pmf finance



Values that Guide

Trust that Endures

PMF Finance PLC

ANNUAL REPORT 2025/26

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Values that Guide

Trust that Endures

At PMF Finance, our values form the bedrock upon which trust is built. They define who we are, shape how we operate, and guide every relationship we nurture. In a year marked by phenomenal growth, it was these enduring values that strengthened the confidence placed in us by our stakeholders.

As we continued to expand our presence and create greater impact, our foundation remained unchanged: a steadfast commitment to doing what is right, acting with purpose, and building relationships that endure through time. Trust is not built overnight; it is earned through consistency, responsibility, and the ability to stand strong through changing environments.

Guided by values that inspire confidence and strengthened by the trust of our stakeholders, PMF Finance continues to move forward with resilience and purpose creating sustainable progress while empowering the aspirations of the communities we serve.

ABOUT THIS REPORT



PMF FINANCE PLC

ANNUAL REPORT 2025/26

OVERVIEW OF THE REPORT

Our Integrated Annual Report delivers a thorough evaluation of the Company's absolute performance, focusing on strategic clarity and absolute stakeholder accountability. We provide a multidimensional view of how our corporate operations and overarching sustainability initiatives convert raw capital assets into lasting value.

AN INTEGRATED APPROACH

Integrated thinking remains foundational to our operating model. By following globally recognized structural reporting frameworks, we bridge financial indicators with broader non-financial parameters.

Our reporting ecosystem focuses on mapping out the six capital groups:

INTELLECTUAL CAPITAL
Technological competencies and institutional data assets.

FINANCIAL CAPITAL
Capital allocation models and structural metrics.

MANUFACTURED & DIGITAL CAPITAL
Structural infrastructure and service networks.

HUMAN CAPITAL
Professional talent pipelines.

NATURAL CAPITAL
Resource conservation frameworks.

SOCIAL & RELATIONSHIP CAPITAL
Stakeholder trust dynamics.

SCOPE AND BOUNDARIES

This narrative outlines the financial and operational realities of PMF Finance PLC within our standardized annual reporting cycle. Our parameters remain stable and consistent, ensuring clear year-on-year comparisons. This structure is intended to give our investors the data needed to make informed choices while reinforcing market trust.

MATERIALITY FRAMEWORKS

We isolate and track material topics that directly impact our operating environment and long-term viability. By analyzing these key internal focus areas alongside external market forces, we strengthen our corporate resilience and establish a robust sustainability footprint.

STATUTORY AND REPORTING FRAMEWORKS

Our transparency strategy is maintained through absolute compliance with both internationally recognized reporting parameters and strict local statutory frameworks.

GLOBAL DISCLOSURES

Integrated Reporting Framework (<IR>)

To provide a balanced view of our multi-capital ecosystem.

International Financial Reporting Standards (IFRS)

To provide a balanced view of our multi-capital ecosystem.

United Nations Sustainable Development Goals (SDGs)

To systematically align our long-term commercial goals with universal socio-economic benchmarks.

NATIONAL STATUTORY COMPLIANCE

Sri Lanka Accounting Standards (SLFRS/LKAS):

Adhering strictly to standard local financial metrics alongside the Code of Best Practice on Corporate Governance.

Finance Business Act No. 42 of 2011

Upholding macro-prudential regulations mandated by the Central Bank of Sri Lanka (CBSL).

CSE & SEC Rules:

Maintaining strict compliance with the listing mandates of the Colombo Stock Exchange and Securities and Exchange Commission of Sri Lanka.

Companies Act No. 07 of 2007:

Adhering fully to foundational local statutory laws and corporate operational frameworks.

INDEPENDENT AUDIT AND ASSURANCE

To ensure complete transparency, our comprehensive Financial Statements, notes, and related disclosures have undergone rigorous independent audit by M/s Ernst & Young. The complete, unaltered Independent Auditor's Report is available on the specified pages of this volume.

FORWARD-LOOKING STATEMENTS

This report includes predictive commentary regarding the Company's future strategy, targets, and projected financial outcomes. These speculative evaluations involve inherent risks, as actual commercial results may differ from projections due to shifting economic policies, unexpected market volatility, and changing operational variables.

REPORTING ENHANCEMENTS IN 2025/26

We continue to enhance our reporting value by implementing the following core structural updates across this publication:

- **Frictionless Capital Integration**

Deepening the visual and structural connection between financial metrics and non-financial value drivers.

- **Governance Maturation**

Maximizing alignment with the latest best practices on Corporate Governance frameworks.

- **Enhanced Document Navigation**

Redesigning text flows to let readers trace value creation metrics across specific capitals and stakeholder groups with ease.

ABOUT THIS REPORT

NAVIGATION

Capitals

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

Capitals

- Employees
- Customers
- Business Partners
- Regulators
- Investors
- Community and the Environment

BOARD RESPONSIBILITY AND SIGN-OFF

The Board of Directors holds total accountability for the structural integrity, data completeness, and transparency of this publication. The Board confirms that this Integrated Annual Report has been systematically prepared in strict accordance with all referenced global and local frameworks, authorizing its release for stakeholder review.

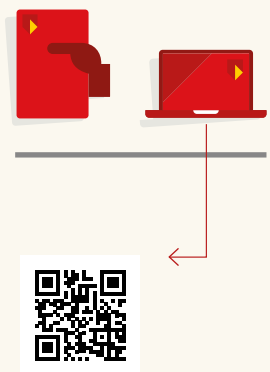
FEEDBACK AND QUERIES

We value stakeholder feedback on this report. Please contact:

STRATEGY AND PLANNING DEPARTMENT

PMF Finance PLC
No. 361, 361/1, R A De Mel Mawatha,
Colombo 03

Phone: +94 11 7 666 333 Ext: 362
Email: athula@pmf.lk





Integrity

OVERVIEW

ABOUT THE COMPANY

PMF Finance PLC is a prominent financial institution in Sri Lanka, backed by the strategic investment of Sterling Capital Investments (Pvt) Ltd., which holds an 81.58% majority stake in the Company. Today, PMF Finance is recognized for its strong capital base, resilient operations, and innovative financial services, which allow the Company to support entrepreneurial ambitions and create new opportunities across communities.

With over four decades of experience, PMF Finance has evolved from its origins as People's Merchant Bank, a joint venture between People's Bank and Guinness Mahon & Company Ltd., UK, incorporated in 1983. Over the years, the Company has undergone strategic capital restructurings, expanded its shareholder base, and listed on the Colombo Stock Exchange, strengthening its position as a stable and trusted financial institution.

PMF Finance has continually adapted to the evolving financial landscape, moving beyond traditional lending to focus on impact financing that enables sustainable growth for businesses and individuals alike. Rooted in this strong legacy, the Company remains committed to creating long-term value, fostering inclusive economic development, and setting high standards in the Sri Lankan financial sector.

OUR VISION

Service Excellence in Financial Services Whenever Wherever

OUR MISSION

Enrich the lives of more people in more places through inspired people

OUR VALUES

INTEGRITY

We will always adhere to the highest ethical standards in all our actions.

RELATIONSHIPS

We seek to establish mutually beneficial relationships with all our stakeholders based on trust and the desire to innovate win-win solutions.

RESPECT

We value our people, encourage their development, inspire their success and reward their performance.

COMMUNITY

We embed ourselves in Sri Lankan communities and consider it our responsibility to recognise and respect the good practices of local communities.

PURSUE EXCELLENCE

The appointment of a Board of Directors with significant expertise in Banking & Finance Sectors and a dynamic management team that leads our main business functions have privileged us to focus on our next phase of business.

PRODUCT PORTFOLIO

- Fixed Deposits & Savings
- Leasing
- Mortgage
- Entrepreneur Finance
- Real Estate
- Margin Trading
- Gold Loans
- Sustainability Finance

FIXED DEPOSITS & SAVINGS

Investing strategically today secures financial stability for the future. The long-term rewards of your wealth management correlate directly with your investment commitments. Choosing a stable financial partner is essential to protecting your assets in an ever-evolving economic landscape. As your trusted partner, PMF Finance is committed to delivering competitive investment opportunities coupled with maximum security for your hard-earned capital.

LEASING

PMF Finance offers tailored vehicle financing solutions structured to match individual requirements. Backed by over four decades of deep expertise in leasing and auto loan facilities, we provide customers with a transparent, highly flexible, and seamless financing experience.

Key Advantages

- Affordable vehicle ownership paths
- Rapid 24-hour lease approval turnarounds
- Personalized doorstep agent service
- Comprehensive island-wide branch network
- Integrated, in-house insurance and RMV transfers

MORTGAGE

PMF Mortgage Loans unlock the hidden equity of your real estate assets to provide flexible working capital or facilitate long-term property investments. This tailor-made financial solution is engineered specifically for both salaried professionals and business entities looking to leverage their residential or commercial properties.

Key Advantages

- Financing up to 70% of the property's forced sale value
- Flexible repayment timelines extending up to 5 years
- Rapid doorstep processing and document handling
- Dedicated, personalized service through certified specialists

ABOUT THE COMPANY



ENTREPRENEUR FINANCE

Designed as a strategic addition to our portfolio, this scheme delivers targeted financial assistance to Micro, Small, and Medium Enterprises (MSMEs) driving business expansion. Beyond raw capital injection, the product offers a comprehensive package that addresses financial, technical, and market access challenges.

Operating under an intimate relationship-lending model, this facility specifically targets growing commercial ventures that experience limited access to conventional banking, offering them institutional agility paired with specialized service.



REAL ESTATE

PMF Finance PLC leverages over four decades of deep industry experience to deliver a comprehensive suite of real estate services alongside specialized financial solutions. Backed by a proven track record of over 40 successfully completed projects, the Company is positioned as a premier real estate partner dedicated to enhancing value for our clients.

We provide expert real estate services including property renovations, land sales, and sales executed on behalf of owners. Serving investors, developers, landlords, and tenants alike, we offer a carefully curated range of property options integrated with financial and advisory services that deliver end-to-end solutions tailored to unique property requirements.



MARGIN TRADING

PMF Finance PLC is licensed as a margin provider under the Market Intermediary category by the Securities and Exchange Commission of Sri Lanka. The Company strategically services the mid-range borrower segment by offering highly competitive and attractive interest rates tailored for active equity market participants.

Key Features

- Facilitating seamless investment and share portfolio expansion
- Enriching market access and capital diversification opportunities
- Offering highly competitive, tiered interest rates
- Providing daily portfolio updates and account tracking
- Delivering fast, superior, and responsive customer service
- Ensuring seamless management and coordination of all required documentation



GOLD LOANS

Backed by over four decades of institutional market trust, PMF Finance delivers reliable short-term liquidity solutions through its structured Gold Loans facility. Serving both urban and rural demographics across the country, this highly accessible credit scheme provides quick working capital for income-generating activities or immediate consumer needs. Under this facility, eligible customers can secure fast, confidential financing against the pledge of gold jewelry, bullion, and coins.



SUSTAINABILITY FINANCE

PMF Finance provides integrated, forward-looking sustainable financing solutions engineered to facilitate clean mobility and green energy adoption. This specialized facility offers flexible terms and competitive rates to support investments in electric vehicles (EVs) and renewable energy initiatives. By empowering customers to minimize environmental impact and achieve meaningful energy cost savings, these products drive long-term sustainability across both commercial and individual sectors.

CONTRIBUTION TO THE ECONOMY

For over four decades, PMF Finance PLC has actively supported local economic stability and community resilience. We drive sustainable development by generating local employment opportunities, meeting tax obligations to support public services, prioritizing regional supplier ecosystems, and expanding financial inclusivity across Sri Lanka.

23 Strategic Service Touchpoints Across Sri Lanka

- Anuradhapura
- Bandarawela
- Chavakachcheri
- Chilaw
- Chunnakam
- Corporate
- Elpitiya
- Embilipitiya
- Galle
- Gampaha
- Homagama
- Jaffna
- Kaduruwela
- Kandy
- Kurunegala
- Matale
- Matara
- Mathugama
- Narahenpita
- Negombo
- Rathnapura
- Trincomalee
- Wellawatte

ENVIRONMENT

10 KPIs adopted

GHG base year established under ISO 14064-1:2018; energy, water, waste, materials, climate, green finance, training.

SOCIAL

5 KPIs adopted

Health & safety, stakeholder trust, diversity & inclusion, learning & development, CSR & community.

GOVERNANCE

3 KPIs adopted

Ethics & transparency, data privacy & cyber, Board & senior management governance.

ECONOMIC VALUE DISTRIBUTED

LKR. **3,625** Mn.

INTEREST EXPENSE

LKR. **1,997** Mn.

VALUE GENERATED

LKR. **5,137** Mn.

BRANCH NETWORK

23 locations

+4 vs. FY 24/25

TOTAL WORKFORCE

435

+12.40% compered to last year

AGRICULTURE SECTOR LOANS

LKR. **8.1** Bn.

EV LEASE CONTRACTS

147

Taxonomy eligible

GOLD LOANS TO WOMEN

54.4%

Taxonomy eligible

LKR. **13.4** Bn. disbursed

OUR JOURNEY

ABOUT PMF

PMF Finance possesses a legacy of four decades. Our journey over the years is marked with significant milestones, which has enabled the company to reach a position of stability and strength.

Strengthened by our firm roots, our path ahead is firmly entrenched in creating a transformative impact with innovative products and services which will help fuel the entrepreneurial aspirations of all Sri Lankans. Moving away from traditional lending, the company hopes to create new benchmarks in impact financing thereby creating transformative opportunities for people and communities at large.

1983

- People's Merchant Bank (now known as PMF Finance PLC) was incorporated as a Limited Liability Company on 26 January 1983 under the Companies Act No. 17 of 1982.
- A joint venture between People's Bank (75.00%) and Guinness Mahon & Company Ltd., of UK (25.00%).
- Subsequently, Guinness Mahon & Company Ltd., sold their equity in People's Merchant Bank to People's Bank, as they curtailed their activities in Asia.

1993

- In June 1993, People's Merchant Bank underwent a major capital restructuring through a private placement to a consortium of corporate investors including the Development Finance Corporation of Ceylon (currently DFCC Bank), HNB and Accepter Business Capital (SL) Ltd. – Hong Kong (currently Southbridge Capital Investment (SL) Ltd.) Australia.
- People's Merchant Bank was listed on the Colombo Stock Exchange in 1994.

2010

- Following the rights issue in January 2010, People's Leasing Company (Pvt) Ltd., became a major shareholder alongside People's Bank, Lanka Orix Leasing Company PLC, Environmental Resources Investment PLC and South Bridge Capital Investments (Pvt) Ltd.

2011

- The name of People's Merchant Bank was changed to People's Merchant in April 2011.
- Following the rights issue in November 2011, Capital Trust Holdings acquired a 26% stake of People's Merchant PLC and became the second largest shareholder.

2012

- The name of People's Merchant PLC was changed to People's Merchant Finance PLC (PMF) in May 2012, subsequent to the license issued by the Central Bank of Sri Lanka to carry out finance business in April 2012.

2013

- People's Leasing & Finance PLC assumed duties as the Managing Agent of People's Merchant Finance PLC in July 2015 consequent to the Direction issued by the Monetary Board.
- People's Bank and People's Leasing & Finance PLC jointly acquired 9.57% stake of PMF in July 2015.
- In August 2015, People's Bank and People's Leasing & Finance PLC jointly acquired a 38.44% stake in People's Merchant Finance PLC ~ and became the first and second largest shareholders of the Company. The joint shareholding amounted to 87.21%

2018

- The ordinary shares of the Company were transferred to the Diri Savi Board of the Colombo Stock Exchange in July 2018.

2019

- Sterling Capital Investments (Pvt) Ltd. acquired a 19.98% shareholding of PMF and became the third largest shareholder in April 2019.
- Subsequently, Sterling Capital Investments (Pvt) Ltd. became the major shareholder of PMF representing 68.20% of the shares of the Company

2021

- Following the rights issue in March 2021, Sterling Capital Investments (Pvt) Ltd. increased their shareholding to 78.55% of PMF.

2022

- People's Merchant Finance PLC was re-launched with its new brand identity as "PMF Finance PLC" in November 2022. This initiative marked a significant milestone with a refreshed brand positioning and a renewed focus on growth and innovation.

2023

- Transition to a new Core Banking System, replacing the outdated legacy infrastructure with a more robust and efficient solution.

2024

- Sanasa General Insurance Company (SGIC) has entered into a strategic partnership with PMF Finance PLC to offer comprehensive insurance solutions integrated with PMF Finance's leasing facilities, while also fostering new business development opportunities for the mutual benefit.

2025

- PMF Finance PLC has strategically refreshed its Board of Directors, including the appointment of a new Chairman, as part of its continued commitment to strengthening corporate governance, enhancing strategic leadership, and driving sustainable business growth. This transformation brings renewed expertise, vision, and strategic direction to support PMF Finance's next phase of growth and long-term value creation.

SNAPSHOT OF THE YEAR

2025

April

- New Year Celebration



May

- Vesak Dansela



June

- Credit Rating Upgraded from B+ to BB- by LRA



September

- CSR Management Committee Formation



October

- New branch opening (Bandarawela)



- CSR Initiative “Akurata Hetak” School Stationery, Book & IT Equipment Donation for 2 Schools in Bandarawela area.
- PMF Award Ceremony





November

- New branch opening (Kaduruwela)



- CSR Initiative “Akurata Hetak” School Stationery, Book & IT Equipment Donation for 2 Schools in Kaduruwela area.





