Liabilities</b>			
Bank overdrafts	-	-	-
Derivative financial instruments	768	71,742	153,586
Securities sold under repurchase agreements	71,475,370	48,482,468	43,830,826
Short term borrowings	806,029	-	-
Tax payables	789,983	2,971,647	629,708
Retirement benefit obligations	13,742	10,735	18,718
Borrowings on listed debentures	-	764,042	762,076
Other liabilities	937,541	4,575,941	1,464,981
<b>Total liabilities</b>	<b>74,023,433</b>	<b>56,876,575</b>	<b>46,859,895</b>
<b>Equity</b>			
Stated capital	256,500	256,500	256,500
Risk reserve	3,093,989	2,789,746	1,675,433
Retained earnings	5,772,839	4,635,122	3,534,080
Fair valuation reserve	(2,000)	(2,000)	(2,000)
<b>Total equity</b>	<b>9,121,328</b>	<b>7,679,368</b>	<b>5,464,013</b>
<b>Total Equity and Liabilities</b>	<b>83,144,761</b>	<b>64,555,943</b>	<b>52,323,908</b>
<b>3 OTHER FINANCIAL INFORMATION</b>			
Earnings/ (loss) per share* - (Rs.)	4.94	18.10	4.68
Dividend per share*- (Rs.)	2.60	14.50	1.5
Dividend payout (%)	52.61	80.11	32.05
Leverage (times)	7.92	6.41	8.16
Net assets per share* - (Rs.)	14.82	12.47	8.88

\* The effect of the sub- division of shares has been adjusted retrospectively.

Financial Instruments as at 31 March 2025, 31 March 2024, 31 March 2023, 31 March 2022, 31 March 2021, 31 March 2020 and 31 March 2019 have been presented in accordance with SLFRS 9 and Financial Instruments as at 31 March 2018, 31 March 2017 and 31 March 2016 have been presented in accordance with LKAS 39.



2022	2021	2020	2019	2018	2017	2016
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
622,824	4,294,461	3,708,401	2,671,869	2,510,251	2,536,109	847,442
(889,699)	2,397,342	1,751,660	137,428	823,406	343,765	11,213
237,254	(560,061)	(544,083)	(41,621)	847,465	-	-
(652,445)	1,837,281	1,207,577	95,807	1,670,871	343,765	11,213
7,782	(2,246)	(1,244)	(2,204)	(438)	4,410	(697)
(644,663)	1,835,035	1,206,333	93,603	1,670,433	348,175	10,516
2022	2021	2020	2019	2018	2017	2016
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
348,585	146,614	8,361	2,144	3,077	13,731	1,382
5,190	2,315	2,734	3,454	47,868	24,075	40,861
24,509,930	23,085,413	36,212,069	29,533,427	23,376,073	15,384,251	9,206,856
-	-	-	-	1,000	1,000	1,000
3,109,800	2,158,045	793,503	1,863,996	968,887	6,369,562	5,903,738
94,318	4,731	262,493	806,482	847,635	-	-
7,782	9,849	7,195	1,255	1,393	2,581	5,697
340,978	317,490	96,246	112,189	256,751	144,336	151,658
28,416,583	25,724,457	37,382,601	32,322,947	25,502,684	21,939,536	15,311,192
-	-	-	6,660	2,759	-	1,532
2,622	824	3,118	2,878	21,659	2,240	20,835
23,397,838	19,330,472	32,182,773	27,482,737	21,691,825	19,677,003	13,271,621
-	-	-	991,384	-	-	-
-	740,959	439,878	-	-	-	37,358
11,561	19,843	14,331	11,446	10,974	8,600	12,327
760,577	759,255	758,342	511,111	510,689	510,304	509,953
370,425	354,881	246,756	91,848	133,498	80,472	20,165
24,543,023	21,206,234	33,645,198	29,098,064	22,371,404	20,278,619	13,873,791
256,500	256,500	256,500	256,500	256,500	256,500	256,500
1,386,793	1,386,793	1,203,065	1,082,307	1,072,726	905,639	871,262
2,232,267	2,876,930	2,279,838	1,887,076	1,802,054	498,778	309,639
(2,000)	(2,000)	(2,000)	(1,000)	-	-	-
3,873,560	4,518,223	3,737,403	3,224,883	3,131,280	1,660,917	1,437,401
28,416,583	25,724,457	37,382,601	32,322,947	25,502,684	21,939,536	15,311,192
(1.06)	2.98	1.96	0.16	2.71	0.56	0.02
-	0.84	1.29	-	0.33	0.20	-
-	28.19	65.63	-	11.97	36.26	-
6.24	4.45	8.81	8.99	7.09	12.15	9.59
6.29	7.34	6.07	5.24	5.09	2.70	2.33

# HORIZONTAL AND VERTICAL ANALYSIS OF STATEMENT OF OTHER COMPREHENSIVE INCOME OVER FIVE YEARS

## 1 HORIZONTAL ANALYSIS

For the year ended 31 March	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>Income</b>	<b>10,837,803</b>	<b>(59)</b>	<b>26,598,738</b>	<b>167</b>	<b>9,969,951</b>	<b>1,501</b>	<b>622,824</b>	<b>(85)</b>	<b>4,294,461</b>	<b>16</b>
Direct expenses	(6,165,985)	(22)	(7,893,976)	25	(6,305,233)	498	(1,054,939)	(20)	(1,322,859)	(36)
<b>Net trading income/(loss)</b>	<b>4,671,818</b>	<b>(75)</b>	<b>18,704,762</b>	<b>410</b>	<b>3,664,718</b>	<b>(948)</b>	<b>(432,115)</b>	<b>(115)</b>	<b>2,971,602</b>	<b>80</b>
Other income	54,239	520	8,752	68	5,202	(91)	55,002	(73)	206,834	39,752
Net gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	626,919	304	(307,629)	(129)	1,077,830	1,560	(73,849)	81	(385,933)	(206)
	<b>5,352,976</b>	<b>(71)</b>	<b>18,405,885</b>	<b>288</b>	<b>4,747,750</b>	<b>1,153</b>	<b>(450,962)</b>	<b>(116)</b>	<b>2,792,503</b>	<b>39</b>
<b>Operating expenses</b>										
Personnel expenses	(297,294)	(82)	(1,641,574)	270	(443,479)	300	(110,893)	(66)	(324,084)	62
Premises, equipment and establishment expenses	(84,584)	54	(54,911)	288	(14,158)	(54)	(30,601)	(9)	(33,595)	(1)
Other operating expenses	(499,032)	(26)	(671,360)	25	(537,204)	81	(297,243)	693	(37,482)	23
	<b>(880,910)</b>	<b>63</b>	<b>(2,367,845)</b>	<b>(138)</b>	<b>(994,841)</b>	<b>(127)</b>	<b>(438,737)</b>	<b>(11)</b>	<b>(395,161)</b>	<b>(50)</b>
<b>Profit/(loss) before tax</b>	<b>4,472,066</b>	<b>(72)</b>	<b>16,038,040</b>	<b>327</b>	<b>3,752,909</b>	<b>522</b>	<b>(889,699)</b>	<b>(137)</b>	<b>2,397,342</b>	<b>37</b>
Taxation	(1,429,636)	(71)	(4,894,912)	465	(866,513)	465	237,254	(142)	(560,061)	3
<b>Profit/ (loss) for the year</b>	<b>3,042,430</b>	<b>(73)</b>	<b>11,143,128</b>	<b>286</b>	<b>2,886,396</b>	<b>542</b>	<b>(652,445)</b>	<b>(136)</b>	<b>1,837,281</b>	<b>52</b>
<b>Other comprehensive income</b>										
Items that will never be reclassified to profit or loss										
Loss on financial assets at fair value through other comprehensive income	-	-								(100)
Actuarial gain/(loss) on retirement benefit obligation	129	(106)	(2,247)	(35)	(3,470)	138	9,049	(406)	(2,955)	774
Tax effect on other comprehensive income	(39)	106	674	35	1,041	(182)	(1,267)	279	709	(654)
Item that are or may be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income/ (loss)</b>	<b>90</b>	<b>106</b>	<b>(1,573)</b>	<b>35</b>	<b>(2,429)</b>	<b>(131)</b>	<b>7,782</b>	<b>446</b>	<b>(2,246)</b>	<b>(81)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>3,042,520</b>	<b>(73)</b>	<b>11,141,555</b>	<b>286</b>	<b>2,883,967</b>	<b>547</b>	<b>(644,663)</b>	<b>(135)</b>	<b>1,835,035</b>	<b>52</b>



