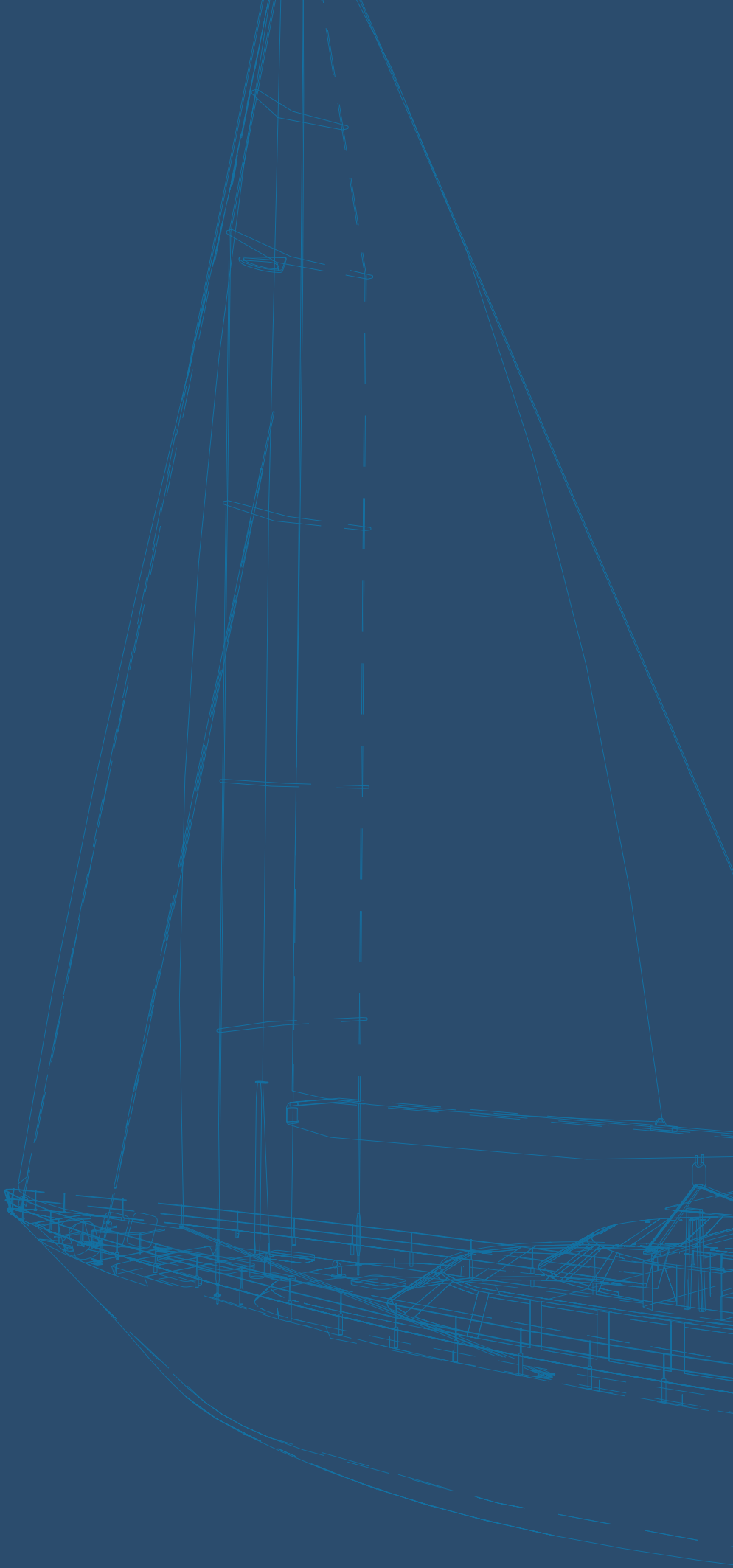
First Capital

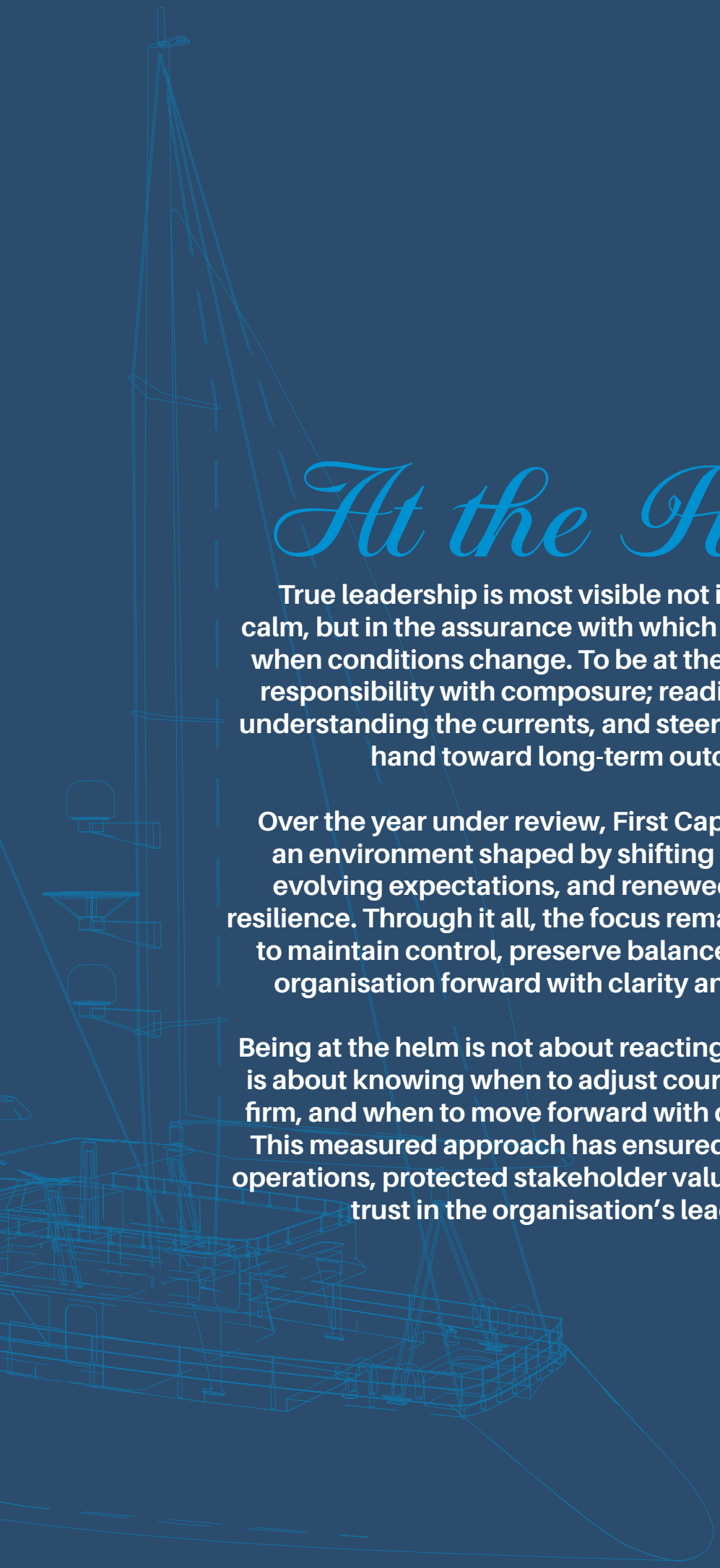
A Janashakthi Group Company

First Capital Treasuries PLC | Annual Report 2025/26

At the Helm







At the Helm

True leadership is most visible not in moments of calm, but in the assurance with which direction is held, when conditions change. To be at the helm is to carry responsibility with composure; reading the horizon, understanding the currents, and steering with a steady hand toward long-term outcomes.

Over the year under review, First Capital operated in an environment shaped by shifting market forces, evolving expectations, and renewed demands for resilience. Through it all, the focus remained unchanged: to maintain control, preserve balance, and guide the organisation forward with clarity and confidence.

Being at the helm is not about reacting to every wave. It is about knowing when to adjust course, when to hold firm, and when to move forward with quiet conviction. This measured approach has ensured stability across operations, protected stakeholder value, and reinforced trust in the organisation's leadership.

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Corporate Information - **Inner Back Cover**



Guided by the Light

By staying aligned to enduring principles and long-term objectives, we continue our journey with confidence, guided not by impulse, but by insight and purpose.

About Our Integrated Report

Our Approach to Reporting

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

Our TAGS-embedded reporting is tailored to deliver both regulatory compliance and stakeholder relevance, encompassing financial, governance, and ESG disclosures that reflect the distinctive nature of our treasury and capital markets operations.



Transparency

FCT ensures open and timely disclosures across financial, operational, and sustainability performance. Our reports adopt globally recognised frameworks — GRI, SASB, SLFRS, and the <IR> Framework — with a focus on outcome-driven metrics and integration of stakeholder feedback into our value communication.

Accountability

FCT maintains a governance structure with defined accountability across executive and operational lines. Internal controls encompass performance-based appraisal, enforcement of ethical conduct, and structured consequence management — supporting trust, compliance, and alignment with CBSL, SEC, and market expectations.

Governance

Our governance disclosures reflect Board independence and adherence to the CA Sri Lanka Code of Best Practice on Corporate Governance and the listing rules of the Colombo Stock Exchange mainly. Board oversight, committee effectiveness, and cross-functional accountability are articulated with clarity and transparency.

Sustainability

As a capital markets intermediary, our sustainability focus centres on responsible market conduct, regulatory compliance, and financial market integrity. We continue to advance our alignment with the UN SDGs, SASB financial sector standards, and SLFRS S1 and S2 requirements, assessed through a double-materiality lens.

About Our Integrated Report

CONNECTING PRINCIPLES TO PRACTICE

The TAGS pillars are embedded directly into the structure of our reporting outputs. Each component of our reporting serves a defined purpose, with content mapped to internationally recognised frameworks and aligned with stakeholder priorities. Through this structured approach, FCT ensures that disclosures provide a holistic, transparent, and comparable view of our strategy, performance, risks, governance, and sustainability commitments.

Report Component	Purpose	TAGS Principle(s)	Page Reference
Integrated Annual Report	Strategic overview of performance, business model, sustainability progress, stakeholder engagement, and value creation.	Accountability Sustainability	5 to 134
Financial Statements	Detailed financial results prepared in accordance with SLFRS and statutory requirements.	Transparency Governance	274 to 325
Governance Report	Disclosures on Board effectiveness, committee structures, governance outcomes, and oversight functions.	Governance Accountability	174 to 223
Risk Management Report	Outline of risk governance, material risk exposures, and mitigatory strategies.	Governance Accountability	135 to 148
Sustainability Disclosures	Sustainability commitments, climate transition alignment, UN SDG integration, and stakeholder impact assessments.	Sustainability Transparency	150 to 172
GRI and SASB Indices	Cross-referencing disclosures with global sustainability frameworks. SASB compliance status provided for further transparency.	Transparency Sustainability	360 & 116
Transparency Checklist	Benchmarked disclosures based on Transparency International Sri Lanka's principles.	Transparency Sustainability	244 to 245

ABOUT OUR INTEGRATED REPORT

As a standalone non-bank primary dealer listed on the Colombo Stock Exchange, FCT plays a critical role in Sri Lanka's capital market ecosystem. This Integrated Annual Report for the financial year ended 31 March 2026 has been prepared in accordance with the principles of the International <IR> Framework.

Purpose and Audience

This Annual Report conveys the Company's value creation narrative within an environment of heightened stakeholder expectations, continued regulatory evolution, and ongoing macroeconomic transformation. It explains how the Company deploys its available resources to achieve strategic priorities and measures progress against financial and non-financial targets, whilst safeguarding against value erosion.

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

Scope and Boundary

This report covers the operations and activities of FCT for the period from 1 April 2025 to 31 March 2026. It integrates both financial and non-financial performance, encompassing strategy execution, governance practices, capital deployment, and stakeholder outcomes.

Integrated Thinking and Capital Connectivity

FCT recognises 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 in treasury and capital markets business.

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.

REPORTING INNOVATIONS AND ENHANCEMENTS (FY2025/26)

During the financial year 2025/26, FCT has further enhanced the quality and scope of its reporting across all four TAGS pillars, incorporating stakeholder feedback and aligning with evolving global and local standards. We have also incorporated SLFRS S1 and S2 disclosures more comprehensively in this annual report. In addition we incorporated summarised financial statements in Sinhala and Tamil under the supplementary information.

Benchmarked Reporting

The various regulatory and voluntary frameworks used by FCT to create sustainable value for all stakeholders.

Integrated <IR> Framework: Applied for the third consecutive year, with further refinement in the articulation of value creation across the six capitals, incorporating multi-year trend narratives.

Expanded double materiality disclosure: Clearly distinguishing between impact and financial materiality, with enhanced linkage to capitals, UN SDGs, and emerging risk themes.

Stakeholder Insight Matrix: Connects stakeholder engagement feedback directly to strategic priorities and operational responses.

Sustainability-related disclosures: In alignment with SLFRS S1 and S2, we have made significant progress in incorporating climate risk assessments within our business operations and improved our readiness, gap assessments, and timelines. We have also enhanced our reporting, incorporated specific requirements relevant to our business operations, and endeavoured to report on them.

Comprehensive assurance coverage: Clear scope for financial, sustainability, and narrative elements aligned to GRI, SASB, and CA Sri Lanka guidance.

Process transparency enhanced: Detailed disclosures on Board oversight, cross-functional development processes, and the Annual Report's editorial governance.

TRANSPARENCY

Key Enhancements

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

KPI-linked performance measurement: Integrated across all business units, capturing financial, operational, and ESG metrics within a single scorecard.

Strategic themes and scorecard tracking: Introduced with explicit value creation, preservation, or erosion assessment.

Reporting of risk management: Intensified with comprehensive disclosure of the risk framework philosophy and improved risk appetite articulation. Added climate risks in a more integrated and comprehensive manner.

Material matters validated by the Board: Ensuring continued alignment with strategic direction and evolving stakeholder expectations.

Stakeholder feedback integration: Broadened to include gap analyses, collaborative outcomes, accolades, and community initiatives, which now directly inform performance insights and decision-making.

Language accessibility and stakeholder inclusivity: Expanded supplementary information to include summarised financial statements in Sinhala and Tamil, improving accessibility and understanding for a wider stakeholder base.

GOVERNANCE

FCT continues to strengthen governance systems to ensure integrity, oversight, and alignment between performance and purpose.

Governance tied to value creation: Clear linkages established between Board oversight, strategy execution, and capital allocation outcomes.

Board accountability for report integrity: Affirmed through a formal Board Responsibility Statement.

Precautionary principle asserted: Proportionally applied in alignment with the current status of sustainability integration.

Combined assurance model: Enables multi-line oversight and external validation across all key reporting elements.

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

FCT's sustainability perspectives and reporting continue to be enhanced in alignment with global standards and local regulatory expectations.

Baseline GHG measurement for Scope 1 and 2: Integrated into Natural Capital reporting and the ESG Scorecard.

SLFRS S1 and S2 climate disclosures: Upgraded to enhance our disclosures of readiness and gaps for the next phase of adoption.

SASB alignment status clarified: Compliance status articulated with reference to gap analysis outcomes.

Sustainability assurance by M/s KPMG: Ensuring the credibility and accuracy of sustainability-related reporting.

About Our Integrated Report

FCT ALIGNMENT WITH <IR> FRAMEWORK PRINCIPLES

<IR> Principle	FCT Application in FY2025/26
Stakeholder Relationships	Our materiality process and governance model reflect structured engagement with multiple stakeholder groups. Insights from these engagements inform funding strategies, capital allocation decisions, sustainability integration priorities, and risk governance enhancements, ensuring reports are responsive and relevant.
Materiality	Material matters are assessed through a double-materiality lens, considering both the financial implications for FCT and the broader economic, regulatory, and market impacts on stakeholders. This encompasses risks and opportunities affecting capital preservation, trading integrity, and market confidence. Identified matters are mapped across our capitals and directly inform strategy, risk management, and stakeholder communications.
Conciseness	Reporting is thematically structured and visually streamlined, employing cross-references and executive summaries to minimise redundancy whilst maintaining appropriate depth and completeness.
Reliability and Completeness	External assurance has been obtained on both financial and selected non-financial disclosures. Board sign-off and governance oversight reinforce the integrity and completeness of the report, with a combined assurance model further substantiating key assertions.
Consistency and Comparability	Reporting frameworks (GRI, SASB, SLFRS, and <IR>) are applied consistently across reporting periods. Key performance metrics include multi-year comparatives and are benchmarked against peer performance where available and relevant.

MATERIALITY

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

Financial Materiality

How risks and opportunities affect our capital base, profitability, trading activities, and long-term value creation for our investors and providers of financial capital.

Impact Materiality

How our operations and market activities influence broader sustainability outcomes, regulatory expectations, and the interests of a diverse range of stakeholders beyond our direct financial counterparts.

These insights are integrated into strategic planning and reviewed and are approved by the Board. The material matters section of this report outlines the prioritisation process and its alignment with business strategy and stakeholder interests.

STAKEHOLDER ENGAGEMENT AND RESPONSIVENESS

FCT continues to refine the quality and depth of its stakeholder engagement, with a structured stakeholder insight Matrix aligned to our materiality framework. This enables us to connect each stakeholder category, engagement channel, concern or interest, and our corresponding strategic or operational response.

Key Engagement Touchpoints in FY2025/26

- Investor briefings and rating analyst meetings following significant strategic and regulatory developments;
- Employee engagement through focus groups, agile team retrospectives, and all-staff communications;
- Sustainability and compliance engagements with external consultants and sustainability advisors;
- Operational collaborations with vendors, technology partners, and market infrastructure providers;
- Community engagement through sponsorships, financial literacy programmes, and community initiatives.

Insights from these and other engagements directly informed content selection, narrative structure, and disclosure priorities in this report.

KEY REPORTING FRAMEWORKS AND ASSURANCE SCOPE

For the financial year, the following assurance scope was applied across the key components of our reporting.

Component	Reporting Framework	Internal Assurance	External Assurance
Financial	❋ Sri Lanka Accounting 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 and circulars from the Central Bank of Sri Lanka (CBSL)	Internal control assurance by M/s B. R. De Silva & Co, Chartered Accountants; Internal controls reporting to the Board Audit Committee and Board of Directors.	Independent Auditors' Report by M/s KPMG, Chartered Accountants.
Narrative	❋ The International Integrated Reporting Framework of the IFRS Foundation ❋ Guideline for the Presentation of Annual Reports issued by 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 Standards ❋ Gender Parity Reporting Framework (CA Sri Lanka) ❋ CSE Guide on Communicating Sustainability ❋ SLFRS S1 and S2 Related Disclosures ❋ UN Sustainable Development Goals (SDGs) ❋ Transparency International Sri Lanka Disclosure Checklist	Assessment of non-financial information by the Annual Report Steering Committee.	Assurance on Sustainability Reporting by M/s KPMG, Chartered Accountants.
SASB	❋ Sustainability Accounting Standards Board's Sustainability Accounting Standard for the Investment Banking and Brokerage Sector	Review by the Sustainability Division.	N/A
Corporate Governance	❋ CSE Listing Rules ❋ Code of Best Practice on Corporate Governance (CA Sri Lanka, 2023)	Governance framework and statutory compliance review by the Risk and Compliance Division.	N/A

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 validated by the Board of Directors.

01 | Preparing

A cross-functional project team comprising finance, risk, compliance, research, and communications — supported by internal and external advisors — drives comprehensive data collection and content development. Executive and senior management insights are actively incorporated into strategic content and narrative development.

02 | Reviewing

The Risk and Compliance Division identifies material issues using an enterprise risk lens, operational context, and stakeholder input, which are validated and finalised by the Annual Report Steering Committee. The report undergoes multiple review cycles — by the project team, senior management, and the Board — ensuring consistency, accuracy, and completeness.

03 | 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. A combined assurance model is applied, with internal review and external assurance from M/s KPMG on financial statements and related disclosures.

About Our Integrated Report

ADDITIONAL REPORTING GUIDANCE

Forward-Looking Statements

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

Precautionary Principle

FCT recognises and supports the precautionary principle in advancing social and environmental sustainability. Whilst maintaining a broader Sustainability-Related Risks and Opportunities (SRROs) framework, we established baseline climate-related measurements and continued embedding Climate-Related Risks and Opportunities (CRROs) into our risk management processes. These steps form part of a long-term commitment to environmental responsibility as our sustainability approach continues to mature.

Climate-Related Disclosures and Sustainability Integration

This report includes climate-related disclosure aligned with the evolving requirements of 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 modelling assumptions.

Stakeholders are advised that climate-related disclosures are inherently subject to uncertainty arising from the evolving regulatory landscape, advances in climate science, constraints on data availability, and limitations in scenario modelling. These factors may affect the completeness, consistency, and comparability of such disclosures across reporting periods. Further updates will be provided through our sustainability disclosures as standards become effective.

Reporting Developments

FCT remains attentive to developments in corporate sustainability reporting, particularly the SLFRS Sustainability Disclosure Standards effective 1 January 2025, which respond to growing capital market demand for information on how sustainability-related matters affect enterprise value. The Company continues to actively evaluate the implications of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (climate-related disclosures) and has incorporated assessments into our business operations and reporting mechanisms in line with our phased full-implementation plan.

Availability

All annual reports, interim results, and corporate announcements are available on the websites of First Capital Treasuries PLC (via the website of First Capital Holdings PLC) and the Colombo Stock Exchange.

BOARD RESPONSIBILITY STATEMENT

The Board of Directors of First Capital Treasuries PLC acknowledges its collective responsibility for ensuring the integrity of this Integrated Annual Report. The Board confirms that it has reviewed the report's contents in conjunction with the assurance reports obtained from our external assurance providers.

Accordingly, the Board is satisfied that this Annual Report for FY2025/26 provides a fair and accurate assessment of the Company's financial and non-financial performance for the year ended 31 March 2026.

(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 enquiries to:

Mangala Jayashantha
Chief Financial Officer
First Capital Treasuries PLC
No. 02, Deal Place, Colombo 03,
Sri Lanka
Email: mangala@firstcapital.lk



How to Navigate the Annual Report

FCT Integrated Reporting Journey

FY 2023/24



GOLD Award — Newly Listed Companies

SILVER Award — Service Sector

FY 2024/25



SILVER Award — Other Financial Services

FY 2025/26



THE CAPITALS

- Financial Capital
- Intellectual Capital
- Human Capital
- Manufactured Capital
- Social & Relationship Capital
- Natural Capital

KEY STAKEHOLDERS

- Customers
- Employees
- Communities
- Regulators
- Business Partners and Suppliers
- Financial Institutions
- Shareholders and Investors

How to Navigate the Annual Report

Material Matters

- Economic Performance & Financial Resilience
- Responsible Financing & Sustainable Credit
- Customer Experience, Protection & Financial Inclusion
- Business Ethics, Risk Management & Compliance
- Digitalisation, Data & Cyber Security
- Climate Change & Environmental Risk
- Employee Relations, Talent & Culture
- Industry Partnerships & Collaborations
- Responsible Sourcing & Resource Management
- Community Development & Societal Impact

UN Sustainable Development Goals



Additional Navigation Features

- Interactive chatbot assistance is available for queries regarding this report and FCT's operations.
- Summarised financial statements in Sinhala and Tamil are available on pages 345 to 351.
- A QR code embedded in the report provides instant access to the full digital version via smartphone or tablet.



FCT provides an account to its stakeholders through its own Annual Report which is available on First Capital website.

Who We Are



A Pillar of Market Integrity

First Capital Treasuries PLC (FCT) operates at the heart of Sri Lanka's sovereign debt market. As a Primary Dealer licensed by the Central Bank of Sri Lanka and listed on the Colombo Stock Exchange (Ticker: FCT), we serve as a vital conduit for monetary transmission, facilitating liquidity and connecting capital to the State with precision and integrity.

We are a sub-subsidiary of First Capital Holdings PLC and a member of the Janashakthi Group. Our institution is founded on the principles of transparency, rigorous governance, and robust risk management. Our A+ credit rating (Stable) from Lanka Rating Agency Limited (LRA) reflects our capital strength, prudent liquidity management, and resilient earnings profile.

Strategic Specialisation

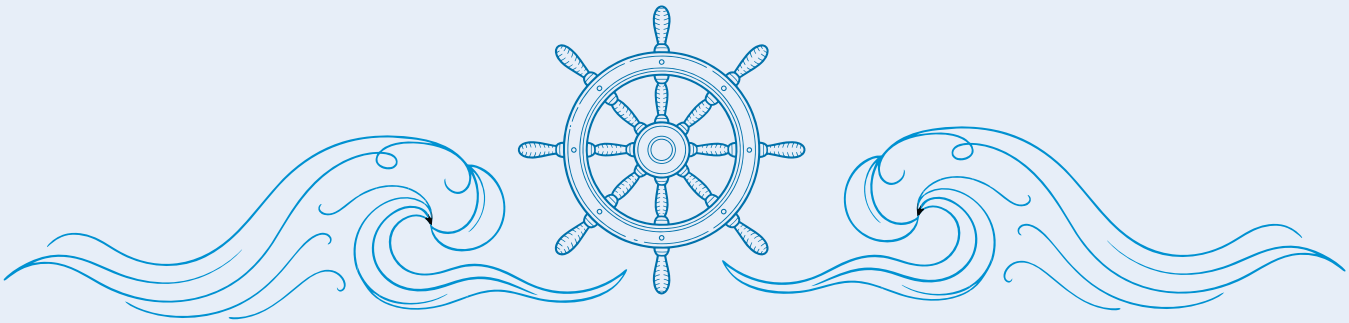
The Company provides market access, tactical rate strategies, and liquidity solutions across the yield curve to a sophisticated client base of institutions, corporates, and high-net-worth individuals.

Our philosophy prioritises capital efficiency over asset intensity. We manage our balance sheet with discretion, guided by Return on Equity (ROE) and a sophisticated understanding of duration risk and sovereign credit. Rather than pursuing volume for its own sake, we focus resources where we can create differentiated value for our stakeholders.

Who We Are

Legacy and Transformation: From Broker to Market Anchor

Decades of Discipline. Engineered for the Future.



The Foundation (1982 - 2021)

In 1982, we began as a licensed money broker, facilitating trades within a fledgling domestic market. Our role was simple, our ambition measured, and our discipline absolute. Over four decades, we evolved not through opportunism, but through a refined understanding of our responsibility at the heart of monetary stability. We learned early that in emerging markets, volatility is not a threat to be feared, but a structural condition to be managed through stewardship rather than speculation.

The Inflection Point (2022 - 2024)

The economic disruption of 2022–2023 was our defining stress test. As yield curves inverted and market confidence fractured, FCT's "risk orthodoxy" converged with strategic clarity. Throughout this crisis, we recalibrated our entire approach to support liquidity. This period proved that our legitimacy and reputation are our most singular differentiators, allowing us to broaden our client franchise even in the most tenuous environments.

Transforming and Optimising for 2025 and Beyond

Our story did not peak with the post-crisis recovery; it evolved into a sophisticated model of capital discipline. In FY2025/26, we shifted from traditional balance sheet growth to selective capital deployment.

- *Active Risk Management*

Demonstrating foresight in a shifting interest rate environment, we proactively optimised our position, reducing inventory from Rs. 78 Bn to Rs. 47 Bn by March 2026 to protect the bottom line and ensure resilience.

- *Strengthening the Core*

Our commitment to long-term stability was reaffirmed through a successful Rs. 3 Bn Tier II capital raise, further strengthening a capital base that supports our A+ (Stable) credit rating.

- *Digital Evolution*

We have replaced cost-heavy traditional models with lean, digitally enabled platforms. By integrating real-time RTGS systems, an AI Avatar-based onboarding platform, and our industry-first WhatsApp-based bidding platform, we have moved beyond trade execution into a future of inclusive, insight-led market access.

Today, our core remains unchanged. We approach risk with restraint and capital with clarity. With a Profit After Tax of Rs. 1,606.41 Mn in FY 2025/26, we have proven that a disciplined risk intermediary can deliver sustainable performance while serving as a dependable anchor for Sri Lanka's public finance architecture.

The Power of the Group

FCT draws immense strength from the First Capital Group ecosystem. We benefit from integrated systems, shared research insights, and leadership oversight, while maintaining the operational agility required of a dedicated primary dealer. This affiliation fosters a culture of performance and innovation, aligned with the broader Janashakthi Group philosophy.

In a period of macroeconomic realignment, our identity remains absolute: a disciplined risk intermediary, a trusted partner, and a dependable anchor for Sri Lanka's capital flows.

What We Offer

At First Capital Treasuries PLC (FCT), we sit at the heart of Sri Lanka's sovereign debt market, connecting the government's financing needs with the investment aspirations of institutions, corporates, and individuals who seek the security and stability of government-backed instruments.

As the market leader amongst non-bank Primary Dealers, we carry both a privilege and a responsibility. Our licence is not merely a commercial authorisation, it is a mandate of trust, placing us at the front line of the country's monetary transmission system and public debt management framework.

GOVERNMENT SECURITIES TRADING

Our core business is the trading of Sri Lanka Government Securities, operating under the strict regulatory framework of the Registered Stocks and Securities Ordinance and the Local Treasury Bills Ordinance and the oversight of the Central Bank of Sri Lanka. Every transaction we execute, every position we hold, and every market we make is conducted within this framework, with discipline, transparency, and institutional rigour.

T-BILL

Treasury Bills

We provide clients with access to short-term sovereign instruments issued by the Government of Sri Lanka, offering capital preservation with the full backing of the state. Treasury Bills with maturities of 91, 182, and 364 days are the cornerstone of short-duration liquidity management for our institutional and corporate clients. As a Primary Dealer, FCT participates directly in the weekly auction process conducted by the Central Bank, giving clients privileged and efficient access to the primary market at competitive rates.

T-BOND

Treasury Bonds

For investors with a longer time horizon, we offer access to Treasury Bonds, medium to long-term government securities that provide a predictable, fixed-coupon income stream backed by the full faith and credit of the Government of Sri Lanka. Whether held to maturity for income certainty or actively traded for capital appreciation, Treasury Bonds remain one of the most versatile instruments in any fixed income portfolio. FCT's deep market presence and experienced dealing desk ensure clients receive informed guidance and competitive execution across the yield curve.

REPO

Repurchase & Reverse Repurchase Agreements

Beyond outright securities transactions, we offer Repurchase Agreements (Repos) and Reverse Repurchase Agreements (Reverse Repos) on government securities, instruments that form the lifeblood of short-term liquidity management in Sri Lanka's money markets. Through Repos, clients deploy surplus funds on an overnight or short-term basis, earning a return secured against government securities. Through Reverse Repos, clients with short-term funding requirements access liquidity efficiently by temporarily transferring government securities, with a commitment to repurchase them at a predetermined price and date. Together, these instruments allow FCT to serve as a trusted liquidity partner to banks, fund managers, insurance companies, and corporates.

OUR COMMITMENT TO THE MARKET

As a Primary Dealer, FCT's role extends beyond serving our own clients. We are active market makers in the secondary market for government securities, contributing to price discovery, market depth, and liquidity in Sri Lanka's sovereign debt markets. This market-making function carried out daily on the Bloomberg E-Bond trading platform ensures that Sri Lanka's government securities market remains efficient, transparent, and accessible to all participants.

In fulfilling this role, FCT proudly contributes to the broader stability of Sri Lanka's financial system, supporting the government's debt management objectives while delivering measurable value to every client we serve.

Historical Milestones



1982
The Company was incorporated on 19 August as a money brokering company

1992
The Company was appointed as a Primary Dealer in Government Securities by the Central Bank of Sri Lanka

2000
The Primary Dealer license of the Company was renewed by the Central Bank of Sri Lanka with the formation of eight dedicated Primary Dealer Companies

2001
The Company subscribed to the first-ever dollar denominated bond issued by the Central Bank of Sri Lanka as 'Sri Lanka Development Bonds'

2007
The Company became a subsidiary of Dunamis Capital PLC

2010
The Company surpassed its capital base of Rs.1 Bn

2014
The Company was assigned a corporate credit rating of 'A-'

2015
The Company enhanced its long-term capital base (Tier 2) by way of a listed debenture issue of Rs. 500 Mn quoted on the Colombo Stock Exchange by way of Debt Listing

2018

The Company became a subsidiary of Janashakthi Limited

2020

The Company exceeds Profit before Tax of Rs. 1 Bn The Company successfully completed a debenture issue of Rs. 750 Mn (Tier 2)

The Company's corporate credit rating was upgraded to 'A'

First Capital was recognised as a top 30 Corporate in Sri Lanka, performing in a challenging environment by Business Today

2021

The Company introduced 'digital onboarding' to facilitate Online Account Opening for Government Securities first time in the industry

First Capital was certified as a great workplace by Great Place to Work® in Sri Lanka

The Company listed its ordinary shares on the Diri Savi Board of Colombo Stock Exchange

2022

First Capital recognised by LMD amongst top 100 Corporate 2022

First Capital ranked amongst Sri Lanka's top brands by Brand Finance

2023

First Capital recorded a Profit after Tax of Rs. 2.9 Bn

2024

Launches WhatsApp based Treasury bidding, a landmark step in democratising access to government securities and a visible outcome of FCT's broader push toward client-led, frictionless capital market participation

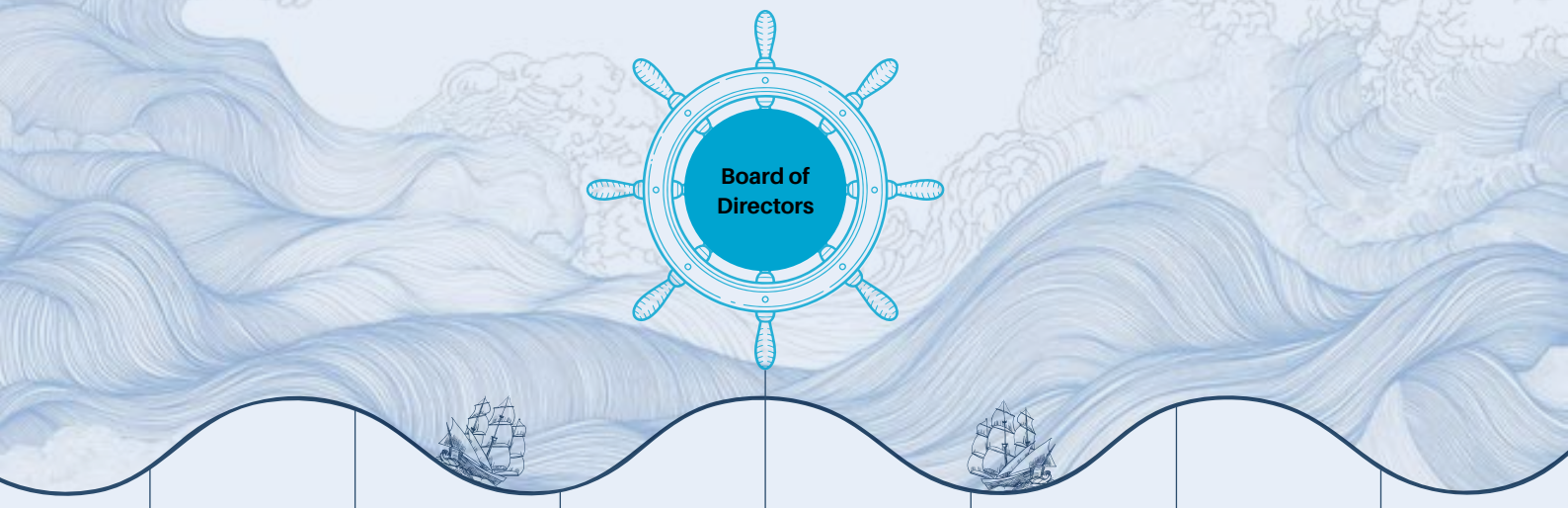
2025

Awarded "A+" rating by Lanka Rating Agency; receives top-tier local and international accolades for digital innovation, financial reporting and investor communication, affirming FCT's apex status in Sri Lanka's evolving debt capital ecosystem

2026

The Company strengthened its long-term capital base (Tier 2) through a listed debenture issuance amounting to Rs. 3 Bn, which was quoted on the Colombo Stock Exchange via a debt listing

Organisational Structure



Remuneration Committee

Nominations and Governance Committee

Investment, Asset & Liability Committee

Related Party Transactions Review Committee

Board Audit Committee

Board Integrated Risk Management Committee

Director/ CEO

HR -Group Chief Human Resources Officer

Head of HR

Marketing- Group Chief Marketing Officer

Head of Marketing

Risk and Compliance - Chief Risk Officer

Legal- Group Chief Legal Officer

Front Office - Chief Dealer

Back Office - Executive Vice President (Operations)

Finance - Chief Financial Officer

Research- Chief Research & Strategy Officer

Chief Technology & Digital Officer

Head of Sustainability and Corporate Reporting

Customer Service -Assistant Vice President - CRM

Assistant Manager - Administration

Financial Highlights

Indicator	FY 2025/26	FY2024/25	Change (%)
Income Statement (Rs. '000)			
Income	10,690,723	10,837,803	-1.4%
Net Trading Income before Expenses	3,113,168	5,352,976	-41.8%
Income Tax Expense	763,551	1,429,636	-46.6%
Profit after Tax	1,606,412	3,042,430	-47.2%
Total Comprehensive Income	1,606,029	3,042,520	-47.2%
Earnings before Interest and Income Taxes (EBIT)	8,348,028	10,502,809	-20.5%
Earnings before Interest, Income Taxes, Depreciation, and Amortisation (EBITDA)	8,439,262	10,590,724	-20.3%
Profitability and Efficiency Ratios (%)			
Operating Profit Margin	22.17%	41.26%	-46.3%
Net Profit Margin	15.03%	28.07%	-46.5%
Return on Average Equity	19.16%	36.22%	-47.1%
Return on Capital Employed	15.42%	12.90%	19.5%
Return on Average Assets	2.33%	4.12%	-43.4%
Cost to Income Ratio	16.03%	18.64%	-14.0%
Financial Position (Rs. '000)			
Total Assets	54,794,137	83,144,761	-34.1%
Total Shareholders' Funds	7,649,357	9,121,328	-16.1%
Stated Capital	256,500	256,500	-
Funds Employed	10,929,049	9,121,328	19.8%
Dividend paid during the year	-	4,678,560	-100.0%
Retained Earnings	4,140,227	5,772,839	-28.3%
Debt Ratio and Risk Measures			
Leverage Ratio [Debt to Equity] (Times)	6.08	7.92	-23.2%
Interest Cover (Times)	1.40	1.74	-19.5%
Capital Adequacy Ratio (%)	24.22%	15.55%	55.8%
Investor Ratios/ Information			
Cost of Funds (%)	12.86%	8.34%	54.2%
Earnings per Share (Rs.)	2.61	4.94	-47.2%
Price Earning Ratio (times)	11.77	4.66	152.6%
Price to Book Value Ratio (times)	2.47	1.55	59.3%
Net Assets per Share (Rs.)	12.43	14.82	-16.1%
Dividend per Share (Rs.)	-	7.60	-100.0%
Dividend Payout Ratio (%)	-	153.85%	-100.0%
Closing Share Price (Rs.)	30.70	23.00	33.5%
Market Capitalisation (Rs. Mn)	18,898.92	14,158.80	33.5%
Number of Shares Issued	615,600,000	615,600,000	-

Operational Highlights

"A+"

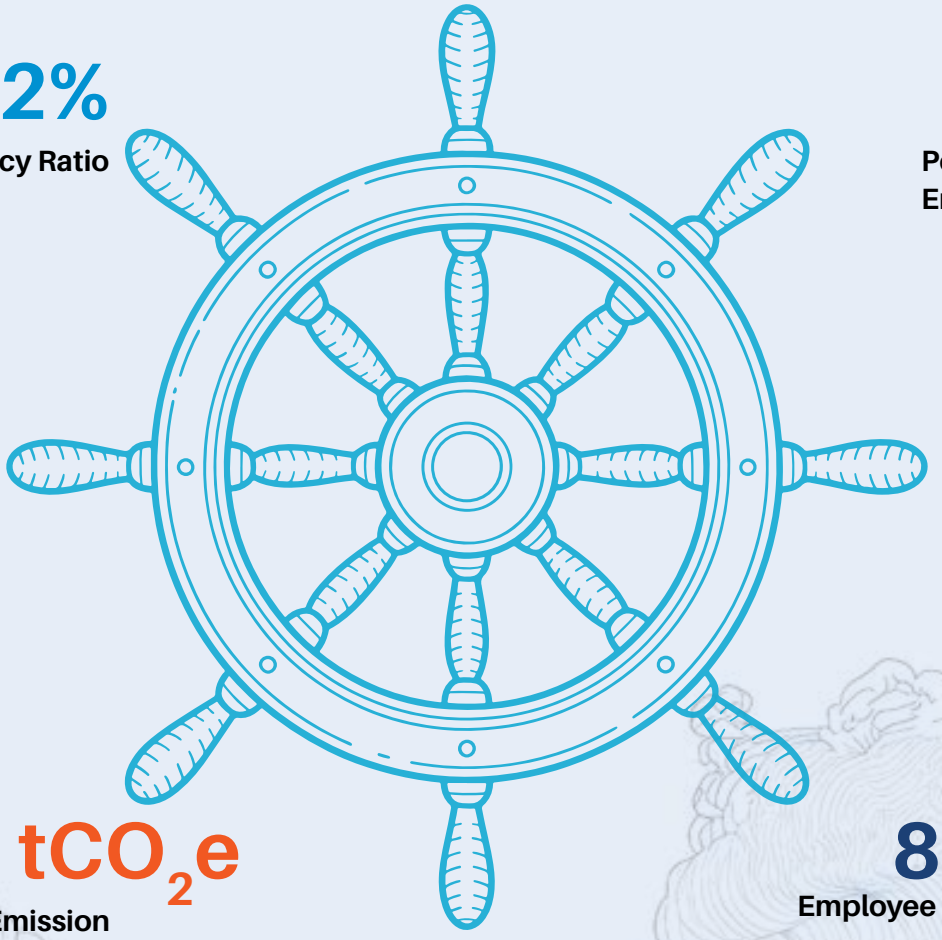
Credit Rating
"Stable Outlook"

24.22%

Capital Adequacy Ratio

16

Permanent Employees



52.53 tCO_2e

GHG Emission

82%

Employee Retention Rate

Rs. 18.9 Bn

Market Capitalisation

ESG Outcomes

Environment	GRI Reference	SASB Reference	Unit of Measure	FY2025/26
Energy & Emissions				
Electricity Consumption	302-1	IF-IB-130a.1	kWh	65,792
Electricity Intensity	302-3		kWh/sq ft	17.27
Direct GHG Emissions (Scope 1)	305-1	IF-IB-110a.1	tCO2e	0.27
Indirect GHG Emissions (Scope 2)	305-2	IF-IB-110a.1	tCO2e	27.46
Other Indirect GHG Emissions (Scope 3)	305-3	IF-IB-110a.2	tCO2e	24.80
Total GHG Emissions (Scope 1+2+3)			tCO2e	52.53
GHG Emission Intensity	305-4		tCO2e/FTE	3.3
Verification of Emissions			Yes/ No	Yes
Water & Waste				
Water Consumption (Municipal)	303-3		m^3	424
Water Consumption (Bottled)	303-5		m^3	14
Compliance & Nature				
Significant Environmental Fines	307-1		Rs. Mn	Nil
Environmental Non-Compliance Incidents	307-1		Count	Nil

Social	GRI Reference	SASB Reference	Unit of Measure	FY2025/26
Workforce — Composition				
Total Permanent Employees		IF-IB-310a.1	Count	16
New Employees (Recruited)	401-1		Count	1
Employee Exits	401-1		Count	3
Employee Turnover Rate	401-1		%	17.7
Employee Retention Ratio			%	82
Male Employees	405-1		Count	10
Female Employees	405-1		Count	6
Female Representation — Overall Workforce	405-1	IF-IB-330a.1	%	38
Female Representation — Management	405-1	IF-IB-330a.1	%	6
Female Representation — Senior Leadership	405-1		%	6
Workforce — Remuneration & Benefits				
Total Employment Benefits	201-3		Rs. Mn	222
Salaries and Bonuses			Rs. Mn	156
Performance-Linked Variable Pay			Rs. Mn	42
EPF & ETF Contributions (Employer)			Rs. Mn	24
Estimated Value of Defined Benefit Plans	201-3		Rs. Mn	18
Workforce — Learning & Development				
Total Training Hours	404-1		Hours	350
Average Training Hours per Employee	404-1		Hours	21.9
Training Investment	404-1		Rs. Mn	4.4
Average Training Cost per Employee	404-1		Rs. Mn	0.28
Internal Promotions			Count	3
Internal Mobility Rate			%	17

ESG Outcomes

Social	GRI Reference	SASB Reference	Unit of Measure	FY2025/26
Workforce — Health, Safety & Wellbeing				
Work-Related Injuries	403-9		Count	Nil
Work-Related ill Health	403-10		Count	Nil
Occupational Health Incidents	403-1		Count	Nil
Employees Entitled to Maternity Leave	401-3		Count	6
Parental Leave Return Rate	401-3		%	N/A
12-Month Retention Post Maternity Leave	401-3		%	N/A
Workforce — Labour Practices & Human Rights				
Incidents of Child Labour	408-1		Count	Nil
Incidents of Forced / Compulsory Labour	409-1		Count	Nil
Incidents of Discrimination / Harassment	406-1		Count	Nil
Grievances Filed & Addressed			Count	Nil
Freedom of Association Violations			Count	Nil
Client Relations & Product Responsibility				
Non-Compliance — Marketing Communications	417-3		Count	Nil
Non-Compliance — Product Information	417-2		Count	Nil
Non-Compliance — Social/Economic Laws			Count	Nil
Customer Complaints (% of active clients)			%	Nil
Investment-Related Regulatory Proceedings		IF-IB-240a.2	Count	Nil
Monetary Losses from Legal Proceedings			Rs. Mn	Nil
Data Breaches / Privacy Incidents	418-1		Count	Nil
Regulatory Penalty Charges			Rs. Mn	2.8
Community & Financial Inclusion				
Local Supplier Purchases (% of total)	204-1		%	80
Income and other Taxes Paid	201-1		Rs. Mn	917

Governance	GRI Reference	SASB Reference	Unit of Measure	FY2025/26
Economic Value & Financial Performance				
Return on Equity (ROE)			%	19.16
Dividend Payout Ratio			%	-
Core Capital (Tier I + II) Adequacy Ratio		IF-IB-190a.1	%	24.22
Credit Rating			Rating	A+ (Stable)
Ethics, Compliance & Anti-Corruption				
Code of Conduct Violations	205-3		Count	Nil
Reported Incidents of Corruption / Bribery	205-3		Count	Nil
Whistleblower Reports Filed			Count	Nil
Non-Compliance — Social/Economic Laws	419-1		Count	Nil
Board & Leadership Diversity				
Total Board Members			Count	8
Independent / Non-Executive Directors			Count	3
Board Independence (%)		IF-IB-510a.3	%	38
NED : ED Ratio			Ratio	7 : 1
Female Directors	405-1	IF-IB-330a.1	Count	3
Female Representation — Board	405-1		%	38

Snapshot of Capital Outcomes



Total GHG Emissions -
52.53 tCo2e

Turnover Rate-
17.7%

16
Permanent Employees

Credit Rating-
A+ (Stable)

Electricity Consumption-
65,792 Units

Profit Before Tax
Rs. 2.37 Bn

19.16%
Return On Equity

Rs. 3 Bn
Debenture Issue

Value of Property, Plant & Equipment -
Rs. 518 Mn

Capital Adequacy Ratio -
24.22%

Achievements and Accolades

These accolades reflect the dedication and commitment of our team, and our continued pursuit of excellence in everything we do



First Capital Treasuries PLC – Silver Award
(Other Financial Institutions Category) at TAGS Awards 2025



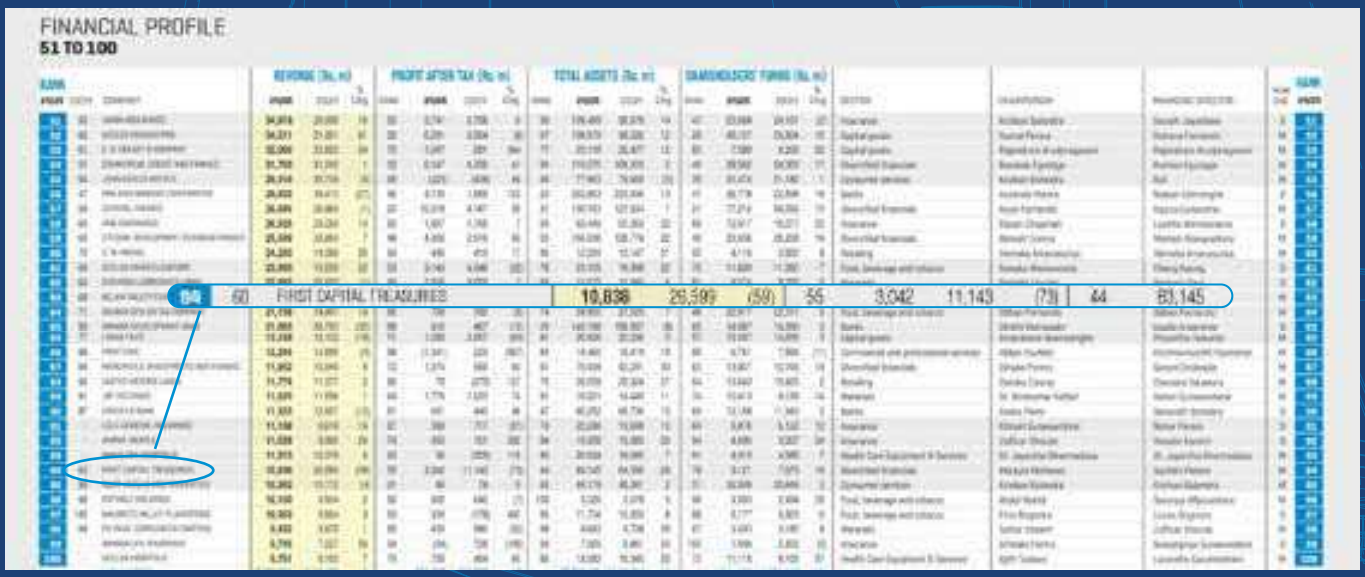
Partnership for Carbon Accounting Financials (PCAF), the global standard for measuring the carbon impact of financial activities

Great Place To Work.
Certified
DEC 2025-DEC 2026
LKA

Recognised as a Great Place to Work

RS. 3BN
DEBENTURE ISSUE

First Capital Treasuries PLC Strengthened Capital with Rs. 3 Bn Debenture Issue



First Capital Treasuries PLC- Among LMD 100 Ranking of Investment Banking Category



Setting the Course

Establishing the right course requires insight, foresight, and an understanding of both destination and risk.

Chairperson's Statement



The operating environment for Primary Dealers was shaped by the continued cooling of inflation and the subsequent easing of monetary policy by the Central Bank of Sri Lanka. This economic recalibration provided a conducive backdrop for treasury markets, although geopolitical tensions—most notably the ongoing volatility in the Middle East—introduced periods of global market anxiety and upward pressure on international energy prices towards the end of the financial year.

On behalf of the Board of Directors, I am pleased to present the Integrated Annual Report and the Audited Financial Statements of First Capital Treasuries PLC (the Company) for the financial year ended 31 March 2026.

The financial year 2025/26 was a period of significant transition for Sri Lanka's economy and, by extension, the government securities market. As the nation moved beyond initial stabilisation toward a phase of renewed growth, the Company demonstrated remarkable agility. We successfully navigated a landscape defined by shifting yield curves and evolving regulatory requirements, further solidifying our position as a leading Primary Dealer.

Strategic Context and Market Dynamics

The operating environment for Primary Dealers was shaped by the continued cooling of inflation and the subsequent easing of monetary policy by the Central Bank of Sri Lanka (CBSL). This economic recalibration provided a conducive backdrop for treasury markets, although geopolitical tensions—most notably the ongoing volatility in the Middle East—introduced periods of global market anxiety and upward pressure on international energy prices towards the end of the financial year.

Despite these external headwinds, the domestic market remained resilient. Our strategic focus remained on maintaining a balanced portfolio that could withstand market fluctuations while capitalising on the downward trajectory of interest rates.

Business Model Evolution

During the financial year under review, we made small but significant modifications to our business model to ensure the Company's sustainable growth in the coming years. In an increasingly dynamic market, we are accelerating our digital transformation to ensure technology is not merely a support function, but the primary driver of integration across all business operations.

To meet these evolving demands, we prioritised digitalisation and the enhancement of our market-making capabilities. The technological foundation we have established will strengthen our client engagement, making government securities more accessible to a broader institutional and retail base while ensuring increasing liquidity within the secondary market.

Financial Performance and Shareholder Value

Our financial results for the year 2025/26 reflect a period of transition as the extraordinary market conditions of the previous high-interest-rate era began to normalise. While headline profitability metrics recorded a moderate decline relative to the exceptional highs of the previous financial year, the Company maintained a robust, high-quality earnings profile, underscoring the resilience of our core operations.

The Company recorded a total income of Rs. 10.7 Bn for the year 2025/26, compared to Rs. 10.8 Bn in the previous year. This performance reflects a steady revenue base even as the extraordinary volatility of the prior year began to subside. Profit after tax for the year under review was Rs. 1.6 Bn, a shift from the Rs. 3.0 Bn reported in the year 2024/25.

The Company recorded a total income of Rs. 10.7 Bn for the year 2025/26, compared to Rs. 10.8 Bn in the previous year. This performance reflects a steady revenue base even as the extraordinary volatility of the prior year began to subside.

Chairperson's Statement

The decline in results is attributed to a fair valuation loss of Rs. 1.5 Bn on the trading securities portfolio. However, the transition marks a shift toward a more sustainable earnings profile, as profit margins aligned with a broader market repricing and a stabilising yield curve.

The Company achieved a Return on Average Equity (ROE) of 19.2% and recorded Earnings per Share (EPS) of Rs. 2.61. While these figures indicate a normalisation from the historic peaks of the previous cycle, they remain robust, demonstrating our ability to deliver value amidst more traditional trading conditions.

Capital Strength and Governance Oversight

Capital discipline remains the cornerstone of our operations, ensuring the Company remains a pillar of stability within the financial ecosystem. During the year, we significantly strengthened our capital position, with the Capital Adequacy Ratio (CAR) rising to 24.2%, a substantial increase from 15.6% recorded in the previous year. This remains comfortably above the 10.0% prudential threshold stipulated by the Central Bank of Sri Lanka (CBSL), providing us with a robust buffer and enhanced balance sheet resilience against potential market shocks.

Our credit fundamentals were further validated by the market and the rating agency. Stabilised credit profiles and disciplined risk management are reflected in our credit rating at "A+ (Stable)" by Lanka Rating Agency. This also denotes our strengthened financial standing.

Our dividend policy continues to strike a prudent balance between rewarding our shareholders and retaining sufficient capital to propel future growth and fund our market-making activities. During the financial year 2025/26, we prioritised capital optimisation to support long-term sustainability, as evidenced by our total shareholders' funds, which stood at Rs. 7.6 Bn at the end of the reporting period.

Capital discipline remains the cornerstone of our operations, ensuring the Company remains a pillar of stability within the financial ecosystem. During the year, we significantly strengthened our capital position, with the Capital Adequacy Ratio (CAR) rising to 24.2%, a substantial increase from 15.6% recorded in the previous year.

Governance and risk oversight were further strengthened this year. The Board remained focused on transparency and ethical conduct, ensuring our frameworks align with the highest regulatory standards and international best practices. We continue to refine our risk management protocols to address emerging market risks, including the integration of digital risk frameworks, ensuring that our growth remains both disciplined and sustainable.

Advancing ESG and Sustainability

In line with global reporting shifts, we have made significant strides in embedding Environmental, Social, and Governance (ESG) principles into our core strategy. We are actively implementing SLFRS S1 and S2 climate-related disclosures, recognising that transparency in sustainability is no longer optional but a fundamental requirement for listed capital market participants. Our contribution to the stability of Sri Lanka's financial ecosystem remains our primary social responsibility, as we facilitate the efficient funding of government financing requirements.

Leadership and Board Succession

The Board remains committed to maintaining a diversity of expertise. During the year under review, we continued to review our succession plans and governance structures to ensure the Board remains effective in providing strategic direction and independent oversight.

Our collective focus remains on driving long-term sustainability and maintaining the trust our stakeholders place in us.

Outlook and Future Positioning

Looking ahead to the coming financial year, we maintain a cautiously optimistic outlook. While the global geopolitical climate, particularly the ongoing volatility in the Middle East, poses risks to global supply chains and energy-led inflation, we believe Sri Lanka's domestic trajectory remains firmly on a path of recovery. We anticipate a period of relative stability in interest rates and improved liquidity in the government securities market, providing a conducive environment for sustainable growth.

We remain committed to accelerating our digital transformation by refining our proprietary platforms to offer a seamless, end-to-end investment experience. By leveraging technology to democratise access to government securities, we aim to increase market penetration among retail and corporate segments, ensuring that our digital-first approach remains a key competitive differentiator.

Expanding our institutional client footprint and strengthening our partnerships with institutional investors remain core pillars of our growth strategy. We will focus on providing bespoke treasury solutions and deep market insights, positioning the Company as the preferred partner for banks,

insurance companies, and pension funds. Our goal is to leverage our market-making expertise to offer superior liquidity and tailor-made portfolio management strategies.

In an environment where market dynamics can shift rapidly, our focus remains on the efficient and disciplined allocation of capital. We will continue to employ advanced analytics and risk-modelling to identify opportunities across the yield curve. By maintaining a strong capital buffer and a vigilant approach to risk-taking, we aim to deliver consistent, high-quality returns while safeguarding the Company's long-term financial resilience.

A Note of Appreciation

The progress made during the year under review is a testament to the collective efforts of our stakeholders.

In closing, I wish to express my deepest gratitude to my colleagues on the Board for their resolute focus on strategy, governance, and the long-term sustainability of the Company. Their collective wisdom remains an invaluable asset to the Company.

On behalf of the Board, I extend my sincere appreciation to our valued clients and investors. Your continued trust is the foundation of our success, and we remain committed to delivering superior value and transparency as your partner in the capital markets.

We also remain grateful to our regulators—the Central Bank of Sri Lanka, the Securities and Exchange Commission of Sri Lanka, and the Colombo Stock Exchange. We thank them for their constructive engagement, steadfast guidance, and oversight, which are essential to maintaining the integrity and stability of the nation's financial system.

To our leadership team and employees, we are grateful for your continued professionalism, resilience, and unwavering commitment, which have been the cornerstone of our performance this year.

It is your dedication that allows us to navigate complex market cycles with confidence.

Together, we look forward to the year ahead as we continue to strengthen Sri Lanka's capital markets ecosystem and drive long-term prosperity for all our stakeholders.

(Sgd.)
Manjula Mathews
Chairperson

5 June 2026

Director/CEO's Review



By adhering to the economic fundamentals while maintaining the agility of our portfolio, we secured a Profit after Tax of Rs. 1.6 Bn. While this is a moderated performance compared to the Rs. 3 Bn reported in the financial year 2024/25, it reflects a robust achievement in a significantly more constrained market environment.

The year under review was a period of rigorous testing for the fixed income markets, shaped by a confluence of global geopolitical shocks and evolving domestic regulatory landscapes.

Despite a decline in the exceptional trading gains observed in the previous financial year, First Capital Treasuries PLC (the Company/ FCT) demonstrated remarkable resilience. By adhering to sound economic fundamentals while maintaining the agility of our portfolio, we secured a Profit after Tax of Rs. 1.6 Bn. While this is a moderated performance compared to the Rs. 3 Bn reported in the financial year 2024/25, it reflects a robust achievement in a significantly more constrained market environment.

Global Reset and the Recalibration of Risk

The year 2025 was defined by a transition from aggressive policy tightening to a multi-speed easing cycle across global fixed income markets. Major central banks, including the Federal Reserve and the European Central Bank (ECB), have shifted towards lowering policy rates as global inflation continues to moderate toward targets. This "great reset" has solidified the role of sovereign bonds as strategic core allocations, with investors benefiting from attractive real returns as nominal yields remain structurally higher than the pre-pandemic era.

Sri Lankan Economic Momentum and Recovery

Sri Lanka's macroeconomic recovery demonstrated significant resilience throughout 2025. The economy recorded robust real GDP growth of 5% in 2025, supported by broad-based expansion across agriculture, industry, and services. Quarterly performance reflected global and national economic variability, with the economy expanding by 5.4% in 3rd quarter of 2025, while declining to 4.8% in 4th quarter of 2025. The marginal decline is a testament to external shocks and domestic weather disruptions experienced during the period.

Shifting Inflationary Trends and Consumer Price Indices

The deflationary trend that characterised much of early 2025 began to pivot mid-year. Headline inflation, as measured by the Colombo Consumer Price Index (CCPI), reached its lowest point in February 2025 at -4.2% before gradually easing. By March 2026, headline inflation had returned to a positive territory of 2.2%, driven primarily by non-food categories such as transport and energy. Core inflation, reflecting underlying demand, remained low but showed a gradual acceleration, supporting a return toward the medium-term target of 5.0%.

Monetary Policy Stance and Yield Curve Normalisation

The Central Bank of Sri Lanka (CBSL) continued its accommodative stance to support recovery momentum. Following the transition to a unified Overnight Policy Rate (OPR), the rate was maintained at 7.75% through early 2026. This policy environment led to a notable compression in market yields. The short-term Treasury bill yields rates remained anchored, with the 91-day T-Bill rate hovering around 7.7% by May 2026.

The T-Bond yield curve remained normalised, with 5-year and 10-year bonds trading in the 9.5% – 10.5% range, reflecting anchored inflation expectations and improved fiscal outlooks.

System Liquidity and External Sector Performance

System liquidity remained in a healthy surplus, bolstered by strong foreign exchange inflows from tourism and workers' remittances. Sri Lanka recorded a current account surplus of USD 1.67 Bn in 2025, up from USD 1.21 Bn in 2024. These inflows allowed the CBSL to build Gross Official Reserves to approximately USD 7.3 Bn by February 2026, further stabilising the domestic financial system.

Navigating Global and Domestic Headwinds

The global macroeconomic environment was defined by uncertainty. We began the year facing significant shifts in international trade and tariff hikes, followed by heightened volatility in oil markets triggered by escalating conflicts in the Middle East. These external shocks necessitated a "scenario-based" approach to our trading strategy.

In Sri Lanka, the fiscal landscape underwent a structural shift with the formal transition of public debt issuance from the CBSL to the Public Debt Management Office (PDMO) under the Ministry of Finance, following the enactment of the Public Debt Management Act.

Chief Executive Officer's Review

Domestic monetary policy provided an early boost with a 25-basis-point policy rate cut in May 2025, allowing us to post a strong first-quarter profit after tax of Rs. 1.5 Bn. However, as the year progressed, secondary market opportunities became scarce. Our ability to sustain performance during these flat periods was anchored in robust net interest income generated by our substantial financial asset base, which averaged Rs. 80 Bn for much of the year.

Market Position and Primary Dealer Role

The Company maintained its established dominance within the non-bank affiliated primary dealer arena during the financial year 2025/26. Our performance continues to be defined by a rigorous commitment to our conduct obligations, ensuring we meet and consistently exceed the regulatory benchmarks set by the CBSL.

Despite a more challenging auction environment compared to the previous financial year, FCT remained a proactive participant in government securities issuances. Our T-Bill primary market bid participation rate stood at 9.52% (FY 2024/25: 11.7%). FCT secured successful bids amounting to Rs. 105 Bn (FY2024/25 – Rs. 333 Bn) at the T-Bill auctions. The Company maintained a strong presence in the T-Bond market with a bid participation rate of 16.69% (FY2024/25 – 16.3%). Our effective participation reached 60.3% (FY2024/25 – 68.9%) surpassing the stipulated requirement of 50% of average issuance per primary dealer. Successful T-Bond bids for the year totalled Rs. 99 Bn (FY2024/25 – Rs. 108 Bn).

Our role in providing secondary market liquidity remains a core strategic priority. During the year under review, FCT achieved a secondary market turnover in government securities equivalent to 6 times our average stock (FY 2024/25: 10 times). This turnover ratio underscores our agility and our ability to facilitate active trading for our diverse client base, even amidst shifting yield curves and market volatility.

Strategic Portfolio Rebalancing

The final quarter of the financial year demanded decisive management action. Recognising the potential upward pressure on interest rates stemming from the Middle East crisis and its inflationary implications, we proactively reduced our inventory from an average of Rs. 75 Bn to Rs. 47 Bn within the final three weeks of March 2026.

The Company remains a pillar of stability in the primary dealer (PD) system. We welcomed the CBSL's new statutory minimum capital requirements and increased capital base of primary dealer companies to Rs. 4 Bn in January 2026 which is to be eventually increased to Rs. 5 Bn by January 2027.

This reduction was essential to insulate the Company from potential valuation losses associated with interest rate hikes, ensuring we entered the new financial year with a lean and defensible balance sheet.

Capital Discipline and Regulatory Compliance

The Company remains a pillar of stability in the primary dealer (PD) system. We welcomed the CBSL's new statutory minimum capital requirements and increased capital base of primary dealer companies to Rs. 4 Bn in January 2026, which is to be eventually increased to Rs. 5 Bn by January 2027. First Capital Treasuries PLC's capital position remains well above these thresholds, acting as a natural entry barrier and reinforcing our market leadership status amongst non-bank primary dealers.

During the year under review, we further strengthened our capital structure by raising Rs. 3 Bn via Tier II subordinated debt. Our total equity stood at Rs. 7.6 Bn at year-end, following a total dividend payout of Rs. 3.1 Bn (Rs. 5.00 per share) for the preceding financial year. This reflects our commitment to delivering consistent economic value to our shareholders even as we maintain a prudent capital buffer.

Financial Performance

The Company's financials continued to be impacted by the market's transition from the high-volatility, high-yield environment of the previous year to a lower-rate, relatively flatter yield-curve regime. While the exceptional trading opportunities of the prior year moderated, the Company leveraged its substantial asset base to maintain a steady earnings profile. Accordingly, total income for the year recorded a marginal decline to Rs. 10.7 Bn, compared with Rs. 10.8 Bn in the previous year.

Interest income remained the highest contributor to total income at Rs. 7.7 Bn, while trading income added a further Rs. 3.0 Bn. By maintaining earnings ratios consistent with the previous financial period, we have reinforced the resilience of our holding strategy and the intrinsic quality of our asset base.

Net trading income before operating expenses declined to Rs. 3.1 Bn from Rs. 5.4 Bn recorded in the previous financial year. Net trading income comprises net interest income of Rs. 1.7 Bn and a net trading gain of Rs. 1.4 Bn.

Digital Transformation and Operational Excellence

Creating value through manufactured capital was a key focus for the year under review. We continued to invest in digital platforms to enhance client access and expand operational scale. Through collaboration with our internal technical teams, we continue to refine our operating model to maintain a balance between cost efficiency and wider market reach. Our ongoing emphasis is on leveraging technology to deliver real-time market insights to clients, ensuring that the Company remains their primary reference for government securities.

Recognition and Industry Standing

The Company continued to be distinguished by our unwavering commitment to financial stability and excellence in corporate reporting. An important milestone was the reaffirmation of our credit rating by Lanka Rating Agency (LRA) at 'A+' (Stable). This is a clear endorsement of our robust capital position, prudent risk management, and consistent ability to generate sustainable returns.

Our dedication to transparency and global reporting standards was further validated at the TAGS Awards, organised by CA Sri Lanka, where our FY2024/25 Annual Report was honoured with the Silver Award under "Other Financial Institutions category" and a Certificate of Compliance on Integrated Reporting. This recognition underscores our success in communicating the Company's value creation story with clarity and integrity.

Furthermore, our sustained market presence was reaffirmed through our inclusion in the LMD 100 and our recognition as one of LMD's 'Most Awarded' entities, further strengthening our reputation as a leader within the Sri Lankan financial services sector.

Maintaining Resilience in the Coming Years

As we move into the financial year 2026/27 and beyond, FCT is prepared to navigate a complex landscape defined by global geopolitical tensions and a shifting domestic regulatory framework. Our roadmap is built on a "Triple-Horizon" strategy designed to maintain our market leadership while democratising access to government securities. In the immediate financial year, our priority is to manage the transition to a stable-to-moderate interest-rate environment through tactical optimisation. We aim to refine our trading strategies to capitalise on yield curve movements while maintaining a lean inventory to hedge against volatility. Furthermore, we will strengthen our participation in primary auctions and reinforce our role as a key liquidity provider in the secondary market, whilst enhancing collaboration with Group's broader business units to expand our reach among institutional and retail investors.

A key area of focus over the medium term will be the integration of treasury products into the Group's unified digital ecosystem. This is expected to significantly enhance client accessibility, streamline onboarding processes, and improve the overall customer experience for a more diverse investor base, including high-net-worth and SME clients. As part of this initiative, investments will be directed towards improving system capabilities and ensuring seamless connectivity across platforms. In parallel, the Company will continue to invest in data and analytics capabilities to support more informed trading decisions and a better understanding of client behaviour. Enhanced use of data is expected to play a critical role in improving both performance and service delivery, providing the predictive accuracy needed for advanced risk management.

Operational efficiency will be further strengthened through process automation, particularly in back-office functions, to reduce manual intervention, minimise operational risk, and improve turnaround times. We will also explore strategic partnerships with technology providers and ecosystem participants to enhance our capabilities in areas such as digital distribution and operational scalability. These partnerships will be carefully structured to ensure strict alignment with our long-term strategic objectives.

Furthermore, the management will remain vigilant regarding global inflationary pressures and yield curve dynamics. By maintaining a strong capital base and a lean, tech-driven operating model, FCT is positioned to not only survive market cycles, but also to lead them. We remain committed to a strategy that balances performance, prudence, and innovation, ensuring our continued relevance and aligning with the Group's vision of improving lives through financial empowerment access to fixed-income investments for every Sri Lankan.

Acknowledgement and Appreciation

The resilience and steady performance of FCT during this year of strategic calibration are the result of the collective trust and dedication of our diverse stakeholders. On behalf of the Board and the management team, I wish to express my sincere gratitude to those who have been integral to our journey.

I am deeply appreciative of our team's tactical agility and specialist expertise. Your ability to navigate volatile market conditions and execute complex de-risking strategies with precision has been the cornerstone of our stability this year.

I extend a heartfelt thank you to our clients for your continued confidence in the Company's capabilities. We remain committed to providing you with superior market insights and seamless access to government securities, ensuring FCT remains your preferred partner in wealth creation.

To our investors, your long-term perspective and trust in our strategic direction have been greatly valued. We at FCT remain committed to delivering sustainable economic value and maintaining a disciplined approach to capital management and shareholder returns.

I also extend our appreciation to our regulators for their guidance and oversight. We remain dedicated to upholding the highest standards of governance and fulfilling our primary dealer obligations with integrity.

In closing, we look forward to the coming year with a clear focus on navigating the "Beyond the Summit" landscape, ensuring that we continue to set benchmarks for leadership and resilience in the Sri Lankan capital markets.

(Sgd.)
Sachith Perera
Director/CEO

5 June 2026

Board of Directors



Manjula Mathews

Non- Independent Non-Executive Director/ Chairperson

Appointed as Non-Independent, Non-Executive Director on 27 December 2022

Chairperson of the Board of Directors with effect from 12 January 2024

Expertise

Finance, corporate governance, strategic business leadership, advocacy for social impact and philanthropic engagement

Qualifications

- A Fellow Member of the Chartered Institute of Management Accountants, UK
- Master's Degree in Business Administration from the University of Cambridge, UK
- Master's in Biblical Studies from the Colombo Theological Seminary
- Postgraduate Diploma in Counselling and Psychosocial Support from the University of Colombo.

Current Appointments

Directorships in other companies

Listed Entities

- First Capital Holdings PLC – Non-Independent Non-Executive Director/ Deputy Chairperson
- Janashakthi Limited – Non-Independent Non-Executive Director

Unlisted Entities

- Habitat for Humanity International – Independent Non-Executive Director
- First Capital Limited - Non-Executive Director
- First Capital Trustee Services (Pvt) Limited - Non-Executive Director
- First Capital Markets Limited - Non-Executive Director
- Mahaweli Feed Mills (Pvt) Limited - Non-Executive Director
- Rock Foundation (Pvt) Limited - Non-Executive Director
- Garnet Capital (Pvt) Limited - Non-Executive Director
- Mahaweli Marketing (Pvt) Limited - Non-Executive Director
- Turquoise Lanka (Pvt) Limited - Non-Executive Director
- Thornton Estates Limited - Non-Executive Director

Committee Membership

Chairperson
N/A

Member





Dilshan Wirasekara

Non-Independent Non-Executive Director

Appointed as Non-Independent, Non-Executive Director on 31 July 2023

(He joined the Board of Directors on 6 June 2017 as an Executive Director until he relinquish his duties as Managing Director/ CEO on 31 July 2023)

Expertise

Financial services including banking, treasury and investment management, capital market strategy , corporate finance advisory services and asset and liability risk management

Qualifications

- Alumnus of INSEAD having successfully completed his Executive Professional Education at INSEAD Business School in Fontainebleau, France
- Alumnus of AOTS, Tokyo, Japan

Current Appointments

Directorships in other companies

Listed Entities

- First Capital Holdings PLC – Managing Director/ CEO

Legend

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

Unlisted Entities

- First Capital Limited – Managing Director/ CEO
- First Capital Asset Management Limited – Non-Executive Director
- First Capital Equities (Pvt) Limited – Non-Executive Director
- First Capital Advisory Services (Pvt) Limited – Non-Executive Director
- First Capital Markets Limited – Managing Director/CEO
- First Capital Trustee Services (Pvt) Limited – Executive Director

Committee Membership

Chairman
N/A

Member



Ramesh Schaffter

Non- Independent Non- Executive Director

Appointed as Non-Independent, Non-Executive Director on 25 July 2019

Expertise

Finance, marketing, strategic management, financial strategy, corporate governance, and organisational transformation

Qualifications

- A Fellow Member of the Chartered Institute of Management Accountants, UK
- An Associate Member of the Chartered Institute of Marketing, UK

Current Appointments

Directorships in other companies

Listed Entities

- Janashakthi Limited – Managing Director / Group CEO
- First Capital Holdings PLC – Non-Executive Director
- Janashakthi Insurance PLC – Non-Independent Non-Executive Director
- Sarvodaya Development Finance PLC – Non-Independent Non-Executive Director (stepped down on 1 April 2026)

Unlisted Entities

- First Capital Limited – Non-Executive Director
- Janashakthi Corporate Services Limited – Executive Director
- Janashakthi Foundation (Guarantee) Limited – Non-Executive Director
- Acland Insurance Services Limited – Non-Executive Director
- Pan Nippon Development (Private) Limited – Non-Executive Director
- Rock Foundation (Pvt) Limited – Executive Director
- Schaffters (Pvt) Limited – Executive Director
- Tea Leaf Vision (Guarantee) Limited – Non-Executive Director
- Beckett Capital (Pvt) Limited – Non-Executive Chairman
- El Shaddai Trust - Chairman
- Espalier Futures Limited – Non-Executive Director

Committee Membership

Chairman
N/A

Member

Board of Directors



Minette Perera

Non-Independent Non-Executive Director

Appointed as an Independent Non-Independent, Non-Executive Director on 22 April 2015 and re-classified as a Non Independent, Non Executive Director on 1 st October 2024.

Expertise

Finance, General Management

Qualifications

- A Fellow Member of the Institute of Chartered Accountants of Sri Lanka
- A Fellow Member of the Chartered Institute of Management Accountants, UK
- A Fellow Member of the Association of Chartered Certified Accountants, UK

Current Appointments

Directorships in other companies

Listed Entities

- Janashakthi Limited – Independent Non-Executive Director
- Dilmah Ceylon Tea Company PLC - Non-Executive Director
- Kahawatte Plantations PLC - Non-Executive Director
- Elpitiya Plantations PLC - Non-Executive Director

Unlisted Entities

- Dilmah Ceylon Cinnamon Company (Pvt) Limited - Non-Executive Director
- MJF Corporate Services (Pvt) Limited - Non-Executive Director
- Forbes & Walker (Pvt) Limited - Non-Executive Director
- Tea Trails (Pvt) Limited - Alternate Director - Non-Executive Director

Committee Membership

Chairperson
N/A

Member





Nishan de Mel

Independent Non-Executive Director

Appointed as Independent, Non-Executive Director on 24 November 2017

Expertise

Economics

Qualifications

- B.A. Hons. in Economics, University of Harvard
- M. Phil D. Phil University of Oxford

Current Appointments

Directorships in other companies

Listed Entities

- Janashakthi Insurance PLC - Independent Non-Executive Director

Unlisted Entities

- First Capital Asset Management Limited – Non-Executive Director / Chairman
- Verite Research (Pvt) Limited - Managing Director/ Chief Executive Officer
- Eureka Technology Partners (Pvt) Limited – Non-Executive Director
- Bartleet & Company Limited – Non-Executive Director

Legend

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

- Hideaway Homes (Pvt) Limited – Non-Executive Director
- 24/7 Techies (Pvt) Limited – Non-Executive Director
- Vanguard Survey (Pvt) Limited – Non-Executive Director
- Reap Digital (Pvt) Limited – Non-Executive Director
- 24/7 Techies (Pvt) Limited, HongKong – Non-Executive Director
- Eureka Technology Partners (Pvt) Limited, Hong Kong – Non-Executive Director

Committee Membership

Member and Chairman





Cilani Wijesinghe

Independent Non- Executive Director

Appointed as Independent, Non-Executive Director on 20 August 2024

Expertise

Finance and investment management

Qualifications

- An Associate Member of the Chartered Institute of Management Accountants, UK
- MSc in Finance and Accounting from the University of the West of England, Bristol, United Kingdom

Current Appointments

Directorships in other companies

Listed Entities

- None

Unlisted Entities

- Verite Research (Pvt) Limited – Finance Director / Executive Director

Committee Membership

Chairman



Member





Sachith Perera

Director/ Chief Executive Officer

Appointed as Non-Independent, Executive Director on 1 January 2025

Expertise

Treasury, balance sheet management and financial derivative solutions

Qualifications

- Diploma from the ACI Financial Markets Association

Current Appointments

Directorships in other companies

Listed Entities

- None

Non-Executive Independent Director

Unlisted Entities

- Acuity Markets (Pvt) Limited - Non-Executive Director
- Acuity Partners (Pvt) Limited – Non-Executive Independent Director

Other appointments

Listed Entities

- National Trust Bank PLC – Treasury Consultant

Unlisted Entities

- Deloitte – Technical Advisor

Committee Membership

N/A

Board of Directors



Channa de Silva

Independent Non- Executive Director

Appointed as Independent Non-Executive Director on 1 January 2025

Expertise

Capital markets, private equity,Micro & SME finance and facilitating foreign direct investments to Sri Lanka

Qualifications

- Graduated from the University of Colombo
- Master's degrees from Harvard University and the University of Melbourne
- Fellow Member of the Chartered Institute of Management Accountants, (FCMA-UK)
- Fellow Member of the Association of Chartered Certified Accountants, (FCCA-UK)
- Member Chartered Institute for Securities & Investments UK – (MCISI)

Current Appointments

Directorships in other companies

Listed Entities

- Sarvodaya Development Finance PLC - Chairman/ Non-Executive Director

Unlisted Entities

- Capital Media (Pvt) Limited - Chairman/ Non-Executive Director
- Innovest Investments (Pvt) Limited – Chairman/ Non-Executive Director
- Echelon Media – Chairman/ Non-Executive Director
- K Seeds Investments (Pvt) Limited - Chairman/ Non-Executive Director
- Bansei Securities Capital (Pvt) Limited - Chairman/ Non-Executive Director
- Lake Village (Pvt) Limited - Chairman/ Non-Executive Director
- Sarvodaya Movement of Sri Lanka - Vice President
- Neelan Tiruchelvam Trust – Trustee
- Vishva Niketan International Peace Center - Trustee

Committee Membership

Chairman

Member

Legend

Nomination 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 37



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 25 years of experience in financial management, financial reporting, auditing, corporate planning and taxation, including 20+ 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 2024/2025 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 10+ years with the Company



Gamika De Silva

Group Chief Marketing Officer

Fellow and a past President of the Sri Lanka Institute of Marketing (SLIM), holds CIM qualifications and an MBA from the University of Wales.

Over 25 years of experience in brand, marketing, retail and customer experience across insurance, banking, telecommunications and FMCG, including over 20 years with Janashakthi and subsequently held senior leadership roles at Etisalat Sri Lanka, Airtel Lanka and Seylan Bank PLC, leading brand, sales and CX transformation programs. He is a member of the Sri Lanka Institute of Directors, and has served on multiple juries for global advertising awards. He also serves as a Non Executive Director at Beckett Capital and has a proven track record for aligning brand purpose with business strategy.



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 20 years of corporate experience, including 11+ years with the Company



Anjelo Simmons

Chief Dealer

CIMA (UK), Diploma in Treasury and Risk Management (IBSL), MBA From Cardiff University (Reading)

19 years of fixed income related experience, including 14 years with First Capital

Management Team



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 27 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 19+ years with First Capital



Dimantha Mathew

Chief Research & Strategy Officer

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

Over 18 years of experience in investment banking, including 12+ years with First Capital



Mithila Abeysekera

Chief Technology & Digital Officer

PhD (Reading), MBA (Aus), Bsc in IT (1st class honours), CBF & DBF (IBSL), Certificate in Business Process Excellence (Dr. Mikel J Harry Six Sigma Management Institute)

Over 22 years of transformative leadership in technology across prominent Sri Lankan banks, leads IT and digital transformation including 2+ 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 17 years of collective HR experience in investment banking and finance industries, including 6+ years with First Capital



Randinith Madanayake

Head of Marketing

Bachelor of Science (University of Colombo)

A seasoned marketing leader with over 13 years of experience in brand marketing across consumer durables, FMCG, and alcoholic beverages, including more than 3 years with First Capital. Brings a strong track record in commercialising new product innovations and stewarding leading international brands in Sri Lanka, driving growth and market relevance



Diluni Danushika

Head of Sustainability & Corporate Reporting

MSc. Accounting and Finance (University of Gloucestershire, UK), BSc. Finance (First Class) (University of Sri Jayewardenepura), FCMA (UK), CGMA (UK), FCMA (SL), Member (CISI), Member (CTA), Associate of the Institute of Bankers of Sri Lanka (AIB)

Over 14 years of experience in diverse industries in the fields of accounting, corporate reporting and sustainability, including 10+ years with First Capital



Prashani Perera

Assistant Vice President – CRM

PGDip (Public Administration) at Kensley Graduate School (Reading)

Over 19 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 2+ years with First Capital



Navigating Challenging Conditions

When visibility narrows or currents shift, leadership must respond with precision rather than impulse.

Investment Proposition

OUR INVESTMENT PILLARS

Mandated Leader in Sovereign Debt Markets

As a licensed Primary Dealer, FCT holds a structurally privileged role in Sri Lanka's capital markets, participating directly in the funding of government debt and yield curve formation.

Attractive Medium-Term Potential in a Stabilising Macro Regime

Interest rate consolidation, fiscal reform and debt sustainability pathways create a structural opportunity for FCT to deepen its intermediation role and grow market share responsibly.

Purpose-Driven, Performance First Culture

Guided by a philosophy of responsible trading and market-making, FCT blends disciplined execution with the public interest.

Focused Strategy, Lean Execution

FCT's business model prioritises return on equity over asset accumulation, balancing proprietary activity with client flow in a way that aligns performance with prudence.



Digital-First Innovation in Primary Market Access

With the launch of a pioneering WhatsApp-based Treasury bidding solution and process automation across compliance and settlement, FCT is reshaping access for retail and institutional investors.

Embedded Institutional and Regulatory Networks

Relationships with the CBSL, SEC, and capital market intermediaries position FCT at the centre of policy execution and institutional flows.

Recognised Brand with Award-Winning Credibility

FCT has earned national and international recognition for transparency, governance and innovation, including top-tier awards for digital reporting, capital market excellence and investor engagement.

Robust Capital, Risk, and Regulatory Posture

Reaffirmed to A+ with a Stable Outlook by Lanka Rating Agency (LRA), FCT maintains a strong capital base, disciplined risk appetite, and full compliance with liquidity and conduct requirements.

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

Stakeholder	Role & Engagement
Central Bank of Sri Lanka (CBSL)	Operates under CBSL licensing; contributes to policy transmission, yield formation, and liquidity calibration.
Public Debt Management Office (PDMO)	Engages as a structured counterparty under evolving debt strategy and issuance frameworks.
Market Infrastructure Providers	Aligned with CBSL's evolving regulatory and technological requirements. As a primary dealer, FCT must adapt its own internal systems to remain compliant and interoperable.
Government of Sri Lanka	FCT supports sovereign funding via participation in primary issuance; absorbing supply efficiently.
HNWI and Mass Affluent Investors	Offers bespoke and tech-enabled access to fixed income for portfolio construction and capital preservation.
Retail Investors	Enables indirect inclusion through digital onboarding and frictionless interfaces, without bespoke targeting.
Institutional Investors	Provides access, execution and market direction to insurers, banks and fund managers.

Why It Matters

Capital Intermediation

Channels institutional capital to the state efficiently and continuously.

Graduated Risk Return

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

Market Stability

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

Sovereign Debt as a Foundation

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

Access Democratisation

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

Policy Transmission

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

Approach to Value Creation

At FCT, value creation is a deliberate process driven by disciplined execution, robust governance, and a forward-looking strategy. We ensure that our inputs translate into meaningful impact, not only for our shareholders but also for the broader financial ecosystem and the communities we serve. Our approach is anchored in a culture of rigorous regulatory compliance and strict adherence to capital market rules, ensuring that our growth is built on a foundation of trust and stability. To enhance transparency and comparability for our stakeholders, we ensure our sustainability disclosures meet globally accepted reporting standards. This commitment to world-class reporting includes alignment with:

- SLFRS S1 & S2 (General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures),
- GRI Standards,
- SASB Standards, and
- UN Sustainable Development Goals (SDGs).

Our value creation model is underpinned by a holistic approach that balances commercial ambition with social and environmental responsibility. The table below outlines the core dimensions of our approach and directs you to the detailed disclosures within this report.

OUR VALUE CREATION FRAMEWORK

Dimension	Our Approach	Where to Read More
Purposeful Delivery	Our strategy is structured to deliver on our core purpose. Strategic priorities and medium-term financial targets guide resource allocation, ensuring we meet our long-term commitments.	Strategy, page 64
Business Model	We operate as a capital-efficient intermediary, leveraging market-making, tactical trading, and digital engagement to drive efficiency.	Capital Reports, pages 70 to 134
Informing Strategic Thinking	We navigate the trade-offs between growth, risk, and resilience by responding to macroeconomic shifts, stakeholder requirements, and regulatory changes.	Local and Global Context, pages 66 to 69 Material Matters, pages 54 to 60 Stakeholder Engagement, pages 48 to 53
Approach to Sustainability	Sustainability principles are embedded into our risk management and service delivery, fostering trust and reciprocity across our operating footprint.	Our Approach to Sustainability, pages 151 to 155
Governing Value Creation	Our governance framework acts as a credibility engine, maintaining the integrity, transparency, and legitimacy of our operations.	Our Governance Outcomes, pages 13 & 24
Effectively Managing Risk	We proactively identify and mitigate principal and emerging risks arising from both our internal operations and the external environment.	Risk Management, pages 135 to 148
Executing Our Strategy	Performance is measured using a blend of financial, market, and sustainability metrics to ensure alignment with our capital allocation decisions.	Performance Outcomes, pages 151 to 155
Overseeing and Rewarding Progress	Remuneration is tied to sustainable value creation, overseen by a framework that ensures fairness, alignment, and impact.	Remuneration Committee Report, pages 253 to 254 HR Governance, page 100 to 117



Value Creating Model

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. 7.6 Bn equity
- Rs. 3.0 Bn debt

Manufactured Capital
- CBSL-linked trade & post-trade systems
- CRM, STP, onboarding portal
- WhatsApp bidding

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

Human Capital
- 16 specialists
- Rs. 4.4 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
- Community empowerment

Natural Capital
- Cloud-hosted systems
- Paperless onboarding
- LED infrastructure

KEY TRADE-OFFS

Financial Capital Trade-offs
- Portfolios reduce trading flexibility
- Repos increase earnings but raise liquidity risk
- Balancing profit with auction commitments

Manufactured Capital Trade-offs
- Compliance with infrastructure reforms limits internal innovation cycles
- Tech investment delays ROI but drives long-term trust

Intellectual Capital Trade-offs
- Insight used for public-good vs. commercial value capture
- Allocation of modelling resources vs. client acquisition efforts

Human Capital Trade-offs
- Upskilling impacts short-term productivity
- Market-linked remuneration needed to prevent attrition

Social & Relationship Capital Trade-offs
- Education efforts reduce near-term ROI
- Balancing public trust with profitability

Natural Capital Trade-offs
- 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).

Shared Services (via First Capital Group)
- Centralised Legal, IT, Finance, Compliance, Administration
- Delivers scalable, risk-aligned operations

Risk Management
- Liquidity, interest rate and compliance risk frameworks
- Scenario-aligned trading controls

Products and Services
- Primary Market Access (T-bills, T-bonds): Execution of sovereign security auctions
- Fixed Income Instruments: Repos, reverse/term repos, structured gilt-backed products
- Rate Solutions: forwards, interest rate swaps
- Secondary Market Liquidity: Fulfilling PD mandate through continuous two-way pricing
- Market Making Strategy: Applying discretion in quote placement, spread calibration
- Duration Positioning: Engaging in curve-driven trades based on macroeconomic and rate expectations

Value Proposition
- Disciplined auction participation and secondary market execution
- Continuous market-making presence ensuring liquidity, price discovery, and investor confidence
- Tactical trading strategies balancing risk-managed positioning with investor demand
- Capability to evolve into advanced rate solutions as regulatory frameworks mature

Corporate Governance
- Ensures stakeholder legitimacy and ethical oversight
- Board-approved capital allocation and conduct standards

Target Markets
- Institutional investors (funds, insurers)
- High-income and qualified retail investors
- Long-term goal: accessible retail-led investment base

KEY INPUTS

Financial Capital
- EPS of Rs. 2.61 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
- 82% staff retention
- 350 training hours logged

Social & Relationship Capital
- 0.5% client growth
- 19% growth in digital onboardings
- Expanded access to rate products

Natural Capital
- Full digital KYC
- Installation of solar panel

STAKEHOLDER OUTCOMES

Clients
- Introduced tri-lingual onboarding and WhatsApp bidding
- Strategic pivot: B2C now focused on HNWIs
- Maintained zero product conduct breaches
- Integrated real-time trade capture and confirmation through CBSL's RTGS/post-trade system
- Capitals:

Employees
- 82% employee retention
- Rs. 222 Mn in total benefits distributed
- 350 hours of skill training
- Conduct integrity upheld with zero breaches
- Capitals:

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:

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:

Shareholders
- ROE: 19.16% (from 36.22% FY2024/25)
- Strengthened capital adequacy and performance
- Capitals:

Rating Agencies & Analysts
- Transparent disclosures and regular updates
- Reaffirmed A+ issuer rating
- Improved investor visibility
- Capitals:

Suppliers
- 80% of vendors locally sourced
- Consistent procurement under First Capital Group governance
- Stable supplier relationships; adherence to ESG criteria introduced
- Capitals:

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
- Capitals:

Community & Civil Society
- CSR contributions and educational outreach
- Sanitary unit renovations and distribution of school supplies
- Indirect access to government securities through inclusion initiatives
- Capitals:

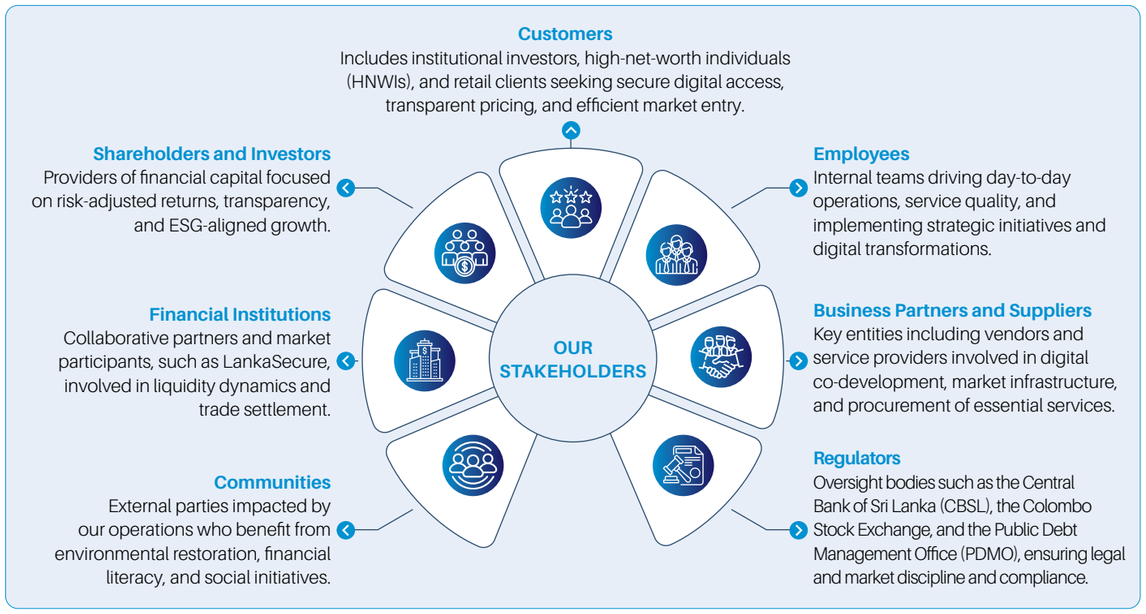
LINKED SDGs

Financial Capital
Manufactured Capital
Intellectual Capital
Human Capital
Social & Relationship Capital
Natural Capital

Stakeholder Engagement

At First Capital Treasuries PLC (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.

OUR STAKEHOLDERS



OUR ENGAGEMENT PHILOSOPHY

Effective stakeholder engagement is central to sustainable value creation and long-term organisational resilience. As a system-facing financial institution, FCT recognises that our ability to deliver consistent performance depends on maintaining transparent, responsive, and mutually beneficial relationships with our key stakeholders.

We adopt a structured, four-stage approach to engagement to ensure that stakeholder expectations and insights are systematically integrated into our strategic decision-making. This enables us to strengthen trust, enhance service delivery, and manage risks proactively while aligning our operations with broader economic, social, and environmental priorities.

Our approach is designed to gather feedback, ensure compliance, build partnerships, and address concerns that shape our corporate objectives. We take deliberate steps to understand what matters most to those we serve and work alongside, whether it involves institutional investors seeking clarity on rate signals or regulators navigating new issuance strategies.

The Four-Stage Engagement Process

Stage 1 — Stakeholder Identification
Identifying all relevant individuals and groups, understanding their relationship with FCT, and assessing how their needs differ.