December

- Dithwa Donations for Society



2025

January

- Jaffna Trade Fair



- New branch opening (Chavakachcheri, Chunnakam)



- Seminar and Donation at University of Jaffna



- 43rd Anniversary



February

- Management Meeting and Training











March

- Strategic Planning session



- CSR Initiative on Plant distribution to staff under the name haritha hetak



- Women's Day celebration



- Sponsorships for SLIM Effi Awards



- Sponsorships for SLIM Peoples Awards



KEY PERFORMANCE INDICATORS

For the year ended 31st March		COMPANY 2026	2025	Change %
FINANCIAL PERFORMANCE				
Gross Income	LKR.Mn	5,137	4,275	20.16%
Operating profit/(loss)	LKR.Mn	926	460	101.27%
Net Interest Income	LKR.Mn	2,913	1,957	48.90%
(Loss)/Profit before tax	LKR.Mn	645	310	108.45%
Income Tax reversal/(expense)	LKR.Mn	(277)	13	-2,256.95%
Profit for the year/(Loss)	LKR.Mn	368	322	14.24%
FINANCIAL POSITION				
Property, plant and equipment	LKR.Mn	324	324	0.00%
Financial assets - loans and lease rental receivables	LKR.Mn	19,763	17,257	14.52%
Other non-current assets	LKR.Mn	580	613	-5.25%
Other Current assets	LKR.Mn	2,766	3,440	-19.59%
Total assets	LKR.Mn	23,434	21,634	8.32%
Total equity	LKR.Mn	3,409	3,044	11.98%
Non-current liabilities	LKR.Mn	466	393	18.32%
Interest bearing borrowings & deposits	LKR.Mn	19,181	18,078	6.10%
Other Current Liabilities	LKR.Mn	378	117	221.66%
Total liabilities	LKR.Mn	20,025	18,589	7.72%
SHARE INFORMATION				
Highest value recorded during the year	LKR	19.50	8.50	129.41%
Lowest value recorded during the year	LKR	6.90	6.80	1.47%
Market value per share	LKR	11.30	7.20	56.94%
Market capitalization	LKR.Mn	4,580	2,918	56.94%
PROFITABILITY RATIOS				
Net Interest Margin (NIM)	%	12.71	9.52	33.52%
Operating profit margin	%	18.04	10.77	67.50%
Net profit margin	%	7.17	7.54	-4.93%
Return on total assets	%	1.57	1.49	5.47%
LIQUIDITY RATIOS				
Current ratio	Times	5.94	8.74	-32.04%
EQUITY RATIOS				
Net asset value per share	LKR	8.41	7.51	11.98%
Earnings/(loss) per share	LKR	0.91	0.80	14.24%
Price earnings ratio	Times	12.43	9.05	37.38%
Return on equity	%	10.81	10.59	2.02%
DEBT RATIOS				
Gearing ratio (Long term borrowings)	%	563	594	-5.25%
Interest cover	Times	1.46	1.23	18.79%

A STRONGER TODAY,
A BETTER TOMORROW.

PMF FINANCE PLC RATING UPGRADE

A testament to our financial strength, prudent management and unwavering commitment to progress.

LRA
LANKA RATING AGENCY
BB Stable



HONORING A VISIONARY LEADER

PMF Finance PLC proudly congratulates
Prof. (Dr.) Dewasiri N. Jayantha
Director / CEO
For being recognized and awarded with the prestigious
Global CEO Forum – 45 Under 45 Leadership Excellence Award.





We are honoured to be recognized as a

Silver Winner

in the Data Management, Submission and Compliance at the
CRIB Sri Lanka Rating Awards 2026

FINANCIAL HIGHLIGHTS

INCREASE IN THE TOTAL ASSET BASE
8.32%

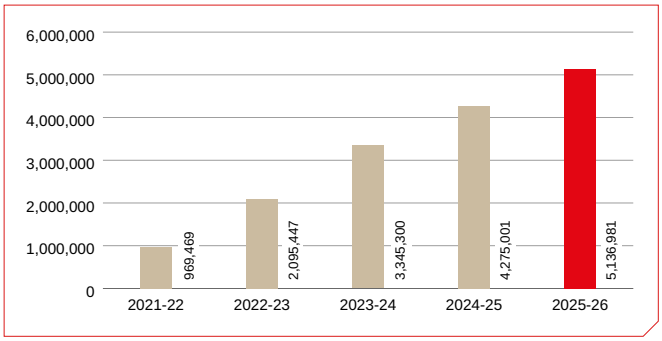
INCREASE IN LEASING & LOAN PORTFOLIO
14.52%

INCREASE IN THE INTEREST INCOME
24.70%

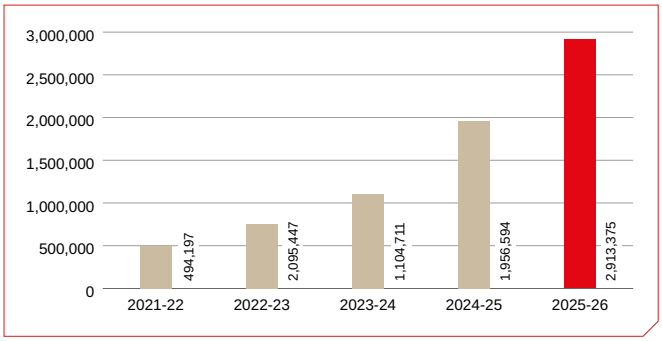
INCREASE IN THE PAT
14.24%

INCREASE IN RETURN ON TOTAL ASSETS
5.47%

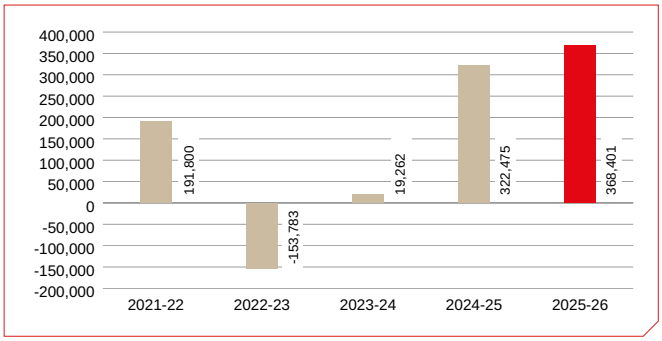
Gross Income (Rs.'000)



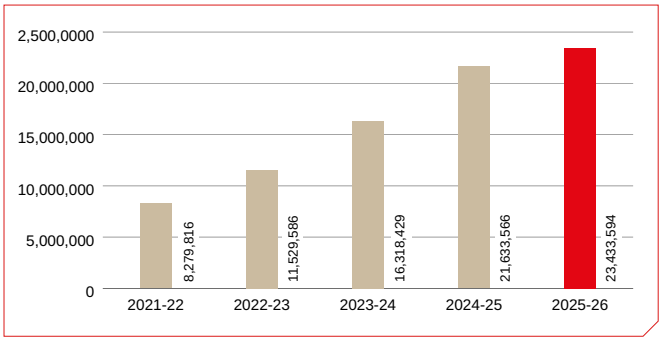
Net Interest Income (Rs.'000)



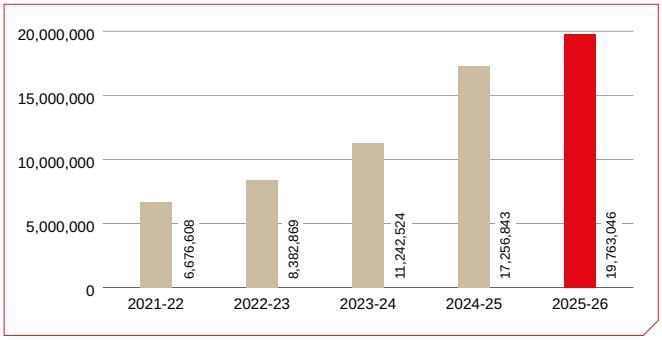
Profit After Tax (Rs.'000)



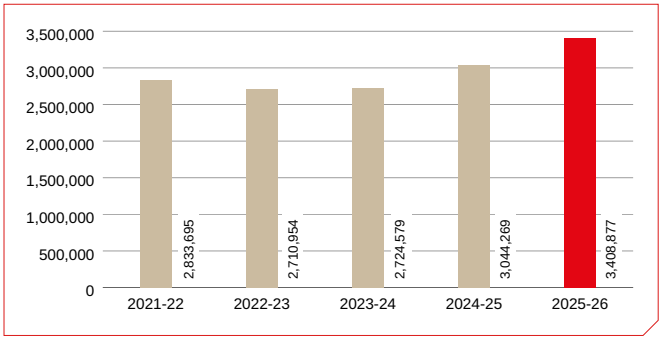
Total Assets (Rs.'000)



Portfolio Base (Rs.'000)



Total Equity (Rs.'000)



Total Assets Base
LKR 23 Bn

Total Lending Base
LKR 19 Bn

Total Deposit Base
LKR 14 Bn

NON-FINANCIAL HIGHLIGHTS

Manufactured and Digital Capital

Branches (Nos.)	New Branches Open (Nos.)	Investment in Property Plant and Equipment (LKR Mn.)	Investment in IT Infrastructure (LKR Mn.)
23 2026	**4** 2026	**100** 2026	**51** 2026
19 2025	5 2025	120 2025	22 2025

Social & Relationship Capital

Total customer base (Nos.)	Female Customer Base (Nos.)	Total FDs & Savings Customer Base (Nos.)
34,982 2026	**9,351** 2026	**9,509** 2026
21,737 2025	8,048 2025	9,255 2025

Human Capital

Total Employees (Nos.)	New Recruits (Nos.)	Promotions (Nos.)	Training (Hours)
435 2026	**194** 2026	**77** 2026	**195** 2026
387 2025	184 2025	69 2025	277 2025

Intellectual Capital

Credit Rating	Facebook Followers (Nos.)	Facebook views (Nos.)	Content Interactions (Nos.)
BB stable outlook 2026	**16,861** 2026	**5,094,116** 2026	**28,251** 2026
(BB-) Stable Outlook 2025	15,448 2025	3,016,512 2025	12,056 2025

Natural Capital

Water Consumption (Liters)	Electricity Consumption (kWh)	A4 - Paper Consumption (Sheets)
5,371,367 2026	**460,263** 2026	**1,265,000** 2026
4,437,216 2025	395,481 2025	1,045,000 2025



Relationships

LEADERSHIP MESSAGES

CHAIRMAN'S MESSAGE



The Company's performance during the year demonstrates the value of maintaining a diversified business model capable of responding to changing market conditions while capitalising on emerging opportunities.

Mr. Malik Cader
Chairman

Dear Stakeholders,

It is with a profound sense of responsibility and optimism that I present this Integrated Annual Report for the financial year 2025/26 at a defining moment in the evolutionary journey of PMF Finance PLC. The year under review marked the convergence of two significant developments: Sri Lanka's continued economic recovery and the Company's own leadership renewal, creating a strong foundation for the next chapter of sustainable growth.

As a refreshed Board of Directors assumed stewardship of the Company alongside a newly appointed Chairman and Chief Executive Officer, our immediate focus was ensuring continuity, strengthening governance, and establishing a clear strategic direction for the future. This transition was not merely a change in leadership but a deliberate step towards equipping PMF Finance with the expertise, perspectives, and agility required to capitalise on emerging opportunities within a rapidly evolving financial services landscape.

A MORE FAVOURABLE ECONOMIC LANDSCAPE

During the FY 2025/ 26 our the nation witnessed greater stability in key economic fundamentals, characterised by easing inflation, lower interest rates, improved exchange rate stability, and renewed business confidence. These developments supported a gradual revival in economic activity and created a more favourable operating environment for financial institutions.

Among the most significant catalysts for growth was the relaxation of vehicle import restrictions, which revitalised demand across the automotive sector after a prolonged period of market contraction. Given the Company's close association with the Sterling Group, one of Sri Lanka's leading automotive and vehicle import businesses, PMF Finance was uniquely positioned to benefit from this resurgence. The renewed momentum in vehicle financing contributed positively to lending growth and expanded opportunities to serve customers seeking mobility and business financing solutions.

FINANCIAL PERFORMANCE

The Company's performance during the year reflects the resilience of our business model and the commitment of our employees. Despite a year characterised by organisational transition, PMF Finance exceeded expectations and delivered a strong financial outcome. This achievement is a testament to the dedication of our management team and employees, whose efforts ensured that customer service, operational excellence, and prudent risk management remained at the forefront of our operations.

The gradual stabilisation of Sri Lanka's macroeconomic environment, renewed business confidence, and the reopening of vehicle imports created significant opportunities for asset growth and lending expansion, particularly within our core financing segments. At the same time, the sustained momentum in the gold loan portfolio contributed meaningfully to earnings and portfolio diversification.

CHAIRMAN'S MESSAGE

Against this backdrop, PMF Finance delivered a strong performance across key financial indicators. The Company's lending portfolio increased to Rs. 19.7 billion, reflecting a growth of 14.52% compared to the previous year, while Net Interest Income rose to Rs. 2.9 billion, supported by disciplined asset growth and prudent balance sheet management. Profit After Tax for the year amounted to Rs. 368 million, representing an increase of 14.24% over the previous year. Total assets expanded to Rs. 23.4 billion, while shareholders' equity strengthened to Rs. 3.4 billion, reinforcing the Company's financial resilience and capacity to support future growth initiatives.

The Company maintained capital adequacy ratios well above regulatory requirements, reflecting a disciplined approach to risk management, governance, and capital stewardship. Asset quality remained a key area of focus, supported by robust credit evaluation processes, effective recovery mechanisms, and continuous portfolio monitoring.

STRATEGIC FOCUS

The year also marked a significant milestone in PMF Finance's transformation journey, with investments in digitalisation, operational efficiency, and customer-centric service delivery strengthening the foundation for sustainable long-term growth. The continued expansion of our branch network with the opening of four branches in Jaffna and Bandarawela further enhanced our ability to serve customers across diverse market segments while deepening financial inclusion.

As demand for personal and commercial vehicles gained momentum, the Company experienced increased activity within its asset financing portfolio. This supported lending growth and strengthened the Company's ability to serve customers seeking financing solutions in a recovering market. At the same time, our Gold Loan portfolio continued to demonstrate exceptional resilience and relevance. While traditionally viewed as a source of emergency funding, we are increasingly witnessing a shift in customer behaviour, with entrepreneurs and business owners using gold-backed financing as a strategic liquidity management tool. The speed, convenience, and accessibility of gold loans have made them an attractive financing option for both personal and business needs, enabling this segment to remain a key contributor to our growth trajectory.

The Company's performance during the year demonstrates the value of maintaining a diversified business model capable of responding to changing market conditions while capitalising on emerging opportunities. Beyond financial performance, the Company continued to strengthen its foundations for future growth through investments in technology, people, and operational capabilities.

The financial services landscape continues to evolve rapidly, driven by changing customer expectations and increasing digital adoption. Recognising this shift, PMF Finance remains committed to digital transformation as a core strategic priority. During the year, the Company continued to invest in technology-driven solutions aimed at enhancing customer convenience, improving operational efficiency, and strengthening service delivery. Our digitalisation initiatives are designed not only to improve internal processes but also to create seamless and accessible experiences for customers.

This balanced approach enables PMF Finance to combine technological innovation with personalised customer engagement, ensuring that we remain responsive to the diverse needs of our customers.

PEOPLE-CENTRIC GROWTH

At PMF Finance, our people remain at the heart of our success. During the year, we continued to invest in employee development, leadership capability building, digital competencies, and workplace wellbeing initiatives, recognising that an engaged and empowered workforce is fundamental to delivering exceptional customer experiences and driving sustainable business growth.

As the Company embarks on a new chapter under refreshed leadership, fostering a culture of collaboration, agility, accountability, and innovation remains a key priority. We are committed to creating an environment where employees are encouraged to embrace change, continuously develop their skills, and contribute meaningfully to the organisation's transformation journey. By strengthening our talent base and nurturing future leaders, we are building a resilient organisation equipped to capture emerging opportunities and create lasting value for all stakeholders.

Equally important is our commitment to developing our people. During the year, we initiated international exposure in gold loan financing and learning opportunities for selected employees, providing them with valuable insights into global best practices and emerging industry trends. This reflects our belief that sustainable growth is ultimately driven by capable, motivated, and future-ready teams. We intend to continue investing in talent development as we strengthen the organisational capabilities required for our next phase of growth.

As we enter a new phase of growth, we remain committed to fostering a culture that values collaboration, accountability, continuous learning, and performance excellence. We continue to invest in developing leadership capabilities, strengthening employee engagement, and creating opportunities for professional growth.

SUSTAINABILITY AS A STRATEGIC IMPERATIVE

Sustainability is evolving from a compliance requirement into a core business imperative. As an institution that plays a vital role in enabling economic activity, we recognise our responsibility to contribute meaningfully towards a more sustainable future. During the coming years, we will further strengthen our sustainability framework through enhanced governance oversight, deeper integration of environmental and social considerations into decision-making, and the development of solutions that support the nation's transition towards a greener and more inclusive economy.

Our ambition extends beyond financing. We seek to embed sustainability into our culture, operations, products, and stakeholder engagements, ensuring that responsible business practices become an integral part of how we create value.

GOVERNANCE AND RISK MANAGEMENT

The year under review was marked by an important period of leadership transition, during which the organisation operated without a Chief Executive Officer from 15 August 2025 to 1 March 2026. This period coincided with a number of legacy and operational challenges that required heightened oversight, timely decision-making and close governance attention.

Throughout this transition, the Board remained fully engaged, providing strong and consistent leadership to safeguard organisational stability and ensure continuity of operations. Key issues were closely monitored, assessed and addressed through collective oversight, enabling the organisation to navigate prevailing pressures in a disciplined and responsible manner.

The commitment and active involvement of the Board during this period underscored the strength of the organisation’s governance framework. Through collective responsibility, informed decision-making and sustained oversight, the Board helped maintain organisational resilience while creating a stronger foundation for renewed leadership, greater stability and continued progress.

Strong governance remains fundamental to our long-term success. The Board recognises that sustainable growth can only be achieved through effective oversight, sound decision-making, and a robust risk management framework.

The leadership transition has further strengthened the Company's governance architecture by bringing together diverse expertise and independent perspectives that support effective stewardship and strategic oversight.

Risk management remains deeply embedded within our decision-making processes. We continue to maintain a disciplined approach towards managing credit, liquidity, operational, regulatory, and market risks while remaining vigilant to emerging risks that may arise from evolving economic and technological landscapes.

This commitment to governance and risk management ensures that PMF Finance remains resilient, responsible, and well-positioned to create sustainable value for stakeholders.

LOOKING AHEAD

Looking ahead, we are focused on diversifying our business and unlocking new avenues of growth. One of the most exciting developments on our strategic horizon is the introduction of Islamic Finance. Extensive market studies have identified significant demand for Shariah-compliant financial solutions, particularly among communities and customer segments that remain underserved by conventional financial products.

Building upon our existing infrastructure and branch network, we are preparing to launch dedicated Islamic Finance offerings that will enable us to broaden our reach and strengthen our relevance across new customer segments.

In parallel, we are laying the foundation for our entry into Green Finance. As sustainability increasingly shapes the future of financial services, PMF Finance intends to support the transition towards environmentally responsible economic activity. Leveraging the Sterling Group's growing presence in the electric vehicle sector, we are exploring financing solutions that support sustainable mobility and clean transportation while evaluating opportunities related to green and sustainable funding mechanisms.

Digital transformation remains another critical pillar of our future strategy. Customer expectations continue to evolve, demanding greater convenience, accessibility, and speed. Accordingly, we are investing in digital capabilities that enhance customer experience, improve operational efficiency, and strengthen service delivery. These efforts are complemented by the continued expansion of our branch network, ensuring that we maintain strong physical connectivity with our customers while extending our reach into underserved regions.

Strong governance and prudent risk management remain central to everything we do. The Board is committed to maintaining the highest standards of accountability, transparency, and oversight while ensuring that growth opportunities are pursued responsibly. We recognise that sustainable success is built not only on financial performance but also on the trust placed in us by our stakeholders.