## 2 VERTICAL ANALYSIS

For the year ended 31 March	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>Income</b>	<b>10,837,803</b>	<b>100</b>	26,598,738	100	9,969,951	100	622,824	100	4,294,461	100
Direct expenses	(6,165,985)	(57)	(7,893,976)	(30)	(6,305,233)	(63)	(1,054,939)	(169)	(1,322,859)	(31)
<b>Net trading income/(loss)</b>	<b>4,671,818</b>	<b>43</b>	18,704,762	70	3,664,718	37	(432,115)	(69)	2,971,602	69
Other income	54,239	1	8,752	0	5,202	0	55,002	9	206,834	5
Net gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	626,919	6	(307,629)	(1)	1,077,830	11	(73,849)	(12)	(385,933)	(9)
	<b>5,352,976</b>	<b>49</b>	18,405,885	69	4,747,750	48	(450,962)	(72)	2,792,503	65
<b>Operating expenses</b>										
Personnel expenses	(297,294)	(3)	(1,641,574)	(6)	(443,479)	(4)	(110,893)	(18)	(324,084)	(8)
Premises, equipment and establishment expenses	(84,584)	(1)	(54,911)	(0)	(14,158)	(0)	(30,601)	(5)	(33,595)	(1)
Other operating expenses	(499,032)	(5)	(671,360)	(3)	(537,204)	(5)	(297,243)	(48)	(37,482)	(1)
	<b>(880,910)</b>	<b>(8)</b>	(2,367,845)	(9)	(994,841)	(10)	(438,737)	(70)	(395,161)	(9)
<b>Profit/ (loss) before tax</b>	<b>4,472,066</b>	<b>41</b>	16,038,040	60	3,752,909	38	(889,699)	(143)	2,397,342	56
Taxation	(1,429,636)	(13)	(4,894,912)	(18)	(866,513)	(9)	237,254	38	(560,061)	(13)
<b>Profit/ (loss) for the year</b>	<b>3,042,430</b>	<b>28</b>	11,143,128	42	2,886,396	29	(652,445)	(105)	1,837,281	43
<b>Other comprehensive income</b>										
Items that will never be reclassified to profit or loss										
Loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Actuarial gain/(loss) on retirement benefit obligation	129	0	(2,247)	(0)	(3,470)	(0)	9,049	1	(2,955)	(0)
Tax effect on other comprehensive income	(39)	(0)	674	0	1,041	0	(1,267)	(0)	709	0
Item that are or may be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income/ (loss)</b>	<b>90</b>	<b>0</b>	(1,573)	(0)	(2,429)	(0)	7,782	1	(2,246)	(0)
<b>Total comprehensive income/ (loss) for the year</b>	<b>3,042,520</b>	<b>28</b>	11,141,555	42	2,883,967	29	(644,663)	(104)	1,835,035	43



# HORIZONTAL AND VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION OVER FIVE YEARS

## 1 HORIZONTAL ANALYSIS

As at 31 March	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>ASSETS</b>										
Cash at banks and in hand	236,104	710	29,161	21	24,023	(93)	348,585	138	146,614	1,654
Derivative financial instruments	2,820	(95)	51,933	1	51,194	886	5,190	124	2,315	(15)
Financial assets recognised through profit or loss - measured at fair value	78,107,519	38	56,684,886	12	50,753,172	107	24,509,930	6	23,085,413	(36)
Financial assets - at amortised cost	3,304,664	(27)	4,539,304	301	1,131,851	(64)	3,109,800	44	2,158,045	172
Receivable from related companies	28,040	435	5,245	40	3,744	82	2,060	1,148	165	(54)
Taxes receivable	-	-	-	-	-	-	-	-	-	(100)
Deferred tax asset	186,812	100	-	(100)	4,964	(95)	94,318	1,894	4,731	(98)
Other assets	669,410	(77)	2,922,901	764	338,354	0	338,345	7	316,406	236
Property, plant and equipment and right of use assets	604,858	88	321,891	1,898	16,112	107	7,782	(21)	9,849	37
Intangible assets	4,534	629	622	26	494	(14)	573	(38)	919	(17)
<b>TOTAL ASSETS</b>	<b>83,144,761</b>	<b>29</b>	<b>64,555,943</b>	<b>23</b>	<b>52,323,908</b>	<b>84</b>	<b>28,416,583</b>	<b>10</b>	<b>25,724,457</b>	<b>(31)</b>
<b>LIABILITIES</b>										
Derivative financial instruments	768	(99)	71,742	(53)	153,586	5,758	2,622	218	824	(74)
Securities sold under repurchase agreements	71,475,370	47	48,482,468	11	43,830,826	87	23,397,838	21	19,330,472	(40)
Short term borrowings	806,029	100	-	-	-	-	-	-	-	-
Creditors and other payables	919,325	(79)	4,279,710	194	1,453,226	299	363,897	8	336,366	48
Payable to related companies	18,216	(93)	279,955	2,282	11,755	80	6,528	(65)	18,515	(6)
Deferred tax liability	-	(100)	16,276	100	-	-	-	-	-	-
Taxes payable	789,983	(73)	2,971,647	372	629,708	100	-	(100)	740,959	68
Borrowing on listed debentures	-	(100)	764,042	0	762,076	0	760,577	0	759,255	0
Retirement benefit obligations	13,742	28	10,735	(43)	18,718	62	11,561	(42)	19,843	38
<b>TOTAL LIABILITIES</b>	<b>74,023,433</b>	<b>30</b>	<b>56,876,575</b>	<b>21</b>	<b>46,859,895</b>	<b>91</b>	<b>24,543,023</b>	<b>16</b>	<b>21,206,234</b>	<b>(37)</b>
<b>EQUITY</b>										
Stated capital	256,500	-	256,500	-	256,500	-	256,500	-	256,500	-
Risk reserve	3,093,989	11	2,789,746	67	1,675,433	21	1,386,793	-	1,386,793	15
Retained earnings	5,772,839	25	4,635,122	31	3,534,080	58	2,232,267	(22)	2,876,930	26
Fair valuation reserve	(2,000)	-	(2,000)	-	(2,000)	-	(2,000)	-	(2,000)	-
<b>TOTAL EQUITY</b>	<b>9,121,328</b>	<b>19</b>	<b>7,679,368</b>	<b>41</b>	<b>5,464,013</b>	<b>41</b>	<b>3,873,560</b>	<b>(14)</b>	<b>4,518,223</b>	<b>21</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>83,144,761</b>	<b>29</b>	<b>64,555,943</b>	<b>23</b>	<b>52,323,908</b>	<b>84</b>	<b>28,416,583</b>	<b>10</b>	<b>25,724,457</b>	<b>(31)</b>