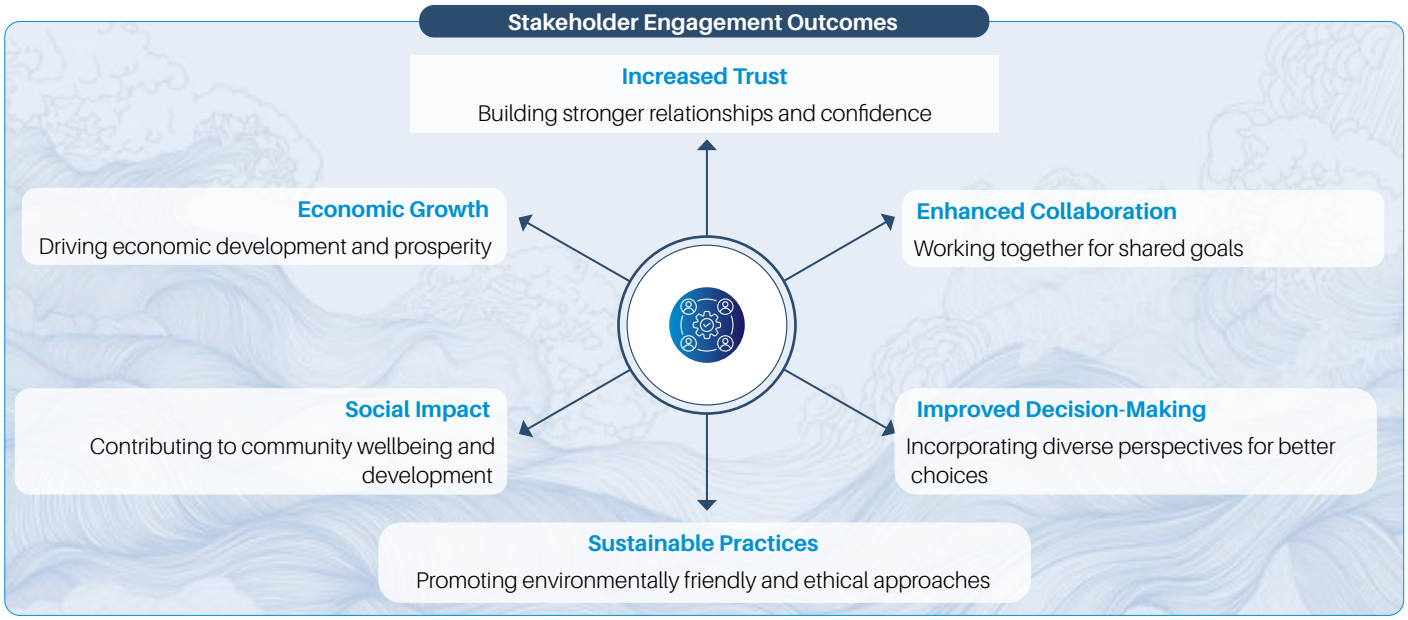
Stage 2 — Stakeholder Assessment
Profiling stakeholders based on influence, interest, expertise, orientation, vulnerability, capacity, and trust.

Stage 3 — Engagement Planning and Implementation
Developing tailored plans and executing them through appropriate channels, such as investor forums or one-to-one meetings.

Stage 4 — Results Assessment
Analysing outcomes to determine priority ESG matters and conducting management workshops to prioritise material sustainability topics.

METHODOLOGY AND GOVERNANCE

The Company's stakeholder engagement process is overseen, reviewed, and approved by the FCT authorised representative (Director/CEO) of the Group Sustainability Management Committee. The Sustainability and Corporate Reporting Division is responsible for conducting annual or periodic reviews, as required of this methodology to ensure continued adherence and relevance.



Stakeholder Identification

Identification of all relevant stakeholders is a dynamic process that evolves alongside the external environment. At FCT, we categorise our stakeholders by assessing their relationship with the Company and their specific roles in our value-creation process.

In line with our methodology, we profile each identified stakeholder group to ensure a nuanced understanding of their needs and our potential impact. This assessment is governed by seven core criteria, allowing us to categorise stakeholders effectively and determine the most appropriate engagement strategy. The table below outlines the generic criteria used to evaluate our stakeholder ecosystem.

Criterion	Definition and Assessment Scope
Influence	Assessment of the stakeholder's power over Company outcomes, either directly or through an impact on other groups (e.g., key opinion shapers).
Interest	Evaluation of the stakeholder's willingness and desire to engage with the Company and its specific initiatives.
Expertise	Identification of stakeholders possessing valuable information, technical knowledge, or specialised expertise related to our operations.
Orientation	Assessment of stakeholders' perspectives toward the Company, ranging from proactive partnership and collaboration to potential conflict.
Vulnerability	Evaluation of how significantly the stakeholder is affected by the Company's operational impacts or project outcomes.
Capacity	Analysis of the stakeholders' available resources and their ability to engage meaningfully at the level required by the Company.
Trust	Assessment of the existing level of trust, history of mutual respect, and adherence to past commitments between the stakeholder and the Company.

STRATEGIC MAPPING AND APPROACH

Using the prioritisation data, we map our stakeholders based on their influence over the Company and their dependence (vulnerability) on our operations. This mapping determines the most effective engagement strategy for our business operations.

Stakeholder Engagement

Based on our assessment, we have established the following engagement strategy quadrants and management priorities.

Strategy	Definition	Engagement Approach
Manage Closely	**High Influence and High Dependence:** Requires regular, collaborative engagement.	**Innovate/Collaborate:** Co-creation of solutions and two-way dialogue.
Keep Satisfied	**High Influence and Low Dependence:** Focused on keeping them informed to avoid disruption.	**Consult:** Soliciting explicit feedback on specific projects or plans.
Anticipate Needs	**Low Influence and High Dependence:** Requires support during transitions.	**Advocate:** Enlisting support and addressing perceived power imbalances.
Minimal Contact	**Low Influence and Low Dependence:** Occasional communication as required.	**Monitor:** Tracking stakeholder positions via research and observation.

This mapping exercise is reviewed annually to ensure we remain responsive to the shifting priorities of our financial ecosystem.

Stakeholder Management Map



ENGAGEMENT HIGHLIGHTS FOR FY 2025/26

During the financial year under review, the Company expanded its regulatory dialogue, including frequent engagement with the emerging Public Debt Management Office (PDMO), and held multiple briefings with market participants and clients on shifting rate environments and liquidity dynamics.

Investors and Clients

- **Focused on briefings for rate signals and digital access models.**

Regulators

- **Enhanced dialogue to navigate new issuance strategies and ensure market integrity.**
- **Frequent engagement with the PDMO.**

Employees

- **Captured internal input to refine operating models and client-facing tools.**

INTEGRATION WITH MATERIALITY

Our engagement directly informs our materiality assessment. We utilise tailored surveys comprising quantitative and qualitative questions aligned with the GRI Standards and SASB industry indicators. This ensures that the material topics we report on such as sustainability, risk management, and customer satisfaction reflect the genuine concerns of our operating environment and stakeholders.

For more details on how we build trust and reciprocity, see the "Social and Relationship Capital" section (Pages 118 to 127).

STAKEHOLDER INSIGHT MATRIX FY2025/26

Stakeholder Group	Significance	Ways of Engagement	Frequency of Engagement	Key Concerns/ Interests	FCT's Response and Outcomes	Capitals Impacted	Linked SDGs
Customers	Drives revenue growth, product innovation, and market positioning through evolving needs and expectations.	Relationship management and CRM-led segmentation WhatsApp auction bidding Investor education content Onboarding and transaction UX surveys Feedback via calls Social media engagement	Continuous via digital channels Quarterly surveys Ongoing support interactions	Transparent pricing and suitability Secure digital access Ease of market access via familiar channels Multi-language interaction Execution quality	Maintained zero conduct breaches Digital access Investment balance view via online platform Multi-language CRM support 5 seconds average waiting time in calls		

Stakeholder Engagement

Stakeholder Group	Significance	Ways of Engagement	Frequency of Engagement	Key Concerns/ Interests	FCT's Response and Outcomes	Capitals Impacted	Linked SDGs
Employees	❋ Enable operational excellence, service quality, and long-term organisational resilience through skills and engagement.	❋ Regular team briefings and internal surveys ❋ Learning and development initiatives ❋ Cross-functional engagement ❋ Clubs and communal activities	❋ Daily interactions ❋ Mid- year reviews ❋ Annual surveys ❋ Continuous learning programmes	❋ Fair progression and skills development ❋ Job purpose and recognition ❋ Work-life flexibility ❋ Ethical culture	❋ 82% retention rate ❋ 350 training hours ❋ Hybrid work model with digital enablement		
Business Partners/ Suppliers	❋ Ensure operational continuity, quality service delivery, and cost efficiency through reliable partnerships.	❋ Procurement processes with ESG filters ❋ Procurement system SLAs ❋ Service audits and feedback ❋ Digital solutions co-development ❋ Shared innovation ❋ Joint initiatives	❋ Periodic Reviews (annual) ❋ Ongoing communication ❋ Contractual terms ❋ Meetings	❋ Contract fairness and reliability ❋ Payment terms ❋ Procurement integrity ❋ ESG onboarding ❋ Interoperability and execution latency ❋ Data handshakes and real-time clearing ❋ System reliability and stability	❋ Majority local sourcing ❋ Fair competition across vendors ❋ Zero downtime		
Regulators	❋ Critical for compliance, governance, and maintaining a licence to operate within regulatory frameworks.	❋ Compliance liaison and regulatory engagements ❋ Strategic consultations on auction participation and policy transmission ❋ Stress-testing submissions	❋ Regular reporting (monthly/ quarterly) ❋ Ad hoc meetings ❋ Annual audits	❋ Regulatory compliance ❋ Auction discipline and liquidity support ❋ Cost-effectiveness of retail channels ❋ Capital optimisation ❋ Timely data reporting	❋ Full compliance record ❋ Strategic consultation with PDMO on B2C cost/risk ❋ Aligned systems with CBSL post-trade infrastructure and DvP models		

Stakeholder Group	Significance	Ways of Engagement	Frequency of Engagement	Key Concerns/ Interests	FCT's Response and Outcomes	Capitals Impacted	Linked SDGs
Communities	❋ Support social licence to operate and contribute to long-term societal and environmental sustainability.	❋ CSR via education ❋ Focus on improving ESG initiatives ❋ Donations and civic engagement	❋ Periodic or project-based programmes ❋ Annual CSR programmes	❋ Financial access and education ❋ Environmental impact mitigation ❋ Responsible capital markets	❋ Funded improved washroom facilities for students ❋ Donation of school supplies ❋ Signatory of PCAF ❋ Continued investor education via digital content ❋ Indirect inclusion through scalable interfaces		
Financial Institutions	❋ Provide access to capital, liquidity support, and influence financial stability and risk profile.	❋ Performance briefings and audit trails ❋ Risk modelling dashboards ❋ Direct analyst engagements ❋ Credit reviews	❋ Quarterly reporting ❋ Annual reporting ❋ Periodic engagements (as needed)	❋ Forward risk indicators ❋ Credit fundamentals ❋ ESG roadmap progress	❋ Rating of A+ Stable (LRA) ❋ Disclosed risk-weighted asset management ❋ Reported auction and market participation metrics		
Shareholders and Investors	❋ Influence strategic direction, capital allocation, and long-term value creation.	❋ Financial reports ❋ Capital market disclosures ❋ AGM and dividend statements ❋ Press releases	❋ Quarterly updates ❋ AGM ❋ Continuous disclosures	❋ Return on capital and risk profile ❋ ESG-readiness and transparency ❋ Balance sheet management	❋ ROE of 19.16% ❋ PAT of Rs. 1.6 Bn ❋ Tier 1 capital maintained at Rs. 7.6 Bn ❋ Debt capital raised: Rs. 3 Bn		

Material Aspects

At First Capital Treasuries PLC (FCT), our approach to materiality is embedded in the principle of double materiality. This ensures our reporting aligns with global best practices and emerging sustainability standards, including SLFRS S1 and S2, GRI Standards, and SASB. By evaluating both our outward impact on the world and the inward financial effects of external trends, we ensure a transparent view of our value-creation journey.

MATERIAL MATTERS FOR FY 2025/26

The following matters have been identified as most critical to FCT's ability to create value over the short, medium, and long term.

Rank	Material Theme	Strategic Focus & Sub-Matters
1	Economic Performance & Financial Resilience	Managing profitable growth and macroeconomic headwinds
2	Responsible Financing & Sustainable Credit	Incorporating ESG factors into credit analysis and liquidity maintenance
3	Customer Experience, Protection & Financial Inclusion	Focused on service quality, data privacy, and financial inclusion agendas
4	Business Ethics, Risk Management & Regulatory Compliance	Prioritising regulatory developments, systemic risk management, and professional integrity
5	Digitalisation, Data & Cyber Security	Addressing data security and leveraging disruptive technologies
6	Climate Change, Emissions & Environmental Risk	Evaluating operational and financed emissions, and climate-related strategic risks
7	Employee Relations, Talent & Workplace Culture	Emphasising employee rights, training, diversity, and talent development
8	Industry Partnerships & Collaborations	Developing strategic partnerships to strengthen the financial ecosystem
9	Responsible Sourcing & Resource Management	Focused on procurement practices, water, waste, and operational efficiencies
10	Community Development & Societal Impact	Aligning with UN Sustainable Development Goals (SDGs) and community engagement

Evolution of Material Matters

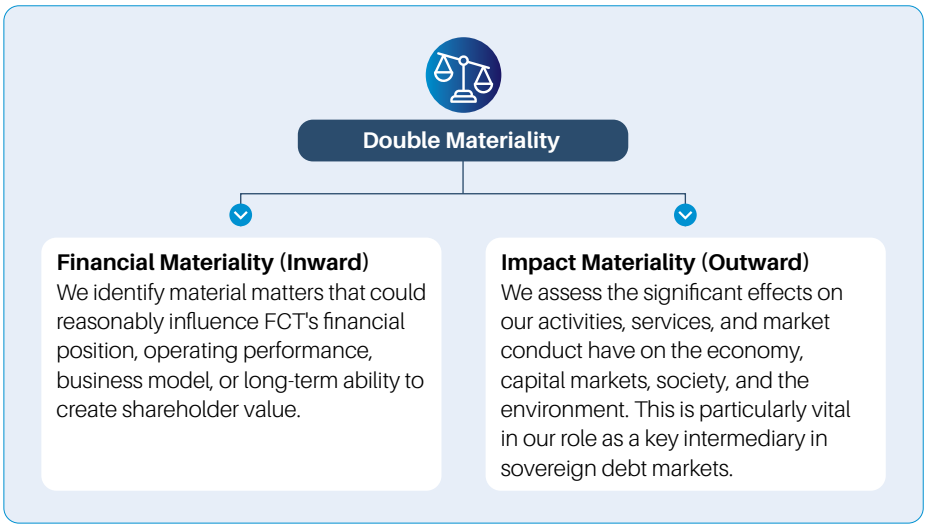
In alignment with our approved materiality assessment methodology, the material matters for the financial year 2025/26 have been restructured and refined.

This strategic realignment incorporates deeper stakeholder feedback and a more granular assessment of associated impacts, leading to the regrouping and consolidation of several themes. Consequently, while these refined matters offer a more precise reflection of our current operating environment, they represent a fundamental shift in our reporting baseline; therefore, direct quantitative year-on-year comparisons with the previous period's specific themes are not feasible for this transition year.

OUR DOUBLE MATERIALITY LENS

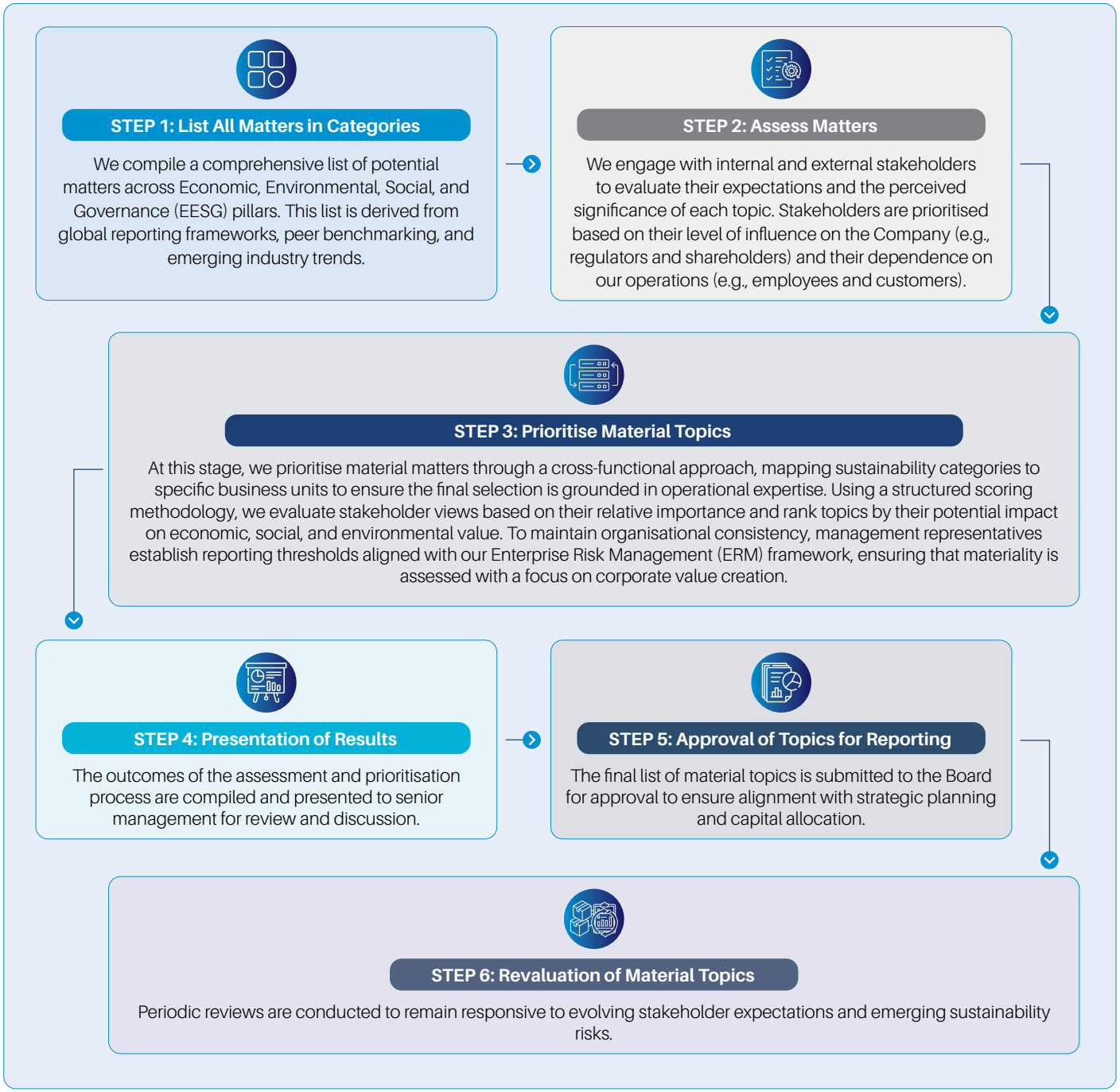
Our materiality framework is built on a dual perspective that recognises the reciprocal relationship between FCT and the wider world. By applying this double materiality lens, we look beyond traditional financial metrics to understand how our operations shape the financial ecosystem and, in turn, how global environmental and social shifts influence our strategic resilience.

This comprehensive approach ensures that our value creation model remains robust, transparent, and aligned with the evolving expectations of our stakeholders and the capital markets.

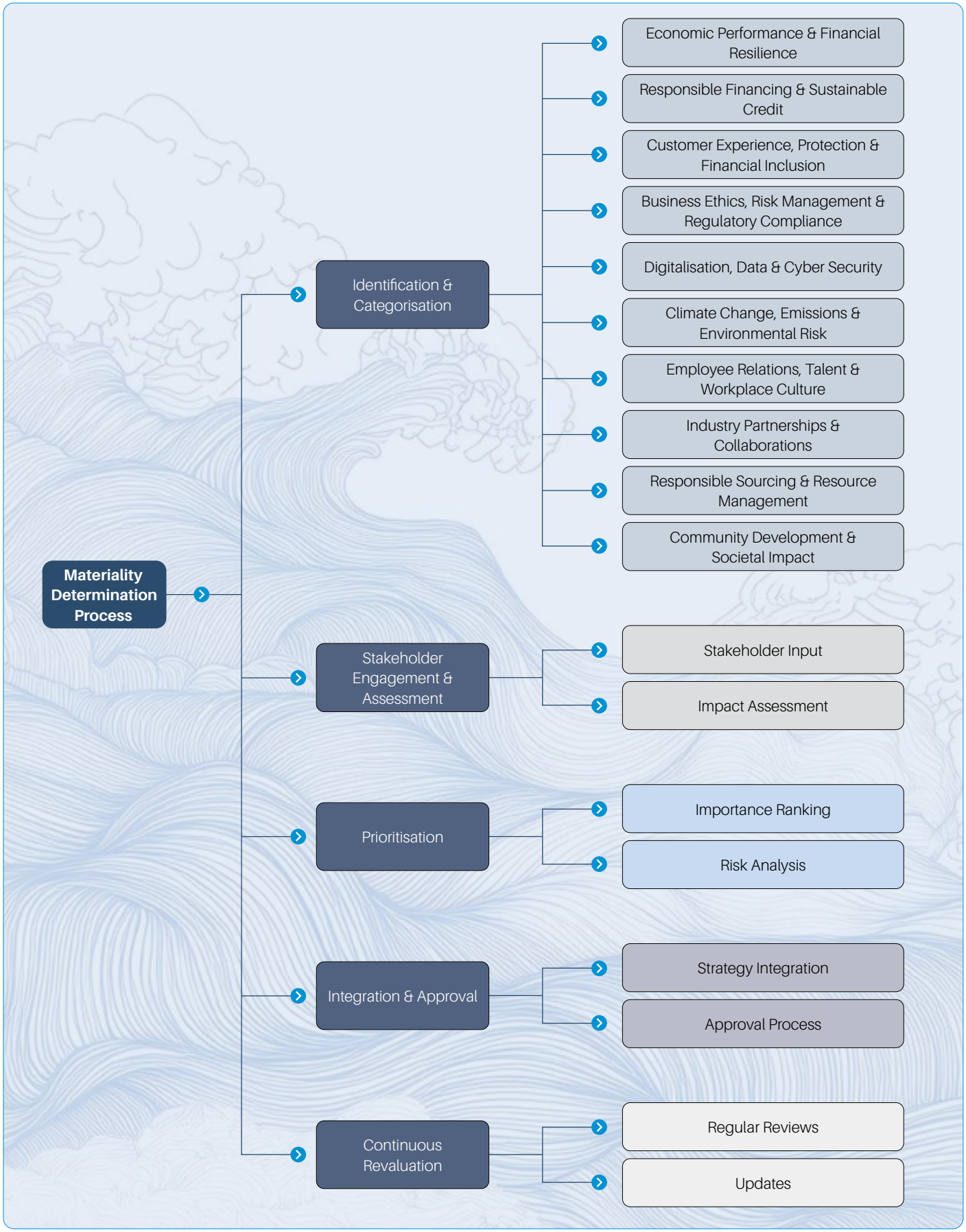


MATERIALITY DETERMINATION PROCESS

Our materiality determination process is a rigorous, evidence-based exercise that ensures we focus on the issues most critical to our long-term value and stakeholder trust. FCT's structured process ensures that material matters are identified, prioritised, and integrated into our core strategy and day-to-day operations. For FY 2025/26, we have updated our approach to ensure seamless integration between sustainability reporting and enterprise risk management.



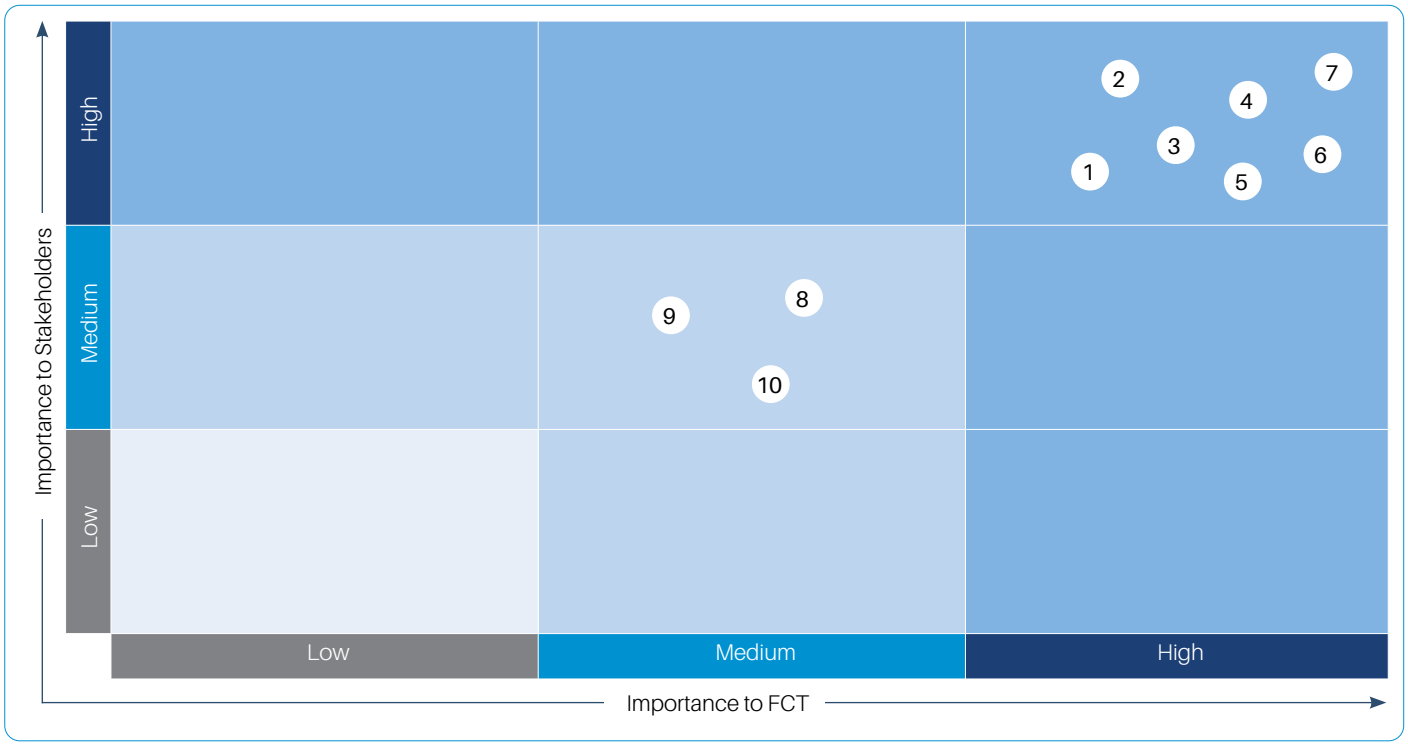
Material Aspects



Material Matrix

THE MATERIALITY MATRIX

The matrix below provides a visual representation of our double materiality assessment, plotting issues based on their importance to our stakeholders and their potential impact on FCT's enterprise value. This prioritisation ensures that our strategic focus and capital allocation are directed toward the matters most critical to long-term resilience and sustainable growth.



STRATEGIC MAPPING OF MATERIAL MATTERS

1. Economic Performance & Financial Resilience

Topic Boundary

External: Macroeconomic and policy environment; **Internal:** Financial position

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Influences market stability and the strength of the sovereign debt market **Degree of Significance** - High	Impacts pricing of risk, auction participation strategies, and portfolio positioning **Degree of Significance** - High	Essential for capital adequacy, liquidity management, and long-term solvency	Interest, Credit, Liquidity

Capitals Impacted	Link to SDGs	GRI Reference
	8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS	GRI 201, 203

Material Matrix

2. Responsible Financing & Sustainable Credit

Topic Boundary

External: Sovereign and Corporate Issuers

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Directing capital toward projects with positive EESG outcomes, maintaining liquidity and credit **Degree of Significance** - High	Improves long-term portfolio quality by assessing ESG-related defaults and ensure resilience **Degree of Significance** - High	Integration of ESG into primary dealing	ESG, Credit

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 203

3. Customer Experience, Protection & Financial Inclusion

Topic Boundary

External: Clients (Retail & Institutional), Regulators

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Focuses on service quality and customer well-being **Degree of Significance** - High	Drives brand equity, customer retention, and reduces cost of acquisition **Degree of Significance** - High	Central to product diversification and digital convenience strategies	Reputational, Operational

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 416, 417, 419

4. Business Ethics, Risk Management & Regulatory Compliance

Topic Boundary

External: Regulators (CBSL, SEC), Market Intermediaries

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Ensuring market integrity and systemic stability **Degree of Significance** - High	Mitigates fines, legal costs, and the risk of license suspension **Degree of Significance** - High	Execute with precision and integrity—foundational to the operating model	Compliance, Legal, Systemic

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 2-23, 2-24, 2-25, 2-27, 205, 206, 408, 409, 412

5. Digitalisation, Data & Cyber Security

Topic Boundary

Internal: Infrastructure; **External:** Digital service providers and clients

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Ensuring data security and protection of financial records **Degree of Significance** - High	Critical for avoiding breach-related losses and maintaining platform uptime **Degree of Significance** - High	Adaptation to disruptive technologies and the enhancement of customer convenience	Cyber, Operational, Technology

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 418

6. Climate Change, Emissions & Environmental Risk

Topic Boundary

External: Global environment; **Internal:** Operational footprint

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Significance in managing energy and transition to low-carbon **Degree of Significance** - High	Potential for stranded assets or shifts in sovereign debt green-financing **Degree of Significance** - Medium	Alignment with SLFRS S2 climate-related financial disclosures	Physical, Transition, Credit

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 302, 305

7. Employee Relations, Talent & Workplace Culture

Topic Boundary

Internal: Employees and Management

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Focuses on employee rights, safety, and training **Degree of Significance** - High	Impacts productivity, recruitment costs, and innovation capacity **Degree of Significance** - High	Critical for building a performance-driven and agile workforce	Operational, Talent

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 401, 402, 403, 404, 405 406, 409

Material Matrix

8. Industry Partnerships & Collaborations

Topic Boundary

External: Industry peers, financial institutions, trade bodies

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Promoting best practices and shared standards in financial markets **Degree of Significance** - Medium	Enhances market liquidity and shared risk-mitigation frameworks **Degree of Significance** - Medium	Strengthening the financial ecosystem through collective resilience	Market Risk, Strategic Risk

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 2-6,2-28, 2-29, 206

9. Responsible Sourcing & Resource Management

Topic Boundary

Internal: Operations **External:** Supply chain

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Managing water, waste, and biodiversity impacts **Degree of Significance** - Medium	Operational cost savings through efficient resource consumption **Degree of Significance** - Medium	Building a sustainable and ethical supply chain	Operational, Supply Chain

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 204, 303, 306, 308, 414

10. Community Development & Societal Impact

Topic Boundary

External: Local communities and wider society

Impact Materiality	Financial Materiality	Strategic Relevance	Risk Impact
Supporting economic inclusion and community well-being **Degree of Significance** - Medium	Maintains social license to operate and enhances brand reputation **Degree of Significance** - Medium	Reaching underserved segments through financial literacy programs	Reputational

Capitals Impacted	Link to SDGs	GRI Reference
		GRI 202, 413, 419

Our Strategy and Key Strategic Priorities

The financial year 2025/26 was a year of disciplined execution, where FCT navigated growth with purpose, managed trading income amid declining interest rates, strengthened our capital base, and laid the digital and governance foundations for the next phase of FCT's growth.

First Capital Treasuries PLC (the Company/ FCT) entered the financial year 2025/26 as 2nd Year of its 5-year Corporate Strategy —anchored in three interlocking ambitions: growing the asset base, broadening the investor base to diversify funding, and improving the capital structure to optimise returns for shareholders. Against a backdrop of macroeconomic normalisation, declining interest rates, and a recovering sovereign credit environment, the Company deployed its resources with deliberate selectivity — reinforcing its position as Sri Lanka's most awarded non-bank Primary Dealer while advancing the enabling infrastructure for the years ahead.

The Company's capital strategy begins with the end in mind: a hard target for return on equity (ROE). Resources are deployed only toward business opportunities that, FCT intends to pursue client delivery requirements, or regulatory commitments. Surplus capital is returned to shareholders. This discipline, carried forward from FY2024/25, continued to anchor every allocation decision made during the year under review.

THE STRATEGIC CONTEXT: OPERATING IN A TRANSITIONING ECONOMY

The financial year under review unfolded in a macroeconomic environment characterised by declining inflation, moderating interest rates, and a gradual revival of private-sector credit. Government securities yields across 1-year, 5-year, and 10-year tenors showed a broad downward trajectory across the calendar year, compressing the structural tailwinds that had driven FCT's record FY 2023/24 performance. Gross official reserves climbed to USD 6.8 Bn by December 2025, reinforcing confidence in Sri Lanka's post-IMF recovery trajectory. Worker remittances, tourist arrivals, and a strengthening current account provided additional positive signals.

For the Company, this transition required a deliberate shift in resource allocation — from rate-cycle opportunism toward structural income growth through asset base expansion, investor diversification, and digital enablement.

As such, the strategy for the financial year 2025/26 was calibrated in line with external market and economic developments, with financial targets revised upward in key areas even as market conditions moderated.

RESOURCE ALLOCATION PHILOSOPHY: CLIENT-ALIGNED AND STRATEGY-LED

The Company's resource allocation philosophy is shaped not only by market demand but also by the systemic trust it must uphold as a licensed Primary Dealer. Unlike banks, Primary Dealers do not deploy capital across lending portfolios. Instead, the Company's capital supports three specific functions:

- Market-making and liquidity support across the sovereign yield curve, fulfilling FCT's CBSL-mandated obligations
- Inventory buffers and tactical positioning aligned with duration expectations and rate cycle management
- Digital systems and reporting infrastructure, enabling real-time auction participation, post-trade compliance, and scalable client interfacing

Resource allocation at FCT is therefore not only about profitability but also about sustaining trust, meeting regulatory performance requirements, and enabling scalable investor access.

Each initiative is evaluated through three cross-cutting investment filters, which were applied consistently throughout FY 2025/26.

Investment Filter	Guiding Question
Market Lens	Does this initiative support the Company's role in deepening the sovereign debt market, or does it respond to structural liquidity shifts?
Value Lens	Will this allocation enhance spread integrity, contribute to return on equity (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?

Each capital deployment decision during the year under review was further evaluated through scenario-weighted stress testing linked to auction volatility, repo leverage, and counterparty exposures; regulatory calibration aligned with the CBSL debt issuance calendar and PDMO consultations; and platform investment cycles encompassing multilingual digital access, WhatsApp-based bidding, and innovation-led pathways.

FY2025/26 STRATEGY PERFORMANCE REVIEW

The Company's overall strategy implementation for the financial year 2025/26 is considered satisfactory reflecting strong progress on financial and market objectives alongside moderate progress on digital and client acquisition targets. This two-pronged approach to performance — decisive execution in core business metrics and more measured progress in transformation initiatives — reflects both the complexity of the Company's modernisation agenda and the challenges that emerged in digital infrastructure during the year.

THREE STRATEGIC THEMES DRIVING FCT FORWARD

Rather than pursuing growth in isolation, the Company aligns every investment, capability enhancement, and operational decision to three interconnected strategic themes. These priorities shape how capital is deployed, how clients are engaged, and how long-term value is sustained across the business. These themes carry forward from the FY2024/25 Annual Report framework, which has been updated to reflect 2nd Year learnings and 3rd Year priorities.

Our Strategy and Key Strategic Priorities

Theme 1: Transform Client Experience

Reimagining How Investors Access Government Securities

Key Strategic Actions in FY2025/26

- **Introduced Sri Lanka's first avatar-led e-onboarding journey**
  Creating a faster, more intuitive digital entry point into the capital markets ecosystem.
- **Completed an in-depth anthropological client behaviour study**
  Generating actionable insights into investor expectations, trust dynamics, and engagement patterns.
- **Operationalised the WhatsApp auction bidding platform**
  Enabling seamless participation in both T-Bill and T-Bond auctions through digital-first channels.
- **Integrated CRM capabilities with the call centre**
  Strengthening lead conversion, client tracking, and service responsiveness.

A More Focused Client Strategy

FCT refined its B2C strategy to deepen relationships with:

- Institutional Investors,
- High-net-worth Individuals (HNIs), and
- Emerging Affluent Clients

while continuing to support broader retail participation through scalable digital platforms.

Five Distinct Investor Personas Defined

Investor Persona	Strategic Focus
First-Time Investors	Simplicity and financial confidence
Seasoned Professionals	Yield optimisation and advisory support
High-net-worth Individuals	Bespoke portfolio solutions
SMEs / Entrepreneurs	Liquidity management and accessibility
Institutional Investors	Execution capability and market depth

FY2026/27 PRIORITY:

Using this segmentation framework to power personalised marketing, advanced CRM capability, and data-led client engagement.

Theme 2: Execute with Precision and Integrity

Delivering Discipline in Every Market Cycle

As Sri Lanka's most-awarded non-bank Primary Dealer, FCT continued to prioritise execution excellence, transparent pricing, and uncompromising market-conduct standards.

Operational Highlights

- Zero product conduct breaches recorded during FY2025/26.
- T-Bond auction effective participation rate of 16.69%.
- Enhanced integration with CBSL RTGS and post-trade systems.
- Improved STP compliance and execution latency.
- Ongoing ethics and conduct training across dealing and client-facing teams.

Strategic Discipline in Action

FCT continued to manage inventory and interest rate positioning through:

- Scenario-based portfolio management
- Disciplined bid strategy execution
- Active yield curve monitoring
- Real-time liquidity management

This enabled the Company to navigate a year marked by a significant yield curve transition while maintaining operational resilience and market credibility.

Theme 3: Grow Responsibly — Sustain Performance

Building Long-Term Value Through Financial and ESG Stewardship

FCT's growth model is anchored on disciplined capital allocation, regulatory strength, and a structured transition toward integrated sustainability reporting.

Financial Strength that supports Future Growth

Performance Indicator	FY2025/26 (Rs.)	FY2024/25 (Rs.)
Profit after Tax	1,606 Mn	3,042 Mn
Capital and Reserves	7,649 Mn	9,121 Mn
Regulatory Minimum Requirement	4,000 Mn	2,500 Mn
Debt Capital maintained	3,000 Mn	-

Sustainability Foundations Established

During the financial year under review, the Company formalised the building blocks for its sustainability and integrated reporting journey through:

- Development of a GHG inventory framework.
- Alignment initiatives with SLFRS S1 and SLFRS S2.
- Strengthening governance structures for ESG oversight and disclosure readiness.

The Company's strategic direction reflects a deliberate balance between client-centric innovation, disciplined market execution, and responsible long-term growth, positioning the Company to remain resilient, relevant, and future-ready within Sri Lanka's evolving government securities landscape.

Beyond Capital: We Measure Influence

The Company's definition of success has always extended beyond financial returns. As a licensed Primary Dealer with a public-interest mandate, the Company measures its performance across three dimensions: Financial Metrics, Market Conduct Metrics, and Strategic Enablers.

- **Financial Metrics:** ROE evolution, spread preservation, net interest margin, secondary market turnover, and profit after tax
- **Market Conduct Metrics:** Policy responsiveness, regulator engagement outcomes, bid coverage quality, and zero-breach conduct discipline
- **Strategic Enablers:** Platform usage among underserved investor segments, investor feedback velocity, time-to-onboard efficiency, and financial literacy reach

This broader view of performance accountability aligns directly with the Company's sustainability strategy, which embeds environmental stewardship, inclusive investor access, and governance excellence within the same strategic framework that drives financial resource allocation. The sustainability roadmap approved in the financial year 2025/26 — spanning environmental actions, social commitments, and governance milestones — is not a separate agenda.
It is the same agenda, expressed through a different lens.

CREATING ENDURING VALUE

Value creation at FCT is examined through two integrated lenses. The first is a capital-based view aligned to the Integrated Reporting (<IR>) Framework, mapping how the Company allocates and transforms its six capitals — financial, manufactured, intellectual, human, social and relationship, and natural — into long-term value. The second is a stakeholder-outcomes view, which shows how that value is experienced by customers, regulators, employees, business partners/suppliers, communities, financial institutions, and shareholders and investors.

These frameworks are interconnected in practice. Capital deployment builds stakeholder trust; stakeholder trust, in turn, sustains and enhances the Company's capital base. FY 2025/26 demonstrated this by modest trading returns — the product of disciplined financial capital deployment — that simultaneously reinforced the Company's credibility with regulators, rewarded shareholders, enabled investment in human capital through performance incentives and leadership development, and funded the digital infrastructure that will serve clients in the years ahead.

As the Company navigates financial year 2026/27—3rd year of our five-year strategy—the resource allocation philosophy remains unchanged. We begin with the return on equity benchmark, deploy capital only where the Company has genuine execution capability and strategic intent, and measure success not only in what is earned, but in the trust built, the market deepened, and the investors served.

Allocating Resources with Strategic Precision

OPERATING IN A TRANSITIONING ECONOMY

First Capital Treasuries PLC entered FY 2025/26 as Year 2 of its five-year corporate strategy, anchored in three interlocking ambitions: growing the asset base, broadening the investor base, and improving the capital structure to optimise shareholder returns. The year unfolded against a backdrop of macroeconomic normalisation — declining inflation, moderating interest rates, a gradual revival of private-sector credit, and gross official reserves climbing to USD 6.8 Bn by December 2025. For FCT, this transition demanded a deliberate shift in resource allocation: away from rate-cycle opportunism and toward structural income growth through asset base expansion, investor diversification, and digital enablement.

Resource Allocation Philosophy: Client-Aligned and Strategy-Led

The Company's capital strategy begins with a hard target for return on equity. Resources are deployed exclusively toward business opportunities FCT intends to pursue, client delivery requirements, or regulatory commitments — and surplus capital is returned to shareholders. Unlike banks, Primary Dealers do not deploy capital across lending portfolios. FCT's capital serves three distinct functions:

Capital Deployment Function	Strategic Purpose
Market-Making & Liquidity Support	Fulfils CBSL-mandated obligations; anchors pricing across the sovereign yield curve
Inventory Buffers & Tactical Positioning	Aligns with duration expectations and rate cycle management — inventory reduced from Rs. 78 Bn → Rs. 47 Bn in FY 2025/26
Digital Systems & Reporting Infrastructure	Enables real-time auction participation, STP compliance, and scalable client access (824 new clients onboarded in FY 2025/26)

Three Cross-Cutting Investment Filters

Each capital deployment decision during the year was evaluated through three investment filters applied consistently across all allocation decisions:

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

Decisive Balance Sheet Actions

FCT responded proactively to the yield curve transition by executing deliberate balance sheet repositioning. The Company reduced its Government Securities inventory from Rs. 78Bn to Rs. 47Bn by March 2026, protecting the bottom line and ensuring resilience in a compressed-spread environment. This repositioning was complemented by a successful Rs. 3 Bn Tier II capital raise — a listed debenture issuance that further strengthened FCT's long-term capital base and affirmed market confidence in the Company's credit standing.

Three Strategic Themes: Progress Summary

Theme 1 — Transform Client Experience

- Launched Sri Lanka's first avatar-led e-onboarding platform
- Operationalised WhatsApp-based T-Bill and T-Bond auction bidding
- Five distinct investor personas defined for targeted engagement

Theme 2 — Execute with Precision & Integrity

- Zero product conduct breaches recorded in FY 2025/26
- T-Bond auction participation rate exceeding CBSL benchmarks
- Enhanced CBSL RTGS integration and improved STP compliance
- Scenario-based portfolio management and real-time liquidity monitoring

Theme 3 — Grow Responsibly

- Capital and Reserves: Rs. 7,649 Mn vs. regulatory minimum of Rs. 4,000 Mn
- Leverage ratio improved: 6.08x (from 7.92x), reflecting de-risking
- GHG inventory framework developed; SLFRS S1 & S2 alignment initiated

Market Position & Capital Metrics

Metric	Value
Market Cap	Rs. 18,899 Mn
Share Price (31 Mar 2026)	Rs. 30.70
EPS	Rs. 2.61
Net Assets per Share	Rs. 12.43
Debt Capital (Tier 2)	Rs. 3,000 Mn
Cost of Funds	12.86%
Interest Cover	1.40x
EBITDA	Rs. 8,439 Mn
Total Shareholders' Funds	Rs. 7,649 Mn

Creating Enduring Value

FY 2025/26 demonstrated that disciplined capital deployment simultaneously reinforces regulator credibility, rewards shareholders, and funds the digital infrastructure that will serve clients in the years ahead. As FCT enters Year 3 of its five-year strategy, the allocation philosophy remains unchanged: begin with the ROE benchmark, deploy capital only where genuine execution capability exists, and measure success not only in earnings — but in the trust built, the market deepened, and the investors served.



Clear Horizons Ahead

With steady hands at the helm, First Capital Treasuries sails toward clear horizons, confidently navigating opportunities with clarity, discipline, and purpose

Global and Local Economic Context

OPERATIONAL ENVIRONMENT CONTEXT

As a licensed Primary Dealer operating at the centre of Sri Lanka's sovereign debt market, First Capital Treasuries PLC (FCT) continued to navigate a complex and evolving macroeconomic landscape during the financial year 2025/26. The year 2025 was shaped by a transition from post-crisis stabilisation to a more balanced yet globally uncertain growth environment. Internationally, inflationary pressures, geopolitical tensions, and elevated sovereign borrowing requirements influenced global bond markets. Domestically, Sri Lanka experienced improving macroeconomic fundamentals, enhanced liquidity conditions, and greater monetary stability under the IMF-supported reform programme.

Against this backdrop, the Company's role in facilitating government securities issuance, supporting liquidity transmission, enabling price discovery, and maintaining orderly secondary market activity remained strategically significant to the functioning of Sri Lanka's financial system.

GLOBAL ECONOMIC AND INDUSTRY CONTEXT

Global Economic Recovery Moderated by Inflation and Geopolitical Risks

The global economy during the financial year 2025/26 experienced uneven growth amid persistent inflationary pressures, geopolitical uncertainty, and tighter financial conditions. While major economies initially entered 2025 expecting monetary policy easing and disinflation, the outlook shifted materially in the latter part of the year due to renewed trade protectionism and energy market disruptions.

The reintroduction of tariff measures in the United States (U.S.) during mid-2025 intensified global trade frictions and contributed to elevated import costs and sticky core inflation. This was further exacerbated in early 2026 by the escalation of the U.S.–Iran conflict and the disruption of oil supply routes through the Strait of Hormuz, which triggered a sharp increase in global energy prices and heightened market volatility.

The resulting inflationary shock altered expectations surrounding global monetary policy. Markets that had previously anticipated rate cuts by major central banks repriced for a "higher-for-longer" interest-rate environment, as policymakers prioritised inflation containment over aggressive monetary easing.

Global Bond Market Developments

Global bond markets experienced significant repricing during the period, with sovereign yields remaining elevated across major economies due to persistent inflation expectations, rising fiscal deficits, and increased geopolitical risk premiums.

By early 2026, benchmark 10-year government bond yields remained comparatively high across developed markets.

United States **4.2%**	United Kingdom **4.9%**	Germany **3.0%**
France **3.6%**	Italy **3.7%**	Australia **5.0%**

These developments contributed to heightened volatility across global fixed income markets as investors demanded higher term premia amid inflation uncertainty and expanding sovereign financing requirements. The shift toward a stagflationary risk environment also reduced expectations of near-term policy easing by the U.S. Federal Reserve and the European Central Bank.

For the global fixed income market participants, the environment required greater emphasis on duration management, liquidity positioning, and active yield curve strategies rather than purely directional interest rate exposure.

Monetary Policy Movements

Monetary policy across advanced economies remained restrictive throughout much of the period. In the U.S. inflation expectations strengthened following tariff-related price pressures and the energy shock arising from Middle Eastern geopolitical tensions. Consequently, market expectations for policy rate cuts were repeatedly deferred.

Similarly, the European Central Bank maintained a cautious stance amid renewed energy-driven inflationary pressures, particularly across Europe's import-dependent economies.

U.S. Dollar Movements

The U.S. dollar remained broadly resilient during the year, supported by elevated U.S. Treasury yields, safe-haven demand, and geopolitical uncertainty. Exchange rate dynamics increasingly reflected a risk-off environment toward early 2026, reinforcing capital flows into U.S. dollar-denominated assets and contributing to tighter global financial conditions for emerging and frontier markets.

Implications for Emerging and Frontier Debt Markets

Emerging and frontier markets operated within a more challenging external financing environment during the financial year 2025/26. Elevated global yields and a stronger U.S. dollar constrained external borrowing flexibility and increased refinancing risks across sovereign debt markets.

Nevertheless, improving domestic macroeconomic conditions in select frontier markets, including Sri Lanka, contributed to a gradual recovery in investor confidence. Countries demonstrating fiscal consolidation, reserve accumulation, and credible monetary frameworks were better positioned to stabilise domestic bond markets and attract renewed investor participation.

Within this environment, Primary Dealers played an increasingly important role in supporting domestic liquidity, facilitating sovereign funding programmes, and enhancing market confidence through efficient price discovery and secondary market intermediation.

SRI LANKAN MACROECONOMIC CONTEXT

Sri Lanka's economy continued its gradual recovery in 2025 following the severe macroeconomic disruption experienced in the preceding crisis years. Economic activity improved meaningfully, supported by policy stabilisation measures, IMF programme implementation, improved investor sentiment, and the normalisation of domestic economic activity.

Real GDP growth was estimated at approximately 5.0% in 2025, driven primarily by the recovery in services, financial activities, tourism-related inflows, and improving domestic demand conditions. Purchasing Managers' Indices (PMIs) for both manufacturing and services remained within expansionary territory for much of the period, indicating continued economic momentum.

However, the recovery remained vulnerable to external shocks, particularly the rise in global oil prices and supply-side disruptions linked to Middle Eastern geopolitical developments during early 2026.

Monetary Sector Developments

Inflation and Monetary Policy Environment

Inflation remained relatively subdued throughout most of 2025, supported by tight monetary conditions, favourable statistical base effects, and subdued residual demand following the country's economic adjustment phase. Headline inflation remained significantly below historical averages and the Central Bank of Sri Lanka's (CBSL) medium-term target for much of the year, contributing to improved macroeconomic stability and investor confidence.

However, inflationary pressures began to gradually re-emerge in early 2026, driven mainly by higher transport and energy-related costs linked to rising global fuel prices amid geopolitical tensions in the Middle East. As a result, headline inflation increased from approximately 1.6% in February 2026 to around 2.2% by March 2026.

Against this backdrop, the CBSL maintained a cautious and data-dependent monetary policy stance.

Following the significant easing cycle implemented from mid-2023 through 2024, monetary policy remained broadly accommodative in 2025, with the Overnight Policy Rate (OPR) maintained at around 7.75% for most of the year after a further reduction of 25 basis points earlier in the year.

This policy approach balanced the need to support economic recovery with the need to maintain inflation expectations and manage external sector risks. The overall monetary environment contributed positively to domestic market stability, improved investor confidence, and strengthened the effectiveness of monetary policy transmission across the financial system.

Market Interest Rate Developments

Gradual Decline in Market Interest Rates

Market interest rates continued to decline in 2025, reflecting accommodative monetary policy, easing inflationary pressures, improving sovereign risk perceptions, and stronger macroeconomic fundamentals.

The Average Weighted Call Money Rate (AWCMR) declined broadly, in line with the policy rate environment, easing toward approximately 7.6% by the end of March 2026. During the first half of 2025, overnight market rates remained closely aligned with the policy corridor.

However, some temporary upward pressure on short-term rates emerged during the latter part of 2025 due to asymmetries in liquidity distribution among financial institutions. These pressures eased again in early 2026 as system liquidity strengthened further.

Deposit Market Trends

Lower Funding Costs Across the Banking Sector

Deposit interest rates trended downward for most of 2025, reflecting improved liquidity conditions and easing funding pressures across the banking sector. Broad market benchmarks, including the Average Weighted New Deposit Rate (AWNDR) and the Average Weighted Fixed Deposit Rate (AWFDR), declined steadily as surplus liquidity within commercial banks reduced the need for aggressive deposit mobilisation.

The continuation of accommodative monetary policy, together with low inflation and improving investor confidence, contributed to a more stable interest rate environment. Stronger foreign-exchange inflows, improved reserve accumulation, and lower sovereign risk premiums further supported liquidity conditions within domestic financial markets.

This downward interest rate cycle began to stabilise during the first quarter of 2026. The CBSL maintained the OPR at 7.75% during both its January and March 2026 monetary policy reviews, signalling a more cautious and data-dependent approach as external uncertainties and inflationary risks gradually re-emerged.

As a result, deposit rates broadly reached a floor during this period, with the pace of downward adjustment slowing significantly compared to earlier quarters.

Emerging Inflationary Pressures

Although inflation remained relatively subdued for much of the period, early signs of price pressures began to emerge in early 2026. Headline inflation, which remained around 1.6% in February 2026, increased to approximately 2.2% by March 2026.

This moderate acceleration was driven primarily by higher transport and energy-related costs, including a 7.2% increase in domestic electricity tariffs and rising global fuel and shipping costs linked to geopolitical tensions and supply disruptions in the Middle East.

Competitive Pressure for Deposits

While new deposit rates declined sharply in the first half of 2025, some upward adjustments were observed from September 2025 onward as banks competed more actively to mobilise deposits to support stronger private-sector credit growth in the second half of the year. Despite this temporary increase, overall deposit rates remained below prior-year levels, reflecting the broader low-interest-rate environment.

Global and Local Economic Context

It is worth noting that despite the emergence of inflationary pressures in early 2026, deposit rates did not experience a sharp reversal between January 2025 and March 2026. Instead, the market experienced a gradual bottoming-out phase, with rates stabilising toward the end of the period after an extended easing cycle.

This stabilisation phase laid the foundation for the more dynamic market adjustments and repricing pressures that emerged in subsequent months as inflation expectations and global uncertainties further increased.

Lending Rate Movements

Moderation in Lending Rates

Lending rates also adjusted downward during 2025, albeit at a more gradual pace than the sharp reductions observed in 2024. The Average Weighted Lending Rate (AWLR) and the Average Weighted New Lending Rate (AWNLR) both recorded moderate declines during the year, reflecting improved financing conditions and lower benchmark market rates.

Meanwhile, the Average Weighted Prime Lending Rate (AWPR), which remained relatively stable during the first half of 2025, faced upward pressure toward year-end amid a temporary increase in short-term market rates.

This trend was also maintained in the first quarter of 2026, with lending rates remaining broadly stable, reflecting the CBSL's decision to keep the OPR at 7.75% amid improving macroeconomic conditions and still-contained inflation.

The AWLR continued its gradual easing trend into early 2026, declining to approximately 11.62% by the end of February 2026, supported by improved liquidity conditions, lower funding costs, and increased liquidity in the banking sector. Similarly, the AWNLR remained relatively stable at lower levels as financial institutions adjusted lending rates cautiously in line with market conditions.

However, the pace of lending rate reductions moderated compared to 2025. This reflected continued credit risk considerations, cautious lending behaviour by banks, and the temporary upward pressure observed in short-term money market rates during late 2025.

Meanwhile, the AWPR remained relatively firm during the January to March 2026 period, as banks balanced improving liquidity conditions against emerging inflationary pressures and increased private sector credit demand.

Overall, lending market conditions in the first quarter of 2026 reflected a transition from aggressive monetary easing to a more stable, data-dependent interest-rate environment, as financial markets responded to evolving inflation expectations and global uncertainties.

Government Securities Market Developments

Moderation in Government Securities Yields

Sri Lanka's government securities market remained structurally significant during the financial year 2025/26 as the Government continued to rely primarily on domestic financing channels while access to external capital markets remained constrained.

Government securities yields moderated during much of 2025 amid easing inflation, improved macroeconomic stability, stronger fiscal performance, and enhanced investor confidence. Treasury bill yields across all maturities recorded moderate declines during the year, with a more notable easing observed following the policy rate reduction implemented in May 2025.

The domestic fixed-income market also benefited from improved banking sector liquidity, greater policy predictability, enhanced market confidence, improved reserve adequacy, and the continued macroeconomic stabilisation. These conditions supported sustained demand for rupee-denominated government securities and strengthened the efficiency of monetary policy transmission.

Temporary Yield Volatility

Despite the overall downward trend in yields, some temporary volatility emerged toward the latter part of 2025.

Treasury bill yields increased moderately in December 2025 amid market expectations of higher government borrowing requirements linked to post-cyclone recovery expenditure.

However, yields resumed a softer trend during early 2026 as liquidity conditions strengthened further and investor confidence improved.

Treasury bond yields also moved downward despite intermittent fluctuations. Investor appetite remained particularly strong for medium- and long-term maturities, reflecting growing confidence in macroeconomic stability and expectations of a sustained low-interest-rate environment.

Consequently, a significant proportion of Treasury bond issuances during the year were concentrated in medium and longer-tenor instruments.

Yield Curve and Market Dynamics

The secondary market yield curve shifted downward in 2025 compared to end-2024 levels, reflecting declining sovereign risk premiums, improving macroeconomic conditions, and lower inflation expectations.

At the same time, investor sentiment increasingly diversified toward equities, with the Colombo Stock Exchange recording strong gains during 2025. The All Share Price Index (ASPI) reportedly increased by approximately 41.9%, driven by improving economic optimism and stronger domestic investor participation.

Despite stronger equity market performance, the government securities market remained central to Sri Lanka's financial system, serving as the benchmark pricing mechanism for broader capital market activity and monetary transmission.

Domestic Money Market Liquidity

Sustained System Liquidity Surplus

Domestic money market liquidity remained in a sustained surplus position throughout 2025, consistent with the accommodative monetary policy stance maintained by the CBSL. Banking sector liquidity strengthened significantly during the year, with surplus liquidity estimated at approximately Rs. 250–350 Bn by early 2026. This improvement was supported by several factors, including stronger tourism earnings, increased worker remittances,

improved foreign exchange inflows, reduced reliance on monetary financing, open market liquidity operations, and net foreign-exchange purchases by the CBSL.

Gross official reserves also strengthened to above USD 7 Bn by early 2026, supporting exchange-rate stability and reinforcing overall market confidence.

Liquidity Distribution Imbalances

Despite the overall liquidity surplus, uneven liquidity distribution among financial institutions led to temporary market volatility throughout much of 2025.

Foreign banks generally maintained sizeable liquidity surpluses, while several domestic private banks continued to experience comparatively tighter funding conditions. State banks also faced temporary liquidity pressures toward the latter part of the year due to increased government funding requirements related to cyclone relief measures.

These imbalances contributed to periodic deviations of overnight market rates from the policy corridor during the second half of 2025.

Open Market Operations and Liquidity Management

Persistent surplus liquidity eliminated the need for liquidity injections through Reverse Repo Open Market Operations (OMOs), leading the CBSL to suspend such auctions during 2025. However, by early 2026, overall liquidity conditions strengthened further as continued foreign-exchange inflows and reserve accumulation increased excess liquidity within the banking system. As overnight market rates began falling below the policy corridor, the CBSL resumed Repo auctions from February 2026 onwards to absorb surplus liquidity and maintain orderly money market conditions.

The sustained liquidity surplus and improved monetary conditions contributed positively to the functioning of the domestic government securities market by supporting investor demand for Treasury bills and bonds while enhancing the effectiveness of monetary policy transmission.

Strategic Relevance to FCT's Operations

Against a backdrop of moderating yields, improved liquidity conditions, and evolving investor preferences, FCT continued to position itself as an active participant in Sri Lanka's sovereign debt market. The Company's strategic focus during the year centred on:

- Maintaining robust participation in government securities markets.
- Optimising trading performance through tactical yield-curve positioning.
- Strengthening liquidity management capabilities.
- Enhancing investor engagement and market education.
- Supporting market transparency and confidence.
- Aligning operations with evolving regulatory and macroeconomic conditions.

As Sri Lanka's macroeconomic recovery progressed, the Company remained committed to its role as a trusted intermediary within the financial system, connecting capital to the State with integrity, precision, and market expertise while supporting the broader stability and development of Sri Lanka's debt capital markets.



Financial Capital

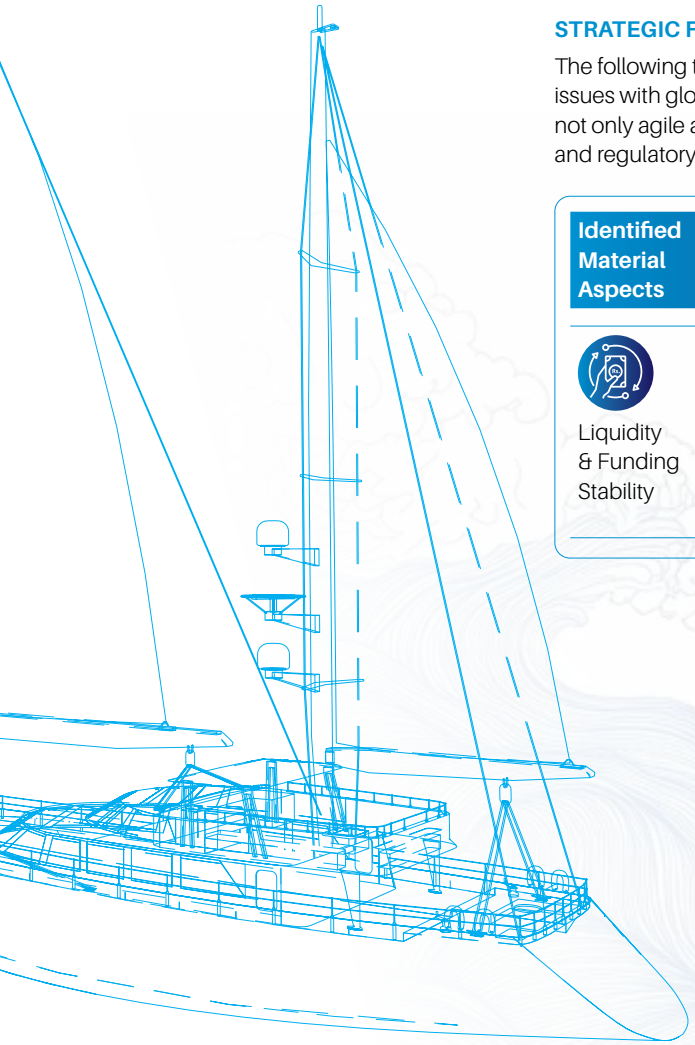
FUELING RESILIENCE: THE ENGINE OF STRATEGIC GROWTH

For First Capital Treasuries PLC (FCT), financial capital is the primary catalyst enabling our active participation in both primary and secondary markets. It represents a dynamic pool of equity and interest-bearing liabilities—primarily repurchase agreements—that allow us to provide vital liquidity to the financial system while delivering risk-adjusted returns to our shareholders. Unlike traditional diversified institutions, our model is defined by rapid turnover, short-duration funding, and high-velocity trading books.

STRATEGIC FOCUS ON FINANCIAL CAPITAL ASPECTS

The following table outlines our strategic framework for financial capital, integrating material issues with global reporting standards. This approach ensures that our capital deployment is not only agile and responsive to market dynamics but also aligned with long-term sustainability and regulatory excellence.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Liquidity & Funding Stability	Ensures the ability to meet short-term obligations and supports primary/ secondary market activities.	201	8 DECENT WORK AND ECONOMIC GROWTH	Utilising a repo-driven funding model to ensure margin stability and liquidity access even during adverse yield movements.



Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Capital Adequacy & Resilience	Provides a buffer to absorb market shocks and maintain regulatory compliance as a standalone primary dealer.	201	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Maintaining a robust equity base and risk reserves to buffer against transitional market and operational risks.
Market Making & Yield Strategy	Drives the ability to manage spread risk and deliver risk-adjusted returns to shareholders.	201	8 DECENT WORK AND ECONOMIC GROWTH	Dynamically reallocating capital based on market depth, rate trends, and auction outcomes through real-time analytics.
Regulatory Compliance	Ensures adherence to CBSL norms, maintaining the licence to operate and investor confidence.	2	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Adhering strictly to CBSL capital and liquidity norms while aligning tax planning and reserve formation for long-term flexibility.
Climate-Related Financial Risks	Addresses emerging transparency requirements and the financial impact of ESG factors.	201-2	13 CLIMATE ACTION	Integrating SLFRS S1 & S2 compliance to manage rising ESG costs and enhance transparency for risk-conscious investors.

Reporting Boundary

- **Geographic Scope:** Our financial capital impact is primarily concentrated within the Sri Lankan domestic market, with our strategic hub at the head office in Colombo. As a specialised standalone primary dealer, our footprint is defined by our integral role in the local financial ecosystem. We operate under the rigorous regulatory oversight of the CBSL and comply with SEC requirements.
- **Organisational Boundary:** The boundary is structured to distinguish between the financial resources FCT manages directly and the broader economic influence it exerts as a market maker.
- **Direct Capital Footprint (Core Relationship Zone):** This represents the entities and stakeholders with whom we have a direct contractual or fiduciary relationship, and where our capital allocation policies have the most immediate impact.
  - **Customers:** Individual retail investors and corporate/institutional entities utilising our repo-funded products and yield-curve solutions.
  - **Regulators:** Direct engagement with the CBSL to ensure capital adequacy, liquidity norms, and market stability.
  - **Shareholders:** Investors in FCT who provide the equity base for sustainable value creation.
- **Extended Value Chain (The Partnership Zone):** Includes stakeholders who support our operational delivery, funding reach, and strategic agility.
  - **Lenders and Financial Partners:** Repo counterparties and bilateral funding providers who supplement our liquidity for tactical trades.
  - **Suppliers and Vendors:** Service providers maintaining our digital infrastructure and the premises supporting our business operations.
  - **Strategic Collaborators:** Partners that support our digital transformation and our commitment to robust risk management frameworks.
- **External Environment (The Influence Zone):** This covers the wider societal and economic impact of our operations, where we contribute as a responsible corporate citizen and market participant.
  - National Economy: Our contribution to market liquidity, secondary market reforms, and the efficient funding of government fiscal requirements.
  - Community: Educational and environmental impact initiatives that benefit from our long-term value creation.
  - Global Standards: Our alignment with international reporting frameworks, including GRI, SASB, and SLFRS S1 & S2 for enhanced transparency.

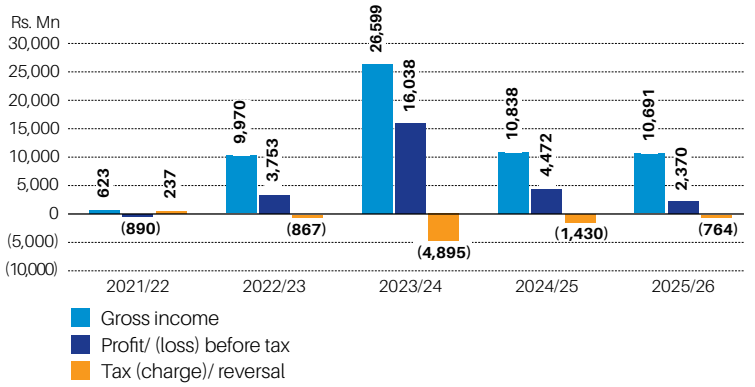
Financial Capital

Stakeholders Most Impacted

Shareholders | Customers | Financial Institutions | Regulators | Business Partners

Indicator	Unit	Status FY2025/26	FY2024/25
Total Income	Rs. Bn	10.69	10.84
Profit Before Tax (PBT)	Rs. Bn	2.37	4.47
Net Trading Income	Rs. Bn	4.61	4.67
Capital Adequacy Ratio	%	24.22	15.55
Total Assets	Rs. Bn	54.79	83.14
Closing Share Price	Rs.	30.70	23.00

Income and Profitability



MANAGEMENT APPROACH: FINANCIAL CAPITAL STRATEGY

The management of financial capital at FCT is governed by an insight-driven, integrated framework of real-time treasury analytics and internal risk-adjusted return models. This data-centric foundation allows the Company to move beyond reactive trading and instead employ scenario-based planning to guide capital allocation. By simulating various economic shifts, we strategically position our portfolio across diverse tenors and yield strategies to protect and enhance margins.

For FCT, our financial capital is more than a mere compliance function; it is a sophisticated strategic engine designed for agility in a volatile interest-rate environment. Our framework is built upon three core pillars.

Strategic Framework for Financial Capital Management



Funding and Liquidity Dynamics: The cornerstone of our operational model is a repo-driven funding strategy. This model is engineered to ensure consistent margin stability and uninterrupted access to liquidity, even during periods of adverse yield movements. By maintaining high-velocity turnover and short-duration funding, we remain responsive to the CBSL's monetary signals.

Dynamic Capital Re-allocation: Capital is never static at FCT. We employ a high-frequency reallocation strategy where financial resources are shifted based on market depth, rate trends, and auction outcomes.

Resilience and Value Distribution: While we strictly adhere to CBSL capital and liquidity norms for standalone primary dealers, our internal benchmarks are significantly more stringent. Our management approach extends to tax planning and reserve formation, ensuring that retained earnings are strategically restricted to build a buffer against market shocks. We also emphasise a disciplined approach to shareholder returns, balancing high payout ratios with the need for capital preservation for future growth.

This integrated framework ensures that First Capital Treasuries PLC remains financially resilient and strategically flexible, enabling us to deliver consistent performance and sustainable long-term value to our shareholders.

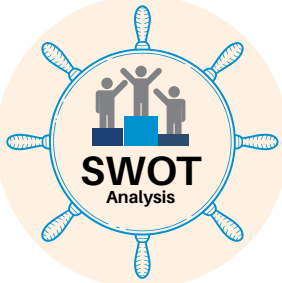
Strategic Alignment: Material Matters and Capital Impact

Management Approach	Material Matters		Link to Capitals Impacted
Dynamic Portfolio Reallocation	Economic Performance & Financial Resilience		**Financial Capital:** Enhanced net interest margins and trading gains through agile positioning in high-yield environments.
			Intellectual Capital: Strengthening of proprietary algorithmic trading models and market-sensing capabilities.
Regulatory Adherence & Buffer Management	Business Ethics, Risk Management & Regulatory Compliance		**Financial Capital:** Robust capital adequacy ratios (CAR) that ensure the stability of the equity base and ability to leverage.
			Social and Relationship Capital: Sustained regulatory trust and institutional credibility through consistent compliance and transparent reporting.
Cost Discipline & Operational Agility	Economic Performance & Financial Resilience		**Financial Capital:** Improved cost-to-income efficiency and increased dividend capacity by streamlining administrative outlays.
			Human Capital: Optimisation of staff productivity through lean operational structures and performance-linked incentives.
Digital Metamorphosis	Digitalisation, Data & Cyber Security		**Financial Capital:** Lowered customer acquisition costs and improved asset velocity through digital-first lead management.
			Social and Relationship Capital: Enhanced stakeholder trust and brand equity via personalised, data-driven interactions and efficient client onboarding.
Integrated ESG Risk Management	Climate Change, Emissions & Environmental Risk		**Financial Capital:** Mitigation of potential stranded asset risks and long-term protection of the balance sheet against climate-driven volatility.
			Social and Relationship Capital: Alignment with global investor expectations and improved transparency with international financial partners.

FINANCIAL CAPITAL VALUE CREATION MODEL

Capital Component	Inputs (Our Resources)	Strategic Transformation (Our Process)	Key Outcomes (Our Impact)	SDG Link
Equity Capital	⁕ Rs. 7.64 Bn in shareholder funds including retained earnings.	⁕ Allocating equity to meet and exceed CBSL capital adequacy requirements.	⁕ A strong balance sheet capable of absorbing market shocks and supporting a credit rating of [A+ (lka)].	
Debt & Funding Capital	⁕ Interest-bearing liabilities, primarily via a high-velocity repo-driven funding model.	⁕ Financing short-duration trading books and managing interest rate spreads across the yield curve.	⁕ Enhanced secondary market depth and efficient funding of government fiscal requirements.	
Trading Capital	⁕ Diversified portfolio of Treasury Bills and Bonds.	⁕ Real-time treasury analytics and scenario-based planning to optimise buy/sell spreads.	⁕ Delivery of Net Trading Income (Rs. 4.61 Bn) and consistent dividend payouts to investors.	
Digital & Intellectual Capital	⁕ Strategic investments in digital infrastructure and proprietary risk models.	⁕ Streamlining customer onboarding and lead management to reduce acquisition costs.	⁕ Lowered operating expenses and improved asset velocity through technological integration.	
Regulatory & Risk Capital	⁕ Risk reserves and internal compliance frameworks.	⁕ Aligning with SLFRS S1 & S2 and GRI standards to manage climate and systemic risks.	⁕ Sustained regulatory confidence and alignment with global ESG reporting standards.	

Financial Capital



Strengths

- **Capital Resilience:** Maintaining a robust capital adequacy ratio of 24.22% supported by high-quality retained earnings.
- **Market Leadership:** Sustained dominance as a premier standalone non-bank primary dealer in the Sri Lankan market.
- **Operational Agility:** High asset turnover enabled by an efficient, repo-funded balance sheet and rapid position rotation.
- **Credit Worthiness:** A+ (Stable) credit rating underpinned by rigorous risk management and transparent and highly ethical treasury operations.

Weaknesses

- **Income Sensitivity:** Concentration of revenue in trading gains and mark-to-market (MTM) fluctuations, creating potential earnings volatility.
- **Margin Pressure:** Risk of narrowing net interest margins (NIM) due to policy rate adjustments and market-wide spread compression.
- **Reduced Arbitrage:** Diminished potential for arbitrage gains during periods where the yield curve remains flat or range-bound.

Opportunities

- **Monetary Easing:** Potential for curve re-steepening and enhanced trading margins as the monetary cycle evolves.
- **Digital Expansion:** Leveraging digital onboarding to access the mass-affluent segment and diversify the funding base.
- **Market Reforms:** Participation in secondary market reforms and structural improvements in the government securities landscape.

Threats

- **Competitive Landscape:** Intensifying pressure from bank-backed primary dealers with larger balance sheets and lower cost of funds.
- **Macro-Fiscal Volatility:** Political and fiscal uncertainties that may impact debt issuance patterns and overall market liquidity.
- **Compliance Overheads:** Increasing costs associated with rising ESG transparency and mandatory SLFRS S1/S2 reporting standards.

SDG	Focus Area	Key Initiatives and Impact
8 DECENT WORK AND ECONOMIC GROWTH	Market Liquidity & Economic Stability	By maintaining a high-velocity, repo-funded balance sheet, FCT ensures continuous liquidity in the government securities market. This supports the state's fiscal requirements and fosters a stable environment for broader economic growth.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Digital Transformation & Financial Infrastructure	Our "Digital Metamorphosis" initiative focuses on digital-first lead management and onboarding. By lowering barriers to entry for mass-affluent investors, we strengthen the nation's financial infrastructure and improve capital market accessibility.
13 CLIMATE ACTION	Climate-Related Financial Transparency	In alignment with SLFRS S1 & S2 and our commitment to PCAF, we are integrating climate-related risk assessments into our financial reporting. This ensures capital is managed with a view to long-term environmental resilience and the mitigation of transition risk.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Regulatory Excellence & Governance	By consistently exceeding CBSL capital adequacy and liquidity norms (24.22% as at 31 March 2026), FCT contributes to the strength and transparency of national financial institutions, reinforcing institutional trust and systemic integrity.

STRATEGIC CONTEXT FOR FINANCIAL CAPITAL VALUE CREATION

The financial year 2025/26 marked a period of measured recovery and tactical repositioning for the domestic fixed income market, supported by improving macroeconomic stability, declining inflationary pressures, and continued progress under Sri Lanka's economic reform agenda. Against this backdrop, the Government securities market experienced increased investor confidence, improved liquidity, and a gradual compression of yields across the curve.

For FCT, these developments created a favourable operating environment for active balance sheet and portfolio management. The Company adopted a disciplined yet opportunistic strategy, selectively positioning its portfolio within the short- to medium-term segment of the yield curve while capitalising on secondary market trading opportunities arising from evolving interest-rate expectations.

The moderation in interest rates during the year generated notable valuation gains on medium- and long-duration government securities, enhancing trading income and strengthening overall portfolio performance. At the same time, improving fiscal discipline reduced domestic borrowing pressures, and progress in sovereign debt restructuring contributed to a decline in perceived sovereign risk, supporting demand for Treasury Bills and Treasury Bonds in both primary and secondary markets.

Within this environment, the Company continued to optimise its capital allocation by balancing liquidity preservation with yield-enhancement strategies. Active duration management and prudent market positioning enabled the Company to capture opportunities arising from yield-curve movements while maintaining resilience against emerging market uncertainties.

Financial capital remained central to the Company's value creation process, underpinning its ability to maintain market participation, manage funding requirements efficiently, and respond dynamically to shifts in monetary and fiscal conditions. Improved market confidence and stronger liquidity conditions also enhanced the Company's capacity to strengthen stakeholder trust, expand market activity, and support sustainable earnings generation.

Nevertheless, the operating landscape toward the latter part of the financial year 2025/26 reflected the gradual re-emergence of external and inflationary pressures, including higher import demand, exchange rate volatility, and evolving global interest rate expectations. These factors reinforced the importance of maintaining a cautious and agile treasury strategy, particularly in managing duration exposure and reinvestment risk in a transitioning interest rate environment.

Against this backdrop, FCT remained focused on preserving capital strength, enhancing portfolio quality, and sustaining long-term shareholder value through disciplined risk management, strategic market positioning, and continued operational agility. The Company's performance reflected these positive developments, despite emerging headwinds toward the close of the financial year.

INCOME STATEMENT ANALYSIS

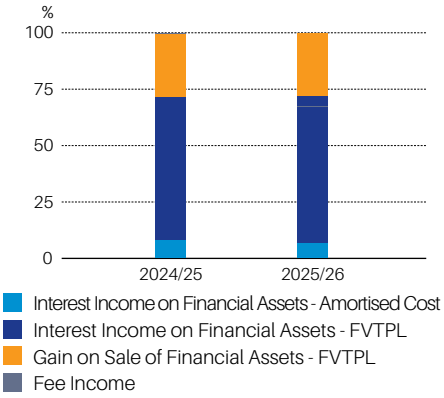
Direct Income

FCT recorded total income of Rs. 10.69 Bn in FY2025/26, compared to Rs. 10.84 Bn in FY2024/25. This decline in income was primarily attributable to lower gains from the sale of financial assets, which decreased to Rs. 2.96 Bn in FY2025/26 from Rs. 3.09 Bn in FY2024/25. This reduction reflects both lower realised price volatility in government securities and a strategic shift away from aggressive interest rate positioning toward a more balanced trading and holding strategy.

Interest income from financial assets at amortised cost also moderated, contributing to a decline in total income, recording Rs. 733.73 Mn in FY2025/26 from Rs. 856.90 Mn in FY2024/25.

Financial assets measured at fair value through profit or loss (FVTPL), however, recorded a moderate increase to Rs. 6.99 Bn in FY2025/26 from Rs. 6.89 Bn in FY2024/25, in line with the decline in market yields and reduced trading spreads.

Direct Income Composition

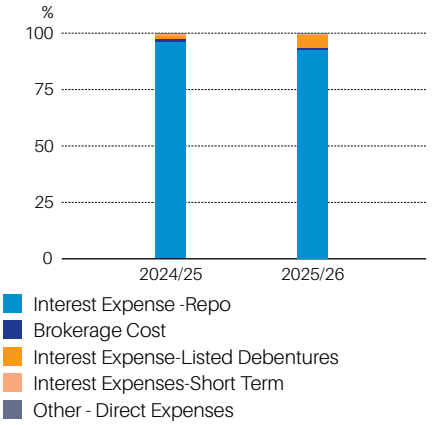


Direct Expenses

Direct expenses declined by 1.40% year-on-year to Rs. 6.08 Bn in FY2025/26, down from Rs. 6.17 Bn in FY2024/25, reflecting a disciplined approach to funding a high-velocity trading book amid a shifting interest rate environment.

Interest expenses on repo borrowings decreased to Rs. 5.62 Bn in FY2025/26 from Rs. 5.92 Bn in FY2024/25. This slight reduction highlights the Company's ability to optimise its repo-driven funding model even as trading volumes remained high. In contrast, interest expenses on listed debentures increased to Rs. 337.32 Mn from Rs. 81.58 Mn in FY2024/25, primarily due to the timing of coupon payments prior to the successful redemption of the Rs. 750 Mn debenture stock.

Direct Expense Composition



Financial Capital

Furthermore, operational efficiency was evident in the management of variable costs/Brokerage expenses declined by a substantial 32.68% to Rs. 74.29 Mn in FY2025/26, compared with Rs. 110.36 Mn in FY2024/25, signalling a shift towards more cost-effective execution strategies. Interest on short-term borrowings declined by 41.45% to Rs. 19.78 Mn from Rs. 33.78 Mn in FY2024/25, as the Company leveraged its strong cash position to reduce reliance on more expensive credit lines. Other direct expenses remained relatively stable, collectively ensuring the cost-to-income ratio stayed within a resilient range, supporting sustainable shareholder returns.

Net Trading Income

Net trading income for FY2025/26 amounted to Rs. 4.61 Bn, representing a decline from Rs. 4.67 Bn recorded in FY2024/25. The contraction reflects lower trading turnover, tighter interest spreads, and reduced market volatility.

Other Income

Other income recorded a significant decline to Rs. 26.55 Mn in FY2025/26, compared to Rs. 54.24 Mn in FY2024/25. The decline was primarily driven by a loss realised on the sale of property, plant, and equipment during the financial year under review.

Interest Income, Interest Expense, and Interest Spread

Total interest income for the year recorded a marginal decline of 0.24% to Rs. 7.73 Bn, compared to Rs. 7.74 Bn recorded in FY2024/25. This reflects the impact of lower market yields and reduced returns on trading assets as interest rates stabilised at the beginning of the financial year.

Interest expenses decreased by 0.83% to Rs. 5.98 Bn from Rs. 6.03 Bn in FY2024/25, due to a declining market interest rate environment which prevailed for the most part of the year, despite the increase in interest expenses on listed debentures.

The average interest spread for FY2025/26 increased to 1.38%, from 1.22% in FY2024/25.

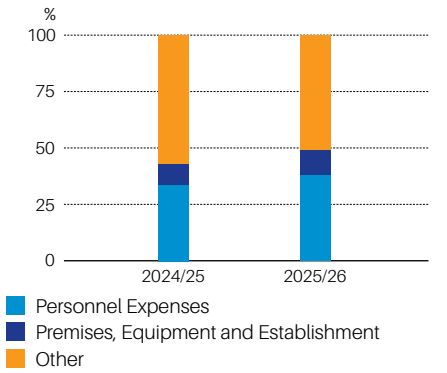
Operating Income

Operating income declined to Rs. 3.11 Bn in FY2025/26 from Rs. 5.35 Bn in FY2024/25, due to lower trading gains and a loss realised on the fair valuation of financial assets recognised through profit or loss.

Operating Expenses

Operating expenses decreased by 15.63% year-on-year to Rs. 743.21 Mn in FY2025/26, compared to Rs. 880.91 Mn in FY2024/25. This decline was due to a marginal reduction in employee performance bonuses; a reduction in premises, equipment, and establishment expenses; and lower Value Added Tax (VAT) and Social Security Contribution Levy (SSCL) expenses on financial services resulting from reduced operating profits.

Operating Expenses



The reduced income and expenses lowered FCT's cost-to-income ratio to 16.03% year-on-year, down from 18.64% in FY2024/25. The Company's continued efforts to manage costs amid rising expenses demonstrate management's focus on operational efficiency and cost discipline.

Profit Before Tax

Profit before tax for the FY2025/26 amounted to Rs. 2.37 Bn, compared to Rs. 4.47 Bn earned in FY2024/25. While earnings moderated from the previous financial year, the results reaffirm FCT's ability to generate strong earnings even in a flatter, less volatile yield-curve environment.

Taxation

The Company recorded a tax expense of Rs. 763.55 Mn for FY2025/26, compared to Rs. 1.43 Bn in FY2024/25, due to lower income levels. The effective tax rate was maintained at approximately 32.22%.

Profit After Tax

Profit after tax stood at Rs. 1.61 Bn for FY2025/26, compared to Rs. 3.04 Bn in FY2024/25. The decline primarily reflects the Loss after Tax of Rs. 28.77 Mn for 4th quarter of 2025/26 after accounting for a fair valuation loss of Rs. 415.68 Mn on its trading securities portfolios.

Despite declining earnings, return indicators remained robust, supported by a strong capital adequacy ratio of 24.22% in FY2025/26, compared with 15.55% in FY2024/25, comfortably above the regulatory minimum of 10.00%.

Dividend Strategy and Capital Management

Following the Annual General Meeting of FY 2024/25, a substantial final dividend of Rs. 5 per share for the previous financial year (2024/25) was paid in October 2025. This significant distribution was executed as a direct result of targeted capital optimisation initiatives to align the Company's capital structure with its operational velocity.

Prior to this, FCT had also distributed an interim dividend of Rs. 2.60 per share in January 2025 for FY2024/25, bringing the total dividend for FY2024/25 to Rs. 7.60 per share—representing a total capital outflow of Rs. 4.68 Bn. This major distribution of accumulated earnings to our investors intentionally recalibrated our capital buffers and, on a year-on-year basis, resulted in a planned decrease in the Company's total equity when comparing the position as of 31 March 2026 with that as of 31 March 2025.

Consequently, for FY2025/26, the Company did not declare a dividend, reflecting a disciplined transition into a consolidation phase to rebuild internal risk reserves and optimise the balance sheet.

Our overarching approach to distributions is directly tied to a broader financial capital management strategy, ensuring a disciplined balance between rewarding shareholders and safeguarding our balance sheet resilience across varying market cycles. This proactive capital adjustment ensures that FCT enters subsequent trading periods with a highly efficient, asset-turnover-focused balance sheet while maintaining robust regulatory compliance as a standalone primary dealer.

MARKET PERFORMANCE AND VALUATION METRICS

The capital markets heavily rewarded FCT's business model and strategic capital decisions during the FY2025/26, driving significant expansion across key valuation benchmarks. Backed by a highly attractive standing on the Colombo Stock Exchange

(CSE), the stock continued to capture strong investor demand, reflecting deep confidence in the Company's structural agility and capacity to sustain shareholder wealth.

The Company's upward valuation trajectory was supported by a broad-based rally across the wider Sri Lankan capital market. FCT's performance aligned with remarkable gains in the benchmark indices, reflecting a highly liquid and revitalised domestic investment landscape.

Share Price

Driven by robust market sentiment and consistent financial delivery, FCT's share price (FCT.N0000) appreciated significantly year-on-year, closing at Rs. 30.70 as of 31 March 2026, up from Rs. 23.00 at the end of the previous financial year.

Price-to-Earnings (P/E)

The market price expansion, coupled with a normalisation of Earnings Per Share (EPS) to Rs. 2.61 (from Rs. 4.94 in FY2024/25), resulted in the P/E ratio shifting to 11.77 times for FY2025/26 from a compressed 4.65 times in FY2024/25. This expansion underscores a strong market re-rating of the Company's sustainable earnings potential.

Price-to-Book Value (P/BV)

Reflecting investors' willingness to pay a premium for FCT's high-yielding asset base, the P/BV ratio rose to 2.47 times as of 31 March 2026, up from 1.55 times in the previous year. This trajectory occurred alongside a planned reduction in Net Assets Per Share to Rs. 12.43 (from Rs. 14.82 in FY2024/25), driven directly by substantial capital optimisation and dividend outflows executed during the year under review.

Premier Standing on the CSE

FCT has further strengthened its position as a highly attractive equity on the CSE, securing a spot on the prestigious "Top 5 Dividend Payer List of the CSE" for two consecutive years. This elite standing is a direct consequence of the Company's exceptional dividend yield. This consistency highlights the structural maturity of FCT's financial capital model, which successfully couples high-velocity trading with peer-leading investor distributions.

Beta values of 0.76 against the ASPI and 0.62 against the S&P SL20 indicate lower share price volatility relative to the broader market, reinforcing the Company's appeal to risk-conscious investors seeking stability and consistent returns.

Market Index	31 March 2026	31 March 2025
All Share Price Index (ASPI)	21,066.18	15,814.82
S&P Sri Lanka 20 (S&P SL20)	5,904.10	4,734.72

Overview of Valuation Indicators

Valuation Metric	FY2025/26	FY2024/25
Market Price per Share (Rs.)	30.70	23.00
Earnings Per Share (Rs.)	2.61	4.94
Price Earning Ratio (Times)	11.77	4.66
Net Assets Per Share (Rs.)	12.43	14.82
Price to Book Value Ratio (Times)	2.47	1.55
Beta (ASPI)	0.76	0.45
Beta (S&P SL20)	0.62	0.42

Strategic Positioning - Income Statement: Transitioning Towards Capital Agility and Flow-Based Resilience

The FY2025/26 financial year represented a critical period of structural consolidation and tactical adaptation for FCT. Navigating a shifting macroeconomic landscape characterised by declining policy rates and stabilising yield curves, the Company deliberately shifted from the opportunistic, high-volatility trading frameworks of previous cycles toward a disciplined, risk-calibrated operating model.

As the broader financial ecosystem transitioned into a more mature phase of the monetary cycle, trading dynamics normalised, secondary-market spreads compressed, and mark-to-market asset revaluation patterns adjusted accordingly. Despite a marginal contraction in top-line performance relative to the previous financial year, FCT demonstrated robust execution capabilities by leveraging active duration management, sharp cost discipline, and agile portfolio rotation across optimal tenors.

Strategically, FY2025/26 has solidified FCT's evolution from an institution primarily dependent on directional market bets to a balanced primary dealer. This transformed model prioritises recurring flow-based income streams, client franchise expansion, and precise capital deployment. By balancing asset velocity with rigorous risk mitigation frameworks, this defensive yet responsive positioning establishes a resilient foundation for sustainable earnings growth and capital appreciation as the monetary easing cycle fully materialises.

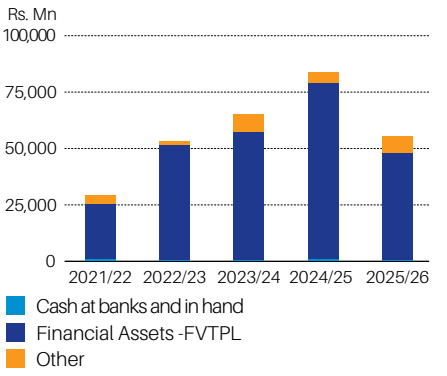
BALANCE SHEET ANALYSIS

Total Assets

The Company's total assets contracted by 34.10% year-on-year to Rs. 54.79 Bn as at 31 March 2026, compared to Rs. 83.14 Bn as at 31 March 2025. This structural reduction was driven by a strategic decision to reduce the Company's trading investments in government securities measured at Fair Value Through Profit or Loss (FVTPL).

Financial Capital

Asset Composition



Key Asset Composition

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL declined significantly to Rs. 47.44 Bn from Rs. 78.11 Bn recorded in FY2024/25. This reduction reflects FCT's increasingly defensive portfolio positioning towards the latter part of FY2025/26, adopted in response to emerging global and domestic macroeconomic uncertainties. In particular, escalating geopolitical tensions in the Middle East heightened concerns over potential disruptions to global energy markets, with possible spillover effects on domestic inflation and interest rate expectations. Against this backdrop, FCT strategically moderated its exposure to mark-to-market-sensitive instruments in anticipation of upward pressure on yields and heightened market volatility.

Amortised Cost Assets

Assets measured at amortised cost increased to Rs. 6.16 Bn from Rs. 3.30 Bn in FY2024/25, indicating the pressure from secondary market's interest-rate increase toward the end of the financial year. Consequently, the company strategically reduced its holding of government securities and the excess liquidity was invested in reverse repos.

Other Operating Assets

Other operating assets comprised a range of operational and supporting assets that contributed to the Company's day-to-day functioning and long-term operational sustainability. These assets included cash reserves, tax-related balances, operational infrastructure, and other receivable-related balances.

Cash and bank balances amounted to Rs. 35.72 Mn in FY2025/26, compared to Rs. 236.10 Mn in FY2024/25. The decline in cash and bank balances reflects the utilisation of liquid resources during the year for operational requirements, investment activities, and portfolio reallocation initiatives. Despite the reduction, the Company maintained sufficient liquidity to support its settlement obligations and short-term working capital requirements.

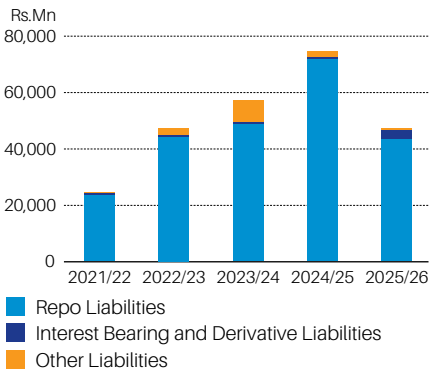
Deferred tax assets stood at Rs. 44.81 Mn in FY2025/26, compared to Rs. 186.81 Mn in FY2024/25. Deferred tax assets primarily arose from temporary differences between accounting and tax treatments recognised during the year under review. The decrease during the year reflects the partial reversal or utilisation of deductible temporary differences and tax losses against taxable income generated during FY2025/26.

Property, plant, and equipment amounted to Rs. 517.80 Mn in FY2025/26, compared to Rs. 604.15 Mn in FY2024/25. Property, plant and equipment comprised land, buildings, office premises, furniture, fittings, and technology-related infrastructure utilised in the Company's operations. During the year, additions and capitalisation activities relating to land and building assets supported the strengthening of the Company's operational infrastructure. The overall movement reflects both new capital expenditure and depreciation charges recognised during the period.

Total Liabilities

Total liabilities declined significantly by 36.31% to Rs. 47.14 Bn in FY2025/26 from Rs. 74.02 Bn in FY2024/25, primarily due to the repayment of repo borrowings during the year. The reduction in repurchase agreement liabilities was aligned with the substantial decline in trading investments in Government securities classified as FVTPL assets, thereby reducing the need for short-term funding through repos. Despite the lower leverage position, FCT maintained a comfortable Tier II capital position, further strengthened through the successful issuance of Rs. 3 Bn in listed subordinated debentures in September 2025.

Liability Composition



Key Liability Composition

Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements (repo liabilities) amounted to Rs. 43.21 Bn in FY2025/26, compared to Rs. 71.48 Bn in FY2024/25, reflecting a significant reduction in short-term funding requirements during the year under review. The decline was primarily driven by the substantial contraction in the trading portfolio, particularly in financial assets classified at FVTPL, thereby reducing the need for repo-backed leverage and maturity transformation activities. Despite the lower repo exposure, these instruments continued to serve as a key source of liquidity and balance sheet funding flexibility.

Short-Term Borrowings

Short-term borrowings were fully settled during FY2025/26, compared to Rs. 806.03 Mn recorded in FY2024/25. The prior year balance reflected the tactical utilisation of bilateral funding lines to support short-term trading liquidity and operational funding requirements.

Payables and Accruals

Key operational liabilities remained well managed during the year, reflecting improved working capital efficiency.

Creditors and other payables declined to Rs. 514.46 Mn in FY2025/26 from Rs. 919.33 Mn in FY2024/25, mainly due to the settlement of outstanding operational and trading-related obligations.

Taxes payable decreased significantly to Rs. 101.61 Mn from Rs. 789.98 Mn in FY2024/25, reflecting the settlement of tax liabilities and lower accrued tax exposures at the reporting date.

Repo Liabilities to Trading Assets

The ratio of repo liabilities to trading assets declined during FY2025/26 in line with the contraction of the trading portfolio and the reduction in short-term leveraged funding. This reflects FCT's more conservative balance sheet positioning amid heightened market uncertainty and evolving interest rate expectations towards the latter part of FY 2025/26. The lower reliance on repo funding reduced liquidity and refinancing risks while strengthening the Company's overall funding profile and capital stability.

The ratio of repo liabilities to trading assets declined to 91.09% during FY2025/26 from 91.51% in FY2024/25.

Total Equity

The Company's total equity decreased by 16.14%, reducing by Rs. 1.47 Bn year-on-year during FY2025/26, closing at Rs. 7.65 Bn as of 31 March 2026. This contraction does not reflect a structural deterioration of FCT's core earnings capability. Rather, it is the direct result of a substantial final dividend payout of Rs. 5 per share for the FY2024/25, which was distributed to shareholders in October 2025 following the Annual General Meeting.