CHAIRMAN'S MESSAGE

As we move forward, we do so with confidence. The improving economic outlook, the revival of key sectors such as vehicle financing, the expansion of our branch network, the launch of Islamic Finance, the emergence of Green Finance opportunities, and our ongoing investments in digitalisation and people development collectively position PMF Finance for a future of sustainable growth and value creation.

APPRECIATION

Supported by a renewed leadership team, a committed workforce, and a strong governance framework, PMF Finance is entering its next chapter with confidence and purpose. We are focused not only on delivering sustainable financial performance but also on creating lasting value for customers, shareholders, employees, and the communities we serve.

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders for their continued confidence in the Company. I thank our customers for the trust they place in us, our business partners for their guidance and support.

I wish to place my appreciation to the CEO and our employees for their unwavering commitment and dedication. Together, we have successfully navigated a period of transition. Together, we will build a stronger, more innovative, and future-ready PMF Finance, creating lasting value for all stakeholders in the years ahead.

I wish to recognise my colleagues on the Board for their collective wisdom and strategic direction in charting the Company towards greater heights. I extend my appreciation to the Governor and the Director of Non - Bank Finance Institution of the Central Bank of Sri Lanka for their valued counsel and guidance extended to PMF Finance.

As we move forward with greater impetus our journey forward will not simply be about growth but focussed on building a stronger institution, supporting a more prosperous society, and creating sustainable value that endures for generations to come.



Mr. Malik Cader
Chairman

Colombo

31st August 2026

CHIEF EXECUTIVE OFFICER'S REVIEW



Over the years, PMF Finance has undergone a remarkable transformation. We have strengthened our governance framework, enhanced our risk management capabilities, improved operational efficiency, expanded our market presence, and built a stronger, more resilient institution. The progress achieved today is the result of years of commitment, sacrifice, strategic focus, and collective effort by many individuals who believed in this institution's potential.

Prof. (Dr.) Dewasiri N. Jayantha
Executive Director / Chief Executive Officer

Dear Stakeholders,

The year ended 31 March 2026 marked an important stage in PMF Finance PLC's evolution, shaped by renewed economic opportunity, organisational transition and stronger financial performance. It reaffirmed that sustainable progress depends on disciplined execution, responsible stewardship and stakeholder trust.

Trust remains the foundation of our business from customers and depositors to shareholders, regulators, employees and partners. Our Annual Report theme, "Values that Guide, Trust that Endures," reflects our commitment to pursuing growth with integrity, accountability and sound governance.

OPERATING ENVIRONMENT

Sri Lanka's improving macroeconomic conditions, lower interest rates and the easing of vehicle import restrictions supported renewed activity across the financial services and asset-financing sectors. Against a backdrop of intense competition, evolving regulation, asset-quality pressures and rapid digitalisation, the Company remained focused on prudent growth, adaptability and long-term resilience. Financial institutions continued to face changing customer expectations, evolving regulatory requirements, asset-quality pressures, funding considerations and rapid technological development. These conditions required us to remain prudent, adaptable, and focused on the Company's long-term resilience.

STRONGER EARNINGS MOMENTUM AND FINANCIAL RESILIENCE

PMF Finance delivered a notably stronger financial performance supported by growth in its earning-asset base, improved contributions from core lending and leasing activities, and stronger operating efficiency. Gross income increased by 20.2% to LKR 5.14 billion from LKR 4.28 billion in the previous year, while net interest income expanded by 48.9% to LKR 2.91 billion. Operating profit before taxes on financial services more than doubled to LKR 926.5 million from LKR 460.3 million, demonstrating a significant strengthening of the Company's core earnings capacity. Profit before income tax increased by 108.4% to LKR 645.4 million, compared with LKR 309.6 million in 2024/25, while profit after tax rose by 14.2% to LKR 368.4 million despite an income tax expense of LKR 277.0 million during the year, compared with an income tax reversal in the preceding period. Earnings per share consequently improved from LKR 0.80 to LKR 0.91. Overall, the results reflect stronger operating momentum, improved profitability and a more resilient earnings base, providing a sound platform for sustainable growth while maintaining continued focus on cost discipline, credit quality and prudent portfolio management.

During thefinancial year total assets increased by 8.3% to LKR 23.43 billion as at 31 March 2026. Net loans and lease rental receivables grew by 14.5% to LKR 19.76 billion, accounting for approximately 84.3% of total assets and reflecting sustained demand for the Company's financing solutions. As the portfolio expanded, the Company maintained a strong focus on credit quality, disciplined underwriting and recovery management, with an impairment charge of LKR 380.1 million recognised during the year.

CHIEF EXECUTIVE OFFICER'S REVIEW

Customer deposits remained the principal source of funding at LKR 14.12 billion, while bank borrowings increased by 38.0% to LKR 5.04 billion, providing additional capacity to support portfolio growth. Total equity strengthened by approximately 12.0% to LKR 3.41 billion, with net asset value per share increasing from LKR 7.51 to LKR 8.41. Capital adequacy remained comfortably above regulatory requirements, with both the Core Capital Ratio and Total Risk-Weighted Capital Ratio standing at 17.38%, compared with 15.84% in the previous year. Liquidity also improved, with available liquid assets representing 124.3% of the regulatory requirement, compared with 100.7% in 2024/25. Together, these indicators reflect a stronger financial position and enhanced capacity to support sustainable growth while absorbing potential future pressures

STRENGTHENING OUR REACH AND CAPABILITIES

During the year, PMF Finance expanded its branch network to 23 locations, including four new branches, strengthening customer accessibility and supporting growth in our customer base. We also continued to invest in technology, systems and operational capabilities to enhance convenience, efficiency, controls and data-driven decision-making. As digital transformation progresses, we remain equally focused on preserving the personal relationships and customer-centric service that distinguish PMF Finance. Our aim is to combine technology with human understanding to deliver accessible, responsible and relevant financial solutions.

OUR PEOPLE

We continued to invest in employee development, leadership capabilities, digital competencies and workplace wellbeing. As PMF Finance enters its next phase of growth, building a culture of accountability, collaboration, innovation and high performance will remain central to our transformation.

OPERATIONAL CHALLANGES

The company has engaged in margin trading activities since 2012 in compliance with applicable Securities and Exchange Commission of Sri Lanka regulations. Since these activities commenced, the related transaction records have been migrated between systems twice.

The independent auditor has expressed a qualified opinion relating to certain historical opening balances associated with the margin trading business. These balances originated in previous financial periods and were affected by reconciliation differences arising from historical system migrations and limited supporting documentation.

The balance concerned represents less than 0.2% of the company's total asset base. Nevertheless, adopting a prudent approach, the company has recognised a provision against the balance affected in the financial statements. The board and management have treated this matter as a priority and initiated a comprehensive action plan to address the matters giving rise to the qualification. The Company will commission an independent review of the matter, which is expected to be completed within six months. Internal controls have also been strengthened to prevent similar issues from recurring and further to improve the company's accounting and financial reporting processes.

The management team and the Board of Directors remain firmly committed to maintaining high standards of governance, transparency and accountability. We will continue to strengthen our internal control environment and risk management practices to safeguard stakeholder interests and support the company's sustainable growth.

WAY FORWARD

Assuming executive leadership responsibilities at PMF Finance has deepened my appreciation of the Company's strength, potential and purpose. The progress achieved reflects the commitment of many individuals who have contributed over the years to building a stronger institution. Looking ahead, our ambition is not simply to become larger, but to become stronger, smarter and more trusted. Our priorities will be to strengthen asset quality and recovery performance, diversify our funding base, enhance operational efficiency and accelerate digital transformation. We will continue to reinforce governance, risk management, compliance and sustainability across the organisation. Growth will be pursued within a clearly defined risk appetite, with disciplined attention to capital, liquidity and portfolio quality. Through responsible decision-making and focused execution, we intend to build on the stronger financial platform established during the year and create sustainable value for all stakeholders.

APPRECIATION

I extend my sincere appreciation to our Chairman and the Board of Directors for their leadership, guidance and confidence, and to the Central Bank of Sri Lanka and other regulatory authorities for their continued stewardship. I also thank our shareholders, depositors, customers and business partners for the trust they continue to place in PMF Finance. Above all, my appreciation goes to every member of the PMF team for their dedication, resilience and contribution throughout the year. Trust is not inherited; it is earned through consistency, accountability, transparency and integrity. These principles will continue to guide us as we strengthen the confidence that connects PMF Finance with every stakeholder. Together, we will continue building an institution that creates enduring value, inspires confidence and stands the test of time.



Prof. (Dr.) Dewasiri N. Jayantha
Executive Director /
Chief Executive Officer
PMF Finance PLC

Colombo

31st August 2026



Respect

MANAGEMENT DISCUSSION AND ANALYSIS

OUR BUSINESS MODEL

AVAILABILITY AND QUALITY OF OUR SIX CAPITAL INPUTS



FINANCIAL CAPITAL

Our capital base, diversified deposit sources, and funding obtained from investors and customers provide the financial foundation for our operations. These resources enable us to extend credit, facilitate payments and transactions, and generate returns to shareholders.

- Deposits: Rs. 14 Bn
- Shareholders' Equity: Rs. 3.4 Bn
- Return on Equity: 10.81%
- PAT: Rs. 368 Mn



MANUFACTURED AND DIGITAL CAPITAL

Our business structure and operational processes, together with our property, equipment, digital products, channels, and information technology systems, provide the foundation for how we operate and create value.

- Branch Network: 23
- Branches Outside Western Province: 18
- Investment in PPE: Rs. 99.5 Mn
- Investment in IT(Software) Rs. 25 Mn



HUMAN CAPITAL

Our people, culture, and combined knowledge, skills, and experience enable us to deliver innovative and competitive solutions that create value for our customers and stakeholders.

- Total Work Force: 435
- New Recruitments: 194
- Staff Training: 195 Hours



INTELLECTUAL CAPITAL

Our intangible assets, including our brand, reputation, innovation, knowledge, expertise, and strategic partnerships, are essential to supporting business growth.

- Credit Rating Upgraded
- Social Media Followers
- Strong Promotion Campaigns



SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with stakeholders, including customers, business partners, and the communities we serve are integral to our operating environment. We recognize our responsibility to support a thriving society and a resilient financial ecosystem.

- Total Customers: 34,982
- Total CSR Projects: 6
- Total Value Creation: Rs. 5,137 Mn



NATURAL CAPITAL

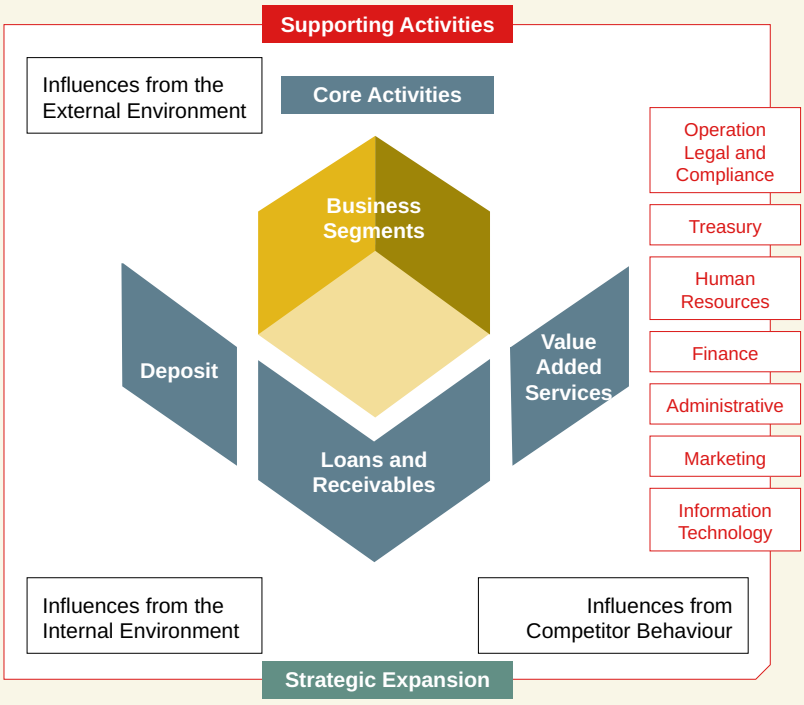
Our operations directly use and affect natural resources, including energy, water, waste, emissions, and climate-related factors, while our broader business activities also influence the natural environment.

- Electricity Consumption
- Water Consumptions
- A4 Usage

ENABLE US TO DELIVER ON OUR STRATEGY



TRANSFORMED INTO DYNAMIC CAPABILITIES THROUGH STRATEGIC ACTIVITIES



OUTCOMES

FINANCIAL CAPITAL

- Revenue of Rs. 5,137 Mn, a increase of 20.16%
- Return on Equity (ROE) increase to 10.81%
- Net Asset Value per share (NAV) is up by 11.98%
- Strong balance sheet with total assets increased by 8.27%
- Share price increased by 56.94% year-on-year

MANUFACTURED AND DIGITAL CAPITAL

- 4 branches opened in Uva, Northern and Northern Central
- Investment in PPE Rs. 99.5 Mn
- Investment in IT increased by Rs. 25 Mn

HUMAN CAPITAL

- 194 new recruitments increased by 5%
- Salaries and benefits increased by 11%
- Maintained and managed the retention rate
- Internal promotions increased by 12%
- Training & Development decreased by 30%

INTELLECTUAL CAPITAL

- Total Sponsorship Cost Rs. 2 Mn
- Marketing Campaign Cost Rs. 16.8 Mn

SOCIAL AND RELATIONSHIP CAPITAL

- Customers: Increased by 60.93% to 34,982
- CSR Investment: Rs. 682,978
- Total Tax Contribution of Rs. 558Mn
- Stationery items for 04 schools in Bandarawela/Kaduruwela Rs. 343,538

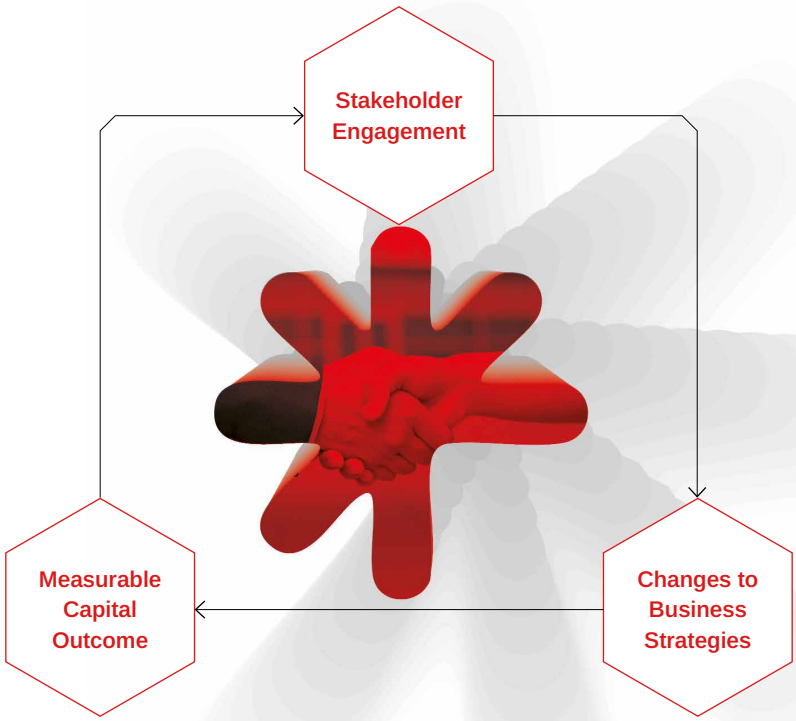
NATURAL CAPITAL

- 675 sustainable trees distributed among employees and customers.
- Envelope re use: 4 times

STAKEHOLDER ENGAGEMENT

At PMF Finance PLC, we believe that long-term resilience and growth are built on continuous dialogue, trust, and collaboration with our stakeholders. By engaging consistently with our customers, employees, investors, regulators, business partners, and local communities, we ensure our corporate strategy remains responsive, transparent, and aligned with stakeholder priorities to create shared economic and social value.

Stakeholder engagement at PMF is an active governance mechanism rather than a compliance reporting exercise. We utilize structured communication channels to capture market insights, adapt our operational processes, and ensure that our corporate strategy remains directly responsive to shifting economic priorities.



OUR PROCESS FOR STAKEHOLDER ENGAGEMENT

Identify	Develop	Monitor	Review	Implement	Communicate
Define key stakeholder groups and evaluate their distinct expectations.	Tailor proactive engagement strategies and communication channels.	Continuously track feedback, sentiment, and emerging needs.	Evaluate outcomes and integrate key findings into executive management discussions.	Execute corrective and proactive strategic actions.	Share transparent performance updates through dedicated communication platforms.

CORE STRATEGIC PIVOT POINTS

The three highlights given below summarize how stakeholder dialogue directly steered our Board-level decisions during this financial cycle.

Market-Responsive Credit Deployment

In response to customer demand for flexible, fast-turnaround financing options amidst macroeconomic changes, management strategically shifted credit focus toward short-term asset-backed facilities. This directly expanded our total gross loans portfolio to LKR 20,589 Mn.

Efficiency and Return Maximization

Addressing investor expectations for improved cost structures following recent corporate transitions, the Company streamlined internal processes. This optimized our Cost-to-Income Ratio down to 58.39%, driving a 14.24% increase in Profit After Tax (PAT) to LKR 368 Mn.

Risk and Capital Governance

To address regulatory priorities regarding financial stability, data integrity, and asset quality, the institution enhanced its enterprise risk management frameworks. This resulted in a cleaner balance sheet.

IDENTIFIED STAKEHOLDER GROUPS AND ENGAGEMENT HIGHLIGHTS

1 EMPLOYEES

Strategic Objective: To cultivate a safe, transparent, and performance-driven workplace environment.

Stakeholder Priorities	Strategic Business Impact	Long-Term Capital Value Created
❖ Career progression pathways ❖ Fair compensation structures ❖ Continuous skills development ❖ Healthy work-life balance	❖ Deployed specialized, role-specific digital training modules ❖ Implemented structured, transparent bi-annual appraisal cycles ❖ Maintained a flexible hybrid work framework to manage operational agility	**Human Capital Growth:** Built a highly productive, compliant, and versatile team equipped to handle evolving market demands.

2 CUSTOMERS

Strategic Objective: To build lasting corporate relationships by delivering operational convenience and tailored financial solutions.

Stakeholder Priorities	Strategic Business Impact	Long-Term Capital Value Created
❖ Digital service accessibility ❖ Competitive loan affordability ❖ Fast transaction turnarounds ❖ Regional branch accessibility	❖ Deployed mobile payment and digital recovery platforms ❖ Scaled specialized MSME Entrepreneur Finance facilities ❖ Optimized our island-wide service network across 23 strategic touchpoints	**Manufactured & Financial Capital Growth:** Expanded credit absorption, driving total assets up to LKR 23,423Mn.