## 2 VERTICAL ANALYSIS

As at 31 March	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>ASSETS</b>										
Cash at banks and in hand	236,104	0	29,161	0	24,023	0	348,585	1	146,614	1
Derivative financial instruments	2,820	0	51,933	0	51,194	0	5,190	0	2,315	0
Financial assets recognised through profit or loss - measured at fair value	78,107,519	94	56,684,886	88	50,753,172	97	24,509,930	86	23,085,413	90
Financial assets - at amortised cost	3,304,664	4	4,539,304	7	1,131,851	2	3,109,800	11	2,158,045	8
Receivable from related companies	28,040	0	5,245	0	3,744	0	2,060	0	165	0
Deferred tax asset	186,812	0	-	-	4,964	0	94,318	0	4,731	0
Other assets	669,410	1	2,922,901	5	338,354	1	338,345	1	316,406	1
Property, plant and equipment and right of use assets	604,858	1	321,891	0	16,112	0	7,782	0	9,849	0
Intangible assets	4,534	0	622	0	494	0	573	0	919	0
<b>TOTAL ASSETS</b>	<b>83,144,761</b>	<b>100</b>	<b>64,555,943</b>	<b>100</b>	<b>52,323,908</b>	<b>100</b>	<b>28,416,583</b>	<b>100</b>	<b>25,724,457</b>	<b>100</b>
<b>LIABILITIES</b>										
Derivative financial instruments	768	0	71,742	0	153,586	0	2,622	0	824	0
Securities sold under repurchase agreements	71,475,370	86	48,482,468	75	43,830,826	84	23,397,838	82	19,330,472	75
Short term borrowings	806,029	1	-	-	-	-	-	-	-	-
Creditors and other payables	919,325	1	4,279,710	7	1,453,226	3	363,897	1	336,366	1
Payable to related companies	18,216	0	279,955	0	11,755	0	6,528	0	18,515	0
Deferred tax liability	-	-	16,276	0	-	-	-	-	-	-
Taxes payable	789,983	1	2,971,647	5	629,708	1	-	-	740,959	3
Borrowing on listed debentures	-	-	764,042	1	762,076	1	760,577	3	759,255	3
Retirement benefit obligations	13,742	0	10,735	0	18,718	0	11,561	0	19,843	0
<b>TOTAL LIABILITIES</b>	<b>74,023,433</b>	<b>89</b>	<b>56,876,575</b>	<b>88</b>	<b>46,859,895</b>	<b>90</b>	<b>24,543,023</b>	<b>86</b>	<b>21,206,234</b>	<b>82</b>
<b>EQUITY</b>										
Stated capital	256,500	0	256,500	0	256,500	0	256,500	1	256,500	1
Risk reserve	3,093,989	4	2,789,746	4	1,675,433	3	1,386,793	5	1,386,793	5
Retained earnings	5,772,839	7	4,635,122	7	3,534,080	7	2,232,267	8	2,876,930	11
Fair valuation reserve	(2,000)	(0)	(2,000)	(0)	(2,000)	(0)	(2,000)	(0)	(2,000)	(0)
<b>TOTAL EQUITY</b>	<b>9,121,328</b>	<b>11</b>	<b>7,679,368</b>	<b>12</b>	<b>5,464,013</b>	<b>10</b>	<b>3,873,560</b>	<b>14</b>	<b>4,518,223</b>	<b>18</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>83,144,761</b>	<b>100</b>	<b>64,555,943</b>	<b>100</b>	<b>52,323,908</b>	<b>100</b>	<b>28,416,583</b>	<b>100</b>	<b>25,724,457</b>	<b>100</b>

## BASIS OF FINANCIAL RATIOS

No.	Ratios	Basis of calculation
1	Capital adequacy ratio (%)	Tier 1 and Tier 2 capital/ Total risk weighted assets
2	Cost to income ratio (percentage, times)	Total operating expenses/ (total income- direct expenses)
3	Debt to equity ratio or Financial leverage (times)	Total interest bearing debt/ Total equity
4	Debt to asset ratio (times)	Total interest bearing debt/ Total assets
5	Dividend payout (%)	Total dividend paid to ordinary shareholders/ Profit attributable to ordinary shareholders of the company
6	Dividend yield (%)	Dividend per share/ Closing market price per share
7	Earnings per share (Rs.)	Profit attributable to ordinary shareholders / weighted average number of ordinary shares in issue
8	Equity asset ratio (times)	Total equity / Total assets
9	Interest cover (times)	Profit before interest expenses and tax expenses/ Interest expenses
10	Net assets value per share (Rs.)	Equity attributable to the ordinary shareholders / Number of ordinary shares in issue
11	Net profit margin (%)	Profit/ (loss) for the year/ Income
12	Operating profit margin (%)	Operating profit/(loss) for the year/ Income
13	Price earning ratio (PE) (times)	Market price per share (Closing market price per share)/ Earnings per share
14	Quick assets ratio (times)	Quick assets / Current liabilities
15	Return on assets (ROA) (%)	Profit/ (loss) for the year /Average total assets
16	Return on capital employed (ROCE) (%)	Profit before interest expenses and tax expenses/ Average (Interest bearing debt + Total equity)
17	Return on equity (ROE) (%)	Profit/ (loss) attributable to equityholders / Average equity attributable to the equityholders
18	Workforce return on investment (times)	Net profit after tax/investment on the workforce inclusive of salaries, benefits and training
19	Repo leverage ratio (times)	Repos/ Trading assets