This major distribution, along with an interim payout in the previous financial year, resulted in a total capital outflow of Rs. 4.68 Bn. Executed as a planned capital optimisation initiative, this intentional right-sizing of the equity base aligned FCT's capital structure with a leaner, de-leveraged asset profile, ensuring an efficient return on equity (ROE) while preserving a robust capital adequacy framework well above regulatory requirements.

Strategic Positioning - Balance Sheet: Capital Precision and Proactive De-leveraging

The structure of the FCT balance sheet remains a direct reflection of the efficiency and agility inherent in its primary dealer business model. Following the exceptional growth phase of the previous financial year, the Statement of Financial Position as of 31 March 2026 demonstrates increased balance sheet optimisation, strategic discipline, and a deliberate transition into a risk-calibrated, defensive posture.

Rather than chasing raw balance sheet scale, the Company's management prioritised asset velocity, liquidity resilience, and capital preservation to navigate emerging macro-fiscal shifts and escalating global geopolitical uncertainties.

Asset Optimisation: Tactical Retraction and Risk Mitigation

The composition of the asset base reflects a deliberate and timely strategic repositioning aimed at preserving capital strength amid elevated market volatility and shifting macroeconomic conditions, which became an increasing concern towards the latter part of FY2025/26. This tactical retraction was driven by early signals of potential upward pressure on interest rates, evolving global geopolitical risks, and the associated risk of yield volatility. As a result, the asset mix was actively rebalanced away from trading-intensive positions towards a more conservative structure, thereby reducing sensitivity to short-term market fluctuations.

In parallel, optimising the asset base improved balance sheet resilience by lowering leverage requirements and reducing dependence on short-term funding. This repositioning not only mitigated downside risk from adverse market movements but also enhanced the Company's ability to navigate uncertain interest rate cycles while maintaining financial stability and operational flexibility.

Liability and Funding Agility: Structured De-leveraging

The Company's liability framework was dynamically paired with its leaner asset architecture, allowing FCT to systematically wind down its wholesale funding footprint in tandem with the contraction of its trading book. By aggressively liquidating excess securities sold under re-purchase agreements (Repo Borrowings) and choosing not to roll over unnecessary short-term liabilities, the treasury desk successfully eliminated excess liquidity carry costs while optimising funding efficiency within a softening domestic interest rate environment. This deliberate short-term de-leveraging was paired with a structural long-term fortification of the balance sheet; the successful issuance of Rs 3 Bn in listed, subordinated debentures pivotally enhanced FCT's Tier II capital adequacy profile. By replacing volatile, high-velocity repo liabilities with fixed-term subordinated debt, FCT locked in robust, long-term solvency buffers, giving the trading desk the structural flexibility to exploit opportunistic secondary-market trading blocks without relying on volatile wholesale funding.

Equity Profile: Capital Right-Sizing and Reserve Resilience

The equity structure during the period reflects a planned capital refinement cycle that carefully balanced peer-leading shareholder distributions with strict regulatory compliance. The year-on-year compression in total equity and retained earnings was not a reflection of operational weakness, but rather the direct result of executing substantial post-AGM capital optimisation initiatives, headlined by a major final dividend payout of Rs. 5 per share for the previous financial year. This intentional right-sizing of the equity base matched the leaner asset profile, ensuring a highly efficient Return on Equity (ROE) across changing market cycles. Crucially, despite this significant capital distribution to investors, FCT simultaneously strengthened its mandatory Risk Reserve to Rs. 3.25 Bn. This dual focus on capital agility and reserve accumulation ensures that FCT maintains a robust capital adequacy ratio comfortably above Central Bank thresholds, preserving institutional stability while positioning the firm to capture emerging relative value opportunities.

CASH FLOW ANALYSIS

Operating Cash Flows

FCT experienced a tactical shift in its operating cash cycles during FY2025/26, reflecting the deliberate contraction and de-risking of its core trading book. The Company recorded a net cash outflow from operating activities of Rs. 117.05 Mn, compared to a net cash inflow of Rs. 5.70 Bn in FY2024/25, driven by structural portfolio realignments and extensive liability settlements.

Key drivers of the operating cash cycle included the following.

- Trading Book Liquidation Inflows: The strategic reduction of financial assets measured at Fair Value Through Profit or Loss (FVTPL) released Rs. 29.14 Bn into working capital, completely reversing the cash deployment of Rs. 20.82 Bn into these assets in FY2024/25.
- Core Operating Receipts: Interest receipts and realised gains remained highly resilient at Rs. 10.68 Bn, compared to Rs. 10.83 Bn in the previous year.
- Direct Costs and Personnel Discipline: Interest payments and direct funding costs stood at Rs. 5.00 Bn compared to Rs. 4.79 Bn in FY2024/25, while cash paid to employees and suppliers fell to Rs. 652 Mn from Rs. 793 Mn due to the normalisation of variable incentives.

- Taxation Outlays: Tax compliance remained a major cash application, with income tax paid amounting to Rs. 1.31 Bn during the year, following a substantial tax settlement of Rs. 3.82 Bn in the prior year.

Investing Cash Flows

Net cash movements from investing activities remained highly controlled and minimal during the period. Capital expenditure was directed almost exclusively toward essential infrastructure maintenance, workspace optimisation, and digital treasury upgrades.

Net cash used in investing activities dropped to a minimal Rs. 5.34 Mn, recording a sharp contraction from the Rs. 373.71 Mn deployed in FY2024/25.

This highly disciplined investment blueprint underscores management's strategy to defer non-essential physical capital expansion, locking in maximum liquidity during a volatile market window.

Financing Cash Flows

Net cash flows used in financing activities fell to a lean outflow of Rs. 78 Mn, compared to a heavy financing deployment of Rs. 5.12 Bn in FY2024/25. This was the outcome of a highly synchronised balance sheet restructuring through the issuance of listed subordinated debentures, yielding a major cash inflow of Rs. 3 Bn. This contrasts with FY2024/25, where financing cash was applied to the redemption of a Rs. 750 Mn listed debenture at maturity.

Net Liquidity Position

Due to the substantial settlement of short-term wholesale repo liabilities—which resulted in a cash outflow of Rs. 29.07 Bn from securities sold under re-purchase agreements—the net cash and cash equivalents position contracted by Rs. 200.39 Mn during the year.

Consequently, cash and cash equivalents at the end of FY2025/26 closed at Rs. 35.72 Mn, down from Rs. 236.10 Mn in FY2024/25. This lean balance represents an intentional cash management policy, ensuring zero idle cash drag by keeping all available capital actively turned over within the core interest-bearing liquid security portfolio.

Strategic Context - Cash Flow Perspective

The cash flow performance for FY2025/26 highlights FCT's exceptional treasury agility, disciplined asset-liability matching, and mature capital allocation framework. Rather than indicating operational strain, the massive cash shifts seen throughout the year validate a proactive and successful pivot into a defensive, risk-mitigated posture.

Despite navigating a shifting monetary cycle and unexpected geopolitical headwinds, the Company seamlessly funded a massive Rs. 3.08 Bn final dividend distribution, systematically dismantled Rs. 29.07 Bn in short-term repo liabilities, and fortified its institutional Tier II solvency with a Rs. 3 Bn debenture cushion.

FCT's cash flow profile effectively demonstrates that it can rapidly unlock liquidity from its trading book during periods of market uncertainty. This positioning ensures the firm enters subsequent trading cycles with an incredibly efficient, asset-turnover-focused balance sheet that is highly responsive to emerging relative value opportunities as yield curves stabilise.

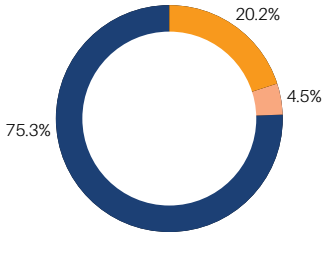
Strategic Roadmap 2026 and Beyond

Horizon	Strategic Objective	Key Actions
Short to Medium Term 	Operational Agility & Market Capture	**Duration Agility:** Execute risk-managed portfolio rotation to capitalise on the easing monetary environment and potential curve re-steepening. **Digital Enablement:** Scale digital onboarding platforms to broaden the client franchise, targeting the mass-affluent segment to diversify and stabilise funding streams.
Medium to Long Term 	Capital Precision & Institutional Resilience	**Balance Sheet Optimisation:** Maintain a leaner debt profile following the debenture redemption while exploring selective bilateral funding to support high-conviction tactical trades. **Regulatory & ESG Integration:** Deepen the integration of SLFRS S1 & S2 and GRI standards into financial workflows to manage transitional risks and meet the transparency demands of global investors.
Long Term 	Sustainable Value Transformation	**Yield Curve Leadership:** Leverage real-time treasury analytics to pioneer new interest-rate solutions and secondary market depth. **Resilient Reserve Building:** Continue the disciplined formation of risk reserves to ensure a high-quality equity base capable of absorbing systemic shocks.

Value Added Statement

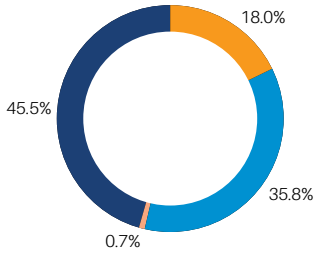
	FY 2025/26 Rs.'000	FY 2024/25 Rs.'000
Income generated	10,690,723	10,837,803
Distributed as follows:		
Shareholders		
Dividends paid and declared to ordinary shareholders	-	(4,678,560)
Debt funding providers		
Interest on other debt instruments issued	(337,318)	(81,583)
Clients		
Interest on other debt instruments issued	(5,640,747)	(5,949,160)
Employees		
Salaries and other benefits	(283,921)	(297,294)
Government		
Income and other taxes	(917,120)	(1,738,554)
Corporate social investment	-	(12)
Suppliers/ service providers including vendors	(312,798)	(322,014)
Total distribution	(7,491,904)	(13,067,177)
Retention for future expansion and growth	3,198,819	Nil

Total Distribution - 2025/26

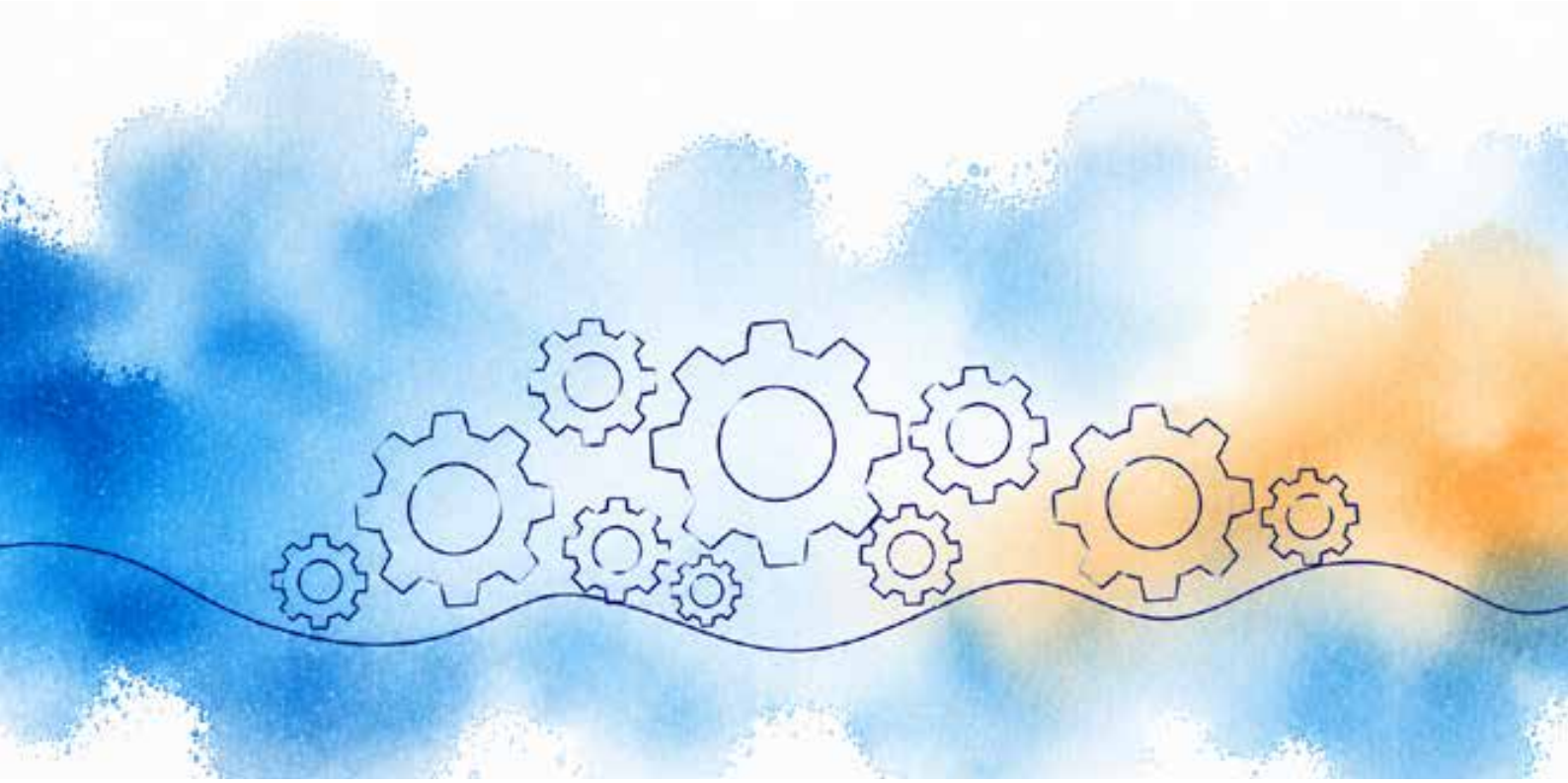


- Employees, Government, Social, Suppliers
- Debt Funding Providers
- Clients

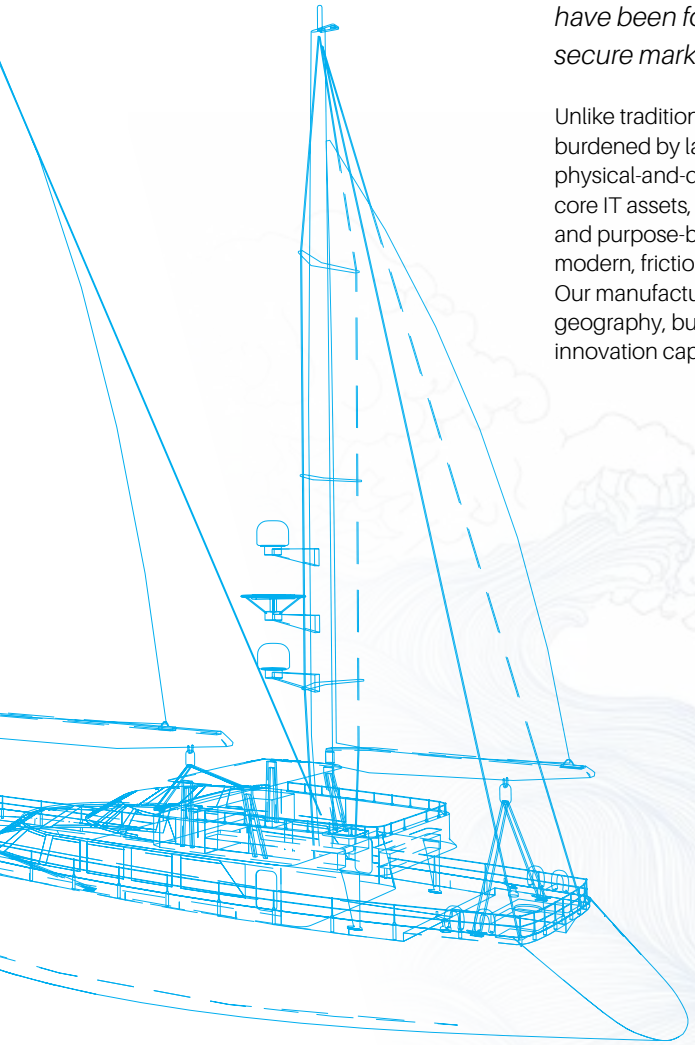
Total Distribution - 2024/25



- Employees, Government, Social, Suppliers
- Shareholders
- Debt Funding Providers
- Clients



Manufactured Capital



SYNTHESISING THE DIGITAL FRONTIER: REFRAMING INFRASTRUCTURE FOR TOMORROW

At First Capital Treasuries PLC (FCT), manufactured capital represents the tangible infrastructure and cutting-edge digital solutions that empower us to deliver superior value to our clients, maintain robust operational resilience, and actively advance our digital transformation agenda. While our physical footprint remains streamlined and centrally managed, our infrastructure investments have been focused on technology-driven service delivery, efficiency, and secure market access.

Unlike traditional banking institutions burdened by large branch networks, FCT's physical-and-digital model leverages core IT assets, client-servicing platforms, and purpose-built systems to deliver a modern, frictionless investor experience. Our manufactured capital is not defined by geography, but by the agility, reliability, and innovation capacity of our digital ecosystem.

Considering these factors, FCT places strategic emphasis on enhancing its manufactured capital through continuous upgrades to both physical and digital infrastructure. We prioritise investments that strengthen our operational backbone, enabling seamless integration of new technologies and fostering a resilient, future-ready platform for service delivery. Our approach ensures that every infrastructure advancement is closely aligned with our broader vision for digital transformation, transparency, and security. By doing so, we maintain both efficiency and adaptability, positioning ourselves to swiftly respond to evolving market demands and client expectations.

STRATEGIC FOCUS ON MANUFACTURED CAPITAL ASPECTS

To ensure our strategy remains relevant, we focus on key material aspects that align with our business model and stakeholder interests. These topics reflect how our physical and digital infrastructure serves as the backbone for sustainable value creation.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Digitalisation, Data & Cyber Security	Driving the dual physical and digital model for speed and convenience.	203	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Investing in industry-first tools such as WhatsApp Bidding and AI Avatar onboarding platforms and FCT Online portal updates.
Economic Performance & Financial Resilience	Leveraging automation to reduce cost-to-serve and enhance scalability.	201	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Planning to leverage Straight-Through Processing (STP) to enhance scalability and operational efficiency, contributing to improved financial performance and resilience.
Customer Experience, Protection & Financial Inclusion	Democratising access for retail and mass-affluent segments through frictionless interfaces.	203	10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Providing trilingual CRM call center to remove geographical barriers.
Business Ethics, Risk Management & Regulatory Compliance	Supporting national stability via robust market infrastructure.	201	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Maintaining high-availability systems integrated with CBSL RTGS to ensure 100% transparency.

Reporting Boundary

- **Geographic Scope:** Primarily focused within the Sri Lankan domestic market. This reflects our strategic footprint as a leading Primary Dealer dedicated to strengthening the local financial ecosystem. While our physical assets are centralised, our digital infrastructure extends our reach to investors across the island, transcending traditional geographical barriers.
- **Organisational Boundary:** Includes all direct operations where FCT exercises full financial and operational control. This encompasses:
  - **The FCT Head Office:** Our central hub for governance, strategy, and high-touch relationship management.
  - **Associated Operational Hubs:** Critical physical infrastructure and data centres that house our core servers and communication systems.
  - **Proprietary Digital Platforms:** The full suite of FCT-managed digital assets, including our mobile applications, web portals, and secure transactional gateways.

Manufactured Capital

Stakeholders Most Impacted

Customers | Employees | Business Partners | Suppliers | Regulators

OVERVIEW OF KEY INDICATORS

Indicator	Unit	Status FY2025/26	FY2024/25
Property, Plant and Equipment (PPE) - Carrying value	Rs. Mn	518	604

MANAGEMENT APPROACH: MANUFACTURED CAPITAL STRATEGY

FCT takes a management approach which is predicated on the belief that manufactured capital is no longer defined by physical brick-and-mortar presence but by the resilience and scalability of our digital ecosystem. We operate a high-performance infrastructure designed to democratise access to government securities while maintaining the institutional integrity required of a market leader. Therefore, we manage our manufactured capital with a long-term focus on resilience, digital readiness, and client-centric innovation.

Strategic Framework for Manufactured Capital Management



Technology Investment
Building scalable, secure infrastructure to support growth

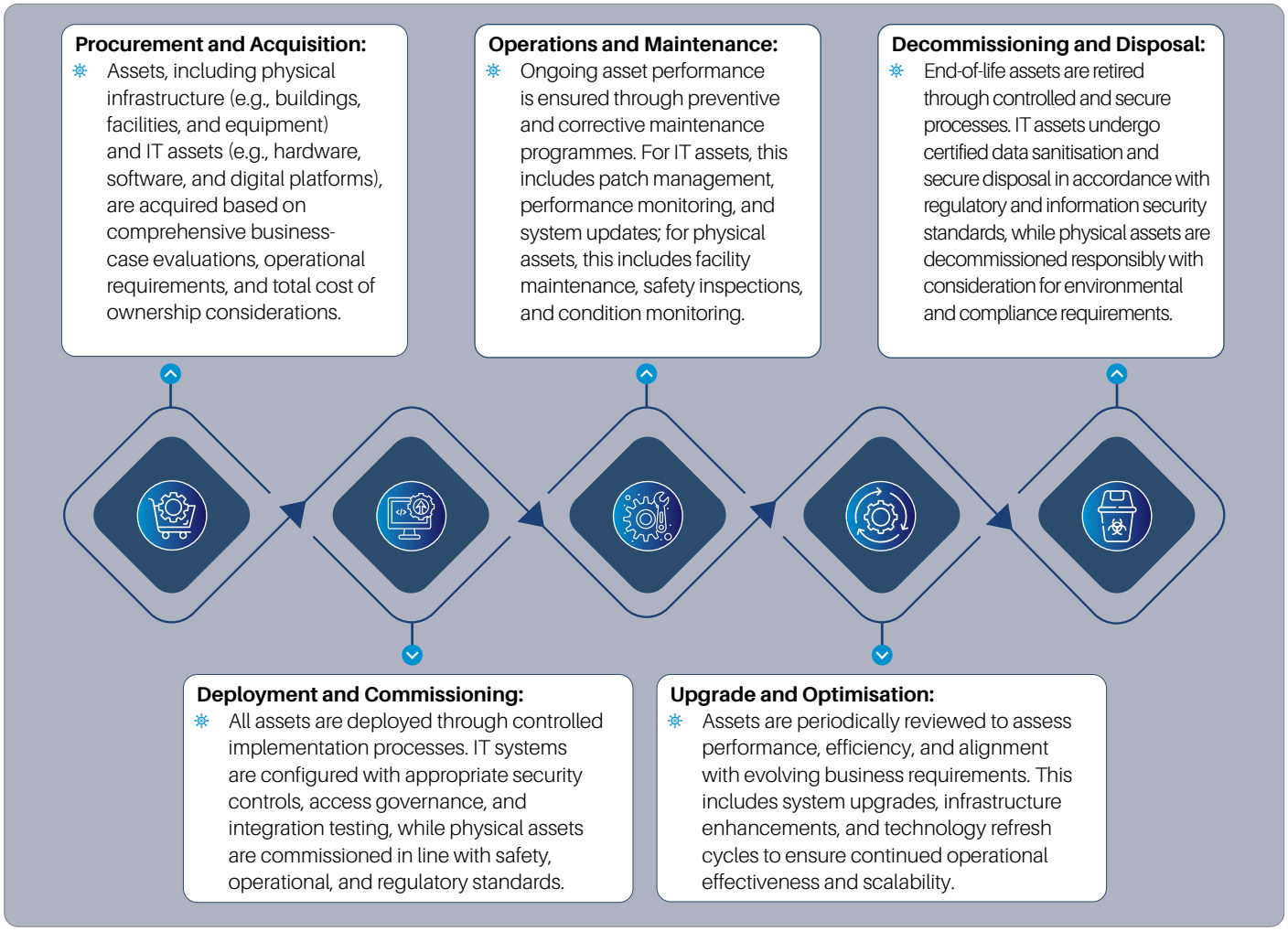
Client-Centric Design
Offering hybrid channels (assisted and self-service) to meet diverse user preferences

Cybersecurity and Continuity
Continuous investment in risk mitigation, disaster recovery, and data protection

Agility
Developing modular systems that adapt to regulatory shifts and investor behaviour

ASSET LIFECYCLE MANAGEMENT: THE FRAMEWORK OF OPERATIONAL EXCELLENCE

To ensure our manufactured assets—both physical infrastructure and technology assets—deliver maximum value throughout their tenure, FCT adheres to a disciplined Asset Lifecycle Management (ALM) protocol that is critical for managing risk, maintaining compliance with SLFRS S1 and SLFRS S2, and ensuring capital efficiency.



By managing our manufactured capital through this life cycle, FCT transforms stationary assets into a dynamic engine for creating greater social and relationship capital value. This structured approach ensures that every Rupee invested in technology directly translates into a more secure, transparent, and accessible financial market for our stakeholders.

Strategic Alignment: Material Matters and Capital Impact

Management Approach	Material Matters	Capital Impact
Digital-First Strategy	⁘ Digitalisation, Data & Cyber Security ⁘ Customer Experience, Protection & Financial Inclusion	**Manufactured Capital:** Scalable digital platforms and onboarding infrastructure enabling efficient, accessible service delivery. **Intellectual Capital:** Enhanced proprietary systems, automation, and data-driven processes. **Social and Relationship Capital:** Improved customer access and engagement through mobile-first, inclusive platforms.

Manufactured Capital

Management Approach	Material Matters	Capital Impact
Operational Excellence	⁕ Economic Performance & Financial Resilience ⁕ Customer Experience, Protection & Financial Inclusion	**Manufactured Capital:** Optimised operational processes through automation and Straight-Through Processing (STP), reducing cost-to-serve and improving scalability, which is yet to be implemented. **Financial Capital:** Enhanced margins and cost efficiencies supporting financial resilience. **Human Capital:** Increased workforce productivity through reduced manual intervention.
Infrastructure Resilience	⁕ Digitalisation, Data & Cyber Security ⁕ Business Ethics, Risk Management & Regulatory Compliance	**Manufactured Capital:** Resilient IT infrastructure ensuring high system availability, secure transactions, and business continuity. **Intellectual Capital:** Strengthened cybersecurity frameworks, data governance, and risk management systems. **Social and Relationship Capital:** Reinforced stakeholder trust through secure and reliable platforms.
Ecosystem Enablement	⁕ Industry Partnerships & Collaborations ⁕ Community Development & Societal Impact	**Manufactured Capital:** Digital platforms enabling integration with partners and supporting broader financial ecosystem participation. **Social and Relationship Capital:** Strengthened partnerships and contributions to national financial inclusion and digitalisation.

MANUFACTURED CAPITAL VALUE CREATION MODEL

Capital Component	Inputs (Our Resources)	Strategic Transformation (Our Process)	Key Outcomes (Our Impact)	SDG Link
Digital Ecosystem	⁕ Proprietary bidding software ⁕ AI Avatar onboarding tech ⁕ Cloud-aligned backend	⁕ Rapid deployment of market-first tools (e.g., WhatsApp bidding). ⁕ Reducing manual intervention in trades via STP integration. To be completed.	⁕ Zero-barrier entry for retail investors. ⁕ Ability to handle high transaction volumes with zero latency.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES
Physical Infrastructure	⁕ Centralised Head Office ⁕ Modern CRU operational hub ⁕ Redundant server hardware	⁕ Maintaining a lean, high-efficiency physical footprint. ⁕ Rigorous maintenance and disaster recovery testing.	⁕ 100% uptime for critical market-facing systems. ⁕ A strong environment for data security and asset protection.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Client-Facing Interfaces	⁕ FCT Online portal ⁕ New mobile application ⁕ Integrated CRM system	⁕ Using data analytics to personalise client service delivery. ⁕ Blending digital ease with human expert support for omni-channel delivery.	⁕ Faster onboarding and real-time confirmations for enhanced satisfaction. ⁕ Reaching untapped segments via trilingual digital tools.	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Operational Governance	⁕ Asset Lifecycle Framework ⁕ Cybersecurity protocols ⁕ Digital-first internal policies	⁕ Lifecycle management from secure procurement to ethical decommissioning. ⁕ Moving all core KYC to digital formats.	⁕ Zero conduct breaches or data leaks.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS



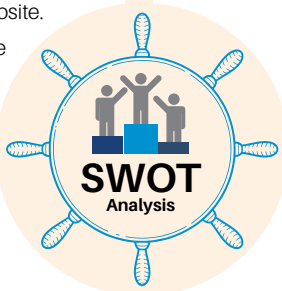
Strengths

- **Agile Digital Ecosystem:** High-performance infrastructure purpose-built for specialised primary dealer functions, allowing for faster deployment of updates than legacy systems.
- **Proprietary Onboarding & Bidding:** Secure, industry-first digital platforms (WhatsApp bidding/e-KYC) that create a frictionless entry point for investors. Onboarding through the "Avatar Solution" and enhanced customer experience through new website.
- **Technology Resilience:** Award-winning infrastructure governance that ensures high availability and disaster recovery readiness for critical market operations.



Weaknesses

- **Niche Physical Footprint:** A streamlined physical presence that may limit high-touch service accessibility for traditional segments compared to universal banks.
- **Digital Reach Constraints:** While growing, digital penetration is currently lower than that of larger, diversified financial conglomerates with massive retail marketing budgets.
- **Integration Complexity:** The ongoing challenge of ensuring seamless, real-time data flow between legacy support systems and cutting-edge front-end interfaces.





Opportunities

- **First-Mover Advantage:** Capitalising on our lead in low-friction, digitally-led transactional solutions to capture the tech-savvy retail and mass-affluent market.
- **AI-Driven Personalisation:** Integrating AI avatars and advanced analytics into the CRM to offer hyper-personalised service and predictive investment insights.
- **Vertical Value-Chain Integration:** Creating an end-to-end digital journey by integrating onboarding, trading, and compliance into a single, unified platform.



Threats

- **Competitive Erosion:** Rapid technological catch-up by bank-affiliated Primary Dealers (PDs) who possess larger capital pools for R&D.
- **Evolving Cyber-Threat Landscape:** Increasing sophistication of global financial cyber-attacks requiring continuous and costly security infrastructure upgrades.
- **Regulatory Volatility:** Potential shifts in the Central Bank of Sri Lanka (CBSL) or SLFRS standards that may necessitate significant and rapid infrastructure reconfiguration.

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG	Focus Area	Key Initiatives and Impact
	Enhancing market access through digital infrastructure.	• **Democratising Securities:** Launched industry-first WhatsApp bidding to provide retail and mass-affluent segments with seamless access to government securities. • **Economic Integration:** Real-time integration with CBSL RTGS ensures settlement integrity, supporting national financial stability and investor confidence. • **Trilingual Support:** Broke down language barriers in financial services by providing digital onboarding in Sinhala, Tamil, and English.
	Investing in state-of-the-art fintech solutions.	• **AI-Driven Frontier:** Developing a first-in-Sri Lanka AI Avatar onboarding platform to redefine the digital KYC experience. • **Infrastructure Resilience:** Significant CRM and core system upgrades to handle higher transaction volumes with zero latency. • **Fintech Leadership:** Positioning FCT as a digital benchmark for Primary Dealers, driving industry-wide adoption of a seamlessly combined physical and digital service models.
	Promoting inclusive financial access.	• **Mobile-First Inclusion:** Reducing the "digital divide" by providing low-bandwidth, high-accessibility tools like WhatsApp transactional bidding. • **Geographic Neutrality:** Ensuring investors in rural areas have the same infrastructure access and execution speed as those in urban financial hubs. • **Retail Empowerment:** Lowering the barrier to entry for the mass-affluent segment through automated, user-friendly digital portals.
	Ensuring transparency, security, and ethical governance.	• **Cybersecurity Governance:** Elevated cybersecurity to a material matter with Board-level oversight to protect client data and financial integrity. • **Transparent Bidding:** Digital audit trails in the WhatsApp bidding and online portal ensure zero conduct breaches and full regulatory compliance. • **Institutional Resilience:** Strengthening the technical backbone of the Primary Dealer system to safeguard the domestic financial ecosystem.

Manufactured Capital

DIGITAL INFRASTRUCTURE AND OPERATIONAL PLATFORMS

The financial year 2025/26 marked a significant advancement in FCT's manufactured capital, driven by strategic enhancements to digital infrastructure, client-facing platforms, and core operational systems. These investments have strengthened scalability, improved operational efficiency, and enabled seamless service delivery across all customer touchpoints.

AI-Enabled Onboarding Platform

In a pioneering development within the Sri Lankan financial sector, an AI-avatar-based onboarding solution was introduced towards the end of March 2026. This platform enhances the digital Know-Your-Customer (KYC) process by delivering a more intuitive, accessible onboarding experience, thereby improving client acquisition efficiency and reducing friction.

Integrated Web and Mobile Ecosystem

A fully redesigned corporate website and a high-performance mobile application were launched, establishing a unified, secure, and scalable interface for investor engagement. These platforms enhance accessibility while supporting increased transaction volumes and enhancing the value of the Company's manufactured capital assets.

Enhanced Digital Portals and CRM Systems

Online portal and Customer Relationship Management (CRM) systems have enabled improved process automation, advanced client segmentation, and real-time transaction visibility, strengthening operational control and service responsiveness.

INFRASTRUCTURE PERFORMANCE AND OPERATIONAL RESILIENCE

The Company's manufactured capital continued to demonstrate strong performance during the year under review, underpinned by the reliability, scalability, and efficiency of its digital and transactional infrastructure. Continuous monitoring, automation, and governance mechanisms ensure that platforms remain resilient, secure, and capable of supporting increasing transaction volumes.

As part of our commitment to system modernisation and Straight-Through Processing (STP), we deployed an automated customer engagement interface during the financial year under review. By synchronising our CRM upgrades with automated onboarding workflows, we have ensured a seamless, low-latency 'Welcome' experience across all client segments—individual, joint, and corporate—thereby strengthening institutional memory and data consistency.

Performance Monitoring and System Reliability

The Company employs a structured performance management framework to ensure optimal infrastructure efficiency and service continuity. These metrics collectively demonstrate the robustness and scalability of FCT's operational infrastructure, while supporting continuous optimisation of operational efficiency and system performance.

- **System Availability (Uptime):** Maintained at consistently high levels across core digital platforms, ensuring uninterrupted client access and transaction execution
- **Straight-Through Processing (STP) Rate:** Increased adoption of automated processing across money market transactions, reducing manual intervention and improving execution speed
- **Transaction Latency:** Ongoing reduction in processing and settlement times across auction participation and post-trade workflows
- **Digital Onboarding Success Rate:** Improved conversion efficiency through enhanced digital client onboarding pathways.

System Criticality and Recovery Objectives Framework

Tier	System Category	Key Systems	RTO (Recovery Time Objective)	RPO (Recovery Point Objective)	Business Impact
Tier 1 – Mission Critical	Core business and revenue-generating systems	Trading & settlement, KYC, SWIFT, CBSL connectivity, Active Directory, digital applications	≤ 2 hours	≤ 15 minutes	Direct revenue loss, client impact, potential regulatory breaches, and high reputational risk
Tier 2 – Business Critical	Financial reporting and compliance systems	ERP/General Ledger (GL), AML systems, regulatory reporting platforms	≤ 2 hours	≤ 15 minutes	Significant financial reporting risks and regulatory compliance exposure
Tier 3 – Operationally Critical	Internal operational systems	HRIS (Human Resource Information System)	≤ 24 hours	≤ 24 hours	Impacts operational efficiency and decision-making, but has no immediate revenue impact
Tier 4 – Supporting Systems	Productivity and collaboration tools	Email, collaboration tools, and intranet	≤ 1 hour	Not applicable	Minimal disruption; workarounds are generally available

Client Experience and Continuous Improvement

Real-time analytics and feedback mechanisms are embedded across all digital platforms, including the web portal, mobile application, and client onboarding interfaces. This enables the Company to ensure continuous refinement of user experience (UX), rapid identification and resolution of system inefficiencies, and data-driven enhancements to platform performance. This iterative improvement cycle ensures that manufactured capital investments translate directly into enhanced client outcomes.

Governance and Infrastructure Oversight

A formal governance structure supports the monitoring and optimisation of infrastructure performance. This includes:

- Periodic management reporting on system performance and risk indicators.
- Dedicated Board-level oversight of technology and operational resilience.
- Alignment of infrastructure performance with regulatory requirements and risk appetite frameworks.

These mechanisms ensure that infrastructure development remains disciplined, compliant, and strategically aligned.

VALUE CREATION THROUGH INFRASTRUCTURE INNOVATION

During the financial year under review, FCT's two critical manufactured capital investments resulted in significant advancements for the organisation. These strategic initiatives were essential in strengthening digital capabilities and enhancing operational resilience, ensuring

that the Company remains well-positioned to meet both current and future client needs. By focusing on these key areas, FCT demonstrated its ongoing commitment to infrastructure innovation and delivering value to stakeholders.

Digital Treasury Access via Messaging Platforms



The Innovation:

Introduction of a tri-lingual, messaging-based treasury bidding channel, integrated with real-time settlement systems for seamless post-trade processing.

The Impact:

This platform enhanced execution speed, expanded access to a broader investor base, and strengthened operational integrity through automated audit trails and embedded compliance controls.

Core Processing and STP Enablement



The Innovation:

Enhancement of core processing architecture to enable end-to-end Straight-Through Processing (STP) across money market transactions. This is yet to be implemented.

The Impact:

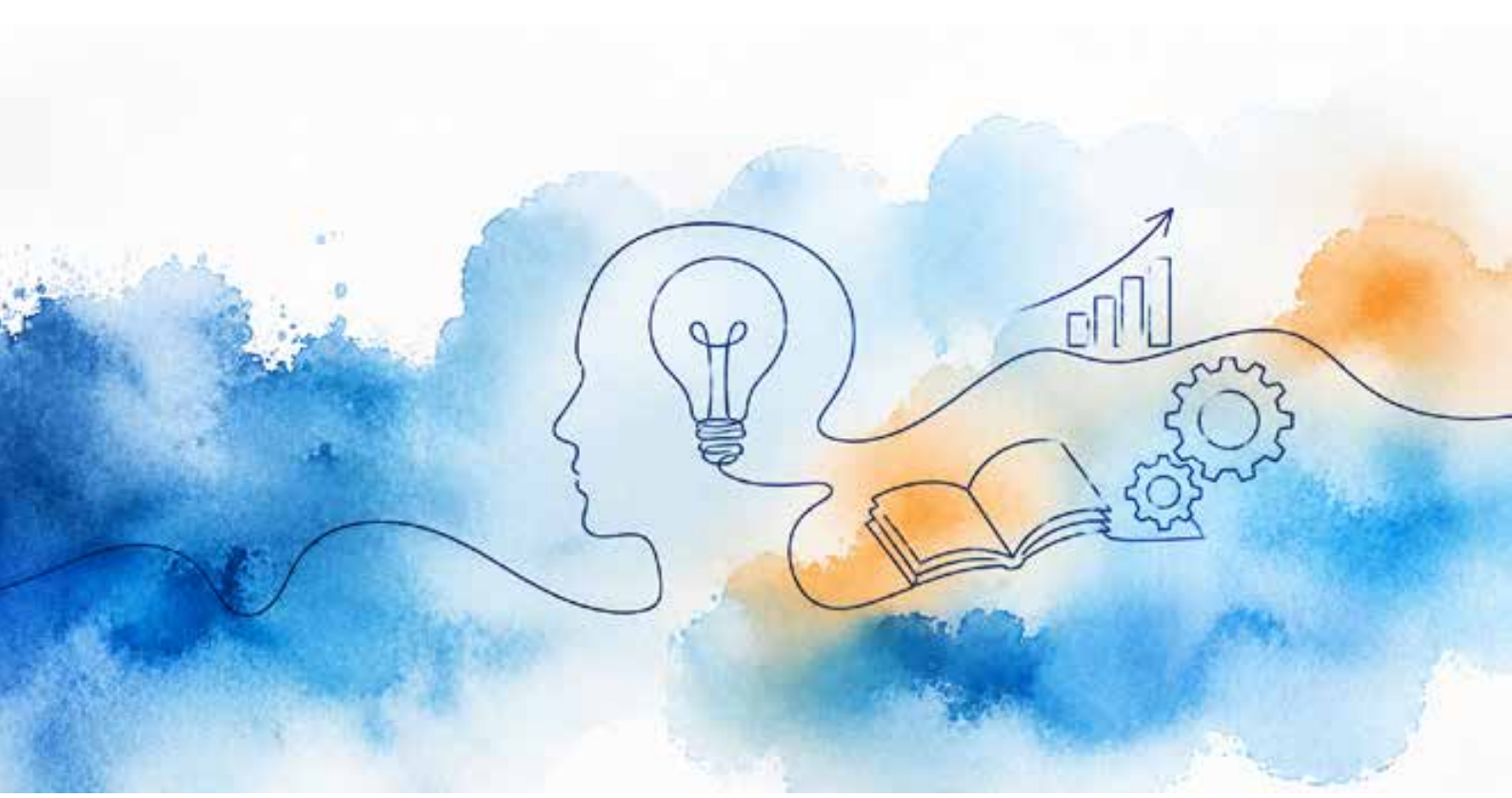
This resulted in reduced manual intervention, lower operational risk, and improved transaction turnaround times, reinforcing the Company's resilience and efficiency as a primary dealer and market intermediary.



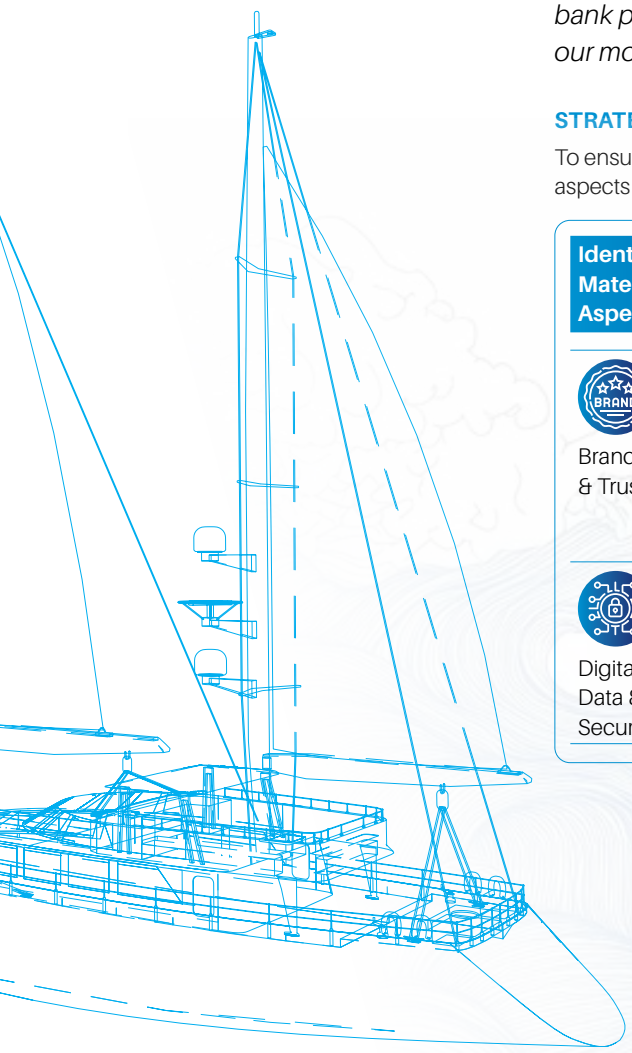


STRATEGIC ROADMAP 2026 AND BEYOND

Horizon	Strategic Objective	Key Actions
Short to Medium Term	Operational Readiness and Data Governance Intelligent Automation Digital Frontier Expansion	⁕ **Diagnostic Review:** Conduct a comprehensive audit of resource efficiency and material environmental dependencies across our data centres and physical hubs. ⁕ **Enhanced Cybersecurity:** Implementation of next-generation threat detection tools/ software to safeguard FCT's digital borders. ⁕ **System Reliability Uplift:** Strengthening mapping of technical resilience initiatives to the UN SDGs, focusing on infrastructure stability (SDG 9) and ethical governance (SDG 16). ⁕ **Platform Evolution:** Full scale-up of the AI Avatar onboarding platform to humanise digital KYC and drive retail adoption. ⁕ **Feature Expansion:** Enhancing the WhatsApp transactional tool to include secondary market trading functionality, broadening the product suite beyond primary auctions.
Long Term	Infrastructure Elasticity and Resilience Predictive Security	⁕ **Hybrid-Cloud Migration:** Full migration of core workloads to ensure regional scalability and unmatched uptime. ⁕ **AI-driven Cybersecurity:** Implementation of next-generation, AI-driven threat detection to safeguard FCT's digital borders against evolving cyber risks. ⁕ **AI-Driven Security:** Implementation of next-generation, predictive threat detection to stay ahead of the evolving cyber-risk landscape. ⁕ **Autonomous STP:** Achieving a fully paperless, automated end-to-end value chain with near-zero latency.



Intellectual Capital



THE ARCHITECTURE OF INTELLIGENCE: CATALYSING VALUE THROUGH INTELLECTUAL CAPITAL

Intellectual Capital is the primary engine of strategic differentiation for First Capital Treasuries PLC (FCT). It transcends physical assets, encompassing our brand equity, proprietary digital frameworks, and the institutional wisdom that allows us to navigate volatile debt markets with precision. As a leading non-bank primary dealer in Sri Lanka, we have found that our intangible assets are our most resilient source of competitive advantage.

STRATEGIC FOCUS ON INTELLECTUAL CAPITAL ASPECTS

To ensure our intellectual capital creation strategy remains relevant, we focus on key material aspects that align with our business model and stakeholder interests.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Brand Equity & Trust	Enhances market differentiation and lowers the cost of funds through institutional credibility.	2-1	8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS	Strengthening brand awareness via thought leadership, "always-on" digital media, and PR initiatives.
Digitalisation, Data & Cyber Security	Safeguarding institutional integrity and client trust.	418	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Implementation of Board-level risk integration and technical resilience through ISO 27001 certification.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Data Privacy & Integrity	Maintaining reputation through digital audit trails.	418	16	Ensuring all transactions are backed by secure logs and that Data Loss Prevention (DLP) protocols are up to date.
Customer Experience & Protection	Drives customer acquisition and loyalty in a competitive primary dealer market.	417-418	8, 10	Adoption of AI-avatar-based onboarding and strict adherence to CBSL advertising protocols.
Business Ethics, Risk Management & Regulatory Compliance	Preserves our "Licence to Operate" and ensures long-term financial resilience.	2-23 2-27 205	12, 16	Monthly "Marketing Cycle" reviews and MANCO-level oversight of all governance frameworks.
Proprietary Knowledge & Research	Provides a competitive edge in bid positioning and investment advisory.	2-1	8, 9	Leveraging First Capital Research's macroeconomic insights to inform investor strategy and liquidity management.

Reporting Boundary

- **Geographic Scope:** Primarily focused on the Sri Lankan domestic market, centred at our head office in Colombo. This reflects our footprint as a specialised primary dealer within the local financial ecosystem, governed by the Central Bank of Sri Lanka (CBSL) and the Securities and Exchange Commission (SEC).
- **Organisational Boundary:** Includes all direct intellectual capital operations where FCT exercises full financial and operational control. This encompasses our proprietary trading strategies, digital platforms, and the institutional knowledge held by our specialised team.
- **Direct Intellectual Capital Footprint**
  - Brand and Credibility: Full management of FCT's brand equity, Superbrand status, and compliance with CBSL advertising protocols.
  - Data Security: Total oversight of the ISO 27001-certified IT environment and updated Data Loss Prevention (DLP) policies.
- **Value Chain Boundary**
  - **Upstream:** Alignment with First Capital Group-wide research infrastructure, shared IT governance, and cybersecurity frameworks (Microsoft Intune, EDR, PAM).
  - **Downstream:** The impact of our digital portals, financial literacy initiatives, and market insights on client trust and national market liquidity.
  - **Regulatory:** Adherence to global financial messaging standards and strict engagement with statutory regulators to maintain institutional trust.

Intellectual Capital

Stakeholders Most Impacted

- Customers
- Employees
- Financial Institutions
- Regulators
- Shareholders and Investors

OVERVIEW OF KEY INDICATORS

Key Indicator	Status FY2025/26
Credit Rating (LRA)	A+ (Stable)
System Reliability	Standard Uptime & Zero Downtime
Brand Status	Leading Primary Dealer with a Group overarching Superbrand Status
Digital Onboarding	AI-Avatar Based Platform
Market Visibility	Highest Share of Voice (Radio, Print, Digital)
Reporting Excellence	TAGS Silver/Compliance
Cybersecurity Breaches	Zero Security Breaches
Compliance	ISO 27001
	Full implementation of ISO 20022 (RTGS)

MANAGEMENT APPROACH: INTELLECTUAL CAPITAL STRATEGY

FCT adopts a collaborative yet disciplined approach to managing intellectual capital, ensuring that innovation, governance, and value creation remain closely aligned. This approach is guided by a structured monthly "Marketing Cycle" planning process, with strategic oversight from the Management Committee (MANCO), enabling regular review of marketing, digital, and knowledge-driven initiatives. All technical upgrades are managed through a rigorous change-management process, ensuring that innovation strengthens capabilities without compromising systemic stability or operational resilience.

Our management approach focuses on protecting and enhancing brand equity built on trust, credibility, and investor confidence, while advancing digital innovation to improve the service experience, increase operational efficiency, and reduce acquisition costs. Simultaneously, FCT prioritises preserving institutional knowledge, strengthening risk culture, and embedding long-term resilience across the organisation. This is supported by fostering continuous learning, collaboration, and value stewardship across teams, ensuring intellectual capital value is actively developed, safeguarded, and leveraged to support sustainable growth and competitive advantage.

Strategic Framework for Intellectual Capital Management

Strategic Framework for Intellectual Capital Management



Brand Stewardship:
Leveraging the First Capital Superbrand status and historical track record to drive investor confidence and lower the cost of funds.

Digital Ecosystem & Infrastructure
Converting Group-level IT investments (ERP, RTGS, AI Onboarding) into subsidiary-specific tools that improve transaction speed and security.

Institutional Wisdom & Research
Codifying the expertise of the First Capital Research unit into actionable investment advisory and proprietary trading strategies.

Knowledge Continuity
Transitioning individual expertise into structural capital through documented policies and automated workflows to ensure resilience.

Governance & Resilience
Building a robust defensive architecture through the Three Lines of Defence model ISO 27001 certification, and strict adherence to CBSL advertising protocols to protect against cyber threats while maintaining the highest standards of ethical conduct.

Strategic Alignment: Material Matters and Capital Impact

Management Approach	Material Matters	Link to Capitals Impacted
Resilience & Growth Strategy	⁘ Economic Performance & Financial Resilience	**Financial Capital:** Optimised cost-to-serve via scalable digital bidding and onboarding platforms.
		Intellectual Capital: Enhanced digital proprietary processes and automated workflows.
Ethical Marketing & Compliance	⁘ Business Ethics, Risk Management & Regulatory Compliance	**Social and Relationship Capital:** Improved market accessibility through trilingual call center, mobile-first investor touchpoints.
		Intellectual Capital: Established governance frameworks and ISO 27001 certification.
Digital Transformation	⁘ Digitalisation, Data & Cyber Security	**Intellectual Capital:** Development of AI-avatar-based onboarding and ISO 20022 infrastructure.
		Financial Capital: Reduced operational risk and transaction costs through automation.
Customer Centricity	⁘ Customer Experience, Protection & Financial Inclusion	**Social and Relationship Capital:** Strengthened brand credibility via PR and literacy initiatives.
		Human Capital: Enhanced advisory capabilities of the team to support financial inclusion.
Knowledge & Culture	⁘ Employee Relations, Talent & Workplace Culture	**Intellectual Capital:** Structural knowledge that remains with FCT.
		Human Capital: Represents the collective competence, ethics, and agility of our people. It is the "living" component of our intelligence.

INTELLECTUAL CAPITAL VALUE CREATION MODEL

Capital Component	Inputs (Our Resources)	Strategic Transformation (Our Process)	Key Outcomes (Our Impact)	SDG Link
Client-Facing Interfaces	⁘ FCT Online portal ⁘ New mobile application ⁘ Integrated CRM system	⁘ Using data analytics to personalise client service delivery. ⁘ Blending digital ease with human expert support for omni-channel delivery.	⁘ Faster onboarding and real-time confirmations for enhanced satisfaction. ⁘ Reaching untapped segments via trilingual digital tools.	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Brand & Reputation	⁘ Group Superbrand status ⁘ LMD 100 rankings ⁘ Research track record	⁘ Leveraging Group heritage to build market trust. ⁘ Monthly "Marketing Cycle" reviews and MANCO oversight.	⁘ Enhanced brand equity and market differentiation. ⁘ Highest "Share of Voice" in digital media.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Proprietary Systems & Infrastructure	⁘ ISO 20022-compliant RTGS ⁘ Upgraded Navision ERP ⁘ AI-Avatar onboarding platform	⁘ Standardising financial messaging through MT/MX formats. ⁘ Automating workflows to reduce operational risk.	⁘ Zero downtime and near-instantaneous interbank settlements. ⁘ Scalable operations to support market growth.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Governance & Resilience	⁘ ISO 27001 certification ⁘ CBSL Advertising Protocol ⁘ Updated DLP & PAM	⁘ Integrating Board-level risk oversight into digital deployments.	⁘ Robust cybersecurity with zero reported breaches. ⁘ Full regulatory compliance and ethical marketing.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Intellectual Capital

Capital Component	Inputs (Our Resources)	Strategic Transformation (Our Process)	Key Outcomes (Our Impact)	SDG Link
Institutional Knowledge	❋ First Capital Research Unit ❋ Specialised primary dealer expertise ❋ Risk culture and discipline	❋ Codifying individual expertise into systematic trading strategies. ❋ Continuous training and knowledge sharing across the Group.	❋ Precision in bid positioning and liquidity management. ❋ Informed investment advisory that protects client capital.	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH

Strengths

- **Brand Legitimacy:** Established credibility as a premier licensed primary dealer with an industry-leading track record in government securities.
- **Technological Excellence:** Advanced digital infrastructure (ISO 20022 compliant) and AI-driven capabilities that fortify client trust and operational efficiency.
- **Governance Maturity:** Disciplined reporting frameworks and ISO 27001 certification reflecting a commitment to compliance and risk-awareness.

Weaknesses

- **Segmented Awareness:** Suboptimal brand penetration within the emerging mass-affluent and retail segments, who are unfamiliar with primary dealer advantages.
- **Complexity Perception:** Intellectual barrier where government securities are perceived as more complex than traditional, lower-yield bank savings products.

SWOT Analysis

Opportunities

- **Capital Preservation Trends:** Leveraging our research-backed credibility to capture interest from investors shifting toward low-risk, diversified portfolios.
- **Personalised Analytics:** Using our proprietary AI-onboarding and data analytics to offer tailored investment insights at scale, enhancing the digital user journey.
- **Financial Literacy Leadership:** Positioning FCT as a thought leader to demystify treasury products and convert awareness into market share.

Threats

- **Literacy Gaps:** A persistent lack of capital market literacy hinders brand-building efforts and slows the adoption of sophisticated investment products.
- **Competitive Convergence:** Intense competition from fintechs and large commercial banks leveraging their distribution muscle to enter the treasury space.
- **Macro and Regulatory Volatility:** Shifts in monetary policy or sudden macroeconomic instability can dampen investor sentiment and impact the agility of product innovation.

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

FCT has identified these UN SDGs as the ones most significantly influencing our intellectual capital value.

SDG	Focus Area	Key Initiatives and Impact
4 QUALITY EDUCATION	Institutional Knowledge & Literacy	❋ Leveraging the First Capital Research unit to provide macroeconomic insights and scaling financial literacy programmes to demystify government securities for the public.
8 DECENT WORK AND ECONOMIC GROWTH	Economic Resilience & Market Liquidity	❋ Driving national economic stability through robust primary dealer operations, maintaining an A+ (Stable) credit rating, and ensuring efficient market-making in government debt securities.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Digital Transformation & Security	❋ Adoption of pioneering AI-avatar-based onboarding, implementation of ISO 20022 financial messaging standards, and securing our digital infrastructure with ISO 27001 certification.

SDG	Focus Area	Key Initiatives and Impact
10 REDUCED INEQUALITIES	Financial Inclusion	⁂ Expanding market accessibility through trilingual digital platforms and mobile-first investor touchpoints, ensuring a broader demographic can access low-risk investment products.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ethical Marketing & Resource Management	⁂ Strict adherence to CBSL advertising protocols to ensure transparent communication, alongside the digitisation of workflows to reduce the physical resource footprint.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Governance & Data Privacy	⁂ Maintaining high institutional integrity through Zero-Trust security architecture (EDR, PAM), rigorous digital audit trails, and compliance with regulatory reporting mandates.
17 PARTNERSHIPS FOR THE GOALS	Industry Collaboration	⁂ Active engagement with professional bodies (ICASL) and regulators to enhance the transparency and standardisation of the Sri Lankan capital markets.

SUSTAINED BRAND INVESTMENT AND STRATEGIC VISIBILITY

FCT employs a high-precision brand strategy designed to deepen penetration within institutional and mass-affluent segments, while simultaneously providing scalable, digital-first access for retail investors. This dual-track approach ensures cost optimisation and operational efficiency without compromising our commitment to financial inclusivity.

Market and Brand Overview

During the year under review, FCT's market dominance as a leading non-bank primary dealer was further solidified despite a low-interest-rate environment that challenged customer acquisition across the industry. This was primarily due to the Company's brand reputation, which has become synonymous with digital trust and execution strength, forged through consistent operational excellence and our powerful association with the First Capital Group heritage. Our brand differentiation is built upon three core pillars.

Group Leverage

⁂ Drawing from the broader equity and credibility of First Capital Holdings PLC.

Thought Leadership

⁂ A brand promise backed by a proven track record of macroeconomic research and analysis.

Expertise

⁂ Credibility driven by a high-calibre leadership team and specialised technical knowledge.

Unified Brand Strength, Differentiated Identity

While FCT operates under the First Capital Holdings umbrella, it maintains distinct functional clarity. This "unified in values, differentiated in execution" architecture is a cornerstone of how we create sustainable intellectual capital value for our stakeholders.

- ⁂ **Group Synergy:** FCT leverages the Group's market trust and high-impact media visibility.
- ⁂ **Institutional Depth:** FCT delivers specialised services to sophisticated investors using systems built for precision.
- ⁂ **Seamless Retail Experience:** For retail clients, the FCT interface remains consistent with Group-wide visual standards.

Strategic Marketing Cycle

To ensure brand activities translate into tangible value, FCT utilises a monthly marketing cycle. High-level initiatives are agreed upon at the Management Committee (MANCO) level, followed by rigorous execution of annual and monthly plans.

Key Marketing Strategies for 2025/26

Equity Building	Credibility Enhancement	Strategic Alignment
Utilising "always-on" digital media, Above-the-Line (ATL) advertising, and thought leadership segments.	Leveraging PR initiatives and maintaining a higher Share of Voice across print, and digital platforms.	Directly aligning marketing activities to bolster brand equity and credibility, supporting long-term acquisition and retention goals.

Policy and Governance Updates

To ensure our intellectual capital is protected and ethically deployed, we introduced and updated critical protocols during the year under review.

- ⁂ Advertising Protocol: Fully aligned with the latest Central Bank of Sri Lanka (CBSL) guidelines.
- ⁂ Customer Lead Management: Enhanced internal controls to ensure data integrity and process efficiency.

Intellectual Capital

CREDIT RATINGS AND INSTITUTIONAL TRUST

FCT's market leadership is anchored in a foundation of institutional trust and absolute transparency. This credibility is formally reaffirmed by the strategic credit rating of A+ (Stable) by Lanka Rating Agency (LRA), reflecting the Company's robust financial health and the resilience of our business model as Sri Lanka's premier non-bank primary dealer.

An **A+ (Stable) credit rating** from Lanka Rating Agency enhances FCT's intellectual capital by providing independent validation of the strength of its governance, risk management, financial discipline, and institutional credibility. It strengthens stakeholder confidence, reinforces market reputation, and serves as a trust signal that supports stronger investor relationships and strategic opportunities. As an external endorsement of the organisation's underlying knowledge systems and management capabilities, the rating contributes to intellectual value creation by enhancing credibility, supporting competitive positioning, and reinforcing long-term resilience.

DEBT INSTRUMENT RATING (RS. 3 BN DEBENTURE ISSUE)

To further bolster our capital structure, FCT issued listed, rated, subordinated, unsecured, redeemable debentures with a 5-year maturity.

Instrument Rating	A / Stable
Total Value	Rs. 3 Bn
Purpose	To augment Tier II Capital and enhance the overall capital adequacy buffer, ensuring the Company is well-positioned for future growth.
Investor Options	1. Fixed-Rate Tranches: Options at 12% and 11.66%. 2. Floating-Rate Tranche: 364-Day T-Bill rate + 2.25%.
Ranking	These instruments are subordinated to other creditors but rank senior to equity holders, providing a balanced risk-reward profile for institutional investors.

Risk Profile and Capital Management

FCT maintains a disciplined approach to risk, ensuring that intellectual capital (governance) and financial capital (equity) work in tandem to protect stakeholder interests.

Risk Category	Status/Detail
Credit Risk	**Very Low:** Effectively mitigated by a portfolio almost entirely comprised of government-backed securities.
Market Risk	**Moderate-High:** Managed through proprietary trading strategies to mitigate sensitivity to interest-rate fluctuations.
Funding Profile	**Resilient:** Primarily reliant on repo transactions, which accounted for 91.09% of total liabilities.
Capital Base	**Robust:** Total Equity stood at Rs. 7.65 Bn (as of 31 March 2026), vastly exceeding the regulatory floor of Rs. 4 Bn.

RISK CULTURE AND CONDUCT PROTOCOLS

FCT operates within a rigorous regulatory landscape that demands unwavering commitment to risk governance, ethical conduct, and institutional integrity. As a specialist primary dealer and a listed entity on the Colombo Stock Exchange (CSE), our risk management framework, while being integrated into First Capital Group's overarching governance architecture, is specifically calibrated to the high-velocity requirements of the debt markets.

Strengthening Regulatory and Operational Resilience

Our risk management practices are not static; they are designed for the "High-Resilience" demands of a primary dealer. Key focus areas for the year under review included the following.

- Scenario-Based Reviews: Conducted rigorous stress testing and scenario planning to ensure business continuity during phases of interest rate realignment and macroeconomic volatility.
- Regulatory Alignment: Absolute adherence to the Central Bank of Sri Lanka (CBSL) Code of Conduct for Primary Dealers, embedding fiduciary responsibility and market integrity into every transaction.
- Operational Integrity: Leveraging ISO 27001 and ISO 20022 standards to secure the technical infrastructure that underpins our risk-taking capacity.

Institutionalising Ethical Conduct

Conduct at FCT is managed as a core component of our intellectual capital. We believe that a workforce that internalises ethical standards is more resilient and more trusted by the market.

Fiduciary Duty	Formally embedded "Client-First" thinking through structured leadership reinforcement and staff training.
Whistleblowing & Integrity	Robust protocols and conflict-of-interest disclosures overseen by the Board to maintain transparency.
Market Discipline	Continuous engagement with the SEC and CSE to uphold the responsibilities of a listed entity.
Behavioural Discipline	Annual mandatory training on market ethics, ensuring honesty, fairness, and professionalism in all market dealings.

Safeguarding Reputation

This integrated risk and conduct framework enables FCT to fulfil our market-making role with precision and responsibility. By institutionalising these ethical benchmarks, we protect our customers, safeguard our hard-earned reputation, and contribute to the overall stability of Sri Lanka's government securities market. Our risk culture is not just a defensive measure; it is a strategic differentiator that affirms FCT as the "Gateway of Trust" for institutional and retail investors alike.

AWARDS, ACCOLADES, AND ACCREDITATIONS

FCT's commitment to transparency and excellence was recognised through several prestigious accolades during the financial year 2025/26, reinforcing the strength of our intellectual capital and supporting long-term value creation. These recognitions validate the quality of our expertise, governance practices, innovation, and brand reputation, enhancing stakeholder confidence and strengthening market credibility. They also contribute to intellectual value creation by differentiating FCT in a competitive landscape, elevating trust in our institutional capabilities, attracting strategic opportunities, and affirming the effectiveness of our knowledge-driven approach to delivering sustainable growth. Further, these accolades serve as external endorsements of the systems, processes, and professional competencies that underpin our ability to create, preserve, and scale value over time.



TAGS Awards (CA Sri Lanka): *Received Silver Award in the Other Financial Services Category and the Certificate of Compliance on Integrated Reporting at the TAGS Awards (CA Sri Lanka) for the 2024/25 Annual Report.*

CULTIVATING INSTITUTIONAL WISDOM

GRI 404

In a rapidly digitising and increasingly complex financial landscape, FCT views the continuous expansion of its knowledge base not merely as an HR function, but as a critical investment in intellectual capital. By codifying individual expertise into institutional wisdom, we ensure that our competitive advantage is both proprietary and permanent.

In line with this thinking, we focus on moving beyond individual skill-building to creating institutional knowledge, ensuring that market insights and technical proficiencies are embedded in our corporate beliefs. To support these efforts, the Company provides our employees access to specialised learning and development initiatives.

Specialised Certifications and Global Benchmarks: We facilitate and fund access to global standards, including advanced Treasury Certifications. This ensures our team operates at the forefront of market expertise, directly enhancing our proprietary trading models and the quality of our investment advisory.

Sustainability and Compliance Literacy: To ensure full alignment with SLFRS S1 and SLFRS S2, our professionals undergo continuous training to integrate ESG considerations into our core trading and risk management functions. This intellectual shift allows us to anticipate regulatory transitions and manage climate-related financial risks with superior foresight.

Technical Resilience: Training programmes offered to employees extend to digital proficiency, ensuring our team can leverage the ISO 20022-compliant RTGS and AI-driven platforms to their full potential, thereby reducing operational risk and enhancing process efficiency.

Group-to-Subsidiary Technology Transfer and Customisation

FCT leverages the First Capital Group's robust technological ecosystem, adapting enterprise-grade infrastructure to the specialised, high-velocity requirements of a licensed primary dealer. This synergy ensures that FCT operates with financial-grade resilience and global technical standards.

DIGITAL TRANSFORMATION AND MARKET LEADERSHIP

The financial year 2025/26 marked a pivotal shift in embedding technology into the core of FCT's market-making capabilities, strengthening the Company's intellectual capital and reinforcing its position as a digitally enabled market leader. Strategic investments in digital platforms, process enhancements, and technology-driven solutions improved trading agility, operational efficiency, and decision-making, while supporting faster, more responsive service delivery. These advancements enhanced the organisation's knowledge systems, analytical capabilities, and innovation capacity, enabling FCT to better anticipate market movements, respond to evolving stakeholder needs, and sustain competitive differentiation.

This transformation also contributed to intellectual value creation by deepening institutional expertise, improving the scalability of proprietary processes, and strengthening the digital infrastructure that supports long-term resilience and growth.

Intellectual Capital

By integrating technology more closely with core operations, FCT advanced its ability to create, capture, and leverage knowledge as a strategic asset, further positioning the organisation at the forefront of market leadership in an increasingly dynamic financial landscape.

Key Initiatives FY 2025/26

Real-Time Settlement (ISO 20022): Fully implemented CBSL's RTGS system using both MT and MX messaging formats, aligning FCT with global financial messaging standards and enhancing transaction reliability within the national payment ecosystem.

Industry-First Client Access: Enhanced the WhatsApp-based Treasury bidding solution—an industry first—with trilingual call center and real-time confirmations via CBSL post-trade integration.

Configured for Fixed-Income: Our digital architecture, spanning e-KYC, CRM, and WhatsApp-based bidding, is uniquely configured for fixed-income workflows.

CYBERSECURITY AND DATA PRIVACY

GRI 418 SLFRS S1 & S2

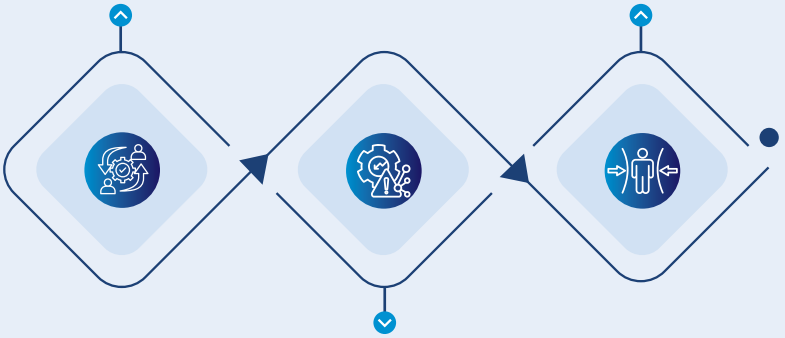
FCT benefits from a Group-wide cybersecurity framework aligned with ISO 27001, under which zero material security breaches were recorded in FY2025/26.

Focus Area	Key Protocols and Controls
Identity & Access	Implementation of Multi-Factor Authentication (MFA) and Privileged Access Management (PAM) to enforce the principle of least privilege.
Endpoint & Network	Deployment of Endpoint Detection and Response (EDR), Data Loss Prevention (DLP), and Web Application Firewall (WAF) for continuous threat mitigation.
Data Protection	Conducted Personal Data Protection Impact Assessments (PDPIA) and established a formal Data Protection Officer (DPO) role.
Monitoring	Centralised log collection and continuous monitoring of firewall and IDS logs to detect and block minor alerts like phishing attempts.

Rigorous Testing and Validation Protocols

Change Management: All system upgrades follow a formal process including risk assessment, staging-environment testing, and post-implementation validation.

Employee Resilience: Employees undergo mandatory annual cybersecurity training, supplemented by periodic phishing simulations.



Vulnerability Management: Independent external firms conduct periodic penetration testing. In the latest cycle, all critical and high-risk findings were resolved and validated.

IT Risk Management and Resilience Framework

FCT's technology risk governance is overseen by the Board Integrated Risk Management Committee (BIRMC), ensuring that IT risks are validated as material enterprise concerns.

- **Business Continuity (BCP/DR):** Core connectivity to CBSL infrastructure and Straight-Through Processing (STP) flows are engineered to support immediate disaster recovery.
- **Privacy Compliance:** In line with local regulations, FCT has implemented a Policy on Personal Data Protection and a strengthened Consent Management process, ensuring absolute transparency in the handling of investor data.
- **Resilience Milestone:** The full integration of ISO 20022 messaging and our zero-breach security record in FY2025/26 cements FCT's position as a vital, secure gateway to the Sri Lankan government securities market.

STRATEGIC ROADMAP 2026 AND BEYOND

Horizon	Strategic Objective	Key Actions
Short to Medium Term	Digital Integration & Market Penetration	⁜ **AI-Driven Engagement:** Execute the full commercial launch and optimisation of the AI-avatar-based onboarding platform to revolutionise customer acquisition and lower cost-to-serve. ⁜ **Financial Literacy:** Scale trilingual educational content and PR initiatives to stimulate market interest and drive customer inquiry, specifically during low-interest-rate cycles. ⁜ **Operational Continuity:** Leverage the Navision ERP upgrade (supported through 2027) to enhance the efficiency of procurement and financial workflows. ⁜ **Advanced Cyber Governance:** Move beyond ISO 27001 by implementing a zero-trust security roadmap that includes enhanced PAM and EDR protocols.
Long Term	Digital Intelligence & Ecosystem Resilience	⁜ **Future-Proofing Expertise:** Pivot workforce development toward "Digital Intelligence," focusing on data analytics and AI-collaboration to complement automated infrastructure. ⁜ **Predictive Advisory:** Integrate First Capital Research insights into automated, real-time investor-alert systems to enable predictive market positioning. ⁜ **Infrastructure Evolution:** Evaluate cloud-native treasury architectures to succeed current on-premise systems, ensuring long-term scalability and national payment ecosystem integration. ⁜ **Knowledge Institutionalisation:** Complete the transition of individual trading expertise into proprietary, codified "Structural Capital" to ensure long-term resilience against talent volatility.







Human Capital



CULTIVATING EXCELLENCE: THE ARCHITECTURE OF OUR PEOPLE STRATEGY

At First Capital Treasuries PLC (FCT), our competitive advantage is not merely found in our balance sheet, but in the collective expertise and ethical rigour of our people. As a primary dealer operating with a lean team of 16 high-performing specialists, we rely on our human capital strategy as the engine of our market credibility. By intertwining the First Capital Group's broader vision with a niche focus on trading, compliance, and operations, we ensure that every individual contributes to the Company's overarching goals.

Our strategic approach to human capital is built on the premise that a highly specialised, 16-member team requires a bespoke management framework. By focusing on the most material aspects of our workplace culture and regulatory environment, we ensure that our human capital remains agile, ethical, and aligned with international sustainability standards. This focus allows us to mitigate operational risks while fostering an environment where niche talent can thrive.

STRATEGIC FOCUS ON HUMAN CAPITAL ASPECTS

To ensure our human capital creation strategy remains relevant, we focused on key material aspects that align with our business model and stakeholder interests for the year under review.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Employee Relations, Talent & Workplace Culture	Vital for maintaining the high-performance culture and retention of our lean, specialised workforce.	401 404	8 DECENT WORK AND ECONOMIC GROWTH	Cultivating a values-led culture that prioritises professional development and employee well-being through the Group HR governance model.
Business Ethics, Risk Management & Regulatory Compliance	Crucial for a Primary Dealer to maintain market credibility and trust with regulators.	2-23 2-27	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Implementing rigorous internal controls and mandatory compliance training to ensure 100% adherence to statutory and voluntary codes.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Digitalisation, Data & Cyber Security	Ensures the team can operate efficiently and securely within an increasingly digital financial landscape.	418	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Investing in continuous digital upskilling and robust cybersecurity frameworks to protect intellectual capital and financial data.
Economic Performance & Financial Resilience	Directly linked to the team's ability to deliver sustainable financial solutions and the group-wide vision.	201	17 PARTNERSHIPS FOR THE GOALS	Aligning performance-driven rewards with the Company's long-term financial health and the broader economic stability of Sri Lanka.

Reporting Boundary

- **Geographic Scope:** Primarily focused on the Sri Lankan domestic market, centred at our head office in Colombo. This reflects our footprint as a specialised primary dealer within the local financial ecosystem, governed by the Central Bank of Sri Lanka (CBSL) and the Colombo Stock Exchange (CSE).
- **Organisational Boundary:** Includes all direct human capital operations where FCT exercises full financial and operational control. This encompasses the 16-member specialised team comprising trading, operations, compliance, and support professionals.
- **Direct Human Capital Footprint**
  - **Employment and Governance:** 100% of the permanent workforce (16 employees).
  - **Remuneration and Benefits:** All direct costs, including EPF, ETF, and gratuity payments.
  - **Safety and Well-being:** Occupational health and safety protocols within the head office environment.
- **Value Chain Boundary**
- **Upstream:** Alignment with the First Capital Group-wide HR governance model and shared technical services.
- **Downstream:** The impact of our team's expertise on market liquidity, client trust, and national economic resilience.
- **Regulatory:** Engagement with professional bodies such as CASL, and statutory regulators.

Stakeholders Most Impacted

Employees · Customers · Regulators · Shareholders and Investors

OVERVIEW OF KEY INDICATORS

Indicator	Unit	Status FY2025/26	Status FY2024/25
Average Training Hours per Employee	No.	21.9	36.1
Turnover Rate	%	17.7%	5.6%
Wellness Workshops Conducted	No.	5	1
Gender Ratio (Male/Female)	%	62:38	67:33

Human Capital

ZERO	ZERO	ZERO	*ZERO*	ZERO
Incidents of non-compliances of labour regulations	Incidents reported in regard to the violation of the right to freedom of association	Incidents of child labour/forced compulsory labour	*Incidents reported on discrimination or harassment at work* [LA]	Incidents reported on Human Rights violations

MANAGEMENT APPROACH: HUMAN CAPITAL STRATEGY

Our management approach is rooted in the First Capital Group-wide HR Governance Model, which provides a standardised framework of trust, accountability, and ethical conduct. For FCT, this model is specifically calibrated to manage a high-stakes, lean professional environment.

Ultimate oversight is maintained by the Board Remuneration Committee and the Nomination and Governance Committee, ensuring that our people strategy is aligned not only with financial goals but also with the Company's long-term sustainability and the interests of our stakeholders.

Strategic Framework for Human Capital Management

Strategic Framework for Human Capital Management



Values-Led Culture
We foster a performance culture where the "How" is as important as the "What," ensuring that every team member embodies our vision.

Niche Talent Management
We employ a rigorous selection and retention process to attract professionals who thrive in a high-integrity, high-output environment, ensuring our "lean team" remains our greatest strength.

Risk Mitigation and Stability
To counter the industry-wide challenge of "brain drain," we invest in competitive remuneration, continuous professional development, and a strong sense of purpose to retain our technical specialists.

Strategic Empowerment
We empower our 16-member team to navigate the "domestic reset," aligning individual KPIs with the Company's strategy to capitalise on market recovery and interest-rate movements.

Strategic Alignment: Material Matters and Capital Impact

Management Approach	Material Matters	Link to Capitals Impacted
Integrated Governance & Compliance	Business Ethics, Risk Management & Regulatory Compliance	**Human Capital:** Fosters professional integrity and cultivates a culture of employee satisfaction. **Social and Relationship Capital:** Builds market trust.
Niche Talent Acquisition & Retention	Employee Relations, Talent & Workplace Culture	**Human Capital:** Maintains specialised expertise. **Intellectual Capital:** Preserves institutional knowledge.
Strategic Capability Building	Economic Performance & Financial Resilience	**Human Capital**: Improves adaptive technical skills. **Financial Capital:** Drives sustainable profitability.
Digital Integration	Digitalisation, Data & Cyber Security	**Intellectual Capital:** Modernises trading capabilities. **Financial Capital:** Reduces costs through efficiency.
Learning and Development focused on Sustainability Training	Climate Change, Emissions & Environmental Risk	**Intellectual Capital:** Future-proofs risk management. **Social and Relationship Capital:** Aligns with global standards. **Natural Capital:** Enhances stewardship by promoting low-carbon investment strategies and operational resource efficiency.

Management Approach	Material Matters	Link to Capitals Impacted
Collaborative Leadership	⁘ Industry Partnerships & Collaborations	**Human Capital:** Broadens professional exposure. **Social and Relationship Capital:** Strengthens the financial ecosystem.

HUMAN CAPITAL VALUE CREATION MODEL

Capital Component	Inputs (Our Resources)	Strategic Transformation (Our Process)	Key Outcomes (Our Impact)	SDG Link
Employment & Retention	⁘ A lean team of 16 specialised professionals with expertise in trading, compliance, and operations.	⁘ Competitive remuneration	⁘ Maintained niche technical skills and institutional memory within the Company.	
Training and Education	⁘ Financial investment in professional certifications training.	⁘ Average Training Hours of 21.9	⁘ A future-ready workforce capable of managing financial risks.	
Diversity and Equal Opportunity	⁘ A diverse talent pool governed by Group HR Policies and non-discriminatory recruitment.	⁘ 3 Promotions + 62:38 of Gender Equality	⁘ A workplace which reflects local diversity and fosters equal opportunity for all employees.	

Strengths

- **Industry Experienced Staff:** Our team of 16 comprises seasoned specialists with deep technical knowledge of the Primary Dealer landscape and regulatory nuances.
- **Performance-Driven Culture and Rewards:** A robust meritocracy where individual output is directly linked to competitive, performance-based rewards, driving high engagement.
- **Brand Equity:** A highly respected brand within Sri Lankan capital markets, acting as a draw for premier financial talent.
- **Technical Prowess:** A lean, high-performing team with a high degree of professional competency in primary dealing, treasury operations, and regulatory compliance.
- **Corporate Synergies:** Significant value accrual from Group-wide synergies (First Capital Holdings and Janashakthi Group), providing the team with a broader resource base and shared intellectual capital.

Weaknesses

- **Succession and Pipeline Resilience:** The lean structure results in limited depth in second-tier leadership and a narrow internal talent pipeline for critical niche roles.
- **Data-Driven Decision-Making:** Room for improvement in leveraging advanced HR analytics and workforce data to predict attrition and optimise talent management processes.

SWOT Analysis

Opportunities

- **Generational Alignment:** Modernising the workplace with flexible, purpose-led features that resonate with Gen Z and Millennial professionals seeking impact-driven careers.
- **Employer Branding:** Further leveraging our visible branding at top-tier universities and professional institutions to secure a young, highly educated new generation seeking early-career opportunities.
- **Group Mobility:** Utilising Group capabilities to facilitate cross-functional movements, providing employees with diverse growth paths within the broader Group ecosystem.

Threats

- **Talent Scarcity:** Intense competition for niche professionals, with competitors frequently targeting our highly trained staff to bridge their own skill gaps.
- **Macro-Migration Trends:** The ongoing "brain drain" as experienced knowledge workers seek opportunities overseas, threatening institutional memory and expertise.

Human Capital

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

FCT has identified five key UN SDGs which have the greatest impact on our human capital value, ensuring our "lean, high-performing" team contributes to broader national and global prosperity.

SDG	Focus Area	Key Initiatives and Impact
	Technical & Sustainability Upskilling	**Climate-Risk Literacy:** Initiated mandatory training on SLFRS S1 & S2, equipping the team to assess and report on climate-related financial risks in line with global requirements.
	Equal Opportunity & Professional Growth	**Pay Equity:** Maintained a gender-neutral, merit-based remuneration framework to ensure equal pay for equal work within specialised treasury functions. **Empowerment through Governance:** Actively encouraged female participation in decision-making via the Group's shared governance and sub-committee structures.
	Secure & Ethical Employment	**Retention & Stability:** Targeted retention strategies to mitigate "brain drain" and ensure the domestic financial reset is supported by experienced professionals. **Labour Rights Compliance:** 100% adherence to the Shop and Office Act, ensuring a safe, fair, and high-integrity workplace.
	Digital Transformation & Capability	**Digital Fluency:** Empowered our lean team with advanced trading and analytical tools to enhance operational efficiency and market agility. **Cybersecurity Awareness:** Conducted continuous training on data protection and cyber-resilience to safeguard the integrity of our digital financial infrastructure.
	Business Ethics & Governance	**Ethical Trading Culture:** Strict enforcement of the Code of Business Conduct to ensure zero tolerance for market malpractice. **Regulatory Stewardship:** Proactive engagement with the CBSL and CSE to reinforce market confidence and the institutional integrity of the primary dealer system.

EMPLOYMENT AND LABOUR PRACTICES

GRI 401 Alignment: 2-7

FCT emphasises long-term career stability as a cornerstone of our operational resilience. By fostering a fair, enabling, and high-performance workplace for our 16 employees, we mitigate the risks of talent attrition—particularly the "brain drain" affecting the local financial sector—while ensuring our specialists remain the preferred partners for our stakeholders. Accordingly, we consistently ensure our employment strategy is anchored in the First Capital Group HR Governance Model, keeping our team not only compliant with the law but also competitively positioned through benefits that exceed local mandates, thereby fostering deep institutional loyalty.

Our reporting captures 100% of our workforce, confirming they are full-time, permanent employees. [LA] This eliminates "hidden" human capital risks typically associated with third-party contractors or precarious employment. Furthermore, we maintain full transparency on recruitment and turnover, viewing stability as a key indicator of workplace health.

During the year under review, we maintained a stable and resilient workforce dedicated to supporting the Sri Lankan financial ecosystem. Our team is composed entirely of full-time, permanent employees, consisting of 10 males and 6 females.

Reflecting our commitment to local value creation, 100% of our employees are Sri Lankan nationals based within the Western and Eastern province, where our core business operations are centralised. This geographic and national alignment ensures that our team possesses a deep, intuitive understanding of domestic market dynamics and the regulatory landscape, which is essential to our role as a Primary Dealer.

Basis of Preparation: Workforce figures are reported as headcount at the end of the reporting period. At FCT, all employees are engaged on a full-time basis, with no temporary, part-time or non-guaranteed hours employees involved in core operations. [LA] Certain supervised workers, including cleaning and security personnel are engaged through third-party service providers. Also, the *Company operates solely within Sri Lanka, and no locations have been identified as individually significant given the uniform nature of operations.* [LA]

There was no significant variation in headcount during the year, other than the transfer of three employees and the recruitment of one employee. [LA]

Workforce by Age Gender and Region [LA]

	FY2025/26			FY2024/25		
	Male	Female	Total (%)	Male	Female	Total (%)
Below 30 years	3	5	50	4	4	44
30-50 Years	6	1	44	7	2	50
Over 50 years	1	-	6	1	-	6
Total	**10**	**6**	**100**	**12**	**6**	**100**

	FY2025/26		FY2024/25	
	Male	Female	Male	Female
Western	9	6	12	6
Eastern	1	-	-	-
Total	**10**	**6**	**12**	**6**

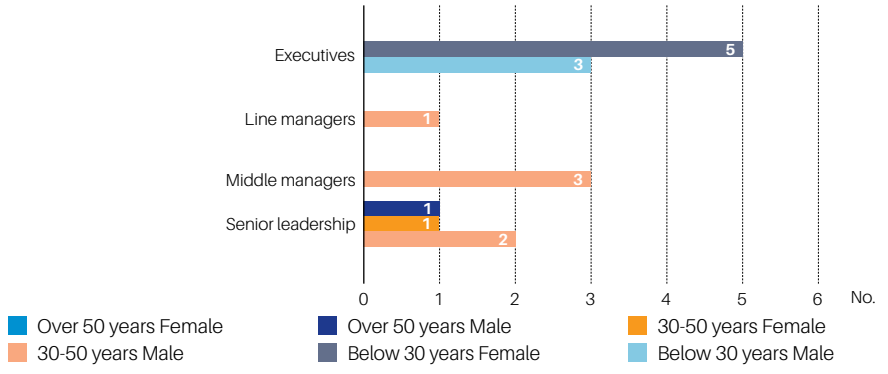
Indicator / Criteria	Criteria	Count						
		Description	FY2025/26					Total
			Senior Leadership	Middle Managers	Line Managers	Executives	Non Executives	
Number of employees per employee category in each of the following diversity categories: [LA]		Total	4	3	1	8	0	16
i. Gender;	Male	Below 30	0	0	0	3	0	3
ii. Age group: under 30 years old, 30-50 years old, over 50 years old;		30 - 50	2	3	1	0	0	6
		Above 50	1	0	0	0	0	1
		Total Male	3	3	1	3	0	10
	Female	Below 30	0	0	0	4	0	4
		30 - 50	1	0	0	1	0	2
		Above 50	0	0	0	0	0	0
		Total Female	1	0	0	5	0	6

Indicator / Criteria	Criteria	Percentage						
		Description	FY2025/26					Total
			Senior Leadership	Middle Managers	Line Managers	Executives	Non Executives	
Percentage of employees per employee category in each of the following diversity categories: [LA]		Total	0%	0%	0%	19%	0%	19%
i. Gender;	Male	Below 30	13%	19%	6%	0%	0%	38%
ii. Age group: under 30 years old, 30-50 years old, over 50 years old;		30 - 50	6%	0%	0%	0%	0%	6%
		Above 50	19%	19%	6%	19%	0%	63%
		Total Male	0%	0%	0%	25%	0%	25%
	Female	Below 30	6%	0%	0%	6%	0%	13%
		30 - 50	0%	0%	0%	0%	0%	0%
		Above 50	6%	0%	0%	31%	0%	38%
		Total Female	25%	19%	6%	50%	0%	100%

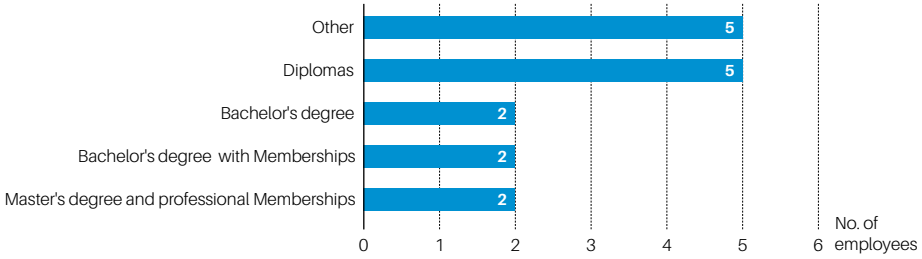
	FY2025/26			
	Permanent		Temporary/ non-guaranteed hours	
	Male	Female	Male	Female
Western	9	6	-	-
Eastern	1	-	-	-
Total	**10**	**6**	**-**	**-**

All permanent employees are full time employees and no part time employees.

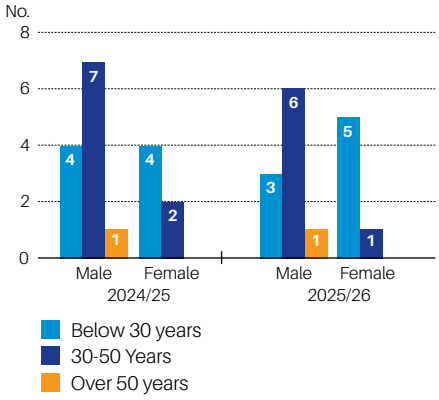
Occupational Level by Gender



Permanent Employee Qualifications

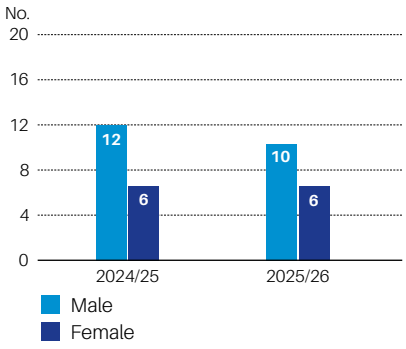


Workforce by Age and Gender



	FY2025/26	FY2024/25
Male	10	12
Female	6	6
Total	16	18

Workforce Gender Mix

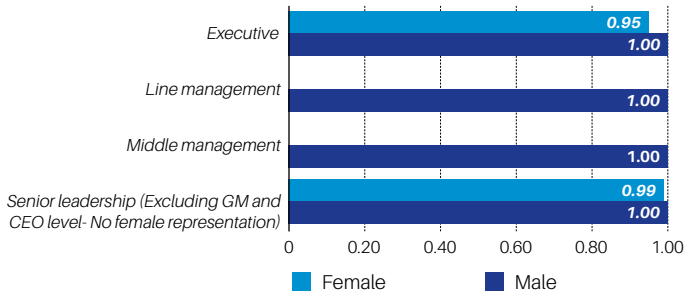


Human Capital

Overview of Our Female Workforce

	FY2025/26	FY2024/25
No. of female employees	6	6
No. of female employees at the managerial Level	1	1
% females in managerial roles (from the total female workforce)	17%	17%
% females in managerial roles (from the total managerial workforce)	14%	16%
% of female recruitments	0%	100%
% of female exits	0%	0%

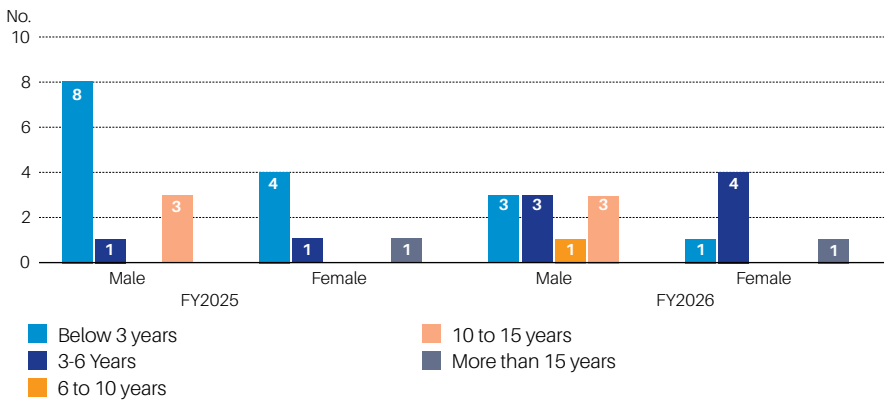
Gender Pay Parity [LA]



Service by Tenure and by Gender

	FY2025/26		FY2024/25	
	Male	Female	Male	Female
Below 3 Years	3	1	8	4
3 to 6 Years	3	4	1	1
6 to 10 years	1	-	-	-
10 to 15 Years	3	-	3	-
More than 15 Years	-	1	-	1
Total	10	6	12	6

Service by Tenure and by Gender



Comprehensive Compliance Framework

We maintain a zero-tolerance policy regarding labour violations, ensuring our practices align with international benchmarks and local regulations.

Statutory Compliance	Regulatory Compliance	Voluntary Best Practices
Shop and Office Employees Act of 1954: Governance of working hours, leave, and fair conditions.	**SEC Act and Rules:** Adherence to professional conduct and licensing requirements.	**UNGC Principles 3-6:** Commitment to freedom of association, elimination of forced/ child labour, and non-discrimination.
EPF and ETF Acts: Ensuring long-term financial security through 100% on-time contributions.	**CBSL Regulations:** Strict compliance with directives for Primary Dealers and Treasury Bill Ordinances.	**ILO Core Conventions:** Upholding international standards for decent work and industrial relations.
Payment of Gratuity Act No. 12 of 1983: Full provision for terminal benefits for eligible staff.	**CSE Listing Rules:** Transparency in corporate disclosures and executive governance.	**Code of Best Practice on Corporate Governance (2023):** Alignment with high-level ethical oversight.

Human Rights

GRI 408, 409

FCT maintains a zero-tolerance policy towards forced labour, child labour, and all forms of modern slavery.

Freedom of Association

GRI 407, 2-30

Although our specialised workforce of 16 is not unionised, we uphold the constitutional right to freedom of association. We ensure transparent, non-retaliatory channels for employee feedback and grievance redressal, fostering a culture of open dialogue.

Governance, Ethics, and Compliance

RI 2-23, 2-24

Ethical conduct is the root of our market reputation. We maintain a rigorous awareness program to ensure 100% compliance with regulatory mandates. In accordance with our Whistleblowing Policy, zero grievances were recorded during the financial year under review, reflecting a transparent and fair work environment.

TALENT LIFE CYCLE: RECRUITMENT, ONBOARDING, AND PERFORMANCE EXCELLENCE

GRI 401, 404-3

At FCT, we view the talent lifecycle as a continuous process of aligning individual capabilities with our strategic vision. Given our lean team of 16 specialists, our management approach is designed to ensure that every hire is a strategic fit and every performance review is a catalyst for professional growth and long-term value creation.

Recruitment and Strategic Onboarding

Our recruitment philosophy focuses on attracting professionals who embody high-integrity and technical agility. Following the First Capital Group EVP, our onboarding process ensures that new joiners are immediately integrated into our values-led culture, with a specific focus on regulatory compliance and the ethical standards required of a primary dealer.

To discover new talent, we utilise a variety of channels, including TopJobs and LinkedIn, to post vacancies and connect with potential candidates. We also engage headhunters to seek out individuals with specialised skills, while internal job postings encourage current employees to apply for open positions. Employee referrals are another valuable source, as our team members often recommend talented people from their networks, increasing the quality and diversity of our talent pool.

Strategic Onboarding: The "Day-1" Experience

We believe that successful retention begins with an immersive onboarding process. Our systematic approach ensures that new recruits transition seamlessly into the FCT culture from Day-1.

- **Cultural Immersion:** A day-1 orientation program introduces recruits to the Group's vision, work ethics, and the high-integrity standards required of a primary dealer.
- **Leadership Engagement:** Early-stage introductions to leadership teams foster a sense of belonging and strategic alignment from the outset.
- **Peer Support (The "Friend at Work"):** Every new recruit is paired with a peer mentor to facilitate social and professional acclimatisation, reducing "new hire anxiety" and accelerating productivity.
- **Digital Integration:** In line with our commitment to efficiency, all employment agreements and personal files are managed electronically (E-files), ensuring data integrity and environmental resource management.