STAKEHOLDER ENGAGEMENT

3 BUSINESS PARTNERS



Strategic Objective	To foster transparent, objective, and mutually beneficial commercial alliances.

Stakeholder Priorities	Strategic Business Impact	Long-Term Capital Value Created
❖ Fair, competitive transactions ❖ Timely contract settlements ❖ Resilient supply chain practices	❖ Enforced strict, objective procurement and tendering protocols ❖ Upgraded payment workflows to optimize and accelerate vendor payment cycles ❖ Established dedicated dealer-broker support units	**Social & Relationship Capital Growth:** Strengthened supply chain stability, commercial trust, and operational continuity.

4 REGULATORS



Strategic Objective	To ensure absolute compliance with national regulations and support macro-financial system stability.

Stakeholder Priorities	Strategic Business Impact	Long-Term Capital Value Created
❖ Good corporate governance ❖ Strict consumer protection ❖ Absolute transparency in reporting ❖ Information security frameworks	❖ Aligned all operations with new Central Bank of Sri Lanka (CBSL) directions ❖ Upgraded internal control mechanisms to proactively identify operational risks ❖ Fortified IT governance and data security protocols	**Intellectual & Governance Capital Growth:** Achieved clean regulatory alignment.

5 INVESTORS



Strategic Objective	To sustain capital adequacy, protect assets, and deliver sustainable financial returns.

Stakeholder Priorities	Strategic Business Impact	Long-Term Capital Value Created
❖ Consistent net profitability ❖ Robust capital adequacy buffers ❖ Thorough risk management ❖ Clear disclosure metrics	❖ Generated an improved net return of LKR 368 Mn in Profit After Tax (PAT) ❖ Expanded Total Equity to LKR 3,409Mn, strengthening capital reserves ❖ Maintained transparent disclosures on long-term strategy	**Financial Capital Growth:** Secured long-term shareholder equity and strengthened institutional market value.

6 COMMUNITY & ENVIRONMENT

Strategic Objective	To drive regional economic inclusion and support environmental sustainability.

Stakeholder Priorities	Strategic Business Impact	Long-Term Capital Value Created
❖ High-impact social investment ❖ Funding for regional businesses ❖ Climate-conscious practices ❖ Practical green financing options	❖ Designed targeted Sustainability Finance products for solar and clean energy adoption, with EV leasing and solar PV credit pipelines set to launch in FY 2026/27 ❖ Prioritized credit delivery to rural MSMEs ❖ Began piloting paper-reduction workflows, with full rollout planned through FY 2026/27	**Social & Relationship Capital Growth:** Advanced financial inclusion across provinces and established our GHG baseline, setting the foundation to measure and reduce our carbon footprint from FY 2026/27

Through these structured engagement frameworks, PMF Finance PLC continues to deepen marketplace trust, strengthen strategic relationships, and secure sustainable, long-term value for all stakeholders.

MATERIALITY ASSESSMENT

MANAGING MATERIALITY FOR RESILIENCE AND VALUE

At PMF Finance PLC, we use the principle of materiality to identify, rank, and manage the core issues that directly affect our long-term stability and business growth. The Board of Directors oversees these material priorities, ensuring they are built directly into our corporate strategy, daily decision-making, and enterprise risk management frameworks.

OUR GUIDING PRINCIPLES

Annual Strategic Assessment

We conduct a structured annual review to identify and address emerging operational risks, shifting economic trends, and strategic commercial opportunities.

The Double Materiality Lens

Our evaluation applies a double materiality perspective. This means we analyze both the external financial forces that impact our business and the internal decisions we make that impact society, regional economies, and the environment.

THE MATERIALITY MANAGEMENT PROCESS

Instead of looking at material topics in isolation, we manage them through a continuous, five-step governance loop.

1 Identification

We actively monitor the broader financial services sector, tracking regulatory changes, macroeconomic shifts, and sustainable finance developments. This helps us list the key topics that align with our operational goals and stakeholder expectations.

2 Prioritization

We use a structured Materiality Matrix to evaluate and rank each identified topic. Topics are scored based on two clear measures: their potential impact on PMF's business performance and their direct importance to our internal and external stakeholders.

3 Board Approval

The Board of Directors reviews and formally approves the finalized list of prioritized material topics. This step confirms executive alignment and ensures these matters guide our annual corporate budgeting and capital allocation.

4 Strategic Integration

Once approved, management builds these core topics directly into our live operational workflows, corporate roadmaps, and risk management systems. This ensures that every business unit works together to address our material risks and opportunities.

5 Performance Review

We systematically measure our ongoing operational performance against our material objectives. Regular internal reviews allow us to update our focus areas dynamically, ensuring our strategy stays relevant to a changing economic landscape.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



LIST OF MATERIAL TOPICS

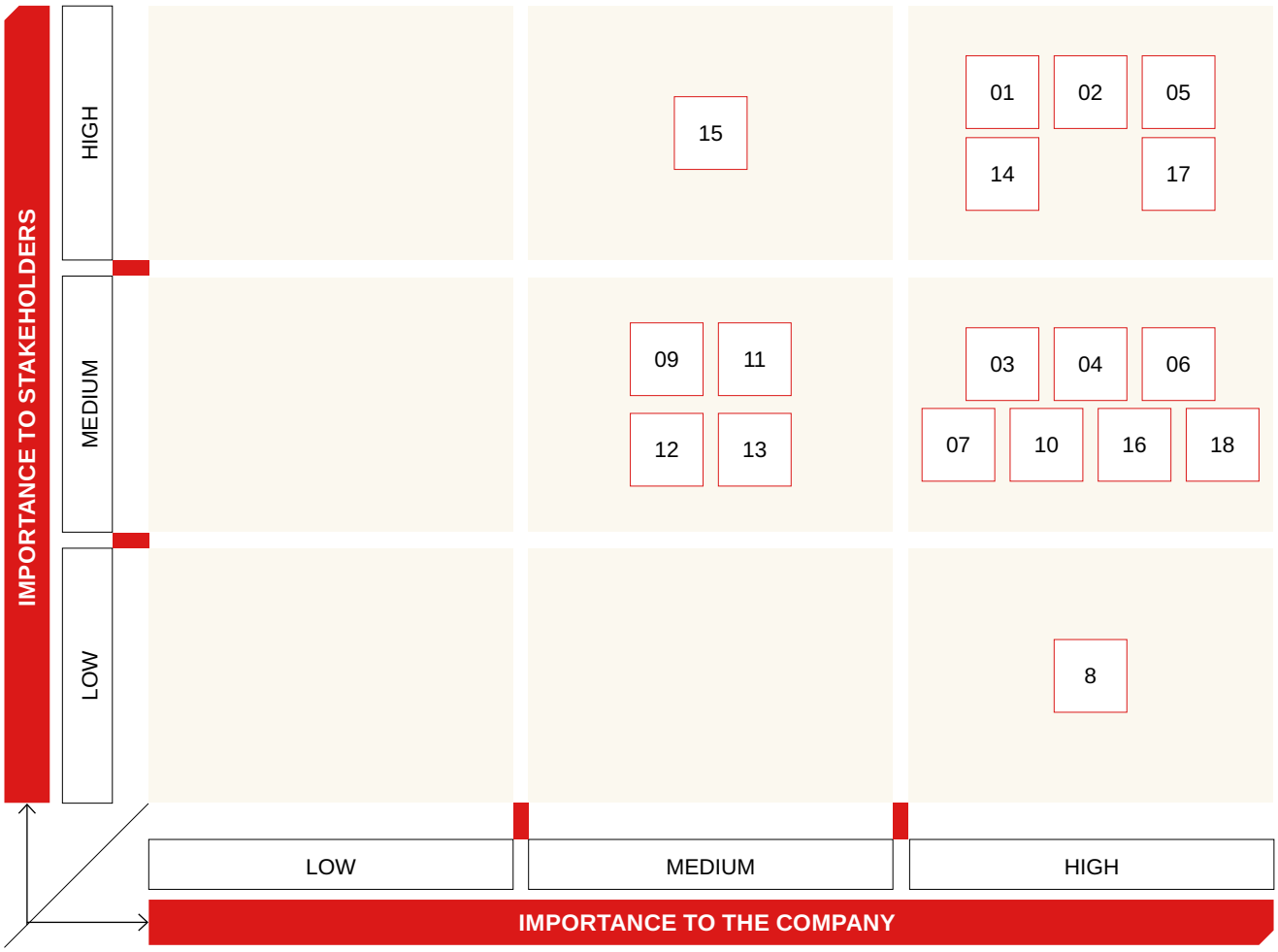
Economic | Environmental | Social | Governance

No.	Material Topic	Actions to Risk Mitigation and Maximizing Opportunities	GRI	Global Goals Alignment
1	Macroeconomic Conditions	Adjusting credit products dynamically to meet changing consumer patterns while standardizing sales tactics across branches to open up new market segments.	GRI 201	 SDG 8 (Decent Work and Economic Growth)
2	Financial Stability & Profitability	Reducing operational expenses through strict budgeting while balancing income sources to protect our liquidity position and core equity reserves.	GRI 201	 SDG 1 (No Poverty), SDG 2 (Zero Hunger) & SDG 8 (Decent Work and Economic Growth)
3	Approach to Tax	Submitting accurate corporate disclosures and fulfilling all national tax duties on time to ensure transparent corporate citizenship.	GRI 207	 SDG 17 (Partnerships for the Goals)
4	Anti-Corruption	Evaluating business risk areas regularly and conducting mandatory compliance briefings to ensure internal financial controls are strictly followed.	GRI 205	 SDG 16 (Peace, Justice, and Strong Institutions)
5	Indirect Economic Impacts	Offering micro-loans and small business advisory services in regional provinces to support local job creation and family business expansion.	GRI 203	 SDG 8 (Decent Work and Economic Growth)
6	Energy Management	Tracking utility metrics across all 23 branches and teaching staff smart conservation habits to reduce our daily building electricity use.	GRI 302	 SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action)
7	Water Consumption	Repairing building fixtures promptly and creating simple team guidelines to lower water waste within corporate offices.	GRI 303	
8	Procurement Practices	Choosing local business partners for office supplies and conducting transparent vendor checks to support regional supply chain compliance.	GRI 204	
9	Effluents and Waste	Shifting to digital document sharing to decrease paper use, reusing basic stationery items, and sorting office trash responsibly.	GRI 303	

MATERIALITY ASSESSMENT

No.	Material Topic	Actions to Risk Mitigation and Maximizing Opportunities	GRI	Global Goals Alignment
10	Employment	Aligning our recruitment process with candidate skills, providing transparent internal promotion options, and managing competitive benefits to retain staff.	GRI 401	 SDG 5 (Gender Equality) & SDG 10 (Reduced Inequalities)
11	Occupational Health & Safety	Reviewing branch safety facilities regularly and setting up clean work protocols to comply fully with employee welfare laws.	GRI 403	 SDG 3 (Good Health and Well-being) & SDG 8 (Decent Work and Economic Growth)
12	Training and Education	Organizing regular business and technology workshops to improve employee skills and prepare the workforce for modern finance roles.	GRI 404	 SDG 8 (Decent Work and Economic Growth)
13	Diversity & Equal Opportunity	Enforcing fair corporate treatment rules and guaranteeing equal salary structures based completely on role and objective job level.	GRI 405	 SDG 5 (Gender Equality) & SDG 10 (Reduced Inequalities)
14	Customer Service Excellence	Collecting client feedback systematically and training frontline branch staff to handle loan and deposit queries efficiently.	GRI 418	 SDG 8 (Decent Work and Economic Growth) & SDG 9 (Industry, Innovation, and Infrastructure)
15	Local Communities	Funding local business literacy workshops, managing student internship slots, and organizing targeted community development volunteer drives.	GRI 413	 SDG 11 (Sustainable Cities and Communities)
16	Digitalization and Technology	Continued adoption of digital technologies while strengthening the information security platform to enhance operational efficiency, system resilience, data protection, regulatory compliance, and secure business growth.	GRI 103	 SDG 9 (Industry, Innovation, and Infrastructure)

No.	Material Topic	Actions to Risk Mitigation and Maximizing Opportunities	GRI	Global Goals Alignment
17	Customer Privacy	Continues to strengthen its information security and data protection framework through ongoing IT security enhancements, improved access controls, system monitoring, and risk mitigation measures. These initiatives are aimed at safeguarding customer information, maintaining confidentiality and integrity of data, supporting regulatory compliance, and reinforcing customer trust in the Company's digital and operational environment.	GRI 418	 SDG 16 (Peace, Justice, and Strong Institutions)
18	Marketing & Labelling	Monitoring all advertising channels regularly to ensure that public campaign communications remain transparent, objective, and fully aligned with local financial regulations.	GRI 417	



STRATEGIC PRIORITIES

The seven strategies outlined below serve as the foundation of PMFs strategic plan.

Strategy 1

Financial Performance and Profitability

Intent:

Deliver sustainable and predictable profitability via disciplined growth and margin optimization.

Three-Year Goals:

- Meet all CBSL Phase II scorecard requirements.
- Achieve and sustain targeted Gross Revenue and a Profit Before Tax (PBT) exceeding specified growth benchmarks.
- Deliver a Return on Assets (ROA) above the peer group average.

Key Focus:

- Balance sheet growth aligned to risk appetite
- Improving net interest margins
- Tight cost-to-income discipline
- Strong recovery performance

Strategy 2

Capital Strength and Investment-Grade Positioning

Intent:

Position PMF for an investment-grade credit rating (BBB-) through robust capital liquidity & governance.

Three-Year Goals:

- Maintain Total CAR at least 150 basis points above the CBSL minimum.
- Establish readiness for a formal investment-grade rating assessment.

Key Focus:

- Capital planning aligned with growth
- Stable funding mix and liquidity buffers
- Strengthened internal controls, audit, and compliance
- Improved financial disclosures and transparency

Strategy 3

Market Expansion and Product Diversification

Intent:

To grow PMF's market presence through focused expansion in high-potential and differentiated financing segments.

Three-Year Goals:

- Achieving top two peer group market position in at least two chosen product segments
- Build a well-diversified loan portfolio with reduced concentration risk

Key Focus:

- Vehicle and fleet financing (including partnerships with vehicle dealers)
- SME and entrepreneur financing
- Green and sustainable finance products
- Islamic finance windows or products

Strategy 4

Branch Network and Distribution Effectiveness

Intent:

Optimize the network for profitable growth, productivity, and customer reach.

Three-Year Goals:

- Expand into commercially viable locations while maintaining overall branch profitability
- Ensure 100% of branches meet minimum profitability thresholds.

Key Focus:

- Branch feasibility and break-even discipline
- Clear accountability for branch-level performance
- Turnaround, consolidation, or exit of persistently underperforming branches
- Complementary use of digital and alternative distribution channels

Strategy 5

Human Capital and Performance Culture

Intent:

To build a high-performance, accountable, and future-ready workforce aligned to PMF's growth ambitions.

Three-Year Goals:

- Establish a clear leadership pipeline for critical roles
- Link performance, incentives, and rewards directly to strategic KPIs

Key Focus:

- Competency-based hiring and succession planning
- Performance management tied to branch, product, and company outcomes
- Capability building in credit, risk, recoveries, and compliance
- Strengthening leadership depth at Head Office and branch levels

Strategy 6

Sustainability, Governance, and Responsible Finance Policy

Intent:

To embed sustainability, ethical conduct, and strong governance into PMF's business model and brand.

Three-Year Goals:

- Integrate ESG considerations into credit, operations, and reporting
- Achieve zero material regulatory or governance breaches

Key Focus:

- Responsible lending and customer protection
- Environmental and social risk considerations in financing
- Strong Board oversight and committee effectiveness
- Transparent engagement with regulators and stakeholders

Strategy 7

Digitalization and Cybersecurity policies

Intent:

Modernize the technology landscape for a "digital-driven, data- intelligent" company

Three-Year Goals:

- Core Banking Modernization fully completed with scalable architecture
- Achieving a maturity uplift in cybersecurity
- Digital sourcing & servicing contribute >40% of total customer interactions
- End-to-end automation in credit, collections, and back-office workflow
- Real-time dashboards for sales, risk, NPL, early warning, and branch productivity
- Establishing readiness for Regulatory Technology

Key Focus:

- To support future growth of the company
- To ensure streamlined CBSL reporting and robust audit trails.
- Aligns with Central Bank of Sri Lanka (CBSL) guidelines and the ISO27001 roadmap

OPERATING LANDSCAPE

PMF Finance PLC operates within an increasingly interconnected environment in which macroeconomic conditions, monetary policy, regulatory developments, consumer behaviour, technological change and evolving competitive dynamics directly influence demand for financial services and the Company's ability to create sustainable value.

The financial year 2025/26 marked a further strengthening of Sri Lanka's economic recovery. Improvements in economic activity, greater macroeconomic stability, relatively benign inflation and an accommodative monetary environment supported a substantial recovery in private sector credit demand. At the same time, the reopening of vehicle imports created significant new opportunities for the finance industry, particularly in leasing and vehicle-backed lending.

These favourable conditions were accompanied by new considerations. Rapid credit expansion intensified competition across the financial services industry, while increased regulatory attention to responsible lending, capital strength, liquidity, asset quality and consumer protection reinforced the importance of disciplined growth. Against this backdrop, PMF remained focused on selectively capturing emerging opportunities while protecting portfolio quality and strengthening its financial position.

GLOBAL ECONOMIC ENVIRONMENT

The global economy continued to demonstrate resilience during 2025, although growth remained uneven across regions and was accompanied by heightened geopolitical and geoeconomic uncertainty. Moderating inflation in several major economies provided greater scope for monetary policy easing, while financial markets continued to respond to shifts in interest rate expectations, trade policy uncertainty and geopolitical developments.

For Sri Lankan financial institutions, these developments remained relevant through their influence on global interest rates, commodity prices, trade flows, tourism, remittances, exchange rates and investor sentiment. The external environment therefore continued to require prudent liquidity management, disciplined credit assessment and close monitoring of emerging risks.

Implications for PMF Finance

A relatively more stable global inflation and interest rate environment supported Sri Lanka's broader economic normalisation. Nevertheless, uncertainty in international markets and geopolitical developments continued to reinforce the need for PMF to maintain prudent funding, liquidity and credit risk management practices.

SRI LANKA'S ECONOMIC RECOVERY

Sri Lanka maintained the strong momentum in economic recovery that commenced in 2024, with real GDP expanding by 5.0% in 2025, matching the growth recorded in the previous year. Nominal GDP increased to approximately Rs. 32.8 trillion, while GDP per capita rose to approximately USD 5,003.