# INTEGRATED REPORTING - CONTENT INDEX

IR Reference	Paragraph No;	Description	Page No; / Note
1G	1.2	An integrated report should include a statement from those charged with governance	10
2B	2.4	Value created, preserved or eroded by an organisation over time manifests	50 to 51
2C	2.10	All organisations depend on various forms of capital for their success	66 to 111
2D	2.20	The process through which value is created, preserved or eroded is depicted	50 to 51
3A	3.3	Strategic focus and future orientation	52 to 55
3B	3.6	Connectivity of information	Connectivity of the information is maintained throughout the report
3C	3.10	Stakeholder relationships	38 to 39
3D	3.17	Materiality	40 to 48
	3.18	The materiality determination process	41
	3.21	Identifying relevant matters	42 to 48
	3.28	Prioritising important matters	40 to 48
3E		Conciseness	Concise IR report is available on pages 4 to 48
3F		Reliability and completeness	External Assurance on IR reporting is available on pages 322 to 324
3G		Consistency and comparability	Comparative information is provided for comparability and consistency
4A	4.4, 4.5, 4.6, 4.7	Organisational overview and external environment	58 to 65
4B	4.8	Governance	142 to 164
4C	4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19, 4.20, 4.21, 4.22	Business model	49 to 51
4D	4.23, 4.24, 4.25, 4.26	Risks and opportunities	113 to 129
4E	4.27, 4.28, 4.29	Strategy and resource allocation	52 to 55
4F	4.31, 4.32, 4.33	Performance	66 to 111
4G	4.35, 4.36, 4.37, 4.38, 4.39	Outlook	18 to 19
4H	4.41, 4.42, 4.43, 4.44, 4.45, 4.46, 4.47	Basis of preparation and presentation	8 to 10

# INDEPENDENT ASSURANCE ON INTEGRATED REPORTING



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426  
Fax +94 - 11 244 5872  
+94 - 11 244 6058  
Internet [www.kpmg.com/lk](http://www.kpmg.com/lk)

## INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF FIRST CAPITAL TREASURIES PLC ON THE INTEGRATED REPORT FOR THE YEAR ENDED 31 MARCH 2025

### Conclusion

We have performed a limited assurance engagement on whether the Integrated Report of First Capital Treasuries PLC for the year ended 31 March 2025 (the "Integrated Report") has been prepared in accordance with the Content Elements of the IFRS Foundation's International <IR> Framework.

Based on the procedures performed and evidence obtained, as described below, nothing has come to our attention to cause us to believe that the Integrated Report of First Capital Treasuries PLC for the year ended 31 March 2025 is not prepared, in all material respects, in accordance with the Content Elements of the IFRS Foundation's International <IR> Framework.

This conclusion on the Integrated Report of First Capital Treasuries PLC for the year ended 31 March 2025 does not extend to any other information that accompanies the Integrated Report. We have read the other information, but we have not performed any procedures with respect to the other information.

### Basis for conclusion

We conducted our engagement in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the Institute of Chartered Accountants of Sri Lanka (CASL). Our responsibilities under this standard are further described in the 'Our responsibilities' section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management 1 (SLSQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company's strategy or how the Company creates value, including the governance,

strategic management and other key business processes. The procedures we have performed in relation to the Company's strategy and how the Company creates value are outlined in the 'Summary of the work we performed as the basis for our conclusion'.

### Criteria Used as the Basis of Reporting

The criteria used as a basis of reporting is the Content Elements of the IFRS Foundation's International <IR> Framework as disclosed in the Integrated Report.

### Intended Purpose of our Report

We have been engaged by the Directors of First Capital Treasuries PLC ("the Company") to provide limited assurance on whether the Integrated Report of First Capital Treasuries PLC for the year ended 31 March 2025 (the "Integrated Report") has been prepared in accordance with the Content Elements of the IFRS Foundation's International <IR> Framework.

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C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA  
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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT,  
K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne





### Restriction of use of our report

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

### Responsibilities of the Board of Directors and Management

The Board of Directors and Management of First Capital Treasuries PLC are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Company's Integrated Report such that it is free from material misstatement, whether due to fraud or error
- selecting suitable criteria for preparing the Integrated Report and appropriately referring to or describing the criteria used
- determining that the criteria is appropriate to meet the needs of intended users, being the company's members and any other intended users.
- preparing and presenting of the Integrated Report in accordance with the criteria set out in the IFRS Foundation's <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- ensuring the Company's strategy is well presented in the Company's Integrated Report and reflects how the Company creates value as they operate in practice
- identifying stakeholders and stakeholder requirements;
- identifying material issues and reflecting those in the Company's Integrated Report; and
- preparation and fair presentation of the Integrated reporting information; Design and implementation of internal controls that the company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.
- Informing us of any known and/or contentious issues relating to the Integrated Report.
- Preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- Process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the integrated report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations.
- The responsibility also includes informing changes in the Company's operations since the date of our most recent assurance report on the Integrated reporting information.

### Inherent limitations in preparing the Integrated Report

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in the preparation of the Integrated Report and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Integrated Report because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

# Independent assurance on Integrated reporting



## Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance on whether the Company's Integrated Report, is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Board of Directors.

## Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional scepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Integrated Report that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Company's Integrated Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Report and enquiring of management as to whether the description accurately reflects their understanding;
4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Report.
7. Reviewing the Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 5 June 2025 on the content of the Company's Integrated Report.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The 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.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of First Capital Treasuries PLC.



CHARTERED ACCOUNTANTS  
Colombo

5 June 2025

# GRI CONTENT INDEX



Statement of use

First Capital Treasuries PLC has reported in accordance with the GRI Standards for the period from 1 April 2024 to 31 March 2025

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

Not applicable

GRI standard/ Other source	Disclosure	Location (page)	Omission		
			Requirement (s) omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	340			
	2-2 Entities included in the organisation's sustainability reporting	255			
	2-3 Reporting period, frequency and contact point	4 to 10			
	2-4 Restatements of information				No restatements were made
	2-5 External assurance	330 to 332			
	2-6 Activities, value chain and other business relationships	49 to 51			
	2-7 Employees	86 to 99			
	2-8 Workers who are not employees		2-8 a, b, c	Not applicable	FCT does not engage workers who are not employees
	2-9 Governance structure and composition	147			
	2-10 Nomination and selection of the highest governance body	150 to 152			
	2-11 Chair of the highest governance body	154			
	2-12 Role of the highest governance body in overseeing the management of impacts	154			
	2-13 Delegation of responsibility for managing impacts	154			
	2-14 Role of the highest governance body in sustainability reporting	138			
	2-15 Conflicts of interest	154			
	2-16 Communication of critical concerns	155			
	2-17 Collective knowledge of the highest governance body	21			
	2-18 Evaluation of the performance of the highest governance body				This is in place
	2-19 Remuneration policies	230			