New Hires LA

		FY 2025/26		FY 2024/25	
		Number	%	Number	%
Total number and rate of employee hires during the reporting period, by age group	*Total*	*1*		*1*	
	Below 30	*1*	*100%*	*1*	*100%*
	30 -50	*0*	*0%*	*0*	*0%*
	Above 50	*0*	*0%*	*0*	*0%*
Total number and rate of employee hires during the reporting period, by gender	*Male*	*1*	*100%*	*0*	*0%*
	Female	*0*	*0%*	*1*	*100%*
Total number and rate of employee hires during the reporting period, by region.	*Central*	*0*	*0%*	*0*	*0%*
	Eastern	*0*	*0%*	*0*	*0%*
	North Central	*0*	*0%*	*0*	*0%*
	North Western	*0*	*0%*	*0*	*0%*
	Northern	*0*	*0%*	*0*	*0%*
	Sabaragamuwa	*0*	*0%*	*0*	*0%*
	Southern	*0*	*0%*	*0*	*0%*
	Uva	*0*	*0%*	*0*	*0%*
	Western	*1*	*100%*	*1*	*100%*

Talent Attraction and Retention

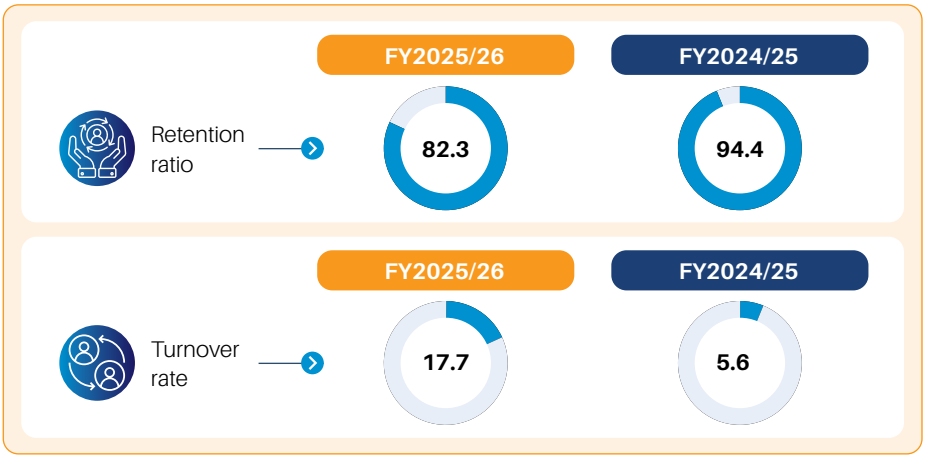
In a highly competitive financial landscape, FCT views talent retention as a critical pillar of operational resilience. Our 16-member lean structure is managed through a highly personalised career pathing model, ensuring that the Company is positioned to attract and retain high-performing individuals amid a competitive labour market.



During the year under review, the Company managed a natural transition in its workforce, with three male employees resigning and one new male professional being recruited to ensure the continuity of our specialised operations.



Human Capital



Reasons for Resignations

The organisation does not currently offer formal transition assistance or outplacement programs. Support at retirement or termination is primarily provided through statutory severance benefits.

Resignations [LA]

		FY 2025/26		FY 2024/25	
		Number	%	Number	%
Total number and rate of employee turnover during the reporting period, by age group	Total	3		1	
	Below 30	1	33%	-	-
	30 -50	2	67%	1	100%
	Above 50	-	-	-	-
Total number and rate of employee turnover during the reporting period, by gender	Male	3	100%	1	100%
	Female	-	-	-	-
Total number and rate of employee turnover during the reporting period, by region.	Central	-	-	-	-
	Eastern	-	-	-	-
	North Central	-	-	-	-
	North Western	-	-	-	-
	Northern	-	-	-	-
	Sabaragamuwa	-	-	-	-
	Southern	0	0%	0	0%
	Uva	0	0%	0	0%
	Western	3	100%	1	100%

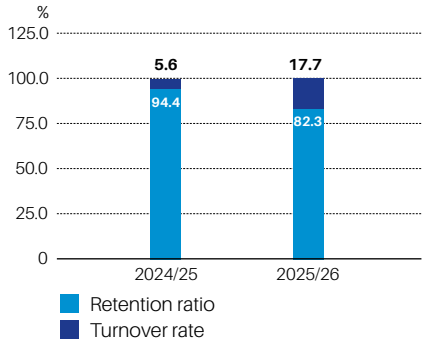
Retention Rate (Maternity Leave) [LA]

Number of female employees	FY2025/26	FY2024/25
Entitled to maternity leave during the year	6	6
Employees who took maternity leave	-	-
Returned during the year	N/A	N/A
Employed for the last 12 months after return from maternity leave	N/A	N/A
Return ratio (%)	N/A	N/A
Retention ratio (%)	N/A	N/A

Retention Rate (Paternity Leave) [LA]

Number of male employees	FY2025/26	FY2024/25
Entitled to paternity leave during the year	10	12
Employees who took paternity leave	-	-
Returned during the year	N/A	N/A
Employed for the last 12 months after return from paternity leave	N/A	N/A
Return ratio (%)	N/A	N/A
Retention ratio (%)	N/A	N/A

Retention and Turnover



Performance Management Framework

Our performance management system operates as a digitally enabled and transparent process, ensuring both accountability and the recognition of excellence across our workforce. The system is governed by the Group HR Information System (HRIS), which provides a data-driven foundation for facilitating ongoing career development and objective performance evaluation.

To ensure a holistic view of value creation, employees' performance is measured across four strategic pillars.

Performance Pillar	Focus Area	Impact on Capital
Financial	Achieving budgetary targets and driving sustainable profitability.	
Customer	Enhancing market confidence and delivering superior service to clients.	
Internal Process	Upholding regulatory compliance and operational efficiency.	
Learning and Growth	Personal development and technical upskilling.	

The Appraisal Cycle

Career Committee Oversight:

Final ratings are reviewed by the Career Committee to ensure fairness, consistency, and objective recognition across the firm.

Goal Setting:

Quantitative and qualitative targets are established at the start of the financial year.



Annual Appraisal:

A comprehensive digital evaluation involving self-ratings and manager assessments.

Mid-Year Review:

A formal checkpoint to track progress, facilitate continuous feedback, and realign performance where necessary.

The SMARTS Framework Implementation

All 16 permanent employees undergo annual performance appraisals based on KPIs derived from the SMARTS principle.



Human Capital

Rewards and Recognition

Our rewards and recognition framework is a strategic tool designed to reinforce a high-performance culture while enhancing our external market credibility. By aligning individual incentives with our "Values-Led" strategy, we ensure that our 16 specialists are motivated to deliver sustainable value to all stakeholders.

To maintain our position as an "Employer of Choice" within the Sri Lankan financial sector, our salary structures are rigorously benchmarked against prevailing industry standards, and salary bands are reviewed annually. This ensures that our remuneration remains competitive, mitigating the risk of regional talent migration and "brain drain."

The following benefits are available to full-time employees and not available to temporary or part-time employees.

Remuneration and Benefits [LA]

- *Remuneration and benefits policy*
- *Leave policy for employees*
- *Policy for staff housing loans*
- *Policy for staff vehicle loans*
- *Examinations reimbursement policy*
- *Educational assistance scheme*
- *Professional subscription policy*
- *Staff distress loan*
- *Extension after retirement*
- *Gratuity, EPF/ETF continuation after 60*
- *Sport and welfare club*
- *Medical Insurance Cover*

Financial Rewards

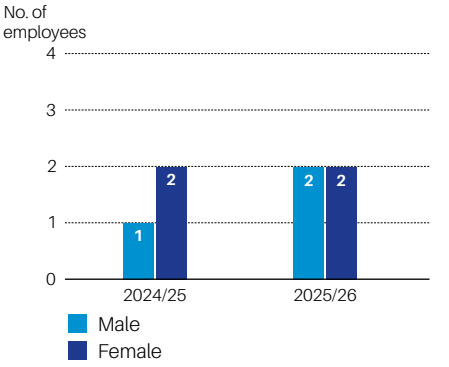
	FY2025/26 Rs. Mn	FY2024/25 Rs. Mn
Total salary disbursement	156	129
EPF and ETF contributions	24	20
Variable performance bonuses	42	90

Promotions

	FY2025/26	FY2024/25
Male	1	2
Female	2	2
Mobility rate	17%	22%

	Employee category	FY 2025/26 Male	%	Female	%	Total participated employees	%
Percentage of employees receiving regular performance and career development reviews by gender and by employee category [LA]	*Senior Leadership*	*3*	*30%*	*1*	*17%*	*4*	*25%*
	Middle Managers	*3*	*30%*	*-*	*-*	*3*	*19%*
	Line Managers	*1*	*10%*	*-*	*-*	*1*	*6%*
	Executive	*3*	*30%*	*5*	*83%*	*8*	*50%*
	Non-Executive	*-*	*-*	*-*	*-*	*-*	*-*
	Total Employees receiving Performance evaluation	*10*	*100%*	*6*	*100%*	*16*	*100%*
	Total Employees	*10*		*6*		*16*	

Promotions



Internal Value Proposition

Internally, rewards and recognition are integral to our Employer Value Proposition (EVP). These practices validate technical contributions and align our team with FCT's strategic direction. We employ a variety of strategies to deliver a comprehensive, multi-dimensional approach to shaping our Employee Value Proposition (EVP).

Peer-to-Peer Acknowledgments: Fostering a sense of belonging and collaborative success.

Leadership Commendations: Reinforcing desired and ethical behaviours.

Performance-Linked Incentives: Motivating a high-output workforce through clear, meritocratic rewards.

Remuneration and Benefits Profile

The Company provides a comprehensive benefits package that exceeds statutory requirements to ensure the long-term financial and physical well-being of our team. These benefits vary among employees, as they are allocated based on employee grades and years of service with the Company.

Category	Component	Strategic Alignment
Financial	✳ Fixed pay on par with industry median ✳ Variable pay above industry median ✳ Performance-based incentives	**GRI 401:** Attracts and retains niche talent in a competitive market.
Operational Support & Mobility	✳ Fuel reimbursements ✳ Vehicle hire reimbursement facilities ✳ Vehicle loan facilities	**GRI 401:** Added benefits provided to full-time employees. **Human Capital:** Reduces financial and logistical burden and supports productivity.
Growth & Stability	✳ Professional subscriptions ✳ Educational loan facilities ✳ Housing loan facilities	**Intellectual Capital:** Supports continuous learning and life-stage stability.
Health & Wellness	✳ Medical insurance cover for employees ✳ Benefits provided as welfare ✳ Reimbursement for work-related travel	**Human Capital:** Protects the physical resilience of our workforce.
Social & Support	✳ Club memberships ✳ Distress loans	**Social and Relationship Capital:** Fosters engagement and provides a safety net in times of crisis.

Employee Engagement and Fellowship

At FCT, engagement is the heartbeat of our high-performance culture. Given our lean team of 16 specialists, we prioritise a "high-touch" engagement model that balances professional accuracy with social well-being, ensuring our team remains motivated and aligned with the Group's "Values-Led" strategy. Recognising the intense nature of the primary dealer industry, the Company has implemented structured initiatives to support the holistic well-being of our employees.

Employee Satisfaction and Engagement Surveys	We proactively monitor the pulse of our workforce through regular Employee Satisfaction and Engagement Surveys. The results for the FY2025/26 indicate a high level of institutional pride and alignment with our corporate purpose.
Flexibility and Agility	The introduction of flexi-hours allows employees to manage their professional commitments alongside personal responsibilities, fostering a culture of trust and autonomy.
Long-Term Stability	Our focus on permanent employment and personalised career pathing ensures that engagement leads to long term institutional loyalty.
First Capital Annual Awards	A premier recognition platform that celebrates exceptional performance and technical innovation, and recognises long-term loyalty, serves as a critical tool for talent retention.
Fellowship and Cultural Integration Events	We foster synergy through a diverse calendar of events that celebrate our local identity and strengthen team bonds.

Fellowship and Cultural Integration Events



Movie Night



Cricket Night



Poson Dansala



FC Compass



First Capital Premier League auction







First Capital Premier League 2025

Human Capital



OBT Program



Staff Get-together







Women's Day Celebration



HOLISTIC WELL-BEING PROGRAMMES

GRI 403

The Company recognises that the high-intensity nature of the capital markets requires a workforce that is both physically resilient and mentally agile. Our health and safety framework moves beyond basic compliance to offer a proactive "Total Well-being" ecosystem, ensuring our team can perform at their peak while maintaining long-term health.

We promote a culture where health is integrated into the daily professional routine. Our programmes record high participation rates, reflecting a strong internal commitment to wellness. During the year under review the Company conducted various physical fitness, nutritional focus, and mental wellness programs.

- FitX Program & Powerplay Wednesday: Structured fitness initiatives and weekly sports sessions that encouraged physical activity and team camaraderie.
- No Sugar Wednesdays and Fridays & Kola Kanda Mornings: These initiatives promote healthy eating habits, providing traditional, nutrient-dense breakfast options to the team.
- Outbound Training: A key strategic initiative designed to alleviate workplace stress, build psychological safety, and strengthen interpersonal bonds outside the trading environment.

Additionally, the Company provides a robust safety net to protect our employees and their families from health-related volatility by offering preventive healthcare testing and insurance coverage.

During the year under review, all employees were eligible for a comprehensive executive health check-up valued at Rs. 25,000 at Durdans Hospital, facilitating early detection and personal health management.

Furthermore, 100% of our permanent employees are covered by comprehensive medical and life insurance policies, providing financial security in the event of unforeseen health issues.

As part of our employee well-being initiatives, FCT provides leave for special occasions, family bereavements, and personal milestones, in addition to statutory leave requirements, recognising the importance of social and familial stability in maintaining a high-performing workforce.

DIVERSITY, EQUITY, AND INCLUSION

GRI 405

We believe that an inclusive workplace is fundamental to maintaining professional integrity and market trust. Given our lean team of 16 specialists, our Diversity, Equity, and Inclusion (DEI) strategy focuses on ensuring a "Level Playing Field"—where meritocracy and ethical alignment are the sole determinants of career progression. Though our organisation is small, we are fully committed to equity, ensuring inclusive recruitment and advancement.

Merit-Based Progression

Recruitment and internal promotions are conducted via a transparent, competency-based framework, ensuring that the best-fit talent is selected regardless of personal background.

Equitable Opportunity

All 16 permanent roles are managed with an "Inclusion by Design" mindset, in which job descriptions and performance metrics are free of systemic bias.

Regulatory Rigour

We uphold strict compliance with Sri Lankan labour laws, including mandatory minimum employment age verifications and ethical sourcing of talent.

Diversity Indicators

Diversity Category	Management Disclosure	Strategic Impact
Gender Representation	We monitor the M/F ratio across our team, striving for balance in a traditionally male-dominated primary dealer sector.	**SDG 5:** Promotes gender equity in high-value financial roles.
Age Diversity	Our workforce spans multiple generations, from industry-experienced veterans to the "young and educated new generation."	**Intellectual Capital:** Blends seasoned market wisdom with fresh digital agility.
Ethno-Religious Diversity	We reflect the trilingual and multi-ethnic fabric of Sri Lanka, ensuring our team can effectively serve a diverse national market.	**Social and Relationship Capital:** Strengthens our "Purpose-Led" connection to all Sri Lankans.

Ethnic Diversity by Gender

FY2025/26

	Male	Female
Sinhalese	9	6
Tamil	1	-
Muslim	-	-
Total	10	6

FY2024/25

	Male	Female
Sinhalese	9	6
Tamil	3	-
Muslim	-	-
Total	12	6

Human Capital

LEARNING AND DEVELOPMENT [LA]

GRI 404

For a high-stakes Primary Dealer environment, learning is not merely a benefit; it is a risk-mitigation strategy that ensures our employees remain compliant and competitive in a dynamic marketplace. Accordingly, we employ a blended learning architecture designed to foster technical mastery and leadership agility. By utilising diverse delivery channels, we ensure that our employees remain resilient amidst a digitising financial landscape and evolving regulatory requirements.

Digital Upskilling via "I-Learn Space" [LA]
Our proprietary e-learning platform, "I-Learn Space," serves as the central hub for continuous development. It provides our team with on-demand access to mandatory compliance modules, including AML/CFT and Ethics, ensuring 100% training coverage across the Company.

Specialised Technical & Treasury Training [LA]
To maintain our edge in the capital markets, we facilitate and fund advanced technical certifications (such as Treasury Certifications). These programmes ensure that our traders and analysts possess the rigorous quantitative skills required for bond valuation and complex market operations.

Leadership & Soft-Skill Development [LA]
Beyond technical expertise, we invest in soft skills and leadership development to prepare our "Assistant Manager and Below" tier for future management roles. These initiatives focus on strategic communication, emotional intelligence, and "Present with Impact" training.

Internal Mentorship & Cross-Functional Exposure [LA]
We leverage the collective wisdom of our industry-experienced staff through internal mentoring. By facilitating cross-functional exposure—including shifts between front-office trading and back-office operations—we broaden the institutional knowledge of our lean team, reducing "Key-Man" risk and enhancing operational flexibility.

The Company continues to invest in learning and development initiatives to ensure our team possesses the technical depth required for treasury operations and the soft skills necessary for collaborative leadership. During the financial year 2025/26, we focused on high-impact, specialised training on leadership and technical upskilling. While total training cost declined for the year under review following the intensive cycles of the previous financial year, the focus remained on niche technical competencies and leadership readiness.

Investments in Training

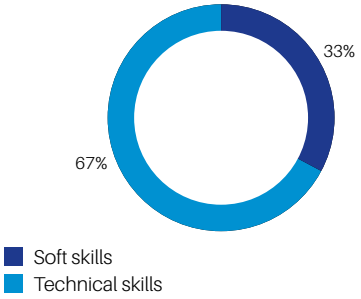
Rs. 4.4 Mn
Total spend on training
(FY2024/25 - Rs. 4.7 Mn)

Rs. 0.28 Mn
Per employee training spend
(FY2024/25 - Rs. 0.26 Mn)

Training Hours [LA]

	Description	FY2025/26
	Per employee	*21.88*
Average hours of training - By Gender	*Male*	*29.25*
	Female	*9.58*
Average hours of training - By employee category	*Senior Leadership*	*24.13*
	Middle Managers	*10.50*
	Line Managers	*92.50*
	Executive	*16.19*
	Non-executive	*-*

Training hours based on type of programme FY2025/26



Overview of Main Learning and Development Programs for FY2025/26

Training Category	Total Hours	Key Highlights
Technical Skills	76.8	To ensure 100% compliance with CBSL standards and market dynamics, our programs focused on: ❋ Valuation of Treasury Bonds ❋ Practical aspects of the Money Market and Bond Market in the Local Context ❋ National Capital Markets Symposium ❋ Understanding the Basics of AML, CFT, and CPF Requirements
Leadership Skills	18.0	To empower our Assistant Manager and Below category to prepare for future leadership, we conducted a program titled "Present with Impact".
Soft Skills	65.0	Outbound Training focused on Team Synergy.
Operational Integrity Skills	24.0	Training on Treasury Back Office Operations to mitigate operational risk and enhance institutional knowledge.
Governance and Ethical Awareness Skills	1.5	Several programs were conducted to enhance the governance and ethical standards within the Company. ❋ Awareness Session on Client Complaint Handling ❋ Awareness Session on Conflict of Interest ❋ Awareness Session on Countering Proliferation Financing (CPF)

Training Hours by Main Individual Programs

	Hours
Course on Practical Aspects of the Money Market and Bond Market in the Local Context	18.0
National Capital Markets Symposium 2026	9.0
Outbound Training	65.0
Present with Impact	18.0
Special Programme on Valuation of Treasury Bonds	49.8
Program on Operations of Treasury Back Office	24.0
Understanding the Basics of AML, CFT, and CPF Requirements	1.5
Awareness Session on Client Complaint Handling	0.5
Awareness Session on Conflict of Interest	0.5
Awareness Session on Countering Proliferation Financing (CPF)	0.5

Training on Strengthening Employee Ethical Foundation

During the financial year under review, FCT conducted targeted training to embed our Code of Conduct into daily operations. These sessions ensure that our specialists are equipped to navigate the complex regulatory requirements of the Central Bank of Sri Lanka (CBSL) and the Colombo Stock Exchange (CSE).

Financial Crime Prevention: Employees underwent comprehensive training on Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Countering Proliferation Financing (CPF). These sessions provided the foundational knowledge required to identify and mitigate risks associated with financial crime.

Professional Integrity and Conflicts: We conducted dedicated sessions on Conflict of Interest, ensuring that all market interactions are transparent and that individual interests never compromise our fiduciary duties to stakeholders.

Human Capital

Stakeholder Trust and Redress: A specialised staff awareness session on Client Complaint Handling was held to refine our grievance mechanisms. This ensures that client concerns are resolved with empathy and efficiency, directly enhancing our social and relationship capital value.

MULTI-CHANNEL COMMUNICATION

GRI 402

The Company recognises that timely communication regarding significant operational changes is essential for maintaining a resilient and engaged workforce. The Company believes that a culture of transparency is the foundation of institutional integrity and builds good labour-management relations thereby ensuring that employees are partners in our strategic evolution.

By maintaining two-way communication channels and rigorous grievance protocols, we ensure that our employees remain aligned, protected, and empowered.

Accordingly, we operate on a multi-tiered communication strategy that moves beyond traditional hierarchies to foster a cohesive work culture built on trust and strategic alignment.

Our open-door policy is maintained across all management tiers to encourage real-time feedback and direct access to leadership.

Systematic email updates from leadership ensure every employee is informed of market shifts and strategic pivots, advancing operational clarity.

Formal exit interviews are conducted for all departing employees to gain critical insights for continuous HR improvement.

Grievance Handling

Our grievance and disciplinary procedures are clearly defined within our Group HR Manual. These mechanisms ensure that every individual has a safe and confidential platform to voice concerns. We have in place an Independent Whistleblowing Mechanism through which employees can confidentially report misconduct, harassment, or unethical practices directly to the Board Audit Committee. All channels are designed to ensure issues are addressed promptly and fairly, with a strict no-retaliation policy for whistleblowers.

STRATEGIC ROADMAP 2026 AND BEYOND

Horizon	Strategic Objective	Key Actions
Short to Medium Term	Digital and Sustainability Integration	❋ **Digital Upskilling:** Deploy advanced fintech and data analytics training to navigate the evolving digital trading landscape. ❋ **ESG Alignment:** Formalise ESG-linked KPIs within performance appraisals to meet SLFRS S1 & S2 disclosure requirements. ❋ **Bias-Free Governance:** Conduct unconscious bias awareness sessions for hiring managers to ensure meritocratic, inclusive recruitment.
	Fair Rewards and Remuneration	❋ **Periodic Reviews:** Implement annual pay-equity audits to uphold "Equal Pay for Equal Work" principles across all grades, and annually review and upgrade rewards schemes.
	Health and Well-being Excellence	❋ **Wellness 2.0:** Expand holistic health and well-being initiatives, focusing on mental health resilience in our high-pressure treasury environment.
Long Term	Institutional Resilience and Talent Pipeline	❋ **Succession Planning:** Strengthen the leadership pipeline for specialised functions to mitigate "key-person" risk and ensure long-term stability. ❋ **Targeted Outreach:** Enhance employer branding at diverse professional institutions to broaden the niche talent pool for future vacancies. ❋ **Culture of Purpose:** Deepen the integration of Group values into the talent lifecycle to sustain our reputation as a "high-integrity" market participant.

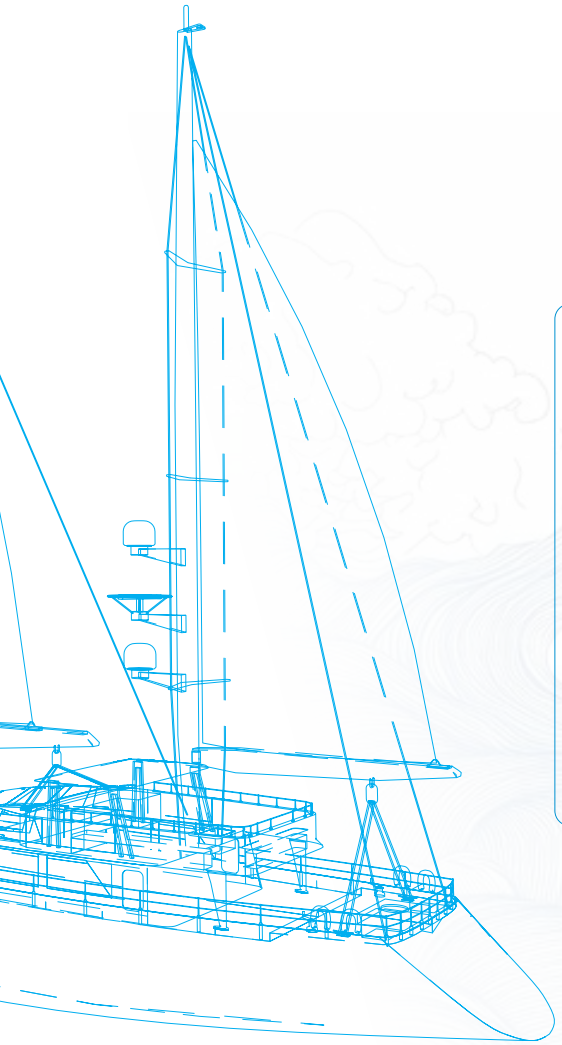
SASB Requirements

Sector	Area	SASB Code	Metric	Formula	Unit	Female	Male	Total	
Investment Banking & Brokerage	Employee Diversity & Inclusion	FN-IB-330a.1.	Percentage of (1) gender and representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	Executive Management	Number	1	3	4	
					Percentage	6	19		
				Non-Executive management	Number	-	3	3	
					Percentage	-	19		
				Professionals	Number	5	4	9	
					Percentage	31	25		
				Total	Number	6	10	16	

Sector	Area	SASB Code	Metric	Formula	Unit	Female	Male	Total	
			Percentage of (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	Formula	Unit	Race / Ethnicity			
						Sinhala	Tamil	Total Employees	
				Executive Management	Number	4	-	4	
				As a Percentage	Percentage	25	-		
				Non-Executive management	Number	3	-	3	
				As a Percentage	Percentage	19	-		
				Professionals	Number	8	1	9	
				As a Percentage	Percentage	50	6		
				Total	Number	15	1	16	
				Formula	Unit	Region of Origin			
						Western	Other	Total Employees	
				Executive Management	Number	4	-	4	
				As a Percentage	Percentage	25	-		
				Non-Executive management	Number	3	-	3	
				As a Percentage	Percentage	19	-		
				Professionals	Number	9	-	9	
				As a Percentage	Percentage	56	-		
				Total	Number	16	-	16	
				Formula	Unit	Migrant Status			
						Internal migrant	Other	Total Employees	
				Executive Management	Number	4	-	4	
				As a Percentage	Percentage	25	-		
				Non-Executive management	Number	3	-	3	
				As a Percentage	Percentage	19	-		
				Professionals	Number	9	-	9	
				As a Percentage	Percentage	56	-		
				Total	Number	16	-	16	
				Formula	Unit	Age Categories			
						Under 30 years old	30-50 years old	Over 50 years old	Total Employees
				Executive Management	Number	-	3	1	4
				As a Percentage	Percentage	-	19	6	
				Non-Executive management	Number	-	3	-	3
				As a Percentage	Percentage	-	19	-	
				Professionals	Number	2	7	-	9
				As a Percentage	Percentage	13	43	-	
				Total	Number	2	13	1	16
				Formula	Unit	Socioeconomic Background			
						Low Income	Middle Income	High Income	Total Employees
				Executive Management	Number	-	-	4	4
				As a Percentage	Percentage	-	-	25	
				Non-Executive management	Number	-	-	3	3
				As a Percentage	Percentage	-	-	19	
				Professionals	Number	-	9	-	9
				As a Percentage	Percentage	-	56	-	
				Total	Number	-	9	7	16
				Formula	Unit	Religious Affiliation			
						Buddhist	Hindu	Christian	Total Employees
				Executive Management	Number	3	-	1	4
				As a Percentage	Percentage	19	-	6	
				Non-Executive management	Number	3	-	-	3
				As a Percentage	Percentage	19	-	-	
				Professionals	Number	8	1	-	9
				As a Percentage	Percentage	50	6	-	
				Total	Number	14	1	1	16



Social and Relationship Capital



Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Financial Inclusion & Literacy	Bridging the knowledge gap for retail investors to ensure equitable access to government securities.	417	4 QUALITY EDUCATION	Simplifying complex products and deploying educational video content to demystify market mechanics.
Customer Trust & Ethical Conduct	Maintaining market legitimacy through transparent disclosures and fiduciary responsibility.	416	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Rigorous suitability assessments and a strict ethical boundary between proprietary and client-flow trading activities.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Digital Transformation & UX	Enhancing customer and partner accessibility and data security through intuitive technology-led platforms.	418		Leveraged e-KYC for seamless onboarding and integrated CRM systems to provide personalised, secure client experiences.
Community Health & Education	Driving long-term social value by investing in the welfare of the next generation.	413		Executed infrastructure projects like "Clean Water, Safe Sanitation, Healthy Future" and provided essential school supplies to local districts.
Climate Accountability (ESG)	Strengthening institutional credibility by committing to transparent carbon accounting.	102		Became a signatory of PCAF in March 2026 to measure and disclose financed emissions, aligning with global climate goals.

Reporting Boundary

- **Geographic Scope:** Our social and relationship impact is primarily concentrated within the Sri Lankan domestic market, with our strategic hub at the Head Office in Colombo. As a specialised primary dealer, our footprint is defined by our integral role in the local financial ecosystem, operating under the rigorous regulatory oversight of the Central Bank of Sri Lanka (CBSL) and the Colombo Stock Exchange (CSE).

- **Organisational Boundary:** Is structured to distinguish between the relationships FCT manages directly and the broader influence it exerts within the Sri Lankan financial ecosystem.

- **Direct Capital Footprint (Core Relationship Zone):** This represents the entities and stakeholders with whom we have a direct contractual or fiduciary relationship, and where our policies have the most immediate impact:
  - **Customers:** Individual retail investors and corporate/institutional entities utilising our government security products and rate solutions.
  - **Regulators:** Direct engagement with the CBSL and CSE to ensure market stability and compliance.
  - **Shareholders:** Investors in First Capital Treasuries PLC who provide the mandate for sustainable value creation.

- **Extended Value Chain (The Partnership Zone):** Includes stakeholders who support our operational delivery and strategic reach.
  - **Suppliers and Vendors:** Service providers maintaining our digital infrastructure and premises.
  - **Strategic Partners:** Collaborations such as our engagement with PCAF signatory commitment to measure financed emissions.
  - **Financial Partners:** Collaborative networks that support our digital metamorphosis and market-making activities.

- **External Environment (The Influence Zone):** This covers the wider societal and environmental impact of our operations, where we contribute as a responsible corporate citizen.
  - **Community:** Educational and environmental impact zones, schools, and communities benefitting from our CSR projects.
  - **National Economy:** Our contribution to market liquidity, financial stability, and the funding of government fiscal requirements.
  - **Global Standards:** Our alignment with international bodies through commitments like the PCAF (Partnership for Carbon Accounting Financials).

Social and Relationship Capital

Stakeholders Most Impacted

Customers | Community | Financial Institutions | Regulators | Business Partners | Suppliers

Indicator	Unit	Status FY2025/26	Status FY2024/25
Customer Complaints	No.	NIL	NIL
Digital Client Onboarding	No.	807	678

Management Approach: Social and Relationship Capital Strategy

FCT's approach to social and relationship capital is founded on strong governance, ethical conduct, and stakeholder inclusivity, recognising trust as a critical driver of long-term value creation. Oversight is exercised by the Management Committee (MANCO) and the Board of Directors, and operational accountability is delegated to the Assistant Vice President of Client Relationship Management (CRM). This governance structure ensures that stakeholder engagement practices align with the Company's fiduciary responsibilities, risk management protocols, and sustainability commitments, in line with SLFRS S1 and SLFRS S2. This approach also enables the Company to bridge the gap between complex financial instruments and client needs through jargon-free communication and rigorous suitability assessments.

We recognise that our license to intermediate capital flows is a privilege sustained only by the trust we earn through every interaction. As such, FCT has remained steadfast in its commitment to this principle, advancing a legacy of uncompromising ethical conduct and transparent engagement. By championing financial literacy and pioneering technology-driven inclusion, we continue to embed our stakeholder relationships into the very fabric of our strategic value creation, ensuring that as we grow, we empower the society we serve.

Furthermore, by integrating the SDGs into our core business model, FCT ensures that our social and relationship capital is more than a measure of our networks; it reflects our contribution to a more equitable and sustainable future. Our initiatives over the years have focused on shifting from philanthropy to strategic impact, where every rupee invested in the community or in technology drives measurable improvements in stakeholder well-being.

Strategic Framework for Social and Relationship Capital Management



Core Philosophy: The Trust-Led Model At the heart of the framework is the principle of Fiduciary Resonance. We move beyond transactional interactions to create a "resonance" where our market-making activities directly benefit the financial stability and literacy of our stakeholders.

Customer Experience & Satisfaction: To deliver intuitive, technology-enabled journeys while focusing on improving the onboarding experience and refining company/customer touchpoints to drive loyalty.

Collaborative Partnerships: To leverage partnerships to drive innovation and sustainability, and build trust with our ecosystem of partners through transparency and shared values.

Community Impact: To align corporate growth with social progress by focusing on community development and upliftment through impactful intervention activities in relation to educational advancement, healthcare, and better livelihoods.

Stakeholder Longevity: To build multi-generational relationships through ethical intermediation, financial literacy, and proactive engagement with regulators and other stakeholders.

Strategic Alignment: Material Matters and Capital Impact

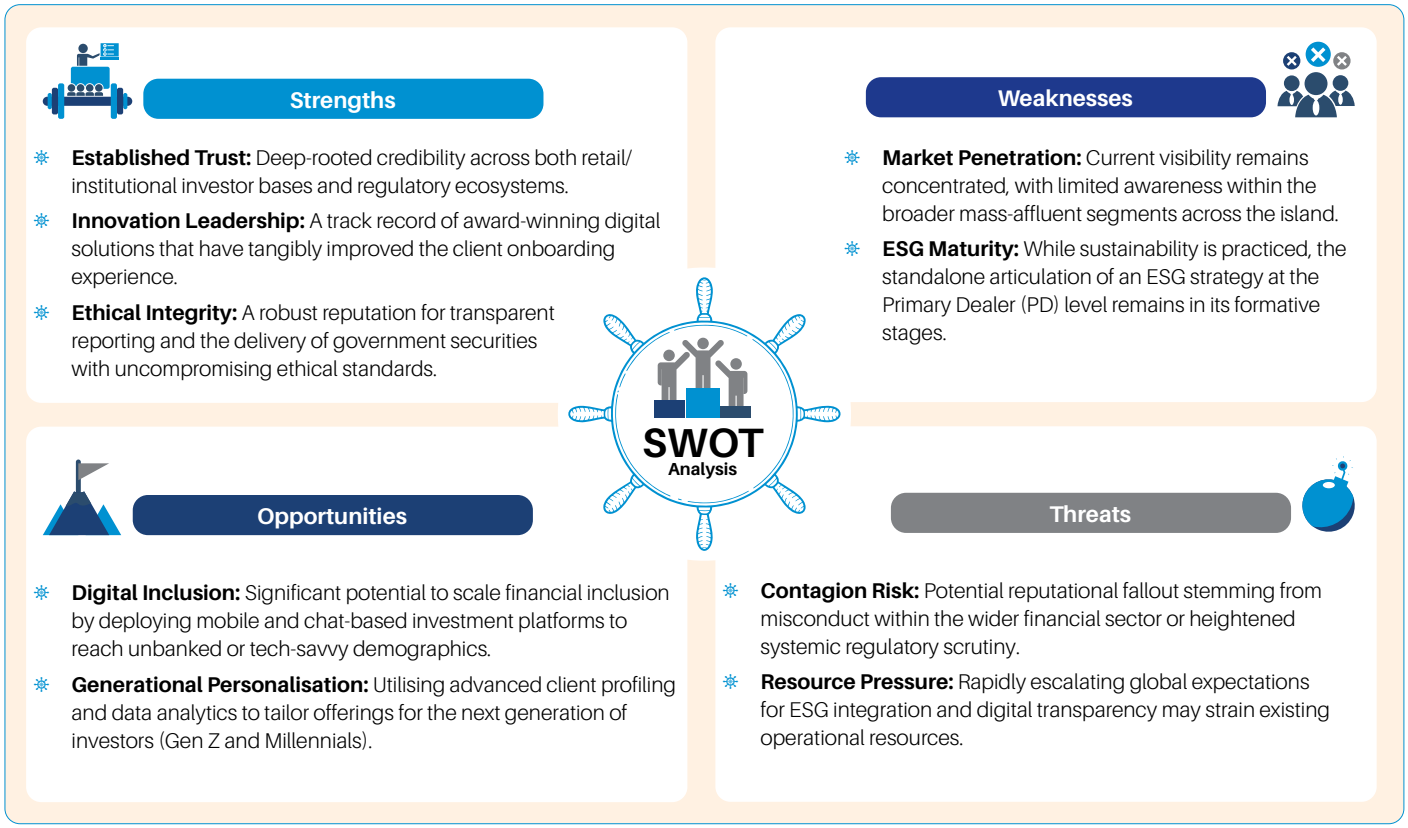
Management Approach	Material Matters	Link to Capitals Impacted
Proactive Engagement and CRM Excellence	❋ Customer Experience, Protection & Financial Inclusion	**Financial Capital:** Improved customer retention rates and lowered acquisition costs through digital-first lead management. **Social and Relationship Capital:** Enhanced stakeholder trust and brand equity via personalised, data-driven interactions.

Management Approach	Material Matters	Link to Capitals Impacted
Integrity-Led Culture	Business Ethics, Risk Management & Regulatory Compliance	**Intellectual Capital:** Strengthened institutional knowledge and robust internal governance frameworks.
		Social and Relationship Capital: Sustained market legitimacy and a "licence to operate" through zero-breach compliance.
Inclusive Finance	Responsible Financing & Sustainable Credit	**Financial Capital:** Optimised cost-to-serve via scalable digital bidding and onboarding platforms.
		Intellectual Capital: Enhanced digital proprietary processes and automated workflows.
		Social and Relationship Capital: Expanded retail reach and deepened market penetration through improved financial awareness.
Building Partnerships	Industry Partnerships & Collaborations	**Social and Relationship Capital:** Strengthened credibility with global partners and increased appeal to ESG-conscious investors.
		Intellectual Capital: Accelerated digital metamorphosis through collaborative innovation and the integration of global best practices in carbon accounting and other operating processes.
Social Responsibility	Community Development & Societal Impact	**Social and Relationship Capital**: Cultivated social license to operate and long-term goodwill within local communities.
		Human Capital: Enhanced employee pride and engagement through participation in impactful community projects.
Risk Governance	Digitalisation, Data & Cyber Security	**Social and Relationship Capital:** Reinforced client confidence in our digital ecosystem through secure and reliable financial intermediation, leading to high customer satisfaction levels.
		Intellectual Capital: Advanced risk management systems and cybersecurity resilience protocols to protect stakeholder data.

SOCIAL AND RELATIONSHIP CAPITAL VALUE CREATION MODEL

Capital Component	Inputs (Our Resources)	Strategic Transformation (Our Process)	Key Outcomes (Our Impact)	SDG Link
Customer Capital	Unified CRM data Digital onboarding (e-KYC) infrastructure	Delivering seamless interactions across digital and physical touchpoints. Simplifying complex products (e.g., "Fixed Rate Repos").	High levels of customer satisfaction. Repeat customers. Enhanced retail financial inclusion.	9
Regulatory & Industry Capital	Primary Dealer License Commitment to CBSL/CSE guidelines PCAF Signatory status	Maintaining a strict firewall between proprietary and client trading. Jargon-free disclosures.	Sustained market legitimacy. Alignment with global ESG and carbon accounting standards. Market-making stability.	13 16 17
Partnership Capital	Collaborations (e.g. PCAF)	Leveraging partnerships to respond to evolving investor demands.	Strengthened institutional credibility. Collaborative industry growth.	17
Social & Community Capital	Philanthropic funding Employee volunteerism Sustainability roadmap	Executing school infrastructure and supply projects. Launching "Clean Water, Safe Sanitation, Healthy Future.	Supporting education in communities. Improved sanitation facilities for students.	4 6

Social and Relationship Capital



ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

FCT's social and relationship capital initiatives are mapped against both local and global priorities. These are the UN SDGs which most significantly influence the Company's social and relationship capital value.

SDG	Focus Area	Key Initiatives and Impact
4 QUALITY EDUCATION	Educational Support	Donation of essential school supplies to students at the Pathana Sawbhagya College in Galle, ensuring children have the necessary tools for academic success.
6 CLEAN WATER AND SANITATION	Health & Hygiene	Launched the "Clean Water, Safe Sanitation, Healthy Future" project for better awareness and hygiene facilities in school.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Digital Transformation	Investment in digital onboarding (e-KYC) to democratise access to government securities through scalable, modern infrastructure.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sustainable Operations	Transitioning to an Inventory and Assets Management System to digitise procurement for better monitoring and transparency.
13 CLIMATE ACTION	Environmental Accountability	Became a formal signatory of the Partnership for Carbon Accounting Financials (PCAF) in March 2026, committing to the transparent measurement and disclosure of financed emissions.

SDG	Focus Area	Key Initiatives and Impact
	Ethical Communications	Upholding market integrity through strict compliance with CBSL mandates, jargon-free product disclosures, and a clear ethical boundary between proprietary and client-flow trading.
	Collaborative Partnerships	Engaging in strategic collaborations such as Partnership for Carbon Accounting Financials (PCAF), committing to the transparent measurement and disclosure of financed emissions.

ANCHORING STAKEHOLDER RELATIONS IN OUR CORE VALUES

At FCT, our organisational culture is deeply rooted in the Group-wide "Performance First" philosophy, reflecting a shared commitment to delivering tangible impact through professionalism, discipline, and innovation. As a sub-subsidiary of First Capital Holdings, we are aligned with a unifying vision of “improving lives through financial empowerment”. This vision shapes our internal mindset and dictates our external engagement, ensuring that our growth remains synonymous with national progress.

Our group-wide mission, “We empower lives through capital markets by driving responsible access, informed decisions, and sustainable wealth creation” translates into delivering excellence within our primary dealer function. By supporting Sri Lanka’s fiscal sustainability and fostering market development with integrity and expertise, we ensure that our role in the financial system extends beyond technical competence. It demands ethical stewardship, transparent communication, and a culture that places all our stakeholders at the centre of every decision.

These aspirations are upheld by our core values, which serve as the behavioural compass of our institution.

Integrity	Collaborative	Respectful	Performance-Driven	Innovation
Upholding the highest ethical standards, honesty, and transparency while balancing the interests of all stakeholders in a fair and equitable manner.	Always working as one team across all functions to deliver the best possible experience to our stakeholders.	Treating others the way we expect to be treated, while respecting and valuing everyone’s opinion, time, and space.	Maintaining a consistently high level of quality across all work and delivering results in all communications.	Embracing curiosity, challenging the ordinary, and creating extraordinary solutions to drive progress in a changing world.

These values are consistently reinforced across all touchpoints and are seamlessly integrated into our operational frameworks.

- **Client Engagement:** Protocols that ensure fairness and the provision of responsible, transparent advice.
- **Employee Development:** Frameworks that embed a performance- and purpose-oriented culture.
- **Compliance and Governance:** Standards that safeguard institutional credibility and regulatory trust.
- **Community and ESG Initiatives:** Actions that demonstrate a profound respect for both people and the planet.

By living these values and aligning our operations with our group-wide vision and mission, we create not just financial value, but enduring societal relationships that reinforce First Capital’s long-term resilience and legitimacy.

STRENGTHENING RELATIONSHIP TO DRIVE VALUE

FCT operates within an interconnected stakeholder ecosystem spanning customers, regulators, financial institutions, suppliers, business partners, and communities. These relationships are strategically managed to sustain trust, market confidence, and long-term value creation.

Social and Relationship Capital

Our Network Ecosystem

Core Institutional Nexus

Public Debt Management Office

Central Bank of Sri Lanka

Government of Sri Lanka

Role: *Intermediating capital flows, supporting public financing, enabling liquidity, and strengthening market stability.*

Primary Dealer Mandate

- Active participation in primary auctions
- Continuous secondary market liquidity provision
- Supporting price discovery & yield curve stability
- Enabling efficient government securities markets

Value Delivered

- Market confidence
- Financial system stability
- Sovereign funding support

Key Stakeholder Engagement

Clients

- Tailored investment solutions (institutional & retail)
- Transparent pricing & suitability-based advisory
- Digital access & real-time engagement

Outcome: Trust, retention, informed decisions

Employees

- Inclusive culture & cross-functional collaboration
- Shared services & knowledge integration

Outcome: Service excellence, engagement

Business Partners

- Enable efficient product delivery
- Expand market access and distribution
- Support structuring and execution capabilities
- Drive innovation and digital integration

Outcome: Agility & scalable growth

Suppliers

- Governed procurement frameworks
- Reliable ecosystem (IT, logistics, outsourced services)

Outcome: Operational efficiency, compliance

Regulators

- Securities and Exchange Commission of Sri Lanka | Colombo Stock Exchange | Central Bank of Sri Lanka | Inland Revenue Department
- Proactive engagement & policy dialogue

Outcome: Regulatory alignment, market integrity

Rating Agencies & Analysts

- Transparent disclosures & continuous engagement
- A+ (Stable) rating affirmation (FY2025/26)

Outcome: Investor confidence, credibility

Community Ecosystem

- CSR initiatives & sponsorships
- Financial literacy & inclusion programmes

Outcomes:

- Shared progress & societal trust

Value Creation Logic

Inputs
Relationships, Trust
Market Access

Activities
Engagement, Advisory,
Market Intermediation

Outputs
Liquidity, Transparency,
Inclusion

Outcomes:

- Strengthened brand equity & reputation
- Enhanced investor and stakeholder confidence
- Strengthened brand equity & reputation

RESPONSIBLE PRODUCTS AND ETHICAL STANDARDS

As a licensed Primary Dealer, FCT operates within a framework of rigorous ethical conduct and fiduciary duty. Our core offerings—primarily Government Treasury Bills and Bonds—are inherently low-risk, making them ideal for capital preservation.

However, we believe responsibility extends beyond the product itself to the integrity of the sale. We deliver accurate, jargon-free disclosures regarding yields, tenors, and market risks. For our retail segment, we conduct rigorous product suitability assessments to ensure that even the most complex rate solutions are understood by investors.

To maintain a fair marketplace, we uphold a strict ethical boundary between our proprietary trading and client-flow trading; client transactions are always executed at prevailing market rates and are unaffected by our internal positions.

Our Core Products

- Primary market participation in Government Securities
- Secondary market trading
- Market making
- Repo and reverse repo transactions
- Rate solutions
- Yield curve strategies

CUSTOMER RELATIONSHIP MANAGEMENT

The Company's customer relationship management (CRM) strategy for the year under review focused on a single objective: delivering a seamless, personalised interaction across both digital and physical touchpoints. Managed by the Assistant Vice President of CRM, the function serves as a central hub for data-driven decision-making, aggregating insights from our call centre, digital leads, and surveys.

Additionally, during the financial year 2025/26, our engagement strategy successfully merged high-profile events with targeted digital education to increase stakeholder connections. Customers reported high levels of trust in our data handling and commended the seamless nature of our e-onboarding process, which achieved a strong satisfaction rating. However, the feedback also identified specific operational gaps, notably delays in issuing login credentials and friction in redemption handling. We are proactively addressing these pain points through comprehensive system upgrades scheduled for the coming financial year, ensuring our digital experience matches the excellence of our market expertise.

No incidents relating to data breaches were reported in FY 2025/26. [LA]

SUPPLIER AND VENDOR MANAGEMENT

FCT's supply chain remains streamlined and focused on supporting our core financial operations. During the financial year 2025/26, our procurement structure remained consistent. Currently, supplier selection is conducted based on operational requirements and management discretion.

Recognising the evolving landscape of integrated reporting, we have identified Supply Chain Governance as a growth area for the future. While there are currently no formal social or environmental screening frameworks in place, our roadmap includes the implementation of a new Inventory and Assets Management System in the forthcoming financial year. This digital transformation will improve our internal controls and provide a foundation for more structured vendor performance monitoring.

Local and Foreign Supplier Payments for FY 2025/26 [LA]

	Local	Foreign
Amount (Rs. Mn)	*93.7*	*23.7*
Amount (as a %)	*80*	*20*

DISCLOSURE ON COMPLIANT BUSINESS PRACTICES

FCT maintains a strong culture of ethical conduct, regulatory compliance, and professional integrity across all operations. The Company has established robust internal controls, governance frameworks, and monitoring mechanisms to ensure adherence to applicable laws and industry standards.

The Company incurred a regulatory penalty of LKR 2.8 Mn due to non-compliance with CBSL requirements.

Metric	FY2024/25 Rs. Mn	FY2025/26 Rs. Mn
Number and percentage of covered employees with records of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	*Nil*	*Nil*
Total monetary losses arising from legal proceedings related to: ⁘ *Marketing and communication of financial product information* ⁘ *Fraud, insider trading, anti-competitive behaviour, market manipulation, or other regulatory breaches* ⁘ *Professional integrity, including duty of care*	*Nil*	*2.8*
Number of mediation and arbitration cases associated with professional integrity, including duty of care (by party)	*Nil*	*Nil*

Zero legal actions pending or completed during the reporting period regarding anti- competitive behavior and violations of anti-trust and monopoly legislations. [LA]

COMMUNITY IMPACT AND SUSTAINABILITY

Our commitment to society is demonstrated through targeted interventions aligned with the UN Sustainable Development Goals (SDGs). We continue to strengthen our relationships with the communities we serve by supporting local educational initiatives, investing in health and well-being projects, and fostering open dialogue with stakeholders.

These efforts demonstrate our commitment to making a positive social impact, nurturing trust, and encouraging long-term partnerships with the communities around us.

Social and Relationship Capital





In December 2025, we supported 96 students at Pathana Sawbhagya College in Galle by providing meals and essential school supplies.



In early 2026, we launched the "Clean Water, Safe Sanitation, Healthy Future" project. The project's first programme at the Kelaniya Gurukula College promoted water conservation and hygiene awareness among students in Grades 6 to 8.



Exclusive Webinar for First Capital Customers on Fixed Income Strategy in Uncertain Times



We became a signatory of the Partnership for Carbon Accounting Financials (PCAF) in March 2026, marking a significant milestone in our journey toward transparent, ESG-aligned reporting and collaborative partnerships for a greener future.

STRATEGIC ROADMAP 2026 AND BEYOND

Horizon	Strategic Objective	Key Actions
Short to Medium Term 	Strengthening partner relationships	⁜ **New Collaborations:** Expand partnerships to promote awareness of and access to green investment.
Medium Term 	Digital Transformation & Service Excellence	⁜ **CX Elevation:** Address current gaps in the Call Centre and redemption handling through system upgrades and automated callbacks to improve the CSAT score. ⁜ **Market Penetration:** Execute targeted digital campaigns to increase visibility among the mass-affluent segment and "Gen Z" investors.
	Financial Literacy and Community Support	⁜ **Transitioning to Structured Community Impact Programs:** Evolve from ad-hoc donations to a structured Community Impact. ⁜ **Educational Programmes:** Expand the "Simplified Repo" educational series into rural community workshops and digital webinars, specifically targeting youth and students to foster early-age financial independence.
Long Term 	Ecosystem Leadership & Inclusive Finance	⁜ **Predictive Relationship Management:** Leverage advanced CRM analytics and AI to transition from reactive support to proactive, personalised client wealth advisory. ⁜ **National Inclusion:** Scale mobile and chat-based investment platforms to deepen financial literacy and accessibility nationwide. ⁜ **Strategic Resilience:** Evolve the FCT standalone ESG framework into a global benchmark for Primary Dealers, ensuring long-term institutional trust.



Natural Capital



SUSTAINABLE VALUE: PRECISION IN PRACTICE

At First Capital Treasuries PLC (FCT), 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. While our direct consumption of natural resources may be limited, our influence via stakeholder networks, investment flows, and market conduct extends far beyond our office walls.

Our operational footprint, encompassing the consumption of energy, water, and materials, as well as the generation of emissions and waste, reflects our role as a digitally enabled financial intermediary with a lean environmental impact. These interactions are managed with the same attention given to our financial portfolios.

As a trusted capital market intermediary and a high performer in Sri Lanka's financial services ecosystem, we are committed to leveraging our credibility to promote sustainability and support ecosystems that fortify social and economic resilience. FCT's natural capital strategy is proportionate, focused, and purposeful.

As regulatory frameworks evolve to include non-bank financial institutions under ESG and climate reporting mandates, we are proactively aligning our disclosures with SLFRS S1 and SLFRS S2, UN SDGs, GRI, and SASB standards, laying the groundwork for nature-positive finance within and beyond our operational boundaries.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Water Stewardship	Critical for community and climate resilience	303	6 CLEAN WATER AND SANITATION	Cultivating a culture of environmental stewardship by providing ongoing training to employees on water conservation techniques and the strategic importance of resource efficiency Providing improved washroom facilities to ensure modern, water-efficient sanitation for younger students in Kelaniya Gurukula College

STRATEGIC FOCUS ON NATURAL CAPITAL ASPECTS

To ensure our strategy remains material, we focus on five key aspects that intersect with our business model and stakeholder interests.

Identified Material Aspects	Significance	Link to GRI	Link to SDG	Our Strategic Approach
Renewable Energy	Critical for mitigating the systemic risks of climate change while ensuring long-term energy security	302	7 AFFORDABLE AND CLEAN ENERGY	Utilising on-site solar generation to reduce dependency on the national grid
GHG Emissions	Enables decoupling operational growth from carbon intensity, while serving as a primary driver of regulatory resilience and reputational integrity	305	13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	Leveraging our established emissions baseline to implement specific energy-efficiency KPIs
Circular Economy	An imperative for resource efficiency and waste reduction	301 & 306	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Scaling our digital-first culture to further separate business growth from physical resource use
ESG Data Integration	The foundation of transparency and stakeholder trust	2-14 & 3	17 PARTNERSHIPS FOR THE GOALS	Expanding KPI coverage to align with phased SLFRS S1 & S2, UN SDGs, and SASB reporting requirements

Reporting Boundary

- **Geographic Scope:** Primarily focused on the Sri Lankan domestic market, reflecting our footprint as a primary dealer within the local financial ecosystem.
- **Organisational Boundary:** Includes all direct operations at the FCT Head Office where the company exercises full financial and operational control.
- **Direct Environmental Footprint (Scope 1 & 2)**
  - **Energy:** Electricity consumption from the national grid and fuel combustion for backup generators.
  - **Transport:** Fuel combustion for company-owned and hired vehicles.
  - **Fugitive Emissions:** Leakages from air conditioning, refrigeration units, and fire suppression systems.
- **Value Chain Boundary (Selected Scope 3)**
  - **Business Travel:** Emissions from employee commuting and business-related travel via land and air.
  - **Supply Chain:** Materiality-based assessment of IT equipment procurement and paper usage.
  - **Waste and Water:** Municipal water consumption and waste generation (managed via internal recycling and reuse protocols).

Stakeholders Most Impacted

Ecosystem · Business Partners · Suppliers · Regulators · Community

Natural Capital

OVERVIEW OF KEY INDICATORS

Indicator	Unit	Status FY2025/26
Total GHG Emissions (Scope 1, 2 and Scope 3 excluding financed emissions)	tCO2e	52.53
Company-wide Electricity Consumption [LA]	*kWh*	*65,792*
Energy intensity [LA]	*Sq ft*	*17.27*
Company-wide Water Use (Municipal & Bottled)	m^3	438
Circular Economy Initiatives		⁂ Plastic free shift
	N/A	⁂ Digital workflows

No energy consumption outside the organisation . Floor area was used as the basis for the electricity intensity ratio because it is a consistent indicator of the scale and physical size of operational facilities. Electricity consumption in offices and operational buildings is strongly influenced by the amount of space that requires lighting, air conditioning, ventilation, elevators, and other building services. [LA]

MANAGEMENT APPROACH: NATURAL CAPITAL STRATEGY

Our natural capital strategy is guided by a pragmatic, forward-looking framework that aligns with FCT's core business model and lean operating context. Recognising the intrinsic link between ecological resilience and financial stability, our approach addresses direct operational impacts and evolving stakeholder expectations.

Strategic Framework for Natural Capital Management



Operational Efficiency: Accelerating paperless workflows, digitised client engagement, and eco-efficient office practices to separate business growth from resource consumption.

Community-based Environmental Stewardship: Strategic investments in water conservation and security projects that reinforce climate resilience and long-term social value to communities across Sri Lanka.

Regulatory Readiness and ESG Integration: Proactively embedding climate-related disclosures into enterprise processes in alignment with SLFRS S1 and SLFRS S2. Adoption of voluntary standards such as GRI and a focus on supporting the achievement of UN SDGs. We continue to lead in transparency, despite the current absence of specific primary dealer (PD) taxonomies compared to the broader banking sector.

Strategic Alignment: Material Matters and Capital Impact

Management Approach	Material Matters	Link to Capitals Impacted
Operational Efficiency	⁂ Digital transformation ⁂ Operational efficiency ⁂ Resource scarcity	**Manufactured Capital:** Optimised physical infrastructure **Intellectual Capital:** Enhanced digital proprietary processes
Community-based Stewardship	⁂ Environmental, Social, and Governance (ESG) matters ⁂ Market volatility ⁂ Climate-related physical risks	**Social & Relationship Capital:** Strengthened community trust **Natural Capital:** Direct contributions to ecosystem resilience
Regulatory Readiness & ESG Integration	⁂ Regulatory developments ⁂ Heightened importance of risk management ⁂ Brand image and reputation	**Financial Capital:** Long-term risk mitigation and investor appeal **Intellectual Capital:** Strategic alignment with global reporting standards

For a detailed breakdown of our quantified metrics on emissions and resource use, refer to the "Conserving the Environment" pillar of our ESG Scorecard (pages 21 to 22).

NATURAL CAPITAL VALUE CREATION MODEL

Capital Component	Inputs (Our Resources)	Strategic Transformation (Our Process)	Key Outcomes (Our Impact)	SDG Link
Energy	Grid and Solar Power	24 KW Solar + LED Adoption	Reduced energy intensity and usage of natural resources	7
Water	Municipal Supply + Release of Effluents	Infrastructure Upgrades + Education + Waste Management	Enhanced water stewardship leading to more comprehensive water conservation efforts and minimising the use of harmful materials that can reach water bodies	6
Materials	Paper and Plastics	Digital-First Policy + Use of Glass	Circular resource management, reducing paper usage and moving towards a plastics-free environment	12, 13
Climate	Emissions	PCAF Alignment + SLFRS S1/ S2 Alignment + Scope 1, 2, 3 Baselines	Climate resilience, supporting climate change initiatives	17

SWOT Analysis

Strengths

- **Lean Operational Footprint:** Minimal environmental liabilities due to a focused geographic and operational scope
- **Leadership Buy-in:** Strong executive commitment to long-term sustainability and stakeholder value creation
- **Robust Data Baseline:** Established Scope 1, 2, and 3 (operational) emissions baselines, enabling a data-driven environmental strategy
- **Regulatory Readiness:** Proactive alignment with SLFRS S1, S2, and SASB standards, ensuring future-proof disclosures and market relevance

Weaknesses

- **Taxonomy Gaps:** Lack of sector-specific taxonomies, which limits the pace of adoption compared to the banking sector
- **KPI Maturity:** Absence of formalised natural capital Key Performance Indicators (KPIs) aligned with new reporting standards
- **Data Governance:** Ongoing refinements required in internal ESG data collection processes to ensure consistency and auditability
- **Evolutionary Lag:** Internal frameworks for natural capital are still evolving in tandem with emerging global reporting requirements

Opportunities

- **Market Leadership:** Opportunity to pioneer ESG-aligned reporting as an early adopter outside the traditional banking space
- **Sovereign Bond Innovation:** Potential to lead the local discourse on integrating ESG factors into domestic sovereign debt and public finance
- **Trust Building:** Strengthening stakeholder relationships through high-impact, nature-based local interventions
- **Digital Transformation:** Enhancing digital infrastructure to automate and scale sustainability monitoring and reporting

Threats

- **Compliance Pressure:** The rapid pace of SLFRS S1 and S2 expectations may outpace current organisational capacity
- **Global Complexity:** Navigating the fragmented landscape of IFRS, ISSB, and regional taxonomies may strain strategic bandwidth
- **Reputational Risk:** Increased scrutiny regarding 'greenwashing,' particularly in natural capital claims where data verification is complex
- **Financial Constraints:** High implementation and transition costs relative to the current scale of operations

Natural Capital

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

FCT has identified six key UN SDGs in which our operations and community initiatives have the greatest impact on natural capital value.

Resource Efficiency and Circularity

SDG	Focus Area	Key Initiatives and Impact
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Waste Reduction & Circularity	⁂ **Plastic-Free Transition:** Adopted glass bottles to eliminate single-use plastics within the workplace ⁂ **Resource Reuse:** Active internal policies for the reuse of envelopes and paper, supported by robust recycling protocols
13 CLIMATE ACTION	Digitalisation and De-carbonisation	⁂ **Paperless Culture:** Transitioned to E-letterheads, E-onboarding, and electronic confirmation for deposits and withdrawals ⁂ **Governance Efficiency:** Implementation of BoardPAC for virtual board meetings, significantly reducing the carbon footprint associated with physical documentation and travel
7 AFFORDABLE AND CLEAN ENERGY	Energy Transition	⁂ **Renewable Capacity:** Operates a 24 kW Solar Generation Unit (Allocated unit generation) to offset grid dependency ⁂ **Efficiency Standards:** 100% adoption of LED lighting across offices to optimise energy intensity





Water Stewardship and Life Support

SDG	Focus Area	Key Initiatives and Impact
6 CLEAN WATER AND SANITATION	Community Infrastructure and Hygiene	⁂ **Gurukula College Project:** Renovated two washroom facilities at Kelaniya Gurukula College, directly improving the hygiene environment for 200 students, while promoting a water conservation mindset ⁂ **Education:** Integrated hygiene and water conservation training within the Company to foster long-term behavioural change
14 LIFE BELOW WATER	Aquatic Protection	⁂ **Pollution Prevention:** Stringent management of operational waste to ensure harmful materials and microplastics do not enter local water bodies or marine ecosystems





Strategic Collaboration

SDG	Focus Area	Key Initiatives and Impact
14 LIFE BELOW WATER	Global Framework Alignment	⁜ **PCAF Membership:** Active member of the Partnership for Carbon Accounting Financials (PCAF), collaborating globally to standardise the assessment and disclosure of greenhouse gas emissions

RESOURCE STEWARDSHIP AND CIRCULARITY

GRI 301, 302, 303, 305, 306

Paperless Transformation

Digital adoption has moved beyond a functional requirement to become a core environmental strategy. By accelerating paperless onboarding and e-KYC, and by digitising transactional processes such as Treasury bidding, we have achieved significant reductions in the consumption of physical resources. This digital-first model serves a dual purpose, enhancing the speed at which we can serve our clients while directly contributing to forest conservation and reducing Scope 3 emissions associated with supply chain logistics.

Plastic-Free Shift and Circular Principles

In a decisive transition toward circular economy principles, FCT has eliminated single-use plastic bottles across all office locations, replacing them with reusable glass alternatives. This shift significantly reduces our annual landfill contribution and fosters a corporate culture that values resource longevity over disposal.

Internal Recycling and Reuse Culture

Sustainability is embedded into our daily operations through a robust culture of material separation and employee education. By integrating sustainable procurement practices, we ensure that the lifecycle of every material from IT hardware to office stationery is managed with an emphasis on recycling and responsible disposal.

Electricity Consumption

We remain committed to optimising our energy intensity by enhancing operational efficiencies across our physical footprint. Our strategy focuses on the dual goals of reducing absolute consumption and transitioning toward lower-carbon energy sources where feasible. By integrating energy-saving technologies and fostering employee awareness, we aim to separate our business growth from our carbon emissions. Ongoing monitoring of our energy profile ensures alignment with our broader decarbonisation targets and supports the long-term resilience of our operations.

Water Use

Recognising water as a critical natural capital, we prioritise responsible withdrawal and efficient consumption patterns. Our approach extends beyond internal conservation to include community-based stewardship, as evidenced by our recent infrastructure and education initiatives in local schools.

We continue to refine our tracking mechanisms to better understand our water footprint and identify opportunities for circularity. By promoting water-efficient practices and investing in modern sanitation, we safeguard this vital resource for both our business and the surrounding ecosystems.

Community-Based Water Stewardship Project

Beyond our internal operational footprint, we extend our natural capital commitment to the communities in which we operate. A primary example is the "Clean Water, Safe Sanitation, Healthy Future" initiative at Kelaniya Gurukula College, completed in March 2026. This project, which aligns with SDG 6 (Clean Water and Sanitation), reflects our dual approach to resource management.

- ⁜ Infrastructure Investment: Enhancing washroom facilities to ensure modern, water-efficient sanitation for younger students.
- ⁜ Advocacy and Education: Fostering a "conservation-first" mindset by educating on the vital importance of water hygiene and resource preservation.

CARBON FOOTPRINT AND CLIMATE STRATEGY

GRI 302, 305 SLFRS S2

FCT has completed a comprehensive baseline measurement of its carbon footprint. This foundational inventory, covering Scope 1, Scope 2, and selected Scope 3 emissions, informs our internal climate strategy and guides our future reduction pathways in line with science-based targets.

As part of our transition, we are optimising office energy efficiency and prioritising suppliers aligned with the Company's sustainability goals. These actions ensure we meet the rigorous requirements of SLFRS S1 and SLFRS S2.

For our full transitional disclosures, see "Our approach to sustainability" (pages 151 to 155).

Natural Capital

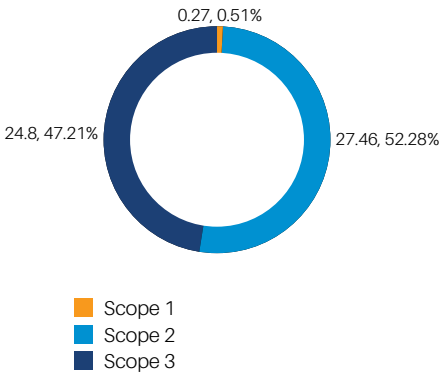


Combustion of fuels in company owned and hired vehicles	Electricity by the national grid	Emission from air conditioners, refrigerators and fire extinguishers	Emission from water use (municipal and drinking water), IT equipment purchase and waste management	Combustion of fuels for electricity	Emission from fuel combustion for employee commuting, and business travel (land)

Emission Category	Source of Impact
Direct (Scope 1)	Combustion of fuels in leakage from air conditioners, refrigerators, and fire extinguishers
Indirect (Scope 2)	Emissions resulting from the generation of purchased electricity (national grid) and fuel combustion for backup power
Other Indirect (Scope 3)	Employee commuting, business travel (land), water use (municipal and drinking), IT equipment procurement, and waste management

Category	2025/26	
	GHG Emission (t CO2e)	% Emission
Scope 1	0.27	0.51
Scope 2	27.46	52.28
Scope 3	24.80	47.21
Total GHG emission	**52.53**	**100.00**

GHG Emission Inventory



FCT has elected to apply the available transitional relief and, accordingly, is not disclosing financed emissions under Scope 3 at this stage. This approach is consistent with the current reporting provisions, allowing additional time to further develop the methodologies, data collection processes, and internal capabilities required for comprehensive Scope 3 financed emissions reporting in future periods.

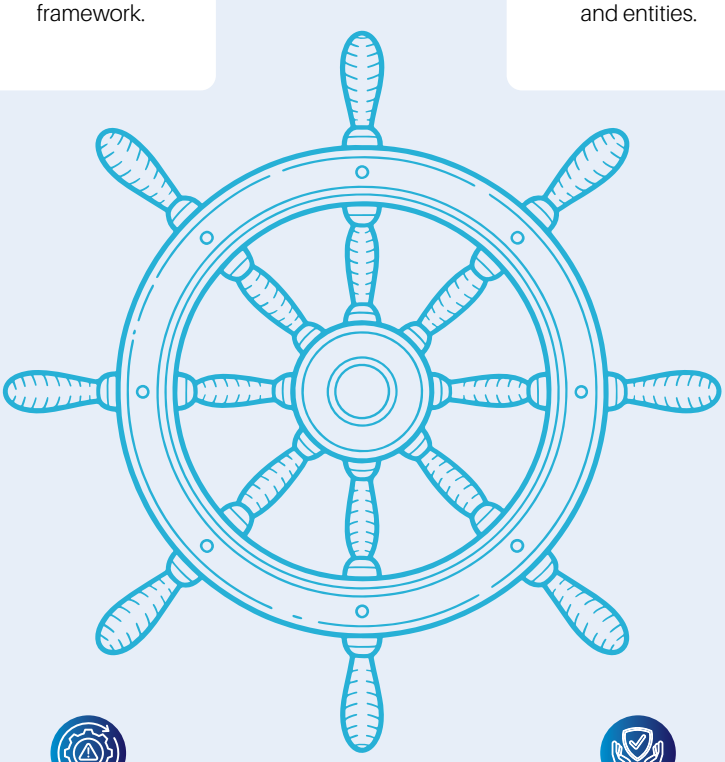
STRATEGIC ROADMAP 2026 AND BEYOND

Horizon	Strategic Objective	Key Actions
Short to Medium Term	Operational Readiness and Data Governance	⁕ **Diagnostic Review:** Conduct a comprehensive analysis of resource efficiency and material environmental dependencies ⁕ **Enhanced Tracking:** Expand monitoring mechanisms for emissions and resource consumption, strictly aligned with SLFRS S1 and S2 ⁕ **Framework Alignment:** Strengthen the mapping of natural capital initiatives to the UN SDGs, with a focus on Goals 6, 7, 12, 13, 14, and 17 ⁕ **Competency Building:** Develop internal ESG expertise and establish robust cross-functional governance frameworks
Long Term	Strategic Integration and Sector Leadership	⁕ **Resilience Strategy:** Formalise a climate resilience and natural capital impact strategy specifically tailored for Primary Dealer operations ⁕ **Supply Chain Integrity:** Fully integrate ESG assessment criteria into supplier engagement and broader operational policies (development of scope 3 emissions) ⁕ **Policy Advocacy:** Drive sector-wide dialogue to expand ESG guidance for PDs, bridging the gap beyond existing banking-centric taxonomies

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.



The Three Lines of Defence Model

Sets risk ownership responsibilities functionally independent from oversight and assurance.

Risk Governance

Our governance structure supports strategic risk-taking within a disciplined framework.

Risk Ownership

Design and implement effective risk management across business units and entities.

Risk Objectives and Risk Culture

FCT prides itself on its robust embedded risk and capital management culture.

Risk Universe

Our risk universe is a comprehensive catalogue of potential risks, both financial and non-financial. We routinely scan our operating environment, identifying changes, assessing their potential impact and developing appropriate responses.

Risk Framework

Our risk management framework is aligned with the three lines of defence model.

Risk Appetite

FCT operates within acceptable levels of risk in compliance with Board-approved risk appetite.

Risk Management Process

FCT's risk framework is based on stable and robust principles reflecting ISO 31000:2018 (ISO-31000) and regulatory best practices.

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.

Direct, Control and Oversight

Risk and Compliance (R&C) facilitates risk management activities upholding risk principles.

Risk Management Report

OUR RISK CONTEXT

The global and domestic risk landscape continued to be shaped by persistent uncertainty, policy divergence and geopolitical fragmentation during FY2025/26. Global growth estimates from the International Monetary Fund (IMF) remain modest, with significant regional variations, as advanced economies navigate tightening financial conditions alongside structural shifts in trade and technology.

The closure of the Strait of Hormuz in early 2026 caused a major global energy shock, driving oil prices sharply higher and slowing global trade. Developing countries are facing rising financial pressure due to capital outflows and weaker currencies.

For Sri Lanka, the impact is significant, with nearly 40% of imports exposed to higher prices, especially fuel. This is increasing inflation, threatening economic growth, and putting pressure on the Central Bank to balance growth and price stability.

Sri Lanka's macroeconomic environment continued to improve through FY2025/26, supported by the sustained IMF-backed reform agenda, improved sovereign credit ratings, and continued fiscal consolidation. Fitch Ratings and Moody's both upgraded Sri Lanka's credit rating during the prior period and the positive trajectory has continued, enhancing international credit visibility and contributing to improved domestic market liquidity.

The CBSL maintained a broadly accommodative monetary policy stance, with policy rate adjustments calibrated to balance growth recovery and inflation control. Market interest rates and government securities yields continued to reflect this policy environment, supporting Primary Dealer operations and portfolio management.

Sri Lanka's government securities market remains the cornerstone of domestic public financing. In this context, Primary Dealers such as FCT continue to play a pivotal role in ensuring market liquidity, bid cover, and price discovery in government securities auctions.

Business risks were also shaped by increased technological integration and evolving regulatory frameworks. The growing reliance on digital infrastructure ,amplified by client portals, AI-enabled analytical tools and end-to-end investment platforms demands continued investment in system resilience and multi-layered cybersecurity protocols.

The issuance and operationalisation of SLFRS S1 and S2 on sustainability and climate-related disclosures in Sri Lanka, effective from January 1, 2025, underscores the regulatory priority around ESG integration. As a listed company and market intermediary, FCT continues to comply with expansive corporate governance rules, operational, regulatory and conduct obligations imposed by market regulators.

Labour market dynamics, reflecting demographic shifts and skills migration, have intensified the need to attract and retain skilled talent to drive our performance-driven culture.

Within this evolving environment, FCT maintained a proactive and forward-looking approach to risk management. Our strategy balances opportunity and caution, navigating the recovery cycle while preparing for structural shifts in markets, regulation, and technology.

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

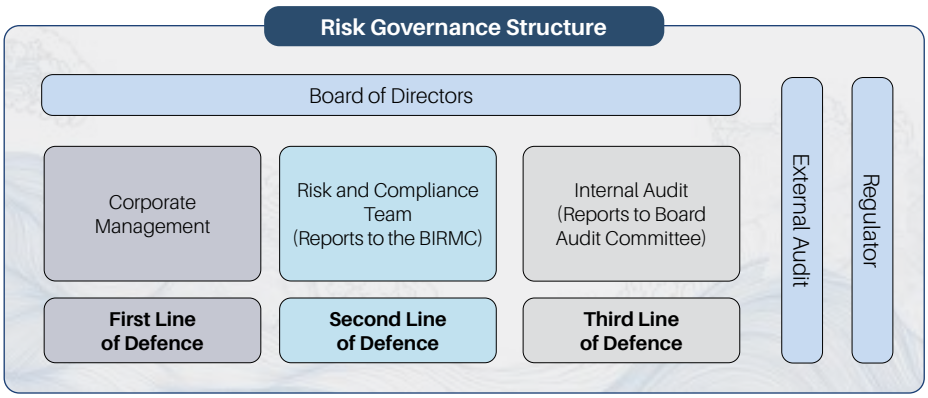
At FCT, risk management is not only a safeguard but a strategic enabler. As a standalone PD regulated by the CBSL, operating within the subsidiary governance framework of the intermediate parent, First Capital Holdings PLC, FCT developed a Company-specific risk management framework, contextualised for 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.

Governance Hierarchy



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 and 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 Committees

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, oversees the status of digitalisation and other IT project initiatives.

Role of Management

Management at FCT, including the Director/ 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 Director/ CEO, in particular, holds overarching accountability for ensuring that risk management is integrated across all levels of FCT's operations. The Director/ 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 risk owners, risk oversight, and independent audit.

FIRST LINE
Risk Owners (Corporate Management)

All front and back office personnel, supported by finance, legal, IT, HR, and compliance teams are responsible for owning and managing risks through robust operational procedures, internal controls, and timely escalation.

SECOND LINE
Risk and Compliance (R&C)

Independent of operational management, the R&C provides objective oversight, monitoring and challenge in relation to the Company's material risks. Designs and supervises the risk management framework and supports an enterprise-wide view of risk.

THIRD LINE
Internal Audit

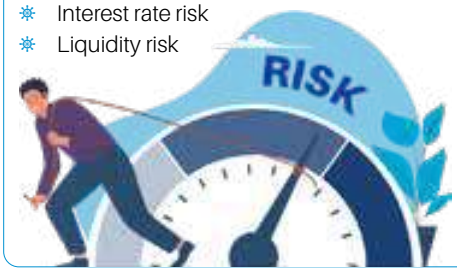
Provides independent assurance to the Board, its Committees and Management on the design and operational effectiveness of risk and control systems. Reports functionally to the BAC.

RISK UNIVERSE

Financial Risks

Financial risks comprise risks associated with unexpected changes in external markets, which pose financial implications.

- Interest rate risk
- Liquidity risk



Non-Financial Risks

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
- Climate risk

Risk Management Report

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:

- **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

1. Identification



Identification of risks is mainly via the First line of defence. Risks are also identified by the environmental scans conducted by the R&C.

2. Assessment



Risk assessments are conducted by the First line of defence and the R&C to evaluate the scope and scale of the impact to the Company. Various analysis techniques, including stress testing and scenario analysis are performed. Risks are further analysed using the impact and likelihood matrix, to enable each risk category to be rated.

3. Mitigation



Risk treatment is based on the Board-approved risk appetite and associated tolerance limits. Appropriate risk treatment measures are established to either mitigate, avoid, transfer or accept risk.

4. Monitoring & Reporting



The R&C proactively monitors risk tolerance limits for all risk categories. Findings are documented in the Risk Register — a comprehensive document that captures details of ongoing risk identification, assessment and treatment efforts. It is the main tool used to support risk reporting to risk committees and the Board.

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 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 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.

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	Capital Adequacy Ratio (CAR); Internal capital buffer	CAR approaching internal minimum buffer; Increased market volatility or asset price decline impacting valuation
Liquidity Management	Maintain high-quality liquid assets and self-sufficient liquidity at all times.	Low	Cash flow gap analysis	Short-term funding reliance increasing; Settlement delays from counterparties
Financial Sustainability	Pursue sustainable, risk-adjusted returns through prudent trading and cost management.	Moderate	Net trading income; Net interest income; Return on equity; Cost-to-income	Deviation from budgeted income; High earnings volatility; Declining spread/margins
Reputation	Zero tolerance for actions that damage market trust or stakeholder confidence.	Zero	Client complaints; Media references; Regulatory feedback	Unresolved regulatory queries; Client attrition; Negative press mentions
Regulatory Compliance	Full compliance with CBSL, SEC and other regulatory obligations is mandatory.	Zero	Regulatory breaches; Audit findings; Compliance incidents	Delays in regulatory reporting; Repeat audit issues; Elevated compliance breach trends
Ethical Conduct	Zero tolerance for intentional unethical, dishonest, or unlawful conduct.	Zero	Whistleblower cases; Breach of Code of Conduct	Increase in HR incidents; Employee grievance trends; Investigation frequency
Anti-Bribery & Corruption	No tolerance for bribery, facilitation payments, or unethical inducements.	Zero	Incident reports; Third-party risk assessments	Suspicious transactions; Conflict of interest disclosures rising; Adverse media on vendor relationships

Risk Management Report

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	Cyber incidents; System downtime; Compliance with CBSL IT guidelines	Increase in phishing or malware attempts; Delayed patch management; Results from vulnerability assessments
ESG Exposure	Avoid business activities that conflict with ESG principles and promote responsible investing.	Low	ESG screening outcomes; Carbon impact indicators	Investments or trades flagged during ESG due diligence; Stakeholder concerns on governance; Supplier violations of ESG commitments
Climate Risk	Maintain low exposure to climate-related risks by integrating environmental, social, and governance (ESG) considerations into investment decisions, while ensuring resilience to both physical and transition climate impacts.	Low	Exposure to carbon-intensive assets; Portfolio ESG rating; Financed emissions (where applicable)	Increase in exposure to high carbon sectors; Adverse regulatory changes (carbon taxes, ESG disclosure requirements); Physical climate events impacting asset values or operations; Rising stakeholder or investor pressure on climate performance

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.

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

VaR is calculated using a historical simulation approach with a 10-day holding period and 500-day look-back period at a 95% confidence level, focusing on potential losses through a one-tailed distribution. This metric supports 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.

a. Regulatory Complexity

FCT faces a highly regulated environment which is now increasingly more complex from structural, governance, prudential and conduct perspectives. 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.

Key Threats / Issues	Treatment / Mitigation	Opportunities
		
⁜ Increased regulatory scrutiny from market and frontline regulators ⁜ Frequent changes in tax and compliance obligations ⁜ Reputational and financial risk from non-compliance	⁜ Strengthening compliance infrastructure ⁜ Continuous horizon scanning and policy review ⁜ Regulatory liaison and proactive engagement	⁜ Competitive advantage through a strong regulatory reputation ⁜ Early mover compliance with future reforms

b. Technological Disruptions and Cybersecurity Risk

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. 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.

Key Threats / Issues	Treatment / Mitigation	Opportunities
		
⁜ Growing sophistication of cybercrime and digital fraud ⁜ Operational disruptions due to technology failures ⁜ Reputational damage from data breaches ⁜ Multiple-risks including data and conduct, in adopting frontier technologies such as AI	⁜ Investment in cyber defence systems and secure infrastructure ⁜ Ongoing staff training and simulations ⁜ Incident response plans and testing ⁜ Dual process models with human-in-the-loop reviews for key decisions made through AI ⁜ Enforce encryption and access protocols ⁜ Implement clear data labelling and anonymisation protocols for AI training data	⁜ Operational efficiency through digitisation ⁜ Differentiation through AI of the client experience and analytical precision ⁜ Brand value as a secure service provider

c. Talent and Human Capital Challenges

The evolving nature of work, coupled with talent shortages in critical areas like technology, risk management, and business operations, poses a significant risk to FCT's ability to execute strategy. 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.

Key Threats / Issues	Treatment / Mitigation	Opportunities
		
⁜ Difficulty in attracting and retaining specialised skills ⁜ Misalignment between staff expectations and traditional work models ⁜ Succession risk in key roles	⁜ Targeted talent acquisition and upskilling programmes ⁜ Modernised people policies focused on flexibility and inclusion ⁜ Evolving an employee value proposition with multi-generational appeal ⁜ Succession planning	⁜ Building a future-ready workforce ⁜ Enhanced employer brand in a competitive market ⁜ Strengthened leadership pipeline

Risk Management Report

Integration of Sustainability and Climate-Related Risks into the Risk Framework

During the financial year, FCT took a significant step in advancing its climate and sustainability risk governance by formally incorporating sustainability and climate-related risks and opportunities into the Company's risk register. This development reflects FCT's proactive response to the operationalisation of Sri Lanka Financial Reporting Standards SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures), which came into effect from January 1, 2025, and represents a meaningful evolution in how FCT identifies, assesses and reports on non-financial risks.

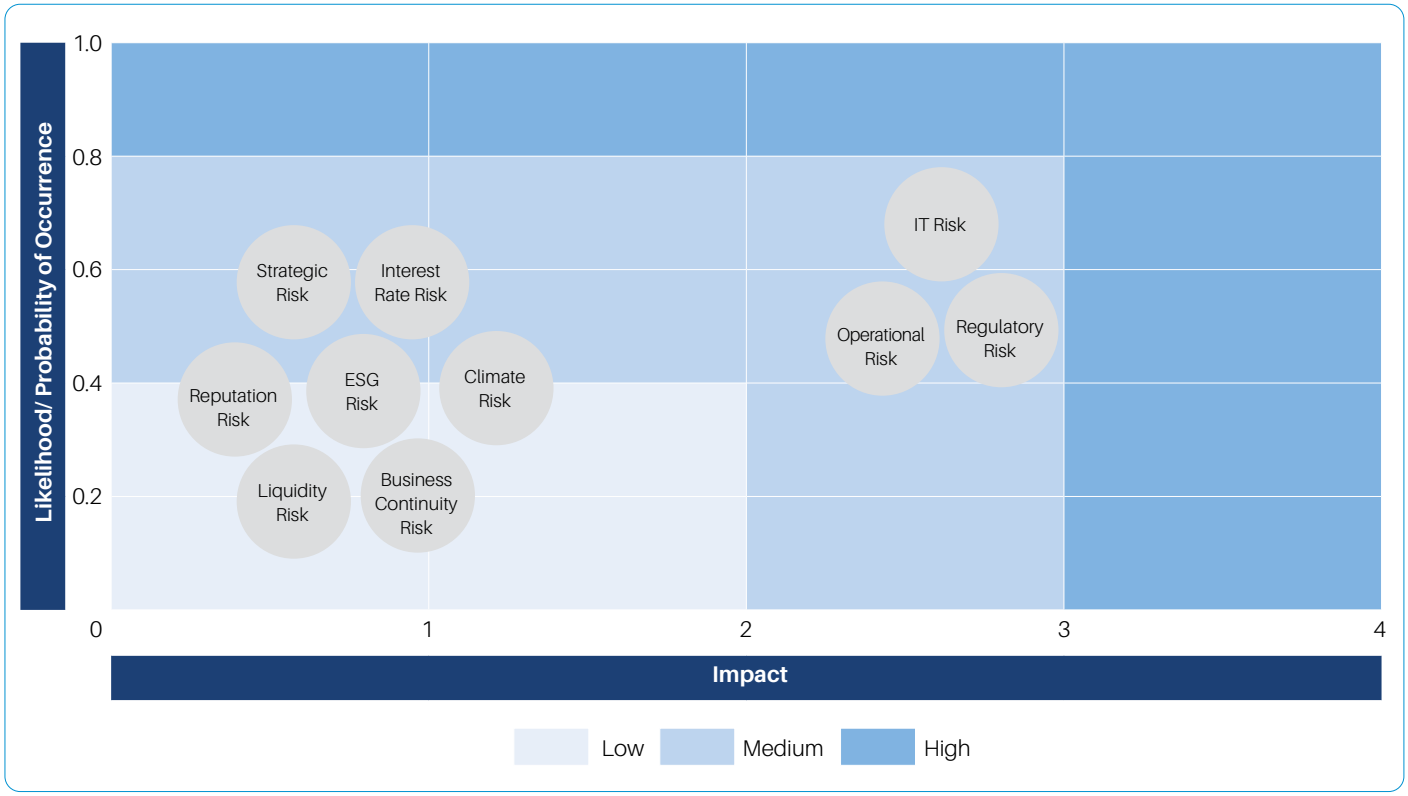
The integration involved a structured assessment of climate-related risks across two principal dimensions — physical risks, encompassing acute events such as extreme weather and chronic shifts in climatic conditions that may affect counterparties, operational continuity and the value of sovereign instruments, and transition risks, arising from policy changes, regulatory tightening, technological shifts and evolving market preferences as Sri Lanka and the broader global economy navigate the pathway toward decarbonisation. Alongside risks, climate-related opportunities — including the potential for green and sustainable finance instruments, ESG-aligned investor demand, and positioning as a responsible market intermediary — were likewise identified and documented within the risk register.

In a further advancement, climate risk was formally incorporated into FCT's main risk dashboard, placing it alongside the Company's principal financial and non-financial risk categories for Board-level monitoring. This ensures that climate and sustainability considerations are no longer treated as peripheral or purely disclosure-driven matters, but are subject to the same structured oversight, tolerance assessment and escalation protocols applied to all material risks. The BIRMC assumes oversight responsibility for climate-related risks within the governance framework, with findings reported to the Board on a periodic basis.These initiatives position FCT in alignment with the requirements of SLFRS S1 and S2, which mandate that entities identify sustainability-related risks and opportunities that could reasonably be expected to affect cash flows, access to finance, or the cost of capital over the short, medium and long term. FCT will continue to deepen its climate risk assessment capabilities, including scenario analysis and climate stress testing, as disclosure requirements and regulatory expectations evolve in the periods ahead.

PRINCIPAL RISKS — PROFILE 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. 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 FY 2025/26	During FY2025/26, the interest rate environment remained broadly accommodative, building on the downward trend established in the prior year following the completion of Sri Lanka's external debt restructuring. Continued fiscal consolidation, low inflation expectations and stable macroeconomic conditions contributed to a relatively stable yield environment for government securities. The CBSL maintained its monetary policy stance calibrated to support recovery, contributing to manageable interest rate risk levels for primary dealers. However, the geopolitical developments in the Middle East in early 2026 introduced fresh upward pressure on long-end yields, with the probability of adverse interest rate movements revised upward by the Company to reflect the elevated macro-economic uncertainty.		
Impact to FCT	**Scale — Medium**	**Probability — Medium**	**Risk Score — Medium**
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 including 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 rate movements and manage the Treasury bond portfolio to bolster income growth. ⁂ Utilised orthodox trading strategies and tactical position taking to achieve strong earnings and profitability within normalised market conditions.		
Link to strategy and opportunities	Board Committee Oversight: **BIRMC, IALCO** Executive Committee Oversight: **MANCO**		Link to Six Capitals 

Liquidity Risk — Potential losses as a result of inadequate cash flows to conduct daily operations and meet regulatory obligations			
Risk Context for FY2025/26	Domestic liquidity conditions remained broadly conducive during FY2025/26, with the Average Weighted Call Money Rate (AWCMR) continuing to reflect favourable conditions in the domestic money market. The enhanced liquidity environment supported primary dealer operations and facilitated effective contingency funding management.		
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 including 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. ⁂ Favourable liquidity conditions supported portfolio positioning and optimisation of funding costs.		
Link to strategy and opportunities	Board Committee Oversight: **BIRMC, IALCO** Executive Committee Oversight: **MANCO**		Link to Six Capitals 

Risk Management Report

Regulatory and Compliance Risk — Potential losses owing to non-compliance of regulations			
Risk Context for FY 2025/26	The compliance and governance landscape continued to evolve during FY 2025/26. Key developments included the implementation of the expanded CSE Corporate Governance Rules effective August 2025, the operationalisation of SLFRS S1 and S2 Sustainability Disclosure Standards effective January 2025, continued enforcement of the Personal Data Protection Act, and evolving AML/CFT obligations. FCT proactively addressed these regulatory changes through structured compliance programmes.		
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. Early adoption of the revised CSE Corporate Governance Rules and formalisation of governance structures accordingly. During the year, the Company was subject to a statutory examination by the Central Bank of Sri Lanka. The BIRMC maintains active oversight of the observations arising from the examination, with progress reported at each subsequent meeting.		
Opportunities Derived and FCT's Response	⁜ The evolving regulatory landscape enabled FCT to enhance its compliance posture through strategic investments in automation and digitalisation, leading to greater operational efficiency. ⁜ Proactive alignment with the CSE Corporate Governance Rules and Personal Data Protection Act strengthened stakeholder trust and positioned FCT as a market leader in ethical and transparent operations.		
Link to strategy and opportunities	Board Committee Oversight: **BIRMC, BAC, NGC**	Link to Six Capitals 	

Business Continuity Risk — Potential losses owing to business disruptions attributed to the failure of back-end systems or inadequate human resources			
Risk Context for FY2025/26	Positive business sentiment and economic optimism resulting from macroeconomic recovery and political stability continued through FY2025/26, supporting operational continuity. During the year, the BCP framework was reviewed and updated to reflect team changes arising from staff appointments and resignations, ensuring currency of the plan. Significant enhancements were made to DR infrastructure, particularly the implementation of an automated server replication and failover system between the Head Office and DR sites, eliminating manual intervention previously required during DR exercises.		
Impact to FCT	**Scale — Low**	**Probability — Low**	**Risk Score — Low**
Monitoring and Mitigation	BCP framework reviewed during FY2025/26; plan updated for team changes arising from staff appointments and resignations. Two BCP drills conducted during the year in conformance with CBSL BCP Guidelines No. 01/2006: (i) Main BCP drill conducted on 19 June 2025 at the DR site (Janashakthi Insurance Building, 2nd Floor, 75 Kumaran Ratnam Road, Colombo 02) under independent observation by Sri Lanka CERT CC — no observations raised; (ii) Optional BCP drill conducted on 27 November 2025 at the Primary Site (No. 02, Deal Place, Colombo 03) as per CBSL recommendation for two annual drills. BCP drills validated functionality of: Front Office (deal entering, verification, CBSL auction and OMO operations); Middle Office (deal verification); Back Office (security allocation, final deal processing, SWIFT operations, confirmations); Core systems including DealNet, Microsoft Dynamics Navision, SWIFT, LankaSettle, CBSL Auction Browser, CIMM System, File Server.		