Growth was broad based, with the industry sector expanding by 7.8%, services by 3.3% and agriculture by 1.4%. The continuation of economic growth reflected improving domestic demand, investment activity, tourism, external inflows and greater confidence across several sectors of the economy.

Implications for PMF Finance

The sustained recovery strengthened the environment for credit expansion. Increased commercial activity, improving household sentiment and greater investment appetite created opportunities across PMF's lending portfolio, including leasing, business lending and other asset-backed financing.

For PMF, this provided an opportunity to grow alongside the economy while maintaining disciplined customer selection and directing credit towards economically productive and commercially viable segments.

PRIVATE SECTOR CREDIT ACCELERATES

One of the most significant developments during 2025 was the sharp acceleration in private sector credit. Credit extended to the private sector by Licensed Commercial Banks increased by approximately Rs. 2.06 trillion during 2025, compared with Rs. 790 billion in 2024, while year-on-year private sector credit growth reached 25.2%.

The increase reflected stronger demand for financing from businesses and households as economic activity normalised and borrowing conditions became more supportive.

Implications for PMF Finance

The expansion in credit demand creates considerable opportunities for PMF to grow its lending portfolio and broaden its customer base. However, rapid sector-wide credit growth also increases competition for quality borrowers and could contribute to weaker underwriting standards if growth is pursued indiscriminately.

Accordingly, PMF's emphasis is on quality-led growth, supported by prudent credit evaluation, risk-based pricing, effective recovery mechanisms and close monitoring of portfolio performance.

INTEREST RATES SUPPORT CREDIT DEMAND

Monetary conditions remained supportive during 2025. The Central Bank maintained an accommodative monetary policy stance, while the Overnight Policy Rate was reduced from 8.00% at end-2024 to 7.75% at end-2025.

Market interest rates also moderated. The Average Weighted Prime Lending Rate declined to approximately 8.87%, while the Average Weighted Lending Rate declined from 11.93% at end-2024 to approximately 11.48% at end-2025. Average deposit rates also moved lower.

The comparatively stable interest rate environment improved financing conditions for households and businesses and supported the renewed expansion in credit.

Implications for PMF Finance

Lower market rates supported increased demand for leasing and lending products while providing opportunities to manage funding costs more effectively. For PMF, the environment requires careful management of the repricing gap between assets and liabilities to protect net interest margins.

The Company therefore continues to focus on optimising its deposit mix, pricing lending products in line with customer and risk profiles and strengthening asset-liability management.

INFLATION REMAINS CONTAINED

Inflation remained subdued during much of 2025. Annual average headline inflation measured by the Colombo Consumer Price Index was approximately -0.5%, while year-on-year headline inflation returned to positive territory and reached 2.1% by December 2025. Core inflation stood at approximately 2.7% at year-end.

Moderating price pressures supported improvements in real household purchasing power and consumer confidence, although supply-related disruptions and external commodity price movements remained potential sources of inflationary pressure.

Implications for PMF Finance

Lower inflation supported household disposable incomes and repayment capacity while providing greater predictability for businesses. Together with easing interest rates, these conditions contributed to stronger appetite for credit and leasing facilities.

For PMF, this supported portfolio expansion while creating an opportunity to deepen relationships with customers whose financial position strengthened alongside the economic recovery.

THE NON BANK FINANCIAL INSTITUTIONS (NBFI) SECTOR PERFORMANCE

Sri Lanka's NBFI sector benefited from improving macroeconomic conditions, stronger credit demand and better borrower repayment capacity during 2025.

Most notably, sector asset quality improved considerably. The gross Stage 3 loan ratio of finance companies declined from approximately 11.5% in 2024 to 6.1% in 2025, reflecting improved collections, stronger economic conditions and increased lending activity.

Capitalisation also remained comparatively strong, with the sector's capital adequacy ratio standing at approximately 18.7% in 2025, providing an important buffer against potential risks.

Implications for PMF Finance

Improvement in industry asset quality creates a more favourable environment for portfolio growth and profitability. For PMF, continued strengthening of portfolio quality remains essential as the Company expands its lending book.

PMF will therefore continue to balance growth aspirations with prudent risk management, strengthening collection capabilities, closely monitoring early warning indicators and maintaining adequate capital and liquidity buffers.

OPERATING LANDSCAPE

REOPENING OF VEHICLE IMPORTS TRANSFORMS THE FINANCING MARKET

The progressive relaxation of motor vehicle import restrictions represented one of the most important developments affecting Sri Lanka's finance sector during the year.

Following several years of restrictions, all remaining controls relating to personal vehicle imports were removed by early 2025. Pent-up demand resulted in a sharp increase in vehicle imports, with expenditure on personal and commercial motor vehicles reaching approximately USD 2.04 billion in 2025, equivalent to around 9.5% of total merchandise imports.

The increase in vehicle availability revitalised the leasing and vehicle financing market and created opportunities across passenger vehicles, commercial vehicles and other mobility-related financing segments.

Implications for PMF Finance

As leasing and vehicle-backed finance represent important opportunities for licensed finance companies, the resumption of vehicle imports materially broadened PMF's addressable market.

PMF is positioned to selectively expand its vehicle financing portfolio through relationships with vehicle dealers, brokers and customers while maintaining appropriate loan-to-value ratios, credit assessment standards and collateral management practices.

The rapid expansion of vehicle-related credit across the financial sector also reinforces the importance of disciplined underwriting and responsible growth.

FISCAL CONSOLIDATION AND IMPROVING SOVEREIGN CONDITIONS

Sri Lanka continued its fiscal consolidation programme during 2025, supported by stronger government revenue mobilisation and disciplined expenditure management.

Government revenue increased to approximately 16.7% of GDP, while the primary surplus reached around 2.3% of GDP. The overall budget deficit narrowed to approximately 5.4% of GDP, compared with 6.8% in 2024.

Central government debt declined relative to economic output, falling from approximately 95.5% of GDP at end-2024 to 91.6% at end-2025.

DEPOSIT AND FUNDING ENVIRONMENT

The easing interest rate cycle altered competition for deposits across the banking and non-bank financial sectors. As deposit rates moderated, customers increasingly assessed alternatives based not only on returns but also on institutional strength, accessibility, convenience, reputation and quality of service.

For licensed finance companies, maintaining depositor confidence remains fundamental given the importance of deposits as a source of funding.

Implications for PMF Finance

PMF's ability to support sustainable lending growth is closely linked to its capacity to mobilise stable and appropriately priced funding.

Accordingly, enhancing depositor confidence, strengthening the PMF brand, widening customer relationships and diversifying funding sources remain important strategic priorities. Improving the Company's credit standing and financial profile will further support its ability to access funding competitively over the medium term.

REGULATORY ENVIRONMENT

Regulatory expectations surrounding Sri Lanka's licensed finance companies continued to evolve, with increased emphasis on financial resilience, capital adequacy, liquidity, governance, credit quality, consumer protection and operational risk management.

Rapid growth in particular lending categories, including motor vehicle financing and gold-backed lending, has also increased the regulatory focus on prudent credit expansion and collateral values.

The direction of regulation increasingly reinforces the need for finance companies to combine commercial growth with strong governance, risk management and customer protection.

Implications for PMF Finance

For PMF, compliance extends beyond meeting minimum regulatory requirements and forms an important foundation for depositor and investor confidence.

The Company continues to strengthen its governance framework, risk management practices, credit controls, capital planning, AML/KYC processes and regulatory reporting capabilities as it progresses towards its next phase of growth.

EXTERNAL SECTOR AND EXCHANGE RATE

Sri Lanka's external position remained comparatively resilient during 2025 despite a substantial rise in imports.

Gross official reserves increased to approximately USD 6.8 billion at end-2025, while the current account recorded a surplus of around USD 1.7 billion. Workers' remittances increased to approximately USD 8.1 billion, while tourist arrivals rose to approximately 2.36 million.

However, the increase in imports, particularly motor vehicles, contributed to a widening of the merchandise trade deficit to around USD 7.9 billion. The Sri Lankan Rupee depreciated by approximately 5.6% against the US Dollar during 2025, closing the year at around Rs. 310 per USD.

Implications for PMF Finance

Strengthening fiscal conditions and improving sovereign stability contribute to greater confidence across the domestic financial system. Over time, continued fiscal discipline can support a more stable interest rate environment, reduce systemic risks and improve access to funding.

For PMF, greater macroeconomic predictability provides a more supportive platform for long-term business planning and balance sheet expansion.

Improved external buffers contributed positively to overall confidence and financial system stability. However, exchange-rate volatility can affect imported asset prices, particularly motor vehicles, and consequently influence loan sizes, collateral values and affordability.

PMF therefore continues to incorporate movements in asset prices and macroeconomic conditions into its lending and collateral assessment processes.

COMPETITIVE LANDSCAPE

Competition within Sri Lanka's financial services market intensified alongside the recovery in credit demand. Licensed finance companies compete not only with each other but increasingly with banks, specialised financial institutions and technology-enabled financial service providers.

Price remains an important consideration, particularly in leasing and lending; however, customer experience, approval speed, accessibility, service quality, product flexibility and digital capability have become increasingly important competitive factors.

For PMF, the challenge is therefore not simply to compete on pricing but to strengthen its value proposition through agility, personalised service, disciplined credit decisions, targeted products and closer customer relationships.

DIGITALISATION AND EVOLVING CUSTOMER EXPECTATIONS

Technology continues to transform Sri Lanka's financial services landscape. Customers increasingly expect seamless, convenient and rapid access to financial services, transparent information and greater ability to engage digitally throughout the customer journey.

At the same time, greater reliance on technology increases exposure to cybersecurity threats, fraud, data privacy risks and business continuity challenges.

Implications for PMF Finance

Digitalisation provides PMF with the opportunity to compete more effectively despite its comparatively smaller physical footprint. Technology can enable the Company to improve customer acquisition, streamline credit processes, strengthen collections, enhance data-led decision-making and increase operating efficiency.

Investment in technology must, however, be accompanied by appropriate cybersecurity, data governance and operational resilience controls.

SOCIAL AND MARKET DYNAMICS

Economic stabilisation is gradually restoring household and business confidence, while demand for accessible and flexible financial solutions continues to evolve.

Customers are increasingly value-conscious and able to compare products across banks, finance companies and digital platforms. Trust, transparency, speed of service and personalised financial solutions have therefore become increasingly important differentiators.

At the same time, significant opportunities remain in regional markets and among underserved customer segments, SMEs and individuals requiring asset-backed or mobility-related financing.

Implications for PMF Finance

PMF's relatively smaller scale provides an opportunity to differentiate through agility, personalised service and deeper customer relationships.

Expanding into selected underserved markets, strengthening dealer and broker networks, developing customer-led products and increasing digital access can enable PMF to broaden its reach without relying exclusively on an extensive physical branch network.

OPERATING LANDSCAPE

CLIMATE AND SUSTAINABLE FINANCE

Climate-related risks are becoming increasingly relevant to financial institutions. Extreme weather events can affect customer livelihoods, business continuity, collateral values and repayment capacity, particularly in sectors such as agriculture, transport and SMEs.

At the same time, Sri Lanka's transition towards renewable energy, resource efficiency and lower-emission technologies is creating new opportunities for sustainable financing.

Implications for PMF Finance

Integrating environmental considerations progressively into credit assessment and portfolio monitoring can strengthen the resilience of PMF's lending portfolio.

Over the medium term, opportunities also exist to develop financing propositions around renewable energy, energy-efficient equipment, sustainable mobility and other environmentally responsible investments.

WAY FORWARD

Sri Lanka entered 2026 from a considerably stronger macroeconomic position than in the preceding crisis years. Economic growth, subdued inflation, stronger private sector credit, improved asset quality within the finance companies sector and renewed availability of motor vehicles provide a supportive foundation for further expansion of the financial services industry.

For PMF Finance, the environment creates a significant window for growth. Vehicle financing, SME lending, regional expansion, digital financial services and new customer segments offer opportunities to increase scale and strengthen market presence.

However, the acceleration in industry credit growth also requires caution. Competition for quality assets, potential movements in interest and exchange rates, regulatory intervention, cybersecurity risk and the possibility of renewed external shocks will require continued vigilance.

PMF's response will therefore remain centred on disciplined and sustainable growth expanding the lending portfolio while safeguarding asset quality, strengthening funding and capital, enhancing digital capabilities, widening market access and reinforcing the governance and risk-management foundations required to support the Company's long-term ambitions.

2025 AT A GLANCE

Indicator	2025	2024	Relevance to PMF
Real GDP Growth	5.0%	5.0%	Supports credit and asset-financing demand
Private Sector Credit Growth	25.2%	10.7%	Significantly larger lending opportunity
Private Sector Credit Expansion	Rs. 2,056 Bn	Rs. 790 Bn	Indicates strong revival in borrowing
Headline Inflation – year end	2.1%	-1.7%*	Supports purchasing power and macro stability
Overnight Policy Rate	7.75%	8.00%	More supportive borrowing environment
Gross Stage 3 Ratio – Finance Companies	6.1%	11.5%	Significant improvement in sector asset quality
Capital Adequacy – Finance Companies	18.7%	21.3%	Sector remains well capitalised
Motor Vehicle Imports	USD 2.04 Bn	Restricted/ partial	Major expansion opportunity for leasing
Gross Official Reserves	USD 6.8 Bn	USD 6.1 Bn	Stronger external buffers
Government Revenue/GDP	16.7%	13.6%	Strengthening fiscal position
Primary Surplus/GDP	2.3%	2.2%	Continued fiscal consolidation
Government Debt/GDP	91.6%	95.5%	Improving sovereign fundamentals

Internal Environment SWOT Insights

STRENGTHS

- Profitability Achieved
- Financial Stability
- Portfolio Quality
- Young and dynamic sales/recovery force
- Attracting experienced professionals and high-caliber new talent
- 43 years' experience of being in the financial industry

S

WEAKNESSES

- Relative Smaller Scale and Market Share
- Low Credit Rating
- Low Island-wide Coverage
- Limited Brand Awareness
- Limited infrastructure facilities/resources

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- Intense Competition
- Cybersecurity and Data Privacy Risks
- High dependency on dealers/brokers
- Global Uncertainties
- Competitive Interest Rates
- Trained employee retention

THREATS

O

- Strong Economic Recovery and Credit Expansion
- Untapped Regional Markets
- Growing Digital Adoption and Innovation
- Emerging Sustainable Finance Market
- New Product Demand
- Increasing demand for Luxury and Commercial vehicles

OPPORTUNITIES

RISKS AND OPPORTUNITIES

Risk management is an integral component of PMF Finance PLC's governance and strategic management framework, supporting the Company in pursuing its objectives within clearly defined and acceptable levels of risk. Operating within a dynamic and highly regulated financial services environment, PMF recognises that effective risk management is essential to safeguarding stakeholder interests, preserving financial and operational resilience, and enabling sustainable growth.

Accordingly, the Company adopts a structured and forward-looking approach to identifying, assessing, monitoring and managing risks across its operations. The framework integrates risk considerations into strategic planning, business decision-making and day-to-day activities, ensuring that risks are evaluated not only from a control and compliance perspective, but also in the context of their potential impact on value creation and long-term sustainability.

The Board fulfils its risk management function through the Board Integrated Risk Management Committee (BIRMC). The BIRMC defines risk appetite statements at functional and enterprise levels, oversees and reviews risk management structures, metrics, limits, and issues across PMF. The BIRMC guides risk strategy framework, emphasising sound risk management governance, value enhancing and business enabling risk methods and processes. In line with the Three Lines of Defense model, the Company has established clearly defined risk management functions to ensure effective governance, oversight, and control processes across its operations. The Three Lines of Defense model establishes clear accountability for risk management across the organization. Under this model, the first line comprises business units that own and manage risks as part of their day to day operations. The second line provides independent oversight through risk management and compliance functions, setting standards, monitoring adherence, and supporting effective risk management practices. The third line delivers independent assurance on the adequacy and effectiveness of the risk management framework and internal control environment. reword

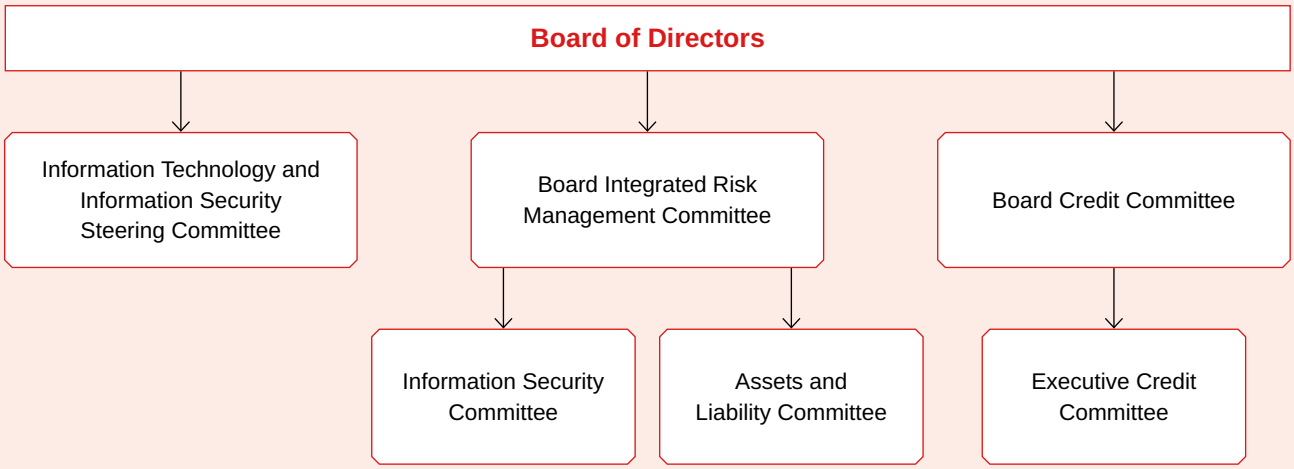
PMF adopts a robust and integrated risk management framework that aligns internal risk management standards with applicable regulatory requirements. The framework follows a top-down approach, with the Board providing overall direction through the establishment of the Company's risk appetite, risk strategy and governance expectations.

The Board discharges its risk oversight responsibilities primarily through the Board Integrated Risk Management Committee (BIRMC). The BIRMC provides strategic direction for risk management across PMF, including the formulation and review of risk appetite statements at both enterprise and functional levels. It also oversees the effectiveness of the Company's risk management structures, methodologies, risk metrics, limits and controls, while reviewing significant and emerging risk issues. Through this oversight, the BIRMC seeks to ensure that risk management remains both value-enhancing and business-enabling, supporting informed decision-making and the sustainable achievement of PMF's strategic objectives.