# GRI Content Index

GRI standard/ Other source	Disclosure	Location (page)	Omission		
			Requirement (s) omitted	Reason	Explanation
	2-20 Process to determine remuneration	230			
	2-21 Annual total compensation ratio		2-21 a,b,c	Confidentiality constraints	Constraints in disclosing total compensation ratio
	2-22 Statement on sustainable development strategy	130			
	2-23 Policy commitments	49 to 51			
	2-24 Embedding policy commitments	49 to 51			
	2-25 Processes to remediate negative impacts	49 to 51			
	2-26 Mechanisms for seeking advice and raising concerns	143 to 144			
	2-27 Compliance with laws and regulations	165 to 222			
	2-28 Membership associations				FCT is a member of primary dealer association
	2-29 Approach to stakeholder engagement	38 to 39			
	2-30 Collective bargaining agreements		2-30 a,b	Not applicable	FCT does not have collective agreements with its employees
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	40 to 48			
	3-2 List of material topics	40 to 48			
	3-3 Management of material topics	40 to 48			
Economic Performance					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	112			
	201-2 Financial implications and other risks and opportunities due to climate change	130 to 137			
	201-3 Defined benefit plan obligations and other retirement plans	284 to 285			
	201-4 Financial assistance received from government		201-4 a,b,c	Not applicable	FCT does not receive any financial assistance from the government



GRI standard/ Other source	Disclosure	Location (page)	Omission		
			Requirement (s) omitted	Reason	Explanation
Indirect economic impacts					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	72 to 75			
	203-2 Significant indirect economic impacts	112			
Procurement Practices					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	51			
Anti-corruption					
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	113 to 129			
	205-2 Communication and training about anti-corruption policies and procedures	113 to 129			
	205-3 Confirmed incidents of corruption and actions taken	113 to 129			
Anti-competitive behaviour					
GRI 206: Anti- competitive Behaviour 2016	206-1 Legal actions for anti- competitive behaviour, anti-trust, and monopoly practices	113 to 129			
Tax					
GRI 207: Tax 2019	207-1 Approach to tax	257, 262			
	207-2 Tax governance, control, and risk management	226 to 227			
	207-3 Stakeholder engagement and management of concerns related to tax	38 to 39			
	207-4 Country-by-country reporting		207-4 a,b,c	Not applicable	FCT does not have subsidiaries operating in overseas locations



# GRI Content Index

GRI standard/ Other source	Disclosure	Location (page)	Omission		
			Requirement (s) omitted	Reason	Explanation
Energy					
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	111			
	302-2 Energy consumption outside of the organisation		302-2 a,b,c	Not applicable	
	302-3 Energy intensity		302-2 a,b,c	Not applicable	
	302-4 Reduction of energy consumption	110			
	302-5 Reductions in energy requirements of products and services		302-5 a,b,c	Not applicable	FCT's products and services do not consume energy
Emissions					
GRI 3: Material Topics 2021	305-1 Direct (Scope 1) GHG emissions	110			
	305-2 Energy indirect (Scope 2) GHG emissions	110			
	305-3 Other indirect (Scope 3) GHG emissions	110			
Employment					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	86 to 99			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	86 to 99			
	401-3 Parental leave	86 to 99			
Training and education					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	86 to 99			
	404-2 Programmes for upgrading employee skills and transition assistance Programmes	86 to 99			
	404-3 Percentage of employees receiving regular performance and career development reviews	86 to 99			



GRI standard/ Other source	Disclosure	Location (page)	Omission		
			Requirement (s) omitted	Reason	Explanation
Diversity and equal opportunity Training and education					
GRI 405: Diversity and Equal opportunity	405-1 Diversity of governance bodies and employees	21 to 28			
Non-discrimination					
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken				None
Public Policy					
GRI 415: Public Policy 2016	415-1 Political contributions				No political contributions
Customer privacy					
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	106			

# INDEPENDENT ASSURANCE ON SUSTAINABILITY REPORTING



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426  
Fax +94 - 11 244 5872  
+94 - 11 244 6058  
Internet [www.kpmg.com/lk](http://www.kpmg.com/lk)

## INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF FIRST CAPITAL TREASURIES PLC ON SUSTAINABILITY INDICATORS IN THE INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2025

### Conclusion

We have performed a limited assurance engagement on whether the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 has been prepared in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 (summarised in the table below) are not prepared, in all material respects, in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Financial Highlights	36
Operational Highlights	37
Information provided on following	
Financial Capital	66 to 71
Manufactured Capital	72 to 75
Intellectual Capital	76 to 85
Human Capital	86 to 99
Social & Relationship Capital	100 to 107
Natural Capital	108 to 111

This conclusion on the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 does not extend to any other information that accompanies the integrated report. We have read the other information, but we have not performed any procedures with respect to the other information.

### Basis for conclusion

We conducted our engagement in accordance with Sri Lankan Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka

(ICASL). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics).

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C. P. Jayatilake FCA  
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Ms. P.M.K. Sumanasekara FCA

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W. K. D. C. Abeyaratne FCA  
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Ms. C.T.K.N. Perera ACA  
R.W.M.O.W.D.B. Rathnadiwakara FCA

W. W. J. C. Perera FCA  
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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne



Our firm applies Sri Lanka Standard on Quality Management 1 (SLSQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **Criteria Used as the Basis of Reporting**

The criteria used as the basis of reporting is the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

#### **Intended purpose of our Report**

We have been engaged by the Directors of First Capital Treasuries PLC ("the Company") to provide limited assurance on the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 (the "Integrated Report"), prepared in accordance with Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

#### **Restriction on use or distribution of our Report**

This report has been prepared for the Directors of First Capital Treasuries PLC for the purpose of providing an assurance conclusion

on the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than First Capital Treasuries PLC, for any purpose or in any other context. Any party other than First Capital Treasuries PLC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than First Capital Treasuries PLC for our work, for this independent assurance report, or for the conclusions we have reached.

#### **Board of Directors and Management's responsibility**

The Board of Directors and Management are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 that are free from material misstatement, whether due to fraud or error.
- selecting suitable criteria for preparing the Sustainability Indicators in the Integrated

Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 and appropriately referring to or describing the criteria used; and

- preparation and fair presentation of the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.
- preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.
- ensuring that staff involved with the preparation and presentation of the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

#### **Inherent Limitations in Preparing the Limited Assurance Sustainability Indicators**

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a



continuous basis throughout the period and the audit procedures performed were on a test basis.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and;
- reporting our conclusion to the Board of Directors.

### Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on our understanding of the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 and other engagement circumstances, and our consideration of areas where material

misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025;
- enquiries about the design and implementation of the systems and methods used to collect and report the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 Indicators, including the aggregation of the reported information;
- comparing the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;

- reading the Sustainability Indicators in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2025 presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

A limited assurance engagement is restricted primarily to enquires and analytical procedures. The 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.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of First Capital Treasuries PLC.