Business Continuity Risk — Potential losses owing to business disruptions attributed to the failure of back-end systems or inadequate human resources			
	Board of Directors reviewed the results of both BCP drills in accordance with CBSL guidelines. A robust Board-approved human capital strategy aimed at attracting and retaining the best in-class team. Implementing and maintaining a strong succession and back-up plan for key operational functions. DR infrastructure: separate DR site maintained at Bishop's Gate Building, 1st Floor, 338 T.B. Jayah Mawatha, Colombo 10; mirror and off-site backup databases maintained; DR tests conducted bi-annually. Streamlined server replication system implemented supporting automated failover and failback between HO and DR sites — DNS-only switchover required, with zero data loss. IT infrastructure facilitates remote working under a secured environment.		
Opportunities Derived and FCT's Response	⁘ The implementation of automated DR infrastructure (server replication and failover/failback) represents a major improvement from the prior year — recovery simplified to DNS changes only, resulting in faster testing time, higher reliability and improved operational readiness. ⁘ Routine conduct of BCP drills, independently observed and with no observations raised in the main drill, reinforces investor and stakeholder confidence and positions FCT as a differentiator when partnering with institutional clients that prioritise continuity and risk controls. ⁘ The successful BCP drill outcomes validated FCT's operational preparedness across all critical functions and application systems.		
Link to strategy and opportunities	Board Committee Oversight: **BIRMC, BAC** Executive Committee Oversight: **MANCO**	Link to Six Capitals	

Reputation Risk — Potential or actual damage to the Company's image which may impair business profitability and sustainability			
Risk Context for FY2025/26	Operating model changes encompassing client acquisition strategies through digital channels continued to increase system reliance and the potential for service failure and technology-related reputational events during FY2025/26.		
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. CRM system implemented 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, with enhanced relationship management systems driving service improvements. ⁘ 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 identification of service gaps early and improved turnaround times, reinforcing stakeholder confidence.		
Link to strategy and opportunities	Board Committee Oversight: **BIRMC** Executive Committee Oversight: **MANCO**	Link to Six Capitals	

Risk Management Report

Strategic Risk — Potential losses owing to actual results being significantly different from the strategy and business plan			
Risk Context for FY2025/26	Delays related to dependency on external service providers, particularly system vendors, continued to present strategic execution risk during FY2025/26.		
Impact to FCT	**Scale — Medium**	**Probability — Possible**	**Risk Score — Medium**
Monitoring and Mitigation	Continuous and ongoing monitoring and follow up, and regular reporting to the Board detailing actual performance against strategic objectives and targets. Fortnightly Management Committee and monthly Board review meetings ensure active oversight of strategic delivery.		
Opportunities Derived and FCT's Response	⁜ Vendor delays created a window to re-evaluate vendor relationships and renegotiate service-level agreements, ensuring stronger accountability and performance benchmarks. ⁜ The period of delay was utilised 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 	

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 FY2025/26	The continued and increasing trend in cybercrime targeting financial institutions characterised the risk environment during FY2025/26. Escalating sophistication of cyber threats, data breaches and AI-related risks required sustained investment in security infrastructure and staff awareness.		
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 benchmarks, with findings reported to Management and the Board. Vulnerability Assessment and Penetration Testing (VAPT) conducted by an independent third-party specialist with findings reported to the Board. Continuous education provided to staff on cybersecurity risks and phishing prevention. Achieved ISO/IEC 27001:2022 certification for the Company's Information Security Management System during the year. Conditional Access Policies implemented to enforce multi-factor authentication across the enterprise environment. Enhanced patch management, vulnerability scanning and Data Loss Prevention (DLP) tools deployed.		
Opportunities Derived and FCT's Response	⁜ The heightened cybersecurity threat landscape prompted FCT to invest in advanced security infrastructure, strengthening technology resilience and competitive positioning. ⁜ Regular VAPT exercises created opportunities to benchmark security maturity against global standards, fostering continuous improvement. ⁜ Increased focus on cybersecurity led to enhanced employee awareness and training, building a more risk-conscious culture and reducing internal vulnerabilities. ⁜ Strengthened incident response and business continuity planning positioned the Company to respond swiftly to potential cyber incidents.		
Link to strategy and opportunities	Board Committee Oversight: **BIRMC** Executive Committee Oversight: **MANCO, GITSC**	Link to Six Capitals 	

Operational Risk — Potential losses owing to flawed and failed systems, policies, processes or events that disrupt business operations			
Risk Context for FY2025/26	Incidents and near-misses were identified as a consequence of increased business and transaction volumes and customer onboarding during FY2025/26. There were no material incidents reported during the year.		
Impact to FCT	**Scale — Medium**	**Probability — Possible**	**Risk Score — Medium**
Monitoring and Mitigation	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 Management and the Board. Frequent risk assessments and gap analysis conducted to assess the efficiency of policies and processes. During the year, the Risk and Compliance Division developed and obtained BIRMC approval for a standardised, data-driven Operational Risk Assessment Model, transitioning from a judgmental basis to a structured non-linear scoring methodology with Board-approved severity equivalences, providing a transparent, repeatable and auditable framework for monthly operational risk assessment.		
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**	Link to Six Capitals 	

ESG Risk — Risk that negatively impacts, or is impacted by, natural capital, climate change, human rights, workplace diversity and ESG matters			
Risk Context for FY2025/26	Sri Lanka's SLFRS S1 and S2 Sustainability and Climate-related Disclosure Standards, effective from January 1, 2025, continued to underscore the necessity to address and integrate ESG in business strategy, particularly for large listed corporates. FCT progressed its ESG integration agenda during FY2025/26, including readiness reviews for SLFRS S1 and S2 compliance and continued alignment with global reporting frameworks.		
Impact to FCT	**Scale — Low**	**Probability — Low**	**Risk Score — Low**
Monitoring and Mitigation	Please refer to the Sustainability and climate related risks section for further details. Board focus on ESG integration across all levels of the business. Sustainability Management Committee (SMC) appointed in October 2025 overseeing FCT's ESG strategy and disclosures. Readiness reviews initiated for SLFRS S1 and S2 compliance. Improving ESG reporting transparency through the adoption of global frameworks such as IR, GRI, SASB, and the UN SDGs.		
Opportunities Derived and FCT's Response	⁘ 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. ⁘ The global emphasis on ESG opens avenues for primary dealers to attract sustainability-conscious investors and strengthen access to responsible investment funding. ⁘ By aligning with globally recognised reporting frameworks (IR, GRI, SASB, and UN SDGs), FCT demonstrates leadership in ESG compliance and differentiates itself in the financial sector.		
Link to strategy and opportunities	Board Committee Oversight: **BIRMC, BAC**	Link to Six Capitals, 	

Risk Management Report

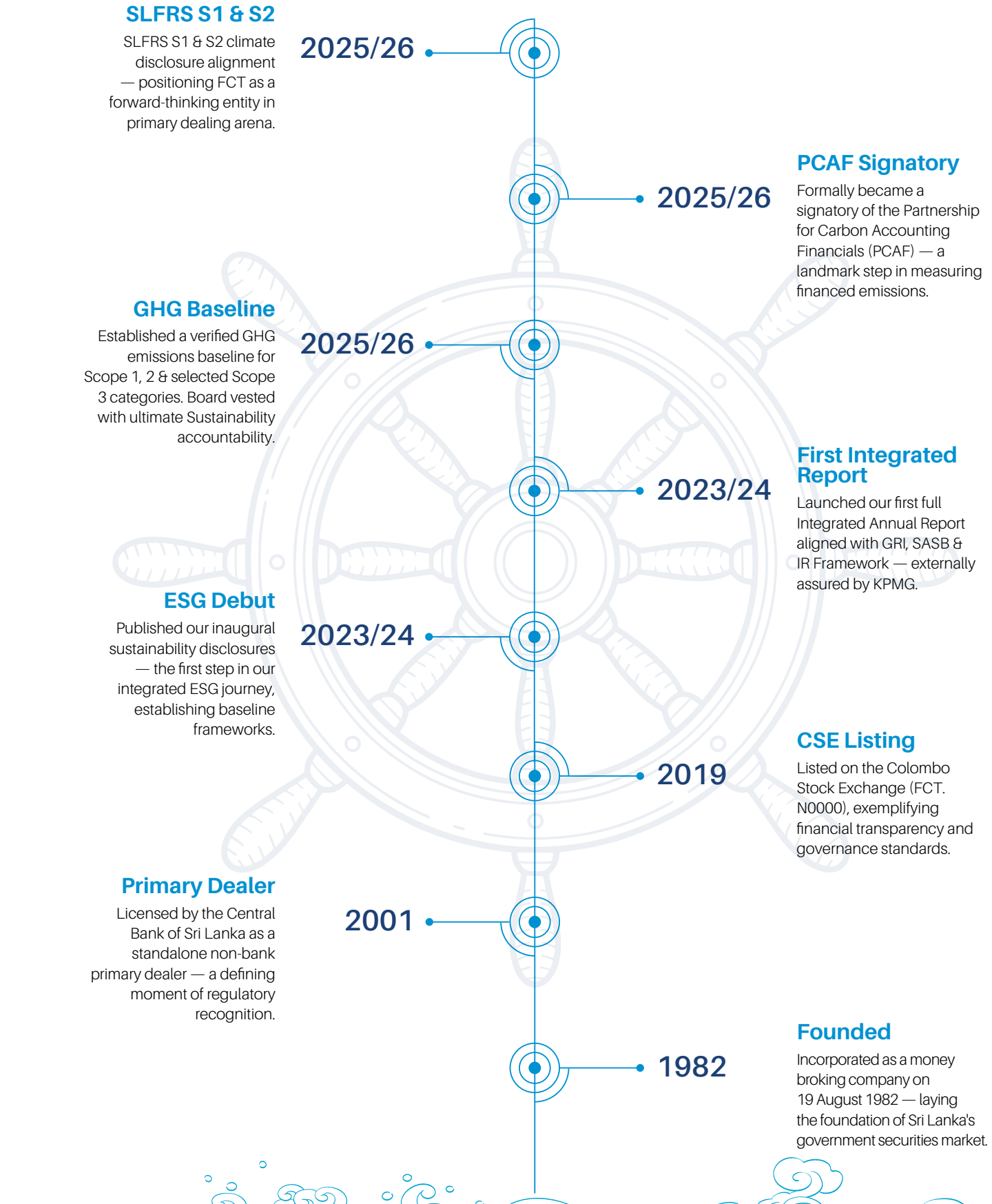
Climate Risk — Risk that negatively impacts, or is impacted by, physical climate events, transition risks, or climate-related regulatory and stakeholder developments			
Risk Context for FY2025/26	During FY2025/26, climate risk continued to gain prominence across the financial services sector, driven by the operationalisation of SLFRS S1 and S2 Sustainability and Climate-related Disclosure Standards effective January 2025. FCT's exposure to climate-related risks remains low given the nature of its primary dealer operations, which are concentrated in government securities. However, the Company recognises the growing importance of integrating environmental, social, and governance (ESG) considerations into investment decisions to ensure resilience to both physical and transition climate impacts. The Sustainability Management Committee (appointed October 2025) has been tasked with overseeing FCT's climate risk strategy and ensuring alignment with evolving regulatory expectations and stakeholder requirements.		
Impact to FCT	**Scale — Low**	**Probability — Low**	**Risk Score — Low**
Key Risk Indicators	Exposure to carbon-intensive assets. Portfolio ESG rating. Financed emissions (where applicable).		
Monitoring and Mitigation	Maintain low exposure to carbon-intensive assets through disciplined investment screening and portfolio monitoring. Integrate ESG considerations into investment decision-making processes to ensure alignment with the Company's sustainability objectives. Monitor portfolio ESG ratings and financed emissions (where applicable) against established thresholds. Sustainability Management Committee oversees FCT's ESG strategy, climate risk disclosures and regulatory compliance. Readiness reviews initiated for SLFRS S1 and S2 compliance, ensuring timely adoption of climate-related disclosure standards. Continuous monitoring of regulatory developments, including carbon tax proposals, ESG disclosure requirements and AML/CFT obligations with climate dimensions. Improving ESG reporting transparency through the adoption of global frameworks including IR, GRI, SASB and the UN SDGs. Board focus on ESG integration across all levels of the business, with climate risk forming part of the Board-level risk oversight agenda.		
Risk Triggers	Increase in exposure to high carbon sectors. Adverse regulatory changes (carbon taxes, ESG disclosure requirements). Physical climate events impacting asset values or operations. Deterioration in ESG ratings of key investments. Rising stakeholder or investor pressure on climate performance.		
Opportunities Derived and FCT's Response	⁂ The introduction of SLFRS S1 and S2 standards provided FCT with a timely opportunity to integrate climate risk principles more strategically into business planning and investment decisions. ⁂ The growing global emphasis on ESG and climate resilience opens avenues for primary dealers to attract sustainability-conscious investors and strengthen access to responsible investment funding. ⁂ By aligning with globally recognised reporting frameworks (IR, GRI, SASB and UN SDGs) and proactively managing climate-related risks, FCT differentiates itself as a responsible and forward-looking market participant in the financial sector.		
Link to strategy and opportunities	Board Committee Oversight: **BIRMC, BAC**		Link to Six Capitals 



Holding the Mast

Like the ship's central support we remain steady, resilient, and essential to keeping course.

Our Sustainability Journey



Our Approach to Sustainability

FY 2025/26 Sustainability Highlights

Signatory of PCAF

Formally became a signatory of the Partnership for Carbon Accounting Financials (PCAF) in March 2026, marking a significant step in measuring financed emissions.

Community Impact

Impacted the lives of students at Galle Pathana Sawbhagya College through meal and school supply distributions and launched the "Clean Water, Safe Sanitation, Healthy Future" project at Kelaniya Gurukula College.

Governance Excellence

Assigned ultimate sustainability responsibility to the Board of Directors, aligning with the requirements of SLFRS S1 & S2.

OUR SUSTAINABILITY APPROACH

First Capital Treasuries PLC(FCT) occupies a critical role in the financial system, aligning investor capital with sovereign funding needs. As a market intermediary and systemic channel for macroeconomic capital flows, we facilitate liquidity, monetary transmission, and price discovery in the government securities market.

We embed our sustainability agenda within a framework built on four sustainability pillars, adapted from our intermediate parent company, First Capital Holdings PLC (FCH), to fit our distinct business model.



Sustainable Financial Solutions

Promoting long-term capital formation through consistent auction participation and inclusive access via platforms like our pioneering WhatsApp-based Treasury bidding tool

Responsible Entity

Upholding the highest standards of compliance, client suitability, and risk containment as a licensed primary dealer under the Central Bank of Sri Lanka

Community Engagement

Democratising access to government securities through financial literacy and market education while supporting local development via CSR initiatives

Environmental Conservation

Reducing our operational footprint through cloud-based infrastructure, paperless onboarding, and LED-enabled workspaces

Our Approach to Sustainability

Mapping Sustainability Pillars to SDGs

At FCT, we believe that responsible financial leadership and environmental stewardship are fundamental to long-term value creation. Rather than pursuing broad, unfocused ambitions, we apply a disciplined approach to sustainability, leveraging our specialised role as a primary dealer to deliver material and scalable impact.

By focusing on our four core sustainability pillars, we align our operations with specific United Nations Sustainable Development Goals (SDGs) where we can drive the most significant change.

1. **Sustainable Financial Solutions**



We strengthen the integrity and liquidity of the government securities market, fostering financial system development and economic resilience.

2. **Responsible Entity**



As a steward of sovereign capital flows, we uphold the highest standards of governance and transparency to maintain institutional trust.

3. **Community Engagement**



We democratise investment opportunities through digital innovations and support national priorities through high-impact social projects.

4. **Environmental Conservation**



We are building a foundation for climate resilience by establishing rigorous greenhouse gas (GHG) baselines and formally integrating climate risk oversight into our strategic framework.

PILLAR 1: Sustainable Financial Solutions

Aligning product design and client access with public finance, financial inclusion, and innovation

SDG	INITIATIVES/ACTIVITIES
1 NO POVERTY	⁂ Distress Loan Scheme ⁂ Vehicle Loan / Housing Loan
8 DECENT WORK AND ECONOMIC GROWTH	⁂ Responsible Investment ⁂ Mid-year Outlook Investor Forum ⁂ Staff Training ⁂ Electronic Staff ID ⁂ Competitive remuneration reviewed annually against market benchmarks ⁂ Financial products that promote financial inclusion & literacy campaigns
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	⁂ Electronic Staff ID ⁂ Continuous automations and digitalisation for customer-friendly service
17 PARTNERSHIPS FOR THE GOALS	⁂ Member of PCAF

PILLAR 2: Responsible Entity

Maintaining integrity, governance, and stakeholder accountability

SDG	INITIATIVES/ACTIVITIES
5 GENDER EQUALITY	⁂ Formation of Diversity, Equity and Inclusion (DEI) Policy ⁂ Equal pay commitment for men and women in comparable roles ⁂ Inclusive workplace with zero incidents of discrimination ⁂ Equal opportunity for all employees regardless of gender
10 REDUCED INEQUALITIES	⁂ Adopting best HR Practices ⁂ Established Code of Conduct / DEI Policy for equal opportunities ⁂ Equal opportunity employment and pay equity ⁂ Transparent grievance and disciplinary procedures ⁂ Equal access to growth and development opportunities
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	⁂ Zero violence, abuse and corruption ⁂ Anti-Bribery and Corruption Policy (ABC) ⁂ Code of Conduct for employees and directors

PILLAR 3: Community Engagement

Uplifting society through inclusive access, education, and resilience-building

SDG	INITIATIVES/ACTIVITIES
2 ZERO HUNGER	⁂ Meal provided to 96 students — Pathana Sawbhagya Primary School, Galle
3 GOOD HEALTH AND WELL-BEING	⁂ Medical check-ups for staff members ⁂ Employee counselling ⁂ Annual Leave Policy ⁂ Maternity and Paternity Leave Policy ⁂ Grievance Handling Procedure ⁂ Flexible working hours policy ⁂ Work from home policy ⁂ Herbal drink distribution to staff ⁂ Body weight training sessions ⁂ No Sugar Wednesdays & Fridays ⁂ Yoga Sessions for staff
4 QUALITY EDUCATION	⁂ School supplies to 96 students — Pathana Sawbhagya Primary School, Galle ⁂ Fin-lit series & knowledge videos ⁂ Internship Programmes ⁂ Examination Reimbursement Policy ⁂ Educational Assistance Scheme ⁂ Skill Development ⁂ Career development via succession planning and leadership initiatives
6 CLEAN WATER AND SANITATION	⁂ Responsible consumption of water ⁂ Renovating two sanitary units at Gurukula College, Kelaniya — empowering 200 students on good hygiene habits

PILLAR 4: Environmental Conservation

Limiting operational impact and advocating for responsible practices

SDG	INITIATIVES/ACTIVITIES
7 AFFORDABLE AND CLEAN ENERGY	⁂ Use of LED Bulbs
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	⁂ Recycling ⁂ Use of Glass Bottles ⁂ E-letterheads, E-onboarding, E-confirmation of deposits & withdrawals, reuse of paper and envelopes
13 CLIMATE ACTION	⁂ Digitalisation (paperless culture) ⁂ Virtual Board Meetings / BoardPAC ⁂ Management and external partner meetings conducted virtually
14 LIFE BELOW WATER	⁂ Minimise the use of harmful materials that can reach water bodies
15 LIFE ON LAND	⁂ Employment opportunities with a competitive salary and an incentive scheme

ROBUST GOVERNANCE FRAMEWORK FOR SUSTAINABILITY EXCELLENCE

To ensure long-term resilience and value creation, FCT has established a structured governance model that integrates sustainability at every level of the organisation.

Board Accountability:
In strict alignment with SLFRS S1 and S2, the ultimate responsibility for the Company's sustainability agenda is vested in the Board of Directors.

Strategic Oversight
The Sustainability Management Committee (SMC) of the Intermediate Parent Company provides high-level oversight of FCT's sustainability agenda.

Strategic Alignment
This Committee ensures that sustainability strategies are aligned with core business objectives while identifying and managing climate-related risks and opportunities.

Integration and Monitoring
The Committee facilitates the integration of sustainability into corporate strategy and risk management, monitoring performance against sustainability goals, and overseeing external assurance.

Reporting and Compliance
The Annual Report and Sustainability Reporting Working Group (ASWG) of the Parent Company coordinates the preparation of FCT's Annual Report.

Verification and Accuracy
This working group ensures the accuracy and completeness of all disclosures, manages the verification of Greenhouse Gas (GHG) emissions, and ensures compliance with statutory, regulatory, voluntary, and sustainability requirements.

Operational Support
Beyond reporting, the group supports the execution of sustainability initiatives and facilitates active stakeholder engagement and communication for FCT.

OPERATIONALISING SUSTAINABILITY: OUR STRATEGY IN ACTION

To translate our sustainability commitments into tangible impact, FCT has adopted a focused and pragmatic sustainability implementation model. While our strategy is guided by the overarching sustainability policy of the First Capital Group, it is distinctly tailored to reflect our specialised role as a non-bank primary dealer.

Our sustainability strategy is built upon pillars that ensure operational relevance and strategic alignment.

- **Framework Alignment:** Each pillar is underpinned by internationally recognised reporting frameworks, including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) Standards.
- **SDG Mapping:** Our initiatives are directly mapped to specific United Nations Sustainable Development Goals (SDGs), ensuring our efforts remain targeted, measurable, and aligned with global development priorities.
- **Precision and Accountability:** Unlike diversified financial institutions, our niche business model allows for high precision in aligning our actions with the most material SDGs, specifically those concerning financial system development, climate resilience, and institutional trust.
- **Governance and Oversight:** Strategic oversight is exercised through Board governance structures and seamlessly integrated into our existing risk and performance frameworks.

Our Approach to Sustainability

- **Systemic Impact:** By focusing on responsible intermediation, we aim to anchor trust in the sovereign debt market while ensuring our growth aligns with stakeholder accountability and market integrity.

NAVIGATING SUCCESS AND COMPLEXITY

During the financial year 2025/26, FCT made significant strides in formalising its sustainability framework while navigating a tightening regulatory landscape for Sri Lanka's leading public entities.

Key Success: Establishing a Governance Focus

Our primary achievement was the formal activation of the Governance Pillar and the approval of our five strategic priorities. By vesting ultimate accountability in the Board and defining a clear roadmap from GHG baselines to global disclosure alignment, we have transformed sustainability from a peripheral activity into a core strategic mandate.

Key Challenge: Navigating the Compliance Frontier

As FCT is among the top 100 listed companies by market capitalisation (as of 31 December 2024), we face the rigorous challenge of early adoption of emerging compliance mandates. Meeting the intensive reporting requirements and transparency standards expected of a top-tier listed entity requires significant technical readiness and resource allocation, particularly as we transition toward full SLFRS S1 and S2 alignment.

Preparing for the Future: Aligning with SLFRS S1 and S2

As the global shift towards sustainability reporting accelerates, FCT continues to strengthen its alignment with the Group roadmap to adopt the SLFRS S1 and S2 standards within business operations. These standards are adapted within the local context of the IFRS sustainability disclosure framework and are designed to promote transparency and risk resilience. Please refer pages 156 to 172 for SLFRS S1 & S2 related disclosures.

STRATEGIC SUSTAINABILITY ROADMAP: FOUNDATIONAL PILLARS FOR SUSTAINABLE GROWTH

FCT has adopted five strategic pillars, approved by the Board, to guide its sustainability agenda over the coming years. This roadmap is designed to propel the Company from foundational practices to measurable, structured outcomes.

Strategic Pillar	Core Objectives and Key Actions
Strengthen Sustainability Governance	✵ Assign ultimate responsibility for sustainability to the Board of Directors to ensure high-level accountability. ✵ Strengthen the SMC to provide strategic oversight and identify climate-related risks. ✵ Enhance cross-functional coordination through the Sustainability Working Group.



Strategic Pillar	Core Objectives and Key Actions
Align Disclosures with Global Standards	❋ Ensure transparency and comparability by aligning with GRI, SASB, and SLFRS S1 & S2 frameworks. ❋ Map key initiatives directly to the United Nations Sustainable Development Goals (SDGs) to address global development priorities.
Build a Verified GHG Inventory	❋ Develop a comprehensive greenhouse gas (GHG) emissions inventory. ❋ Pursue independent verification for Scope 1, 2, and 3 emissions to establish a credible baseline for materiality thresholds.
Drive Emission and Waste Reduction	❋ Introduce targeted programmes for energy efficiency and operational cost reduction. ❋ Accelerate paperless transformation and digitisation to minimise the company's environmental footprint.
Promote Sustainability Culture and Awareness	❋ Strengthening internal capacity through employee training and development focused on climate-related risks. ❋ Integrate sustainability principles into core decision-making and risk assessment processes.

LOOKING AHEAD: PRIORITIES FOR FY 2026/27

As FCT enters the next phase of its sustainability journey, our focus shifts from establishing foundational frameworks to delivering measurable, structured outcomes. Our roadmap for the upcoming financial year will focus on transitioning our sustainability disclosures from a reporting requirement to become a fundamental pillar of our institutional strength and a catalyst for our leadership in the sovereign debt market.

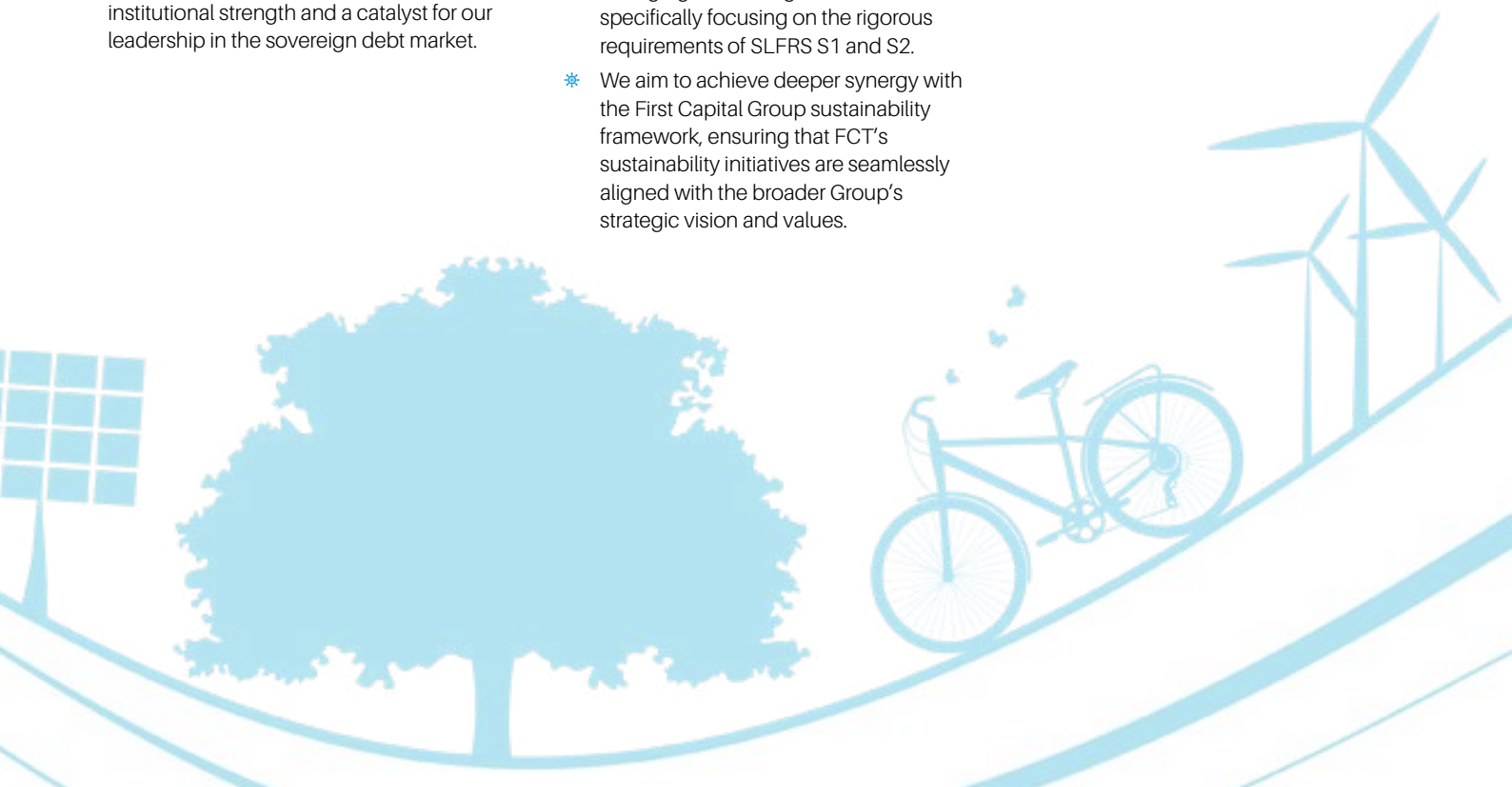
Our short-term priorities are explained below.

- We will focus on transitioning our sustainability practices toward a more data-driven model, ensuring that our sustainability performance is quantifiable, auditable, and results-oriented.
- We will continue to refine our reporting suites to ensure full compliance with emerging local and global mandates, specifically focusing on the rigorous requirements of SLFRS S1 and S2.
- We aim to achieve deeper synergy with the First Capital Group sustainability framework, ensuring that FCT's sustainability initiatives are seamlessly aligned with the broader Group's strategic vision and values.

Our strategic long-term priorities are explained herewith.

- We are committed to embedding sustainability considerations into the very fabric of our operations, moving beyond disclosure to integrate sustainability into daily decision-making, comprehensive risk assessments, and internal performance reporting.
- In line with Group-wide initiatives and our commitment to PCAF, we will gradually build specialised capabilities in climate-related risk analysis. A key priority will be developing the methodologies required for assessing financed emissions, ensuring FCT remains a responsible and transparent steward of sovereign capital.
- We will continue to invest in internal literacy programmes to ensure our teams are equipped to navigate the complexities of low-carbon finance and climate-resilient portfolio management.

By building resilience into our core operations, FCT continues to serve as a forward-thinking custodian of public finance, ensuring long-term competitiveness and stakeholder trust.



SLFRS S1 & S2 Sustainability-Related Financial Disclosures

A. Basis of Preparation	B. Governance	C. Strategy	D. Risk Management	E. Metrics & Targets
Pages 156-158	Pages 158-160	Pages 160-167	Pages 167-169	Pages 169-172

A. BASIS OF PREPARATION | SLFRS S1 1-25

Reporting Entity, Organisational Boundary and Reporting Period

SLFRS S1 20, 64-69

The sustainability-related financial disclosures in this section pertain to First Capital Treasuries PLC ('the Company' / 'FCT'). These disclosures cover all activities within the Company's financial reporting boundary, consistent with its general-purpose financial statements.

The report covers the financial year from 1 April 2025 to 31 March 2026, aligned with the Company's financial reporting period. These disclosures have been prepared under the authority of the Board of Directors and approved for issuance on 5 June 2026.

Application of SLFRS Sustainability Disclosure Standards

SLFRS S1 5-9, SLFRS S2 1-4

This section has been prepared in accordance with SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures, issued by CA Sri Lanka (based on IFRS S1 and IFRS S2 of the ISSB). These disclosures are designed to assist primary users of general-purpose financial reports in understanding the climate-related risks and opportunities (CRROs) that may reasonably be expected to impact the Company's: (i) cash flows; (ii) access to finance; and (iii) cost of capital, over the short, medium, and long term.

Value Chain

SLFRS S1 B5

Across its value chain, the Company relies on multiple forms of capital — financial, manufactured, intellectual, human, and social and relationship to generate value. The Company's activities influence these capitals through value creation, preservation, or, in some cases, erosion. In assessing climate-related risks and opportunities (CRROs), both upstream and downstream segments of the value chain were considered, with the assessment based on all reasonable and supportable information available without undue cost or effort.

Upstream	Core Operations	Downstream
⁂ Financial capital availability & stability	⁂ Treasury & securities operations	⁂ Government securities & fixed income
⁂ Intellectual & human capital	⁂ Risk & compliance	⁂ Reverse Repo portfolio
	⁂ IT & digital infrastructure	
	⁂ Finance & administration	
CRRO Impact: Affects availability and stability of resource inputs	**CRRO Impact:** Affects efficiency and translation of inputs into value	**CRRO Impact:** Credit risk, market risk & financed emission risk

Materiality

SLFRS S1 Para. 17-19

The Company has applied the principle of materiality to ensure that its sustainability-related financial disclosures are focused on matters most relevant to its future performance and position. Information is considered material if its omission, misstatement, or lack of clarity could affect the decisions of primary users. The Company's value chain was examined to identify relevant SRROs and CRROs. A qualitative assessment was conducted to determine which risks and opportunities are most material, considering potential effects on going concern, reputational and regulatory risks, and strategic significance.

FUNCTIONAL CURRENCY

SLFRS S1 24

These disclosures are presented in Sri Lankan Rupees (LKR), the Company's functional and presentation currency.

Sources of Guidance

SLFRS S1 54-58

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate-related Financial Disclosure Standard
- The Preparers' Guide to SLFRS S1 & S2 by The Institute of Chartered Accountants of Sri Lanka

Time Horizons

SLFRS S2 Para. 10(c)-(d)

Short Term (S)	Medium Term (M)	Long Term (L)
0–1 Year	2–5 Years	> 5 Years

Connected Information

SLFRS S1 21-24

Governance | SLFRS S1 26–27, S2 5–7	Corporate Governance – Pages 174-243
Strategy | SLFRS S2 8–23	Our Strategy – Pages 61-64
Risk Management | SLFRS S2 24–26	Risk Management Report – Pages 135-148
Metrics & Targets | SLFRS S2 27–37	Natural Capital / ESG Report – Pages 128-134 & 21-22

Transitional Reliefs Applied

SLFRS S1 Appendix E, S2 Appendix C

	Relief	Standard	Description
(a)	Climate-related disclosures only	SLFRS S1	During the first year of adoption, the Company limits disclosures to climate-related risks and opportunities in line with SLFRS S2.
(b)	No comparative information	SLFRS S1	The Company is exempt from presenting comparative information in the initial year of application.
(c)	Scope 3 GHG emissions incl. financed emissions	SLFRS S2	Only Scope 1 and Scope 2 emissions, and selected Scope 3 categories, are disclosed. Category 15 (financed emissions) is subject to transitional relief. Full Category 15 disclosure becomes mandatory for the period commencing 1 January 2027.
(d)	Qualitative information on anticipated financial effects	SLFRS S2	Disclosure of qualitative information relating to anticipated financial effects of CRROs is deferred for up to two years from the effective date.

Professional Judgements and Key Uncertainties

SLFRS S1 77-82

Materiality Threshold	Determining whether specific CRROs could reasonably be expected to affect cash flows, access to finance or cost of capital. Judgements applied where financial effects were uncertain or indirect.
GHG Emissions	Professional judgement exercised in selecting appropriate emission factors and proxy activity data for Scope 3 categories where actual data was unavailable.
Time Horizons	Judgement applied in defining time horizons used in the assessment of CRROs, linked to strategic planning cycles.
Value Chain Scope	Upstream and downstream activities prone to CRROs mapped based on operational control and material impact.
Identification of CRROs	Risks identified through value chain analysis using SASB standards and peer comparison.

SLFRS S1 Sustainability-Related Financial Disclosures

Statement of Compliance

SLFRS S1 72-73

The Company's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards, issued by the Institute of Chartered Accountants of Sri Lanka, incorporating the transitional reliefs disclosed above. This report presents climate-related financial disclosures for First Capital Treasuries PLC for the financial year ended 31 March 2026. Approved by the Board of Directors on 5 June 2026.

B. GOVERNANCE

SLFRS S1 26-27, S2 5-7

This section outlines governance disclosures in accordance with SLFRS S1 and S2. It should be read alongside the detailed Corporate Governance Report on pages 220 to 223.

Board Oversight Role

The Board of Directors holds ultimate responsibility for identifying, managing, and monitoring Sustainability and Climate-related Risks and Opportunities (SRROs and CRROs), formulating related strategies, materiality assessments, and facilitating stakeholder engagement. This responsibility was formally embedded in the Company's Policy on Matters Relating to the Board of Directors (Version 2.0, revised 14 October 2025) through an amendment to Section 6(b) Director Roles and Responsibilities.

Governance Oversight Structure

Board of Directors (FCT)

↓

Sustainability Management Committee (SMC) of First Capital Holdings PLC (intermediate parent)
Director / CEO of FCT serves as SMC member and primary communication point

↓

Annual Report & Sustainability Reporting Working Group (ASWG) of First Capital Holdings PLC

↓

Head of Sustainability & Corporate Reporting (First Capital Holdings PLC)

When evaluating strategic initiatives and significant investments, the Board assesses both potential risks, such as regulatory changes, climate transition impacts, resource constraints and opportunities including operational efficiencies, market positioning, and innovation arising from sustainability trends. The Board also evaluates trade-offs associated with sustainability-related risks and opportunities, balancing short-term financial performance with long-term environmental and social outcomes.

Role of the Management

Sustainability Management Committee (SMC)

The Board has delegated detailed oversight to the SMC of First Capital Holdings PLC. This arrangement was approved by the Board of First Capital Treasuries PLC, recognising the shared services structure within the First Capital Group. The Director/CEO of FCT is a member of the SMC and holds authority to make final management decisions on sustainability initiatives. The Director/CEO serves as the focal point for communicating matters of interest to the Board of FCT.

The Role of the SMC	Reporting Responsibilities
⁂ Align ESG strategy and frameworks ⁂ Conduct horizon scanning ⁂ Oversee stakeholder engagement and materiality assessments ⁂ Monitor SRROs and CRROs ⁂ Oversee risk management processes ⁂ Implement Board-approved strategic responses ⁂ Set goals and monitor relevant metrics ⁂ Oversee sustainability reporting ⁂ Review and recommend policies ⁂ Allocate resources for ESG initiatives	⁂ Provide recommendations to the Board through the Director/CEO on matters requiring action ⁂ Promptly inform the Board of any material ESG matters outside the formal cycle ⁂ Escalate matters exceeding the Committee's authority to the Board

Annual Report & Sustainability Reporting Working Group (ASWG)

The ASWG of First Capital Holdings PLC reports to the SMC and supports the preparation, review, and publication of the Annual Report, including all sustainability and ESG disclosures across the First Capital Group, including FCT. The ASWG comprises the Head of Sustainability and Corporate Reporting (Chair), with representatives from Finance, Risk & Compliance, HR, Administration, IT, Marketing, CRM, and Research. The ASWG meets at least bi-weekly.

Key Responsibilities	Reporting Responsibilities
❋ Oversee the development and coordination of Annual Report content ❋ Manage and enhance sustainability and ESG-related disclosures ❋ Support the implementation of sustainability initiatives ❋ Monitor and manage carbon emissions measurement and reporting ❋ Ensure assurance processes and maintain quality standards ❋ Facilitate stakeholder engagement activities ❋ Ensure timely delivery of reporting outputs	❋ Provide recommendations to the SMC on any matter within its scope ❋ Promptly inform the SMC of any material issues or concerns outside the formal reporting cycle ❋ Matters exceeding the Working Group's authority shall be escalated to the SMC

Skills and Competencies

Recognising ESG as an emerging competency, the Board of Directors conducted an assessment through skill mapping aligned with SLFRS S1 and S2. A training programme titled 'Role of the Board and Management in the Implementation of SLFRS S1 and S2 Standards' was organised and extended to the Sustainability Management Committee. Relevant questions were incorporated into the annual performance evaluation of Directors to assess skills and competencies in sustainability and determine the need for capacity building.

Training Programme	Date	Facilitator	Attendees
ESG Awareness Session	2 Dec 2025	Mr. Romani De Silva	2
Board's Role in Mandatory Sustainability Reporting	19 Sep 2025	Sri Lanka Institute of Directors	1
Global Sustainable Conference	3–5 Dec 2025	European Organisation for Sustainable Development	2
Awareness Programme – Implementation of SLFRS S1 & S2: Role of the Board & Management	20 Feb 2025	Mr. Sampath Jayawardena	6

How the Board is Informed and Addresses CRROs

The Director/CEO of First Capital Treasuries PLC, in his capacity as a member of the SMC of First Capital Holdings PLC, ensures that climate-related and sustainability-related risks and opportunities (CRROs/SRROs) are reviewed at least annually. The Risk division evaluates emerging trends, assesses potential impacts, and ensures that appropriate risk management and mitigation strategies are in place. Outcomes are escalated to the Board Integrated Risk Management Committee of First Capital Treasuries PLC as appropriate, including identification of CRROs for incorporation into the risk register.

Under the governance framework, sustainability considerations are embedded into strategic planning and decision-making processes in line with SLFRS S1 and S2.

Board and Committee Activities in FY 2025/26

BOARD (FCT)	SMC (via FCH)	ASWG (via FCH)
❋ Approved amendment to Policy on Matters Relating to the Board of Directors ❋ Approved Sustainability Strategy ❋ Appointed FCH's SMC and ASWG to oversee FCT's sustainability initiatives	❋ Approved sustainability activities for FY 2025/26 ❋ Reviewed the charter of ASWG ❋ Reviewed the Sustainability Strategy	❋ Initiated sustainability-related activities for FY 2025/26 ❋ Coordinated GHG data collection ❋ Supported Annual Report preparation

Remuneration Mechanism

Sustainability considerations are embedded into the Company's performance evaluation framework at both Board and employee levels. Sustainability-related questionnaires have been incorporated into the annual Board evaluation process. Sustainability-related KPIs have been formally assigned to the Director/CEO (who chairs the SMC at Group level) and to the Head of Sustainability & Corporate Reporting. Across the wider organisation, a CSR component is included within the performance evaluation of all employees.

SLFRS S1 Sustainability-Related Financial Disclosures

Internal Controls and Procedures

The Company has established robust controls and procedures to support effective oversight of sustainability-related and climate-related risks and opportunities, closely integrated with risk management, finance, compliance, and operations. Sustainability activities are systematically guided by the Board-approved Sustainability Strategy, which provides a comprehensive framework for embedding sustainability into the Company's operations, culture, and long-term strategic direction.

C. STRATEGY

SLFRS S2 8-23

This section outlines how the Company embeds CRROs into organisation-wide decision-making processes.

First Capital Treasuries PLC's sustainability strategy is grounded in the recognition that climate-related and broader sustainability factors are increasingly shaping its operating landscape, stakeholder expectations, and long-term value creation. In alignment with the SLFRS Climate-Related Disclosure Standards, the Company assesses climate-related considerations across key dimensions, including transition risks, physical risks, and strategic opportunities associated with the shift toward a low-carbon economy.

Why Now — Strategic Drivers

REGULATORY TRIGGER	INVESTOR DEMAND	LONG-TERM RESILIENCE
Top 100 CSE entity by market capitalisation — SLFRS S1/S2 mandatory from 1 January 2025.	Growing ESG-focused capital flows and access to green and sustainable bond markets globally.	Integrate climate risk into strategic decision-making, financial planning, and business continuity.

Five Strategic Pillars

01	*Strengthen ESG Governance*	Establish clear Board accountability, a delegated Sustainability Management Committee, and cross-functional Working Group with regular Board reporting.
02	*Align Disclosures with Global Standards*	Full alignment with SLFRS S1 & S2, GRI Standards, and SASB Standards for transparency and comparability.
03	*Build a Verified GHG Inventory*	Develop and implement an independently verified GHG emissions inventory covering Scope 1, 2 & 3, including financed emissions.
04	*Drive Emission & Waste Reduction*	Energy efficiency, paper reduction and digitalisation, waste management and recycling programs, and green procurement practices.
05	*Promote ESG Culture & Communication*	Employee training and capacity development, internal sustainability campaigns, stakeholder communication, and ESG integration into decision-making.

Alignment with Global Frameworks

SLFRS S1/S2	GRI	SASB
Sri Lanka climate & sustainability disclosure standard — mandatory from 2025	Global Reporting Initiative — currently being integrated in annual reports	Sector-specific sustainability accounting standards for financial services

Expected Outcomes

Strengthened regulatory compliance under SLFRS S1/S2 and emerging sustainability requirements	Enhanced market credibility, stakeholder trust and investor confidence in ESG performance
Improved access to ESG-focused capital	Reduced operational risks and costs through environmental efficiencies
Improved employee engagement and an ESG-aligned organisational culture	Enhanced long-term competitiveness and resilience in the financial services sector

Climate-Related Risks and Opportunities Identified

First Capital Treasuries PLC has identified the following climate-related risks and opportunities using the SASB Framework and peer comparison. Analysis was carried out across the Company's primary dealership and treasury operations. Based on materiality, the following CRROs have warranted disclosure.

Climate-Related Risks

CRR 1: Coastal Flooding & Extreme Weather	
IMPACT ON PROSPECTS	
Description	The Company's principal office (Deal Place) is situated in coastal Colombo, exposing them to storm surge, flooding and extreme weather events. Climate change is projected to increase the frequency and severity of such events in the Indian Ocean region.
Physical / Transition Risk	Physical – Acute
Time Horizon	Short- to Long-Term
BUSINESS MODEL AND VALUE CHAIN	
Current Effects on Business Model and Value Chain	The Company currently has capability to operate a full work-from-home (WFH) capability, which substantially limits dependence on physical office infrastructure. No material disruption attributable to coastal flooding or extreme weather events have been recorded in the current reporting period.
Anticipated Effects on Business Model and Value Chain	In the medium-to-long term, increased frequency of extreme weather events could result in: (i) temporary disruption to office-based activities; (ii) higher building insurance premiums; (iii) increased maintenance and adaptation costs for physical premises; and (iv) potential impairment of the carrying value of the deal place building.
Where Is It Concentrated	Physical assets: Deal Place (building), Colombo.
STRATEGY AND DECISION MAKING	
Plans to Respond in Strategy, Risk Management, Transition Plans and Climate-Related Targets	The Company has established a universal WFH capability and an inland disaster recovery (DR) site, which serve as the primary operational resilience measures against acute physical climate events. Business continuity plans are reviewed periodically and tested to ensure readiness.
How the Entity Is Resourcing and Plans to Resource Activities	Resources are currently allocated to: (i) maintenance and testing of WFH infrastructure; (ii) maintenance of the inland DR site; and (iii) monitoring of climate-related regulatory developments. No additional capital expenditure specific to coastal flood adaptation has been approved for the current period.
Progress (Qualitative and Quantitative)	The WFH infrastructure is fully operational and tested. The DR site is maintained and operational. No incidents requiring activation of the DR plan occurred during the reporting period.
FINANCIAL EFFECTS	
Current Year Financial Effects to P&L, Balance Sheet, Cash Flows & Cost of Capital	No financial effects on the Profit & Loss account, Balance Sheet or Statement of Cash Flows attributable to this risk have been identified in the current reporting period.
Significant Risk of Material Adjustments to Carrying Value of Assets and Liabilities in the Next Financial Year	There is no current indication of material adjustments to the carrying value of assets and liabilities in the next financial year attributable to this risk.
Anticipated Financial Effect Over Short, Medium and Long Term to P&L, Balance Sheet, Cash Flows & Cost of Capital (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The Company anticipates that the most significant potential financial effects over the medium-to-long term relate to increased insurance costs. Quantification is subject to future scenario analysis.
CLIMATE RESILIENCE	
Resilience Assessment (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The Company's primary resilience mechanism is the WFH capability and the inland DR site, which effectively decouple operational continuity from the physical premises.
How and When Climate Scenario Analysis Was Performed (Inputs, Key Assumptions, Reporting Period) (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The Company intends to incorporate physical climate scenario analysis in future reporting periods.
JUDGEMENTS AND UNCERTAINTIES	
Judgements	Judgement has been applied in determining that the WFH capability and inland DR site represent sufficient current mitigation for this risk, and in conclusion that no material financial effect exists in the current period.
Uncertainties	Key uncertainties include: (i) the rate and severity of sea-level rise and storm surge frequency in the Colombo coastal area; (ii) the long-term availability and cost of commercial insurance; (iii) future government policy on coastal development and climate adaptation; and (iv) the resilience of national electricity and telecommunications infrastructure during extreme weather events.

SLFRS S1 Sustainability-Related Financial Disclosures

CRR 2: Rising Temperatures & Chronic Climate Shifts	
IMPACT ON PROSPECTS	
Description	Gradual and sustained increases in ambient temperatures and chronic shifts in Sri Lanka's climate (including increased humidity, altered rainfall patterns and longer heat periods) may increase the Company's operational costs and affect staff productivity and wellbeing.
Physical / Transition Risk	Physical – Chronic
Time Horizon	Medium- to Long-Term
BUSINESS MODEL AND VALUE CHAIN	
Current Effects on Business Model and Value Chain	No material increases in energy or cooling costs directly attributable to chronic climate shifts have been identified in the current reporting period. The WFH operating model substantially reduces the Company's exposure to office-specific energy cost inflation.
Anticipated Effects on Business Model and Value Chain	Over the medium-to-long term, rising temperatures may: (i) increase energy consumption and costs for cooling at any occupied office premises; (ii) affect staff productivity and wellbeing if home-working environments are not adequately cooled; and (iii) increase capital investment requirements for energy-efficient infrastructure.
Where Is It Concentrated	Internal operations: office premises and home-working environments of staff. Value chain: borrowers and investees operating in sectors sensitive to temperature and rainfall changes.
STRATEGY AND DECISION MAKING	
Plans to Respond in Strategy, Risk Management, Transition Plans and Climate-Related Targets	The Company's WFH model is the primary strategic response, limiting exposure to office-specific climate cost pressures. The Company monitors the impact of climate shifts on borrower sectors through its credit risk assessment processes. Sustainable initiatives and PCAF-aligned measurement support climate-informed portfolio management over the medium term.
How the Entity Is Resourcing and Plans to Resource Activities	No specific capital allocation for temperature adaptation has been approved in the current period. Resources are embedded within existing credit risk and operational management functions.
Progress (Qualitative and Quantitative)	PCAF signatory status obtained. Financed emissions measurement framework under development. No specific temperature-adaptation projects were initiated in the current period.
FINANCIAL EFFECTS	
Current Year Financial Effects to P&L, Balance Sheet, Cash Flows & Cost of Capital	No material financial effects attributable to this risk have been identified in the current reporting period.
Significant Risk of Material Adjustments to Carrying Value of Assets and Liabilities in the Next Financial Year	No significant risk of material adjustments to asset or liability carrying values in the next financial year is identified for this risk at present.
Anticipated Financial Effect Over Short, Medium and Long Term to P&L, Balance Sheet, Cash Flows & Cost of Capital (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). Potential future financial effects include increased energy costs for any office operations and possible credit risk adjustments for heat-sensitive operations.
CLIMATE RESILIENCE	
Resilience Assessment (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The WFH model provides inherent resilience against office-specific climate cost pressures. Portfolio resilience is being assessed through the PCAF financed emissions framework.
How and When Climate Scenario Analysis Was Performed (Inputs, Key Assumptions, Reporting Period) (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The Company intends to incorporate chronic physical risk scenario analysis (including temperature and rainfall trajectories under IPCC scenarios) in future reporting periods.
JUDGEMENTS AND UNCERTAINTIES	
Judgements	Judgement has been applied in determining that the WFH operating model substantially mitigates current exposure to this risk and that no material financial effect exists in the current period.
Uncertainties	Key uncertainties include: (i) the pace and magnitude of temperature increase in Sri Lanka; (ii) the extent to which rising temperatures will affect home-based working environments; and (iii) government energy policy and electricity pricing.

CRR 3: SLFRS S1/S2 Regulatory Compliance (Transition Risk)	
IMPACT ON PROSPECTS	
Description	Mandatory climate-related disclosure requirements under Sri Lanka Financial Reporting Standards SLFRS S1 (General Requirements) and SLFRS S2 (Climate-related Disclosures) apply to the Company. These standards are aligned with IFRS S1 and IFRS S2 issued by the ISSB. Mandatory application commences for annual reporting periods beginning on or after 1 January 2025 for entities within the top 100 companies by market capitalisation.
Physical / Transition Risk	Transition – Policy & Legal
Time Horizon	Short-Term
Definition of Time Horizon	Short-term: 0–1 year (mandatory compliance required from 1 January 2025)
BUSINESS MODEL AND VALUE CHAIN	
Current Effects on Business Model and Value Chain	The Company is subject to mandatory SLFRS S1/S2 disclosure requirements from the annual period commencing 1 January 2025. Compliance activities including governance integration, risk identification and disclosure preparation have been initiated and are ongoing in the current reporting period. These activities represent a current operational cost.
Anticipated Effects on Business Model and Value Chain	As the disclosure regime matures, the Company anticipates: (i) increased demand on finance, risk and sustainability functions for data collection, analysis and verification; (ii) potential external assurance requirements on sustainability disclosures; (iii) reputational risk if disclosures are perceived as insufficient or inconsistent; and (iv) potential competitive disadvantage if the Company's climate risk profile compares unfavourably to peers.
Where Is It Concentrated	Internal: finance, risk management, governance and investor relations functions. External: stakeholder and regulatory expectations.
STRATEGY AND DECISION MAKING	
Plans to Respond in Strategy, Risk Management, Transition Plans and Climate-Related Targets	The Company has adopted a structured approach to SLFRS S1/S2 compliance, including: (i) identification and documentation of climate-related risks and opportunities (this disclosure); (ii) integration of climate risk into the Board's governance framework; (iii) adoption of PCAF for financed emissions measurement. The Company applies available transitional relief provisions in its first year of compliance.
How the Entity Is Resourcing and Plans to Resource Activities	Compliance activities are resourced through existing finance and risk management functions, supported by external advisers where required. The Company is investing in capacity building for climate-related data collection and reporting.
Progress (Qualitative and Quantitative)	SLFRS S1/S2 compliant disclosures are being prepared for the current reporting period. PCAF signatory status has been obtained. Risk registers are being updated to reflect climate risk oversight responsibilities. Transitional relief provisions are applied where permitted.
FINANCIAL EFFECTS	
Current Year Financial Effects to P&L, Balance Sheet, Cash Flows & Cost of Capital	Compliance costs are incurred as operating expenditure in the current period. These are not individually material to the financial statements.
Significant Risk of Material Adjustments to Carrying Value of Assets and Liabilities in the Next Financial Year	No significant risk of material adjustments to asset or liability carrying values in the next financial year is identified directly from regulatory compliance risk.
Anticipated Financial Effect Over Short, Medium and Long Term to P&L, Balance Sheet, Cash Flows & Cost of Capital (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). Future financial effects are primarily associated with ongoing compliance and reporting costs, and potential external assurance fees. Reputational and funding impacts of non-compliance or inadequate disclosure are qualitatively significant.
CLIMATE RESILIENCE	
Resilience Assessment (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The Company's resilience to this transition risk is supported by early adoption of SLFRS S1/S2 frameworks and the application of PCAF methodology.
How and When Climate Scenario Analysis Was Performed (Inputs, Key Assumptions, Reporting Period) (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The Company will incorporate analysis of regulatory transition scenarios (including accelerated disclosure and assurance requirements) in future reporting periods.
JUDGEMENTS AND UNCERTAINTIES	
Judgements	Judgement has been applied in determining the scope of disclosures, the application of transitional relief provisions, and the assessment of materiality of climate-related risks and opportunities.
Uncertainties	Key uncertainties include: (i) the pace of development of SLFRS S1/S2 implementation guidance; (ii) the timing and scope of mandatory external assurance requirements; (iii) evolving stakeholder and investor expectations regarding disclosure quality; and (iv) comparability of disclosures across the industry in the early years of mandatory application.

SLFRS S1 Sustainability-Related Financial Disclosures

CRR 4: Financed Emissions - Portfolio Transition Risk	
IMPACT ON PROSPECTS	
Description	As a primary dealer, the Company holds sovereign debt issued by the Government of Sri Lanka. Transition risk in this portfolio arises at the sovereign level: if Sri Lanka's economy remains heavily dependent on carbon-intensive sectors, the country's fiscal position and sovereign credit profile may be adversely affected as global climate policy tightens and carbon costs rise.
Physical / Transition Risk	Transition – Market & Policy
Time Horizon	Medium- to Long-Term
BUSINESS MODEL AND VALUE CHAIN	
Current Effects on Business Model and Value Chain	The Company is in the process of measuring financed emissions in accordance with the PCAF methodology, following its accession as a PCAF signatory. Quantified financed emissions data is not yet available for all portfolio segments in the current period. No material credit losses directly attributable to climate transition risk have been recorded in the current period.
Anticipated Effects on Business Model and Value Chain	Over the medium-to-long term, the company may face: (i) increased regulatory costs (carbon pricing, environmental levies); (ii) reduced market demand for carbon-intensive products and services; (iii) asset stranding risk; and (iv) reduced access to capital.
Where Is It Concentrated	Investment portfolio: exposures to Sovereign Debt category under PCAF methodology in measuring financed emissions.
STRATEGY AND DECISION MAKING	
Plans to Respond in Strategy, Risk Management, Transition Plans and Climate-Related Targets	The Company has become a signatory to PCAF and is implementing financed emissions measurement to identify and quantify portfolio exposure to transition risk. The Company intends to: (i) integrate climate risk into credit origination; (ii) develop sector-specific climate risk appetite statements; (iii) engage with high-emission sectors to support transition planning; and (iv) develop climate-informed instruments and green finance instruments.
How the Entity Is Resourcing and Plans to Resource Activities	Resources are being allocated to: (i) PCAF methodology implementation and data collection; (ii) credit risk function capacity building for climate risk assessment; and (iii) product development for green and sustainability-linked instruments.
Progress (Qualitative and Quantitative)	PCAF signatory status obtained. Financed emissions measurement framework under development.
FINANCIAL EFFECTS	
Current Year Financial Effects to P&L, Balance Sheet, Cash Flows & Cost of Capital	No material financial effects directly attributable to financed emissions transition risk are recorded in the current period. Provisions and impairments are assessed under existing credit risk frameworks, which do not explicitly incorporate quantified climate transition risk factors yet.
Significant Risk of Material Adjustments to Carrying Value of Assets and Liabilities in the Next Financial Year	The Company is monitoring for indicators that climate transition risk may require material adjustments to the carrying value of investment securities in the next financial year. No such adjustments are currently identified.
Anticipated Financial Effect Over Short, Medium and Long Term to P&L, Balance Sheet, Cash Flows & Cost of Capital (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). Over the medium-to-long term, material increases in expected credit losses (ECLs) are possible for high-emission exposures as transition pressures intensify. The Company will quantify these effects as financed emissions data and scenario analysis mature.
CLIMATE RESILIENCE	
Resilience Assessment (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). Portfolio resilience will be assessed using transition scenario analysis as data and methodologies develop. Current resilience measures include portfolio diversification and sector concentration limits.
How and When Climate Scenario Analysis Was Performed (Inputs, Key Assumptions, Reporting Period) (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The Company intends to conduct transition risk scenario analysis in future reporting periods. PCAF financed emissions data will form the primary input to this analysis.
JUDGEMENTS AND UNCERTAINTIES	
Judgements	Judgement has been applied in determining that quantified financed emissions data are not yet sufficiently mature to require specific financial statement adjustments, and in assessing the current level of credit risk attributable to climate transition factors.
Uncertainties	Key uncertainties include: (i) the pace and ambition of Sri Lanka's climate policy and carbon pricing mechanisms; (ii) the availability and quality of supplier-level emissions data; (iii) the rate of technology transition in key sectors.

Climate-Related Opportunities

CRO 1: Green Bond Issuance	
Description	Growing domestic and regional investor demand for climate-labelled debt instruments positions the Company to raise lower-cost of capital through green bonds or climate-transition bonds specifically linked to climate mitigation and adaptation use-of-proceeds, diversifying funding sources and reducing the cost of capital.
Time Horizon	Short- to Medium-Term (0–5 years)
Business Model and Value Chain	
Current Effects on Business Model and Value Chain	No material financial effects from this opportunity have been realised in the current reporting period. The Company's PCAF financed emissions quantification programme and SLFRS S2 compliance roadmap provide the climate-specific disclosure foundation required for credible green bond issuance.
Anticipated Effects on Business Model and Value Chain	A successful climate-labelled bond programme would: (i) diversify the funding base toward climate-aligned capital markets; (ii) potentially reduce the weighted average cost of funds by attracting climate-focused institutional investors; (iii) enhance visibility among investors with net-zero mandates and climate-screened portfolios; and (iv) reinforce the Company's positioning as a climate-credible issuer within the Sri Lankan financial sector.
Where Is It Concentrated	The climate opportunity is concentrated in the ability to direct proceeds toward eligible climate mitigation and adaptation assets, with indirect benefit to the broader business through reduced funding costs.
Strategy and Decision Making	
Plans to Respond in Strategy, Risk Management, Transition Plans and Climate-Related Targets	The Company is monitoring the development of Sri Lanka's green bond guidelines and the evolution of international climate finance standards, including the Climate Bonds Standard. Feasibility of a climate-labelled issuance will be assessed in the short-to-medium term, informed by SLFRS S2 climate disclosure outputs and PCAF financed emissions data, both of which are prerequisites for credible use-of-proceeds reporting.
How the Entity Is Resourcing and Plans to Resource Activities	Assessment activities will be resourced through the existing climate risk and sustainability function, supported by external advisory on climate finance structuring and climate-focused investor relations. No material capital allocation has been approved for this initiative in the current period.
Progress (Qualitative and Quantitative)	The Company's SLFRS S2 compliance journey and PCAF financed emissions programme are progressing, providing the climate data infrastructure necessary to underpin use-of-proceeds reporting and climate KPIs required for a credible green bond framework. No formal climate bond programme has been launched in the current reporting period.
Financial Effects	
Current Year Financial Effects to P&L, Balance Sheet, Cash Flows & Cost of Capital	No financial effects attributable to this opportunity have been realised in the current reporting period.
Anticipated Financial Effect Over Short, Medium and Long Term to P&L, Balance Sheet and Cash Flows and Cost of Capital (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	A successful green bond issuance could reduce the marginal cost of long-term funding by an estimated 15–30 basis points relative to conventional issuance, based on observed climate bond premia in Sri Lankan and comparable emerging markets. The actual effect will depend on the credibility of climate use-of-proceeds documentation, prevailing market conditions, and the depth of climate-focused investor demand at the time of issuance.
Climate Resilience	
Resilience Assessment (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The opportunity strengthens the Company's long-term financial resilience by anchoring funding strategy to climate-aligned capital flows, reducing dependence on conventional capital markets that may face repricing as climate transition accelerates.
How and When Climate Scenario Analysis Was Performed (Inputs, Key Assumptions, Reporting Period) (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). Climate scenario analysis specific to this opportunity has not yet been performed; this is intended for future reporting periods as SLFRS S2 implementation matures.

SLFRS S1 Sustainability-Related Financial Disclosures

CRO 1: Green Bond Issuance	
Judgements and Uncertainties	
Judgements	The opportunity is assessed as viable given the Company's SLFRS S2 disclosure progress and PCAF emissions quantification programme, which together provide the climate data infrastructure required for credible use-of-proceeds reporting. Judgement has been applied in estimating the potential funding cost advantage based on regional climate bond market observations.
Uncertainties	Key uncertainties include: (i) market conditions and climate-focused investor demand at the time of any potential issuance; (ii) the pace of development of Sri Lanka's green bond taxonomy and eligible climate asset definitions; (iii) the availability of verified PCAF data to support climate use-of-proceeds reporting; and (iv) the actual green bond premium achievable given the Company's climate credentials relative to international issuer benchmarks.

CRO 2: Cost Efficiency Through Low-Carbon Operations	
Description	The Company's work-from-home (WFH) operating model simultaneously reduces facility and infrastructure costs and the Company's direct carbon footprint, supporting both financial performance and sustainability objectives and generating ongoing cost savings.
Time Horizon	Short- to Medium-Term (0–5 years)
Business Model and Value Chain	
Current Effects on Business Model and Value Chain	The WFH operating model is currently delivering reduced facility lease and maintenance costs, lower energy consumption, and reduced Scope 1 and Scope 2 GHG emissions. These benefits are embedded in the Company's operating cost base in the current reporting period.
Anticipated Effects on Business Model and Value Chain	Continued optimisation of the WFH model is expected to deliver: (i) further reductions in facility and energy costs; (ii) continued reduction of Scope 1 and Scope 2 emissions; (iii) improved staff wellbeing and retention through flexible working; and (iv) enhanced resilience against physical climate risks affecting office premises.
Where Is It Concentrated	Internal operations. The opportunity is concentrated in the Company's facilities management, energy management and human resources functions.
Strategy and Decision Making	
Plans to Respond in Strategy, Risk Management, Transition Plans and Climate-Related Targets	The Company will continue to optimise the WFH operating model, including monitoring energy consumption in office premises, evaluating renewable energy procurement options, and assessing the carbon footprint of IT infrastructure and digital operations.
How the Entity Is Resourcing and Plans to Resource Activities	Cost efficiency opportunities are realised through existing operational management. Incremental investment may be required for energy monitoring systems and renewable energy procurement, expected to be self-funding within a short payback period.
Progress (Qualitative and Quantitative)	The WFH model is fully operational and delivering cost and emissions benefits embedded in the current period operating cost base. Incremental savings from further optimisation are not separately quantified but are assessed as a recurring benefit.
Financial Effects	
Current Year Financial Effects to P&L, Balance Sheet and Cash Flows	Facility and energy cost savings attributable to the WFH model are embedded in the Company's operating cost base. These are not separately quantified in the current reporting period.
Anticipated Financial Effect Over Short, Medium and Long Term to P&L, Balance Sheet and Cash Flows and Cost of Capital (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). Cost savings are expected to be a recurring benefit over the short to medium term. Incremental savings from further optimisation are not separately quantified. The carbon footprint reduction supports SLFRS S2 Scope 1 and Scope 2 emissions disclosures.

CRO 2: Cost Efficiency Through Low-Carbon Operations	
Climate Resilience	
Resilience Assessment (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). The WFH model is assessed as a durable structural feature of the Company's operating model that enhances resilience against both physical climate risks (office disruption) and transition risks (carbon pricing, energy costs).
How and When Climate Scenario Analysis Was Performed (Inputs, Key Assumptions, Reporting Period) (Disclosed commensurate with capabilities – SLFRS S2 para 29(b))	Disclosed to the extent commensurate with the Company's current capabilities (SLFRS S2 para 29(b)). Climate scenario analysis in relation to this opportunity has not been performed; this is intended for future reporting periods.
Judgements and Uncertainties	
Judgements	Judgement has been applied in determining that the WFH model is a durable structural feature rather than a temporary measure, and that the associated cost savings are material and sustainable.
Uncertainties	Key uncertainties include: (i) future changes in the cost and availability of energy and telecommunications infrastructure; (ii) potential regulatory or client requirements necessitating greater in-person presence; (iii) the long-term impact of flexible working on staff productivity and culture; and (iv) the carbon intensity of the national electricity grid, which affects the emissions benefit of reduced office energy consumption.

Overall Climate Resilience Assessment

Operational Resilience	Universal WFH capability ensures full operational continuity even if physical office access is disrupted. Shared inland DR site with First Capital Holdings PLC tested twice annually. Business continuity model validated during COVID-19 pandemic.
Regulatory Transition Resilience	Board-level sustainability mandate approved, Sustainability Strategy adopted, and SLFRS S1/S2 disclosures prepared for FY 2025/26. SMC and ASWG oversight structure established.
Portfolio Transition Resilience	Financed emissions quantification project at the group level will provide data for climate-informed portfolio management over the medium term.
Financial Flexibility	Adequate financial resources and insurance coverage to respond to physical climate events. Operating cost savings from WFH model provide budgetary flexibility.
Key Areas of Uncertainty	Rate of escalation of physical climate risks in coastal Colombo; pace and stringency of future climate policy in Sri Lanka; carbon intensity of specific counterparties pending financed emissions quantification.

D. RISK MANAGEMENT

SLFRS S2 24-26

Identification, Assessment, Prioritisation and Monitoring of Climate Risks

First Capital Treasuries PLC has established a structured approach to identifying, assessing, prioritising, and monitoring climate-related risks, embedded within the Company's broader Enterprise Risk Management (ERM) framework and informed by the SASB standard and peer comparison.

Inputs and Parameters

Risk Identification: Physical risk data — geographic data for Deal Place, Colombo 03 (coastal). Regulatory and policy landscape — monitoring of evolving SLFRS S1/S2 adoption timelines and CA Sri Lanka guidance. Portfolio exposure data — assessment of investment portfolio for climate-sensitive measurements.

Risk Assessment: External benchmarks — GRI Standards, SASB framework and IFRS S1/S2
Climate risk assessment prepared by the Risk Management Division of First Capital Holdings PLC in collaboration with the Sustainability Officer.

SLFRS S1 Sustainability-Related Financial Disclosures

Climate Risk Assessment - Integration to Overall ERM

Climate-related risks are assessed and managed within the Company's overall ERM framework, using the same risk identification, evaluation and monitoring processes applied to all material risk categories. Climate risk factors — both physical and transition — are mapped against the Company's existing risk universe and rated using the ERM risk scoring matrix, classifying inherent and residual risk across two dimensions: likelihood and impact (each rated Low, Medium or High).

The overall residual climate risk rating for the Company is assessed as LOW. This reflects the effectiveness of existing mitigations — principally the universal WFH capability, the shared inland DR site, and the ongoing SLFRS S1/S2 programme — and the nature of the Company's operating model, which limits dependence on physical assets. This LOW rating should not be read as an absence of future risk; the residual risk profile may shift as physical climate hazards intensify and transition policy evolves.

Risk Factor	Type	Inherent Likelihood	Residual Risk	Key Mitigation
Coastal Flooding & Extreme Weather	Physical – Acute	Medium	Low	Universal WFH; shared inland DR site; tested BCP
Rising Temperatures / Chronic Shifts	Physical – Chronic	Low	Low	WFH model reduces office energy dependency
SLFRS S1/S2 Compliance	Transition – Policy	Medium	Low	Board governance framework; Sustainability Strategy approved; SMC & ASWG oversight established
Financed Emissions – Portfolio Risk	Transition – Market	Medium	Low	2-year group financed emissions project underway

Use of Climate-Related Scenario Analysis

Transitional Relief Applied: The Company has not yet conducted formal quantitative climate scenario analysis. SLFRS S2 permits deferral for up to two years from the mandatory application date. A qualitative judgement-based approach has been applied, considering acute physical, chronic physical, and transition risk scenarios against the Company's existing resilience infrastructure.

Prioritisation of Climate Risks vs Other Risk Types

Climate-related risks are incorporated into the Company's enterprise risk register and assessed alongside credit, market, liquidity and operational risk. Given the current Low overall climate risk rating, climate risk is classified as a monitored risk with medium-term strategic priority. Prioritisation will be refined as quantitative financed emissions data becomes available.

Monitoring Mechanisms

- Annual climate risk assessment coordinated through the group Risk Management Division in collaboration with the Sustainability Officer
- Bi-annual DR site testing to validate operational resilience
- Regulatory monitoring: tracking SLFRS S1/S2 updates and CA Sri Lanka guidance
- SMC review of project milestones (financed emissions quantification; sustainability strategy implementation)

Changes vs Prior Period

This is the Company's first reporting period of mandatory SLFRS S2 disclosure. Key enhancements made during the year:

- Board sustainability mandate formally approved and embedded in the Policy on Matters Relating to the Board of Directors
- Board-level Sustainability Strategy approved
- SMC and ASWG of First Capital Holdings PLC appointed to oversee FCT's sustainability activities2
- Obtained GHG emission Verification Certificate
- Group-level financed emissions quantification project formally initiated

Integration of Climate-Related Risks

Enterprise Risk Register	Climate-related risks included in the Company's enterprise risk register, assessed using consistent likelihood and impact methodology alongside all other risk categories.
Annual Risk Review Cycle	Annual climate risk assessment is to be conducted as part of the broader annual risk review cycle.
Business Continuity Planning	Physical climate risk mitigation embedded directly into BCP, including WFH protocols and shared DR site activation.
Financial Planning	Climate-related compliance expenditure is incorporated into annual financial planning.
Investment and Lending Processes	Financed emissions identified as a material Scope 3 transition risk — first step towards integrating climate criteria into credit and investment assessment frameworks.

External Partnerships and Verification – FY 2025/26

Partner	Role
Nurtureplanet Private Limited	Specialist measurement partner for emissions quantification project.
Sri Lanka Climate Fund	Third-party verification partner for the GHG inventory in accordance with ISO 14064-3:2019 (covering Scope 1, Scope 2 and the six reported Scope 3 categories).

E. METRICS AND TARGETS

SLFRS S2 Para 27-37

First Capital Treasuries PLC measures and discloses its GHG emissions in accordance with both ISO 14064- 1 2018 and GHG Protocol: A Corporate Accounting and Reporting Standard (2004). Emissions are expressed in metric tonnes of CO_2 equivalent (tCO_2e), aggregated using 100-year GWP values from IPCC AR6 (2021). The GHG inventory has been verified in accordance with ISO 14064-3:2019.

Scope 1 - Direct GHG Emissions

Emission Source	tCO_2e
Diesel Generator (stationary combustion)- CO_2, CH_4, N_2O	0.27
TOTAL SCOPE 1	**0.27**

Scope 2 - Purchased Electricity

Emission Source	tCO_2e
Electricity consumption	27.46
TOTAL SCOPE 2	**27.46**

Scope 3 - Value Chain Emissions

All 15 Scope 3 categories were assessed. Six categories are disclosed. Category 15 (Financed Emissions) is subject to transitional relief.

Cat	Category	Included?	tCO_2e
1	Purchased Goods & Services	YES	0.22
2	Capital Goods	YES	1.31
3	Fuel & Energy Activities	YES	2.88
4	Upstream Transportation	NO	-
5	Waste in Operations	YES	1.32
6	Business Travel	YES	0.47
7	Employee Commuting	YES	18.60
8–14	Other categories	NO	-
15	Investments (Financed Emissions)	RELIEF APPLIED	-
SCOPE 3 REPORTED - 6 Categories			**24.80**

SLFRS S1 Sustainability-Related Financial Disclosures

Transitional Relief - Financed Emissions (Category 15)

Transitional Relief Applied: First Capital Treasuries PLC, as one of the top 100 listed entities by market capitalisation on the CSE, has a mandatory SLFRS S2 application date of 1 January 2025. In accordance with Para C4(b), the Company is not required to disclose Scope 3 GHG emissions (including financed emissions) in the first annual reporting period. Full Scope 3 disclosure including financed emissions becomes mandatory for the reporting period commencing 1 January 2027.

Quantification Project Status: The 2-year financed emissions quantification project has been initiated. Results will be disclosed progressively from FY 2027/28.

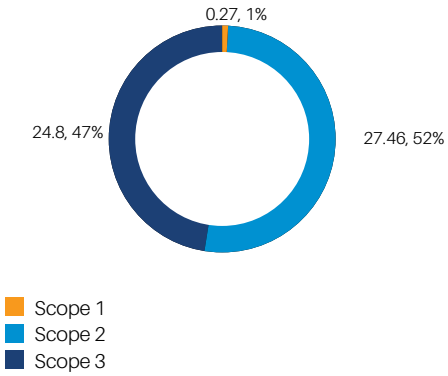
Qualitative Description: The Company's principal activities include primary dealership in government securities. These activities generate indirect emissions through counterparties and investees. Full quantification targeted by FY 2028.

Consolidated GHG Emissions Summary

Emission Scope	FY 2025/26 (tCO_2e)	% of Total	Disclosure Status
Scope 1 – Direct Emissions	0.27	1%	FULL
Scope 2 – Purchased Electricity	27.46	52%	FULL
Scope 3 – Reported Categories (6 of 15)	24.80	47%	PARTIAL
Scope 3 – Financed Emissions (Cat 15)	Not yet quantified	–	RELIEF APPLIED
TOTAL DISCLOSED (Scope 1+2+3 reported)	**52.53 tCO_2e**	**100%**	**GHG Protocol**

Note: The reported Scope 3 GHG emissions currently exclude financed emissions. Financed emissions are expected to represent the most significant contributor to the Company's overall Scope 3 emissions profile once quantified.

GHG Emissions (tCO_2e) - FY 2025/26



Physical Risk Exposure

Asset	Physical Risk Type	Residual	Mitigation
Deal Place, Colombo 03	Coastal flooding / extreme weather (acute)	Low	100% WFH; insurance

Climate-Related Opportunities Aligned

Opportunity	Activity	Status
Green Capital Market Alignment	ESG disclosure readiness; access to sustainability-linked instruments	**IN PROGRESS**
Cost Efficiency Through WFH Model	Reduced facility costs & lower carbon footprint	**ACTIVE**

Climate-related capital allocation (planned/committed)

Initiative	Purpose	Type
Rooftop Solar PV – Deal Place	24kW installation; Scope 2 reduction	CapEx
SLFRS S1 & S2 Compliance Activities	Governance framework, disclosure preparation, strategy development	OpEx
Group Financed Emissions Project (FCT portion)	Scope 3 Cat 15 quantification & verification	OpEx
Climate Training & Resources	Staff capability; sustainability team	OpEx

Internal Carbon Price

Internal Carbon Price: *Not yet formally applied. The Company has not yet adopted a formal internal carbon price. Consideration of an internal carbon price mechanism will be assessed as the financed emissions quantification project matures.*

Executive Remuneration and Climate

Sustainability KPI Component	Sustainability and climate-related KPIs have been formally assigned to the Director/CEO (as SMC member at group level) and to the Head of Sustainability & Corporate Reporting. Oversight of these targets is at the Board level.
SLFRS S2 Readiness	Achievement of SLFRS S1/S2 implementation milestones is a KPI for the Head of Sustainability.
Financed Emissions Project	Successful execution of financed emissions quantification project milestones is included in the Sustainability Officer.
CSR Component	A CSR component is included in the performance evaluation of all employees, encouraging contribution to sustainability initiatives.

Target: Financed Emissions Quantification and First Disclosure by FY 2027/28

Complete quantification and first disclosure of Scope 3 Category 15 (Financed Emissions) by FY 2027/28, in line with the SLFRS S2 mandatory disclosure timeline.

Metric (Para 33(a))	Absolute gross financed emissions (tCO_2e) attributable to sovereign debt holdings, calculated using national GHG inventory data and PPP-adjusted GDP attribution factor, in accordance with the PCAF Global GHG Accounting and Reporting Standard Part A (2022/2025 edition), Sovereign Debt methodology
Objective (Para 33(b))	Conformance – compliance with SLFRS S2 Para 29(a)(vi) and B58–B63; transition risk management
Period (Para 33(d))	FY 2025/26 – FY 2027/28 (mandatory disclosure by FY 2027/28)
Milestones (Para 33(f))	FY 2025/26: Governance framework, sustainability strategy, SLFRS S2 disclosures (Complete). FY 2026/27: GHG data collection, portfolio mapping, financed emissions project progressing. FY 2027/28: First full Scope 3 Category 15 disclosure.
Methodology (Para 34(a))	To be aligned with PCAF (Partnership for Carbon Accounting Financials) standard and GHG Protocol Scope 3 Category 15 guidance
Measurement Partner	Nurtureplanet Private Limited
Verification Partner	Sri Lanka Climate Fund (independent verification and certification)

SLFRS S1 Sustainability-Related Financial Disclosures

SASB INDEX | INVESTMENT BANKING & BROKERAGE

Industry-based metrics are determined with reference to SASB Investment Banking & Brokerage standards.

Topic	Accounting Metric	Category	Unit	Code	Response / Reference
Employee Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	Quantitative	Number, %	FN-IB-330a.1	Refer pages 104 to 105.
ESG Factors in IB & Brokerage Activities	Revenue from (1) underwriting, (2) advisory and (3) securitisation transactions incorporating ESG integration	Quantitative	Number	FN-IB-410a.1	Not Applicable
	Number of investments and loans incorporating ESG integration	Quantitative	Number	FN-IB-410a.2	No ESG related Investments yet.
	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	Qualitative	N/A	FN-IB-410a.3	Please refer pages 151 to 155.
Business Ethics	Total monetary losses from legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Number	FN-IB-510a.1	Please refer page 125.
	Description of whistleblower policies and procedures	Qualitative	N/A	FN-IB-510a.2	Please refer page 190.
Professional Integrity	Number of licensed employees and decision-makers with a record of investment-related investigations, complaints, civil litigation, mediation or arbitration cases, or regulatory proceedings; total monetary losses from related proceedings; description of approach to ensuring professional integrity and duty of care	Quant./ Qual.	Number, %	FN-IB-510b.1–510b.4	No licensed employees or identified decision-makers have records of investment-related investigations, complaints, civil litigation or arbitration. No monetary losses resulting from such proceedings. Established policies and procedures govern complaint handling, codes of ethics, and regulatory compliance.
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Number	FN-IB-550a.1	Not applicable
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Qualitative	N/A	FN-IB-550a.2	Please refer page 140.



A Circle of Assurance

True leadership extends beyond direction, providing reassurance in moments of uncertainty.

Corporate Governance Report



> In response to the evolving economic and regulatory landscape, the Board maintained a heightened focus on risk management throughout the year

CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors, I am pleased to present this year's Corporate Governance Report, which details how the Board has fulfilled its responsibilities and ensured that First Capital Treasuries PLC (the Company/FCT) continues to be guided by integrity, transparency, accountability, fairness, and sustainability. Amid a year characterized by economic recovery and an evolving regulatory landscape, the Board remained steadfast in its commitment to positioning the Company for sustainable growth within an increasingly dynamic operating environment.

Board Composition

Following several changes in the previous year, the current year saw no new appointments to the Board of Directors. The only movements were the scheduled re-appointments of Mr. Channa De Silva and Mr. Sachith Perera, along with the re-election of Ms. Minette Perera at the Annual General Meeting.

In this context, I am pleased to note that the Board of Directors remains well-balanced, comprising a strong blend of professional expertise and industry experience, supported by healthy gender diversity. Importantly, this continuity in leadership further strengthens the Board's ability to provide effective oversight and strategically guide the Company towards sustainable growth and long-term value creation.

Regulatory Compliance

Considerable time and effort were devoted to ensuring full compliance with statutory requirements, particularly following the amendments to Section 9 of the Listing Rules of the Colombo Stock Exchange As early adopters of these regulatory changes, the Board of Directors undertook a comprehensive review of its existing governance framework and updated its policy structure accordingly.

At the same time, the mandates of Board sub-committees were further refined, with enhanced reporting protocols introduced to strengthen clarity and accountability across key governance areas. I am pleased to note that all these initiatives were implemented within the stipulated timelines, reflecting the Board's strong commitment to continuously enhancing governance standards in alignment with evolving regulatory expectations.

Risk Management

In response to the evolving economic and regulatory landscape, the Board maintained a heightened focus on risk management throughout the year. In close collaboration with the Board Integrated Risk Management Committee (BIRMC), emphasis was placed on strengthening operational controls within the Enterprise Risk Management Framework (ERMF). This included enhancing risk identification, monitoring, and mitigation processes to ensure a proactive and structured approach to managing emerging risks. Particular attention was given to prudent capital allocation and liquidity management, with the objective of preserving the Company's financial resilience and ensuring its ability to withstand potential market volatilities over the long term.

During the financial year, the Company implemented new data-driven risk assessment models covering interest rate, liquidity, operational, and political risks. These enhancements have improved the Company's ability to assess risk exposures and support informed decision-making across the business.

Sustainability Integration

With sustainability continuing to gain prominence as a strategic priority, the Board undertook deliberate measures during the year to strengthen its oversight of Environmental, Social, and Governance (ESG) matters. This was marked by the establishment of the Sustainability Management Committee (SMC) at the Group level , tasked with integrating sustainability considerations into the Company's core strategic decision-making, investment processes, and day-to-day operations. The SMC also plays a pivotal role in enhancing the Company's preparedness to adopt evolving disclosure frameworks, including SLFRS S1 and SLFRS S2, thereby ensuring alignment with emerging global and local sustainability reporting standards while creating long-term stakeholder value.

Declaration

In my capacity as Chairperson of the Board, I reaffirm the Board's unwavering commitment to upholding the highest standards of corporate governance, integrity, and professionalism across all aspects of the Company's operations. I further confirm that all members of the Board, together with employees of the Company, have complied with the applicable statutory and regulatory requirements and have diligently discharged their responsibilities in accordance with the established policies, procedures, and standards set out in the Corporate Governance Framework. This includes adherence to the Code of Conduct for Directors and Employees, as well as the Anti-Bribery and Corruption Policy, reflecting a strong culture of ethical conduct and accountability throughout the throughout the organisation.

(Sgd.)
Manjula Mathews
Chairperson
5 June 2026

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:

Strategic Alignment

Pursuing opportunities within the Board-approved risk appetite framework, balancing resilience with value creation.

Transparency and Accountability

Promoting trust with internal and external stakeholders through open governance practices.

Proactive Risk Culture

Embedding early risk identification and transparent reporting at every level of the Company.

Stakeholder Inclusiveness

Upholding the interests of shareholders, clients, employees, regulators and the broader community.

Robust Ethical Standards

Preventing financial loss or reputational damage through strict ethical conduct and internal controls.

Adaptability and Forward-Thinking

Evolving the governance framework continuously in line with global standards and regulatory changes.

CORPORATE GOVERNANCE FRAMEWORK

PRINCIPLES A.1, A.2, A.3 GRI 2-23, 2-24

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.

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.

REGULATORY

- Companies (Amendment) Act No 12 of 2025
- Local Treasury Bills Ordinance No. 08 of 1923 and amendments
- Registered Stock and Securities Ordinance No. 07 of 1937 and amendments
- Relevant directions and circulars issued by the Central Bank of Sri Lanka
- Securities and Exchange Commission Act No. 19 of 2021 and rules promulgated thereunder
- Prevention of Money Laundering Act No. 5 of 2006
- Financial Transactions Reporting Act No. 6 of 2006 (as amended)
- Inland Revenue Act No. 24 of 2017 (as amended)
- Value Added Tax Act No. 14 of 2002 (as amended)
- Listing Rules of the Colombo Stock Exchange (CSE Listing Rules)
- The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- The Shop and Office Employees Act No. 19 of 1954 (as amended)
- Personal Data Protection Act No. 09 of 2022
- Anti-Corruption Act No. 9 of 2023
- SLFRS S1-General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2-Climate-related Disclosures
- Other applicable regulations

VOLUNTARY

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka 2023
- International <IR> Framework of the IFRS Foundation
- Guideline for the presentation of Annual Reports for Non-financial Reporting Guideline issued by CA Sri Lanka
- GRI Standards
- Sustainability Accounting Standards Board (SASB) Standards
- Gender Parity Reporting Framework of CA Sri Lanka
- Guide on communicating sustainability issued by the CSE
- United Nations (UN) Sustainable Development Goals (SDGs)
- Principles of the UN Global Compact
- Transparency checklist issued by Transparency International Sri Lanka
- The Preparer's Guide to SLFRS S1 & S2

INTERNAL

- Articles of Association
- Board Charter
- Board-approved TORs of Sub-committees
- Board-approved policies on governance, risk and operational aspects
- Board-approved Conduct Framework
- Risk management framework

Corporate Governance Report

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) requirements.
- The Chief Risk Officer and Internal Auditors report regularly to the Board and Sub-committees.

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 a 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.

Governance Structures and Principles

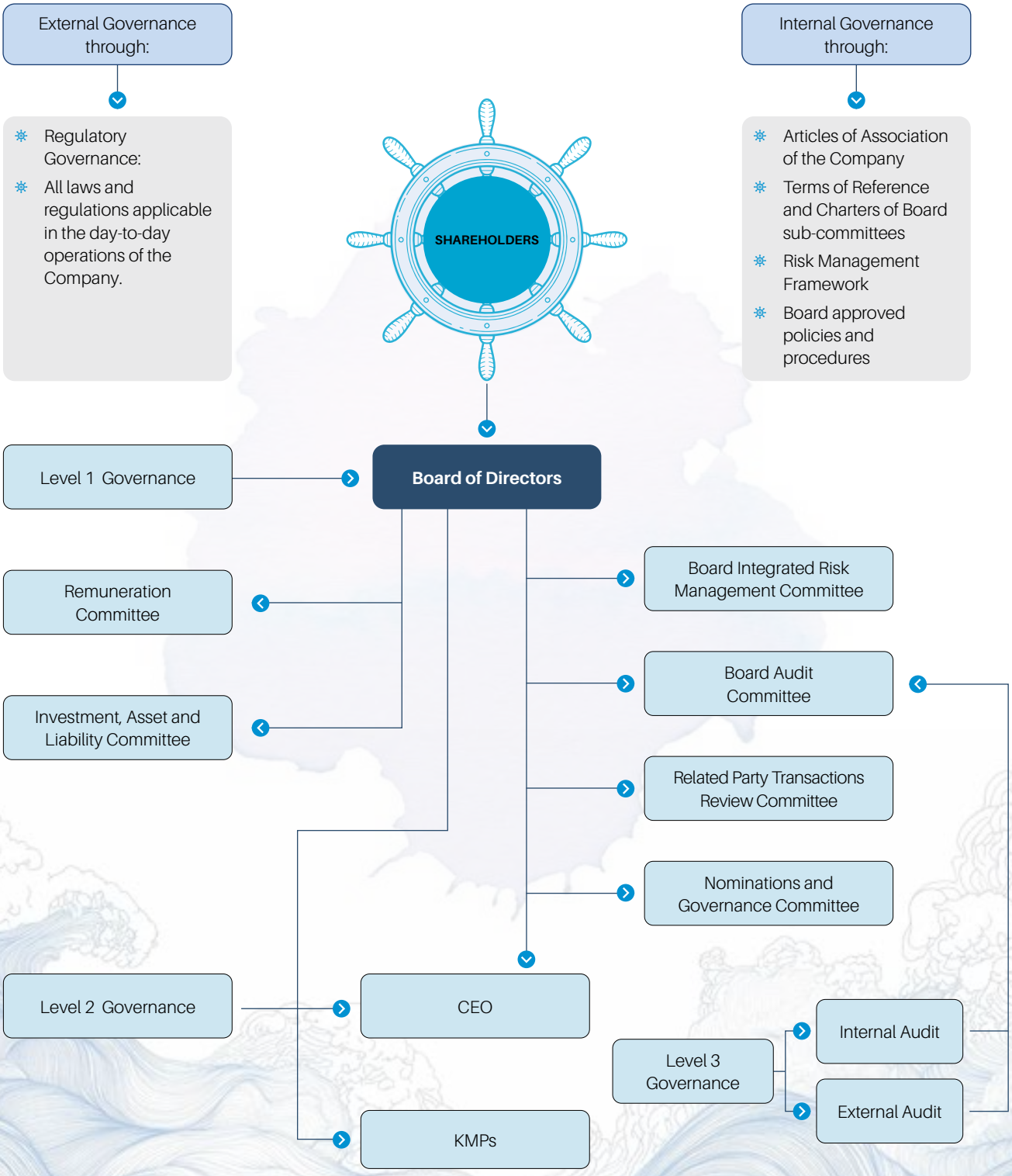
FCT fully applies the Code of Best Practice on Corporate Governance 2023, addressing principles across:

Principle A: Directors	Establishes the foundation for effective Board leadership. Emphasises collective responsibility, the role of the Chairperson and CEO, and the importance of Board composition, independence, appointment procedures, and performance evaluation.
Principle B: Directors' Remuneration	Outlines principles to ensure that director and executive remuneration is fair, aligned with performance, and transparent. Includes guidance on the role and independence of the Remuneration Committee.
Principle C: Relations with Shareholders	Encourages active engagement with shareholders, facilitating equal access to information and promoting shareholder participation in decision-making, including voting rights at general meetings.
Principle D: Accountability and Audit	Focuses on financial reporting integrity, internal controls, risk management, and the independence and effectiveness of the Audit Committee. Includes whistleblower protection and policies on ethical conduct, bribery, and corruption.
Principle E: Institutional Investors	Calls for responsible engagement by institutional investors, encouraging them to exercise their ownership rights and evaluate governance practices when making investment decisions.
Principle F: Other Investors	Emphasises the fair treatment and empowerment of minority shareholders, promoting equitable access to information and encouraging feedback on governance matters.
Principle G: Internet of Things and Cybersecurity	Encourages Boards to understand and oversee the integration of technologies within the company, ensuring that associated risks and opportunities are effectively managed to enhance value creation.
Principle H: ESG Risks and Opportunities	Emphasises the importance of identifying, assessing, and managing ESG risks and opportunities, integrating them into the company's strategy and operations to ensure sustainable long-term value creation.

GOVERNANCE STRUCTURE

PRINCIPLES A.1, A.2, A.3 GRI 2-12, 2-13

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.



Corporate Governance Report

Policy Development Update — FY 2025/26

PRINCIPLES A.1, A.2, A.3 GRI 2-23, 2-24

New Policies Approved by the Board	Description and Purpose	Area of Operation Impacted
Policy on New Products	This policy establishes a standardised governance framework for the introduction of new products. It ensures regulatory compliance, strategic alignment, and effective risk management.	Business operations
Policy on Personal Data Protection	To safeguard the privacy and security of personal information collected from individuals, including customers, employees, suppliers, and other stakeholders. This Policy outlines how First Capital collects, uses, discloses, and protects personal data in accordance with the Personal Data Protection Act No. 09 of 2022 ("PDPA"). This policy was drafted based on the guidelines provided in the PDPA and the Personal Data Protection Impact Assessment conducted by the Risk and Compliance division.	Client handling divisions, HR, IT and Risk & Compliance
Office Conduct Policy	Policy sets out the standards of behaviour expected from all employees to ensure a professional, respectful, and productive work environment. It provides guidelines on appropriate workplace behavior, communication, dress code, use of company property, punctuality, and interactions with colleagues, clients, and stakeholders.	HR Department
Religious Activities Policy	This policy outlines the principles and guidelines for managing religious practices, observances, and expressions within a company. Its purpose is to ensure that all religious activities are conducted respectfully, lawfully, and in a manner that promotes inclusivity and harmony among employees, students, or participants.	HR Department
Policy on External Work Arrangements while on Payroll/ Diversity, Equity and Inclusion Policy	It defines the conditions under which employees may engage in external employment, freelance work, consultancy, or business activities while remaining on the company's payroll. The policy aims to prevent conflicts of interest, ensure that outside work does not interfere with job performance, and protect the company's confidential information and resources. It typically outlines disclosure requirements, approval procedures, permissible and prohibited activities, and consequences for non-compliance.	HR Department
Communication Management Policy	This policy outlines all regulatory correspondence, including show-cause notices, directions, penalties, and other serious communications from the Central Bank of Sri Lanka (CBSL), other regulators and any other important party, are promptly escalated to the Board of Directors (BoD) and relevant governance bodies, establish a structured escalation mechanism so the BoD can make informed decisions on compliance matters without undue delay and define categories of communication, approval requirements, archival standards, and accountability at each level.	Business operations, Risk and Compliance, Finance, Legal
IT Policy	Policy is designed to ensure the secure and effective use of the company's technology systems and data. Its main purpose is to protect confidential information, maintain cybersecurity, support smooth business operations, reduce IT-related risks, and ensure compliance with governance and financial industry standards. The policy also guides employees on the proper use of IT resources and is regularly updated to address new technological and security challenges.	IT Department
Policy on Matters Related to Board of Directors	The Policy on Matters Related to the Board of Directors has been amended to incorporate the relevant provisions introduced under the Companies Act (Amendment) No. 12 of 2025.	Company secretary
Board Charter	Board charter was established by integrating relevant policies and best practices	Company secretary

BOARD OF DIRECTORS

PRINCIPLES A.1, A.2, A.3 GRI 2-9

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 judgement and collective oversight on behalf of shareholders and other stakeholders.

Board Changes for FY 2025/26			
New Appointments	**Resignations**	**Retirement**	**Re-election at the AGM held on 30 June 2025**
None	None	None	Ms. Minette Perera
			Mr. Channa de Silva
			Mr. Sachith Perera

Board Committees

PRINCIPLES B.2, D.3, D.4, D.5 GRI 2-9, 2-13

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.

Committee	Description
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.

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:

Committee	Description
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.
Group Sustainability Management Committee (SMC) Appointed in October 2025	Oversees the Company's ESG strategy and roadmap towards achieving established targets and also works to enhance the Company's ESG disclosures, ensuring transparent communication of its sustainability commitment to stakeholders.

Corporate Governance Report

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;
- Internal Audit Function: Conducts risk-based reviews across operations, systems, and controls, 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.

Board Accountability

PRINCIPLES A.1.1, A.1.7 GRI 2-12,2-13

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 — Culture and Conduct

- Commitment to achieving the highest standards of professional conduct across the business.
- Regularly reinforce company-wide expectations on conduct and ethical behavior.
- 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.
- Set and uphold high behavioral and ethical standards and enforce via the Internal Code of Business Conduct and Ethics and Code of Conduct for Directors and Employees.
- 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 behavioral 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 Board-approved 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

PRINCIPLES A.4, A.5, A.5.1, A.5.2, A.10

GRI 2-9, 2-10

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.

Please refer pages 34 to 38 for the profiles of Board of the Directors.

Board Skills Matrix — Financial Acumen

The Board overall demonstrates strong depth in financial services expertise. A majority of the directors possess substantial expertise in financial services and industry leadership, including deep experience in treasury, investment banking, corporate finance, and capital markets.

The presence of Directors with broader strategic, policy, and economic expertise enhances the diversity of viewpoints at Board level.

Expertise	Ms. Manjula Mathews	Mr. Ramesh Schaffter	Ms. Minette Perera	Mr. Dilshan Wirasekara	Dr. Nishan de Mel	Ms. Cilani Wijesinghe	Mr. Channa de Silva	Mr. Sachith Perera
General Management	X	X	X	X	X	X	X	X
Industry Expertise	X	X	X	X	X		X	X
Strategy Management / Strategic Planning	X	X	X	X	X	X	X	X
Communication and Influence Skills	X	X	X	X	X	X	X	X
Audit & Compliance	X	X	X			X	X	
Risk Management	X	X	X	X	X	X	X	
Board Governance	X	X	X	X	X	X	X	X
Sustainability				X				
Sales / Marketing / Brand Management		X		X			X	X
Information Technology & Systems								
Law (Legal background)								
Member of a recognised professional accounting body	X	X	X			X	X	

Board Composition and Independence

FCT maintains a balanced Board structure, with a combination of executive, non-executive, and independent directors, ensuring that a diversity of perspectives informs governance and oversight.

Currently, the Board comprises three independent non-executive directors (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 BNGC

- Dr. Nishan de Mel
- Mr. Channa de Silva
- Ms. 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.

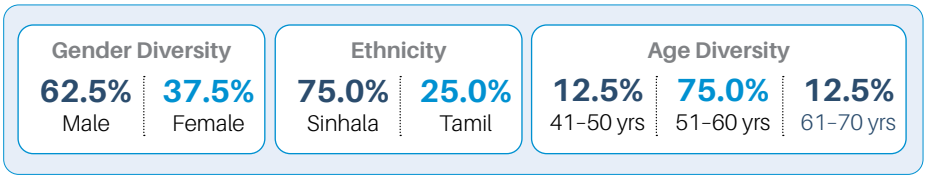
Diversity, Inclusion and Leadership at Board Level

Gender and Cultural Diversity

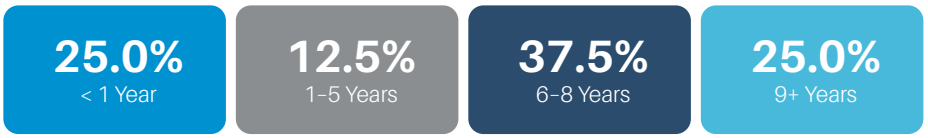
GRI 2-9,

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.