PMF's risk governance framework is further supported by the Three Lines of Defence model, which establishes clear accountability for risk ownership, oversight and assurance across the organisation. Under this model, the first line comprises the business and operational functions that own and manage risks arising from their day-to-day activities. The second line, comprising the risk management and compliance functions, provides independent oversight by establishing policies and standards, monitoring risk exposures and regulatory compliance, and supporting the consistent application of sound risk management practices. The third line, represented by Internal Audit, provides independent assurance to the Board and its Committees on the adequacy and effectiveness of the Company's risk management, governance and internal control frameworks.

Together, these layers of governance create a structured and coordinated approach to identifying, assessing, monitoring and managing risk, while embedding appropriate risk awareness and accountability throughout PMF

Governance Culture



Three Lines of Defense

1st Line

Business Line

- Business lines (risk owners) are responsible for identifying potential risk within their immediate operating environment
- Self-assurance of risk and control

2nd Line

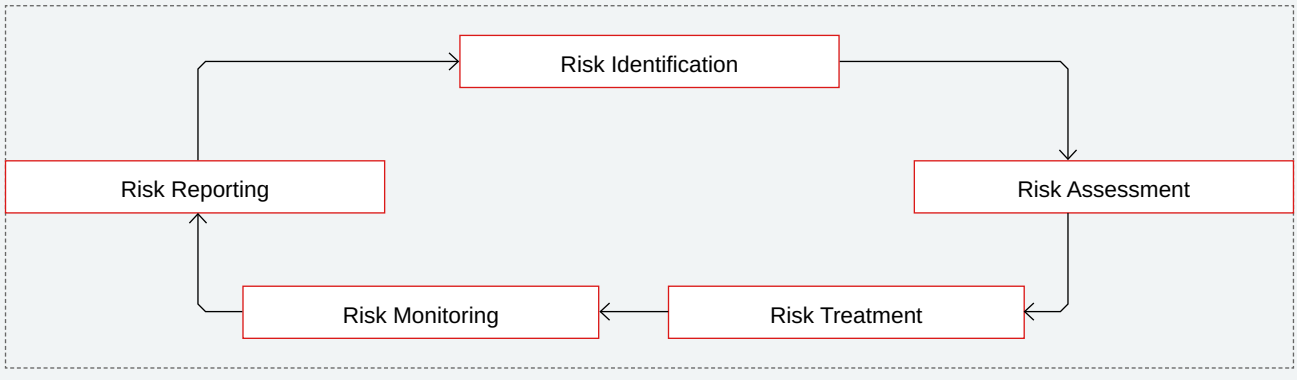
Risk Management and Compliance

- They are responsible for developing and implementing the risk management framework and policies with a focus on monitoring and review of key risk of the company
- Oversight and Objectively challenge first line

3rd Line

Internal Audit/External Audit

- Internal audit provides independent and objective assurance on the Risk Management process and practices in place
- External audit provides true and fair view on the financial Statement



RISKS AND OPPORTUNITIES

PMF remains committed to maintaining a strong governance culture that safeguards the interests of all stakeholders and supports long term sustainability, positioning the Company to operate prudently and responsibly within the financial services industry over the foreseeable future. The governance and risk management framework is designed to achieve zero or minimal residual risk, underpinned by effective implementation and continuous enhancement in response to a highly volatile and rapidly evolving external environment.

The Company's risk universe and risk management focus have progressively expanded to incorporate emerging and evolving risks, including cybersecurity, data security, data confidentiality, and fraud. This has been achieved through the strengthening of the overall Risk Management Framework and the integration of appropriate controls within the risk appetite statements. These risk appetite statements are reviewed periodically to ensure continued relevance and alignment with PMF's forward looking and adaptive risk management approach.

In pursuing its strategic objectives, PMF places strong emphasis on strict adherence to evolving regulatory requirements. Compliance with applicable laws, regulations, and supervisory expectations remains integral to the governance framework, with the status and effectiveness of such compliance comprehensively disclosed in the Corporate Governance Report included in the Annual Report.

EVOLUTION OF MAJOR RISKS

The financial year 2025/26 was characterised by a demanding and rapidly evolving risk environment, shaped by continued uncertainty across both global and domestic economies. Geopolitical tensions, financial market volatility, inflationary pressures, shifts in interest rates and evolving regulatory expectations continued to influence the operating landscape for the financial services sector.

Against this backdrop, PMF Finance PLC maintained a prudent and disciplined approach to risk management, with emphasis on preserving financial stability, safeguarding asset quality and strengthening organisational resilience. The Company continued to closely monitor both established and emerging risks, assessing their potential impact on business performance, capital, liquidity, operations and stakeholder interests.

As the external environment evolved, PMF's risk priorities also continued to broaden. In addition to traditional financial risks such as credit, liquidity, market and interest rate risk, increasing attention was directed towards operational resilience, cybersecurity, information security, data confidentiality, fraud, regulatory compliance and other emerging risks arising from greater digitalisation and changing stakeholder expectations.

The Company responded by further strengthening its governance, risk management and control frameworks, refining risk appetite parameters and enhancing monitoring and escalation mechanisms. These measures enabled management to respond proactively to changing conditions while maintaining alignment between risk-taking, strategic priorities and the Company's capacity to absorb risk.

While uncertainties are expected to persist over the short to medium term, PMF remains focused on disciplined execution, proactive risk identification and timely mitigation. The Company will continue to strengthen its ability to anticipate and respond to emerging risks, while ensuring that risk management supports sustainable growth, institutional resilience and long-term value creation.

INTEGRATED RISK MANAGEMENT FRAMEWORK AND GOVERNANCE CULTURE

PMF's Integrated Risk Management Framework (IRMF) provides the foundation for identifying, assessing, monitoring, managing and reporting risks across the organisation. The framework is underpinned by a strong governance culture that promotes accountability, transparency, open communication and effective oversight at every level of the Company.

Risk management is embedded within both strategic decision-making and day-to-day business activities, enabling the Company to maintain appropriate alignment between its strategic objectives, risk appetite and operating environment. Responsibility for managing risk extends across the organisation, supported by clearly defined ownership, reporting structures and escalation mechanisms.

A key component of the framework is the continuous maintenance and enhancement of the Company's risk register. Business and functional units identify new and emerging risks, record risk events, assess their potential impact and establish appropriate mitigation measures. Action plans are assigned to designated risk owners with clearly defined timelines, thereby strengthening accountability and facilitating timely remediation.

The IRMF also provides a structured mechanism for incident and risk-event reporting. Material events, including those resulting in operational disruption or direct financial impact, are documented, assessed and incorporated into the risk register. This enables the Company to identify recurring risk themes, evaluate the effectiveness of existing controls and implement corrective measures where necessary.

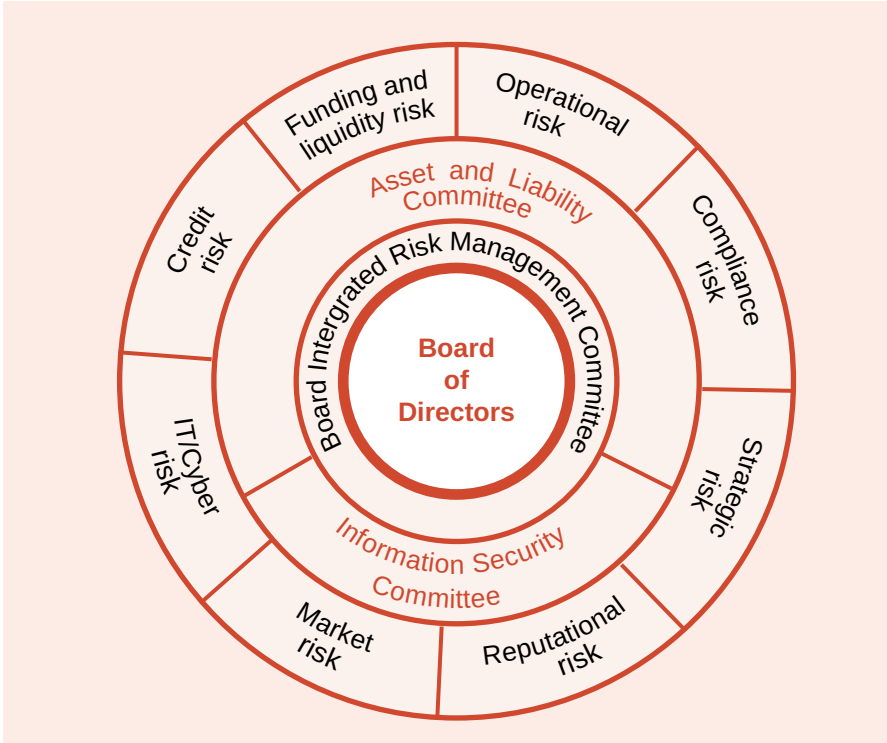
Embedding a Strong Risk Culture

Risk culture remains a fundamental pillar of PMF's enterprise-wide risk management approach. It reflects the collective values, behaviours and attitudes that influence how risks are recognised, discussed, escalated and managed throughout the organisation.

PMF seeks to foster an environment in which employees at all levels understand their responsibility for managing risk and recognise risk management as an integral part of effective business performance. This is reinforced through clear accountability, continuous communication, appropriate escalation channels and the consistent application of risk management principles across all functions.

By embedding risk awareness into everyday decision-making, PMF strengthens its ability to identify and respond to both current and emerging risks in a timely manner. The consistent identification, assessment, monitoring and reporting of risks across the organisation further enhances management visibility, supports informed decision-making and reinforces the overall effectiveness of the Company's governance and risk management framework.

Together, the Risk Management Framework and PMF's risk culture provide a disciplined yet adaptive approach to risk management—one that safeguards the organisation while enabling responsible risk-taking, operational resilience and sustainable growth.



PMF's corporate governance framework is designed to effectively support the execution of its strategy and the achievement of organizational objectives. The Board provides oversight through the regular review and enhancement of governance policies and practices, ensuring continued alignment with evolving regulatory requirements, stakeholder expectations, and the dynamic operating environment. The Corporate Governance section of the Annual Report outlines the key governance structures in place and the extent of compliance with applicable internal policies and external laws and regulations. The Board Integrated Risk Management Committee (BIRMC) is responsible for developing and monitoring the company's risk management policies which are established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and supporting systems are subject to regular review and enhancement to ensure continued alignment with changes in market conditions, regulatory developments, and the evolving nature of the Company's activities. This ongoing evaluation ensures that the risk management framework remains relevant, effective, and responsive to emerging risks.

RISKS AND OPPORTUNITIES

CREDIT RISK

Credit risk is the potential for financial loss arising from a customer's or counterparty's failure to meet contractual obligations to the Company. It primarily arises from loans and receivables extended to customers and from investments in debt securities, while also encompassing related exposures such as concentration risk, default risk, counterparty and settlement risk, and securitisation risk.

Effective management of credit risk is critical to maintaining asset quality, profitability and financial resilience. Weaknesses in credit underwriting, monitoring or recovery can lead to higher credit losses, deterioration in portfolio quality and an increase in non-performing loans (NPLs), ultimately constraining the Company's ability to generate sustainable returns and pursue growth.

During 2025/26, PMF continued to strengthen its credit risk management framework through a series of focused initiatives aimed at improving portfolio visibility, enhancing credit assessment, strengthening recovery processes and enabling earlier intervention.

A key area of focus was the close monitoring of NPL ratios across asset classes, supported by strengthened recovery measures and more rigorous follow-up mechanisms. Periodic reporting and the provision of early warning indicators to credit and recovery teams enabled a more proactive approach to managing stressed exposures. Monthly monitoring was further enhanced through greater emphasis on collection ratios, branch-wise and officer-wise NPL performance, and sectoral exposure, supporting timely corrective action and improved accountability.

The Company also strengthened analytical capabilities during the year through the initiation of a dedicated project to introduce Power BI dashboards for the Gold Loan and Leasing portfolios. These dashboards are intended to improve data visualisation, portfolio analysis and management insight, enabling faster identification of emerging trends, concentrations and potential areas of credit deterioration.

Enhanced monitoring by the Operations and MIS teams further strengthened portfolio oversight and follow-up controls. In particular, targeted strategies were implemented to address non-performing Gold Loans, supported by more robust recovery and monitoring mechanisms, contributing to an improvement in the overall asset quality position.

PMF also continued to enhance its credit evaluation processes. More structured risk assessment methodologies were introduced, including standardised financial analysis models, strengthened borrower due diligence and greater use of data-driven credit scoring techniques. These measures improved the consistency, accuracy and efficiency of credit decisions while strengthening risk mitigation at the point of origination.

Alongside these risk management enhancements, the Company pursued greater product diversification during the year, including the introduction of the Dealer Financing Facility. New lending initiatives were undertaken within the established risk appetite and supported by appropriate credit assessment and monitoring processes.

Collectively, these measures have strengthened PMF's ability to identify emerging credit risks at an earlier stage, improve portfolio quality and support more disciplined credit growth. Going forward, the Company will continue to enhance data-driven monitoring, early warning capabilities, underwriting standards and recovery effectiveness to maintain credit risk within acceptable levels while supporting sustainable business expansion.

LIQUIDITY RISK

Liquidity risk refers to the possibility that the Company may be unable to obtain sufficient funding or liquid resources to meet its financial obligations as they fall due, without incurring unacceptable losses or adversely affecting its financial position. Given the critical role of liquidity in maintaining depositor confidence and financial stability, PMF places strong emphasis on maintaining adequate liquidity buffers, diversified funding sources and effective maturity management.

During the year, the Company maintained sufficient liquidity buffers to accommodate both expected funding requirements and potential unexpected outflows. Premature and unanticipated deposit withdrawals remained at manageable levels and did not materially elevate the Company's liquidity risk exposure.

Depositor confidence remained strong throughout the year, as reflected in the Company's consistently high fixed deposit retention levels. PMF maintained an average monthly deposit renewal ratio exceeding 72%, indicating the stability of its deposit base and supporting the overall resilience of its funding profile.

The Company further strengthened its liquidity risk management through regular liquidity stress testing under multiple scenarios. These assessments were designed to evaluate resilience under adverse funding conditions, identify potential liquidity pressure points and determine breakeven liquidity positions. Key outcomes and observations from the stress-testing exercises were presented to the Board Integrated Risk Management Committee (BIRMC) for review, oversight and appropriate action where necessary.

PMF also continued to maintain a diversified funding structure through an appropriate mix of deposits and borrowings across different maturity tenors. This approach helps reduce dependence on individual funding sources, limit funding concentration and manage potential cash flow mismatches more effectively.

The Company's maturity profile strengthened during the year, with the cumulative maturity gap across key time buckets narrowing, reflecting an improvement in the overall asset-liability mismatch position. This, together with adequate liquidity buffers, stable deposit retention and diversified funding sources, enhanced PMF's ability to withstand potential funding pressures.

Furthermore, the Company closely monitored liquidity indicators, funding concentrations, maturity mismatches, supported by regular stress testing and proactive balance sheet management, to ensure that liquidity remains comfortably within the parameters of its approved risk appetite.

MARKET RISK

Market risk is the potential for financial loss arising from adverse movements in market variables, including interest rates, foreign exchange rates, equity prices, commodity prices and property values. Given the nature of PMF's business and portfolio exposures, interest rate risk and commodity price risk represent the more significant components of market risk, while equity price risk arises primarily through margin trading activities.

PMF manages market risk through clearly defined risk appetite parameters, exposure limits, portfolio monitoring and oversight by the relevant management committees. Market developments and emerging exposures are monitored on an ongoing basis, enabling timely adjustments to pricing, funding, investment and portfolio strategies.

INTEREST RATE RISK

Interest rate risk arises from movements in market interest rates that may affect the Company's funding costs, lending yields, asset and liability repricing profiles and, consequently, its Net Interest Margin (NIM).

The Asset and Liability Committee (ALCO) provides oversight of asset and liability management, including the assessment of interest rate movements, funding strategies and product pricing. Particular emphasis is placed on maintaining a sustainable NIM while ensuring that pricing decisions remain responsive to prevailing market conditions.

During the year, greater focus was placed on optimising the composition of the borrowing portfolio between fixed and variable-rate instruments, while maintaining appropriate maturity and repricing profiles. This supported the mitigation of potential mismatches arising from changes in market interest rates and helped contain volatility in funding costs.

On the asset side, the lending portfolio continued to be diversified across multiple customer and product segments. A risk-based pricing framework was applied to ensure that lending rates appropriately reflected underlying credit risk, funding costs and required returns, thereby supporting portfolio profitability and achievement of budgeted performance objectives.

COMMODITY PRICE RISK

PMF's principal exposure to commodity price risk arises from its gold-backed lending activities, where movements in the market value of gold may affect the adequacy of collateral supporting outstanding facilities.

During the year under review, gold prices remained elevated and generally trended upward, supported by heightened global economic and geopolitical uncertainty. Demand for gold as a safe-haven asset remained strong, while fluctuations in the US dollar, evolving interest rate expectations, and continued purchases by central banks contributed to movements in global gold prices throughout the year.

Against this backdrop, PMF maintained a prudent approach to gold-backed lending. Potential price volatility and collateral value movements were continuously assessed, while disbursements were undertaken within established loan-to-value parameters, risk–return thresholds and portfolio governance guidelines. These measures were designed to maintain adequate collateral buffers and contain the potential impact of adverse gold price movements.

EQUITY PRICE RISK

Equity price risk refers to the potential for financial loss arising from adverse movements in the market prices of listed securities. PMF's principal exposure to this risk arises from its margin trading activities, where fluctuations in share prices may affect the collateral coverage of client positions.

Although the equity market demonstrated an overall upward trend during the period under review, market prices remained susceptible to volatility arising from changes in investor sentiment, macroeconomic conditions and company-specific developments.

Accordingly, margin trading exposures are closely monitored against internally established limits and collateral requirements that are sensitive to movements in equity prices. Client positions and margin adequacy are reviewed on an ongoing basis, enabling appropriate action where required to maintain exposures within the Company's approved risk appetite and minimise potential losses.

RISKS AND OPPORTUNITIES

CAPITAL RISK

Capital adequacy is influenced by several factors, including earnings performance, asset growth and quality, regulatory requirements, and strategic decisions such as investments and changes in the Company's capital structure. Maintaining adequate capital enables a financial institution to pursue strategic opportunities, absorb potential losses, and meet its financial obligations, even under stressed conditions.

Core capital comprises permanent shareholders' equity and reserves generated through retained earnings and other surpluses. Total capital, in addition to core capital, includes revaluation reserves, general provisions or impairment allowances, and unsecured subordinated debt. Risk-weighted assets are computed in accordance with the guidelines issued by the Central Bank of Sri Lanka.

The Company maintained its capital adequacy in line with PMF's capital plan, with the Board Integrated Risk Management Committee (BIRMC) providing continuous oversight through regular monitoring of capital adequacy forecasts and stress testing under various scenarios. This enables informed decision-making in relation to capital planning and management. The Company continuously monitors and implements appropriate strategies to strengthen its capital position, ensuring compliance with the requirements stipulated under the Central Bank of Sri Lanka's Master Plan Phase II Scorecard.