CHARTERED ACCOUNTANTS  
Colombo  
5 June 2025





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# GLOSSARY OF FINANCIAL AND BUSINESS TERMS

## A

### 1. ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.

### 2. AUCTION BID COVERAGE RATIO

A measure of how much demand there is at a government securities auction. Calculated by dividing the total amount of bids received by the amount on offer. A higher ratio signals strong demand.

### 3. ACCRUAL BASIS

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

### 4. ADDITIONAL ISSUE

The issuance of new shares for sale to public by a company that has already held its Initial Public Offering (IPO).

### 5. AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

### 6. 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 uncollectability.

### 7. ASSET

A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

## B

### 8. B2C (BUSINESS-TO-CONSUMER/CLIENT/CUSTOMER)

A business model where the company sells directly to individual clients or retail investors, as opposed to institutions.

## C

### 9. CAPITAL ADEQUACY RATIO (CAR)

A measure of a Primary Dealer's capital and is a prudential requirement reflecting the dealer's level of stability. Two categories of capital are measured by the CAR namely Tier 1 and Tier 2.

Tier 1 capital in view of local Primary Dealers consists of shareholders' equity, retained earnings or other surpluses and preference shares types as selectively set out by the Central Bank of Sri Lanka.

Tier 2 capital includes revaluation reserves, subordinated term debt, perpetual subordinated debt and cumulative preference shares as selectively set out by the Central Bank of Sri Lanka.

### 10. CAPITAL EMPLOYED

The sum of shareholders' equity and debt liabilities simplified as Total Assets less Current Liabilities denoting the total amount of capital used in the acquisition of profits.

### 11. CLIENT FLOW

Transactions or investment activity initiated by clients, as opposed to proprietary or company-led trades.

### 12. CAPITAL RESERVES

The profits of a company which (for various reasons) are not regarded as distributable to shareholders as dividends. These include gains on the revaluation of capital assets.

### 13. CASH EQUIVALENTS

Short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 14. CONTINGENT LIABILITIES

Conditions or situations at the reporting date, where the financial status is affected of which are to be determined by future events which may or may not occur.

### 15. CORPORATE GOVERNANCE

Process by which corporate entities are governed to promote stakeholder interest. Shareholders exert collective pressure on management to ensure equitable decision making on matters that may affect the value of their holdings and base their response on statutory requirements or on so called "Best Practice".

### 16. CREDIT RATING

An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.

### 17. CREDIT RISK

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

## D

### 18. DURATION POSITIONING

A strategy that involves managing the sensitivity of the investment portfolio to changes in interest rates. Longer durations increase sensitivity (and risk) to interest rate changes.

### 19. DEFERRED TAX

Sum set aside in the financial statements that may become payable/receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.



## 20. DE-RECOGNITION

Removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

## 21. DERIVATIVES

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (eg. an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

## 22. DIVIDEND COVER

Profit after tax divided by gross dividends. This measures the number of times the dividend is covered by distributable profits.

## 23. DEPRECIATION

The systematic allocation of the depreciable amount of an asset over its useful life.

## 24. DIVIDEND PAYOUT

It is the percentage of earnings paid to shareholders in dividends.

## 25. DIVIDEND YIELD

Dividend earned per share as a percentage of its market value.



## 26. EFFECTIVE AUCTION PARTICIPATION RATE

The actual level of participation in government bond auctions compared to the expected or mandated quota. A rate above 100% shows excess engagement and commitment to market-making.

## 27. EARNINGS PER SHARE

Profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue.

## 28. EFFECTIVE INTEREST METHOD

A method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

## 29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.

## 30. EXPECTED CREDIT LOSSES

Expected credit losses are a probability – weighted estimate of credit losses over the expected life of the financial instrument.

- *12 Month Expected Credit Losses*  
The portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.
- *Lifetime Expected Credit Losses*  
The expected credit losses that result from all possible default events over the expected life of a financial instrument.



## 31. FORWARD RISK INDICATORS

Signals or metrics that anticipate future risk exposures, helping to prepare for potential market or operational disruptions.

## 32. FAIR VALUE

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.

## 33. FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE

These financial assets are held within a business model with the objective to sell financial assets.

## 34. FINANCIAL ASSETS AT AMORTISED COST

These financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. These assets are tested for impairment.

## 35. FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

These financial assets are held within a business model with the objective to both hold financial assets in order to collect contractual cash flows and sell financial assets.

## 36. FINANCIAL ASSET OR FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as 'at fair value through profit or loss'.

## 37. FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## 38. FORWARD RATE AGREEMENT

An agreement between two parties who wish to protect themselves against a future movement in interest rates.



## 39. GROSS DIVIDENDS

The portion of profit inclusive of tax withheld distributed to shareholders.

# Glossary of Financial and Business Terms

## 40. GUARANTEE

A promise made for a fee by a third party (Guarantor), who is not a party to the contract between two others, that the guarantor will be liable if one of the parties fails to fulfil the contractual obligations.



## 41. HNWIs (HIGH NET-WORTH INDIVIDUALS)

Individuals with significant financial resources, often defined by a minimum threshold and targeted for premium financial services.

## 42. HELD TO MATURITY INVESTMENT

Non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.



## 43. IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

## 44. INTANGIBLE ASSET

An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/ services or for rental to others or for administrative purposes.

## 45. INTEREST RATE RISK

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

## 46. INTEREST RATE SWAP

An interest rate SWAP is a contract, whereby two parties agree to exchange a set of interest cash flows based on a notional principle on pre-arranged dates. Normally fixed rate is exchanged for a floating rate.

## 47. INTEREST COVER

A ratio showing the number of times interest charges is covered by earnings before interest and tax.

## 48. IPO OR INITIAL PUBLIC OFFERING

The first sale of a company's shares to the public, leading to the listing of its shares on the stock market.



## 49. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.



## 50. LEASE

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

## 51. LIABILITIES

Debt or obligations of a business.

## 52. LIQUIDITY RISK

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

## 53. LISTED

A company or its financial securities which are admitted for trading on a stock exchange.

## 54. LOANS AND RECEIVABLES

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.



## 55. MARKET VALUE PER SHARE

The price at which an ordinary share is transacted in the stock market.

## 56. MARKET CAPITALISATION

The market value of a company at a given date obtained by multiplying the share price by the number of issued shares.

## 57. MATERIALITY

The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of financial statements.

## 58. MARKET-MAKING

The practice of continuously quoting both buy and sell prices for securities to provide liquidity to the market. A core function of a Primary Dealer.



## 59. NET ASSETS PER SHARE

Net assets (total assets less total liabilities) divided by the number of shares issued.



## 60. OPERATIONAL RISK

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

## 61. OUTRIGHT

The purchase or sale of a currency or security for delivery on any date other than spot (not being a swap transaction).



#### 62. OVERNIGHT

Deposit or swap transaction for settlement on transaction date to or against the next business day after transaction date.