Tenure Profile



Corporate Governance Report

Name of the Director	Date of Appointment	Executive/ Non-Executive Status	Independence Status	Age	Tenure on Board	Religion	Gender	Nationality
Ms. Manjula Mathews	27-Dec-2022	Non-Executive	Non Independent	57	3 yrs 5 months	Christian	Female	Sri Lankan & British
Mr. Ramesh Schaffter	25-Jul-2019	Non-Executive	Non-Independent	56	6 yrs 10 months	Christian	Male	Sri Lankan
Ms. Minette Perera	22-Apr-2015	Non-Executive	Non-Independent	68	11 yrs 1 month	Christian	Female	Sri Lankan
Mr. Dilshan Wirasekara	6-Jun-2017	Non-Executive	Non-Independent	51	8 yrs 11months	Buddhist	Male	Sri Lankan
Dr. Nishan de Mel	24-Nov-2017	Non-Executive	Independent	54	8 yrs 6 months	Christian	Male	Sri Lankan
Ms. Cilani Wijesinghe	20-Aug-2024	Non-Executive	Independent	41	1 yr 9 months	Christian	Female	Sri Lankan
Mr. Channa de Silva	1-Jan-2025	Non-Executive	Independent	59	1 yr 4 months	Buddhist	Male	Sri Lankan
Mr. Sachith Perera	1-Jan-2025	Executive	Non-Independent	57	1 yr 4 months	Other faiths	Male	Sri Lankan

NON-EXECUTIVE DIRECTORS

PRINCIPLES A.5.1, A.5.2, A.5.3, A.5.4, A.5.5 A.5.9, A.5.10

The presence of Non-Executive Directors (NEDs) and Independent NEDs on the FCT Board significantly enhances Board effectiveness. Independent NEDs are required to be free of any business or other relationships that could materially compromise their ability to act objectively. Directors' independence is assessed against the criteria set out in section 9.8.3 of the CSE Listing Rules.

The Board is satisfied that all Non-Executive Directors currently serving on the FCT Board meet these independence requirements and are fully capable of fulfilling their governance responsibilities.

Free from day-to-day management responsibilities, NEDs' contribute to Board deliberations by challenging assumptions, testing proposals, and ensuring decisions are made in the best interests of the Company, and all stakeholders. NED's oversight is also particularly important in safeguarding governance standards, monitoring risk management and internal controls, upholding ethical conduct, and ensuring accountability, thereby strengthening decision-making and supporting the long-term sustainability and resilience of the Company.

The total number of external Board seats (excluding directorship within the FCT) held by each Director as of 31 March 2026 is summarised below:

Name of the Director	Independence Status	No. of Board Seats in Listed Companies — Executive Capacity	No. of Board Seats in Listed Companies — Non-Executive Capacity	No. of Board Seats in Unlisted Companies — Executive Capacity	No. of Board Seats in Unlisted Companies — Non-Executive Capacity
Ms. Manjula Mathews	Non- Independent	-	2	-	10
Mr. Ramesh Schaffter	Non- Independent	1	3	3	7
Ms. Minette Perera	Non- Independent	-	4	-	4
Mr. Dilshan Wirasekara	Non- Independent	1	-	3	3
Dr. Nishan de Mel	Independent	-	1	1	9
Ms. Cilani Wijesinghe	Independent	-	-	1	1
Mr. Channa de Silva	Independent	-	2	-	6
Mr. Sachith Perera	Non- Independent	-	-	-	2

APPOINTMENT, RE-ELECTION, AND RESIGNATION OF DIRECTORS

PRINCIPLES A.7, A.8, A.5.3, A.5.4, A.5.5

GRI 2-10

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 rules introduced by the CSE. Under these procedures, all Director appointments will require recommendation by the Board Nomination and Governance Committee. These nominations 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 Chairperson 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

PRINCIPLES A.1.2 GRI 2-9

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, recognizing that continuous assessment and development are key to maintaining effective governance.

Managing Conflicts of Interest

PRINCIPLES A.10 GRI 2-9

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 GRI 2-9

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

- Leads the Board in ensuring effective governance
- Sets the ethical tone for the Board and the Company
- Plans and conducts Board meetings efficiently
- Sets agendas in consultation with Directors, Committees and the Company Secretary
- Creates an environment to ensure the Board collectively and Directors individually can perform their roles effectively
- Promotes a culture of openness and constructive debates and challenges between Non-Executive Directors
- Provides leadership to the process for self-assessment to generate meaningful feedback
- Builds and maintains stakeholder trust and confidence

Role of the CEO

- Oversees the day-to-day management of the Company under Board-delegated authority
- Provides leadership to senior management and operational teams
- Acts as the principal interface between the Board and management
- Develops the strategy and long-term plans for consideration and approval by the Board
- Establishes an operational structure appropriate for execution of strategy
- Appoints and ensures proper succession planning of the executive team
- Sets the tone for ethical leadership and culture
- Acts as the face of the Company and engages with stakeholders

This division of responsibilities ensures a well-functioning Board and executive management team, supporting transparency, accountability, and operational efficiency.

Corporate Governance Report

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
- Approving FCT's Sustainability Strategy
- 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
- Reviewing the Board Charter, Sub-Committee Terms of Reference, governance frameworks, and major policy updates

BOARD MEETINGS

PRINCIPLES A.1.1, A.1.7, A.6, A.10

GRI 2-9

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 FY2026, the Board convened 12 meetings, with strong attendance and robust participation, demonstrating a high level of commitment to governance excellence.

Mode of Board Meetings

Board meetings may be hosted as physical, virtual or hybrid meetings in accordance with the Articles of Association.

Name of the Board Member	Board Meetings		Board Audit Committee		Nomination & Governance Committee		Remuneration Committee		Related Party Transaction Review Committee		Board Integrated Risk Management Committee		Investment, Asset and Liability Committee	
	Eligibility	Participation	Eligibility	Participation	Eligibility	Participation	Eligibility	Participation	Eligibility	Participation	Eligibility	Participation	Eligibility	Participation
Ms. Manjula Mathews	12	11	-	-	3	3	-	-	-	-	-	-	25	23
Mr. Dilshan Wirasekara	12	11	-	-	-	-	-	-	-	-	11	11	25	22
Ms. Minette Perera	12	12	4	4	-	-	-	-	4	4	11	11	-	-
Dr. Nishan De Mel	12	12	-	-	-	-	4	3	-	-	11	11	25	23
Mr. Ramesh Schaffter	12	9	-	-	-	-	4	4	-	-	-	-	-	-
Ms. Cilani Wijesinghe	12	11	4	4	3	3	-	-	4	4	-	-	-	-
Mr. Channa De Silva	12	9	4	4	3	3	4	3	4	4	-	-	-	-
Mr. Sachith Perera	12	12	-	-	-	-	-	-	-	-	-	-	-	-

Ensuring Effectiveness of Board Meetings

Before each Board meeting:

- The Chairperson, assisted by the Company Secretary, sets the agenda for the meeting to ensure relevant matters are presented for discussion in order of priority.
- A Board PAC is prepared and circulated among all Directors seven (7) days prior to the Board Meeting. The Board PAC typically contains qualitative and quantitative information on matters to be raised at the Board Meeting along with the Director/CEO's review of business operations, financial performance, industry trends and market developments pertaining to the Company.
- Directors have the right to submit proposals to be included in the agenda for the upcoming meeting.

At the Board Meeting:

- It is mandatory for Directors to attend Board meetings
- All Board members are expected to be fully prepared and engage proactively in all Board proceedings
- The Chairperson is entrusted with the responsibility of ensuring orderly conduct of Board meetings
- All Directors are expected to adhere to proper Boardroom ethics and conduct, including recusing themselves, where matters involving conflict of interest are being discussed.
- KMPs are also invited to attend Board meetings, as needed to discuss relevant areas of business.
- Minutes of Board meetings are maintained by the Company Secretary.

After the Board Meeting

- The Company Secretary prepares detailed minutes which are presented to the Chairperson for approval, prior to circulation among Board members.
- The Board monitors all action items, with decisions requiring disclosure to regulators, shareholders, or external stakeholders being actioned promptly, in line with CSE Listing Rules, regulatory requirements, and corporate governance standards.
- Minutes and supporting documentation are safely archived as part of the official corporate record for compliance, audit, and historical reference.

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.

DIRECTOR TRAINING — FY 2025/26

PRINCIPLES A.9, A.11 GRI 2-17

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.

Corporate Governance Report

Evaluating Board Performance

PRINCIPLES A.9, GRI 2-18

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.

Board and Board Sub-Committee Evaluation

PRINCIPLES A.9, GRI 2-18

In line with the CSE Listing Rules, a formal process for evaluating the performance of the Board and its Sub-Committees was introduced during the current year. As per the established procedure, the evaluation begins with an annual self-assessment by each Director documenting their individual contributions, engagement, and effectiveness in Board deliberations. All self-declarations are reviewed by the Nominations & Governance Committee (NGC) with findings presented to the Board. Additionally, the NGC also conducts a collective assessment of the Board, considering the balance of skills, experience, knowledge, independence, and gender diversity to ensure that the Board is well-equipped to meet its strategic and oversight responsibilities.

A similar methodology is applied to Board Sub-Committees, assessing their performance against their respective Terms of Reference (ToR), mandates, and regulatory expectations.

Evaluating the Performance of the CEO

PRINCIPLES A.11 GRI 2-18

The performance of the CEO is reviewed annually by the Board of Directors through Board Nomination and Governance Committee. 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.

Directors Remuneration

PRINCIPLES B.1 GRI 2-19, 2-20

The FCT Board has established a comprehensive Remuneration Policy to support consistent, transparent, and equitable remuneration of both Executive and Non-Executive Directors. The Policy aims to attract individuals of the highest caliber with the skills and experience required to effectively serve on the Board.

In line with this Policy, the remuneration structures for Executive Directors comprise both fixed and variable elements, where the fixed element is benchmarked against relevant local market standards, while the variable component consists of performance-linked incentives set based on clearly defined targets that align with the long-term strategic goals of the Company.

The Remuneration Committee, as the designated custodian of the Remuneration Policy, is responsible for overseeing its implementation. The Committee conducts an annual benchmarking to evaluate the remuneration structures of Executive Directors and KMP, and based on this assessment, makes recommendations to the Board regarding appropriate adjustments to both fixed and variable components of remuneration as deemed appropriate. The Director/Chief Executive Officer is invited to participate in these discussions, except in matters relating to his own remuneration.

Board Succession Planning

PRINCIPLES A.7.3

Board succession planning is treated as a continuous and proactive process rather than an ad hoc activity. The main aim of the Board succession planning is to facilitate leadership continuity, with emphasis on identifying future board needs based on required skills, experience, diversity, and independence, including emerging areas such as digital, cybersecurity, and regulatory expertise. In this regard, clear succession plans are established for key board roles such as the Chairperson, Committee Chairs, and other critical Board roles, with due consideration of tenure limits and retirement age of existing Board members.

The process is overseen by the Board Nomination & Governance Committee with regular reporting to the Board.

Duties and Responsibilities of Individual Directors

All Board Directors are expected to devote the necessary time, commitment, and attention required to effectively discharge their responsibilities as Directors of the Company. This includes active participation in Board meetings and deliberations, where Directors are expected to contribute their skills, knowledge, and professional experience to support robust discussions and exercise independent judgment in decision-making at the highest level.

Directors are also required to participate in the annual Board self-assessment process, which helps drive continuous improvement in Board effectiveness by enabling Directors to reflect on their individual and collective performance while identifying opportunities to further strengthen governance practices across the Company.

Conflicts of Interest

GRI 2-15

Maintaining high standards of integrity and transparency is essential to the effective functioning of the FCT Board. All Directors are expected to act in good faith and in the best interests of the Company, while upholding the highest standards of professionalism and ethical conduct in the discharge of their duties.

In adherence to these principles, Directors are required to disclose any actual or potential conflicts of interest that may arise in relation to matters considered by the Board. Directors must declare in writing at the time of appointment, and annually thereafter indicating any direct, indirect, beneficial, or non-beneficial interest in a contract or proposed transaction involving the Company.

Directors with declared interests are required to recuse themselves from discussions and decision-making on the relevant matters.

BOARD SUB-COMMITTEES

PRINCIPLES B.2, D.3, D.4, D.5 GRI 2-9, 2-13

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.

Composition

1. Ms. Cilani Wijesinghe (Chairperson)
2. Ms. Minette Perera
3. Mr. Channa de Silva

Meeting Frequency

Quarterly

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

Purpose

Monitor risk profile and implementation of risk framework.

Composition

1. Dr. Nishan De Mel (Chairman)
2. Ms. Minette Perera
3. Mr. Dilshan Wirasekara

Meeting Frequency

Monthly

REMUNERATION COMMITTEE

Purpose

Evaluation and recommendation of remuneration structure.

Composition

1. Dr. Nishan de Mel (Chairman)
2. Mr. Ramesh Schaffter
3. Mr. Channa de Silva

Meeting Frequency

Semi-annually

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Purpose

Ensure fairness in related party transactions.

Composition

1. Ms. Cilani Wijesinghe (Chairperson)
2. Ms. Minette Perera
3. Mr. Channa de Silva

Meeting Frequency

Quarterly

NOMINATION AND GOVERNANCE COMMITTEE

Purpose

Review Board composition and governance.

Composition

1. Mr. Channa de Silva (Chairman)
2. Ms. Cilani Wijesinghe
3. Ms. Manjula Mathews

Meeting Frequency

Bi-annually

INVESTMENT, ASSET AND LIABILITY COMMITTEE

Purpose

Review investment and liquidity.

Composition

1. Dr. Nishan de Mel (Chairman)
2. Ms. Manjula Mathews
3. Mr. Dilshan Wirasekara

Meeting Frequency

Bi-weekly

Corporate Governance Report

Name of the Director	Board Audit Committee	Board Nomination & Governance Committee	Remuneration Committee	Related Party Transaction Review Committee	Board Integrated Risk Management Committee	Investment, Asset and Liability Committee
Ms. Manjula Mathews		x				x
Mr. Ramesh Schaffter			x			
Ms. Minette Perera	x			x	x	
Mr. Dilshan Wirasekara					x	x
Dr. Nishan de Mel			♟		♟	♟
Ms. Cilani Chamika	♟	x		♟		
Mr. Channa de Silva	x	♟	x	x		
Mr. Sachith Perera						

♟ = *Chairman/* Chairperson *of the Committee*

COMPANY SECRETARY

PRINCIPLES A.1.4 | A.6 GRI 2-9

Ms. Heidy Seneviratne was appointed as the Authorised Officer for the reporting of Beneficial Owners to the ROC as a natural person.

In line with good governance principles, the appointment and removal of the Company Secretary is a matter expressly reserved for the Board, ensuring independence and accountability in the role.

Accordingly, the FCT Board confirms that the Company Secretary, as an individual, has fulfilled the following requirements:

- A citizen of Sri Lanka
- Above eighteen years of age
- A holder of certificate of practice issued under the Companies (Secretaries) Regulations
- A member of The Institute of Chartered Corporate Secretaries of Sri Lanka incorporated under the provisions of the Companies Act No. 07 of 2007 and subsequent amendments thereto

The Company Secretary, under the direction of the FCT Board Chairperson, is accountable for all matters with regard to the proper functioning of the Board. The Company Secretary serves as the secretary to the Board and all Board Sub-Committees and as such facilitates the effective flow of information to the Board and Board Committees and between Senior Management and Non-Executive Directors. The Company Secretary attends all Board meetings and Board Sub Committee meetings.

In addition to the aforementioned responsibilities, the Company Secretary is also required to:

- Advise Directors individually and the Board collectively about carrying out their duties and responsibilities in compliance with relevant regulations and the articles of association
- Coordinate necessary requirements to ensure Board meetings are conducted smoothly, including liaising with the Board Chairperson to work out the agenda, issue of proper notices of meetings, and circulation of Board papers
- Maintain minutes of general meetings and Board meetings and all sub committee meetings
- Maintain the register of all shareholders, containing details of past and present shareholders and their shareholdings
- Ensure the Company operates in compliance with the CSE listing rules, including in regard to related party disclosures
- Informing regulators of any changes in the Company's governance structure owing to the appointment or resignation of Directors
- Coordinate necessary requirements to facilitate the AGM, including circulation of notices and the circulation of the annual report in adherence to CSE listing rules
- Assist in the induction of new Directors and facilitate the ongoing professional development of Directors, including training and knowledge development to keep them updated on the latest developments in legislation and regulations in the local financial services industry
- Serve as the custodian for the Company's legal documents, including the certificate of incorporation and memorandum and articles of association

All Directors have unrestricted access to the professional expertise and counsel of the Company Secretary across all aspects of the Board's mandate and the Company's operations.

The performance of the Company Secretary is reviewed annually as part of the broader Board evaluation process. The latest assessment confirmed that the FCT Company Secretary:

- Is competent, suitably qualified, and experienced to advise the Board effectively;
- Possesses the necessary skills, knowledge, and governance expertise to support informed decision-making;

- Maintains an arm's length relationship with the Board and individual Directors; and has discharged responsibilities effectively throughout the year, supporting robust governance and operational oversight.

Janashakthi Corporate Services Limited were the Secretaries during the financial year and until 30 April 2026. Ms. Heidy Seneviratne has been appointed as the Company Secretary w.e.f. 1 May 2026, ensuring independent and expert support for the Board's operations.

RISK MANAGEMENT AND INTERNAL CONTROL

PRINCIPLES D.2 GRI 2-12, 2-13

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 pages 135 to 148 for the Risk Management Report.

Risk-Related Policies Reviewed and Updated by the Board in FY2025/26

Policy	Changes Made	Effective Date of Change
Conflict of Interest Policy	Initiation of blackout periods for listed shares and debentures that First Capital intends to invest in	04 November 2025
AML CFT Policy	Freezing of funds/assets	12 September 2025
Investment Policy	Incorporating changes requested by IALCO	01 December 2025

CONDUCT AND ETHICS

PRINCIPLES D.6, D.6.1, D.6.3, D.6.4, D.6.5 GRI 2-16, 2-26, 205-1, 205-2

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 & Corruption Policy

Strictly prohibits bribery, facilitation payments, and conflicts of interest. Compliance training for employees and Directors reinforces these expectations. *(Principle D.6.1)*

Whistleblower Policy

Provides confidential channels for reporting financial misconduct, internal control breaches, and unethical behaviour. *(Principle D.6.4)*

CONDUCT AND ETHICS

PRINCIPLES D.6, D.6.1, D.6.3, D.6.4, D.6.5 GRI 2-16, 2-26, 205-1, 205-2

The Board places a strong emphasis on cultivating a culture of integrity, fairness, and accountability. FCT's ethical framework includes:

Human Resources

- HR policy manual includes,
  - Recruitment policy
  - Grievance Handling Policy
  - Whistleblowing policy
  - Leave Policy
  - Flexy Working Hours policy
  - Policy for Staff Loans
  - Employee separation/cessation policy
  - Job rotation policy
  - Remuneration and benefits policy

Technology & Digital

- IT policy manual includes,
  - Password Policy
  - Electronic mail (email) Policy
  - Internet Policy
  - Hardware and Software Policy
  - Information Security Policy
  - User Privilege Policy
  - Anti-Virus Policy
  - Backup Policy
  - Mobile Devices Policy
  - Network Policy
  - Server Policy
  - Incident Response Policy
  - Application Service Provider (ASP) Policy
  - Change Management Policy
  - Green Computing Policy
  - Information Technology End User Acknowledgement Policy

Corporate Governance Report

Ethics And Integrity

- Code of Conduct
- Anti-bribery and Anti-corruption Policy
- Whistleblowing policy
- Policy on Outsourcing Services
- Conflict of Interest policy
- Anti-money Laundering and terrorist financing risk management policy and procedure
- Sustainability Policy
- Policy for Deceased customers

Risk Management

- Delegated Authority Manual that includes
  - RACI framework
  - Investment policy
  - Operational DA framework
- Enterprise Risk Management Framework that includes
  - Interest rate Risk Management Framework
  - Liquidity Risk Management Framework
  - Compliance Risk Management Framework
- Business continuity plan and Risk Management Framework
- Credit policy manual
- Policy and Guidance Document for Impairment of Lending
- Incident and near-miss management procedure

Investment Policy

- Investment policy and procedure
- Credit policy and procedure

Communication

- Complaint Handling policy
- Communication policy

Anti-Bribery and Corruption (ABC) Policy

PRINCIPLES D.6.3, D.6.5 GRI 205-1, 205-2

The ABC policy outlines strict prohibitions against bribery, kickbacks, gifts, and facilitation payments in the course of conducting business, including strict prohibitions against funding political parties within Sri Lanka. The ABC policy applies unconditionally to all Directors and employees of the Company.

The policy also stipulates specific compliance obligations and reinforces accountability through regular training programmes for both employees and Directors. Furthermore, business partners and third parties acting on behalf of the Company is made aware and expected to align with these standards.

Whistleblower Policy

PRINCIPLES D.6.4 GRI 2-16, 2-26

The Whistleblowing Policy provides a confidential channel through which employees and other stakeholders can report suspected financial irregularities, issues in financial reporting, internal control lapses, or other concerns that may warrant investigation. All whistleblower reports are directed to and reviewed by the Chair of the BAC. During the investigation process, every effort is made to keep the whistleblower informed of progress, while maintaining confidentiality and protection from retaliation.

Regular training sessions reinforce these standards across employees and directors, extending requirements to business partners and stakeholders.

No whistleblower complaints were received in the current financial year.

Policy on Trading in Listed Securities

The policy prohibits Executive Directors, Key Management Personnel and staff members with access to price-sensitive information from trading in the Company's securities. Non-Executive Directors are subject to trading restrictions during blackout periods to ensure compliance with insider trading regulations.

IT GOVERNANCE

PRINCIPLES G .1 ,G.2 , G.3, G.4, G.5

GRI 418-1

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 PLC to provide strategic oversight of Group-wide digital initiatives, including those impacting FCT.

Operational responsibility for IT governance resides with the Chief Technology and Digital Officer (CTDO), who oversees technology strategy, cybersecurity, systems resilience and IT risk management. 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. 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 leadership 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 defences 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 defences.

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.
- The organisation has implemented Microsoft 365 E5 Information Protection and Governance capabilities to strengthen data security, compliance, and risk management. This implementation provides advanced data protection through classification, labeling, and encryption of sensitive information, along with robust data loss prevention controls to minimise the risk of unauthorised access or data leakage. Additionally, it enables effective information governance through retention policies, legal hold capabilities, and lifecycle management, ensuring compliance with regulatory requirements. Enhanced auditing, monitoring, and eDiscovery features support visibility, incident investigation, and accountability, thereby improving the overall cybersecurity posture and governance framework of the organisation.

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) has appointed 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, officer of Risk and Compliance Department 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 cautiously explored 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.

Corporate Governance Report

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 BAC levels to ensure that any gaps are addressed promptly and that continuous improvement remains a priority.

HR GOVERNANCE

PRINCIPLES B.1 GRI 2-19, 2-20

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

PRINCIPLES H .1 ,H.2 , H.3, H.4, H.5 GRI 2-14, 2-23, 2-24

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. Also, the implementation of the requirements under the SLFRS S1 and S2 standards in the pillars of Governance, Risk Management, Strategy and Metrics and Targets.

Board Concern Area	Report	Reference
Financial Sustainability	Financial Capital	Pages 70 to 80
Environmental Sustainability	Natural Capital	Pages 128 to 134
Social Sustainability	Social and Relationship Capital	Pages 118 to 127
Brand Sustainability	Intellectual Capital	Pages 90 to 99
Employee Sustainability	Human Capital	Pages 100 to 117

MAJOR AND MATERIAL TRANSACTIONS

PRINCIPLES C.3

During the financial year ended 31 March 2026, the Company did not engage in or commit to any transaction that constituted a "major transaction" within the meaning of the Code of Best Practice on Corporate Governance or Section 185 of the Companies Act No. 07 of 2007. No transaction or series of related transactions were entered into that had the purpose or effect of acquiring, disposing, or varying rights or liabilities exceeding one-third of the value of the Company's net assets.

Furthermore, there were no transactions during the year that would have substantially altered the nature of the business carried on by the Company, nor any transactions requiring shareholder approval by ordinary or special resolution pursuant to the requirements of the Securities and Exchange Commission of Sri Lanka or the Colombo Stock Exchange Listing Rules (Section 9.14).

SHAREHOLDER RELATIONS AND COMMUNICATION

PRINCIPLES C.1, C.2, E.1,E.2, F.1, F.2
GRI 2-29

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 clarification 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

PRINCIPLES E.1,E.2, F.1, F.2

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 2026, 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 facilitate 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 online platform or as a hybrid meeting where certain attendees attend physically while others may attend virtually.

Corporate Governance Report

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	REMARKS
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 Director and related details.
A.1 The Board A.1.1 Frequency of board meetings	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. Information is provided on a regular basis. A BoardPAC containing all relevant information is submitted to the Board of Directors. ❋ Financial and operational results on pre-agreed Key Performance Indicators. ❋ Financial performance compared to previous periods, budgets and targets. ❋ Impact of risk factors on financial and operating results and actions to mitigate such risks. ❋ Forecast for the next period. ❋ Compliance with laws and regulations and any non-compliances. ❋ Internal control breaches or frauds during the period and related actions taken. ❋ Financial and operational decisions taken by the CEO within his delegated authority. ❋ Share trading of the Company and related party transactions by Key Management Personnel. ❋ Sustainability/ environmental, social, and governance (ESG) related risks and opportunities (if any) during the period. ❋ 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. ❋ Any other matters the board should be aware of	Complied	Board meetings are held on a monthly basis. Last Board meeting was held on 18 March 2026 (FY 2025/26). All relevant information submitted to the Board meetings on every month.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
A.1.2 Role and 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 Strategic Planning process and the status of the same is reviewed on monthly basis. Strategies formulated are implemented through the CEO and Senior Management Team.
	Appointing the chair and the senior independent director, if relevant;	Complied	The Chairperson of the Board is a Non-Executive Director and a separate individual from the one who holds position of CEO.
	Ensuring that the CEO and 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 annual basis. The company is steered by a team of multidisciplinary professionals (Profiles of Senior Management Team provided on pages 39 to 41), 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 is 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 expenditures which requires the consent of 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 BAC 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 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.
	Ensuring compliance with laws, regulations and ethical standards.	Complied	The responsibility is delegated to the BAC. 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. A stringent GRC framework tailored to the Company's and regulatory requirements which enhance proactive compliance culture.

Corporate Governance Report

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
	Ensuring all stakeholder interests are considered in corporate decisions.	Complied	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.
	Recognising sustainable business development and ESG risk and opportunities in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting".	Complied	The Board acknowledges the importance of incorporating sustainability and ESG considerations into the Company's strategy, decisions and operations. Oversight of relevant functions is supported through management committees, which monitor implementation and progress, with appropriate reporting to the Board. The Annual Report is prepared in accordance with the principles of the Integrated Reporting Framework to provide an integrated and coherent view of the Company's financial and non-financial performance and long-term value creation.
	Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;	Complied	Responsibility of the same is being reviewed by the BAC. The 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 274 to 276 in the Annual Report and affirms that the company's financial statements are in line with LKAS/ SLFRSs.
	Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	Complied	This function is conducted through, and the progress of the business is continuously reviewed and monitored at the monthly Board Review Committee meetings.
	Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.	Complied	The corporate reporting process (including financial and non-financial disclosures) follows a review process through the BAC 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.
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.	Complied	During the year, the Board committed to fulfil their stewardship obligations on behalf of all stakeholders in line with laws, regulations and governance practices of the Company.
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 Responsible, Accountable, Consulted, and Informed (RACI) framework for the Board of Directors to obtain such independent professional advice.
A.1.4 Company Secretary	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. If the Company secretary is employed by the Company in another capacity as well, it cannot conflict with the role of Company secretary. Any question of the removal of the Company secretary should be a matter for the Board as a whole.	Complied	Ms. Heidy Seneviratne was appointed as the Company Secretary for First Capital Treasuries PLC (FCT) and the Board members have direct access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary remains with the Board through the RACI framework.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
Insurance Cover for the Board	The Company should obtain appropriate insurance cover as recommended by the Nomination committee to the Board of Directors and key management personnel (KMP).	Complied	Appropriate insurance covers are available for both Directors and KMPs.
A.1.5 Independent Judgment in Board Responsibilities	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	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. **Board Sub-Committees include** ❋ Board Audit Committee ❋ Related Party Transactions Review Committee ❋ Remuneration Committee ❋ Board Nomination and Governance Committee ❋ Investment, Asset and liabilities Committee ❋ Board Integrated Risk Management Committee
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 to 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	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. 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.	Complied	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 the Director profiles, Pages 34 to 38). Relevant training is being provided/ arranged if such requirements are identified at Board or Sub-committee levels (page 248 to 261). The Board Nomination and Governance Committee collectively oversees this requirement in the event of appointing a Director.
A.2 Chairman and Chief Executive Officer (CEO)	There are two key tasks at the top of every public Company; (i). Conducting of the business of the Board (ii). Facilitating executive responsibilities for management of the company's business. There should be a clear division of esponsibilities at the head of the Company, which will ensure a balance of power and authority, such that no individual has unfettered powers of decisions.	Complied	Clear division of responsibilities is being maintained. Relevant responsibilities are clearly mentioned in the Policy for Matters related to the Board of Directors.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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 Chairman's Role in Board Proceedings	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. The Chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that:		
	⁕ The agenda for board meetings is developed in consultation with the CEO, Directors and the Company secretary taking into consideration matters relating to strategy, performance, recourse allocation, risk management and compliance.	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 is required to present and highlight.
	⁕ 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 34 to 38.
	⁕ 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 minute.
	⁕ 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 BAC as well. Refer Director profiles in pages 34 to 38.
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 comprises both Executive and Non-Executive Directors. Four of the Non-Executive Directors are Non Independent.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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 comprises 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 total number of Directors, whichever is higher.	Complied	The Board is composed of eight (8) Directors,out of seven (7) are Non-Executive Directors Please refer Director list and details (pages 34 to 38).
	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 comprised 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 34 to 38. The Company complies 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 Independent Directors independence on an annual basis. The independence 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.	Partially complied	Independent Directors have submitted the declaration to determine their independence or non-independence on annual basis.
	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	Board make an annual determination.
	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	

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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. 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.	Not applicable	
A.5.7/ A.5.8 Senior Independent Director (SID)	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 Senior Independent Director (SID) and disclose this appointment in the Annual Report.	Not applicable	
	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	
	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 SID should participate in all meetings with majority, significant, and minority shareholders and be made aware of their concerns by the Company Secretary. A report from the SID should be included in the annual report.	Not applicable	
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	Chairman conducted meetings with the Non-executive directors during the FY2025/26.
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 meeting are properly minuted
A.6 Supply of information	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.		

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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	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 to 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.	Substantially 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.	Complied	Policy on matters related to Board of Directors is in place.
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 a maximum of 3 Directors, all of whom shall be 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 SID has been appointed, he/she should chair the Nomination Committee.	Conflicts with Listing Rules	The Chairperson of the Board is an Independent Director. Chairman of the committee and chairperson of the company are two separate persons in compliance with Listing Rule 9.3.3.
A.7.2 Assessing Board Composition	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. The Committee should also consider diversity on the board including gender, age and any other factor relevant to the industry. 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. 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.	Complied	The assessment takes place bi-annually.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
A.7.3 Succession plan for CEO and Key Management Personnel	The Committee should ensure that there is a succession plan for the CEO and for all KMP and determine the training and development requirements for those identified for succession.	Complied	The succession plan for KMPs is reviewed by the BNGC on annual basis.
A.7.4 Appointment of new Directors to the Board	Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders: ❋ a brief resume of the Director; ❋ the nature of his expertise in relevant functional areas; ❋ the names of companies in which the Director holds directorships or memberships in Board committees; and ❋ whether such Director can be considered 'independent'. Even if a director is appointed as an Alternate Director, the disclosures stated above should be made.	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 Functions of 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 BNGC details in Pages from 257 to 259.
A.7.6	Terms of reference for Nomination Committee are set out in place.	Complied	Terms of Reference for the BNGC 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.
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 take place at the AGM. Re-appointment of the Non-Executive Directors has been done according to the provisions 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 of Directors	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	
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 conducted self-appraisals for the financial year.
A.9.1 Review of Board and its committees' performance	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.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
A.9.2 Board performance evaluation	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. 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. The Board should consider a periodic 360-degree appraisal of Executive Directors and other Key Management Personnel. 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.	Substantially complied	The Board performance evaluation process was conducted for the FY2025/26.
A.9.3 Director Performance review for re-election	The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election.	Complied	The BNGC has been delegated 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.
A.9.4 Disclosure of Board Evaluation Process	The Board should state how such performance evaluations have been conducted, in the Annual Report.	Complied	Please refer page 262 to 264.
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 262 to 264.
A.10.1 Director Information	The Annual Report should set out following information in relation to each Director: ❋ name, qualifications and brief profile; ❋ the nature of his/her expertise in relevant functional areas; ❋ immediate family and/or material business relationships with other Directors of the Company; ❋ whether Executive, Non-Executive and/or independent Director; ❋ names of listed companies in Sri Lanka in which the Director concerned serves as a Director; ❋ 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; ❋ number/percentage of Board meetings of the Company attended during the year;	Complied	Please refer to the Director list and details Pages 34 to 38.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
	⁕ the total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an Executive or Non-Executive capacity; ⁕ names of Board Committees in which the Director serves as Chairman or a member; and ⁕ number/percentage of committee meetings attended during the year.		
A.11 Appraisal of CEO	The Board should be required, at least annually, to assess the performance of the CEO.	Substantially complied	The Board delegated this to the BNGC as per the Listing Rules.
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 results achieved by the Company.
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 were reasonable in the circumstances.	Substantially complied	Performance evaluation of the CEO is conducted by the BNGC as per the Listing Rules
Section B - Directors' remuneration			
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 committee consist of 3 directors who are Non-executive and the majority is Independent. Please refer details on pages 253 to 254.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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 advises if required.
B.2.4 The level and make up of remuneration	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. 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.	Complied	This responsibility is with the Remuneration Committee.
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.
B.2.8 Performance based remuneration	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.	Complied	A proper performance evaluation is being conducted by the Nomination and Governance Committee and results were communicated to the Board of Directors. A standard and transparent evaluation methodology is being followed for all Directors. Revising remuneration, benefits and other payments were conducted by the Remuneration committee considering the results of the performance evaluations. The performance-related element of the remuneration is being decided through a policy approved by the Board which is transparent.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
	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 is followed.		
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.	Not applicable	
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 CEO and 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	
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 remuneration of Non-Executive Directors shall be approved by the shareholders.
B.2.14 Remuneration for Non- Executive directors	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.	Complied	Fee of Non-Executive Directors is determined by the time, commitment and responsibilities of their role.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
	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)		
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 253 to 254.
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 36.5 to the financial statements. Please refer the Remuneration Committee Report on pages 253 to 254.
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 253 to 254
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 2025/26 is Rs. 38.2 Mn (12 persons).
Section C - Relations with shareholders			
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 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.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
C.1.3 Recording and counting proxy appointment	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: ❋ the number of shares in respect of which proxy appointments have been validly made ❋ the number of votes for the resolution ❋ the number of votes against the resolution ❋ the number of shares in respect of which the vote was directed to be withheld. ❋ 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.	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 Chairmen 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 Chairmen 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 CSE
C.2 Communication with the shareholders	The Board should implement effective 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.
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 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 is implemented.	Complied	Disclosed in the Policy on Relations with Shareholders and Investors.
C.2.4 Contact person in relation to shareholder communications	The Company should disclose the contact person for such communication.	Complied	Please refer the Company Web-site.
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.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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	
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.
D. Accountability and Audit			
D.1 Financial and Business Reporting (The Annual Report)			
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	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 BAC prior to obtaining approval from the Board. Above mentioned process ensures the compliance with relevant laws, regulations and standards.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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.	Substantially complied	The declaration is obtained by the BAC at the point of recommending financial statements for the approval of the Board.
D.1.4 Directors 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.
	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	
	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	
	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). 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.	Complied	Please refer page 263.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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	The Statement of Directors' Responsibility for the Preparation of the Financial Statements is given on page 265 while the Independent Auditor's report on pages 274 to 276 states the Auditor's responsibility for the Financial Statements. The statement on risk management and internal control is given on page 136 and 148.
D.1.6 Management discussion Analysis	The Annual Report should contain a "Management Discussion & Analysis", discussing, among other issues: ❋ Business model ❋ Industry structure and developments; ❋ Opportunities and threats; ❋ Risks management; ❋ Internal control systems and their adequacy; ❋ Corporate and enterprise governance ❋ Stakeholder relationships ❋ Social and environmental governance activities carried out by the Company; ❋ Financial performance; ❋ Investment in physical and intellectual capital ❋ Human resource management carried out by the Company ❋ Prospects for the future. 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.	Complied	Please refer the Management Discussion and Analysis section on pages 66 to 69.
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	The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report: ❋ 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;	Substantially complied	The Company has system capability to identify Related Party Transactions. Such reports can be generated through the system. 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. When identifying and reporting such transactions, relevant regulations and Accounting standards are being followed.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
	⁕ It should be the responsibility of the Company secretary to keep a record on Related Party Transactions and make necessary disclosures accordingly; ⁕ 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. ⁕ A record/ register either in hard or soft form on Related Party and Related Party Transaction should be maintained by the Company; 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	Complied	
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	The Risk Management Framework is in place to achieve this requirement. Relevant policies and procedures are in place to ensure a sound system of internal controls.
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.
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 to page 136 to 148.
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	BIRMC (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	The Board has established BIRMC. There is no regulatory requirement to establish such committee.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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 and is 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 address at a minimum how it will assist the Board's oversight of risk management.	Complied	Responsibility has been assigned through the TOR of the BIRMC.
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 pages from 250 to 252.
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.	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.
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 systems, 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 up by the BAC. Refer to pages 246 to 249 for the statement on internal controls.
D.2.2.2 Internal Audit	Companies should have an internal audit function.	Complied	The Internal audit function is outsourced to M/s B R De Silva & Co.
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 to pages from 246 to 249.
D.2.2.4 Responsibilities of Directors	Responsibilities of directors in maintaining a sound system of internal control and the contents of the statement of internal control.	Complied	

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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 from 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 page from 246 to 249.
D.3.2 TOR of the Audit Committee	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: ❋ The Committee's purpose ❋ The duties and responsibilities of the Audit Committee	Complied	The TOR of the BAC complies with all the requirements mentioned.
D.3.3 Disclosures	A separate section of the Annual Report should describe the work of the committee in discharging its responsibilities. 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.	Complied	Please refer the BAC report on pages from 246 to 249.
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 a minimum three members, a majority of whom should be non-executive directors and be chaired by an independent non-executive director. Chief Executive Officer, 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 Directors and the Chairman is an Independent Director. The CEO and CFO are attending all meetings and relevant heads of business and service functions are invited as necessary.
D.4.2 Terms of Reference of Risk Committee	The Risk Committee should have written terms of reference dealing clearly with its authority and duties. The terms of reference must address at a minimum how it will assist the board's oversight.	Complied	Responsibility has been assigned through the TOR of the BIRMC.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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 (CRO) is the secretary of the committee.
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 of the risk committee, setting out its role and how it discharged its responsibilities.	Complied	Please refer to pages 250 to 252 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 Transactions 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 255 to 256 for the committee details.
D.5.3 Terms of Reference of RPTRC	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: ❋ A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules. A procedure to obtain a statement from each related party: ❋ 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. ❋ If such party is an entity as defined in LKAS 24 as a related party details of transactions and balances with such party/parties. ❋ 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.	Complied	The TOR of the Committee addresses the relevant requirements.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
	❋ In any event prior to entering into any transaction between such related parties and the Company, its parent or any of its 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. ❋ 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. ❋ A procedure to inform all related parties of what constitutes exempted related party transactions. ❋ A procedure to identify and require 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. ❋ A policy and procedure to delegate dealing with recurrent related party transactions (as defined in the CSE listing rules) to relevant management personnel. ❋ A procedure for the RPT review committee to review and recommend to the board matters relating to such transactions. ❋ 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. ❋ 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. ❋ 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. ❋ A procedure to identify related party transactions which require shareholder approval by special resolution at an Extraordinary General Meeting. ❋ The company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes. ❋ Review and recommend to the board the related party disclosures to be made in the Annual Report of the Company.		

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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	All Companies must disclose whether they have a Code of Business Conduct & 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: ❋ conflict of interest; ❋ bribery and corruption; ❋ entertainment and gifts; ❋ accurate accounting and record-keeping; ❋ fair and transparent procurement practices; ❋ corporate opportunities; ❋ confidentiality; ❋ fair dealing; ❋ protection and proper use of company assets including information assets; ❋ Sexual harassment, discrimination and abuse ❋ compliance with laws, rules and regulations (including insider trading laws); and ❋ encouraging the reporting of any illegal, fraudulent or unethical behavior.	Complied	Please refer pages 189-190.
D.6.2 Process in placed to ensure that material and price sensitive information	The Company should have a process in place 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.
D.6.4 Procedures on 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 annual basis from all employees.	Complied	Induction sessions are conducted for all new staff members.

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SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
D.6.6 Compliance	The process for companywide dissemination of the policy, training arrangements, violations/non compliances (if any) with actions taken should be reported to the board on a regular basis. Any exemptions/ waivers from compliance with the code of business conduct and ethics with reasons and timelines should be approved by the board.	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. Disclosures should contain the types and numbers of violation and procedures followed in dealing with them.	Complied	Please refer Chairman'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 to the Corporate Governance report pages 190 to 223.
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 pages 190 to 223.
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. The policy on Relations with Shareholders and Investors is in place which outline the shareholder communication procedures.
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 CSE 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 in General meetings of the Company.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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)	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. 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.	Complied	A competent officer was recruited under the Group as the CISO who is responsible to conduct his duties covering all subsidiaries. Relevant policies are in place.
G.3 (Principle)	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; ❋ Potential cybersecurity risks in the company's business model ❋ CISO's security strategy and status of the current projects ❋ Compliance with the cybersecurity risk management process and incident reports ❋ Findings and recommendations from independent reviewers	Complied	Risk register items related to Information security and cyber security are being discussed at the BIRMC and at the Board meetings.
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 BAC 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.

Corporate Governance Report

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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	Sustainability- and climate-related risks and opportunities are identified through a comprehensive value chain mapping across each stage of the entity's operations, in line with the requirements of SLFRS S1 and SLFRS S2.
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	Sustainability-related actions are integrated into the entity's strategy, while sustainability and climate-related risks are incorporated into the risk register for ongoing monitoring and management
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	A stakeholder questionnaire was distributed to key stakeholders to capture and understand their sustainability expectations
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 54 to 60, for material matters. Stakeholder engagement are discussed on page 48 to 53.
H.3 Governance framework	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors.	Complied	Refer to page 175 to 177 for sustainability governance structure
H.3.1 Environmental Governance	Sustainability factors should be addressed through a process of environmental governance and social governance.	Complied	Refer to page 21 to 22 for ESG Outcomes
H.3.1.1 Policies and Practices	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 a followings should be considered: ❋ health and safety, ❋ climate change, ❋ pollution prevention, ❋ effluent treatment, ❋ sustainable resource use, ❋ restoration of natural resources, ❋ renewable energy, and ❋ biodiversity.	Partially Complied	A sustainability policy is in place at the Intermediate Parent level covering all the subsidiaries.

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
H.3.1.2 Community Engagement	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.	Substantially complied	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.
	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.		Further, the Company engages in community development activities on its own and through organisations that specialise in such activities.
	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.		The Company has implemented initiatives to improve communication with clients, especially through digital channels.
	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.		HR practices are maintained to improve the work-life balance of staff members. Relevant legal requirements are being followed.
	The organisation should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the Company		
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 70 to 80.
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	

Corporate Governance Report

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
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 21 to 22.
H.5.1 ESG Business strategy	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: ❋ Access to financial capital ❋ Cost savings and productivity ❋ Brand value and reputation ❋ Employee recruitment ❋ Employee retention Access to markets ❋ License to operate ❋ Market capitalisation 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. 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. 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.	Partially complied	

SECTION	REGULATOR REQUIREMENT	COMPLIANCE STATUS BY THE COMPANY	REMARKS
H.5.2 Disclosures	Companies should provide information in relation to: ❋ The relevance of environmental, social and governance factors to their business models and strategy. ❋ 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. ❋ How risks and opportunities pertaining to sustainability/ESG are recognised, managed, measured and reported.	Complied	Please refer pages from 151 to 155. For Environmental, Social and Governance, refer pages from 151 to 155. Please refer pages from 151 to 155.
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 175 to 177.
H.5.4 ESG Reporting	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. Sustainability/ESG reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis. 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: ❋ Integrated reporting framework ❋ The global reporting initiative guidelines	Partially complied Compiled	Please refer pages from 151 to 155.

Statement of Compliance

REPORT ON COMPLIANCE WITH THE RULES ON THE CONTENT OF THE ANNUAL REPORT ACCORDING TO SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (LISTING RULES)

Listing Rules of the Colombo Stock Exchange (CSE) aim to boost the confidence of investors of the companies by requiring the companies to publish accurate information on a timely basis to evaluate companies and assist investors to make wise decisions on investments. These rules also depict governance rules which should be adhered to by all listed companies. Level of compliance by First Capital Treasuries PLC with such rules is presented in the following table:

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
7.6 (i)	Name of persons who held the positions of Directors during the financial year	Complied	Refer the Pages 34 to 38
7.6 (ii)	Principal activities of the Entity and its Subsidiaries during the year and any changes therein	Complied	Not available
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentages of such shares held	Complied	Refer the Page 333
7.6 (iv) (a)	Float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement, in respect of voting ordinary shares.	Complied	Refer the Page 330
7.6 (v)	A statement of each Director's and Chief Executive Officer's shareholding and the percentage of such shares held	Complied	Refer the Page 332
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Refer the Pages 136 to 148
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Not available	Not available
7.6 (viii)	Extent, locations, valuations, and the number of buildings of the Entity's land holdings and investment properties	Complied	Refer the Note 22 to the Financial Statements
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Refer the Note 32 to the Financial Statements
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings	Complied	Refer the Page 329 to 330
7.6 (xi)	Ratios and market price information: Equity Debt and Any changes in credit rating	Complied	Refer the Pages 330 and 331
7.6 (xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	N/A	N/A
7.6 (xiii)	Details of funds raised through Public Issues, Rights and Private Placements during the year	N/A	
7.6 (xiv)	Information in respect of Employee Share Option Schemes and Employee Share Purchase Schemes	N/A	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	Complied	Refer the Pages 227 to 236
7.6 (xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately. The details shall include, as a minimum: i. The date of the transaction; ii. The name of the Related Party; iii. The relationship between the Entity and the Related Party; iv. The amount of the transaction and terms of the transaction; v. The rationale for entering into the transaction.	N/A	There were no Non-Recurrent Related Party Transactions that exceeded 10% of Equity or 5% of Total Assets during FY 2025/26.

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
7.6 (xvii)	xvii) In the event a Listed Entity has its Foreign Currency denominated Securities listed on the Exchange, the Entity shall additionally disclose the following in its Annual Report: a. The Trading Currency of such Securities b. A detailed description of the utilisation of the proceeds held in the SFCA of the Entity for any capital transaction/s outside Sri Lanka, including the amount of proceeds utilised, as a percentage (%) of the total proceeds credited to the SFCA of the Entity pursuant to the Initial Public Offering. C. A Statement of compliance by the Listed Entity vis-à-vis the Applicable Foreign Exchange Regulations including but not limited to the following: i) Maintenance of foreign exchange earnings at a minimum level of fifty per centum (50%) of its total annual revenue which is equivalent to a minimum of USD 5 Mn (5,000,000) or a negative statement; ii) The amount of proceeds held in the SFCA, which have been utilised by the Entity for any capital transactions outside Sri Lanka; iii) Repatriation of income of the investments made through the SFCA into Sri Lanka; and, iv) The amount of capital gains of the proceeds utilised for any capital transactions outside Sri Lanka. d. A status update on the residual of the proceeds which are not utilised for capital transactions outside Sri Lanka. e. The extent to which the Financial Statements of the Entity are in compliance with the International Financial Reporting Standards (IFRS) and in the event of a deviation from IFRS, the details/impact of such deviation to the Financial Statements.	Not Applicable	
7.6 (xviii)	In the event a Listed Entity has listed GSS + Bonds on the Exchange, such Entity shall additionally disclose the following; a. The list of GSS + Projects/s to which proceeds of the GSS + Bonds have been allocated to/invested in, including a brief description of such project/s and the amounts disbursed. b. Any updates in relation to the disclosures made in the documentation on GSS + Bonds from the date of listing. c. Qualitative performance indicators in line with the ICMA Principles and Guidelines, 'ICMA Harmonised Framework for Impact Reporting and Harmonised Framework for Impact Reporting for Social Bonds' and where applicable Green Finance Taxonomy or any related Taxonomy issued by the Central Bank of Sri Lanka where feasible, quantitative performance measures of the environmental impact of the GSS+ Project/s. In the event the quantitative benefits/impact cannot be ascertained, the said fact may be appropriately disclosed along with the reasons for non-ascertainment of the benefits/impact on the environment. d. Methods and the key underlying assumptions used in preparation of the performance indicators and metrics.	Not Applicable	

Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
7.6 (xix)	The following details, if the Entity has listed any Perpetual Debt Securities on the Exchange; a. Breach of any terms/conditions by the Entity in relation to other Debt Securities listed on the Exchange. b. Any default or delays on interest and/or principal payments in respect of loans obtained by such Entity, not paid within 30 days.	Not Applicable	
7.6 (xx)	An Entity which has listed its Infrastructure Bonds on the Exchange, shall additionally disclose i. the details of the Infrastructure Projects/s to which the proceeds of the Infrastructure Bonds have been allocated to/invested in, including the amounts disbursed. ii. Any updates in relation to the disclosures made in the prospectus.	Not Applicable	
7.6 (xxi)	In the event an Entity has listed Shariah Compliant Debt Securities on the Exchange, such Entity shall additionally disclose the following; a. Information relating to the two (2) Accredited Shariah Scholars, including their names, qualifications, experience, fitness and propriety and any conflicts of interest with the applicant Entity, and; b. A declaration by the Entity confirming that the two (2) Accredited Shariah Scholars adhere to the Guidelines applicable for Accredited Shariah Scholars issued by the SEC and published on the SEC website.	Not Applicable	
7.6 (xxii)	The following details, if the Entity has listed any High Yield Corporate Debt Securities on the Exchange; a. Breach of any terms/conditions by the Entity in relation to High Yield Corporate Debt Securities listed on the Exchange. b. Any default or delays on interest and/or principal payments in respect of loans obtained by such Entity, not paid within 30 days c. Any default or delays in interest and/or principal payments in respect of the High yield corporate Debt Security.	Not Applicable	

COMPLIANCE REQUIREMENTS ON CORPORATE GOVERNANCE RULES (SECTION 9) OF THE LISTING RULES

The Continuing Listing Rule Section 9. 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
9.2 Policies			
9.2.1	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; (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (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 (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption	Complied	All required policies were established. Please refer page 194 to 243 for the disclosure of policies related to Corporate Governance. Weblink - https://firstcapital.lk/wp-content/uploads/2026/01/Policy-Summary-2.pdf
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: (i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website. (ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	Complied	Please refer page 194 to 243 for the disclosure of policies related to Corporate Governance and its publication.
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	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; (a) Board Nominations and Governance Committee (b) Remuneration Committee (c) Board Audit Committee (d) Related Party Transactions Review Committee.	Complied	Please refer pages from 246 to 261.
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 246 to 261.
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 246 to 261 for the members of the Board sub-committees.

Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
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	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. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied	
9.4.2	Communication and relations with shareholders and Investors (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. (b) Listed Entities shall disclose the contact person for such communication. (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. (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.	Complied	The policy on relations with shareholders and investors has been established. Please refer page 375 for the Annual Report disclosure.
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall: (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. (b) where a Listed Entity decides to combine the role of the Chairperson and CEO, (i) set out the rational for combining such positions; and, (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 (iii) set out the measures implemented to safeguard the interests of the SID (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 (d) stipulate the maximum number of Directors with the rationale for the same (e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules	Complied	The policy on matters relating to the Board of Directors is in place. Terms of references of the Board and sub-committee is in place. The Policy on Trading in Listed Securities is in place.

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.5.1	(f) provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and ongoing compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules (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 (h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements (i) specify the maximum number of directorships in Listed Entities that may be held by Directors (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		
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.	N/A	
9.6 Chairperson and CEO			
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 26 to 33.
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	

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Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
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.
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 183 to 188. 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 34 to 38.
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	Please refers to page 180 to 188 for details.
9.8.3	Criteria for determining independence:	Complied	Independence of the Directors is assessed against the stipulated criteria.
9.8.5	The Board of Directors of Listed Entities shall require: (a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified, containing at a minimum the content prescribed therein. (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. (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.	Complied N/A	Declarations from all directors were obtained and assessed.
9.9 Alternate Directors			
9.9	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: (a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	N/A	No alternate directors are appointed to the Board as at reporting date.

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
	(b) If an Alternate Director is appointed for a Non Executive Director such alternate should not be an executive of the Listed Entity. (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. (d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. Such Market Announcement shall include the following: i. The exceptional circumstances leading to such appointment; ii. The information on the capacity in which such Alternate Director is appointed, i.e., whether as an Executive, Non-Executive or Independent Director; iii. The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and, iv. A Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. (e). The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.		
9.10 Disclosures relating to Directors			
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Complied	The policy on matters relating to the Board of Directors is in place and necessary limits are included. Related details are included in the Articles of Association.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	Complied	No new appointments during the FY2025/26.
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied	No changes to the compositions of Board Committees during the FY2025/26.
9.10.4	Listed Entities shall also disclose the following in relation to the Directors in the Annual Report: (a) name, qualifications and brief profile; (b) the nature of his/her expertise in relevant functional areas (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity;	Complied	Refer the pages from 34 to 38.

Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
	(d) whether Executive, Non-Executive and/or Independent Director; (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; (f)) number of Board meetings of the Listed Entity attended during the year; (g) names of Board Committees in which the Director serves as Chairperson or a member; (h) details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and, (i) the terms of reference and powers of the SID (where applicable).	N/A	
9.11 Nominations and Governance Committee			
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Complied	Please refer page 257 to 259.
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 257 to 259.
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	(1) The members of the Nominations and Governance Committee (NGC) shall; (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. The members of the Nominations and Governance Committee (NGC) shall; (b) not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	Complied	The BNGC composition was constructed in line with the stipulated rules. Please refer page 257 to 259.
9.11.5	Functions of the Nominations and Governance Committee	Complied	The BNGC functionalities are in line with the stipulated rules and the Terms of Reference is established covering the requirements.

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
9.11.6	Disclosures in Annual Report The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.	Complied	Please refer page 257 to 259.
9.12 Remuneration Committee			
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 253 to 254.
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.
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	Composition (1) The members of the Remuneration Committee shall; (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. (b) not comprise of Executive Directors of the Listed Entity. (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. (3) An Independent Director shall be appointed as the Chairperson of the Remuneration.	Complied	The Remuneration Committee with the stipulated rules. Please refer pages from 253 to 254.
9.12.7	Functions of Remuneration Committee	Complied	The Remuneration Committee functionalities are in line with the stipulated rules and the terms of reference is established covering the requirements.
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 253 to 254.
	(b) A statement regarding the remuneration policy; and,	Complied	Please refer pages from 253 to 254.
	(c) The aggregate remuneration of the Executive and Non-Executive Directors.	Complied	Please refer pages from 253 to 254.

Statement of Compliance

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.	N/A	A separate sub-committee is in place; - Board Integrated Risk Management Committee Please refer pages from 246 to 249.
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	Composition (1) The members of the Audit Committee shall; (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. (b) not comprise of Executive Directors of the Listed Entity. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors. (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. (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. (5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however, where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation. (7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. 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.	Complied	The BAC composition is constructed in line with the stipulated rules. Please refer pages from 246 to 249.
9.13.4	Functions of the Audit Committee	Complied	Terms and References cover all the required functions.
9.13.5	Disclosures in Annual Report (1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates. (2) The Audit Committee Report shall contain the following disclosures: (a) The names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company)	Complied Complied	Please refer pages from 246 to 249. Please refer pages from 246 to 249.

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
	(b) the status of risk management and internal control of the Listed Entity and as a Group (where applicable) (c) a statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances (d) an opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements (e) whether the Listed Entity has a formal Audit Charter (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function (g) details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements and (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.		
9.14 Related Party Transactions Review Committee			
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 255 to 256.
9.14.2	Composition 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. 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.	Complied	The Related Party Transactions Review Committee composition constructed in line with the stipulated rules. Please refer pages from 255 to 256.
9.14.3	Functions of the Related Party Transactions Review Committee 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 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		Terms and References cover all the required functions. Policy on Related Party Transaction Review Committee is in place.

Statement of Compliance

Listing Rule Reference	Listing Rule (Description)	Status of Compliance	Details/ Reference
	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 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		
9.14.4	General requirements 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 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 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 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: a) be present while the matter is being considered at the meeting; and, b) vote on the matter	Complied	Please refer page 255 to 256 for the details of the Related Party Transactions Review Committee.
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 Penalties for Non-Compliance with Board Committee Composition			
9.16 Definitions			
9.17 Additional Disclosures			
	The following declarations by the Board of Directors to be included in the Annual Report:	Complied	Refer the pages from 262 to 264.
	(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	

REPORT ON THE STATUS OF COMPLIANCE WITH SECTION 168 AND SECTION 130 OF THE COMPANIES ACT NO. 07 OF 2007 ACT AND COMPANIES ACT NO. 12 OF 2025 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 and the classes of business in which the company has an interest of the Company together with any change thereof during the accounting period.	Complied	Please refer page 281.
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 2026 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards and comply with the requirements of the Companies (Amendment) Act No. 12 of 2025 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 278 an integral part of this Report.
Section 168 (1) (c)	Auditors' Report on the Financial Statements of the Company.	Complied	Please refer pages from 274 to 276 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 281 to 287.
Section 168 (1) (e)	Particulars of the entries made in the Interests Register of the Company during the accounting period.	Complied	The Company maintains the Interest Registers. 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. The Interest Registers are available for inspection by shareholders, or their authorised representatives as required by Section 119 (1) (d) of the Companies (Amendment) Act No. 12 of 2025.
Section 168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Complied	Please refer note 11 to the Financial Statements on page 291. Further, please refer the Remuneration Committee report on pages 253 to 254.
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 291.
Section 168 (1) (h)	Information on Directorate of the Company during and at the end of the accounting period.	Complied	Please refer pages from 309 to 314.
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 291.
Section 168 (1) (j)	Auditors' relationship or any interest with the Company.	Complied	Please refer pages from 274 to 276 for Auditors' Report.
Section 168 (1) (k)	Acknowledgement of the contents of this Report/Signatures on behalf of the Board.	Complied	Please refer page 268.
Sections 130A–130J of the Companies (Amendment) Act No. 12 of 2025	Details of the beneficial ownership of a company to be given to the Registrar/ Details to be furnished/ Appointment of a person for safekeeping and making available details/ Details for public/ Failing to keep and maintain a register of beneficial owners of the company/ A claim for beneficial ownership/ Special provisions relating to reporting, receiving, etc. of details relating to beneficial ownership of the company/ Regulations	Complied	The Company maintains a Register of Beneficial Owners and has implemented procedures to obtain, record and report beneficial ownership information

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
1	**Strategic Alignment**		
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
2	**Value Delivery**		
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.	Substantially complied
2.5	Approve Key Infrastructure Changes	Approve key changes to IT Services, vendors, business applications and infrastructure	Complied
3	**Risk Management**		
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
4	**Resource Management**		
4.1	Review and Approve the IT Budget Review the IT budget to ensure proper alignment with strategic Complied and Ensure Effective Resource goals. Resource allocation is dependent on IT Posture, need 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

Criteria		Description	Status of compliance
4.2	Evaluate and Optimise IT Infrastructure	Review the IT budget to ensure proper alignment with strategic Complied 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
5	**Performance Management**		
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	Complied. The Company has recruited a CISO under Group and he is reporting directly to the Boards of each entity.
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	Complied
5.6	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 assessment through an external service provider

Statement of Compliance

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
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:	
	a. An overview of the arrangements for governing and managing technology and information.	Yes
	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

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)?	Yes. Officer of the Risk and Compliance division has been appointed as the DPO upon Board approval
4	What type of personal data the Company collect and where is it located ? - type - sources - format - how it is used - structure and classification according to sensitivity - whether it is subject to access, deletion, disclosure or other individual rights and requests - location	Personal data types identified through the Record of Processing Activities (ROPA) included in the Data Protection Impact Assessment (DPIA). Further it includes the sensitivity, legitimate interest, controlling & processing points, storing & retention for particular data types. In addition Policy on Personal Data Protection policy is in place covering all other requirements.
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 ?	Consent Management mechanism informed to service provider and currently in progress.
7	Does the Company have proper safeguards in place to protect the data ?	Yes
8	Does the Company transfer personal data across borders ?	Yes (based on the specific requirements after executing NDAs)
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 ?	Yes
15	Has the Company established a data breach notification process ?	Yes
16	Does the Company carry out awareness sessions and training for Directors and employees ?	In Progress
17	Does the Company have a data destruction policy ?	Yes included in the Policy on Personal Data Protection

Statement of Compliance

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.	Complied. CISO recruited at the Group level to oversee all subsidiaries.
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

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.	CISO recruited at the Group level to oversee all subsidiaries
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: ❋ Regular briefings on duties created by new regulations and legislation, ❋ Board and executive committee joint planning and visits to best practice peers and leaders in cybersecurity, ❋ Security briefings on the threat environment, and ❋ Board-level exchanges of information on governance and reporting.	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

Question No.	Check list on Transparency in Corporate Reporting (TRAC)	Reference
1	Does the Company have a publicly stated commitment to anti-corruption?	Yes. Please refer page 190.
2	Does the Company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?	Yes. We have developed our Anti-corruption and anti-bribery (ABC) policy based on relevant laws and best practices. 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?	Yes. The Board approved ABC Policy demonstrating their fullest support for anti-corruption and anti-bribery.
4	Does the Company's code of conduct / anti-corruption policy explicitly apply to all employees and Directors?	Yes. It is specifically stated in our ABC Policy. Please refer page 190.
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)?	Yes. 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?	Yes. There is a stipulated process related to approving suppliers and service providers.
7	Does the Company have in place an anti-corruption training programme for its employees and Directors?	Awareness programme and the materials for the employees and directors are in place. Further Risk and Compliance division and Legal division are provided with resource requirements.
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)?	Yes. The reporting mechanisms are clearly defined in the ABC Policy. Further, Board approved whistle-blowing policy is in place. Please refer page 190 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?	Yes. 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.
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 281.
17	Which of the following information does the Company disclose for all of its fully consolidated subsidiaries? - The full list with names	Not Applicable
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.	The Company does not have any subsidiaries which are incorporated outside Sri Lanka.

Question No.	Check list on Transparency in Corporate Reporting (TRAC)	Reference
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.	The Company does not have foreign operations.
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	The Company does not have any non-fully consolidated holdings. However, the Company follows equity accounting for the investment made on its subsidiaries.
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	The Company does not have non-fully consolidated holdings.
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.	The Company does not have foreign operations.
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.	The Company does not have foreign operations.
25	Does the Company disclose its revenue/sales in Sri Lanka?	Yes. Please refer page 288.
26	Does the Company disclose its capital expenditure in Sri Lanka?	Yes. Please refer pages 299 to 300.
27	Does the Company disclose its pre-tax income in Sri Lanka?	Yes. Please refer page 277.
28	Does the Company disclose its income tax in Sri Lanka?	Yes. Please refer page 277.
29	Does the Company disclose its community contribution (Corporate Social Responsibility programmes) in Sri Lanka?	Yes. Please refer page 291.
30	Does the Company have an explicit publicly stated commitment against sexual harassment?	Yes. The Company has established a Sexual Harassment Policy that states the commitment against sexual harassment. Further, the Company's code of conduct covers the same as well.
31	Does the Company have an explicit, publicly stated commitment to non-discrimination based on gender?	Yes. Board approved HR policy of the Company includes the Company's commitment to non-discrimination based on gender.
32	Does the Company adopt a gender inclusive/equal opportunity recruitment policy?	Please refer Human Capital section on pages 104 to 105 for gender balance.
33	Does the Company adopt a gender inclusive promotion policy?	The Company's performance assessment process is purely based on the performance of the staff member.
34	Does the Company have a policy for bidding on government contracts/ tenders?	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?	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?	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

GRI 2-24



Ms. Cilani Wijesinghe
Chairperson-
Board Audit Committee

CHARTER OF THE COMMITTEE

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 governs the composition, functions and responsibilities. The Committee evaluates the Company's procedures for ensuring compliance with applicable laws, regulations, and any existing internal codes of conduct.

REGULATORY FRAMEWORK TO THE FUNCTIONS OF THE COMMITTEE

The role, responsibilities, and composition of the Board Audit Committee (BAC) are determined in accordance with the provisions set out in the:

- Listing Rules of the Colombo Stock Exchange ("CSE Rules")
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023")

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.

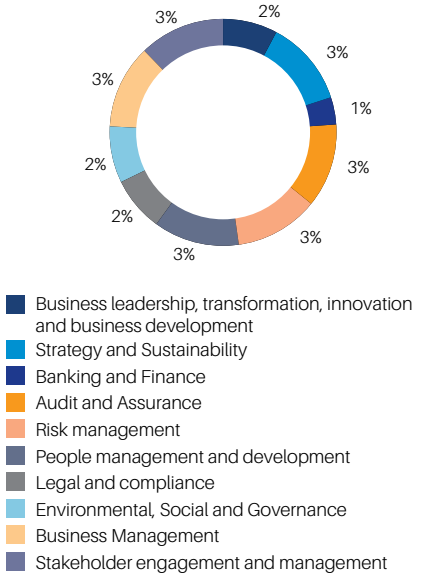
The members of the Board Audit Committee are as follows.

- Ms. Cilani Wijesinghe – Chairperson – Independent Non-Executive Director
- Mr. Channa de Silva – Independent Non-Executive Director
- Ms. Minette Perera – Non-Independent Non-Executive Director

The Company Secretary serves as the Secretary to the Committee.

Brief profiles of the members of the Board appointed Audit Committee are given on Pages 34 to 38 of the Annual Report.

Diversity of Expertise



⁎An individual Director may represent more than one discipline

KEY RESPONSIBILITIES OF THE COMMITTEE

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through:

- Oversee the integrity of the Company's financial reporting framework, ensuring that financial reporting systems, internal accounting controls, and disclosure processes are robust, effective, and capable of providing accurate, timely, and reliable information to the Board, regulators, and other stakeholders.
- Review and monitor the preparation of financial statements to ensure the consistent application of appropriate accounting policies, compliance with applicable accounting standards and regulatory requirements, and transparency in significant financial reporting matters, including key judgments, related party transactions, and potential conflicts of interest.
- Evaluate the adequacy and effectiveness of the Company's internal control including financial, operational, information systems, and compliance controls, to safeguard assets, prevent and detect fraud, and support sound corporate governance practices.
- Oversee the effectiveness and independence of the external audit process by reviewing audit plans, assessing auditor performance and objectivity, and monitoring compliance with applicable auditing standards and regulations, including policies governing the provision of non-audit services.
- Provide oversight and guidance on the internal audit function, including reviewing the scope, effectiveness, and alignment of the internal audit plan with the Group's and Company's risk profile and strategic priorities.

- Assess the adequacy and effectiveness of the Company's compliance framework through the review of compliance reports and monitoring adherence to applicable laws, regulations, internal policies, and governance requirements.
- Facilitate effective communication and coordination among the external auditors, internal auditors, management, and the Board to ensure transparency, timely resolution of issues, and alignment on matters relating to financial reporting, controls, risk, and compliance.
- Exercise authority, where necessary, to commission independent reviews, obtain additional information, and escalate unresolved matters, including reporting to relevant regulatory authorities in accordance with applicable regulatory requirements.
- Report regularly to the Board on the Committee's deliberations, including key findings, recommendations, decisions, and follow-up actions arising from Committee meetings.
- Ensure that disclosures contained in the Audit Committee Report are comprehensive, transparent, and aligned with applicable statutory, regulatory, and reporting requirements.

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting mechanism adopted by the Company with The Committee reviewed the Company's financial reporting system and its effectiveness in ensuring transparency, accuracy, and compliance. In this regard, the Committee evaluated the preparation and presentation of annual and interim financial statements to ensure alignment with Sri Lanka Accounting Standards, Listing Rules, the Companies (Amendment) Act No. 12 of 2025, and other applicable regulatory requirements.

Further, the Committee assessed the appropriateness and consistency of key accounting policies, as well as the rationale underlying significant estimates and judgments applied in the preparation of the financial statements, to ensure that the disclosures present a true and fair view of the Company's financial position.

INTERNAL AUDIT / CONSULTANCY SERVICE

M/s B. R. De Silva & Co, had been assigned as the consultant to the Board Audit Committee for the Phase I and Phase II respectively. They have conducted 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 2025/26 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 policies and procedures established by management to monitor, control, and report key Financial risk exposures. In addition, the Committee assessed ongoing legal matters concerning the Company, with a focus on the potential implications and associated risks.

Following the Committee's request a Group level Chief Information Security Officer (CISO) was appointed with the necessary expertise and authority. The assignment of conducting an audit of IT policies and procedures was awarded to M/s Trustvaults.

Board Audit Committee Report

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.

MEETINGS

Five 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 2025/26 is as follows.

Membership Status	Name	Attendance in 2025/26 (Attended/ Eligible to Attend)
Chairman	Ms. Cilani Wijesinghe	5/5
Member	Mr. Channa de Silva	5/5
Member	Ms. Minette Perera	5/5

Regular Attendees by Invitation:

- Mr. Mangala Jayashantha (Chief Financial Officer) 5/5
- Mr. Kapila Perera (Chief Risk Officer) 5/5
- Ms. Harshanee Deshapriya (Group Chief Legal Officer) 5/5

BOARD AUDIT COMMITTEE'S ROLE IN STRENGTHENING CORPORATE GOVERNANCE

PERFORMANCE

Strategy Formulation

The Board Audit Committee (BAC) rigorously evaluates strategic initiatives to ensure they are executed within a robust, resilient, and well-controlled environment, with due regard to risk management, financial reporting integrity, technological readiness, and regulatory compliance. It safeguards the independence of the internal audit function while reinforcing accountability across the three lines of defense.

The Committee ensures that the Company strategic priorities are supported by strong management information systems (MIS), effective internal controls over financial reporting (ICOFR), and a structured audit framework. Through continuous oversight and comprehensive access to information, the BAC aligns governance, control, and assurance mechanisms with the Company strategic objectives, thereby promoting transparency, accountability, and sustainable value creation.

Policy Making

The BAC plays a critical role in establishing and overseeing policies that translate strategic priorities into enforceable governance standards. Key policies, including the Whistleblowing Policy, promote confidentiality, fair investigation, and protection against retaliation, with regular reviews enhancing transparency and trust. The Committee also oversees policies on the engagement of external auditors for non-audit services and on risk management and internal controls.

Collectively, these frameworks strengthen governance, support ethical conduct, and ensure alignment with regulatory requirements and the Company strategic direction.

CONFORMANCE

Accountability

Accountability remains central to the BAC's mandate, ensuring the integrity and compliance of the Company financial reporting. The Committee reviews annual and interim financial statements

with a focus on key judgments, policy changes, adjustments, and going concern considerations, supported by management attestations and internal control assurances. It also evaluates the performance and independence of External Auditors, oversees audit partner rotation, and ensures compliance with non-financial reporting requirements, including ESG disclosures, thereby enhancing transparency and reporting credibility.

Monitoring and Supervision

The BAC provides comprehensive oversight of Internal Audit, External Audit, ICFR, MIS reliability, and regulatory compliance. It reviews audit plans, monitors progress, and ensures timely resolution of findings while commissioning independent quality assessments where necessary.

The Committee also oversees compliance frameworks, whistleblowing mechanisms, and technology-related risks. Its coordinated approach with other Board Sub-Committees ensures effective governance, robust control environments, and alignment with the Company regulatory and strategic objectives.

(Sgd.)
Ms. Cilani Wijesinghe
Chairperson- Board Audit Committee
5 June 2026

Board Integrated Risk Management Committee Report



Dr. Nishan De Mel
Chairman — Board Integrated Risk Management Committee

The financial year 2025/26 was a defining year for First Capital Treasuries PLC, marked by the Central Bank of Sri Lanka's statutory examination, the implementation of the Personal Data Protection Act, and renewed geopolitical tensions in the Middle East that introduced fresh uncertainty to the government securities market. Against this backdrop, the Committee's emphasis was on raising the rigour of our risk measurement,
— most notably through the introduction of a standardised, data-driven Operational Risk Assessment Model
and
— on ensuring a disciplined, evidence-based response to each emerging risk.

THE YEAR AT A GLANCE

11 MEETINGS HELD	**100%** MEMBER ATTENDANCE
4 RISK PILLARS OVERSEEN	**3** LINES OF DEFENSE

CHARTER OF THE COMMITTEE

The Board Integrated Risk Management Committee (BIRMC) of First Capital Treasuries PLC is a formally constituted sub-committee of the Board of Directors established to provide dedicated oversight of the Company's integrated risk management framework as a Primary Dealer in government securities. The Committee operates in accordance with a Board-approved Charter (Terms of Reference), which is reviewed periodically to remain aligned with evolving governance expectations and the regulatory requirements applicable to Primary Dealers.

Regulatory Framework Governing the Committee

The role, responsibilities and composition of the BIRMC are determined in accordance with the provisions set out in:

- Companies Act, No. 07 of 2007 and subsequent amendments thereto
- Listing Rules of the Colombo Stock Exchange
- Local Treasury Bills Ordinance and Registered Stock and Securities Ordinance
- Directions, circulars and guidelines issued by the Central Bank of Sri Lanka to Primary Dealers
- Personal Data Protection Act, No. 9 of 2022
- Code of Best Practice on Corporate Governance 2023 - issued by CA Sri Lanka

COMPOSITION OF THE COMMITTEE

The Committee comprises two Non-Executive Directors (one of whom chairs the Committee), the Managing Director / Group CEO, and the Chief Risk Officer who serves as Secretary. The composition ensures a balance of independent oversight and executive insight, with each member bringing complementary expertise in fixed income markets, finance, risk and governance. The Chief Executive Officer of the Company, senior management, specialists from the Risk & Compliance function, and external advisors attend meetings by invitation to provide context and support informed decision-making.

Diversity of Expertise



Name	Designation	Role
Dr. Nishan De Mel	Independent Non-Executive Director	Chairman
Ms. Minette Perera	Non-Independent Non-Executive Director	Member
Mr. Dilshan Wirasekara	Managing Director / Group CEO	Member
Mr. Kapila Perera	Chief Risk Officer	Secretary

MEETINGS AND ATTENDANCE

The Committee held 11 meetings during the financial year 2025/26. All minutes and proceedings were submitted to the Board of Directors. The cadence of meetings is illustrated below.

Attendance of Members

Name	Designation	Membership Status	Attendance
Dr. Nishan De Mel	Independent Non-Executive Director	Chairman	11/11
Mr. Dilshan Wirasekara	Managing Director / Group CEO	Member	11/11
Ms. Minette Perera	Non-independent Non-Executive Director	Member	11/11
Mr. Kapila Perera	Chief Risk Officer	Secretary	11/11

ROLE IN STRENGTHENING CORPORATE GOVERNANCE

The BIRMC is responsible for establishing and maintaining a comprehensive risk governance and risk management system for identifying, assessing, monitoring and managing risk, thereby supporting the Company's Board and Corporate Management Team in overseeing risk in a dynamic operating environment for Primary Dealers.

The Committee's work is anchored in the Three Lines of Defense model, which ensures clear accountability for risk ownership, independent oversight, and independent assurance:

01

First Line of Defense

Business units and management — day-to-day ownership of risks within the approved risk appetite; first point of identification, assessment and control.

02

Second Line of Defense

Risk & Compliance function — independent oversight, policy setting, risk-register review, monitoring of key risk indicators, and escalation to the BIRMC.

03

Third Line of Defense

Internal Audit and external assurance — independent assurance to the Audit Committee and Board on the adequacy and effectiveness of the risk and control framework.

Key Responsibilities and Scope of Work

The Committee's mandate covers the following principal areas:

- Overseeing the Company's integrated risk management framework, including the processes for identifying, assessing, responding to and reporting on significant risks.
- Ensuring that risks are managed within the Board-approved risk appetite and that a robust risk culture is embedded across the Company.
- Reviewing the adequacy and effectiveness of the Company's risk management framework and recommending updates to the Board of Directors.
- Reviewing risk registers, key risk indicators and emerging risk trends presented by management.
- Reviewing and recommending policies and frameworks governing the Company's principal risk pillars financial, operational, technology and cyber, and strategic and emerging risks for Board approval.
- Approving periodic regulatory-compliance reports for onward submission to the Board of Directors and the relevant regulators.
- Supporting the Risk & Compliance function with appropriate resources, tools and training to enhance capability.

PERFORMANCE AND CONFORMANCE

Strategy Formulation

The BIRMC supports the Board in translating strategic priorities into risk-informed plans that are realistic, actionable and aligned with stakeholder expectations. It evaluates the operating environment including movements in government securities yields, regulatory developments, technological advancements and emerging macro and geopolitical risks to ensure that strategic decisions are backed by data and measurable outcomes. By embedding risk considerations into strategy, the BIRMC enables the Company to pursue its objectives as a Primary Dealer while maintaining capital, liquidity and operational discipline.

Policy Making

The BIRMC guides the development, review and oversight of enterprise risk policies across the Company's principal risk pillars covering financial risk, operational risk, technology and cyber risk, and strategic and emerging risk. It ensures that policies remain dynamic, practical and compliant with regulatory requirements applicable to Primary Dealers, and that they are effectively communicated across the Company through management briefings, training and awareness programmes.

Accountability

Under delegated authority from the Board, the Committee ensures accountability, transparency and effective stewardship within the Company's risk governance framework. Through structured reporting and engagement with Senior Management, it oversees the Company's risk profile, evaluates exposures against the approved risk appetite, and monitors the effectiveness of internal controls, while promoting a strong risk culture across the organisation.

Monitoring and Supervision

The Committee maintains continuous monitoring of the Company's enterprise-wide risk profile using structured reporting and data-driven insights including key risk indicators, capital adequacy and liquidity metrics, and emerging trends to support timely and informed decision-making. It also strengthens organisational resilience by overseeing robust business-continuity and disaster-recovery frameworks, while safeguarding financial stability, operational resilience and regulatory compliance.

RISK OVERSIGHT — YEAR IN REVIEW

During the year, the Committee maintained oversight across four broad risk pillars, structured to reflect the Company's role as a Primary Dealer in government securities. The Committee's review cycle ensured that risks across each pillar were identified, assessed, responded to and reported on a timely basis.

Financial Risk

Interest rate, liquidity, counterparty concentration and capital adequacy risks arising from the Company's government securities portfolio.

Operational Risk

Process, people and system risks arising from transaction processing, payments, auctions and the Company's outsourced arrangements.

Technology & Cyber Risk

Information security, data protection, cyber-resilience and risks associated with the core trading and settlement platforms.

Strategic & Emerging Risk

Regulatory, reputational, business-continuity, geopolitical and macro-economic risks shaping the operating environment.

Board Integrated Risk Management Committee Report

Through the year, the Committee reviewed monthly risk registers covering the Company's full risk universe, together with in-depth thematic reviews of process-level controls within key business functions including transaction processing, the auction process, security allocation, payments and SWIFT operations. The Committee noted that the Company's overall risk profile remained within approved tolerances, and that management responded in a considered and timely manner to the notable external events encountered during the year including the Central Bank of Sri Lanka's statutory examination, the implementation of the Personal Data Protection Act, domestic weather-related disruption, and the geopolitical developments in the Middle East and their impact on government securities yields and the Sri Lankan macro-economic outlook.

A particular emphasis during the year was the introduction of a standardised, data-driven Operational Risk Assessment Model, which replaced the previous judgmental approach with a transparent, repeatable and auditable framework with clear escalation triggers. The Committee also reviewed, and recommended to the Board for approval, a number of policies and frameworks during the year, further strengthening the Company's governance and risk architecture.

LOOKING AHEAD | FOCUS AREAS FOR FY 2026/27

Looking Ahead

Focus Areas for FY 2026/27

- Embedding the standardised Operational Risk Assessment Model into the Enterprise Risk Management Framework, with monthly rolling assessment and clear escalation triggers.
- Continuing focused remediation of System Bugs and the Transaction Document Deficiency Status (DDS) compliance programme.
- Closing out the observations arising from the Central Bank of Sri Lanka's onsite supervisory examination within the agreed timelines.
- Operationalising the AML/CFT transaction monitoring system and the IT system classification framework as part of the Company's compliance and IT-resilience agenda.
- Maintaining vigilant oversight of geopolitical, macro-economic and other emerging risks, and their impact on the government securities market and the Company's portfolio.

CONCLUSION

The Committee is satisfied that the Company's risk management framework operated effectively during the year, that significant risks were identified and managed within the approved risk appetite, and that the framework continues to evolve in line with the Company's strategic direction and the broader risk environment. The Committee will continue to deepen its oversight — advancing methodologies, broadening emerging-risk surveillance, and supporting management in building a risk-aware culture that underpins the Company's standing as a leading Primary Dealer.

On behalf of the Committee, I thank my fellow members, the Managing Director / Group CEO, the Chief Risk Officer, and all members of the management team and the Risk & Compliance function for their sustained engagement and professionalism throughout the year.

Signed on behalf of the Board Integrated Risk Management Committee

(Signed)
Dr. Nishan De Mel
Chairman — Board Integrated Risk Management Committee
5 June 2026

Remuneration Committee Report

GRI 2-24



Dr. Nishan de Mel
Chairman –
Remuneration Committee

We are committed to ensuring that the remuneration of the Company's executive directors and senior management is fair, competitive, and aligned with both individual performance, market and the long-term interests of shareholders. We oversee the development and implementation of remuneration policies, design performance-based incentive structures, and ensure full compliance with applicable regulatory and corporate governance requirements. The Committee also ensures transparency in disclosures, benchmarks compensation against industry standards, and safeguards against conflicts of interest by maintaining an independent and objective decision-making process.

REGULATORY FRAMEWORK TO THE FUNCTIONS OF THE COMMITTEE

The role, responsibilities, and composition of the Board Remuneration Committee are determined in accordance with the provisions set out in the:

- Listing Rules of the Colombo Stock Exchange ("CSE Rules")
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023")

COMPOSITION OF THE COMMITTEE

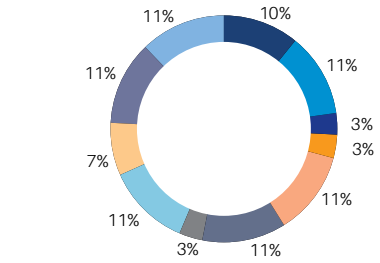
The Remuneration Committee was appointed by the Board of Directors of the Company. The Committee comprised following members.

- 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

Ms. Heidy Seneviratne serves as the Secretary to the Committee.

Brief profiles of the members of the Board appointed Remuneration Committee are given on Pages 34 to 38 of the Annual Report.

Diversity of Expertise



- Business leadership, transformation,innovation and business development
- Strategy and Sustainability
- Banking and Finance
- Audit and Assurance
- Risk management
- People management and development
- Information, technology and digital
- Legal and compliance
- Environmental, Social and Governance
- Business Management
- Stakeholder engagement and management

∗An individual Director may represent more than one discipline

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. 38.2 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 2025/26 is as follows.

Name of the Board Member	Membership Status	Attendance in 2025/26 (Attended / Eligible to Attend)
Dr. Nishan de Mel	Chairman	3/4
Mr. Ramesh Schaffter	Member	4/4
Mr. Channa de Silva	Member	3/4

Remuneration Committee Report

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.

REMUNERATION COMMITTEE'S ROLE IN STRENGTHENING CORPORATE GOVERNANCE

Remuneration Committee (RC) is a mandatory Board Sub-Committee responsible for providing strategic oversight and governance over the company human capital management and remuneration practices. In line with applicable regulatory requirements and governance principles, the Committee ensures that policies and frameworks relating to human resources and remuneration are aligned with the company strategic objectives and uphold the highest standards of integrity, accountability, and ethical conduct. Guided by the principles of performance and conformance, the RC supports value creation while reinforcing transparency and sound governance practices.

PERFORMANCE

Strategy Formulation

The Committee provides strategic oversight of the company human resources and remuneration frameworks, ensuring alignment with its vision, risk appetite, and business priorities. It collaborates with the Board and Senior Management to define short- and long-term leadership objectives, supporting sustainable performance and effective strategy execution, while also focusing on leadership development, workforce planning, and organisational effectiveness. In addition, the Committee oversees the formulation of remuneration policies that promote high performance while ensuring fairness, competitiveness, and market alignment, using benchmarking and external insights where appropriate to attract and retain talent, enhance employee engagement, and support the achievement of strategic objectives.

Policy Making

Policy formulation is a core function of the Committee under its performance mandate. The Remuneration Committee reviews and recommends policies across key areas of human resource management, including talent acquisition, career development, performance management, training, employee relations, well-being, ethics, and grievance handling, to foster a culture of professionalism and ethical conduct. It also oversees the implementation of key governance policies, including the Code of Business Conduct and Ethics and the Anti-Bribery and Corruption Policy, ensuring alignment with regulatory requirements and best practices. In addition, the Committee guides remuneration practices through the Policy on Remuneration, promoting fairness, competitiveness, and performance linkage, while supporting mechanisms such as claw-back provisions and ESG-linked measures to enhance accountability and long-term value creation.

CONFORMANCE

Accountability

The Committee ensures accountability and transparency in remuneration governance by recommending compensation structures for senior management and overseeing their approval by the Board, thereby mitigating conflicts of interest and ensuring alignment with market standards and regulatory expectations. It also collaborates with the Board Integrated Risk Management Committee to align remuneration practices with the company risk appetite and governance framework. Through regular evaluations and reporting to the Board, the Committee demonstrates its effectiveness, ensures compliance with governance standards, and reinforces stakeholder confidence while supporting continuous improvement.

Monitoring and Supervision

Monitoring and supervision form a key aspect of the Committee's conformance responsibilities. The RC oversees the implementation of human resource strategies, ensures compliance with approved policies, and evaluates the effectiveness of performance management systems in line with established governance procedures. It also upholds ethical standards across the organisation, ensuring adherence to the Code of Conduct and regulatory requirements, while assessing senior management performance against defined objectives. In addition, the Committee periodically reviews its Terms of Reference and employee benefit frameworks, including provident and pension schemes, to ensure alignment with best practices and evolving regulatory expectations, and recommends improvements to the Board where necessary.

(Sgd.)
Dr. Nishan de Mel
Chairman –Remuneration Committee
5 June 2026

Related Party Transactions Review Committee Report



Ms. Cilani Wijesinghe
Chairperson — Related Party Transactions Review Committee

REGULATORY FRAMEWORK AND SCOPE TO THE FUNCTIONS OF THE COMMITTEE

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.

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 34 to 38 of the Annual Report.

Ms. Heidy Seneviratne serves as the Secretary to the Committee.

Diversity of Expertise



**An individual Director may represent more than one discipline*

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 04 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 2025/26 is as follows.

Name of Director	Membership Status	Attendance in 2025/26 (Attended / Eligible to Attend)
Ms. Cilani Wijesinghe	Chairperson	4/4
Ms. Minette Perera	Member	4/4
Mr. Channa de Silva	Member	4/4

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.

BOARD RELATED PARTY COMMITTEE'S ROLE IN STRENGTHENING CORPORATE GOVERNANCE

The Board Related Party Transactions Review Committee (BRPTRC) plays a pivotal role in strengthening the Company Corporate Governance Framework by ensuring that Related Party Transactions (RPTs) are conducted with integrity, transparency and in full compliance with applicable regulatory and governance requirements.

Related Party Transactions Review Committee Report

The Committee provides independent oversight of transactions involving Directors, Key Management Personnel, subsidiaries and other connected parties, ensuring that such transactions are carried out strictly on an arm's length basis and do not confer undue or preferential benefits. Through rigorous review, approval and monitoring processes, the BRPTRC safeguards the interests of shareholders and other stakeholders while promoting fairness and accountability in decision making.

PERFORMANCE

Strategy Formulation

The Board Related Party Transactions Review Committee (BRPTRC) supports the Board by providing strategic oversight over the management of Related Party Transactions (RPTs). The Committee establishes clear boundaries and governance expectations to ensure RPTs are consistently conducted in line with regulatory requirements, ethical standards and the Company risk appetite. It exercises the authority delegated by the Board to challenge, defer or reject transactions that do not align with the Company long term value creation objectives or prudential standards, while safeguarding the interests of shareholders and other stakeholders.

Policy Making

The Committee plays a key role in strengthening the governance framework for RPTs by recommending, reviewing and updating the Company policies, procedures and guidelines relating to related party transactions. These frameworks define related parties, approval thresholds, documentation standards, disclosure requirements and approval hierarchies, ensuring consistent application across the Company. Periodic reviews are undertaken to ensure continued alignment with regulatory requirements and emerging best practices in corporate governance.

CONFORMANCE

Accountability

The BRPTRC enhances accountability by ensuring comprehensive and transparent reporting of RPTs to the Board, regulators and shareholders, as applicable. The Committee ensures that major and material transactions are escalated appropriately and that required disclosures are made in a timely and accurate manner. Through independent review and approval processes, the Committee reinforces ethical conduct, mitigates conflicts of interest and promotes confidence among stakeholders in the integrity of the Company governance practices.

Monitoring and Supervision

The Committee exercises ongoing monitoring and supervision of RPTs to ensure compliance with approved policies, procedures and regulatory requirements. This includes overseeing the identification and classification of related parties, enforcing Director abstention protocols and reviewing material changes to previously approved transactions. Regular quarter wise reporting to the Board on RPTs and their economic consequences strengthens transparency and enables the Board to effectively discharge its oversight responsibilities.

DECLARATION BY THE BOARD OF DIRECTORS

A declaration by the Board of Directors relating to compliance under the listing rules is given on pages 224 to 236 of the Annual Report.

(Sgd.)
Ms. Cilani Wijesinghe
Chairperson — Related Party Transactions Review Committee
5 June 2026

Board Nominations and Governance Committee Report

GRI 2-12



Mr. Channa de Silva
Chairman- Board Nominations and Governance Committee

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.

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.

REGULATORY FRAMEWORK TO THE FUNCTIONS OF THE COMMITTEE

The role, responsibilities, and composition of the Nomination and Governance Committee (BNGC) are determined in accordance with the provisions set out in the:

- Listing Rules of the Colombo Stock Exchange ("CSE Rules")
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023")

COMPOSITION OF THE COMMITTEE

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

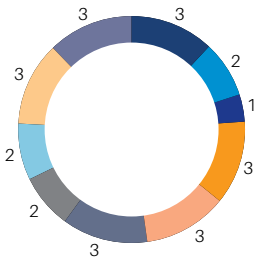
Name of the Board Subcommittee Member	Membership Status	Attendance (Attended / Eligible to Attend)
Mr. Channa de Silva	Chairman	3/3
Ms. Manjula Mathews	Member	3/3
Ms. Cilani Wijesinghe	Member	3/3

The Company Secretary serves as the Secretary to the Committee.

COMMITTEE STRUCTURE DIVERSITY

Type of Directorship	Composition (%)
Non-Executive	100%
Executive	0%
Total	100%

Diversity of Expertise



- Business leadership, transformation, innovation and business development
- Strategy and Sustainability
- Banking and Finance
- Audit and Assurance
- Risk management
- People management and development
- Legal and compliance
- Environmental, Social and Governance
- Business Management
- Stakeholder engagement and management

**An individual Director may represent more than one discipline*

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. Cilani Wijesinghe at the Annual General Meeting on 30 June 2026. She was appointed to the Board on 20 August 2024.

Her profile, including directorships and principal commitments, appear on pages 34 to 38, and the Committees on which she serves is listed on Pages 255 to 256 & Pages 246 to 249.

Board Nominations and Governance Committee Report

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 189 to 192 of the Report of the Board of Directors.

During the year under review, the Committee met three times during the year 2025/26. The attendance of the Members for the Committee meetings during year 2025/26 is as follows.

KEY RESPONSIBILITIES AND SCOPE OF WORK OF THE COMMITTEE

- Board Composition and Succession Planning

  Proactively reviewed the structure, size, composition and diversity of the Board and its Sub Committees, and oversaw succession planning for Directors, the Managing Director/CEO and Key Management Personnel (KMPs) to ensure leadership continuity.

- Appointments, Elections and Re elections

  Led and coordinated the nomination, appointment, election and re election processes for Directors, including oversight of AGM-related governance matters, in line with regulatory and governance requirements.

- Assessment of Director Independence and Fitness

  Conducted regular assessments of the independence, fitness and propriety of Directors, ensuring compliance with applicable regulatory standards and safeguarding the integrity of Board decision making.

- Performance Evaluation

  Facilitated the annual performance evaluation of the Board, its Sub Committees and the Managing Director/ CEO, identifying areas for improvement and supporting continuous enhancement of governance effectiveness.

- Governance Framework and Policy Oversight

  Reviewed, updated and strengthened the Corporate Governance Framework and related policies to ensure alignment with evolving legal, regulatory and best practice requirements, while promoting transparency and accountability.

- Board Knowledge and Capacity Building

  Oversaw induction, training and continuous professional development programmes for Directors to enhance governance competencies and awareness of regulatory, industry and emerging risk developments.

- Subsidiary Governance Oversight

  Ensured consistency of governance practices across subsidiaries by overseeing director nominations, appointments and governance structures in line with company standards.

- Regulatory Compliance and Engagement

  Ensured effective communication and engagement with regulators and timely, accurate governance disclosures in the Annual Report, reinforcing stakeholder confidence.

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.

NOMINATION AND GOVERNANCE COMMITTEE'S ROLE IN STRENGTHENING CORPORATE GOVERNANCE

The Nominations and Governance Committee (NGC) plays a pivotal role in strengthening the company corporate governance by supporting the Board in ensuring effective leadership, sound governance structures and sustained regulatory compliance. As a mandatory Board Sub Committee, the NGC is responsible for overseeing Board appointments, succession planning and the continuous enhancement of the Corporate Governance Framework in line with regulatory requirements and best practices.

The Committee contributes to governance effectiveness by ensuring that the Board and its Sub Committees comprise an appropriate balance of skills, experience, independence and diversity aligned with the company strategic objectives. Through structured and transparent nomination and re appointment processes, the NGC reinforces objective, merit based leadership decisions and safeguards the integrity and independence of Board deliberations.

PERFORMANCE

Strategy Formulation

The Board Nominations and Governance Committee supports the Board's strategic effectiveness by ensuring that the composition of the Board and its Sub Committees aligns with the Company's strategic direction and operating environment. Through structured nomination, succession planning and performance evaluation processes, the Committee helps maintain a Board equipped with the right mix of skills, experience, independence and diversity to provide effective strategic oversight. By evaluating Board and MD/CEO performance and strengthening succession readiness, the Committee ensures leadership continuity and protects the long-term execution of the Company strategic objectives.

Policy Making

The Committee plays a key role in translating governance objectives into effective organisational practices by overseeing the development, review and updating of the Corporate Governance Framework and related policies. It ensures that governance policies remain aligned with evolving legal, regulatory and best practice requirements and are applied consistently across the Group and its subsidiaries. Through disciplined policy oversight, the Committee promotes clarity in roles, responsibilities and accountability, supporting sound decision making and strengthening governance credibility.