OPERATIONAL RISK

Operational risk refers to the risk of financial loss arising from inadequate or failed internal processes, systems, human error, or external events. Effective management of these risks is critical, as their impact can be significant, unexpected, and widespread. Operational risks are inherent across all of the Company's activities and operations.

The Company has implemented appropriate measures to mitigate operational risk as outlined below.

Continuous enhancement of the internal control framework and fostering a strong risk reporting culture across the organization.

Effective renewal of company-wide insurance policies during the period, based on a comprehensive assessment of business requirements, with appropriate adjustments to coverage levels.

Business Continuity Planning (BCP) and Disaster Recovery (DR) have been established and are actively maintained to ensure operational resilience and continuity in the event of unforeseen disruptions.

Application controls were implemented in key operational areas to replace manual processes, thereby minimizing the risk of human error and reducing the need for continuous manual monitoring.

A centralized Incident Reporting Process is in place, enabling the systematic recording of all risk incidents and the effective follow-up of mitigation action plans to ensure that materialized risks are managed in a timely and efficient manner.

The Company ensures proper segregation of duties, regular reconciliation and monitoring of transactions, compliance with regulatory and legal requirements, periodic assessment of operational risks and the adequacy of related controls and procedures, while also promoting training and professional development and implementing cost-effective risk mitigation measures, including insurance.

IT AND CYBER SECURITY

Inadequate system controls, system failures, and cyber-attacks may result in financial and reputational losses to the company. To mitigate these risks, the Company has invested in advanced technologies and security infrastructure, including firewalls and antivirus systems. Employees are regularly trained and made aware of cyber risks through structured training programs and simulated cyber drills, enabling them to effectively identify and respond to threats such as phishing and ransomware attacks, thereby safeguarding the Company's data and assets. In addition, periodic risk assessments, security testing, and both internal and external audits are conducted to evaluate the effectiveness of existing controls. The company has also made significant progress in advancing digitalization initiatives while reinforcing systems and controls to manage associated cyber risks. Furthermore, measures have been implemented to ensure compliance with the Personal Data Protection Act.

REGULATORY AND COMPLIANCE RISK

Compliance risk refers to the risk of legal or regulatory sanctions, financial loss, or reputational damage arising from the Company's failure to comply with applicable laws, regulations, codes of conduct, and prescribed standards of best practice. This includes adherence to the regulatory framework relating to anti-money laundering and countering the financing of terrorism (AML/CFT), as well as the risk that the Company's products and services may be misused to facilitate such activities.

PMF's strategic approach to compliance and Money Laundering (ML) / Terrorist Financing (TF) risks is comprehensive, encompassing strong governance structure, a robust compliance framework, continuous risk assessment, extensive staff training, proactive engagement with regulatory authorities, and effective issue identification and resolution mechanisms.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK

Environmental, Social and Governance (ESG) considerations are becoming increasingly significant within Sri Lanka's financial services sector, driven by evolving regulatory expectations, growing stakeholder awareness and the need to integrate sustainability considerations into long-term business decision-making.

PMF recognises that ESG-related factors can give rise to both financial and non-financial risks, including climate and environmental risks, social and reputational risks, regulatory exposure and governance-related risks. Accordingly, the Company continues to progressively integrate ESG considerations into its governance, risk management and business processes.

During the year under review, PMF further advanced its sustainability agenda through the development of relevant policies and procedures, establishment of sustainability-related KPIs and targets, and greater focus on ESG-related data requirements and assessment methodologies. These initiatives are intended to strengthen the Company's ability to identify, assess, monitor and manage emerging sustainability-related risks and opportunities.

FINANCIAL CAPITAL

Strengthening Financial Resilience



PMF Finance's financial capital provides the foundation through which the Company sustains its operations, supports customers and creates enduring value for its stakeholders. During the financial year ended 31 March 2026, the company continued to strengthen this foundation through measured balance sheet growth, improved core earnings, disciplined capital management and prudent stewardship of its funding and liquidity resources.

Against an evolving financial environment, PMF Finance remained focused on deploying capital where it can generate sustainable returns while preserving the resilience required to navigate changing market conditions. The strengthening of profitability, equity and regulatory capital during the year reflects a financial management approach anchored in discipline and long-term value creation. Through this approach, financial resources are managed not merely to support growth, but to reinforce the confidence of customers, shareholders and other stakeholders in the Company's ability to deliver consistently over time.

KEY FINANCIAL HIGHLIGHTS

Metric (Rs. million, unless otherwise stated)	2025/26	2024/25	Change
Growth and Scale			
Gross Income	5,137	4,275	20.2%
Net Interest Income	2,913	1,957	48.9%
Lease and loan receivables	19,763	17,257	14.5%
Total Assets	23,434	21,634	8.3%
Profitability			
Profit Before Tax	645	310	108.5%
Profit After Tax	368	322	14.2%
Return on Equity	10.8%	10.6%	
Funding and Capital			
Customer Deposits	14,124	14,408	(2.0%)
Borrowings from Banks	5,038	3,651	38.0%
Total Equity	3,409	3,044	11.9%
Core Capital Ratio	17.38%	15.84%	+1.54 PP
Total Risk Weighted Capital Ratio	17.38%	15.84%	+1.54 PP
Liquidity			
Liquidity Assets	1,780	1,446	22.22%
Available Liquid Assets / Required Liquid Assets	124.3%	100.7%	23.44%

STRENGTHENING THE FINANCIAL FOUNDATION, DEEPENING CUSTOMER VALUE AND SUSTAINING TRUST

During the year, PMF Finance continued to build on the strength of its financial platform, with financial capital directed towards supporting the company's core lending and leasing activities while maintaining appropriate levels of capital and liquidity resilience. The 14.5% YoY expansion in lease and loan receivables to LKR 19.76 bn demonstrates continued deployment of financial resources into the Company's principal earning asset base.

This growth was accompanied by an 8.3% YoY increase in total assets to LKR 23.43 bn. The measured pace of balance sheet expansion reflects a deliberate approach to growth, enabling PMF Finance to strengthen its market position while maintaining focus on the quality and sustainability of its financial assets.

The company also continued to strengthen the underlying capabilities that support financial performance. Disciplined credit assessment, portfolio monitoring, recovery initiatives and ongoing attention to operational efficiency remain integral to ensure that growth translates into sustainable value. In this respect, the management of financial capital extends beyond balance sheet expansion to encompass the quality, productivity and resilience of the assets deployed.

Funding remained another important area of focus. While customer deposits remained the principal source of funding, borrowings from banks increased during the year, providing additional flexibility to support the company's earning asset base. This diversified funding approach, together with strengthened regulatory capital, provides PMF Finance with a more resilient platform from which to pursue future opportunities.

Underlying these initiatives is a consistent emphasis on responsible financial stewardship. By balancing growth ambitions with prudent risk management and capital discipline, PMF Finance continues to reinforce the foundations upon which stakeholder confidence is built.

REVENUE GROWTH AND CORE EARNINGS STRENGTH

For the financial year ended 31 March 2026, PMF Finance recorded gross income of LKR 5.14 bn, an increase of 20.2% YoY compared with LKR 4.28 bn in the previous year. The improvement reflects the continued expansion of the company's earning asset base and the contribution of its core financing activities.

Interest income remained the principal contributor to gross income, increasing from LKR 3.94 bn to LKR 4.91 bn. Interest income generated from loans receivable increased to LKR 1.90 bn, while interest income from lease rentals receivable and hire purchase increased to LKR 2.63 bn. Together, these activities continued to underpin the Company's core earnings capacity.

Net interest income increased significantly by 48.9% YoY to LKR 2.91 bn, compared with LKR 1.96 bn in the previous financial year. This improvement demonstrates the stronger earnings contribution generated by the Company's lending and leasing portfolio and provides an important foundation for sustainable profitability.

Beyond interest income, fee and commission income increased modestly to LKR 80.8 mn, while other operating income amounted to LKR 143.5 mn. The contribution of these income streams supports the Company's broader earnings base while complementing its core interest-generating activities.

The strengthening of core earnings during the year reflects PMF Finance's continued focus on productive deployment of financial resources. By directing capital towards its principal areas of expertise while maintaining disciplined financial management, the Company continues to build earnings capacity that can support value creation over the longer term.

OPERATIONAL EFFICIENCY AND COST DISCIPLINE

The improvement in earnings was achieved alongside continued investment in the Company's operating capacity. Personnel expenses increased to LKR 642.4 mn, while other operating expenses amounted to LKR 985.7 mn. Depreciation, amortisation and right-of-use asset expenses together represented a further investment in the infrastructure required to support the Company's operations.

Based on the reported operating income and operating expenses, the Company maintained a measured approach to cost management while continuing to invest in the capabilities necessary to support its business. This balance is important as PMF Finance seeks to improve productivity without compromising service quality, risk controls or the resilience of its operating platform.

Operational efficiency therefore remains closely linked to financial capital management. Efficient processes, disciplined resource allocation and appropriate investment in systems and people enable the company to derive greater value from its financial resources while building capacity for sustainable future growth.

ASSET QUALITY AND RISK MANAGEMENT

The quality of the company's financial capital remains closely connected to the effectiveness of its credit risk management framework. During the year, PMF Finance continued to monitor its lending and leasing portfolio through structured credit assessment, staging and expected credit loss processes.

As of 31 March 2026, lease and loan receivables amounted to LKR 19.76 bn, representing approximately 84.3% of total assets. The concentration of the balance sheet in earning assets reinforces the importance of maintaining disciplined underwriting, effective portfolio monitoring and timely recovery mechanisms.

The company's credit quality assessment at year end included LKR 13.47 bn in Stage 1 exposures, LKR 4.59 bn in Stage 2 exposures and LKR 2.53 bn in Stage 3 exposures across the relevant financial assets. The Company continued to recognise expected credit losses in accordance with its assessment of credit risk, with impairment charges of LKR 380.1 mn recognised during the year.

The Company's approach to impairment reflects a forward-looking assessment of credit risk, incorporating factors including probability of default, loss given default and forward-looking economic information. This disciplined recognition

FINANCIAL CAPITAL

of credit risk supports the integrity of the balance sheet and helps ensure that reported financial strength remains aligned with underlying asset quality.

The increase in the net loans-to-total-assets ratio to 84.3%, compared with 79.7% in the previous year, further demonstrates the growing importance of the lending portfolio within the Company's financial structure. As the portfolio expands, maintaining asset quality and strengthening recovery capabilities will remain central to protecting the value of financial capital.

PROFITABILITY AND SHAREHOLDER VALUE CREATION

PMF Finance delivered a significant improvement in profit before tax during the year. Profit before income tax increased by 103.4% YoY to LKR 629.9 mn, compared with LKR 309.6 mn in the previous year.

Profit after tax increased to LKR 368.4 mn, representing a 14.2% YoY improvement over the LKR 322.5 mn recorded in 2024/25. The improvement reflects the stronger contribution from core interest earnings, despite continued impairment charges and operating cost pressures.

The Company's profitability provides an important mechanism through which financial capital is replenished and strengthened. Earnings retained within the business contribute to the Company's equity base and enhance its capacity to support future growth while maintaining regulatory capital strength.

This progress is particularly significant in the context of PMF Finance's broader financial management priorities. Sustainable profitability provides shareholders with a return on their investment while simultaneously strengthening the resources available to serve customers and absorb future financial and economic uncertainties.

BALANCE SHEET EXPANSION AND PORTFOLIO GROWTH

PMF Finance's balance sheet continued to strengthen during the year, with total assets increasing from LKR 21.63 bn to LKR 23.43 bn, representing growth of 8.3% YoY.

The primary driver of this expansion was the Company's financial assets measured at amortised cost, comprising loans and lease rental receivables. This portfolio increased by 14.5% YoY to LKR 19.76 bn, reflecting continued demand for the Company's financing solutions and the deployment of additional resources into its core business.

The expansion of the earning asset base was accompanied by increases across selected supporting asset categories. Investments in securities increased to LKR 1.48 bn, while placements with banks and financial institutions amounted to LKR 854.7 mn at year end.

The composition of the balance sheet reflects PMF Finance's continued focus on its core financial intermediation role. Capital is being deployed predominantly towards assets that support customer financing and generate recurring income, while maintaining liquidity resources and other financial assets necessary to preserve resilience.

FUNDING STRATEGY AND CAPITAL STRENGTH

PMF Finance continued to maintain a diversified funding structure during the year. Customer deposits remained the Company's largest source of funding, amounting to LKR 14.12 bn as of 31 March 2026. Although deposits declined marginally by 2.0% compared with the previous year, they continued to provide a substantial and stable foundation for the Company's operations.

Borrowings from banks increased by 38.0% YoY to LKR 5.04 bn, providing additional funding capacity to support the growth of the lending and leasing portfolio. The Company's ability to access multiple funding sources provides flexibility in managing the balance between asset growth, funding costs and liquidity requirements.

Shareholders' equity increased by 11.9% YoY to LKR 3.41 bn, supported by the Company's earnings and the strengthening of its reserve position. The statutory reserve fund increased to LKR 159.4 mn from LKR 85.7 mn in the previous year, while accumulated losses reduced substantially.

The strengthening of equity is particularly important to the Company's long-term financial resilience. A stronger capital base provides greater capacity to absorb unexpected shocks while allowing PMF Finance to pursue growth opportunities within an appropriately managed risk appetite.

CAPITAL ADEQUACY AND LIQUIDITY POSITION

PMF Finance maintained a strong regulatory capital position during the year. Tier I capital after adjustments increased to LKR 3.24 bn, compared with LKR 2.85 bn in the previous year.

The Core Capital Ratio increased to 17.38%, from 15.84% in 2025, exceeding the applicable minimum requirement of 8.5%. The Total Risk Weighted Capital Ratio also stood at 17.38%, compared with 15.84% in the previous year and above the applicable minimum requirement of 12.5%.

This strengthened capital position provides an important buffer against financial and operating uncertainties while supporting the Company's capacity to continue serving its customers and pursuing sustainable growth.

Liquidity remained another key element of financial resilience. PMF Finance maintained total liquidity reserves of LKR 2.65 bn at year end. Available liquid assets represented 124.3% of

required liquid assets, compared with 100.7% in the previous year, providing a stronger buffer relative to the minimum requirement.

The Company's liquidity management approach remains focused on maintaining a diversified funding base, holding appropriate levels of liquid assets and monitoring maturity mismatches across financial assets and liabilities. This disciplined approach supports the Company's ability to meet its obligations as they fall due while retaining the flexibility required to manage changing market conditions.

Together, the strengthening of capital adequacy and maintenance of adequate liquidity reinforces the financial resilience of PMF Finance and provides a stable platform for continued value creation.

HUMAN CAPITAL

Empowering People and Igniting Potential



At PMF Finance (PMF), our workforce is the foundational pillar upon which our corporate resilience and customer relationships are built. In a dynamic financial landscape, we recognize that true, sustainable value is not merely driven by systems and strategies, but nurtured through the integrity, dedication, and expertise of our people. Guided by a deeply ingrained framework of shared corporate values, our team serves as the ultimate custodians of stakeholder trust that has been carefully built and continuously endures across our expanding footprint. By fostering an inclusive, high-performance culture that empowers individuals to achieve their full potential, we ensure that our human capital remains agile, ethically grounded, and fully equipped to steer PMF toward future milestones.

COMPONENTS OF HUMAN CAPITAL

- Strategic Governance & Oversight
- Performance-Driven Culture
- Capability Building & Continuous Learning

CONTRIBUTION TO OUR VALUES

- **Integrity & Accountability:** Establishes clear, ethical boundaries and policy compliance that guide all executive and operational decisions.
- **Meritocracy & Excellence:** Drives a culture of high performance where individual outcomes directly mirror corporate strategic milestones.
- **Adaptability & Continuous Improvement:** Drives Equips our workforce with future-ready skills to comfortably handle shifting financial markets and evolving customer needs.

STAKEHOLDERS IMPACTED

Regulators & Shareholders: Builds long-term institutional trust by ensuring full compliance, risk mitigation, and strong corporate governance.

Employees & Investors: Cultivates trust through fair, transparent evaluation processes, directly impacting profitability and service standards.

Customers: Ensures that clients interact with highly skilled, compliant, and professional financial advisors, securing their trust.standards.

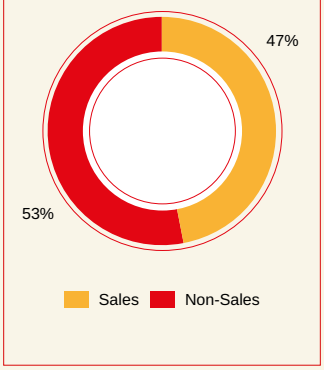
COMMITMENTS TO SDGS

STAFF COMPOSITION

TOTAL WORKFORCE	MALE	FEMALE
435	298	137

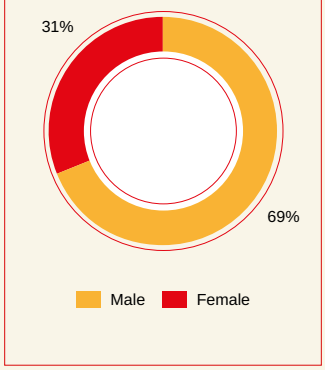
Category Wise

Category	No of Staff
Sales	206
Non-Sales	229
Grand Total	435



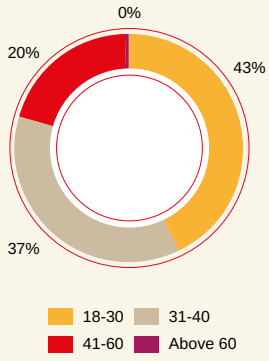
Gender Wise

Gender	No of Staff
Male	298
Female	137
Grand Total	435



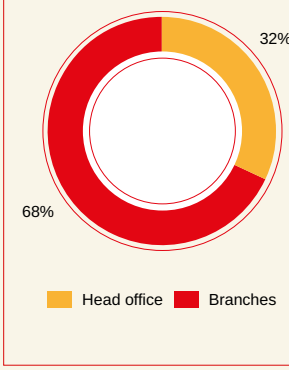
Age Wise

Age	No of Staff
18-30	185
31-40	161
41-60	87
Above 60	2
Grand Total	435



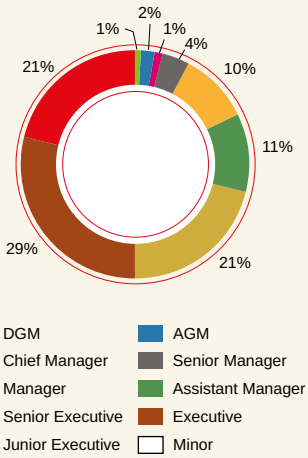
Location Wise

Location	No of Staff
Head office	139
Branches	296
Grand Total	435



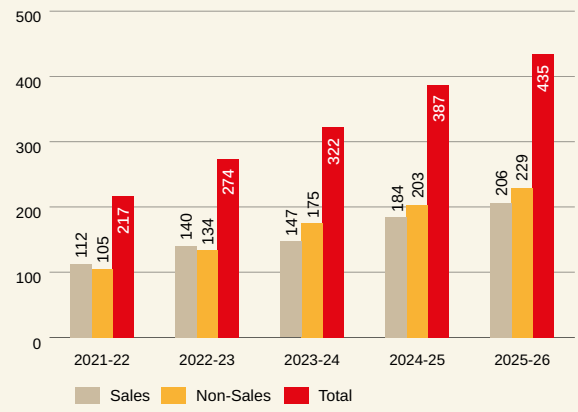
Grade Wise

Age	No of Staff
GM	1
DGM	5
AGM	8
Chief Manager	5
Senior Manager	15
Manager	42
Assistant Manager	48
Senior Executive	91
Executive	127
Junior Executive	92
Minor	1
Grand Total	435



Staff Composition (Financial Year Wise)

Financial Year	Sales	Non-Sales	Total
2021/22	112	105	217
2022/23	140	134	274
2023/24	147	175	322
2024/25	184	203	387
2025/26	206	229	435



HUMAN CAPITAL

EMPOWERING OUR PEOPLE TO DRIVE SUSTAINABLE GROWTH

At PMF Finance, our people are the foundation of sustainable growth. Amid evolving economic conditions, regulatory change, and shifting customer expectations, the commitment and capability of our workforce continue to drive progress and create value.