#### 63. OVERNIGHT POLICY RATE (OPR)

This is the policy interest rate of the Central Bank of Sri Lanka under the single policy interest rate mechanism (w.e.f. 27 November 2024).



#### 64. POLICY RATES

The rates that are used by a central bank to implement or signal its monetary policy stance. The Central Bank of Sri Lanka uses the Standing Deposit Facility Rate and Standing Lending Facility Rate as policy rates.

#### 65. PRICE EARNINGS RATIO

Market price of a share divided by earnings per share.

#### 66. PRIMARY DEALER

A dealer in government securities licensed by the Central Bank of Sri Lanka.

#### 67. PRIME LENDING RATE (PLR)

The interest rate a commercial bank will offer to its best customers.

#### 68. POST-TRADE SYSTEM

The infrastructure and processes used to settle, clear, and report financial transactions after they are executed.

#### 69. PROPRIETARY TRADING (PROP TRADING)

When a financial institution trades financial instruments using its own capital, aiming to earn profits from market movements rather than on behalf of clients. In FCT's context, this includes duration positioning and tactical bond trades aligned to internal strategy and market views.

#### 70. PROPRIETARY FLOW

Trading activity initiated by FCT using its own funds, independent of client instructions. These flows reflect the firm's market positioning, risk appetite, and return targets, distinct from client-driven transactions.



#### 71. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

#### 72. RELATED PARTY TRANSACTIONS

A transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.

#### 73. REPURCHASE AGREEMENT

An agreement (Repo for short) is the simultaneous sale and repurchase of a security on different settlement dates.

#### 74. RETURN ON EQUITY (ROE)

Profit after tax less preference share dividends if any, expressed as a percentage of ordinary shareholders' equity.

#### 75. RETURN ON ASSETS

Post-tax profit divided by average total assets.

#### 76. REVERSE REPURCHASE AGREEMENT

An agreement (Reverse Repo for short) is the simultaneous purchase and resale of a security on different settlement dates.

#### 77. RIGHTS ISSUE

The issue of new shares with the right given to existing shareholders to purchase them in proportion to their shareholdings. This raises new capital for the company, often including a premium.

#### 78. REPO LEVERAGE RATIO

The extent to which the Company borrows funds through repurchase agreements (repos) compared to its own capital. A higher ratio means more borrowed funds are used to generate returns, increasing potential rewards and risks.

#### 79. RTGS (REAL-TIME GROSS SETTLEMENT)

A system used by central banks to settle interbank payments and securities transactions in real time and individually, rather than in batches.



#### 80. SECONDARY MARKET TURNOVER RATIO

Indicates how often the Company's government securities inventory is traded in the secondary market. A high ratio reflects active trading and liquidity support.

#### 81. SHAREHOLDERS' FUNDS

Shareholders' funds consist of issued and fully paid ordinary share capital plus capital and revenue reserves.

#### 83. STANDING DEPOSIT FACILITY RATE (SDLR)

The floor rate of interest for the absorption of overnight excess liquidity from the banking system by the Central Bank of Sri Lanka (the



# Glossary of Financial and Business Terms

concept was abolished with the introduction of OPR w.e.f.27 November 2024).

## 84. SPREAD PRESERVATION

Maintaining the difference between the cost of funding and the return on investments, a key driver of profitability.

## 85. STP (STRAIGHT-THROUGH PROCESSING)

An automated process in financial transactions where the entire process, from order initiation to settlement is completed without manual intervention.

## 86. STATUTORY RESERVE REQUIREMENT (SRR)

The proportion of rupee deposit liabilities that commercial banks are required to maintain as a deposit with the Central Bank of Sri Lanka.

## 87. SUBSTANCE OVER FORM

The consideration that the accounting treatment and the presentation in financial statements of transactions and the events are governed by their financial reality and not merely by its legal form.



## 88. TACTICAL TRADING

A short-term investment strategy based on anticipated market movements, such as interest rate shifts or auction dynamics.

## 89. TERM REPO

A repurchase agreement with a

duration longer than one day. Used to manage liquidity over a medium-term horizon.

## 90. TRANSACTION COSTS

Incremental costs which are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.



## 91. UNLISTED

A financial instrument that is not traded on a stock exchange. This also refers to a company that has not been admitted to the stock exchange or acquired 'listed' status.



## 92. YIELD CURVE

The graphical depiction of the relationship between the yield on Treasury securities and the corresponding period.

## 93. YIELD DELIVERED

The total return generated for investors from interest income and capital gains, relative to the capital invested, often expressed as a percentage.



# CORPORATE INFORMATION

**Name of the Company:**  
First Capital Treasuries PLC

**Legal Form:**  
Public Limited Liability Company listed on the Colombo Stock Exchange (Incorporated in Sri Lanka on 19 August 1982)

**Stock Exchange Listing:**  
The ordinary shares of the Company were listed on the Colombo Stock Exchange on 23 December 2021

**Principal Activities:**  
The main activity of the Company is operating as a Primary Dealer in Government Securities

**Company Registration Number:**  
PB 127/PQ

**Financial Year-end:**  
31 March

**Website:**  
[www.firstcapital.lk](http://www.firstcapital.lk)

**Registered Office:**  
No. 02, Deal Place  
Colombo 3  
Sri Lanka

**Secretaries:**  
Janashakthi Corporate Services Limited  
No. 324, 39 Floor, Mireka Tower  
Havelock Road  
Colombo 5

**Registrars:**  
SSP Corporate Services (Private) Limited  
No. 101, Inner Flower Road,  
Colombo 3  
Tel: 0112 573894

**External Auditors:**  
Messrs KPMG  
Chartered Accountants  
32 A, Sir Mohamad Macan Marker  
Mawatha  
P.O. Box 186  
Colombo 3

**Internal Auditors:**  
Messrs Ernst & Young  
No. 109, Rotunda Towers  
Galle Road  
Colombo 3

**Principal Bankers:**  
Seylan Bank PLC  
Hatton National Bank PLC  
Bank of Ceylon  
People's Bank  
Commercial Bank of Ceylon PLC  
NDB Bank PLC  
Nation Trust Bank PLC

**Board of Directors:**  
Ms. Manjula Mathews (Chairperson)  
Mr. Sachith Perera (Director/CEO)  
Mr. Dilshan Wirasekara  
Mr. Ramesh Schaffter  
Ms. Minette Perera  
Ms. Cilani Wijesinghe  
Dr. Nishan de Mel  
Mr. Channa de Silva

**Audit Committee:**  
Ms. Cilani Wijesinghe - Chairperson  
Ms. Minette Perera - Member  
Mr. Channa de Silva - Member

**Nomination & Governance Committee:**  
Mr. Channa de Silva - Chairman  
Ms. Cilani Wijesinghe - Member  
Ms. Manjula Mathews - Member

**Remuneration Committee:**  
Dr. Nishan de Mel - Chairman  
Mr. Ramesh Schaffter - Member  
Mr. Channa de Silva - Member