CONFORMANCE

Accountability

Accountability is reinforced through transparent nomination processes, structured performance evaluations and clear governance protocols. The Committee ensures objective and merit based appointments by requiring Directors to abstain from deliberations on matters relating to their own appointments or re appointments. It also facilitates regular evaluations of the Board, its Sub Committees and the Managing Director/CEO to assess effectiveness, identify improvement areas and enhance governance discipline. These measures strengthen integrity, independence and stakeholder confidence in the Company governance processes.

Monitoring and supervision

The Committee provides ongoing oversight of the Corporate Governance Framework to ensure effective implementation and continuous improvement. It monitors compliance with regulatory and governance requirements, including the independence and fitness and propriety of Directors, MD/ CEO and Key Management Personnel. By reviewing governance reports, evaluating deviations and ensuring appropriate remedial actions, the Committee supports proactive governance supervision.

This structured monitoring approach ensures that governance systems remain effective, responsive and aligned with regulatory expectations and best practices.

DECLARATION BY THE COMMITTEE

The Committee maintains a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO to ensure that their responsibilities are satisfactorily discharged.

The Independent Non-Executive Directors of the Company meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) including but not limited to Section 9 of the Listing Rules of the Colombo Stock Exchange.

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 2026

Investment Asset and Liability Committee Report

GRI 102-18



Dr. Nishan de Mel
Chairman-
Investment, Asset and Liability Committee

CHARTER OF THE COMMITTEE

The Investment Strategy Oversight Committee (ISOC) assists the Board of Directors in overseeing the Company's investment strategy, asset and liability management framework, and related risk management practices. The Committee reviews investment policies, portfolio performance, risk exposures, liquidity positions, and compliance with regulatory and internal limits to ensure alignment with the Company's strategic objectives and the Board-approved risk appetite. It also considers significant investment proposals, new products, and associated risk implications, and makes recommendations to the Board where appropriate. Through its oversight role, the Committee supports the Board in ensuring that investment and funding activities are conducted within approved governance frameworks and regulatory requirements.

Subsequent to the financial year end, the Board of Directors approved amendments to the Terms of Reference of the Investment Asset and Liability Committee (IALCO) on 20 May 2026 and renamed it the Investment Strategy Oversight Committee (ISOC). The amendments were introduced to strengthen governance and oversight by enhancing the Committee's strategic focus on investment oversight, risk management, and policy review, and by further clarifying the distinction between Board-level oversight and management decision-making responsibilities.

REGULATORY FRAMEWORK TO THE FUNCTIONS OF THE COMMITTEE

The role, responsibilities, and composition of the The Investment Asset and Liability Committee (IALCO) are determined in accordance with the provisions set out in the:

- Listing Rules of the Colombo Stock Exchange ("CSE Rules")
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023")

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

The Company Secretary serves as the Secretary to the Committee.

Diversity of Expertise



KEY RESPONSIBILITIES AND SCOPE OF WORK OF THE COMMITTEE

1. Review and recommend the Company's investment strategy, ensuring alignment with the strategic plan, risk appetite and regulatory requirements.
2. Review and recommend investment policies, limits and governance frameworks for Board approval.
3. Monitor portfolio performance, investment concentrations and risk exposures against approved objectives and limits.
4. Oversee compliance with applicable regulatory requirements, Board-approved policies and internal risk limits relating to investment and funding activities.
5. Review and assess the adequacy of market risk, liquidity risk, funding risk, credit risk and counterparty risk management frameworks.
6. Review significant investment proposals, new products and product features and provide recommendations to the Board where appropriate.
7. Review stress-testing results, liquidity positions and other key risk indicators and ensure that management actions remain consistent with approved policies and frameworks.
8. Advise the Board on emerging market developments, strategic investment considerations and material risks affecting the Company's investment portfolio.

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 2025/26 is as follows.

Sub-Committee Member	Status	Attendance
Dr. Nishan de Mel	Chairman	23/25
Ms. Manjula Mathews	Member	23/25
Mr. Dilshan Wirasekara	Member	22/25

INVESTMENT, ASSET AND LIABILITY COMMITTEE'S ROLE IN STRENGTHENING CORPORATE GOVERNANCE

The Investment, Asset and Liability Committee plays a vital role in strengthening corporate governance by supporting the Board and senior management in ensuring prudent balance sheet management, effective investment oversight and sound financial decision making. Through a structured governance framework, the Committee provides disciplined oversight of asset allocation, liability management, liquidity and funding strategies, aligned with the Company overall strategic objectives and risk appetite.

The Committee enhances governance by ensuring that investment and borrowing decisions are taken in a transparent, objective and well controlled manner, with due consideration given to risk return trade offs, regulatory requirements and internal policies. By embedding robust review, evaluation and approval processes, the Committee mitigates financial, liquidity and market risks while promoting consistency and accountability in decision making.

PERFORMANCE

Strategy Formulation

The Investment, Asset and Liability Committee supports strategic decision making by overseeing the formulation and implementation of the Group's investment, funding and balance sheet management strategies. By aligning asset allocation, liability management, liquidity and interest rate management with the approved strategic plan and risk appetite, the Committee ensures that financial strategies support sustainable growth, capital preservation and long term value creation.

Policy Making

The Committee contributes to sound governance through the development, review and enforcement of policies relating to investments, asset and liability management, liquidity and funding. These policies provide a structured framework for decision making and ensure consistency, discipline and alignment with regulatory requirements and internal controls, thereby strengthening governance practices across the Company.

CONFORMANCE

Accountability

Accountability is reinforced through clearly defined approval frameworks, delegated authorities and transparent decision making processes. The Committee ensures that investment and borrowing decisions are subject to rigorous evaluation and approval, with clear documentation and reporting to senior management and the Board, as appropriate. This disciplined approach enhances responsibility, traceability and financial governance.

Monitoring and supervision

The Committee provides continuous oversight of the Company asset and liability positions by monitoring portfolio performance, liquidity levels, funding profiles and market risk exposures. Regular reviews enable the timely identification of emerging risks, imbalances or deviations from approved limits and policies.

Through proactive monitoring and corrective actions, the Committee ensures financial stability, regulatory compliance and effective balance sheet management.

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 2026

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 2026 which were approved by the Directors on 5 June 2026.

REVIEW OF OPERATIONS

During the year under review, the company reported total revenue of Rs. 10,691 Mn compared to Rs. 10,838Mn reported in the previous year.

Net Trading Income before expenses for the year is Rs. 3,113 Mn (2024/25- Rs. 5,353 Mn) and Profit before Tax for the year is Rs. 2,370 Mn (2024/25- Rs. 4,472 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. 1,606 Mn compared to Rs. 3,042 Mn in previous year.

A summary of the financial results for the year is set out below.

	2025/26 Rs. '000	2024/25 Rs. '000
Revenue	**10,690,723**	10,837,803
Profit before tax	**2,369,963**	4,472,066
Profit after tax	**1,606,412**	3,042,430
Total comprehensive income	**1,606,029**	3,042,520

The financial statements of the company are set out on pages 274 to 325 of the Annual Report.

BOARD OF DIRECTORS

Directorate

The following were the Directors of the Company as at 31 March 2026.

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

The profiles of the Directors are given on pages 34 to 38 of the Annual Report.

Interest in Shares / Directors Dealings in Shares

Directors/Chief Executive Officer and their shareholdings as at 31 March 2026 were as follows:

	No. of Shares 31.03.2026	No. of Shares 31.03.2025
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 34 to 38.

Employee Share Ownership Plans

The Company does not operate any share option scheme.

Related Party Transactions

Related party transactions have been declared at the meetings of the Directors and are detailed in Note 36 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 2025/26.

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 36.5 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 135 to 148.

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 194 to 223 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 did not declare dividend for 2025/26 (total dividend of Rs. 7.60 per share amounting to Rs. 4,679 Mn was paid for 2024/25).

Material Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 283 to 286. 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 2025/26 have been presented in the Statement of Changes in Equity on page 279 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.

Property, Plant and Equipment and Intangible Assets

The Company incurred Rs. 2,900 Mn (2024/25 - Rs. 370,361 Mn) on the acquisition of property, plant and equipment, details of which are available in Note 22 to the Financial Statements.

The investment in intangible assets, including capital work-in progress during the year was Rs. 1,766 Mn (2024/25 – NIL).

Market Value of Freehold Land

The details of the market value of freehold land are given in Note 22 to the Financial Statements. There is no evidence of the book value of land being substantially different from the market value of land of the Company as at 31st March 2026.

Stated Capital

The stated capital of the company as at 31 March 2026 was Rs. 256 Mn consisting of 615,600,000 ordinary shares.

Share Information and Substantial Shareholders

As at 31 March 2026, there were 5,545 registered shareholders. Share information and the twenty largest shareholders as at 31 March 2026 are listed on pages 329 to 333 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 page pages 328 to 333 of the Annual Report.

Debt Securities Issued

The Company issued debenture amounting to Rs. 3Bn (Tier II capital of Rs. 3Bn) which was quoted on the Colombo Stock Exchange via a debt listing. Borrowing on Listed Debentures outstanding as of 31 March 2026 is Rs. 3,280 Mn.

Ratios and market price information

Please refer to the page No. 19 for ratios and page No. 331 for price information.

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 128 to 134.

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.

Annual Report of the Board of Directors

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 274 to 276 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 26 to 29, Chief Executive Officer's Review on pages 30 to 33 and the Management Discussion and Analysis on pages 66 to 69.

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.

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 2026. The Notice convening the Meeting and the agenda are given on page 193 of the Annual Report.

This Annual Report is signed for and on behalf of the Board,

(Sgd.)
Ms. Heidy Seneviratne
Secretary

(Sgd.)
Sachith Perera
Director/Chief Executive Officer

(Sgd.)
Manjula Mathews
Chairperson

5 June 2026
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 2026, 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 2026

  and
- The financial performance of the Company for the financial year ended 31 March 2026

COMPLIANCE REPORT

The Board of Directors also wishes to confirm that;

- Appropriate accounting policies have been adopted on 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 2026 incorporated in this report have been prepared in accordance with the Companies Act, No. 7 of 2007, Sri Lanka Accounting Standards / Sri Lanka Financial Reporting 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 274 to 276 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 have 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.)
Ms. Heidy Seneviratne
Secretary

5 June 2026
Colombo

Responsibility Statement of Chairperson, Director/ Chief Executive Officer and Chief Financial Officer

The Financial Statements of First Capital Treasuries PLC (the Company) for the year 2025/26 are prepared and presented in accordance with the following requirements:

- Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007 and subsequent amendments thereto
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Directions, Determinations, Orders, Circulars and Guidelines issued by the Central Bank of Sri Lanka (CBSL)
- Listing Rules of the Colombo Stock Exchange
- The Code of Best Practice on Corporate Governance issued by CA Sri Lanka in 2023

The Company reports its financial results to the shareholders on a quarterly basis. The Company's significant accounting policies comply with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and have been applied consistently and appropriately. Key accounting policies, estimates, and judgments involving significant complexity were reviewed and discussed with the Board Audit Committee and the External Auditors.

Comparative figures have been reclassified where necessary to conform to the current year's presentation. The Board of Directors and Management accept responsibility for the integrity, reliability, and objectivity of these financial statements. To the best of our knowledge, the financial statements present a true and fair view of the Company's assets, liabilities, financial position, operational performance, and cash flows.

The Board has reasonable grounds to believe that the Company possesses adequate resources to continue its operations for the foreseeable future. Accordingly, despite prevailing local and global economic challenges and their potential impact on operations and future performance, the Going Concern has been adopted in preparing these financial statements.

The estimates and judgments used in preparing the financial statements were made with due prudence and reasonableness to ensure that the financial statements fairly reflect the substance of underlying transactions and accurately present the Company's financial position. To support this objective, the Company have implemented and maintained appropriate systems of internal controls and procedures aimed at safeguarding assets, preventing and detecting fraud, errors, and other irregularities. These controls and procedures are continuously reviewed, evaluated, and enhanced where necessary.

The Internal Audit function conducts periodic reviews to provide reasonable assurance that established policies and procedures are consistently adhered to by the Company.

The financial statements were audited by the independent external auditors, Messrs KPMG, Chartered Accountants.

The Audit Committee of the Company meets regularly with both the internal and independent auditors to review the effectiveness of audits and discuss auditing, internal control, and financial reporting issues. The independent and internal auditors have full and free access to the Audit Committee to discuss any substantive matters. The Audit Committee approves the audit and non-audit services provided by the external auditor to ensure that such services do not impair their independence.

The Company publishes an Integrated Annual Report, which also contains a separate report on the mandatory sustainability reporting in accordance with SLFRS S1 and S2. FCT has used the transitional provision available in the standards for first time reporters, adopting a Climate First approach. We will continue to evolve the scope and depth of reporting in the year ahead.

We confirm that:

- The Company has complied with all applicable laws, regulations, and prudential requirements.
- There are no material non-compliances.
- There are no material litigations pending against the Company.

(Sgd.)
Mr. Mangala Jayashantha
Chief Financial Officer

(Sgd.)
Mr. Sachith Perera
Director/ Chief Executive Officer

(Sgd.)
Ms. Manjula Mathews
Chairperson

5 June 2026

Director's 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 been awarded M/s B R De Silva as independent internal audit consultants for this year. The established procedures were further improved based on their recommendations.

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 B R De Silva was appointed as the internal audit consultant.
- The Company appointed M/s EY to conduct a compliance review to evaluate the adequacy and effectiveness of the policies and procedures relating to Anti-Bribery and Corruption.
- 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 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 guidance to the senior management and the comfort to the Board of Directors that staff at all functions are aware and conducts business transactions as per the rules and procedures.
- Considering the results of Data Protection Impact Assessment and the amendments to the Personal Data Protection Act, company implemented the Policy on Personal Data Protection.
- The Company appointed a Group level Chief Information Security Officer (CISO) with the necessary expertise
- Appointment of Authorised Officer for the reporting of ultimate beneficial owners to the Registrar of the Company
- The Company obtained ISO/IEC 27001 certification during the year.
- 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.
  - 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.

Director's Statement on Internal Controls

- 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.
  - Oversight of the sustainability matters was delegated to the Board of Directors, and it was updated to the Policy on Matters relating to Board of Directors.
  - The Company established Sustainability Management Committee (SMC), which has been assigned the task of establishing ESG targets, coordinating ESG initiatives across business units and monitoring progress against targets.

The Company has implemented 6 policies and has updated 3 polices outlined by the Listing Rules of the CSE to establish and enhance the corporate governance practices.

NEWLY IMPLEMENTED POLICIES

- Communication Management Policy
- Policy on New Products
- Policy on Personal data protection
- Office conduct policy
- Religious activities policy
- Policy on external work arrangements while on payroll Diversity, equity and inclusion policy

REVISED POLICIES

- Policy on Conflict of Interest
- Policy on Anti-Money Laundering
- Investment Policy

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.)
Ms. Cilani Wijesinghe
Chairperson - Board Audit Committee

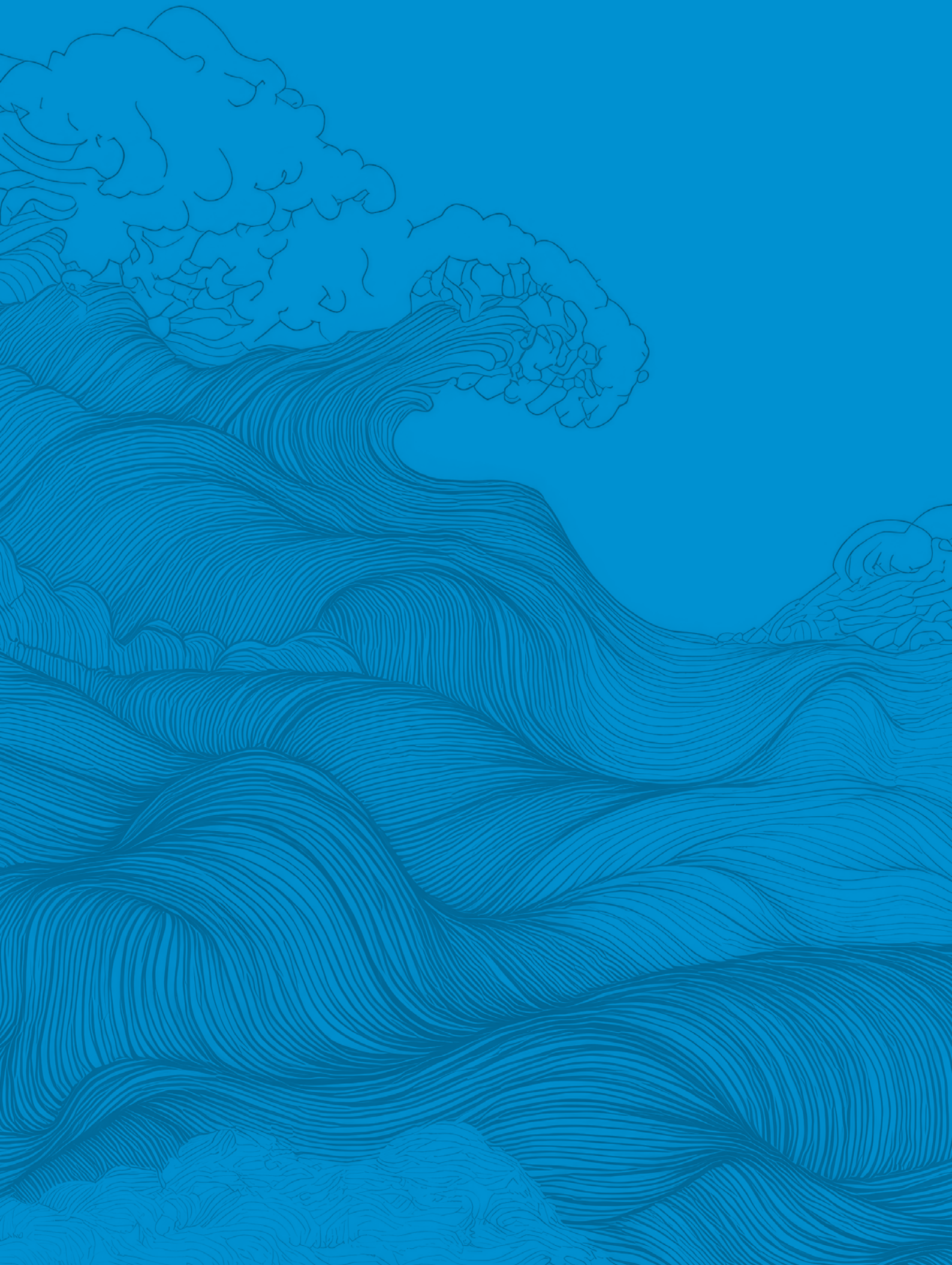
(Sgd.)
Ms. Manjula Mathews
Chairperson

5 June 2026
Colombo



Built to Endure

A vessel's strength lies not only in where it is headed, but in how well it is built to withstand the journey.



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Financial Calendar FY2025/26

Annual General Meeting held/ to be held on	
For the Year 2024/25	**For the Year 2025/26**
30 June 2025	30 June 2026

Annual Report and Accounts signed/to be signed	
For the Year 2024/25	**For the Year 2025/26**
5 June 2025	5 June 2026

Interim Financial Statements Calendar	Submission to CSE	Publication in the Newspaper
1st Quarter 2025/26 Interim Financial Statements (Unaudited)	11 August 2025	N/A
2nd Quarter 2025/26 Interim Financial Statements (Unaudited)	10 November 2025	21 November 2025
3rd Quarter 2025/26 Interim Financial Statements (Unaudited)	11 February 2026	N/A
4th Quarter 2025/26 Interim Financial Statements (Unaudited)	29 May 2026	31 May 2026

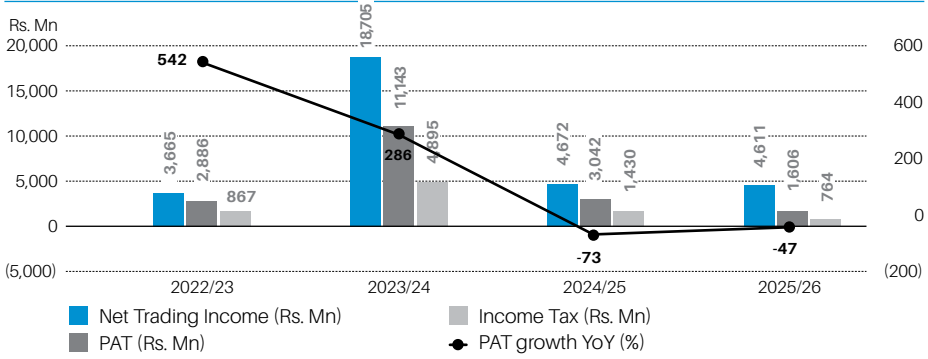
Annual Financial Statements Calendar	Submission to CSE	Publication in the Newspaper
Annual Financial Statements for 2024/25 (Audited)	6 June 2025	23 June 2025
Annual Financial Statements for 2025/26 (Audited)	8 June 2026	To be published

Dividend Calendar

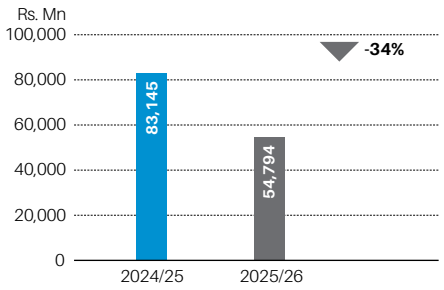
Dividend	Type of dividend	Amount per share (Gross) - Rs.
2024/25	1st Interim Dividend (Cash)	2.60
2024/25	Final Dividend (Cash)	5.00

Financial Performance Highlights

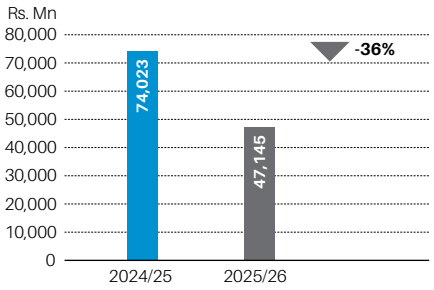
Profit growth



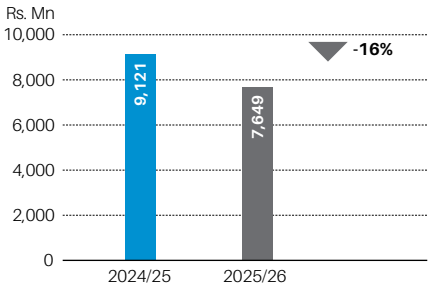
Total assets



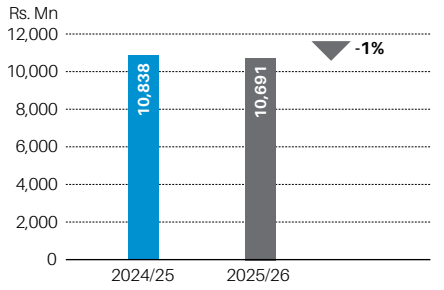
Total liabilities



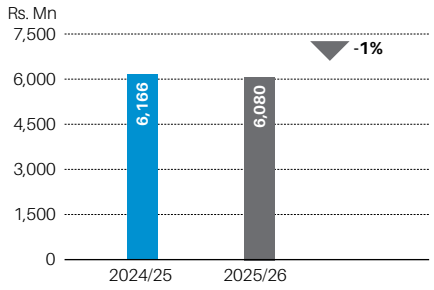
Total equity



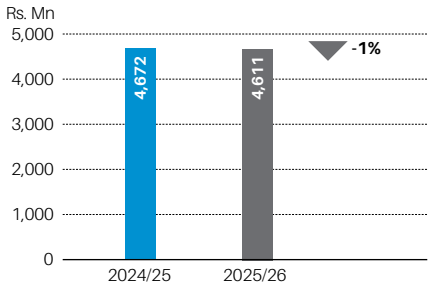
Income



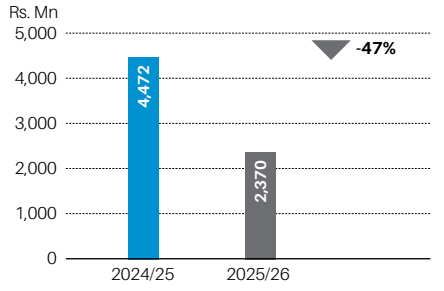
Direct expenses



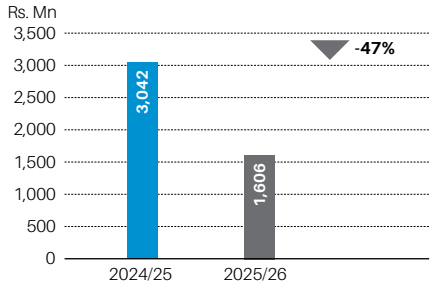
Net trading income



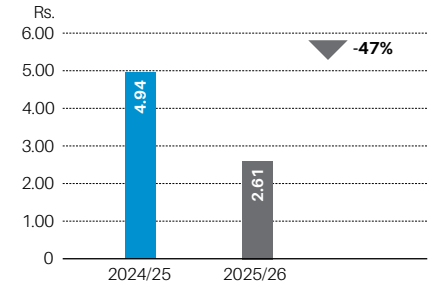
Profit before tax



Profit for the year



Basic earnings per share



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

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 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting 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 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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
As at 31 March 2026, 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 87% of total assets. The carrying amounts of financial assets involve significant judgement and estimation uncertainty, including the application of complex valuation techniques, the use of unobservable inputs, and management assumptions. These factors increase the level of subjectivity in the measurement process, giving rise to a risk of material misstatement in the carrying amounts of financial assets as at the reporting date. Based on the above factors, we considered the carrying amount of financial assets as a key audit matter.	Our audit procedures included: ❋ 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. ❋ Comparing observable inputs against independent sources and externally available market data and re-performing independent valuations considering the macroeconomic environment. ❋ Making inquiries of the management on the market conditions and reviewing the minutes of the enterprise risk management committee meetings. ❋ Testing mathematical accuracy and verifying the appropriateness and completeness of the data used. ❋ Obtaining and agreeing with the third-party confirmations for a sample of outstanding financial instruments. ❋ Assessing the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

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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. G. H. Raddella ACA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
H U S T Dayananda FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F R Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

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
As described in note 6, the Company has recognised a total direct income of Rs. 10,690 Mn during the year comprising of gains/ losses on sales and interest income from financial assets. Based on the Company's business model, this arises from different types of financial instruments. 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. These circumstances may create an incentive for management to recognise direct income in inappropriate accounting periods. Accordingly, we identified an inherent risk of material misstatement with regard to the timing of revenue recognition to meet specific performance targets or expectations. Based on the above factors, we considered recognition of direct income on financial assets as a key audit matter.	Our audit procedures included: ❋ 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. ❋ 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. ❋ Making inquiries of the management on the market conditions and reviewing the minutes of the enterprise risk management committee meetings. ❋ 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. ❋ 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.

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 do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

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.

Independent Auditor's Report

- 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 and subsequent amendments thereto, 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 2026

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Page No.	Note	2026 Rs.'000	2025 Rs.'000
Income	288	6	**10,690,723**	10,837,803
Direct expenses	288	7	**(6,079,960)**	(6,165,985)
Net trading income			**4,610,763**	4,671,818
Other income	289	8	**26,553**	54,239
Gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	289	9	**(1,524,148)**	626,919
Net income before operating expenses			**3,113,168**	5,352,976
Operating expenses				
Personnel expenses	290	10.1	**(283,921)**	(297,294)
Premises, equipment and establishment expenses	290	10.2	**(82,245)**	(84,584)
Other operating expenses	291	10.3	**(377,039)**	(499,032)
Total operating expenses			**(743,205)**	(880,910)
Profit before tax	291	11	**2,369,963**	4,472,066
Income tax expense	292	12	**(763,551)**	(1,429,636)
Profit for the year			**1,606,412**	3,042,430
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Actuarial gain/ (loss) on retirement benefit obligation	306	31	**(547)**	129
Tax effect on other comprehensive income	292	12	**164**	(39)
Item that are or may be reclassified to profit or loss			**-**	-
Other comprehensive income			**(383)**	90
Total comprehensive income for the year			**1,606,029**	3,042,520
Basic earnings per share (Rs.)	294	13	**2.61**	4.94

Figures in brackets indicate deductions.
The notes disclosed on pages 281 to 325 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March	Page No.	Note	2026 Rs.'000	2025 Rs.'000
Assets				
Cash at banks and in hand	294	15	**35,717**	236,104
Derivative financial assets	295	16	**10,440**	2,820
Financial assets recognised through profit or loss - measured at fair value	295	17	**47,438,317**	78,107,519
Financial assets - at amortised cost	296	18	**6,159,730**	3,304,664
Amounts due from related companies	297	19	**4,098**	28,040
Deferred tax asset	298	20.1	**44,814**	186,812
Other assets	299	21	**575,763**	669,410
Property, plant and equipment	299	22	**517,800**	604,149
Right of use assets	301	23	**1,545**	709
Intangible assets	302	24	**5,913**	4,534
Total assets			**54,794,137**	83,144,761
Liabilities				
Derivative financial liabilities	303	25	**1,818**	768
Securities sold under re-purchase agreements	304	26.1	**43,213,054**	71,475,370
Short-term borrowings	304	26.2	**-**	806,029
Creditors and other payables	305	27	**514,460**	919,325
Amount due to related companies	305	28	**16,269**	18,216
Taxes payable	305	29	**101,604**	789,983
Borrowing on listed debentures	306	30	**3,279,692**	-
Retirement benefit obligations	306	31	**17,883**	13,742
Total liabilities			**47,144,780**	74,023,433
Equity				
Stated capital	308	32	**256,500**	256,500
Risk reserve	308	33	**3,254,630**	3,093,989
Retained earnings			**4,140,227**	5,772,839
Fair valuation reserve	308	34	**(2,000)**	(2,000)
Total equity			**7,649,357**	9,121,328
Total equity and liabilities			**54,794,137**	83,144,761
Net assets per share (Rs.)			**12.43**	14.82

Figures in brackets indicate deductions.
The notes disclosed on pages 281 to 325 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 and subsequent amendments thereto.

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

Ramesh Schaffter
Director

5 June 2026
Colombo

Statement of Changes in Equity

For the year ended 31 March	Page No.	Note	Stated Capital Rs.'000	Risk Reserve Rs.'000	Retained Earnings Rs.'000	Fair Valuation Reserve Rs.'000	Total Equity Rs.'000
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)	309	35	-	-	(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	308	33	-	304,243	(304,243)		-
Balance as at 31 March 2025			256,500	3,093,989	5,772,839	(2,000)	9,121,328
Balance as at 1 April 2025			**256,500**	**3,093,989**	**5,772,839**	**(2,000)**	**9,121,328**
Total comprehensive income for the year							
Profit for the year			**-**	**-**	**1,606,412**	**-**	**1,606,412**
Other comprehensive income for the year			**-**	**-**	**(383)**	**-**	**(383)**
Total comprehensive income for the year			**-**	**-**	**1,606,029**	**-**	**1,606,029**
Transactions with equity holders							
Distribution to equity holders							
Dividend paid - final for 2024/25	309	35	**-**	**-**	**(3,078,000)**	**-**	**(3,078,000)**
Total distribution to equity holders			**-**	**-**	**(3,078,000)**	**-**	**(3,078,000)**
Total transactions with equity Holders			**-**	**-**	**(3,078,000)**	**-**	**(3,078,000)**
Transfers to risk reserve	308	33	**-**	**160,641**	**(160,641)**	**-**	**-**
Balance as at 31 March 2026			**256,500**	**3,254,630**	**4,140,227**	**(2,000)**	**7,649,357**

Figures in brackets indicate deductions.
The notes disclosed on pages 281 to 325 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	Page No.	Note	2026 Rs.'000	2025 Rs.'000
Cash flows from operating activities				
Interest receipts and gains realised			**10,682,133**	10,832,848
Interest payments and other direct cost			**(4,995,447)**	(4,790,513)
Other receipts			**24,452**	53,159
Cash payments to employees and suppliers			**(651,995)**	(792,995)
Operating profit before changes in operating assets and liabilities			**5,059,143**	5,302,499
Decrease/ (Increase) in financial assets - fair value through profit or loss - measured at fair value			**29,138,486**	(20,817,576)
Decrease/ (Increase) in financial assets at - amortised cost			**(2,846,476)**	1,239,595
Decrease/ (Increase) in other assets			**91,881**	2,253,491
Decrease/ (Increase) in amounts due from related companies			**26,067**	(22,795)
(Decrease)/ Increase in creditors and accrued charges			**(398,602)**	(586,456)
(Decrease)/ Increase in amount due to related companies			**(1,947)**	(261,739)
(Decrease)/ Increase in Short-term borrowings			**(806,029)**	806,029
(Decrease)/ Increase in securities sold under re-purchase agreements			**(29,067,138)**	21,603,388
Cash generated from operations			**1,195,385**	9,516,436
Income tax paid	305	29	**(1,312,437)**	(3,815,019)
Net cash flows generated from/ (used in) operating activities			**(117,052)**	5,701,417
Cash flows from investing activities				
Acquisition of property, plant and equipment	299	22	**(2,900)**	(370,361)
Acquisition of intangible assets	302	24	**(2,603)**	(4,433)
Proceeds from sale of property, plant and equipment			**168**	1,080
Net cash flows used in investing activities			**(5,335)**	(373,714)
Cash flows from financing activities				
Dividend paid to shareholders	309	35	**(3,078,000)**	(4,370,760)
Redemption of borrowing on listed debentures (issuance - January 2020)	306	30	**-**	(750,000)
Borrowing on listed debentures (issuance - April 2025)	306	30	**3,000,000**	-
Net cash flows used in financing activities			**(78,000)**	(5,120,760)
Net (Decrease)/ Increase in cash and cash equivalents			**(200,387)**	206,943
Cash and cash equivalents at the beginning of the year			**236,104**	29,161
Cash and cash equivalents at the end of the year	294	15	**35,717**	236,104

Figures in brackets indicate deductions.
The notes disclosed on pages 281 to 325 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 2026 is 16 (31 March 2025 – 18).

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 Chartered Accountants of Sri Lanka. Further these statement comply with the requirements of the Companies Act No. 7 of 2007, Companies (amended) Act No. 12 of 2025 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.

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 44 on pages 283 to 325.

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, Companies (amended) Act No. 12 of 2025 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" and "Statement of Director's Responsibility" and the certification on the statement of financial position on pages 262 to 264 , 265 , 278 respectively.

The Financial Statements of the Company and the separate Financial Statements of the Company as at 31 March 2026 comprises of –

- The Statement of Profit or Loss and Other Comprehensive Income (SOCI) providing information on the performance for the year under review (Refer page 277).
- Statement of Financial Position (SOFP) providing the information on the financial position of the Company as at the year end (Refer page 278).
- Statement of Changes in Equity (SCE) providing the movement in the shareholders' funds during the year under review for the Company (Refer page 279).
- Statement of Cash Flow (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 280)
- Notes to the Financial Statements, which comprise of the Accounting Policies and other explanatory notes and information (Refer pages 281 to 325).

2.2 Presentation of Financial Statements

The assets and liabilities of the Statement of Financial classified 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 2026 were authorised for issue by the Board of Directors on 5 June 2026 (Financial Statements of the company for the year ended 31 March 2025, were approved by the Board of Directors on 5 June 2025).

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 & 25	295 & 303
Financial assets measured at fair value though profit or loss (FVTPL)	Fair value	Note 17	295
Financial assets at amortised cost	Amortised cost	Note 18	296
Right of use assets	Discounted future lease rental payments	Note 23	301
Short term borrowing and borrowing on listed debentures	Amortised cost	Note 26 & 30	304 & 306
Retirement benefit obligations	Projected unit credit method	Note 31	306

Notes to the Financial Statements

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 Company.

CRITICAL ACCOUNTING ESTIMATE/JUDGMENT	DISCLOSURE NOTE	PAGE NUMBER
Going concern	Note 2.11	283
Fair value of financial instruments	Note 2.6.4 & 43	282 & 321
Provisions for liabilities, commitments and contingencies	Note 2.6.6	282
Classification of financial assets and liabilities	Note 3.4.2	284
Derecognition of financial assets and liabilities	Note 3.4.7	285
Impairment of non-financial assets	Note 3.5	286
Deferred tax asset	Note 20	297
Useful lives of property, plant and equipment	Note 22	299
Useful lives of intangible assets	Note 24	302
Retirement benefit obligation	Note 31	306

2.6.1 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 is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.6.2 Useful Lives of Property, plant and Equipment

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).

2.6.3 Defined Benefit Obligation

The cost of the defined benefit plans is 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 rates 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 31).

2.6.4 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 43).

2.6.5 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 (Refer Note 20).

2.6.6 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 37 & 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

In compliance with Sri Lanka Accounting Standard - LKAS 1 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. The understandability of the Financial Statements is not compromised.

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 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 40).

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.

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 Company has adopted Sustainability Disclosure Standard – SLFRS S1 on "General Requirements for Disclosure of Sustainability-related Financial Information" and SLFRS S2 on "Climate-related Disclosures" during the year. As these are Disclosure Standards, the related disclosures have been presented in the relevant sections of this Annual Report as appropriate and they do not form part of these 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	284
Material accounting policies - Recognition of income and expenses		
Income	6	288
Other income	8	289
Gain/ (loss) on fair valuation of financial assets recognised through profit or loss - measured at fair value	9	289
Operating expenses	10	290
Income tax expense	12	292
Earnings per share (EPS)	13	294
Dividend Per share (DPS)	14	294
Material accounting policies - Recognition of assets and liabilities		
Cash at banks and in hand	15	294
Derivative financial assets	16	295
Financial assets recognised through profit or loss - measured at fair value (FVTPL)	17	295
Financial assets at amortised cost	18	296
Deferred tax asset	20	297
Property, plant and equipment	22	299
Right of use assets	23	301
Intangible assets	24	302
Derivative financial liabilities	25	303
Securities sold under re-purchase agreements	26.1	304
Short-term borrowings	26.2	304
Borrowings on debentures	30	306
Retirement benefit obligations	31	306

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.

Notes to the Financial Statements

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 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 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 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 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 classified together into the smallest Company 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 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 listed 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 listed 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)

Value Added Tax on Financial Services is calculated in accordance with the amended Value Added Tax Act No. 7 of 2003 and subsequent amendments thereto. VAT on financial services is computed at the prescribed rate applicable to financial institutions. The Company is required to pay VAT on Financial Services on value addition attributed to financial services 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 an additional 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 value addition attributed to financial services.

Subsequently, the Social Security Contribution Levy (Amendment) Act, No. 24 of 2025, certified on 17 December 2025, introduced an exemption for persons carrying on the business of providing financial services that are liable to VAT under Chapter IIIA of the Value Added Tax Act. Accordingly, financial services subject to VAT on financial services became exempt from SSCL with effect from 17 December 2025.

3.9 Advance Income Tax (AIT) on Dividend

Dividend distribution 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 from1 April 2025.

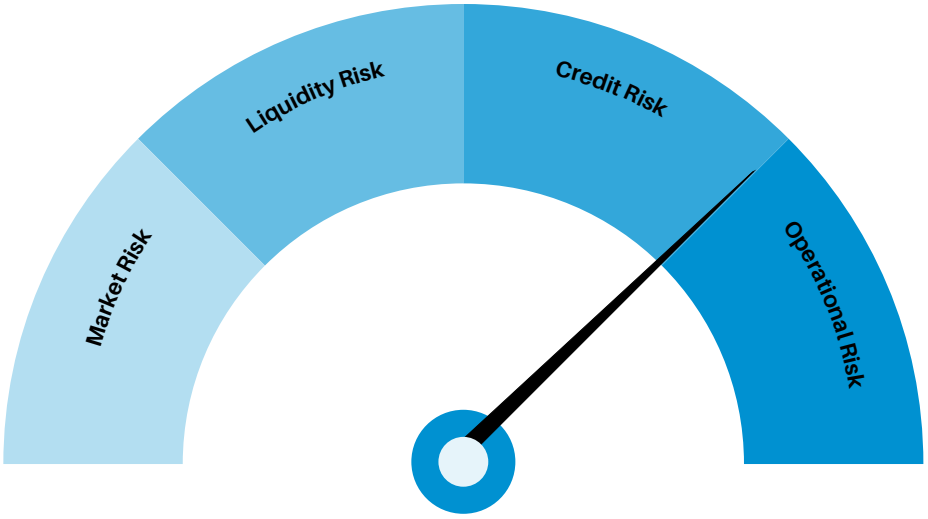
4. FINANCIAL RISK MANAGEMENT FRAMEWORK

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 monthly 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 316 to 320.



FINANCIAL RISK MANAGEMENT

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 2026. 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.

5.1 New accounting standards effective for annual reporting periods beginning on or after 1 January 2027

New SLFRS / amendment to the existing SLFRS	Summary of the requirements/ Objectives
SLFRS 18 Presentation and Disclosure in Financial Statement	SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements. ❋ Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change. ❋ Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements. ❋ Enhanced guidance is provided on how to group information in the financial statements. ❋ In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method

5.2 The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

Classification and Measurement of Financial Instrument (Amendments to SLFRS 9 and SLFRS 7).

Notes to the Financial Statements

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 Statement of Profit or Loss and Other Comprehensive Income 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 though 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	2026 Rs.'000	2025 Rs.'000
Interest income on financial assets recognised through profit or loss measured at fair value	**6,991,437**	6,886,820
Interest income on financial assets at amortised cost	**733,725**	856,897
Gain on sale of financial assets recognised through profit or loss measured at fair value	**2,964,766**	3,091,716
Fee income	**795**	2,370
	10,690,723	10,837,803

6.1 Timing of income recognition

For the year ended 31 March	2026 Rs.'000	2025 Rs.'000
Income generated at a point in time	**2,965,561**	3,094,086
Income generated over the period	**7,725,162**	7,743,717
	10,690,723	10,837,803

7 DIRECT EXPENSES

For the year ended 31 March	Note	2026 Rs.'000	2025 Rs.'000
Interest expenses on re-purchase agreements		**5,620,966**	5,915,378
Brokerage and commission expenses		**74,293**	110,356
Interest expenses on listed debentures		**337,318**	81,583
Interest expenses on short-term borrowings		**19,781**	33,782
Corporate guarantee expenses	7.1	**12,103**	12,078
Other direct expenses		**15,499**	12,808
		6,079,960	6,165,985

7.1 This has been incurred on account of standby liquidity/ intra-day liquidity facility granted by First Capital Holdings PLC (Note 36.2.2).

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, equipment 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 Statement of Profit or Loss and Other Comprehensive Income 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	Note	2026 Rs.'000	2025 Rs.'000
Profit on sale of property, plant and equipment		-	1,080
Rent income	36.2 & 36.3	25,501	22,605
Rebate on early termination of lease agreement (Building)		-	30,000
Miscellaneous income		1,052	554
		26,553	54,239

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 profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Fair value changes on derivatives held for risk management purposes, and derivative financial assets and financial liabilities carried at fair value through profit or loss, are presented in net income as gain/ (loss) 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	2026 Rs.'000	2025 Rs.'000
Gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	(1,530,717)	605,057
Gain on fair valuation of derivative financial assets	7,620	45,564
Loss on fair valuation of derivative financial liabilities	(1,051)	(23,702)
	(1,524,148)	626,919

Gain/ (loss) on fair valuation of financial assets and financial liabilities has been accounted for in accordance with the SLFRS 9.

Notes to the Financial Statements

10 OPERATING EXPENSES

ACCOUNTING POLICY

Expenses recognition

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income 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 Statement of Profit or Loss and Other Comprehensive Income 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.

Employee Provident Fund (EPF)

All employees of the Company are members of the Employees' Provident Fund. The Company and employees contribute 12% - 15% and 8% - 10% 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	2026 Rs.'000	2025 Rs.'000
Salaries		**155,758**	129,453
Employer's contribution to EPF & ETF		**24,166**	20,208
Performance bonus		**42,334**	90,467
Retirement benefit cost	31	**3,594**	3,136
Allowances		**28,673**	27,481
Training cost		**4,381**	4,744
Staff refreshment and get-together cost		**3,264**	5,508
Shares service cost	36.2.1	**13,253**	11,035
Other personnel expenses		**8,498**	5,262
		283,921	297,294

10.2 Premises, Equipment and Establishment Expenses

For the year ended 31 March	2026 Rs.'000	2025 Rs.'000
Building maintenance charges	**4,510**	6,770
Depreciation and amortisation	**91,211**	87,915
Electricity	**3,008**	2,975
Other premises, equipment and establishment expenses	**(16,484)**	(13,076)
	82,245	84,584

10.3 Other Operating Expenses

For the year ended 31 March	Note	2026 Rs.'000	2025 Rs.'000
Value added tax on financial services		**137,918**	271,245
Professional service related expenses		**112,159**	115,089
Bank related charges		**24,612**	21,600
Communication and information technology expenses		**53,224**	44,123
Sales promotion expenses		**29,302**	7,917
Donations		**-**	12
Travelling expenses		**571**	1,373
Social security contribution levy		**15,651**	37,673
Sustainability initiative related expenses		**811**	-
Regulatory penalty charges	10.3.1	**2,791**	-
		377,039	499,032

10.3.1 This represents the penalty charges paid to the Central Bank of Sri Lanka in relation to non-compliance with section 8.1 and 8.2 of the Direction No. 01 of 2019 issued under Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance Directions.

11 PROFIT BEFORE TAX

For the year ended 31 March	Note	2026 Rs.'000	2025 Rs.'000
Profit before taxation is stated after charging all expenses including the following:			
Directors' emoluments		**38,180**	52,933
Auditors' remuneration - Audit services		**1,008**	900
Auditors' remuneration - Other services		**2,451**	2,021
Depreciation on property, plant and equipment	22	**89,057**	86,450
Depreciation of right of use assets	23	**930**	944
Amortisation of intangible assets	24	**1,224**	521
Retirement benefit cost	31	**3,594**	3,136
Salaries		**155,758**	129,453
Employer's contribution to EPF & ETF		**24,166**	20,208
Legal fees		**1,753**	2,595
Regulatory penalty charges		**2,791**	-
Donations		**-**	12

Directors' emoluments represent the salaries, fees and other short-term benefits paid to both Executive and Non-Executive Directors of the Company and are presented in Note 36.5 on page 313.

Notes to the Financial Statements

12 INCOME TAX EXPENSE

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 Statement of Profit or Loss and Other Comprehensive Income or Statement of Changes in Equity.

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 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 Statement of Profit or Loss and Other Comprehensive Income.

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	2026 Rs.'000	2025 Rs.'000
Recognised in profit or loss			
Current tax expense	12.1	**(702,557)**	(1,395,317)
Over/ (under) provision for tax		**81,168**	(237,446)
Deferred tax asset recognised/ (reversed) during the year	20	**(142,162)**	203,127
		(763,551)	(1,429,636)
Recognised in Other Comprehensive Income			
Deferred tax asset recognised/ (reversed) during the year	20	**164**	(39)

The Company was 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.

12.1 Reconciliation of Accounting Profit to Income Tax

For the year ended 31 March	2026 Rs.'000	2025 Rs.'000
Profit before tax	**2,369,963**	4,472,066
Less : Exempted income	**(24)**	(1,077)
Add : Disallowable expenses	**275,409**	319,678
Less : Allowable expenses	**(303,514)**	(140,691)
Add : Assessable Charge on Depreciable Assets	**24**	1,077
Statutory income	**2,341,858**	4,651,053
Tax loss claimed during the year	**-**	-
Taxable income	**2,341,858**	4,651,053

	Taxable Income	Tax Rate	Tax Expense
For the year ended 31 March 2026	**2,341,858**	**30%**	**702,557**
For the year ended 31 March 2025	4,651,053	30%	1,395,317

12.2 Effective Tax Rate

For the year ended 31 March	Note	2026 Rs.'000	2025 Rs.'000
Effective tax rate (excluding deferred tax)	12.3	**33.07%**	36.51%
Effective tax rate	12.3	**32.22%**	31.97%

12.3 Reconciliation of Accounting Profit/ (Loss) to Income Tax

For the year ended 31 March	2026		2025	
	%	Rs. '000	%	Rs. '000
Profit before tax	**-**	**2,369,963**	-	4,472,066
Tax using the Company's domestic tax rate	**30.00%**	**710,989**	30.00%	1,341,620
Tax on exempted income	**-**	**(7)**	-0.01%	(323)
Tax on disallowable expenses	**3.49%**	**82,623**	2.14%	95,903
Tax on allowable expenses	**-3.84%**	**(91,054)**	-0.94%	(42,206)
Tax on assessable charge on depreciable assets	**-**	**7**	0.01%	323
(Over)/ under provision in respect of the previous year	**-3.42%**	**(81,168)**	5.31%	237,446
Effective tax rate (excluding deferred tax)	**-33.07%**	**(783,725)**	36.51%	1,632,763
Deferred tax asset recognised/ (reversed) during the year	**6.00%**	**142,162**	-4.54%	(203,127)
Income tax expense recognised in the Income Statement at the average effective income tax rate	**32.22%**	**763,551**	31.97%	1,429,636

Notes to the Financial Statements

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	2026	2025
Profit attributable to ordinary shareholders (Rs.'000)	**1,606,412**	3,042,430
Weighted average number of ordinary shares in issue	**615,600,000**	615,600,000
Basic earnings per share (Rs.)	**2.61**	4.94

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".

For the year ended 31 March	2026	2025
Dividend declared/ paid per share (Rs.)	-	7.60
Number of ordinary shares ('000)	-	615,600
Total dividend declared / paid (Rs. '000)	-	4,678,560

The Board of Directors did not declare dividend for the year 2025/26. The final dividend of Rs. 5.00 per share for the year 2024/25 was declared on 18 September 2025. The Interim dividend paid for the year 2024/25 was Rs. 2.60.

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. Statements of solvency duly completed and signed by the Directors 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	2026 Rs.'000	2025 Rs.'000
Cash at banks	42.4.1	**35,642**	236,029
Cash in hand	42.4.1	**75**	75
Total		**35,717**	236,104

16 DERIVATIVE FINANCIAL ASSETS

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	2026 Rs.'000	2025 Rs.'000
Forward purchase contracts - Government securities	**2,302**	2,814
Forward sale contracts - Government securities	**8,138**	6
	10,440	2,820

17 FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE (FVTPL)

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.

	Market Value		Face Value	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Treasury bills	**58,825**	**729,308**	**60,147**	758,525
Treasury bonds	**47,379,492**	**77,378,211**	**46,165,621**	74,367,333
	47,438,317	**78,107,519**	**46,225,768**	75,125,858

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 2026.

	Market Value		Face Value	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Treasury bills	**34,919**	**695,792**	**35,560**	724,073
Treasury bonds	**43,625,503**	**76,676,775**	**42,586,970**	73,822,960
	43,660,422	**77,372,567**	**42,622,530**	74,547,033

Notes to the Financial Statements

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 Statement of Profit or Loss and Other Comprehensive Income.

As at 31 March	2026 Rs.'000	2025 Rs.'000
Investments under resale agreements - Treasury bills	**83,711**	705,626
Investments under resale agreements - Treasury bonds	**6,076,019**	2,599,038
	6,159,730	3,304,664

18.1 Securities Received as Collateral

	Market Value		Face Value	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Treasury bills	**97,837**	**747,341**	**104,300**	756,000
Treasury bonds	**6,872,310**	**3,012,781**	**6,380,810**	2,571,073
	6,970,147	**3,760,122**	**6,485,110**	3,327,073

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 outstandings (Reverse Repos). Accordingly, the Company has repledged market values of treasury bonds amounting to Rs. 5,252 Mn as at 31 March 2026 (comparative repledged market values of treasury bills and bonds were Rs. 690 Mn and Rs. 2,628 Mn respectively - i.e. as of 31 March 2025).

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 of the direction are 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	2026 Rs.'000	2025 Rs.'000
First Capital Limited	-	2,785
First Capital Equities (Pvt) Limited	-	19,487
First Capital Asset Management Limited	**3,458**	5,759
First Capital Advisory Services (Pvt) Limited	**640**	2
Janashakthi Business Services (Pvt) Limited	-	7
	4,098	28,040

20 DEFERRED TAX ASSET

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.

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) are given in Note 20.1 & 20.2 to the Financial Statements.

Notes to the Financial Statements

20 DEFERRED TAX ASSET (CONTD.)

20.1 Deferred Tax Asset

As at 31 March	Note	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year		**186,812**	-
Charge/(reversal) in profit or loss during the year	12	**(142,162)**	203,127
Recognised/(reversed) in other comprehensive income during the year	12	**164**	(39)
Transferred from deferred tax liabilities	20.2	**-**	(16,276)
Balance at the end of the year		**44,814**	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 differences.

20.2 Deferred Tax Liability

As at 31 March	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year	**-**	16,276
Transferred to deferred tax assets	**-**	(16,276)
Charge in profit or loss during the year	**-**	-
Reversed in other comprehensive income during the year	**-**	-
Balance at the end of the year	**-**	-

20.3 The deferred tax asset have been computed on the basis of 30% (2024/25 - 30%).

Deferred tax is attributable to the followings;

As at 31 March	2026		2025	
	(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	**(61,628)**	**(18,488)**	(59,208)	(17,763)
On retirement benefit obligations	**17,883**	**5,365**	13,742	4,123
On deferred bonus payments	**193,126**	**57,937**	668,171	200,452
	149,381	**44,814**	622,705	186,812

21 OTHER ASSETS

As at 31 March	2026 Rs.'000	2025 Rs.'000
Advance paid for land	**77,300**	77,300
Other advances	**71,918**	69,245
Prepayments	**23,091**	19,772
Other receivable	**650**	329
Receivable from First Capital Holdings PLC's deferred bonus fund	**402,804**	502,764
	575,763	669,410

22 PROPERTY, PLANT AND EQUIPMENT

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 Statement of Profit or Loss and Other Comprehensive Income.

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 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.

Depreciation expenses
Depreciation expenses has been charged to income statement under Premises equipment and establishment expenses.

Notes to the Financial Statements

22 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

2025/26	Land Rs.'000	Building Rs.'000	Office Equipment Rs.'000	Furniture Rs.'000	Fixtures & Fittings Rs.'000	Total Rs.'000
Cost						
Balance as at 1 April 2025	**177,200**	**92,800**	**218,849**	**3,019**	**244,735**	**736,603**
Additions during the year	**-**	**-**	**1,281**	**1,081**	**538**	**2,900**
Disposals during the year	**-**	**-**	**(7,768)**	**(2,505)**	**(3,870)**	**(14,143)**
As at 31 March 2026	**177,200**	**92,800**	**212,362**	**1,595**	**241,403**	**725,360**
Accumulated Depreciation						
As at 1 April 2025	**-**	**3,093**	**62,947**	**2,676**	**63,738**	**132,454**
Charge for the year	**-**	**3,077**	**39,104**	**211**	**46,665**	**89,057**
Disposals during the year	**-**	**-**	**(7,765)**	**(2,505)**	**(3,681)**	**(13,951)**
As at 31 March 2026	**-**	**6,170**	**94,286**	**382**	**106,722**	**207,560**
As at 31 March 2026	**177,200**	**86,630**	**118,076**	**1,213**	**134,681**	**517,800**

2024/25	Land Rs.'000	Building Rs.'000	Office Equipment Rs.'000	Furniture Rs.'000	Fixtures & Fittings Rs.'000	Total Rs.'000
Cost						
Balance as at 1 April 2024	-	-	177,351	7,616	186,118	371,085
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	736,603
Accumulated Depreciation						
As at 1 April 2024	-	-	26,100	7,173	17,574	50,847
Charge for the year	-	3,093	37,047	100	46,210	86,450
Disposals during the year	-	-	(200)	(4,597)	(46)	(4,843)
As at 31 March 2025	-	3,093	62,947	2,676	63,738	132,454
As at 31 March 2025	177,200	89,707	155,902	343	180,997	604,149

Based on the assessment of potential impairment carried out by the Company as at 31 March 2026, 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. 22,337,726 as at 31 March 2026 (2024/25 Rs. 35,854,313).

There were no capitalised borrowing cost related to the acquisition of Property, Plant and Equipment during the year (2024/25 - Nil).

There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2026.

There were no items of Property, Plant and Equipment pledged as security as at 31 March 2026.

There were no temporary idle items of Property, Plant and Equipment as at 31 March 2026.

The land referred to above is located in No. 02, Deal Place, Colombo 03. The fair valuation of the land as of 31 March 2026 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 land and/or buildings as of 31 March 2026.

23 RIGHT OF USE ASSETS

ACCOUNTING POLICY

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 and a lease liability 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 rightof-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.

As at 31 March	2026 Rs.'000	2025 Rs.'000
Cost		
Balance as at 1 April	**1,890**	1,890
Additions during the year	**1,766**	-
Disposals during the year	**(1,890)**	-
Balance as at 31 March	**1,766**	1,890
Accumulated Depreciation		
Balance as at 1 April	**1,181**	237
Charge for the year	**930**	944
Disposals during the year	**(1,890)**	-
Balance as at 31 March	**221**	1,181
Carrying value as at 31 March	**1,545**	709

Notes to the Financial Statements

24 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.

As at 31 March	Software	Total	
	Rs.'000	2026 Rs.'000	2025 Rs.'000
Cost			
Balance as at 1 April	**22,275**	**22,275**	17,842
Additions during the year	**2,603**	**2,603**	4,433
Disposals during the year	**(353)**	**(353)**	-
Balance as at 31 March	**24,525**	**24,525**	22,275
Amortisation			
Balance as at 1 April	**17,741**	**17,741**	17,220
Amortisation charge for the year	**1,224**	**1,224**	521
Disposals during the year	**(353)**	**(353)**	-
Balance as at 31 March	**18,612**	**18,612**	17,741
Carrying value as at 31 March 2026	**5,913**	**5,913**	-
Carrying value as at 31 March 2025	**4,534**	**-**	4,534

Software included fully depreciated assets having a gross amount of Rs. 16,759,554 as at 31 March 2026 (2024/25 Rs.17,112,354).

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.

25 DERIVATIVE FINANCIAL LIABILITIES

As at 31 March	2026 Rs.'000	2025 Rs.'000
Forward purchase contracts - Government securities	-	768
Forward sale contracts - Government securities	1,818	-
	1,818	768

26 SHORT-TERM BORROWING

As at 31 March	Note	2026 Rs.'000	2025 Rs.'000
Securities sold under re-purchase agreements	26.1	43,213,054	71,475,370
short-term borrowing	26.2	-	806,029
		43,213,054	72,281,399

Notes to the Financial Statements

26 SHORT-TERM BORROWING (CONTD.)

26.1 Securities sold under re-purchase agreements

As at 31 March	2026 Rs.'000	2025 Rs.'000
Against treasury bills	**3,151**	416,461
Against treasury bonds	**43,209,903**	71,058,909
	43,213,054	71,475,370

Securities given as Collateral

As at 31 March	Market Value		Face Value	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Treasury bills	**3,448**	**464,996**	**3,560**	485,106
Treasury bonds	**48,945,204**	**80,320,203**	**47,511,685**	77,006,365
	48,948,652	**80,785,199**	**47,515,245**	77,491,471

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.

26.2 Short-term borrowing

As at 31 March	Note	2026 Rs.'000	2025 Rs.'000
Standby Liquidity/ Intra-day Liquidity Facility (ILF)*	26.2.1	**-**	806,029

* This credit facility has been arranged by First Capital Holdings PLC (unsecured). Limit of the said facility is Rs. 1.5Bn (Note 36.2). Expiry of the credit facility will be on 2 May 2026.

26.2.1 Movement in Short-term borrowing

As at 31 March	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year	**806,029**	-
Amount borrowed during the year	**10,022,966**	2,100,000
Repayments during the year	**(10,852,834)**	(1,304,216)
Interest expenses during the year	**23,839**	10,245
Balance at the end of the year	**-**	806,029

27 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	2026 Rs.'000	2025 Rs.'000
Provision for staff expenses	**433,603**	823,652
Dividend payable	**3,755**	3,735
Provision for statutory liabilities	**18,093**	55,042
Accrued Charges	**22,548**	21,277
Other payables	**36,461**	15,619
	514,460	919,325

28 AMOUNTS DUE TO RELATED COMPANIES

As at 31 March	2026 Rs.'000	2025 Rs.'000
First Capital Holdings PLC	**8,701**	7,097
Janashakthi Limited	**1,241**	11,119
First Capital Limited	**5,211**	-
First Capital Equities (Pvt) Limited	**1,116**	-
	16,269	18,216

29 TAXES PAYABLE

As at 31 March	Note	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year		**789,983**	2,971,647
Current Tax provision for the year	12	**702,557**	1,395,317
Claimed during the year		**2,669**	592
Under/ (over) provision of tax with respect to previous year		**(81,168)**	237,446
		1,414,041	4,605,002
Payment made during the year		**(1,312,437)**	(3,815,019)
Balance at the end of the year		**101,604**	789,983

Notes to the Financial Statements

30 BORROWING ON LISTED DEBENTURES

As at 31 March	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year	-	764,042
Debenture Issued during the year	3,000,000	-
Transaction cost	(25,552)	-
Accrual of interest	337,318	81,583
	3,311,766	845,625
Less: Settlement of interest (Coupon)	(32,074)	(95,625)
Less: Debentures redeemed during the year	-	(750,000)
Balance at the end of the year	3,279,692	-

31 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 presented 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	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year	13,742	10,735
Amount recognised in profit or loss for the year		
Gratuity charge for the year	2,014	1,916
Interest charge for the year	1,580	1,220
Amount recognised in other comprehensive income for the year		
Actuarial (gain)/ loss for the year	547	(129)
Benefits paid during the year	-	-
Transfers made during the year	-	-
Balance at the end of the year	17,883	13,742

The actuarial valuations of the retirement gratuity liability were carried out by a professional Actuary, Units Actuaries & Consultants (Pvt) Ltd as at 31 March 2026.

The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit (PUC) Method', recommended by LKAS 19 - 'Employee Benefits'.

The average duration of the defined benefit obligation is 6 years as at 31 March 2026 (2024/25 -18.93 years).

31.1 Principal Assumptions Used:

As at 31 March	2026 Rs.'000	2025 Rs.'000
Discount rate/ interest rate	10.50%	11.50%
Expected annual average salary increment	9.00%	8.00%
Staff turnover factor	13.00%	12.00%
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 10.50% p.a. (2025 - 11.50% 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 9% (2024/25 - 8%) 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.

31.2 Maturity Analysis of the Retirement Benefit Obligations

As at 31 March	2026 Rs.'000	2025 Rs.'000
Up to 1 year	2,007	-
1 - 5 years	9,459	1,719
5 - 10 years	2,715	-
Over 10 years	3,702	12,023
	17,883	13,742

31.3 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	2026 Sensitivity Rs. '000	2026 Approx. RBO Rs. '000	2025 Sensitivity Rs. '000	2025 Approx. RBO Rs. '000
Decrease in discount rate by 1%	1,028	18,911	887	14,629
Increase in discount rate by 1%	(924)	16,959	(824)	12,918
Decrease in salary increment by 1%	(1,022)	16,861	(857)	12,885
Increase in salary increment by 1%	1,118	19,001	908	14,650

Notes to the Financial Statements

32 STATED CAPITAL

As at 31 March	2026 Rs.'000	2025 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
Fully paid ordinary shares		
As at 31 March 2025	615,600,000	256,500
Share split/ issue	-	-
Re-purchase of Shares	-	-
As at 31 March 2026	**615,600,000**	**256,500**

Please refer share information section on pages 328 to 333 for more information on the composition of shares in issue as at 31 March 2026.

33 RISK RESERVE

As at 31 March	2026 Rs.'000	2025 Rs.'000
Balance at the beginning of the year	**3,093,989**	2,789,746
Transfer during the year	**160,641**	304,243
Balance at the end of the year	**3,254,630**	3,093,989

The Company makes a transfer of 10% (2024/25 -10%) of its profit after tax to the risk reserve in accordance with the directions issued by the Central Bank of Sri Lanka.

34 FAIR VALUATION RESERVE VIA FINANCIAL ASSET RECOGNISED THROUGH OTHER COMPREHENSIVE INCOME

As at 31 March	2026 Rs.'000	2025 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 2026 is Nil (31 March 2025 - Nil).

35 DIVIDEND

ACCOUNTING POLICY

Dividends 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 did not declare dividend for 2025/26 (Final dividend of Rs. 5.00 per share amounting to Rs. 3,078 Mn for the year 2024/25 was paid in October 2025 in addition to an interim dividend of Rs. 2.60 per share amounting to Rs. 1,601 Mn was paid in January 2025).

36 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'

36.1 Directorships in Other Companies

The Directors of First Capital Treasuries PLC (Reporting Entity) are also Directors of the following companies as of 31 March 2026.

Name of the company	Relationship	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
Janashakthi Limited*	Ultimate Parent	Director	-	-	Managing Director/ Group CEO	Director	-	-	-
Janashakthi Insurance PLC	Subsidiary of the Ultimate Parent	-	-	-	Director	-	-	-	-
Janashakthi Corporate Services Limited	Subsidiary of the Ultimate Parent	-	-	-	Director	-	-	-	-
Janashakthi 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	-	-	Director	-	-	Chairman	-	-
First Capital Markets Limited	Subsidiary of Immediate Parent	Director	-	Managing Director/ CEO	-	-	-	-	-
First Capital Equities (Private) Limited	Subsidiary of Immediate Parent	-	-	Director	-	-	-	Director	-
First Capital Trustee Services (Private) Limited	Subsidiary of Immediate Parent	Deputy Chairperson	-	Managing Director/ CEO	-	-	-	-	-
First Capital Advisory Services (Pvt) Ltd	Subsidiary of Immediate Parent	-	-	Director	-	-	-	-	Chairman
Sarvodaya Development Finance PLC	Related Company via Key Management Personnel	-	-	-	Director	-	-	-	Chairman
Verite Research (Pvt) Ltd	Related Company via Key Management Personnel	-	-	-	-	-	Director	Director	-

KMP - Key Management Personnel
** The Company was listed on the main board of the Colombo Stock Exchange subsequent to the reporting period.*
*** Mr. Prakash Schaffter represents as a director of Janashakthi Finance PLC and is also a director of Janashakthi Limited (Ultimate Parent company).*

Notes to the Financial Statements

36 RELATED PARTY DISCLOSURES (CONTD.)

36.1 Directorships in Other Companies(Contd.)

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 Equity Fund and First Capital Money Plus 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 the terms equivalent to those that prevail in arm's length transactions.

36.2 Transactions with Parent Companies

36.2.1 Transactions with Ultimate Parent (Janashakthi Limited)

Nature of Transaction	Note	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income			
Interest income on re-sale agreements		**573**	-
Interest expenses on re-purchase agreements		**226**	-
Administrative service expenses related to shares service cost	10.1	**13,253**	11,035
Statement of Financial Position			
Securities sold under re-purchase agreements (government securities)		**50,815**	-
Amount due to the company		**1,241**	11,119

36.2.2 Transactions with Intermediate Parent (First Capital Holdings PLC)

Nature of Transaction	Note	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income			
Interest expenses on re-purchase agreements		**2,460**	261
Management Fees		**60,000**	60,000
Interest expenses on standby liquidity/ intra-day liquidity facility		**16,453**	18,975
Commitment fee on intra-day liquidity facility		**7,500**	7,485
Corporate guarantee charges on intra-day liquidity facility	7	**12,103**	12,078
Service fee recovery on utilisation of fixed assets		**13,905**	11,808
Service expense on utilisation of fixed assets		**7,798**	3,583
Rent income	8	**5,276**	4,357
Statement of Financial Position			
Short-term borrowings (Note 26.2)		**-**	806,029
Amount due to the company		**8,701**	7,097
Transactions related to Credit Facilities/ Corporate Guarantees			
Transactions related to Credit Facilities provided (limit)	26.2	**1,500,000**	1,500,000
Corporate guarantees provided		**1,000,000**	1,000,000

36.2.3 Transactions with Immediate Parent (First Capital Limited)

Nature of Transaction	Note	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income			
Interest expense on debentures		-	2,444
Interest income on re-sale agreements		-	115,911
Service fee recovery on utilisation of fixed assets		8,800	11,808
Service expense on utilisation of fixed assets		516	508
Commission expense		29,707	66,797
Rent income	8	3,517	4,357
Gain on sale of government securities		-	847
Statement of Changes in Equity			
Dividend paid		(2,750,470)	(1,430,244)
Statement of Financial Position			
Amount due to the company		5,211	-

36.3 Transactions with subsidiaries of the parent company (First Capital Limited)

36.3.1 Transactions with First Capital Asset Management Limited

Nature of Transaction	Note	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income			
Rent income	8	12,312	10,648
Service fee recovery on utilisation of fixed assets		31,074	20,691
Service expense on utilisation of fixed assets		678	226
Statement of Financial Position			
Amount due from the company		3,458	5,759

36.3.2 Transactions with First Capital Equities (Private) Limited

Nature of Transaction	Note	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income			
Rent income	8	2,198	3,243
Rent expense		11,362	12,904
Service fee recovery on utilisation of fixed assets		5,659	6,835
Service expense on utilisation of fixed assets		8,199	3,948
Statement of Financial Position			
Amount due from the company		-	19,487
Amount due to the company		1,116	-

Notes to the Financial Statements

36 RELATED PARTY DISCLOSURES (CONTD.)

36.3 Transactions with subsidiaries of the parent company (First Capital Limited) (Contd.)

36.3.3 Transactions with First Capital Advisory Services (Private) Limited

Nature of Transaction	Note	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income			
Rent income	8	**2,198**	-
Service fee recovery on utilisation of fixed assets		**5,729**	-
Statement of Financial Position			
Management fee related to debenture issue (IPO) - April 2025		**18,507**	-
Amount due from the company		**640**	2

36.4 Transaction with other related parties

36.4.1 Transaction with Janashakthi Insurance PLC

Nature of Transaction	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income		
Interest income on re-sale agreements	**1,202**	117,605
Gain/ (loss) on sale of government securities	**8,809**	(5,346)
Interest expenses on re-purchase agreements	**9,797**	11,971
Interest expenses on debenture	**30,000**	27,194
Administrative service expenses related to Staff Life Insurance	**631**	2,266
Administrative service expenses related to Health Insurance	**1,374**	13
Administrative service expenses related to firewall	**-**	378
Statement of Financial Position		
Securities sold under re-purchase agreements (government securities)	**478,615**	19,295
Borrowings on listed debentures	**250,000**	-

36.4.2 Transaction with Unit Trust Funds Manage by First Capital Asset Management Limited

Nature of Transaction	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income		
Interest income on re-sale agreements	**23,434**	18,072
Gain on sale of government securities	**512**	10,761
Interest expenses on re-purchase agreements	**1,544,148**	1,850,666
Statement of Financial Position		
Securities sold under re-purchase agreements (government securities)	**5,755,455**	18,035,133

36.4.3 Transaction with Janashakthi Finance PLC

Nature of Transaction	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income		
Gain on sale of government securities	**1,868**	-
Interest expenses on re-purchase agreements	**3,334**	-

36.4.4 Transaction with Sarvodaya Development Finance PLC

Nature of Transaction	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income		
Interest expenses on re-purchase agreements	63,181	-
Statement of Financial Position		
Securities sold under re-purchase agreements (government securities)	652,522	-

36.4.5 Transaction with Verite Research (Pvt) Ltd

Nature of Transaction	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income		
Interest income on re-sale agreements	-	7,224
Interest expenses on re-purchase agreements	-	684
Gain/ (loss) on sale of government securities	55	(1,811)
Statement of Financial Position		
Securities purchased under re-sale agreements (government securities)	252,818	47,711
Securities sold under re-purchase agreements (government securities)	2,186	-

36.4.6 Transaction with Janashakthi Corporate Services Limited

Nature of Transaction	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income		
Secretarial fees	2,176	1,047

36.4.7 Transaction with Janashakthi Business Services (Pvt) Limited

Nature of Transaction	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Financial Position		
Amount due from the company	-	7

Janashakthi Business Services (Pvt) Limited amalgamated with Janashakthi Limited effective from 22 October 2025.

Outstanding trading investments (Resale agreements with parent company) as at end of reporting periods are secured (i.e. collateralised via assets without guarantees). Current account balances (receivables) 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.

36.5 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;

a. The individual's domestic partner and children;
b. Children of the individual's domestic partner; and
c. Dependants of the individual or individual's domestic partner

36 RELATED PARTY DISCLOSURES (CONTD.)

36.5 Transactions with Key Management Personnel (KMP) and their Close Family Members (CFM) (Contd.)

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	2025/26 Rs.'000	2024/25 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income		
Emoluments paid - short-term benefits	**38,180**	52,933
Interest income on re-sale agreements	**21,077**	138,273
Interest expense on re-purchase agreements	**1,320**	3,834
Interest expenses on listed debenture	**1,200**	-
Gain/ (loss) on sale of government securities	**(5)**	(24,494)
Statement of Changes in Equity		
Dividend paid	**-**	52
Statement of Financial Position		
Securities purchased under re-sale agreements (against government securities)	**192,522**	136,272
Securities sold under re-purchase agreements (against government securities)	**6,432**	25,723
Borrowings on listed debentures	**10,000**	-

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.

37 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 2026.

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 a 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, in consequent to the seller failing to honor 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 criminal Proceedings have also initiated against the Company. The legal proceedings are in progress.

(b) Other Commitments

The value of forward purchase contracts (Government Securities) as at 31 March 2026 is Rs. 747 Mn (31 March 2025 - Rs. 1,342 Mn) and the value of forward sales contracts (Government Securities) as at 31 March 2026 is Rs. 1,619 Mn (31 March 2025 - Rs. 11 Mn).

39 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 2026.

40 EVENTS AFTER THE REPORTING PERIOD

ACCOUNTING POLICY

Events after the reporting date are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

There have been no material events subsequent to the reporting date that require disclosures/ adjustments to these financial statements.

41 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	2026 Rs. Mn	2025 Rs. Mn
Core capital	**7,649**	9,121
Subordinated debts (listed debts) - Discounted value	**3,000**	-
Total Capital Funds	**10,649**	9,121

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 and subsequent amendments is as follows;

Effective Date	Minimum of Core Capital Requirement	Actual Core Capital
Prior to1 January 2022	Rs. 1.0 Bn	Rs. 3.8 Bn
1 January 2022	Rs. 2.0 Bn	Rs. 5.5 Bn
1 January 2023	Rs. 2.5 Bn	Rs. 9.1 Bn
1 January 2026 (prevailing requirement)	Rs. 4.0 Bn	Rs. 7.6 Bn
1 January 2027	Rs. 5.0 Bn	N/A

Notes to the Financial Statements

41 CAPITAL MANAGEMENT (CONTD.)

The Company's compliance status in relation to minimum core capital and risk weighted capital adequacy ratio is as follows;

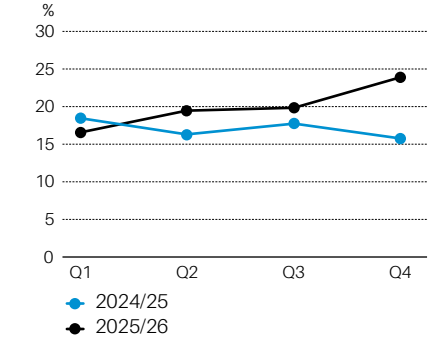
Compliance Requirement	Status as at 31 March 2026	Status as at 31 March 2025
Minimum core capital of Rs. 4.0 Bn (Rs. 2.5 Bn for 31 March 2025)	**Rs. 7.6 Bn**	Rs. 9.1 Bn
Risk weighted capital adequacy ratio (RWCAR) of 10%	**24.22%**	15.55%

Sensitivity analysis of Risk Weighted Capital Adequacy Ratio (RWCAR)

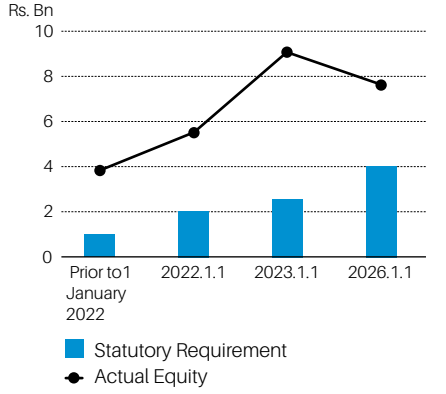
The following table shows the estimated impact on RWCAR ratio due to various predicted scenario testing

Variable	Change in assumptions	Estimated RWCAR Ratio
Interest rate	-100Bps	26.25 %
	+100Bps	21.96%
Other assets	+10%	24.16%
	-10%	24.28%

Quarterly RWCAR



Minimum statutory core capital requirement vs Actual core capital



42 FINANCIAL RISK MANAGEMENT AS PER SLFRS 07 & 09

Overview

The Company has exposure to the following risks via financial instruments.

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

42.1 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.

42.2 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 Asset and Liability Committee (IALCO).
- Interest rate risk is managed within the approved limits by the Asset and Liability Committee (IALCO).

42.2.1 Interest rate risk

As at 31 March	2026 Rs.'000	2025 Rs.'000
Fixed Rate Instruments		
Financial Assets		
Financial assets recognised through profit or loss - measured at fair value	**47,438,317**	78,107,519
Financial assets at amortised cost	**6,159,730**	3,304,664
	53,598,047	81,412,183
Financial Liabilities		
Securities sold under re-purchase agreements	**43,213,054**	71,475,370
Short-term borrowings	**-**	806,029
Borrowings on listed debentures	**3,279,692**	-
	46,492,746	72,281,399

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.

	Profit or Loss		Equity, Net of Tax	
As at 31 March 2026	1% Decrease Rs. '000	1% Increase Rs. '000	1% Decrease Rs. '000	1% Increase Rs. '000
Fixed Rate Instruments				
Financial Assets				
Derivative financial assets	**11,185**	**(2,952)**	**7,830**	**(2,066)**
Financial assets recognised through profit or loss - measured at fair value	**1,833,639**	**(1,737,032)**	**1,283,547**	**(1,215,922)**
	1,844,824	**(1,739,984)**	**1,291,377**	**(1,217,988)**
Financial Liabilities				
Derivative Financial liabilities	**(62)**	**(7,764)**	**(43)**	**(5,434)**
	(62)	**(7,764)**	**(43)**	**(5,434)**

Notes to the Financial Statements

42 FINANCIAL RISK MANAGEMENT (CONTD.)

42.3 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.

Maturity Analysis of Financial Assets and Financial Liabilities

As at 31 March 2026	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
Assets								
Cash at banks and in hand	35,717	35,717	35,717	-	-	-	-	-
Derivative financial assets	10,440	10,440	1,406	9,034	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value	47,438,317	47,438,317	-	130,052	34,986	2,419,632	23,735,556	21,118,091
Financial assets - at amortised cost	6,159,730	6,159,730	-	6,159,730	-	-	-	-
Amounts due from related companies	4,098	4,098	4,098	-	-	-	-	-
Total	53,648,302	53,648,302	41,221	6,298,816	34,986	2,419,632	23,735,556	21,118,091
Liabilities								
Derivative financial liabilities	1,818	1,818	687	1,131	-	-	-	-
Securities sold under re-purchase agreements	43,213,054	43,213,054	32,145	30,183,202	12,951,066	32,511	14,130	-
Amount due to related companies	16,269	16,269	16,269	-	-	-	-	-
Borrowing on listed debentures	3,279,692	4,759,532	-	326,273	31,813	716,489	3,684,957	-
Total	46,510,833	47,990,673	49,101	30,510,606	12,982,879	749,000	3,699,087	-

As at 31 March 2025	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
Assets								
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	-	-	-	-	-
Amounts due from related companies	28,040	28,040	28,040	-	-	-	-	-
Total	81,679,147	81,679,147	3,749,385	44,845	506,706	33,194,306	43,874,060	309,845
Liabilities								
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	-	
Amount due to related companies	18,216	18,216	18,216	-	-	-	-	-
Total	72,300,383	72,300,383	18,853,246	7,622,387	45,816,495	8,255	-	-

42.4 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.

42.4.1 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	2026 Rs. '000	2025 Rs. '000
Seylan Bank PLC	A+	Fitch	**26,058**	224,082
National Development Bank PLC	A	Fitch	**11**	18
Nations Trust Bank PLC	A	Fitch	**6**	25
Bank of Ceylon	AA-	Fitch	**328**	463
Commercial Bank of Ceylon PLC	AA-	Fitch	**29**	34
Hatton National Bank PLC	AA-	Fitch	**3,048**	2,654
Total Exposure to credit Risk			**29,480**	**227,276**
Central Bank of Sri Lanka			**6,162**	8,753
Cash in hand			**75**	75
Cash and Cash Equivalents			**35,717**	**236,104**

Credit Quality by Class of Financial Assets

As at 31 March 2026	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
Assets				
Financial assets - at amortised cost	**6,159,730**	-	-	**6,159,730**
Total	**6,159,730**	-	-	**6,159,730**
As at 31 March 2025				
Assets				
Financial assets - at amortised cost	3,304,664	-	-	3,304,664
Total	3,304,664	-	-	3,304,664

Notes to the Financial Statements

42 FINANCIAL RISK MANAGEMENT (CONTD.)

42.4 Credit Risk (Contd.)

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 2026	Cash at banks	Derivative financial instruments	Financial assets recognised through profit or loss - measured at fair value	Financial assets - at amortised cost	Receivable from related companies
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sector wise breakdown					
Government	6,490	896	47,438,317	-	-
Corporate	29,152	3,224	-	4,524,942	4,098
Others	75	6,320	-	1,634,788	-
Total	35,717	10,440	47,438,317	6,159,730	4,098
As at 31 March 2025					
Sector wise breakdown					
Government	9,216	-	78,107,519	-	-
Corporate	226,813	2,820	-	963,828	28,040
Others	75	-	-	2,340,836	-
Total	236,104	2,820	78,107,519	3,304,664	28,040

42.5 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.

43 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 party 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.

43.1 Fair Value Versus the Carrying Amount

The following tables compare the fair values of the financial instruments with their carrying values.

As at 31 March	2026		2025	
	Carrying Amount Rs.'000	Fair Value Rs.'000	Carrying Amount Rs.'000	Fair Value Rs.'000
Financial assets measured at fair value				
Derivative financial assets	**10,440**	**10,440**	2,820	2,820
Financial assets recognised through profit or loss - measured at fair value	**47,438,317**	**47,438,317**	78,107,519	78,107,519
	47,448,757	**47,448,757**	78,110,339	78,110,339
Financial assets not measured at fair value				
Cash at banks and in hand	**35,717**	**35,717**	236,104	236,104
Financial assets - at amortised cost	**6,159,730**	**6,159,730**	3,304,664	3,304,664
Amounts due from related companies	**4,098**	**4,098**	28,040	28,040
	6,199,545	**6,199,545**	3,568,808	3,568,808
Total financial assets	**53,648,302**	**53,648,302**	81,679,147	81,679,147
Financial liabilities measured at fair value				
Derivative financial liabilities	**1,818**	**1,818**	768	768
	1,818	**1,818**	768	768
Financial liabilities not measured at fair value				
Securities sold under re-purchase agreements	**43,213,054**	**43,188,068**	71,475,370	71,674,868
Amount due to related companies	**16,269**	**16,269**	18,216	18,216
Short term Borrowings	**-**	**-**	806,029	806,029
Borrowing on listed debentures	**3,279,692**	**3,388,376**	-	-
	46,509,015	**46,592,713**	72,299,615	72,499,113
Total financial liabilities	**46,510,833**	**46,594,531**	72,300,383	72,499,881

Notes to the Financial Statements

43 FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (CONTD.)

43.2 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 2026	Total Carrying Value Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Fair Value Rs. '000
Financial assets measured at fair value					
Derivative financial assets					
Forward purchase contracts	2,302	2,302	-	-	2,302
Forward sale contracts	8,138	8,138	-	-	8,138
	10,440	10,440	-	-	10,440
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value					
Investment in government securities	47,438,317	47,438,317	-	-	47,438,317
	47,438,317	47,438,317	-	-	47,438,317
Financial Assets Recognised Through Other Comprehensive Income	-	-	-	-	-
	47,448,757	47,448,757	-	-	47,448,757
Financial Assets not Measured at Fair Value					
Cash at banks and in hand	35,717	-	-	35,717	35,717
Financial assets - at amortised cost	6,159,730	-	-	6,159,730	6,159,730
Amounts due from related companies	4.098	-	-	4,098	4,098
	6,199,545	-	-	6,199,545	6,199,545
Total financial assets	53,648,302	47,448,757	-	6,199,545	53,648,302
Financial liabilities measured at fair value					
Derivative financial liabilities					
Forward sale contracts	1,818	1,818	-	-	1,818
	1,818	1,818	-	-	1,818
Financial Liabilities not Measured at Fair Value					
Securities sold under re-purchase agreements	43,213,054	-	-	43,188,068	43,188,068
Amount due to related companies	16,269	-	-	16,269	16,269
Borrowing on listed debentures	3,279,692	-	3,388,376	-	3,388,376
	46,509,015	-	3,388,376	43,204,337	46,592,713
Total financial liabilities	46,510,833	1,818	3,388,376	43,204,337	46,594,531

During the year ended 31 March 2026, there were no transfers between levels of the 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
Financial assets measured at fair value					
Derivative financial assets					
Forward purchase contracts	2,814	2,814	-	-	2,814
Forward sale contracts	6	6	-	-	6
	2,820	2,820	-	-	2,820
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value					
Investment in government securities	78,107,519	78,107,519	-	-	78,107,519
	78,107,519	78,107,519	-	-	78,107,519
Financial Assets Recognised Through Other Comprehensive Income	-	-	-	-	-
	78,110,339	78,110,339	-	-	78,110,339
Financial assets not measured at fair value					
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
Total financial assets	81,679,147	78,110,339	-	3,568,808	81,679,147
Financial liabilities measured at fair value					
Derivative Financial Liabilities					
Forward purchase contracts	768	768	-	-	768
Financial liabilities not measured at fair value					
Securities sold under re-purchase agreements	71,475,370	-	-	71,674,868	71,674,868
Amount due to related companies	18,216	-	-	18,216	18,216
	71,493,586	-	-	71,693,084	71,693,084
Total financial liabilities	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

44 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 2026	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
Financial assets measured at fair value					
Derivative financial assets	10,440	-	-	10,440	10,440
Financial assets - FVTPL	47,438,317	-	-	47,438,317	47,438,317
	47,448,757	-	-	47,448,757	47,448,757
Financial Assets not Measured at Fair Value					
Cash at banks and in hand	-	35,717	-	35,717	35,717
Financial assets at amortised cost	-	6,159,730	-	6,159,730	6,159,730
Amounts due from related companies	-	4,098	-	4,098	4,098
	-	6,199,545	-	6,199,545	6,199,545
Total financial assets	47,448,757	6,199,545	-	53,648,302	53,648,302
Financial liabilities measured at fair value					
Derivative financial liabilities	1,818	-	-	1,818	1,818
	1,818	-	-	1,818	1,818
Financial liabilities not measured at fair value					
Securities sold under re-purchase agreements	-	43,213,054	-	43,213,054	43,188,068
Amounts due to related companies	-	16,269	-	16,269	16,269
Borrowing on listed debentures	-	3,279,692	-	3,279,692	3,388,376
	-	46,509,015	-	46,509,015	46,592,713
Total Financial Liabilities	1,818	46,509,015	-	46,510,833	46,594,531

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
Financial assets measured at fair value					
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
Financial assets not measured at fair value					
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
Total financial assets	78,110,339	3,568,808	-	81,679,147	81,679,147
Financial liabilities measured at fair value					
Derivative financial liabilities	768	-	-	768	768
	768	-	-	768	768
Financial liabilities not measured at fair value					
Securities sold under re-purchase agreements	-	71,475,370	-	71,475,370	71,674,868
Amounts due to related companies	-	18,216	-	18,216	18,216
Short-term borrowings	-	806,029		806,029	806,029
	-	72,299,615	-	72,299,615	72,499,113
Total financial liabilities	768	72,299,615	-	72,300,383	72,499,881

SUPPLEMENTARY INFORMATION

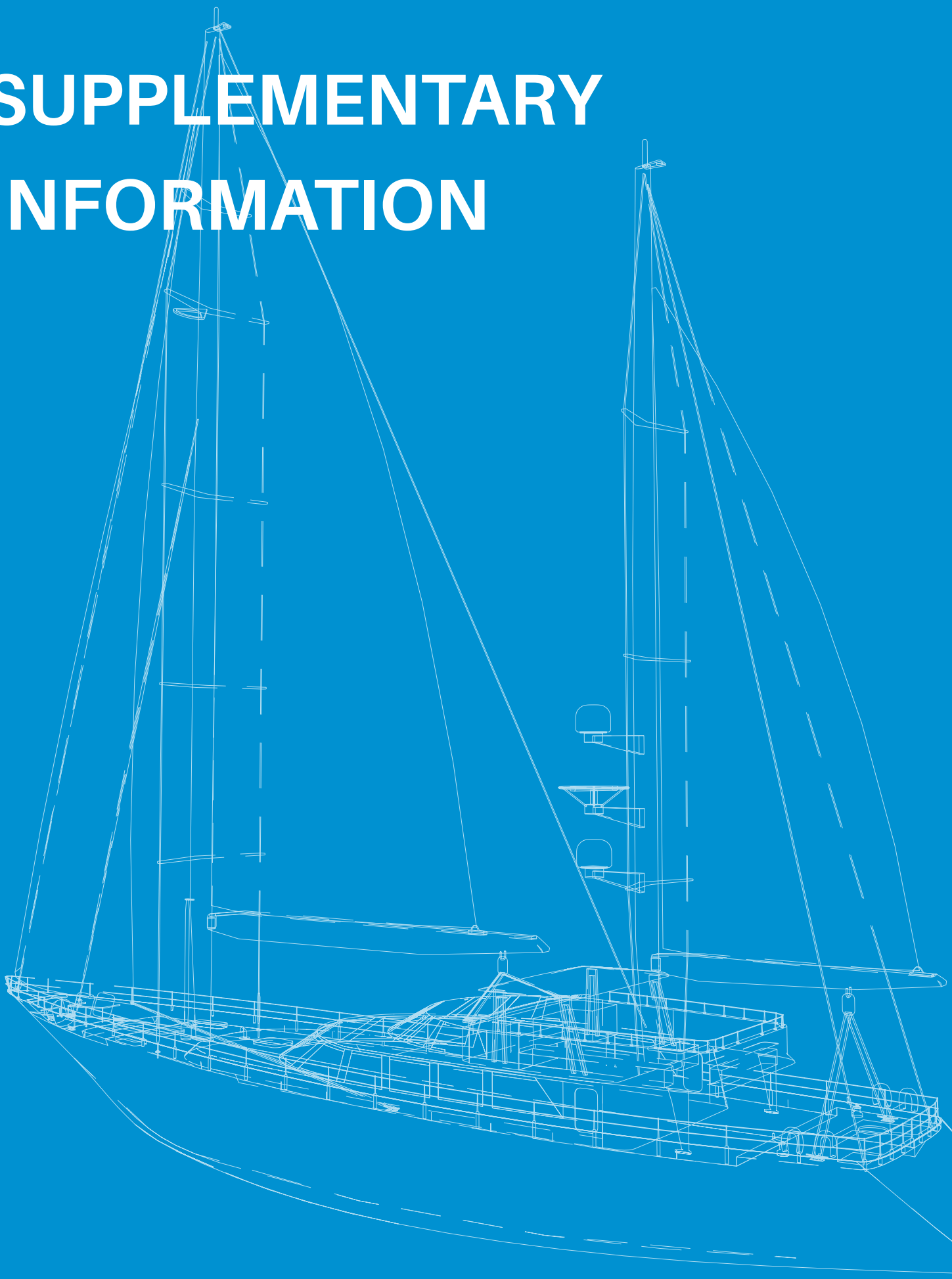


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Investor Information

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

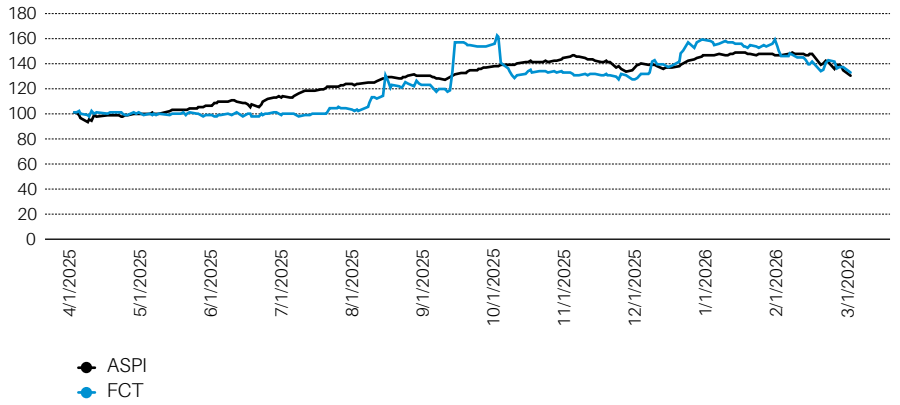
2 CSE PERFORMANCE

2.1 Best Performing Sectors Based on Index Value

SECTOR	INDEX VALUE		CHANGE %
	31/03/2026	31/03/2025	
Commercial & Professional Services	**2,386.10**	1,462.47	63.16%
Real Estate Management & Development	**3,286.41**	1,336.68	145.86%
Health Care Equipment & Services	**1,700.28**	1,151.14	47.70%
Telecommunication Services	**2,490.83**	1,273.33	95.62%
Insurance	**2,572.30**	2,059.76	24.88%

2.2 CSE Vs FCT Index Chart

ASPI Vs FCT indexed to 100



3 ANALYSIS OF EQUITY MARKET PERFORMANCE AND FCT SHARE PERFORMANCE

3.1 Performance of Global Equity Markets

Global equity markets recorded a robust performance during the year under review, notwithstanding episodes of heightened volatility arising from tariff-related tensions and broader geopolitical developments. The S&P 500 advanced by approximately 26%, supported by resilient corporate earnings growth, particularly within the technology sector, alongside continued momentum in artificial intelligence–related investments. In Europe, the Euro Stoxx 50 gained 13%, underpinned by strength in key sectors and relative currency stability. Across Asia, Japan's Nikkei 225 outperformed significantly, rising by 58%, driven by ongoing corporate governance reforms, improved shareholder returns, and strong demand linked to AI-led growth themes. Meanwhile, Hong Kong's Hang Seng Index posted a 10% increase, supported by policy easing measures and renewed investor interest in technology-oriented sectors.

3.2 Performance of the Colombo Stock Exchange

The Colombo Stock Exchange recorded a strong upward trajectory during the early part of the year, achieving multiple record highs before moderating towards the latter part of the period amid rising geopolitical tensions in the Middle East and concerns over global crude oil price volatility. The All Share Price Index (ASPI) rose by 32%, reaching an all-time high of 23,992 points in January 2026, while the S&P SL20 Index gained 24%, peaking at 6,750 points in February 2026. Market performance was primarily driven by a broad-based recovery in corporate earnings, supported by a stable interest rate environment and easing inflationary pressures. Improved external sector stability, the relaxation of vehicle import restrictions, and a recovery in private sector credit growth further supported business activity, enhanced margins, and strengthened overall investor sentiment.

3.3 Performance of the FCT Share

In line with the broader market, First Capital Treasuries' share delivered a strong performance for most of the year ended 31 March 2026, reaching a high of Rs. 39.00 in October 2025 and a low of Rs. 23.00 in June 2025. Following the policy rate reduction in May 2025, yields on government securities declined sharply, generating significant trading gains during Q1 FY2025/26. However, subsequent moderation and a gradual uptick in yields constrained trading opportunities in the following quarters, leading to a more subdued performance thereafter.