**Investment, Asset & Liability Committee:**  
Dr. Nishan de Mel - Chairman  
Ms. Manjula Mathews - Member  
Mr. Dilshan Wirasekara - Member

**Related Party Transactions Review Committee:**  
Ms. Cilani Wijesinghe - Chairperson  
Ms. Minette Perera - Member  
Mr. Channa de Silva - Member

**Board Integrated Risk Management Committee:**

Dr. Nishan de Mel - Chairman  
Mr. Dilshan Wirasekara - Member  
Ms. Minette Perera - Member

**Taxpayer Identity Number (TIN):**  
114000132

**Credit Rating:**  
The Company has been assigned A+ (Stable) by Lanka Rating Agency Limited

**Credit Agency Status:**  
An approved Credit Agency under the Securities and Exchange Commission Act No. 19 of 2021 and the Gazette Extraordinary bearing number 2271/09 dated 15 March 2022

Designed & produced by

**emagewise**

# NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of First Capital Treasuries PLC will be held as a virtual meeting on Monday, 30 June 2025 at 11.00 a.m. to transact the following businesses.

1. To receive the Annual Report and the Audited Financial Statements of the Company for the year ended 31 March 2025 together with the Report of the Auditors thereon.
2. To re-elect Ms. Minette Delicia Anne Perera who retires by rotation in terms of Article 90 of the Articles of Association of the Company and offers herself for re-election.
3. To re-appoint Mr. Ginige Channa Ajith de Silva who was appointed to the Board on 1 January 2025, in terms of Article 96 of the Articles of Association of the Company.
4. To re-appoint of Mr. Don Franciscuge Sachith Nalika Perera who was appointed to the Board on 1st January 2025, in terms of Article 96 of the Articles of Association of the Company.
5. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and authorise the Directors to determine their remuneration.
6. To authorise the Directors to determine and make donations.

By order of the Board,

(Sgd.)

Janashakthi Corporate Services Limited  
Secretaries  
5 June 2025

## NOTES:

1. The Shareholders are requested to register with their first names and last names via the below link before 4.00 pm, on Thursday, 26 June 2025, to receive the link to join the AGM. The same names should be used to log in to participate in the AGM on Monday, 30 June 2025 at 11.00 a.m.

<https://tinyurl.com/FCAGM2025-Registration>



2. A member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote on behalf of him/her.
3. A Proxy need not be a member of the Company.
4. A Form of Proxy is enclosed for this purpose.
5. The completed Form of Proxy must be forwarded by email to [secretaries@jcs.lk](mailto:secretaries@jcs.lk), WhatsApp to +94 773647178 or directly deposited at the Office of the Company Secretaries. No registration of proxies will be accommodated after this deadline.
6. Shareholders who are unable to participate at the Meeting through the online meeting platform are encouraged to appoint a director as his/her/its proxy by forwarding the duly completed Proxy Form clearly indicating their vote under each matter set out in the Proxy Form to the Company Secretaries as specified above in order that their vote may be identified and recorded as if he/she/it were present at the Meeting.



# FORM OF PROXY

I/We, ..... of .....  
..... being a Member/s of the First Capital Treasuries PLC, hereby appoint Mr/Mrs/Miss .....  
..... (holder of NIC No. ....)  
..... of .....  
..... failing him/her,

- |                           |             |
|---------------------------|-------------|
| 1. Ms. Manjula Mathews    | failing her |
| 2. Mr. Ramesh Schaffter   | failing him |
| 3. Ms. Minette Perera     | failing her |
| 4. Mr. Channa de Silva    | failing him |
| 5. Dr. Nishan de Mel      | failing him |
| 6. Mr. Dilshan Wirasekara | failing him |
| 7. Ms. Cilani Wijesinghe  | failing her |
| 8. Mr. Sachith Perera     |             |

as my/our Proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held, as a virtual meeting on Monday, 30 June 2025 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a 'X' in the box of your choice against each Resolution.

	For	Against
1. Receiving of the Annual Report and the Audited Financial Statements of the Company for the year ended 31 March 2025 together with the Report of the Auditor's thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Ms Minette Delicia Anne Perera who retires by rotation in terms of Article 90 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-appointment of Mr. Ginige Channa Ajith de Silva who was appointed to the Board on 1 January 2025, in terms of Article 96 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. Re- appointment of Mr. Don Franciscuge Sachith Nalika Perera who was appointed to the Board on 1 January 2025, in terms of Article 96 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. Re-appointment of Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
6. Authorising Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this ..... day of .....2025

Signature/s.....

.....

Shareholder's N.I.C./P.P./Co. Reg. No.

## Form of Proxy

### INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY

1. Please perfect the form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and filling the date of signature and your National Identity Card Number.
2. The completed form of Proxy must be forwarded to the Company Secretaries by email [secretaries@jcsl.lk](mailto:secretaries@jcsl.lk), fax +94 112372498, WhatsApp to +94773647178 or directly deposited at the office of Company Secretaries, Janashakthi Corporate Services Limited, Mireka Tower, Havelock City, Havelock Road, Colombo 06 not less than 48 hours before the time fixed for the Meeting. No registration of proxies will be accommodated after this deadline.
3. If an Attorney has signed the form of Proxy, the relative Power of Attorney should also accompany the completed form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the Shareholder is a company or a corporate body, the Proxy should be executed in accordance with its Articles of Association or Constitution. The Company may but shall not be bound to require evidence of the authority of any such attorney or officer.
5. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the form of Proxy has been completed, no vote will be recorded by the form of Proxy.





# INVESTOR/STAKEHOLDER FEEDBACK FORM

To request information to submit a comment / query to the company, please provide the following details and return this page to –

Mangala Jayashantha  
Chief Financial Officer  
First Capital Treasuries PLC  
No. 02, Deal Place  
Colombo 00300

mangala@firstcapital.lk  
Tel : 0112639898

Name	:	
Permanent Mailing Address	:	
Contact Number/s	:	
Tel	:	
Fax	:	
E-Mail	:	
Name of the Company (If Applicable)	:	
Designation (If Applicable)	:	
Company Address (If Applicable)	:	
Queries / Comments	:	

Your opinion matters. Please share your views with us.

Which stakeholder groups do you belong to?

(You may tick more than one)

<input type="checkbox"/> Employee	<input type="checkbox"/> Customer	<input type="checkbox"/> Shareholder	<input type="checkbox"/> Community	<input type="checkbox"/> Investor
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Does the report address issues of greatest interest to you?

<input type="checkbox"/> Comprehensively	<input type="checkbox"/> Partially	<input type="checkbox"/> Not at all
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Please identify any additional issues that you think should be reported on :

Do you have any additional comments on the report - or on the company's performance?

Would you like to be consulted when we prepare our next Integrated report?

<input type="checkbox"/> Yes	<input type="checkbox"/> No
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Your name, email address and / or other contact details:







First Capital

A Janashakthi Group Company