Modes of Engagement with Investors



4 DISTRIBUTION OF SHAREHOLDING

No. of Shares held	31 March 2026				31 March 2025			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
1-1,000	**3,066**	**55.30**	**910,551**	**0.15**	1,772	45.56	601,462	0.10
1,001 - 10,000	**1,822**	**32.86**	**6,945,846**	**1.13**	1,468	37.75	6,262,439	1.02
10,001 - 100,000	**595**	**10.73**	**15,905,397**	**2.58**	584	15.02	16,686,907	2.71
100,001 - 1,000,000	**59**	**1.06**	**14,812,092**	**2.41**	62	1.59	14,580,246	2.37
Over 1,000,000	**3**	**0.05**	**577,026,114**	**93.73**	3	0.08	577,468,946	93.80
Total	**5,545**	**100.00**	**615,600,000**	**100.00**	3,889	100.00	615,600,000	100.00

Investor Information

5 ANALYSIS OF SHAREHOLDING

Category of Shareholders	31 March 2026				31 March 2025			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
Individuals	5,413	97.62	34,981,638	5.68	3,732	95.96	33,732,055	5.48
Institutions	132	2.38	580,618,362	94.32	157	4.04	581,867,945	94.52
Total	5,545	100.00	615,600,000	100.00	3,889	100.00	615,600,000	100.00
Resident	5,529	99.71	615,146,136	99.93	3,882	99.82	615,303,758	99.95
Non-Resident	16	0.29	453,864	0.07	7	0.18	296,242	0.05
Total	5,545	100.00	615,600,000	100.00	3,889	100.00	615,600,000	100.00

6 PUBLIC SHARE HOLDING

	31 March 2026	31 March 2025
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 (Rs.)	2,011,035,182	1,506,638,736

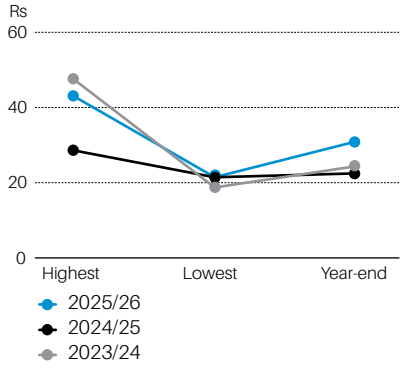
Number of public shareholders as at 31 March 2026 is 5,544.

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.

7 SHARE PRICE MOVEMENT FOR THE LAST THREE YEARS

	2025/26 Rs.	2024/25 Rs.	2023/24 Rs.
Highest	42.50	28.10	47.50
Lowest	22.40	22.00	19.00
Year-end	30.70	23.00	24.70

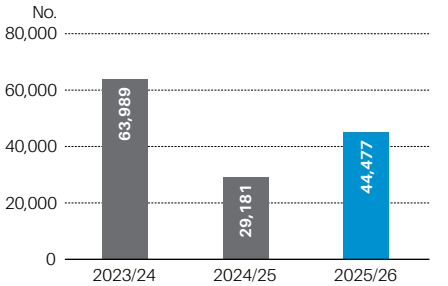
Share Price Movement



8 SHARE TRADING DETAILS & MARKET CAPITALISATION

	2025/26	2024/25	2023/24
Number of transactions	44,477	29,181	63,989
Number of shares traded	60,155,044	41,310,424	157,255,641
Value of shares traded (Rs.)	1,939,963,142	1,044,013,413	5,462,397,347
Market capitalisation (Rs.)	18,898,920,000	14,158,800,000	15,205,320,000

Number of transactions



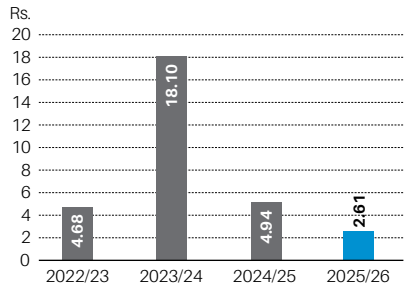
9 INFORMATION OF SHAREHOLDERS FUNDS AND FCT MARKET CAPITALISATION

	First Capital' s Market Capitalisation (Rs.'000)	Shareholder's Funds (Rs.'000)
2026	**18,898,920**	**7,649,357**
2025	14,158,800	9,121,328
2024	15,205,320	7,679,368

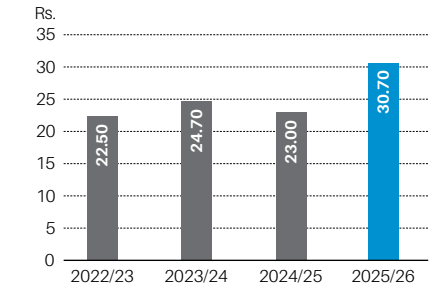
10 KEY SHAREHOLDERS RETURN INDICATORS

As at 31 March	2026	2025	2024	2023
Earnings Per Share (Rs.)	**2.61**	4.94	18.10	4.68
Market Price Per Share (Rs.)	**30.70**	23.00	24.70	22.50
Net Assets Per Share (Rs.)	**12.43**	14.82	12.47	8.88
Return on Equity	**19.16%**	36.22%	169.56%	61.82%
Total Shareholder's Funds (Rs.'000)	**7,649,357**	9,121,328	7,679,368	5,464,013

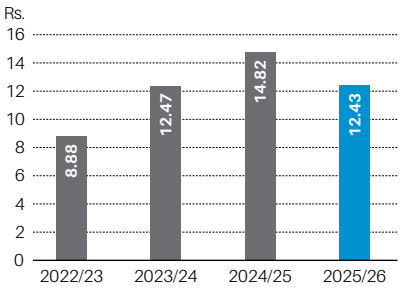
Earnings Per Share



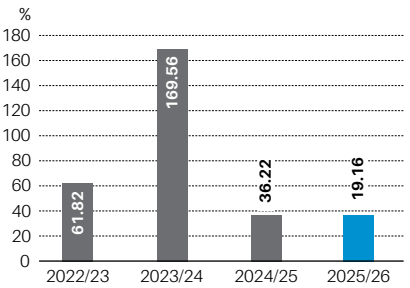
Market Price Per Share



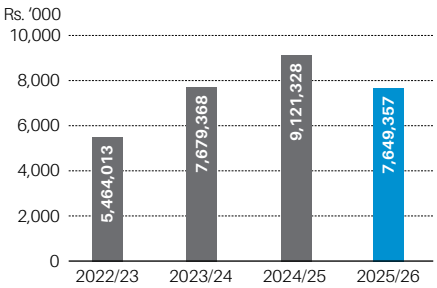
Net Assets Per Share



Return on Equity



Total Shareholder's Funds



Investor Information

11 DIRECTORS SHAREHOLDING INCLUDING CEO

	No. of Shares 31.03.2026
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
Ms. Cilani Wijesinghe	Nil
Mr. Channa de Silva	Nil

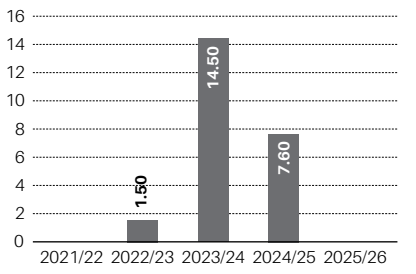
	No. of Shares 31.03.2025
Ms. Manjula Mathews	Nil
Mr. Dilshan Wirasekara	Nil
Ms. Minette Perera	Nil
Dr. Nishan de Mel	Nil
Mr. Ramesh Schaffter	Nil
Mr. Sachith Perera	Nil
Mr. Chandana de Silva*	N/A
Ms. Cilani Wijesinghe	Nil
Mr. Channa de Silva	Nil

* Resigned with effect from 28 June 2024.

12 DIVIDENDS INFORMATION

Dividends	2025/26	2024/25	2023/24	2022/23	2021/22
Cash - Rs. per share					
1st Interim	-	2.60	10.00	1.50	-
2nd Interim	-	-	4.50	-	-
Final	-	5.00	-	-	-
Total	-	7.60	14.50	1.50	-
Gross dividend paid (Rs. Mn.)					
1st Interim	-	1,600.56	6,156.00	923.40	-
2nd Interim	-	-	2,770.20	-	-
Final	-	3,078.00	-	-	-
Total	-	4,678.56	8,926.20	923.40	-
Dividend payout ratio (%)	-	153.85	80.11	32.05	-

Dividend Per Share (Rs)



13 TOP TWENTY SHAREHOLDERS

No.		No. of Shares as at 31 March 2026	Holding (%)
1	First Capital Limited	550,093,968	89.36
2	Employees Trust Fund Board	25,828,355	4.20
3	People's Leasing & Finance PLC / Mr. W. H. N. Fernando	1,103,791	0.18
4	Mr. G. M. Weerakoon	865,082	0.14
5	Mr. R. V. D. Piyathilake	556,164	0.09
6	Mr. A. N. Handunpathirana	554,830	0.09
7	Mr. E. N. Weerakoon	524,565	0.09
8	Ms. D. R. Edussuriya	500,000	0.08
9	Mr. S. T. Herat	491,858	0.08
10	Mr. W. A. S. Chathumadhura	450,915	0.07
11	People's Leasing & Finance PLC / Mr. K. J. Gamage	421,765	0.07
12	Mr. G. H. S. Kumara	404,109	0.07
13	Dialog Finance PLC / Mr. Jayanetti Koralage Dilrukshi Jayatillake & Mr. Anura Jayatillake	393,394	0.06
14	Mr. N. A. Withana	380,542	0.06
15	Mr. P. Somadasa	345,398	0.06
16	Mr. G. P. J. H. Gunaratna	341,993	0.06
17	Mr. R. R. Rasanthiraparithas	301,535	0.05
18	Mr. C. J. D. S. Peduruhewa	300,000	0.05
18	Mr. C. D. S. Rathnayake	300,000	0.05
18	Mrs. J. K. P. Singh	300,000	0.05
		584,458,264	94.96

No.		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	Ms. 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**

Information on Listed Debentures

1 INFORMATION ON LISTED DEBENTURES

1.1 First Capital Treasuries PLC

Date of Allotment	Type	Frequency on interest payment	No. of Debentures issued and allotted*	Face Value Rs. '000	Rate of Interest	Tenure	Date of Maturity
25 April 2025	Type A (Fixed Rate)	Annually	24,503,100	2,450,310	12% (AER - 12.00%)	5 years	24 April 2030
25 April 2025	Type B (Fixed Rate)	Semi annually	5,456,700	545,670	11.66% (AER - 12.00%)	5 years	24 April 2030
25 April 2025	Type C (Floating Rate)	Annually	40,200	4,020	364 Days Treasury Bill + 2.25%	5 years	24 April 2030
Total			30,000,000	3,000,000			

* Listed, Rated, Subordinated, Unsecured, Redeemable Debentures.

2 OBJECTIVES OF THE DEBENTURE ISSUE

2.1 Objectives of the Listed Debentures Issue of First Capital Treasuries PLC

- To improve the Tier II capital (Up to a maximum of Rs. 3.0Bn)
- Invest in Government Securities (Up to a maximum of Rs. 3.0Bn)

Status of achievement of the objectives related to the Company's Listed Debenture Issue to raise Rs. 3.0Bn is presented below.

Objectives as per Prospects	Amount allocated as per Prospectus Rs.	Proposed date of utilisation as per prospectus	Amount allocated from proceeds in Rs. (A)	% of Total proceeds	Amount Utilised in Rs. (B)	% of Utilisation against allocation (B / A)	Clarification if not fully utilised including where the funds are invested
1. To improve the Tier II capital	Should be merged with second line	Upon the allotment of Debentures	3.0Bn	100%	3.0Bn	100%	Not Applicable
2. Invest in Government Securities		Within a period of 3 months from the date of allotment					

3 MARKET VALUE

3.1 First Capital Treasuries PLC

Debentures with 5 year maturity have not been traded during the year ended 31 March 2026. Hence, par value is recognised as its market value. Hence, yield to maturity on trade done is also not applicable.

Type A - 5 year - Fixed rate (12.00 % p.a. payable annually)	2025/26	2024/25
Highest market price recorded	N/A	N/A
Lowest market price recorded	N/A	N/A
Last traded price recorded	N/A	N/A
Closing market price recorded	N/A	N/A

Type B - 5 year - Fixed rate (11.66 % p.a. payable semi annually)	2025/26	2024/25
Highest market price recorded	N/A	N/A
Lowest market price recorded	N/A	N/A
Last traded price recorded	N/A	N/A
Closing market price recorded	N/A	N/A

Type C - 5 year - Floating rate (364 Days treasury bill + 2.25% p.a. payable and repriced annually)	2025/26	2024/25
Highest market price recorded	N/A	N/A
Lowest market price recorded	N/A	N/A
Last traded price recorded	N/A	N/A
Closing market price recorded	N/A	N/A

Debenture Interest Yield (last traded)	2025/26	2024/25
Type A - 5 year - Fixed rate (12.00 % p.a. payable annually)	N/A	N/A
Type B - 5 year - Fixed rate (11.66 % p.a. payable semi annually)	N/A	N/A
Type C - 5 year - Floating rate (364 Days treasury bill + 2.25% p.a. payable and repriced annually)	N/A	N/A

Yield of comparable Government securities (%)	As at 31.03.2026	As at 31.03.2025
5-year Treasury bond (maturity - 15 May 2030)	9.78%	N/A

4 DEBT RELATED RATIOS

	As at 31-03-2026	As at 31-03-2025
Debt/equity ratio (times)	6.08	7.92
Quick asset ratio (times)	1.24	1.12
Interest cover (times)	1.40	1.74

Note : The debentures amounting to Rs. 3.0 Bn were allotted on 25 April 2025; accordingly, comparative information is not applicable.

5 CREDIT RATING DESCRIPTION

Lanka Rating Agency Limited ("the Rating Agency") has reaffirmed an Entity rating of "A+" (pronounced "Stable Outlook") to First Capital Treasuries PLC (the Company) and an Issue rating of "A" (pronounced "Stable Outlook") to the Company's Debentures.

Quarterly Results

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2025/26				2024/25			
For the Period	**Quarter 1 30.06.2025**	**Quarter 2 30.09.2025**	**Quarter 3 31.12.2025**	**Quarter 4 31.03.2026**	**Quarter 1 30.06.2024**	**Quarter 2 30.09.2024**	**Quarter 3 31.12.2024**	**Quarter 4 31.03.2025**
Income	**3,519,404**	**2,704,266**	**2,953,467**	**1,540,139**	3,090,673	2,061,383	3,436,976	2,303,010
Direct income	**3,513,012**	**2,697,563**	**2,946,835**	**1,533,313**	3,083,649	2,055,735	3,431,328	2,267,091
Direct expenses	**(1,725,753)**	**(1,729,910)**	**(1,592,704)**	**(1,031,593)**	(1,534,572)	(1,584,068)	(1,658,991)	(1,388,354)
Net trading income	**1,787,259**	**967,653**	**1,354,131**	**501,720**	1,549,077	471,667	1,772,337	878,737
Other income/ (expense)	**6,392**	**6,703**	**6,632**	**6,826**	7,024	5,648	5,648	35,919
Gain/ (loss) on fair valuation of financial assets recognised through profit or loss - measured at fair value	**744,617**	**(755,281)**	**(1,097,805)**	**(415,679)**	(727,632)	(113,182)	1,443,145	24,588
	2,538,268	**219,075**	**262,958**	**92,867**	828,469	364,133	3,221,130	939,244
Operating expenses								
Administrative expenses	**(192,407)**	**(120,002)**	**(136,739)**	**(82,972)**	(117,243)	(120,217)	(303,350)	(1,653)
Sales and distribution expenses	**(5,300)**	**(4,994)**	**(9,892)**	**(9,116)**	(938)	(1,098)	2,036	(7,917)
Other operating expenses	**(87,466)**	**(50,521)**	**(16,665)**	**(27,131)**	(37,426)	(54,826)	(177,667)	(60,611)
	(285,173)	**(175,517)**	**(163,296)**	**(119,219)**	(155,607)	(176,141)	(478,981)	(70,181)
Profit before tax	**2,253,095**	**43,558**	**99,662**	**(26,352)**	672,862	187,992	2,742,149	869,062
Income tax expense	**(699,708)**	**(25,069)**	**(36,361)**	**(2,413)**	(208,793)	(74,048)	(866,965)	(279,830)
Profit/(loss) for the period	**1,553,387**	**18,489**	**63,301**	**(28,765)**	464,069	113,944	1,875,184	589,232
Other comprehensive income								
Items that will never be reclassified to profit or loss	-	-	-	-	-	-	-	-
Actuarial gain/ (loss) on retirement benefit obligation	-	-	-	**(547)**	-	-	-	129
Tax effect on other comprehensive income	-	-	-	**164**	-	-	-	(39)
Items that are or may be reclassified to profit or loss	-	-	-	-	-	-	-	-
Other comprehensive income/ (loss) for the period	-	-	-	**(383)**	-	-	-	90
Total comprehensive income/ (loss) for the period	**1,553,387**	**18,489**	**63,301**	**(29,148)**	464,069	113,944	1,875,184	589,322
Earnings per share (Rs.)	**2.52**	**0.03**	**0.10**	**(0.05)**	0.75	0.19	3.05	0.96

STATEMENT OF FINANCIAL POSITION

As at	2025/26				2024/25			
	Quarter 1 30.06.2025	Quarter2 30.09.2025	Quarter 3 31.12.2025	Quarter 4 31.03.2026	Quarter 1 30.06.2024	Quarter2 30.09.2024	Quarter 3 31.12.2024	Quarter 4 31.03.2025
Assets								
Cash at banks and in hand	**49,931**	**22,727**	**25,652**	**35,717**	47,130	19,674	18,147	236,104
Derivative financial instruments	**66,231**	**19,997**	**11,534**	**10,440**	122,067	84,659	4,750	2,820
Financial assets recognised through profit or loss - measured at fair value	**83,823,288**	**85,549,777**	**54,116,460**	**47,438,317**	65,159,604	73,011,876	66,188,841	78,107,519
Financial assets at amortised cost	**7,451,359**	**12,813,485**	**10,989,443**	**6,159,730**	12,940,939	14,690,590	7,453,900	3,304,664
Amounts due from related companies	**4,853**	**4,475**	**5,343**	**4,098**	6,995	32,582	6,304	28,040
Taxes receivable	**-**	**-**	**-**	**-**	-	-	257,442	-
Deferred tax asset	**104,536**	**107,829**	**108,141**	**44,814**	-	-	-	186,812
Other assets	**575,755**	**568,790**	**565,300**	**575,763**	433,738	452,601	463,644	669,410
Property, plant and equipment and right of use assets	**582,823**	**561,519**	**539,214**	**517,800**	314,505	325,648	319,842	604,149
Right of use assets	**472**	**236**	**-**	**1,545**	1,418	1,181	945	709
Intangible assets	**4,276**	**4,246**	**5,875**	**5,913**	742	677	1,984	4,534
Total Assets	**92,663,524**	**99,653,081**	**66,366,962**	**54,794,137**	79,027,138	88,619,488	74,715,799	83,144,761
Liabilities								
Bank overdrafts	**-**	**8**	**-**	**-**	-	-	-	-
Derivative financial instruments	**48,742**	**4,304**	**2,523**	**1,818**	25,167	40,011	155,375	768
Securities sold under re-purchase agreements	**77,317,317**	**84,848,539**	**54,607,394**	**43,213,054**	67,963,943	77,576,468	62,219,772	71,475,370
Short term borrowings	**-**	**-**	**-**	**-**	-	1,505,153	-	806,029
Trade and other payables	**638,473**	**523,575**	**537,591**	**514,460**	385,694	145,017	308,809	919,325
Amounts due to related companies	**22,800**	**11,744**	**21,685**	**16,269**	12,209	17,664	13,396	18,216
Taxes payable	**908,509**	**427,288**	**313,322**	**101,604**	1,682,404	285,046	1,081,101	789,983
Deferred tax liability	**-**	**-**	**-**	**-**	13,723	14,063	-	-
Retirement benefit obligations	**14,826**	**16,588**	**18,278**	**17,883**	12,097	13,451	14,813	13,742
Borrowings on listed debentures	**3,038,142**	**3,127,831**	**3,187,664**	**3,279,692**	788,464	765,234	789,968	-
Total Liabilities	**81,988,809**	**88,959,877**	**58,688,457**	**47,144,780**	70,883,701	80,362,107	64,583,234	74,023,433
Equity								
Stated capital	**256,500**	**256,500**	**256,500**	**256,500**	256,500	256,500	256,500	256,500
Risk reserve	**3,249,328**	**3,251,177**	**3,257,506**	**3,254,630**	2,836,153	2,847,547	3,035,066	3,093,989
Retained earnings	**7,170,887**	**7,187,527**	**4,166,499**	**4,140,227**	5,052,784	5,155,334	6,842,999	5,772,839
Fair valuation reserve	**(2,000)**	**(2,000)**	**(2,000)**	**(2,000)**	(2,000)	(2,000)	(2,000)	(2,000)
Total Equity	**10,674,715**	**10,693,204**	**7,678,505**	**7,649,357**	8,143,437	8,257,381	10,132,565	9,121,328
Total Equity and Liabilities	**92,663,524**	**99,653,081**	**66,366,962**	**54,794,137**	79,027,138	88,619,488	74,715,799	83,144,761

Ten Year Summary

For the year ended 31 March	2026 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trading Results			
Gross income	**10,690,723**	10,837,803	26,598,738
Profit/ (loss) before tax	**2,369,963**	4,472,066	16,038,040
Tax (charge)/ reversal	**(763,551)**	(1,429,636)	(4,894,912)
Profit/ (loss) after tax	**1,606,412**	3,042,430	11,143,128
Other comprehensive income/ (loss)	**(383)**	90	(1,573)
Total comprehensive income/ (loss) for the year	**1,606,029**	3,042,520	11,141,555

As at 31 March	2026 Rs. '000	2025 Rs. '000	2024 Rs. '000
Financial Position			
Assets			
Cash at banks and in hand	**35,717**	236,104	29,161
Derivative financial instruments	**10,440**	2,820	51,933
Financial assets recognised through profit or loss - measured at fair value	**47,438,317**	78,107,519	56,684,886
Financial assets - fair value through other comprehensive income	**-**	-	-
Financial assets - at amortised cost	**6,159,730**	3,304,664	4,539,304
Deferred tax asset	**44,814**	186,812	-
Property, plant and equipment and right of use assets	**519,345**	604,858	321,891
Other assets	**585,774**	701,984	2,928,768
Total assets	**54,794,137**	83,144,761	64,555,943
Liabilities			
Bank overdrafts	**-**	-	-
Derivative financial instruments	**1,818**	768	71,742
Securities sold under re-purchase agreements	**43,213,054**	71,475,370	48,482,468
Short-term borrowings	**-**	806,029	-
Tax payables	**101,604**	789,983	2,971,647
Retirement benefit obligations	**17,883**	13,742	10,735
Borrowings on listed debentures	**3,279,692**	-	764,042
Other liabilities	**530,729**	937,541	4,575,941
Total liabilities	**47,144,780**	74,023,433	56,876,575
Equity			
Stated capital	**256,500**	256,500	256,500
Risk reserve	**3,254,630**	3,093,989	2,789,746
Retained earnings	**4,140,227**	5,772,839	4,635,122
Fair valuation reserve	**(2,000)**	(2,000)	(2,000)
Total equity	**7,649,357**	9,121,328	7,679,368
Total equity and liabilities	**54,794,137**	83,144,761	64,555,943
Other Financial Information			
Earnings/ (loss) per share⁎ - (Rs.)	**2.61**	4.94	18.10
Dividend per share⁎- (Rs.)	**-**	2.60	14.50
Dividend payout (%)	**-**	52.61	80.11
Leverage (times)	**6.08**	7.92	6.41
Net assets per share⁎ - (Rs.)	**12.43**	14.82	12.47

⁎ The effect of the sub-division of shares has been adjusted retrospectively.

Financial Instruments as at 31 March 2026, 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 and 31 March 2017 have been presented in accordance with LKAS 39.

	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000
	9,969,951	622,824	4,294,461	3,708,401	2,671,869	2,510,251	2,536,109
	3,752,909	(889,699)	2,397,342	1,751,660	137,428	823,406	343,765
	(866,513)	237,254	(560,061)	(544,083)	(41,621)	847,465	-
	2,886,396	(652,445)	1,837,281	1,207,577	95,807	1,670,871	343,765
	(2,429)	7,782	(2,246)	(1,244)	(2,204)	(438)	4,410
	2,883,967	(644,663)	1,835,035	1,206,333	93,603	1,670,433	348,175

	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000
	24,023	348,585	146,614	8,361	2,144	3,077	13,731
	51,194	5,190	2,315	2,734	3,454	47,868	24,075
	50,753,172	24,509,930	23,085,413	36,212,069	29,533,427	23,376,073	15,384,251
	-	-	-	-	-	1,000	1,000
	1,131,851	3,109,800	2,158,045	793,503	1,863,996	968,887	6,369,562
	4,964	94,318	4,731	262,493	806,482	847,635	-
	16,112	7,782	9,849	7,195	1,255	1,393	2,581
	342,592	340,978	317,490	96,246	112,189	256,751	144,336
	52,323,908	28,416,583	25,724,457	37,382,601	32,322,947	25,502,684	21,939,536
	-	-	-	-	6,660	2,759	-
	153,586	2,622	824	3,118	2,878	21,659	2,240
	43,830,826	23,397,838	19,330,472	32,182,773	27,482,737	21,691,825	19,677,003
	-	-	-	-	991,384	-	-
	629,708	-	740,959	439,878	-	-	-
	18,718	11,561	19,843	14,331	11,446	10,974	8,600
	762,076	760,577	759,255	758,342	511,111	510,689	510,304
	1,464,981	370,425	354,881	246,756	91,848	133,498	80,472
	46,859,895	24,543,023	21,206,234	33,645,198	29,098,064	22,371,404	20,278,619
	256,500	256,500	256,500	256,500	256,500	256,500	256,500
	1,675,433	1,386,793	1,386,793	1,203,065	1,082,307	1,072,726	905,639
	3,534,080	2,232,267	2,876,930	2,279,838	1,887,076	1,802,054	498,778
	(2,000)	(2,000)	(2,000)	(2,000)	(1,000)	-	-
	5,464,013	3,873,560	4,518,223	3,737,403	3,224,883	3,131,280	1,660,917
	52,323,908	28,416,583	25,724,457	37,382,601	32,322,947	25,502,684	21,939,536
	4.68	(1.06)	2.98	1.96	0.16	2.71	0.56
	1.50	-	0.84	1.29	-	0.33	0.20
	32.05	-	28.19	65.63	-	11.97	36.26
	8.16	6.24	4.45	8.81	8.99	7.09	12.15
	8.88	6.29	7.34	6.07	5.24	5.09	2.70

Horizontal and Vertical Analysis of Statement of Profit or Loss and Other Comprehensive Income Over Five Years

HORIZONTAL ANALYSIS

For the year ended 31 March,	2026 Rs.'000	%	2025 Rs.'000	%	2024 Rs.'000	%	2023 Rs.'000	%	2022 Rs.'000	%
Income	**10,690,723**	(1)	10,837,803	(59)	26,598,738	167	9,969,951	1,501	622,824	(85)
Direct expenses	**(6,079,960)**	(1)	(6,165,985)	(22)	(7,893,976)	25	(6,305,233)	498	(1,054,939)	(20)
Net trading income/(loss)	**4,610,763**	(1)	4,671,818	(75)	18,704,762	410	3,664,718	(948)	(432,115)	(115)
Other income	**26,553**	(51)	54,239	520	8,752	68	5,202	(91)	55,002	(73)
Net gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	**(1,524,148)**	(343)	626,919	304	(307,629)	(129)	1,077,830	1,560	(73,849)	81
	3,113,168	(42)	5,352,976	(71)	18,405,885	288	4,747,750	1,153	(450,962)	(116)
Operating expenses										
Personnel expenses	**(283,921)**	(4)	(297,294)	(82)	(1,641,574)	270	(443,479)	300	(110,893)	(66)
Premises, equipment and establishment expenses	**(82,245)**	(3)	(84,584)	54	(54,911)	288	(14,158)	(54)	(30,601)	(9)
Other operating expenses	**(377,039)**	(24)	(499,032)	(26)	(671,360)	25	(537,204)	(81)	(297,243)	693
	(743,205)	(16)	(880,910)	63	(2,367,845)	(138)	(994,841)	(127)	(438,737)	11
Profit/(loss) before tax	**2,369,963**	(47)	4,472,066	(72)	16,038,040	327	3,752,909	(522)	(889,699)	(137)
Taxation	**(763,551)**	(47)	(1,429,636)	(71)	(4,894,912)	465	(866,513)	(465)	237,254	(142)
Profit/ (loss) for the year	**1,606,412**	(47)	3,042,430	(73)	11,143,128	286	2,886,396	542	(652,445)	(136)
Other comprehensive income										
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	**(547)**	(524)	129	(106)	(2,247)	(35)	(3,470)	(138)	9,049	406
Tax effect on other comprehensive income	**164**	521	(39)	(106)	674	(35)	1,041	(182)	(1,267)	(279)
Item that are or may be reclassified to profit or loss	**-**	-	-	-	-	-	-	-	-	-
Other comprehensive income/ (loss)	**(383)**	(525)	90	106	(1,573)	35	(2,429)	(131)	7,782	446
Total comprehensive income/(loss) for the year	**1,606,029**	(47)	3,042,520	(73)	11,141,555	286	2,883,967	547	(644,663)	(135)

VERTICAL ANALYSIS

For the year ended 31 March	2026 Rs.'000	%	2025 Rs.'000	%	2024 Rs.'000	%	2023 Rs.'000	%	2022 Rs.'000	%
Income	**10,690,723**	100	10,837,803	100	26,598,738	100	9,969,951	100	622,824	100
Direct expenses	**(6,079,960)**	(57)	(6,165,985)	(57)	(7,893,976)	(30)	(6,305,233)	(63)	(1,054,939)	(169)
Net trading income/(loss)	**4,610,763**	43	4,671,818	43	18,704,762	70	3,664,718	37	(432,115)	(69)
Other income	**26,553**	0	54,239	1	8,752	0	5,202	0	55,002	9
Net gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	**(1,524,148)**	(14)	626,919	6	(307,629)	(1)	1,077,830	11	(73,849)	(12)
	3,113,168	29	5,352,976	49	18,405,885	69	4,747,750	48	(450,962)	(72)
Operating expenses										
Personnel expenses	**(283,921)**	(3)	(297,294)	(3)	(1,641,574)	(6)	(443,479)	(4)	(110,893)	(18)
Premises, equipment and establishment expenses	**(82,245)**	(1)	(84,584)	(1)	(54,911)	0	(14,158)	(0)	(30,601)	(5)
Other operating expenses	**(377,039)**	(4)	(499,032)	(5)	(671,360)	(3)	(537,204)	(5)	(297,243)	(48)
	(743,205)	(7)	(880,910)	(8)	(2,367,845)	(9)	(994,841)	(10)	(438,737)	(70)
Profit/ (loss) before tax	**2,369,963**	22	4,472,066	41	16,038,040	60	3,752,909	38	(889,699)	(143)
Taxation	**(763,551)**	(7)	(1,429,636)	(13)	(4,894,912)	(18)	(866,513)	(9)	237,254	38
Profit/ (loss) for the year	**1,606,412**	15	3,042,430	28	11,143,128	42	2,886,396	29	(652,445)	(105)
Other comprehensive income										
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	**(547)**	(0)	129	0	(2,247)	(0)	(3,470)	(0)	9,049	1
Tax effect on other comprehensive income	**164**	0	(39)	(0)	674	0	1,041	0	(1,267)	(0)
Item that are or may be reclassified to profit or loss	**-**	-	-	-	-	-	-	-	-	-
Other comprehensive income/ (loss)	**(383)**	(0)	90	0	(1,573)	(0)	(2,429)	(0)	7,782	1
Total comprehensive income/ (loss) for the year	**1,606,029**	15	3,042,520	28	11,141,555	42	2,883,967	29	(644,663)	(104)

Horizontal and Vertical Analysis of Statement of Financial Position Over Five Years

HORIZONTAL ANALYSIS

As at 31 March	2026 Rs.'000	%	2025 Rs.'000	%	2024 Rs.'000	%	2023 Rs.'000	%	2022 Rs.'000	%
ASSETS										
Cash at banks and in hand	**35,717**	(85)	236,104	710	29,161	21	24,023	(93)	348,585	138
Derivative financial instruments	**10,440**	270	2,820	(95)	51,933	1	51,194	886	5,190	124
Financial assets recognised through profit or loss - measured at fair value	**47,438,317**	(39)	78,107,519	38	56,684,886	12	50,753,172	107	24,509,930	11
Financial assets - at amortised cost	**6,159,730**	86	3,304,664	(27)	4,539,304	301	1,131,851	(64)	3,109,800	44
Receivable from related companies	**4,098**	(85)	28,040	435	5,245	40	3,744	82	2,060	1,148
Taxes receivable	**-**	-	-	-	-	-	-	-	-	-
Deferred tax asset	**44,814**	(76)	186,812	100	-	(100)	4,964	(95)	94,318	1,894
Other assets	**575,763**	(14)	669,410	(77)	2,922,901	764	338,354	0	338,345	7
Property, plant and equipments	**517,800**	(14)	604,149	89	320,238	1,965	15,506	233	4,663	(21)
Right of use assets	**1,545**	118	709	(57)	1,653	173	606	(81)	3,119	(22)
Intangible assets	**5,913**	30	4,534	629	622	26	494	(14)	573	(38)
TOTAL ASSETS	**54,794,137**	(34)	83,144,761	29	64,555,943	23	52,323,908	84	28,416,583	10
LIABILITIES										
Derivative financial instruments	**1,818**	137	768	(99)	71,742	(53)	153,586	5,758	2,622	218
Securities sold under re-purchase agreements	**43,213,054**	(40)	71,475,370	47	48,482,468	11	43,830,826	87	23,397,838	21
Short-term borrowings	**-**	(100)	806,029	100	-	-	-	-	-	-
Creditors and other payables	**514,460**	(44)	919,325	(79)	4,279,710	194	1,453,226	299	363,897	8
Amount due to related companies	**16,269**	(11)	18,216	(93)	279,955	2,282	11,755	80	6,528	(65)
Deferred tax liability	**-**	-	-	(100)	16,276	100	-	-	-	-
Taxes payable	**101,604**	(87)	789,983	(73)	2,971,647	372	629,708	100	-	(100)
Borrowing on listed debentures	**3,279,692**	100	-	(100)	764,042	0	762,076	0	760,577	0
Retirement benefit obligations	**17,883**	30	13,742	28	10,735	(43)	18,718	62	11,561	(42)
TOTAL LIABILITIES	**47,144,780**	(36)	74,023,433	30	56,876,575	21	46,859,895	91	24,543,023	16
EQUITY										
Stated capital	**256,500**	-	256,500	-	256,500	-	256,500	-	256,500	-
Risk reserve	**3,254,630**	5	3,093,989	11	2,789,746	67	1,675,433	21	1,386,793	-
Retained earnings	**4,140,227**	(28)	5,772,839	25	4,635,122	31	3,534,080	58	2,232,267	(22)
Fair valuation reserve	**(2,000)**	-	(2,000)	-	(2,000)	-	(2,000)	-	(2,000)	-
TOTAL EQUITY	**7,649,357**	(16)	9,121,328	19	7,679,368	41	5,464,013	41	3,873,560	(14)
TOTAL EQUITY AND LIABILITIES	**54,794,137**	(34)	83,144,761	29	64,555,943	23	52,323,908	84	28,416,583	10

VERTICAL ANALYSIS

As at 31 March	2026 Rs.'000	%	2025 Rs.'000	%	2024 Rs.'000	%	2023 Rs.'000	%	2022 Rs.'000	%
ASSETS										
Cash at banks and in hand	**35,717**	0	236,104	0	29,161	0	24,023	0	348,585	1
Derivative financial instruments	**10,440**	0	2,820	0	51,933	0	51,194	0	5,190	0
Financial assets recognised through profit or loss - measured at fair value	**47,438,317**	87	78,107,519	94	56,684,886	88	50,753,172	97	24,509,930	86
Financial assets - at amortised cost	**6,159,730**	11	3,304,664	4	4,539,304	7	1,131,851	2	3,109,800	6
Receivable from related companies	**4,098**	0	28,040	0	5,245	0	3,744	0	2,060	0
Taxes receivable	**-**	-								
Deferred tax asset	**44,814**	0	186,812	0	-	-	4,964	0	94,318	0
Other assets	**575,763**	1	669,410	1	2,922,901	5	338,354	1	338,345	1
Property, plant and equipment	**517,800**	1	604,149	1	320,238	0	15,506	0	4,663	0
Right of use assets	**1,545**	0	709	0	1,653	0	606	0	3,119	0
Intangible assets	**5,913**	0	4,534	0	622	0	494	0	573	0
TOTAL ASSETS	**54,794,137**	100	83,144,761	100	64,555,943	100	52,323,908	100	28,416,583	100
LIABILITIES										
Derivative financial instruments	**1,818**	0	768	0	71,742	0	153,586	0	2,622	0
Securities sold under re-purchase agreements	**43,213,054**	79	71,475,370	86	48,482,468	75	43,830,826	84	23,397,838	82
Short-term borrowings	**-**	-	806,029	1	-	-	-	-	-	-
Creditors and other payables	**514,460**	1	919,325	1	4,279,710	7	1,453,226	3	363,897	1
Amount due to related companies	**16,269**	0	18,216	0	279,955	0	11,755	0	6,528	0
Deferred tax liability	**-**	-	-	-	16,276	0	-	-	-	-
Taxes payable	**101,604**	0	789,983	1	2,971,647	5	629,708	1	-	-
Borrowing on listed debentures	**3,279,692**	6	-	-	764,042	1	762,076	1	760,577	3
Retirement benefit obligations	**17,883**	0	13,742	0	10,735	0	18,718	0	11,561	0
TOTAL LIABILITIES	**47,144,780**	86	74,023,433	89	56,876,575	88	46,859,895	90	24,543,023	86
EQUITY										
Stated capital	**256,500**	0	256,500	0	256,500	0	256,500	0	256,500	1
Risk reserve	**3,254,630**	6	3,093,989	4	2,789,746	4	1,675,433	3	1,386,793	5
Retained earnings	**4,140,227**	8	5,772,839	7	4,635,122	7	3,534,080	7	2,232,267	8
Fair valuation reserve	**(2,000)**	(0)	(2,000)	(0)	(2,000)	(0)	(2,000)	(0)	(2,000)	(0)
TOTAL EQUITY	**7,649,357**	14	9,121,328	11	7,679,368	12	5,464,013	10	3,873,560	14
TOTAL EQUITY AND LIABILITIES	**54,794,137**	100	83,144,761	100	64,555,943	100	52,323,908	100	28,416,583	100

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
20	Net Interest income (NII) to working capital (%)	Net interest income (NII) / Working capital
21	Profit per employee (Rs.)	Profit after tax / No. of employees
22	Cost of funds (%)	Weighted average cost of all funding sources

Trilingual Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ලාභ හෝ අලාභ සහ වෙනත් විස්තීර්ණ ආදායම් පිළිබඳ ප්‍රකාශය

இலாபம் அல்லது நட்டம் மற்றும் ஏனைய அனைத்துமுள்ளடங்கிய வருமானங்களின் கூற்று

For the year ended 31 March/මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා/ மார்ச் 31 அன்று முடிவடைந்த ஆண்டிற்கானது	2026 Rs.'000	2025 Rs.'000
Income/ ආදායම්/ வருமானம்	**10,690,723**	10,837,803
Direct expenses/ සෘජු වියදම්/ நேரடி செலவுகள்	**(6,079,960)**	(6,165,985)
Net trading income/ ශුද්ධ වෙළෙඳ ආදායම්/ நிகர வர்த்தக வருமானம்	**4,610,763**	4,671,818
Other income/ වෙනත් ආදායම්/ ஏனைய வருமானங்கள்	**26,553**	54,239
Gain/ (Loss) on fair valuation of financial assets recognised through profit or loss measured at fair value / ලාභ හෝ අලාභ මඟින් සාධාරණ අගයට නම් කළ මූල්‍ය වත්කම්හි ශුද්ධ ලාභය/(අලාභය) / இலாபம் அல்லது நட்டத்தின் ஊடாக நியாயமான மதிப்பில் அளவிடப்படும் நிதிச் சொத்துகளின் மீதான நியாய மதிப்பீட்டு ஆதாயம் / (நட்டம்)	**(1,524,148)**	626,919
	3,113,168	5,352,976
Operating expenses/ මෙහෙයුම් වියදම්/ தொழிற்பாட்டு செலவுகள்		
Personnel expenses/සේවක වියදම්/ஆலனிச் செலவுகள்	**(283,921)**	(297,294)
Premises, equipment and establishment expenses/පරිශ්‍ර, උපකරණ සහ ආයතනික වියදම්/கட்டிடம், உபகரணங்கள் மற்றும் நிர்வாகம் சார் செலவுகள்	**(82,245)**	(84,584)
Other operating expenses/ වෙනත් මෙහෙයුම් වියදම්/ ஏனைய தொழிற்பாட்டு செலவுகள்	**(377,039)**	(499,032)
	(743,205)	(880,910)
Profit before tax/ බදු පෙර ලාභය/வரிக்கு முந்திய இலாபம்	**2,369,963**	4,472,066
Income tax expense/ ආදායම් බදු වියදම්/ வருமான வரி	**(763,551)**	(1,429,636)
Profit for the year/වර්ෂය සඳහා ලාභය/ஆண்டிற்கான இலாபம்	**1,606,412**	3,042,430
Other comprehensive income/ වෙනත් විස්තීර්ණ ආදායම්/ இதர விரிவான வருமானங்கள்		
Items that will never be reclassified to profit or loss/ ලාභ හෝ අලාභ යටතේ නැවත වර්ගීකරණය නොකරන අයිතම/ இலாபம் அல்லது நட்டத்திற்குள் மீள வகைப்படுத்தப்படாத உருப்படிகள்		
Actuarial gain/(loss) on retirement benefit obligations/විශ්‍රාම ප්‍රතිලාභ තක්සේරුකරණයෙන් ඇතිවූ ලාභ/(අලාභ)/ ஓய்வூதிய பலன்களை மதிப்பிடுவதால் ஏற்படும் நட்டம்	**(547)**	129
Tax effect on other comprehensive income/වෙනත් විස්තීර්ණ ආදායම් මත බදු බලපෑම/இதர விரிவான வருமானத்தின் மீதான வரி விளைவு	**164**	(39)
Item that are or may be reclassified to profit or loss/ ලාභ හෝ අලාභ යටතේ නැවත වර්ගීකරණය කරන අයිතම/ இலாபம் அல்லது நட்டத்திற்குள் மீள வகைப்படுத்தக்கூடிய உருப்படிகள்	**-**	-
Other comprehensive income/(loss) / වෙනත් විස්තීර්ණ ආදායම්/(අලාභ)/ இதர விரிவான வருமானம்/ (நட்டம்)	**(383)**	90
Total comprehensive income for the year/වර්ෂය සඳහා මුළු වෙනත් විස්තීර්ණ ආදායම්/ஆண்டிற்கான மொத்த அனைத்துமுள்ளடங்கிய வருமானம்	**1,606,029**	3,042,520
Basic earnings per share (Rs.)/සාමාන්‍ය කොටසකට මූලික ඉපැයුම් (රු.)/ பங்கொன்றிற்கான அடிப்படை வருமானம் (ரூ.)	**2.61**	4.94

Figures in bracket indicate deductions/ වරහන් තුළ දැක්වෙන ඉලක්කම්, අඩු කිරීම්ය/அடைப்புக்குறிக்குள் உள்ள புள்ளிவிவரங்கள் குறைப்புகளைக் குறிக்கின்றன.

Trilingual Financial Statements

STATEMENT OF FINANCIAL POSITION
මූල්‍ය තත්ත්වය පිළිබඳ ප්‍රකාශය
நிதி நிலைமை கூற்று

As at 31 March/ මාර්තු 31 දිනට/ 31 ஆம் திகதி,	2026 Rs.'000	2025 Rs.'000
ASSETS/ වත්කම්/ சொத்துக்கள		
Cash at banks and in hand / බැංකුවෙහි සහ අත ඇති මුදල් / வங்கிகளிலும் கையிருப்பிலும் உள்ள பணம்	**35,717**	236,104
Derivative financial instruments /ව්‍යුත්පන්න මූල්‍ය උපකරණ / வழித்தோன்றல் நிதி கருவிகள்	**10,440**	2,820
Financial assets recognised through profit or loss -measured at fair value / ලාභ අලාභ මගින් හඳුනා ගත් මූල්‍ය වත්කම් - සාධාරණ අගයට ගණනය කළ / இலாபம் அல்லது நட்டத்தின் ஊடாக நியாயமான மதிப்பில் அளவிடப்பட்ட நிதிச் சொத்துக்கள்	**47,438,317**	78,107,519
Financial assets at amortised cost/ ක්‍රමක්ෂිත පිරිවැය මත මූල්‍ය වත්කම් / கிரைய முறையில் கணக்கிடப்பட்ட நிதிச் சொத்துகள்	**6,159,730**	3,304,664
Amounts due from related companies/ ආශ්‍රිත සමාගම් වෙතින් ලැබිය යුතු දෑ - குழும நிறுவனங்களிடமிருந்தான கிடைப்பனவுகள்	**4,098**	28,040
Deferred tax asset/ විලම්බිත බදු වත්කම්/ ஒத்திவைக்கப்பட்ட வரி சொத்து	**44,814**	186,812
Other assets/ වෙනත් වත්කම්/ ஒத்திவைக்கப்பட்ட வரி சொத்து	**575,763**	669,410
Property, plant and equipment / දේපල, පිරියත සහ උපකරණ / சொத்து, ஆலை உபகரணங்கள்	**517,800**	604,149
Right of use assets / භාවිත අයිතියේ වත්කම් / பயன்பாட்டு உரிமை சொத்துக்கள்	**1,545**	709
Intangible assets / අස්පෘශ්‍ය වත්කම් / அருவ சொத்துக்கள்	**5,913**	4,534
TOTAL ASSETS/ මුළු වත්කම් / மொத்த சொத்துக்கள்	**54,794,137**	83,144,761
LIABILITIES/ වගකීම්/ பொறுப்புகள்		
Derivative financial instruments/ ව්‍යුත්පන්න මූල්‍ය උපකරණ/ வழித்தோன்றல் நிதி கருவிகள்	**1,818**	768
Securities sold under re-purchase agreements/ ප්‍රති-මිලදී ගැනීමේ ගිවිසුම් යටතේ විකුණන ලද සුරැකුම්/ மீள் கொள்முதல் ஒப்பந்தத்தின் கீழ் விற்கப்படும் பிணையங்கள்	**43,213,054**	71,475,370
Short term borrowings/ කෙටි කාලීන ණය ලබාගැනීම්/ குறுங்கால கடன்கள்	**-**	806,029
Creditors and other payables/ ණය හිමියන් සහ වෙනත් ගෙවීම්/ வர்த்தகம் மற்றும் ஏனைய கொடுப்பனவுகள்	**514,460**	919,325
Amounts due to related companies / ආශ්‍රිත සමාගම් වෙත ගෙවිය යුතු දෑ / குழும நிறுவனங்களுக்கான கொடுப்பனவுகள்	**16,269**	18,216
Taxes payable/ ගෙවිය යුතු බදු / செலுத்தப்பட வேண்டிய வரிகள்	**101,604**	789,983
Borrowing on listed debentures/ ලැයිස්තුගත ණයකර මත ණය ලබාගැනීම්/ கடன் பத்திரங்கள் மீதான கடன்கள்	**3,279,692**	-
Retirement benefit obligations/ විශ්‍රාම ප්‍රතිලාභ බැඳීම්/ஓய்வூதிய பலன் கடப்பாடுகள்	**17,883**	13,742
TOTAL LIABILITIES/ මුළු වගකීම්/ மொத்தப் பொறுப்புக்கள்	**47,144,780**	74,023,433

As at 31 March/ මාර්තු 31 දිනට/ 31 ஆம் திகதி,	2026 Rs.'000	2025 Rs.'000
EQUITY/ හිමිකම්/ பங்குரிமை		
Stated capital/ ප්‍රකාශිත ප්‍රාග්ධනය/ அறிவிக்கப்பட்ட மூலதனம்	**256,500**	256,500
Risk reserve/ අවදානම් සංචිතය/ இடர் இருப்பு	**3,254,630**	3,093,989
Retained earnings/ රඳවාගත් ඉපැයීම්/ தக்கவைத்த வருவாய்	**4,140,227**	5,772,839
Fair valuation reserve/ සාධාරණ තක්සේරු සංචිතය/ நியாயமான மதிப்பீட்டு இருப்பு	**(2,000)**	(2,000)
TOTAL EQUITY/ මුළු හිමිකම්/ மொத்த பங்குரிமைகள்	**7,649,357**	9,121,328
TOTAL EQUITY AND LIABILITIES/මුළු හිමිකම් සහ වගකීම්/மொத்த பங்குரிமைகள் மற்றும் பொறுப்புக்கள்	**54,794,137**	83,144,761
Net asset per share (Rs.)/ කොටසක ශුද්ධ වත්කම් වටිනාකම (රු.)/ ஒரு பங்கின் நிகர சொத்து (ரூ.)	**12.43**	14.82

Figures in bracket indicate deductions/ වරහන් තුළ දැක්වෙන ඉලක්කම්, අඩු කිරීම්ය/அடைப்புக்குறிக்குள் உள்ள புள்ளிவிவரங்கள் குறைப்புகளைக் குறிக்கின்றன.

I certify that these Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act No. 07 of 2007 and subsequent amendments thereto./ 2007 අංක 07 දරන සමාගම් පනතේ සහ පසුව කරන ලද සංශෝධනවල අවශ්‍යතාවන්ට අනුකූල වන ලෙස මෙම මූල්‍ය ප්‍රකාශ සකස් කර ඉදිරිපත් කර ඇති බවට මම සහතික කරමි./இந்த நிதிநிலை அறிக்கைகள் 2007 ஆம் ஆண்டின் 07 ஆம் இலக்க கம்பெனி சட்டம் மற்றும் அதற்குப் பின்னர் செய்யப்பட்ட திருத்தங்களின் தேவைகளுக்கு இணங்க தயாரிக்கப்பட்டு சமர்பிக்கப்பட்டுள்ளன என்று நான் உறுதிப்படுத்துகிறேன்.

Mangala Jayashantha
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements./මෙම මූල්‍ය ප්‍රකාශ සකස් කිරීම සහ ඉදිරිපත් කිරීම සඳහා අධ්‍යක්ෂ මණ්ඩලය වගකියනු ලබයි./இந்த நிதி கூற்றுக்களைத் தயாரித்தல் மற்றும் சமர்பித்தலுக்கான பொறுப்பு பணிப்பாளர் சபைக்குரியது.

Approved and signed for and on behalf of the Board/මණ්ඩලය වෙනුවෙන් අනුමත කර අත්සන් කරන ලදී. /சபையின் சார்பாக அங்கீகரிக்கப்பட்டு கையொப்பமிடப்பட்டது.

Sachith Perera
Director / Chief Executive Officer

Dilshan Wirasekara
Director

5 June 2026
Colombo

Trilingual Financial Statements

STATEMENT OF CHANGES IN EQUITY
හිමිකම් වෙනස්කම් පිළිබඳ ප්‍රකාශය
பங்குரிமையில் மாற்றங்கள் பற்றிய கூற்று

For the year ended 31 March 2026 මාර්තු 31 දිනෙන් අවසන් වූ වර්ෂය සඳහා / 2026 மார்ச் 31 அன்று முடிவடைந்த ஆண்டிற்கானது	Note	Stated Capital/ ප්‍රකාශිත ප්‍රාග්ධනය/ அறிவிக்கப்பட்ட மூலதனம்	Risk Reserve/ අවදානම් සංචිතය/ இடர் இருப்பு	Retained Earnings/ රඳවාගත් ඉපැයීම්/ தக்கவைத்த வருவாய்	Fair Valuation Reserve/ සාධාරණ තක්සේරු සංචිතය/ நியாய மதிப்பீட்டு இருப்பு	Total/ එකතුව/ மொத்தம்
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2024 / 2024 අප්‍රේල් 1 දිනට ශේෂය/ 1 ஏப்ரல் 2024 அன்று மீதி		256,500	2,789,746	4,635,122	(2,000)	7,679,368
Total comprehensive income for the year/වර්ෂය සඳහා මුළු විස්තීර්ණ ආදායම/ஆண்டிற்கான மொத்த அனைத்துமுள்ளடங்கிய வருமானம்		-				
Profit for the year/වර්ෂය සඳහා ලාභය/ஆண்டிற்கான இலாபம்		-	-	3,042,430	-	3,042,430
Other comprehensive income for the year/වර්ෂය සඳහා මුළු වෙනත් විස්තීර්ණ ආදායම/ஆண்டிற்கான இதர அனைத்துமுள்ளடங்கிய வருமானம்		-	-	90	-	90
Total comprehensive income for the year/ වර්ෂය සඳහා මුළු විස්තීර්ණ ආදායම/ஆண்டிற்கான அனைத்துமுள்ளடங்கிய மொத்த வருமானம்		-	-	3,042,520	-	3,042,520
Transactions with equity holders/ අයිතිකරුවන් සමඟ කළ ගනුදෙනු/ பங்குரிமையாளர்களுடனான கொடுக்கல்வாங்கல்கள்						
Distribution to equityholders/ අයිතිකරුවන් වෙත බෙදාහැරීම්/ பங்குரிமையாளர்களுக்கான பகிர்வு						
Dividend paid for 2024/25 (Interim)/ ලාභාංශ ගෙවීම් 2024/25 (අතුරු)/செலுத்தப்பட்ட பங்கிலாபம் (இடைக்காலம் - 2024/25)		-	-	(1,600,560)	-	(1,600,560)
Total distribution to equity holders/ අයිතිකරුවන් වෙත මුළු බෙදාහැරීම්/ பங்குரிமையாளர்களுக்கான மொத்தப்பகிர்வு		-	-	(1,600,560)	-	(1,600,560)
Total transactions with equity holders/ අයිතිකරුවන් සමඟ සිදු කරන ලද මුළු ගනුදෙනු/ பங்குரிமையாளர்களுடனான மொத்த கொடுக்கல் வாங்கல்கள்		-	-	(1,600,560)	-	(1,600,560)
Transfers to risk reserve/අවදානම් සංචිතය වෙත මාරු කිරීම්/ இடர் இருப்புக்கான மாற்றல்கள்		-	304,243	(304,243)		-
Balance as at 31 March 2025/ 2025 මාර්තු 31 දිනට ශේෂය/ 2025 மார்ச் 31 அன்று மீதி		256,500	3,093,989	5,772,839	(2,000)	9,121,328

For the year ended 31 March 2026 මාර්තු 31 දිනෙන් අවසන් වූ වර්ෂය සඳහා / 2026 මාර්ච් 31 அன்று முடிவடைந்த ஆண்டிற்கானது	Note	Stated Capital/ ප්‍රකාශිත ප්‍රාග්ධනය/ அறிவிக்கப்பட்ட மூலதனம்	Risk Reserve/ අවදානම් සංචිතය/ இடர் இருப்பு	Retained Earnings/ රඳවාගත් ඉපැයීම්/ தக்கவைத்த வருவாய்	Fair Valuation Reserve/ සාධාරණ තක්සේරු සංචිතය/ நியாய மதிப்பீட்டு இருப்பு	Total/ එකතුව/ மொத்தம்
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2025/ 2025 අප්‍රේල් 1 දිනට ශේෂය/ 1 ஏப்ரல் 2025 அன்று மீதி		256,500	3,093,989	5,772,839	(2,000)	9,121,328
Total comprehensive income for the year/වර්ෂය සඳහා මුළු විස්තීර්ණ ආදායම/ஆண்டிற்கான மொத்த அனைத்துமுள்ளடங்கிய வருமானம்						
Profit for the year/වර්ෂය සඳහා ලාභය/ஆண்டிற்கான இலாபம்		-	-	1,606,029	-	1,606,029
Other comprehensive income for the year/වර්ෂය සඳහා වෙනත් විස්තීර්ණ ආදායම/ஆண்டிற்கான இதர அனைத்துமுள்ளடங்கிய வருமானம்		-	-	(383)	-	(383)
Total comprehensive income for the year/ වර්ෂය සඳහා මුළු විස්තීර්ණ ආදායම/ஆண்டிற்கான அனைத்துமுள்ளடங்கிய மொத்த வருமானம்		-	-	1,606,029	-	1,606,029
		-				
Transactions with equity holders/අයිතිකරුවන් සමඟ කළ ගනුදෙනු/ பங்குரிமையாளர்களுடனான கொடுக்கல்வாங்கல்கள்						
Distribution to equityholders/ අයිතිකරුවන් වෙත බෙදාහැරීම්/ பங்குரிமையாளர்களுக்கான பகிர்வு						
Dividend paid for 2024/25 (Final)/ ලාභාංශ ගෙවීම් 2024/25 (අවසන්)/ செலுத்தப்பட்ட பங்கிலாபம் (இடைக்காலம் - 2024/25)		-	-	(3,078,000)	-	(3,078,000)
Total distribution to equity holders/ අයිතිකරුවන් වෙත මුළු ලබාදීම්/பங்குரிமையாளர்களுக்கான மொத்தப்பகிர்வு		-	-	(3,078,000)	-	(3,078,000)
Total transactions with equity holders/ අයිතිකරුවන් සමඟ සිදු කරන ලද මුළු ගනුදෙනු/ பங்குரிமையாளர்களுடனான மொத்த கொடுக்கல் வாங்கல்கள்		-	-	(3,078,000)	-	(3,078,000)
Transfers to risk reserve/ අවදානම් සංචිතය වෙත මාරු කිරීම/ இடர் இருப்புக்கான மாற்றல்கள்		-	160,641	(160,641)	-	-
Balance as at 31 March 2026/ 2026 මාර්තු 31 දිනට ශේෂය/ 2026 மார்ச் 31 அன்று மீதி		256,500	3,254,630	4,140,227	(2,000)	7,649,357

Figures in bracket indicate deductions / වරහන් තුළ දැක්වෙන ඉලක්කම්, අඩු කිරීම්ය/ அடைப்புக்குறிக்குள் உள்ள புள்ளிவிவரங்கள் குறைப்புகளைக் குறிக்கின்றன.

Trilingual Financial Statements

STATEMENT OF CASH FLOWS

මුදල් ප්‍රවාහ ප්‍රකාශය

பணப் பாய்ச்சல் கூற்று

For the year ended 31 March/ මාර්තු 31 දිනෙන් අවසන් වූ වර්ෂය සඳහා/ 31 மார்ச்சில் முடிவடைந்த ஆண்டிற்கானது	**2026 Rs.'000**	**2025 Rs.'000**
Cash flows from operating activities/ මෙහෙයුම් ක්‍රියාකාරකම් වෙතින් ජනනය වූ මුදල් ප්‍රවාහයන්/ செயற்படுத்தல் நடவடிக்கைகளில் இருந்து பணப் பாய்ச்சல்		
Interest receipts and gains realised/ පොලී ලැබීම් සහ උපලබ්ධි වූ ප්‍රතිලාභ/ வட்டி வருமதிகள் மற்றும் கிடைக்கப்பெற்ற ஆதாயங்கள்	**10,682,133**	10,832,848
Interest payments and other direct cost/ පොලී ගෙවීම් සහ වෙනත් සෘජු පිරිවැය/ வட்டி கொடுப்பனவுகள் மற்றும் ஏனைய நேரடி செலவு	**(4,995,447)**	(4,790,513)
Other receipts/ වෙනත් ලැබීම්/ ஏனைய வருமதிகள்	**24,452**	53,159
Cash payments to employees and suppliers/ සේවකයන් සහ සැපයුම්කරුවන් වෙත මුදල් ගෙවීම්/ ஊழியர்கள் மற்றும் விநியோகஸ்தர்களுக்கான பணக் கொடுப்பனவுகள்	**(651,995)**	(792,995)
Operating profit before changes in operating assets and liabilities/ මෙහෙයුම් වත්කම් සහ වගකීම් වල වෙනස්කම් වලට පෙර මෙහෙයුම් ලාභය/ செயற்படுத்தல் சொத்துக்கள் மற்றும் பொறுப்புக்களின் மாற்றங்களுக்கு முன்னரான செயற்படுத்தல் இலாபம்	**5,059,143**	5,302,499
Decrease/ (Increase)in financial assets recognised through profit or loss -measured at fair value/ ලාභ අලාභ මඟින් හඳුනාගත් සාධාරණ අගයට ගණනය කළ මූල්‍ය වත්කම් වල අඩුවීම්/(වැඩිවීම්) / குறைவு/ (அதிகரிப்பு) - இலாபம் அல்லது நட்டத்தின் ஊடாக நியாயமான மதிப்பில் அளவிடப்பட்ட நிதிச் சொத்துக்கள்	**29,138,486**	(20,817,576)
Decrease/ (Increase) in financial assets at amortised cost/ ක්‍රමක්ෂීත පිරිවැය මත මූල්‍ය වත්කම් වල අඩුවීම්/ (වැඩිවීම්)/ குறைவு/ (அதிகரிப்பு) - கிரைய முறையில் கணக்கிடப்பட்ட நிதிச் சொத்துகள்	**(2,846,476)**	1,239,595
Decrease/ (Increase) in other assets/ වෙනත් වත්කම් වල අඩුවීම්/ (වැඩිවීම්)/ குறைவு/ (அதிகரிப்பு) - வர்த்தகம் மற்றும் ஏனைய கிடைப்பனவுகள்	**91,881**	2,253,491
Decrease/ (Increase) in amounts due from related companies / ආශ්‍රිත සමාගම් වෙතින් ලැබිය යුතු මුදල් වල අඩුවීම්/(වැඩිවීම්)/குறைவு/ (அதிகரிப்பு) - குழும நிறுவனங்களிடமிருந்தான கிடைப்பனவுகள்	**26,067**	(22,795)
(Decrease)/Increase in creditors and accrued charges/ ණය හිමියන් සහ උපචිත ගාස්තු වෙතින් (අඩුවීම්)/වැඩිවීම්/ (குறைவு)/ அதிகரிப்பு - வர்த்தக மற்றும் ஏனைய கொடுப்பனவுகள்	**(398,602)**	(586,456)
(Decrease)/Increase in amounts due to related companies / ආශ්‍රිත සමාගම් වෙත ගෙවිය යුතු මුදල් වල (අඩුවීම්)/වැඩිවීම්/ (குறைவு)/ அதிகரிப்பு - குழும நிறுவனங்களுக்கான கொடுப்பனவுகள்	**(1,947)**	(261,739)
Increase in Short term Borrowings/ කෙටි කාලීන ණය ලබාගැනීම් වල (අඩුවීම)/වැඩිවීම/ (குறைவு)/ அதிகரிப்பு - குறுங்கால கடன்கள்	**(806,029)**	806,029
Increase/ (Decrease) in securities sold under re-purchase agreements/ ප්‍රති-මිලදී ගැනීමේ ගිවිසුම් යටතේ විකුණන ලද සුරැකුම් වල (අඩුවීම)/වැඩිවීම/ (குறைவு)/ அதிகரிப்பு - மீள் கொள்முதல் ஒப்பந்தங்களின் கீழ் விற்கப்படும் பிணையங்கள்	**(29,067,138)**	21,603,388
Cash generated from operations/ මෙහෙයුම් වෙතින් උත්පාදිත මුදල්/ செயற்பாடுகளில் இருந்து கிடைக்கப்பெற்ற பணம்	**1,195,385**	9,516,436
Income tax paid/ ගෙවන ලද ආදායම් බදු/ செலுத்தப்பட்ட வரி	**(1,312,437)**	(3,815,019)
Gratuity paid/ ගෙවන ලද පාරිතෝෂික/ செலுத்தப்பட்ட பணிக்கொடை	**-**	-
Net cash flows generated from / (used in) operating activities/ මෙහෙයුම් ක්‍රියාකාරකම් වෙතින් උත්පාදිත/(භාවිත කළ) ශුද්ධ මුදල් ප්‍රවාහ/ செயற்பாட்டு நடவடிக்கைகளில் இருந்து கிடைக்கப்பெற்ற / (பயன்படுத்தப்பட்ட) நிகர பணப் பாய்ச்சல்	**(117,052)**	5,701,417
Cash flows from investing activities/ ආයෝජන ක්‍රියාකාරකම් වෙතින් මුදල් ප්‍රවාහ/ முதலீட்டு நடவடிக்கைகளில் இருந்தான பணப் பாய்ச்சல்கள்		
Acquisition of property, plant and equipment / දේපල, පිරියත සහ උපකරණ සහ භාවිත අයිතියේ වත්කම් අත්පත් කරගැනීම්/ சொத்து, ஆலை மற்றும் உபகரண கொள்வனவு	**(2,900)**	(370,361)
Acquisition of intangible assets/අස්පෘශ්‍ය වත්කම් අත්පත් කරගැනීම්/ அருவச் சொத்துக்கள் கொள்வனவு	**(2,603)**	(4,433)
Proceeds from sale of property, plant and equipment/ දේපල, පිරියත සහ උපකරණ විකිණීමෙන් ලත් මුදල්/ சொத்து, ஆலை மற்றும் உபகரணங்களின் விற்பனை மூலமான வருவாய்	**168**	1,080
Net cash flows used in investing activities/ ආයෝජන ක්‍රියාකාරකම් වල භාවිත කළ ශුද්ධ මුදල් ප්‍රවාහ/ முதலீட்டு நடவடிக்கைகளில் பயன்படுத்தப்பட்ட நிகர பணப் பாய்ச்சல்	**(5,335)**	(373,714)

For the year ended 31 March/ මාර්තු 31 දිනෙන් අවසන් වූ වර්ෂය සඳහා/ 31 மார்ச்சில் முடிவடைந்த ஆண்டிற்கானது	2026 Rs.'000	2025 Rs.'000
Cash flows from financing activities/ මූල්‍යකරණ ක්‍රියාකාරකම් වෙතින් මුදල් ප්‍රවාහ/ நிதி நடவடிக்கைகளில் இருந்தான பணப் பாய்ச்சல்கள்		
Dividend paid to shareholders/කොටස් හිමියන්ට ගෙවන ලද ලාභාංශ/ செலுத்தப்பட்ட பங்கிலாபம்	(3,078,000)	(4,370,760)
Redemption of borrowing on debentures issued in January 2020/ 2020 ජනවාරි මාසයේ නිකුත් කරන ලද ලැයිස්තුගත ණයකර මත ණය ගැනීම් ආපසු ගෙවීම/ 2020 ஜனவரி மாதத்தில் வெளியிடப்பட்ட கடன் பத்திரங்களில் பெற்ற கடனின் மீள்செலுத்தல்	-	(750,000)
Borrowing on listed debentures (Issuance - April 2025)/ලැයිස්තුගත ණයකර මගින් ණය ලබා ගැනීම් (නිකුතුව - 2025)/பட்டியலிடப்பட்ட கடன்பத்திரங்கள் மூலம் பெறப்பட்ட கடன் (வெளியீடு: ஏப்ரல் 2025)	3,000,000	-
Net cash flows used in financing activities/ මූල්‍යකරණ ක්‍රියාකාරකම් වල භාවිත කළගුද්ධ මුදල් ප්‍රවාහ/ நிதி நடவடிக்கைகளில் பயன்படுத்தப்பட்ட நிகர பணப் பாய்ச்சல்	(78,000)	(5,120,760)
Net increase/ (decrease) in cash and cash equivalents/ මුදල් සහ මුදල් වලට සමාන දෑ වල ශුද්ධ වැඩිවීම/ ஆண்டிற்கான பணம் மற்றும் பணத்திற்கு சமமானவையில் நிகர அதிகரிப்பு/ (குறைவு)	(200,387)	206,943
Cash and cash equivalents at the beginning of the period/ කාල සීමාව ආරම්භයේ දී මුදල් සහ මුදල් වලට සමාන දෑ/ ஆண்டின் இறுதியில் உள்ள பணம் மற்றும் பணத்திற்கு சமமானவை	236,104	29,161
Cash and cash equivalents at the end of the period / කාල සීමාව අවසානයේ දී මුදල් සහ මුදල් වලට සමාන දෑ / ஆண்டின் இறுதியில் உள்ள பணம் மற்றும் பணத்திற்கு சமமானவை	35,717	236,104

Figures in bracket indicate deductions/ වරහන් තුළ දැක්වෙන ඉලක්කම්, අඩු කිරීම්ය/ அடைப்புக்குறிக்குள் உள்ள புள்ளிவிவரங்கள் குறைப்புகளைக் குறிக்கின்றன.

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

TO THE BOARD OF DIRECTORS OF FIRST CAPITAL TREASURIES PLC

REPORT ON THE CONTENT ELEMENTS INCLUDED IN FIRST CAPITAL TREASURIES PLC'S INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 2026

CONCLUSION

We have performed a limited assurance engagement on whether the Content Elements ("Subject matter Information" or "SMI") in First Capital Treasuries PLC's ("the entity") Integrated annual report for the year ended March 31, 2026, have been prepared in accordance to the IFRS Foundation's International <IR> Framework ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Content Elements in the Integrated Report of First Capital Treasuries PLC for the year ended 31 March 2026 are not prepared, in all material respects, in accordance with the Criteria.

Our conclusion on the SMI as mentioned above does not extend to other information that accompanies or contains the SMI and our assurance report.

BASIS FOR CONCLUSION

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. 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 (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

INTENDED USE OR PURPOSE

We have been engaged by the Board of Directors of First Capital Treasuries PLC to provide limited assurance on whether the SMI have been prepared in accordance with the Criteria.

RESTRICTION ON USE OR DISTRIBUTION

This report has been prepared for the Board of Directors of First Capital Treasuries PLC for the purpose of providing an assurance conclusion on whether the SMI in the First Capital Treasuries PLC's Integrated Annual Report for the Year ended 31 March 2026 has been prepared in accordance with the Criteria 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 First Capital Treasuries PLC, 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.

Our conclusion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT FOR THE SMI

The management of the entity are responsible for:

- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Determining that the criteria is appropriate to meet the needs of intended users, being the Entity's Board of Directors and any other intended users.
- Preparing and presenting the SMI in accordance with the criteria set out in the IFRS Foundation's International <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- Design and implementation of internal controls that the Entity determines necessary to enable the preparation and presentation of the SMI that is free from material misstatement, whether due to fraud or error.
- Ensuring the Entity's strategy is well-presented in the SMI and reflects how the Entity creates value as they operate in practice
- Identifying stakeholders and stakeholder requirements;
- Identifying material issues and reflecting those in the SMI; and

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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. G. H. Reddella ACA

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
H U S T Dayananda FCA

Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R.Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

- Preparation and fair presentation of the SMI;
- Informing us of any known and/or contentious issues relating to the SMI.
- Preventing and detecting of fraud and ensuring that the Entity complies with laws and regulations applicable to its activities;
- Process to ensure that the Entity's personnel involved with the preparation and presentation of the SMI are properly trained, systems are properly updated and that any changes in reporting is relevant to the SMI and encompass all significant business units.
- The responsibility also includes informing changes in the Entity's Operations since the date of our most recent assurance report on the SMI.
- The maintenance and integrity of First Capital Treasuries PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of First Capital Treasuries PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on First Capital Treasuries PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the entity's SMI.

INHERENT LIMITATIONS

The preparation of SMI is subject to inherent limitations arising from the nature of non financial data, including the use of estimates, assumptions, and third party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected.

Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

OUR RESPONSIBILITIES

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI 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 of First Capital Treasuries PLC.

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 SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI , 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. Assessing the suitability of the criteria used by the Entity in preparing SMI;
2. Through inquiries, obtained an understanding of the Entity's control environment, processes and information systems relevant to the preparation of the Information subject to Limited Assurance, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
3. Obtaining an understanding of the relevant internal policies and procedures developed by the Entity, including those relevant to determining what matters most to the Entity's stakeholders, how the Entity creates value, the Entity's external environment, strategy, governance and reporting.
4. Obtaining an understanding of the description of the Entity's strategy and how the Entity creates value in the SMI and enquiring of management as to whether the description accurately reflects their understanding;
5. Assessing of the alignment between the Entity's strategy, the disclosures on how the Entity creates value and what matters most to the Entity's stakeholders.
6. Checking Board minutes to ensure consistency with the SMI.
7. Evaluated the overall presentation of the Information subject to Limited Assurance to determine whether it is consistent with the criteria and in line with our overall knowledge of, and experience with, the entity's processes.

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.

CHARTERED ACCOUNTANTS
Colombo
5 June 2026

Independent Assurance on Sustainability Indicators

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

REPORT ON SELECTED INDICATORS INCLUDED IN FIRST CAPITAL TREASURIES PLC'S INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 2026

CONCLUSION

We have performed a limited assurance engagement on whether the selected sustainability related indicators as defined in annexure A ("Subject matter Information" or "SMI") in First Capital Treasuries PLC's ("the Company") Integrated annual report for the year ended March 31, 2026 have been prepared with reference to the selected Global Reporting Initiative Standards 2021 as mentioned in Annexure A ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the selected sustainability related indicators as defined in annexure A of First Capital Treasuries PLC for the year ended 31 March 2026 are not prepared, in all material respects, with reference to the Criteria.

The SMI subject to our limited assurance engagement are listed in Annexure A. The assured sustainability information is marked with Italic font and marked with "LA" in the Integrated Annual Report, and the corresponding GRI indicators are also provided in Annexure A.

Our conclusion on the SMI as defined in annexure A does not extend to other information that accompanies or contains the SMI as defined in annexure A and our assurance report.

BASIS FOR CONCLUSION

We conducted our engagement in accordance with Sri Lanka 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. 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 (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

INTENDED USE OR PURPOSE

We have been engaged by the Management of First Capital Treasuries PLC to provide limited assurance on whether the selected SMI as defined in annexure A have been prepared with reference to the Criteria.

RESTRICTION ON USE OR DISTRIBUTION

This report has been prepared for the Board of Directors of First Capital Treasuries PLC for the purpose of providing an assurance conclusion on whether the selected SMI in the First Capital Treasuries PLC's Integrated Annual Report for the Year ended 31 March 2026 has been prepared with reference to the Criteria 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 First Capital Treasuries PLC, 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.

Our conclusion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT FOR THE SMI.

The management of the Company are responsible for:

- Designing, implementing and maintaining internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.
- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Preventing and detecting fraud and ensuring the Company's compliance with applicable laws and regulations to its activities.
- Ensuring that staff involved in preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units; and
- Preparing the Subject Matter Information with reference to the criteria

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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. G. H. Raddella ACA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
H U S T Dayananda FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LL.B, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F R Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

- The maintenance and integrity of First Capital Treasuries PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of First Capital Treasuries PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on First Capital Treasuries PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the Company's SMI.

INHERENT LIMITATIONS

The preparation of SMI is subject to inherent limitations arising from the nature of non-financial data, including the use of estimates, assumptions, and third-party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected.
Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period.

OUR RESPONSIBILITIES

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI 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;
- reporting our conclusion to the Board of Directors of First Capital Treasuries PLC.

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 SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI, 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:

- interviewed 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;
- enquired management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquired relevant staff at corporate and selected site level responsible for the preparation of the SMI in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2026;
- enquired about the design and implementation of the systems and methods used to collect and report the SMI in the Integrated Annual Report of the First Capital Treasuries PLC for the year ended 31 March 2026, including the aggregation of the reported information;
- compared the SMI in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2026 to relevant underlying sources on a sample basis to determine whether the relevant information has been appropriately included in the Report; and was not designed to test the completeness of the relevant data collection systems.
- recalculated the Information subject to Limited Assurance based on the criteria;
- read the SMI in the Integrated Annual Report of First Capital Treasuries PLC for the year ended 31 March 2026 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; and
- read 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.

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.

CHARTERED ACCOUNTANTS
Colombo

5 June 2026

Independent Assurance on Sustainability Indicators

Annexure A to our Limited Assurance Report dated 5 June 2026

The numbers in this annexure have been included in the Integrated Annual Report prepared by the Management.
Our reporting boundary is limited to the Company's operations in Sri Lanka.

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 2-7 Employees	2-7 a	Company's operations in Sri Lanka	Employees Related Metrics	As at 31 March 2026	105 , 104
	2-7 b (i)				104
	2-7 b (iv)				104
	2-7 c				104
	2-7 d				104
	2-7 e				104
Disclosure 204-1 Proportion of spending on local suppliers	204-1 a	Company's operations in Sri Lanka	Proportion of spending on local suppliers	For the year ended 31 March 2026	125
	204-1 b				125
	204-1 c				125
Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1 a	Company's operations in Sri Lanka	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	For the year ended 31 March 2026	125
Disclosure 302-1 Energy consumption within the organisation	302-1 c (i)	Company's operations in Sri Lanka	Energy consumption within the organisation	For the year ended 31 March 2026	130
Disclosure 302-3 Energy Intensity	302-3 a	Company's operations in Sri Lanka	Energy Intensity	For the year ended 31 March 2026	130
	302-3 b				130
	302-3 c				130
	302-3 d				130
Disclosure 401-1 New employee hires and employee turnover	401-1 a	Company's operations in Sri Lanka	New employee hires and employee turnover	For the year ended 31 March 2026	107
	401-1 b				108
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	401-2 a	Company's operations in Sri Lanka	Benefits provided to full-time employees that are not provided to temporary or parttime employees	For the year ended 31 March 2026	110 , 108
Disclosure 401-3 Parental Leave	401-3 a	Company's operations in Sri Lanka	Parental leave	For the year ended 31 March 2026	108
	401-3 b				108
	401-3 c				108
	401-3 d				108
	401-3 e				108
Disclosure 404-1 Average hours of training per year per employee	404-1 a	Company's operations in Sri Lanka	Average hours of training per year per employee	For the year ended 31 March 2026	114
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	404-2 a	Company's operations in Sri Lanka	Programs for upgrading employee skills and transition assistance programs	For the year ended 31 March 2026	114

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	404-3 a	Company's operations in Sri Lanka	Percentage of employees receiving regular performance and career development reviews'	For the year ended 31 March 2026	110
Disclosure 405-1 Diversity of governance bodies and employees	405-1 b (i)	Company's operations in Sri Lanka	Diversity of governance bodies and employees	For the year ended 31 March 2026	105
	405-1 b (ii)				105
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	405-2 a	Company's operations in Sri Lanka	Ratio of basic salary and remuneration of women to men	For the year ended 31 March 2026	106
	405-2 b				104
Disclosure 406-1 Incidents of discrimination and corrective actions taken	406 -1 a	Company's operations in Sri Lanka	Incidents of discrimination and corrective actions taken	For the year ended 31 March 2026	102
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1 c	Company's operations in Sri Lanka	Substantiated complaints concerning breaches of customer privacy and losses of customer data	For the year ended 31 March 2026	125

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	46-47
2C	2.10	All organisations depend on various forms of capital for their success	70-134
2D	2.20	The process through which value is created, preserved or eroded is depicted	46-47
3A	3.3	Strategic focus and future orientation	61-64
3B	3.6	Connectivity of information	Connectivity of the information is maintained throughout the report
3C	3.10	Stakeholder relationships	48-53
3D	3.17	Materiality	54-60
3D	3.18	The materiality determination process	55
3D	3.21	Identifying relevant matters	54
3D	3.28	Prioritising important matters	57
3E		Conciseness	Concise IR report is available on pages 5 to 134
3F		Reliability and completeness	External Assurance on IR reporting is available on pages 352 to 353
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	66-69
4B	4.8	Governance	174-243
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	46-47
4D	4.23, 4.24, 4.25, 4.26	Risks and opportunities	135-148
4E	4.27, 4.28, 4.29	Strategy and resource allocation	61-64
4F	4.31, 4.32, 4.33	Performance	19-22
4G	4.35, 4.36, 4.37, 4.38, 4.39	Outlook	28
4H	4.41, 4.42, 4.43, 4.44, 4.45, 4.46, 4.47	Basis of preparation and presentation	9

SLFRS S1 and S2 Disclosures Content Index

SLFRS S1 & S2 Section	SLFRS S1 / S2 Reference	Summary of Requirements	Page Reference
Governance	S1: 26–27 S2: 5–6	The Company outlines its governance structures, board-level roles, internal processes, controls, and oversight procedures in place for managing sustainability-related and climate-related risks and opportunities, including how these are monitored and reviewed on an ongoing basis.	158-160
Strategy	S1: 28–42 S2: 8–23	The Company explains how identified sustainability-related and climate-related risks and opportunities shape its business model, strategic direction, and financial planning across short, medium, and long-term horizons. This covers: ❋ Identification of Sustainability-related Risks and Opportunities ❋ Impact on Business Model and Value Chain ❋ Effects on Strategy and Decision-Making ❋ Implications for Financial Position, Performance, and Cash Flows ❋ Resilience ❋ Climate Transition Plan	160-167
Risk Management	S1: 43–44 S2: 24–26	The Company sets out the processes applied to identify, assess, prioritise, and monitor sustainability-related and climate-related risks and opportunities, and explains how these processes are embedded within and aligned to the overall enterprise risk management framework.	167-169
Metrics and Targets	S1: 45–53 S2: 27–28	The Company presents the metrics and targets used to evaluate performance against sustainability-related and climate-related risks and opportunities, together with an update on progress made toward each target and the degree to which they have been met during the reporting period.	169-172
GHG Emissions & Climate Metrics	S2: 29	The Company reports Scope 1, 2, and 3 greenhouse gas (GHG) emissions, along with the methodologies, key assumptions, and intensity ratios applied in their calculation.	170
Scenario Analysis & Climate Resilience	S2: 22	The Company assesses the resilience of its strategy and business model against a range of climate-related changes, developments, and uncertainties. This assessment is informed by climate-related scenario analysis, taking into account the climate risks and opportunities identified as material to the business.	167
Materiality	S1: 17–18	The Company discloses material information relating to sustainability-related and climate-related risks and opportunities that is reasonably expected to influence the judgements and decisions of primary users of the Company's financial reports.	156
Current & Future Financial Impacts	S1: 34–40 S2: 15–21	The Company provides an assessment of the current and anticipated financial impacts of sustainability-related and climate-related risks and opportunities on its financial position, financial performance, and cash flows.	161-167

GRI Content Index

Statement of use	First Capital Treasuries PLC has reported the information cited in this GRI content index for the period 1 April 2025 to 31 March 2026 with reference to the GRI Standards
GRI 1 used	Foundation 2021

GRI Standard / Other Source	Disclosure	Location (Page)
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	
	2-2 Entities included in the organisation's sustainability reporting	Only First Capital Treasuries PLC
	2-3 Reporting period, frequency and contact point	10
	2-4 Restatements of information	No restatements of information
	2-5 External assurance	354-357
	2-6 Activities, value chain and other business relationships	46-47
	2-7 Employees	100-117
	2-8 Workers who are not employees	104
	2-9 Governance structure and composition	177
	2-10 Nomination and selection of the highest governance body	183
	2-11 Chair of the highest governance body	26
	2-12 Role of the highest governance body in overseeing the management of impacts	183
	2-13 Delegation of responsibility for managing impacts	39-41
	2-14 Role of the highest governance body in sustainability reporting	158
	2-15 Conflicts of interest	176
	2-16 Communication of critical concerns	190
	2-17 Collective knowledge of the highest governance body	181
	2-18 Evaluation of the performance of the highest governance body	186
	2-19 Remuneration policies	186
	2-20 Process to determine remuneration	186
	2-22 Statement on sustainable development strategy	160
	2-26 Mechanisms for seeking advice and raising concerns	184
	2-27 Compliance with laws and regulations	195
	2-28 Membership associations	Member of Primary Dealer Association, Signatory to the PCAF, Training Partner of CA Sri Lanka
	2-29 Approach to stakeholder engagement	48-53
	2-30 Collective bargaining agreements	No collective Bargaining Agreements

GRI Standard / Other Source	Disclosure	Location (Page)
General Disclosures		
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	55
	3-2 List of material topics	54
	3-3 Management of material topics	54-55
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	81
	201-2 Financial implications and other risks and opportunities due to climate change	161-164
	201-3 Defined benefit plan obligations and other retirement plans	282
	201-4 Financial assistance received from government	No financial assistance received from the government
Procurement Practices		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	125
Anti-Corruption		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	139
	205-2 Communication and training about anti-corruption policies and procedures	244
	205-3 Confirmed incidents of corruption and actions taken	No incidents reported
Anti-Competitive Behaviour		
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	125
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	130
	302-3 Energy intensity	130
Water and Effluents		
GRI 303: Water and Effluents 2018	303-5 Water Consumption	130
Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	134
	305-2 Energy indirect (Scope 2) GHG emissions	134
	305-3 Other indirect (Scope 3) GHG emissions	134
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	107
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	110
	401-3 Parental leave	108

GRI Content Index

GRI Standard / Other Source	Disclosure	Location (Page)
General Disclosures		
Training and Education		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	114
	404-2 Programmes for upgrading employee skills and transition assistance programmes	114
	404-3 Percentage of employees receiving regular performance and career development reviews	110
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	104-105
Non-Discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	152
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	No complaints received

GREENHOUSE GAS VERIFICATION OPINION

GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd

Ministry of Environment

Organization Level GHG statement developed by

First Capital Treasuries PLC

No. 02, Deal Place, Colombo 03, Sri Lanka

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No	: SLCF/CFP/0582
Date of Issue	: 04.06.2026
Period of Assessment	: 01.04.2025 – 31.03.2026
Selected Boundary	: Operationally controlled business operations of First Capital Treasuries PLC
Direct GHG Emissions	: 1 tonne of CO_2 equivalent
Indirect GHG Emissions	: 53 tonnes of CO_2 equivalent
Total GHG Emissions	**: 54 tonnes of CO_2 equivalent**

****Scope 1** Direct GHG Emissions	: 1 tonne of CO_2 equivalent
Scope 2 Electricity Indirect GHG Emissions	: 28 tonnes of CO_2 equivalent
Scope 3 Other Indirect GHG Emissions	: 25 tonnes of CO_2 equivalent

ISO/IEC 17029 and ISO 14066
VVB 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Validity period of the certificate: 04.06.2026 – 30.06.2027
Exclusions: Emissions from Investments
*Materiality threshold is below 5%. The reported GHG emissions are rounded up to the nearest highest value.
**GHG emissions have been reported in accordance with GHG Protocol

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  Available at: https://www.globalreporting.org

- **CA Sri Lanka (2023)**
  Code of Best Practice on Corporate Governance 2023.
  Available at: https://www.casrilanka.com/

- **SASB (2018)**
  Sustainability Accounting Standards Board: Financials Sector Standard.
  Available at: https://www.sasb.org

- **Integrated Reporting Framework**
  Available at: https://www.ifrs.org/issued-standards/integrated-reporting/framework/

- **United Nations Sustainable Development Goals and Targets**
  Available at: https://www.undp.org/sustainable-development-goals/

- **SLFRS S1 - General Requirements for Disclosure of Sustainability- related Financial Information**
  Available at: https://www.casrilanka.com/

- **SLFRS S2- Climate Related Disclosures**
  Available at: https://www.casrilanka.com/

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 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, the financial affects 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(e.g. 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.

Glossary of Financial and Business Terms

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.

E

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.

F

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 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.

G

39. GROSS DIVIDENDS

The portion of profit inclusive of tax withheld distributed to shareholders.

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.

H

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.

I

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 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.

K

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.

L

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.

M

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.

N

59. NET ASSETS PER SHARE

Net assets (total assets less total liabilities) divided by the number of shares issued.

O

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.

P

64. PRICE EARNINGS RATIO

Market price of a share divided by earnings per share.

65. PRIMARY DEALER

A dealer in government securities licensed by the Central Bank of Sri Lanka.

66. PRIME LENDING RATE (PLR)

The interest rate a commercial bank will offer to its best customers.

67. POST-TRADE SYSTEMS

The infrastructure and processes used to settle, clear, and report financial transactions after they are executed.

68. 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.

69. 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.

R

70. 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.

71. RELATED PARTY TRANSACTIONS

A transfer of resources, services or obligations between related parties,regardless of whether a price is charged or not.

72. REPURCHASE AGREEMENT

An agreement (Repo for short) is the simultaneous sale and repurchase of a security on different settlement dates.

73. RETURN ON EQUITY (ROE)

Profit after tax less preference share percentage of ordinary shareholders' equity.

74. RETURN ON ASSETS

Post-tax profit divided by average total assets.

75. REVERSE REPURCHASE AGREEMENT

An agreement (Reverse Repo for short) is the simultaneous purchase and resale of a security on different settlement dates.

76. 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.

77. 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.

Glossary of Financial and Business Terms

78. RTGS (REAL-TIME GROSS SETTLEMENTS)

A system used by central banks to settle interbank payments and securities transactions in real time and individually, rather than in batches.

S

79. 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.

80. SHAREHOLDERS' FUNDS

Shareholders' funds consist of issued and fully paid ordinary share capital plus capital and revenue reserves.

81. 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 concept was abolished with the introduction of OPR w.e.f.27 November 2024).

82. SPREAD PRESERVATION

Maintaining the difference between the cost of funding and the return on investments, a key driver of profitability.

83. STP (STRAIGHT-THROUGH PROCESSING)

An automated process in financial transactions where the entire process, from order initiation to settlement is completed without manual intervention.

84. 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.

85. 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.

T

86. TACTICAL TRADING

A short-term investment strategy based on anticipated market movements, such as interest rate shifts or auction dynamics.

87. TERM REPO

A repurchase agreement with a duration longer than one day. Used to manage liquidity over a mediumterm horizon.

88. TRANSACTION COSTS

Incremental costs which are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

U

89. 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.

Y

90. YIELD CURVE

The graphical depiction of the relationship between the yield on Treasury securities and the corresponding period.

91. YIELD DELIVERED

The total return generated for investors from interest income and capital gains, relative to the capital invested, often expressed as a percentage.

Acronyms and Abbreviations

No.	Abbreviation	Full Form / Definition
1	ABC	Anti-Bribery and Corruption
2	AGM	Annual General Meeting / Assistant General Manager (as appropriate)
3	ALCO	Asset and Liability Committee
4	AML	Anti-Money Laundering
5	AOP	Annual Operating Plan
6	ASPI	All Share Price Index
7	ASWG	Annual Report and Sustainability Working Group
8	AUM	Assets Under Management
9	AWDR	Average Weighted Deposit Rate
10	AWFDR	Average Weighted Fixed Deposit Rate
11	AWPLR	Average Weighted Prime Lending Rate
12	BAC	Board Audit Committee
13	BCP	Business Continuity Plan/Planning (as appropriate)
14	BIRMC	Board Integrated Risk Management Committee
15	Bn	Billion
16	BNGC	Board Nominations and Governance Committee
17	BOD	Board of Directors
18	CA Sri Lanka / ICASL	Institute of Chartered Accountants of Sri Lanka
19	CAGR	Compound Annual Growth Rate
20	CAPEX	Capital Expenditure
21	CAR	Capital Adequacy Ratio
22	CBSL	Central Bank of Sri Lanka
23	CCPI	Colombo Consumer Price Index
24	CEO	Chief Executive Officer
25	CFM	Close Family Members
26	CFO	Chief Financial Officer
27	CO_2	Carbon Dioxide
28	CO_2e	Carbon Dioxide Equivalent — standard unit for measuring carbon footprints
29	CRM	Customer Relationship Management
30	CRO	Chief Risk Officer
31	CRRO	Climate Related Risks and Opportunities
32	CSE	Colombo Stock Exchange
33	CSR	Corporate Social Responsibility
34	CX	Client Experience
35	CY	Calender Year
36	DFI	Development Finance Institution
37	DR	Disaster Recovery
38	ECL	Expected Credit Loss
39	EIR	Effective Interest Rate
40	EPF	Employees' Provident Fund
41	EPS	Earnings per Share
42	ERM	Enterprise Risk Management
43	ESG	Environmental, Social and Governance

Acronyms and Abbreviations

No.	Abbreviation	Full Form / Definition
44	ESOP	Employee Share Ownership/Option Plan
45	ETF	Employees' Trust Fund
46	FCY	Foreign Currency
47	FDI	Foreign Direct Investments
48	FVAT	Value Added Tax on Financial Services
49	FVOCI	Fair Value through Other Comprehensive Income
50	FVPL	Fair Value through Profit or Loss
51	FX/FOREX	Foreign Exchange
52	FY	Financial Year
53	GDP	Gross Domestic Product
54	GHG	Greenhouse Gas
55	GoSL	Government of Sri Lanka
56	GPTW	Great Place to work
57	GRI	Global Reporting Initiative
58	HVAC	Heating, Ventilation, and Air Conditioning
59	IALCO	Investment, Asset and Liability Committee
60	IFRS	International Financial Reporting Standards
61	IIRC	International Integrated Reporting Council
62	IMF	International Monetary Fund
63	IPO	Initial Public Offering
64	IR	Integrated Reporting
65	ITSC	IT Steering Committee
66	KMP	Key Management Personnel
67	KPI	Key Performance Indicators
68	KYC	Know Your Customer
69	LRA	Lanka Rating Agency
70	MANCO	Management Committee
71	Mn	Million
72	MTM	Mark to Market
73	NGC	Nominations and Governance Committee
74	PD	Primary Dealing
75	PPE	Property, Plant and Equipments
76	RPT	Related Party Transactions
77	SASB	Sustainability Accounting Standards Board
78	SEC	Securities and Exchange Commission of Sri Lanka
79	SLFRS	Sri Lanka Financial Reporting Standards
80	SMC	Sustainability Management Committee
81	SOCE	Statement of Changes in Equity
82	SOCI	Statement of Profit or Loss and Other Comprehensive Income
83	SOFP	Statement of Financial Position
84	TOR	Terms of Reference
85	UN SDG	United Nations Sustainable Development Goals

Notes

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 Tuesday, 30 June 2026 at 2.30 p.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 2026 together with the Report of the Auditors thereon.

2. To re-elect Ms. Cilani Chamika Marion Wijesinghe 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 Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and authorise the Directors to determine their remuneration.

4. To authorise the Directors to determine and make donations.

By Order of the Board,

(Sgd.)
Heidy Seneviratne
Company Secretary
5 June 2026

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, 25 June 2026, to receive the link to join the AGM. The same names should be used to log in to participate in the AGM on Tuesday, 30 June 2026 at 2.30 p.m.

   https://forms.office.com/r/TzpC0yzdWF

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 companysecretary@firstcapital.lk, WhatsApp to +94 773647178 or directly deposited at the Registered Office of the Company at No. 2, Deal Place, Colombo 03. 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 Tuesday, 30 June 2026 at 2.30 p.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 2026 together with the Report of the Auditor's thereon.		
2.	Re-election of Ms. Cilani Chamika Marion Wijesinghe who retires by rotation in terms of Article 90 of the Articles of Association of the Company.		
3.	Re-appointment of Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year.		
4.	Authorising Directors to determine and make donations.		

Signed on this.....day of 2026

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 companysecretary@firstcapital.lk, WhatsApp to +94773647178 or directly deposited at the Registered office of Company at No.2, Deal Place, Colombo 03 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
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)

☐ Employee ☐ Customer ☐ Shareholder ☐ Community ☐ Investor

Does the report address issues of greatest interest to you?

☐ Comprehensively ☐ Partially ☐ Not at all

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?

☐ Yes ☐ No

Your name, email address and / or other contact details:

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

REGISTERED OFFICE

No. 02, Deal Place, Colombo 03,
Sri Lanka

THE COMPANY SECRETARY

Ms. Heidy Seneviratne

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

B. R. De Silva & Co.
No. 22/4, Vijaya Kumaranatunga Mw,
Colombo 5,

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 TRANSACTION 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 reaffirmed 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

optima
Designing Your Year!
Designed & Produced by
Optima Designs (Pvt) Ltd.
A full service design and print company.
www.optimadesigns.lk



First Capital

A Janashakthi Group Company