Guided by our Human Capital strategy, we focus on nurturing potential through capability building, engagement, and an inclusive culture across our branch network and corporate functions. By investing in our people and cultivating leadership at all levels, we are strengthening our ability to grow responsibly and serve our communities with purpose.



DRIVING VALUE THROUGH PEOPLE

Capability Development

A strong culture of continuous learning enhances employee competencies, enabling improved performance, adaptability, and long-term organisational capability.

Employee Engagement

Engagement initiatives foster collaboration, open communication, and a sense of belonging, resulting in a motivated workforce and enhanced service delivery.

Leadership & Succession

Structured leadership development and succession planning ensure continuity, strengthen decision-making, and support long-term organisational sustainability.

Employee Experience

A holistic focus on the employee journey—from onboarding to development—creates a supportive environment that enhances satisfaction, retention, and performance.

Diversity & Inclusion

An inclusive workplace that values diverse perspectives strengthens innovation, teamwork, and organisational cohesion.

Employee Well-being

Well-being and work-life balance initiatives contribute to a healthy, engaged workforce, supporting sustained productivity and performance.

Organisational Culture

A culture built on trust, accountability, and performance excellence reinforces ethical behaviour, strengthens governance, and drives long-term success.

Strategic Value Creation

Investment in human capital aligns workforce capabilities with business objectives, enabling sustainable growth and value creation for all stakeholders.

Future Readiness

Continuous development and exposure prepare employees to adapt to evolving business environments, supporting organisational agility and resilience.

Stakeholder Impact

A capable and engaged workforce enhances customer experience, strengthens organisational performance, and contributes positively to the wider community.

	2025/26	2024/2025
Staff Strength	435	387
Male Female Representation	Male 298 Female 137	Male 281 Female 106
Sales Staff	206	184
Non-Sales Staff	229	203

"Steady Growth. Strengthened Capability."

PMF Finance recorded a notable increase in workforce from **387 in 2024/25 to 435 in 2025/26,** reflecting continued organisational expansion and enhanced operational capacity.

The rise in both **sales (184 to 206) and non-sales staff (203 to 229)** highlights a well-balanced growth approach, ensuring revenue generation is supported by strong operational functions.

Additionally, the increase in both **male and female representation** indicates progress towards a more diverse and inclusive workforce.

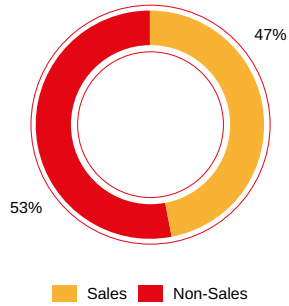
"Consistent workforce growth reflects a stronger, more capable organization ready to support future expansion."

BALANCED WORKFORCE COMPOSITION

The organization maintains a well-balanced workforce structure with 206 employees in sales functions and 229 in non-sales roles, ensuring alignment between revenue generation and operational support.

This balance enables PMF Finance to effectively drive business growth while maintaining strong internal processes, governance, and service quality.

"Balance between sales and support functions drives sustainable performance."

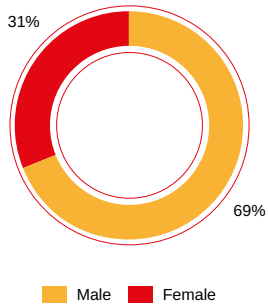


DIVERSE AND INCLUSIVE WORKFORCE

PMF Finance continues to foster diversity within its workforce, with 137 female employees and 298 male employees, contributing to a more inclusive and dynamic work environment.

This diversity enhances collaboration, supports innovation, and strengthens organisational culture by bringing together varied perspectives and experiences.

"Diversity strengthens thinking, collaboration, and performance."



YOUNG AND DYNAMIC TALENT BASE

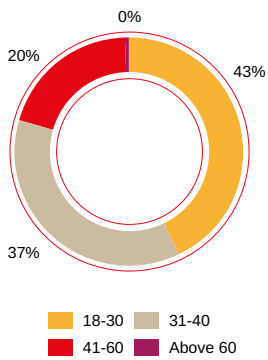
The organization benefits from a strong youthful workforce, with a significant proportion of employees within the 18–40 age category.

This demographic profile contributes to:

- Greater adaptability to change
- Strong learning agility
- Higher energy and productivity levels

At the same time, the presence of experienced employees ensures knowledge continuity and operational stability.

"A dynamic workforce enables agility while experience ensures stability."



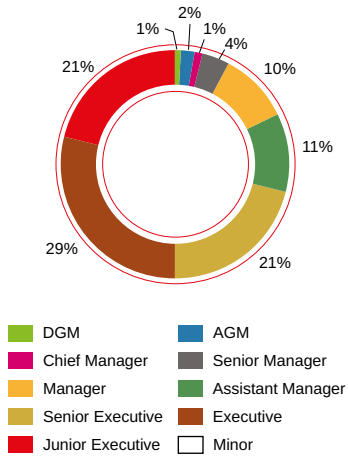
HUMAN CAPITAL

STRONG OPERATIONAL BACKBONE

The workforce is heavily concentrated at Executive (29%) and Junior Executive (21%) levels, supported by Senior Executives (21%) and Assistant Managers (11%), forming a strong operational backbone.

At the same time, the presence of managerial and senior leadership roles provides strategic direction, supervision, and control, ensuring balanced decision-making and governance

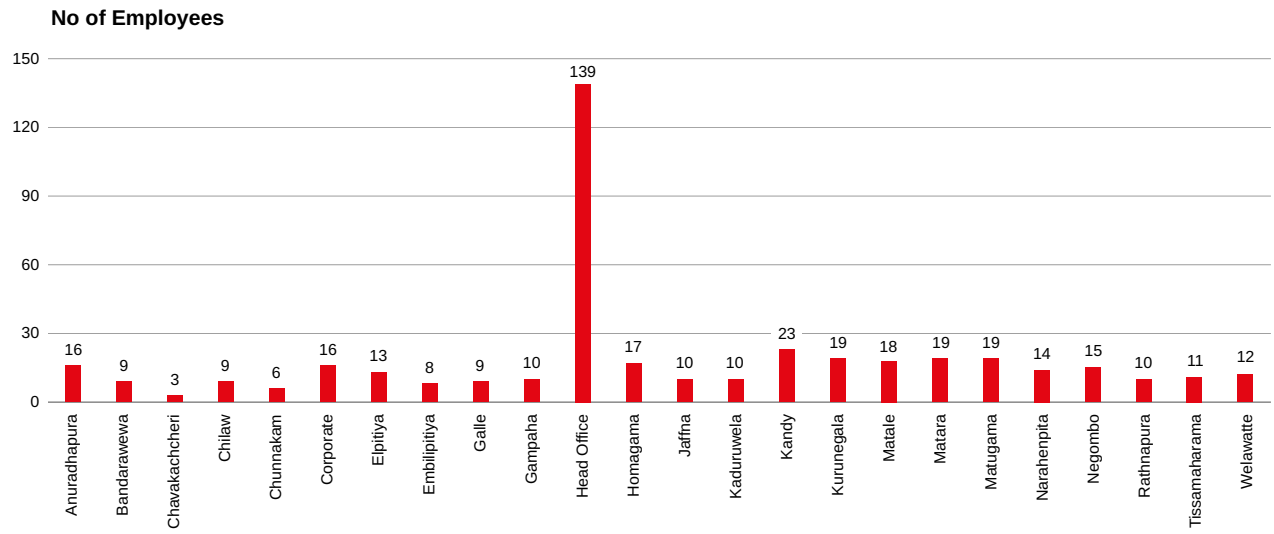
"A strong operational base supported by structured leadership enables efficiency, control, and sustainable growth."



STRONG GEOGRAPHIC DISTRIBUTION

PMF Finance's workforce is strategically deployed across Head Office and an expanding island wide branch network, ensuring proximity to customers and effective service delivery.

As at year end, 296 employees were based at branches, while 139 employees were engaged in Head Office and centralized functions, supporting operational efficiency, governance, and business oversight



STAKEHOLDERS

Stakeholder Group	How PMF Finance Creates Impact
Employees	Employees are empowered through continuous learning and development initiatives, an inclusive workplace culture, and opportunities for career progression, supporting well being, engagement, and future readiness.
Customers	Customers benefit from a skilled, motivated, and customer centric workforce that delivers enhanced service quality, trust, and innovative financial solutions.
Shareholders	Investment in human capital strengthens long term value creation, operational resilience, and organizational competitiveness, thereby reinforcing investor confidence.
Regulators	Adherence to ethical practices, governance standards, and regulatory requirements supports a stable, compliant, and responsible financial institution.
Community	PMF Finance contributes to socio economic development through inclusive employment practices, skills development, and responsible engagement within the communities it serves.

OUR HUMAN CAPITAL BEST PRACTICES

Diversity and Inclusion	We encourage representation from diverse backgrounds and communities, fostering an inclusive workplace where differences are respected and valued.
Equal Opportunities	We ensure merit based recruitment, development, and career progression, providing fair and equal access to opportunities across the organization.
Non-Discrimination	The Company maintains zero tolerance towards discrimination based on gender, race, disability, or any other status, promoting fairness and mutual respect
No Child Labour	PMF Finance strictly prohibits child labour and complies fully with child protection and employment legislation.
Female Empowerment	We remain committed to advancing gender equality by supporting leadership development and career progression opportunities for women

HUMAN CAPITAL

HR SYSTEM OF PMF

1 HR Strategic Pillars	2 HR Strategic Objectives	3 HR Core Activities	4 HR Outcome
1 People Capability and Talent Sustainability.	1. Develop Strong Leadership and Succession. 2. Strengthen Employee Engagement and Organizational Culture. 3. Strengthen Governance, Compliance and Risk Culture 4. Drive Performance-Led Culture Aligned with Business Outcomes 5. Optimize Workforce Coast and Operational Efficiency 6. Build a Competent and Future-Ready Workforce 7. Attract, Develop, and Retain Critical Talent	1. Employee Resourcing 2. Performance Management 3. Learning Development 4. Reward management 5. Employee Relation	1. Business continuity 2. Productivity improvement 3. Reduce regulatory Risk 4. Improve corporate reputation 5. Leadership continuity 6. High engagement improve customer service
2 Governance & Risk			
3 Performance, Productivity, and Cost Efficiency.			
4 Leadership and Organizational Sustainability			

1 PEOPLE CAPABILITY & TALENT SUSTAINABILITY

HR Strategic Objectives	HR Core Activities	HR Outcome
Build a Competent and Future Ready Workforce Ensure the organization has the right skills and capacity to execute the business strategy.	❖ Strategic workforce planning aligned with business expansion and digitization. ❖ Structured succession planning for key and critical roles.	❖ Business continuity ❖ Productivity improvement ❖ Reduced dependency on external hiring.
Attract, Develop, and Retain Critical Talent Position the organization as an employer of choice within the financial services sector to retain high performers and critical skill holders.	❖ Market-aligned remuneration and benefits framework. ❖ Clear career progression and internal mobility. ❖ Targeted retention strategies for high-impact and scarce skill roles.	❖ Lower attrition, talent stability, reduced recruitment costs.

Strategic Sourcing

“Right Talent. Right Strategy. Sustainable Growth.”

Recruitment is strategically aligned with workforce planning and business growth, ensuring capacity expands in line with organizational needs. A balanced approach across revenue-generating and support roles strengthens both performance and operational stability.

The focus on hiring at execution levels enhances efficiency, scalability, and consistent service delivery, while the integration of younger talent supports long-term continuity and future leadership development. Recruitment also contributes to talent renewal by introducing new skills and perspectives, strengthening organizational adaptability.

Hiring decisions are aligned with geographic demand, enabling a strong branch presence and improved customer reach. A performance-driven and cost-conscious approach ensures the acquisition of capable, high-potential talent while maintaining efficiency in resource utilization.





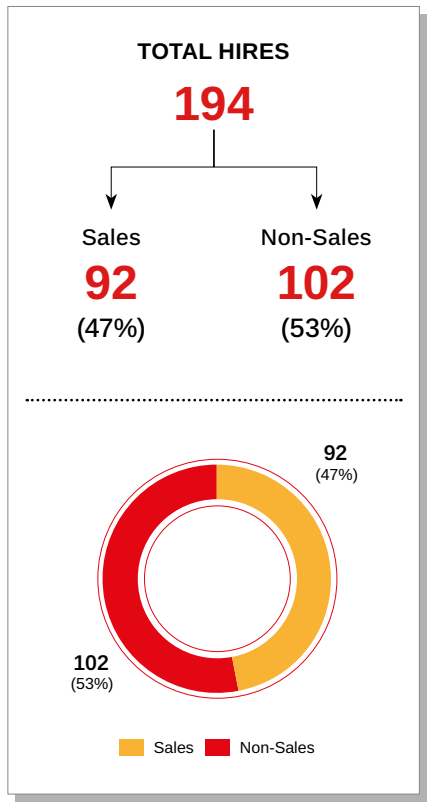
Career Fair at CMA

During the financial year, the organization continued to strengthen its workforce through a structured and strategic recruitment approach aimed at supporting business growth, operational efficiency, and long-term organizational sustainability. Recruitment efforts remained focused on attracting skilled, competent, and culturally aligned talent across key functional areas to meet evolving business demands. Greater emphasis was placed on ensuring timely hiring, improving candidate quality, and strengthening workforce capability while maintaining an efficient recruitment process to support uninterrupted business operations.

A total of 194 employees were recruited during the year, reflecting the organization’s continued investment in building a strong and future-ready workforce. Of the total recruitment, 92 employees joined sales functions, reinforcing front-line business operations and strengthening revenue generation capabilities across the organization. Meanwhile, 102 employees were recruited into non-sales functions, supporting core operational areas, administrative functions, risk management, compliance, customer support, and overall business continuity. This balanced recruitment strategy enabled the organization to maintain operational effectiveness while ensuring the availability of the right talent to support both business expansion and service excellence.

To further enhance recruitment effectiveness, the organization continued to strengthen sourcing strategies through multiple recruitment channels, including employee referrals, digital recruitment platforms, professional networks, and targeted talent sourcing initiatives. Close collaboration between HR and business units ensured better workforce planning, faster vacancy fulfillment, and improved alignment between manpower requirements and organizational priorities. Through these efforts, the organization remained committed to building a capable, agile, and high-performing workforce to support sustainable growth and long-term success.

Recruitment at a Glance



HUMAN CAPITAL

Sourcing Strategy	Approach & Impact
Career Fairs & University Engagement	Builds early talent pipeline by attracting young, high-potential candidates
Employee Referrals	Improves hire quality and cultural fit while reducing recruitment time
Digital Recruitment Platforms	Expands talent reach and increases sourcing efficiency
Internal Talent Mobility	Supports retention and career growth while reducing hiring costs
Professional Networks	Attracts experienced and specialized talent
Targeted Role-Based Hiring	Ensures role-specific skills and operational effectiveness
Employer Branding	Enhances attractiveness and draws high-quality candidates
Workforce Planning	Recruitment aligned with forecasted needs and business growth, enabling capacity expansion and smooth operational scaling
Balanced Hiring	Strategic mix of sales and non-sales roles, ensuring organisational stability while supporting business performance

Succession Planning

Succession planning is designed to ensure the smooth and timely transition of leadership while maintaining organizational stability and continuity. It prepares the organization to effectively manage retirements, promotions, and any unforeseen departures without disrupting business operations.

At PMF, the succession plan is strategically aligned with the annual budget and overall business objectives, ensuring that leadership development and workforce planning are both sustainable and cost-effective. The approach focuses on identifying high-potential employees, developing their capabilities through structured training and exposure, and preparing them to take on critical roles in the future.

By strengthening internal talent pipelines and promoting a culture of continuous development, PMF ensures the continuity of operations while minimizing risks associated with leadership gaps. Ultimately, the succession plan is designed to support long-term organizational growth and deliver value to all stakeholders, including employees, management, clients, and shareholders.

2 LEADERSHIP AND ORGANIZATIONAL SUSTAINABILITY

HR Strategic Objectives	HR Core Activities	HR Outcome
Develop Strong Leadership and Succession Pipeline Build leadership capability to support long-term organizational sustainability	❖ Leadership development programmes for current and future leaders. ❖ Identification and development of high-potential employees. ❖ Formal succession plans for key management positions.	❖ Leadership continuity, reduced key-person risk ❖ Leadership continuity, improved decision-making, stronger organizational stability.
Strengthen Employee Engagement and Organisational Culture Enhance employee engagement to improve service quality and organisational stability.	❖ Employee engagement initiatives aligned to corporate values. ❖ Strengthened internal communication and feedback mechanisms. ❖ Employee well-being and work-life balance initiatives.	❖ Lower attrition, talent stability, reduced recruitment costs.

HR Strategic Objectives	HR Core Activities	HR Outcome
Strengthen Learning and Continuous Capability Development Create a learning organisation aligned with regulatory and business changes.	❖ Annual training needs analysis linked to strategic priorities. ❖ Mandatory regulatory and technical training ❖ On-the-job learning, mentoring, and internal knowledge sharing.	❖ Skill enhancement reduced operational errors, improved service quality.

Learning & Development

In FY 2025/26, we delivered a total of 195 hours of internal and external training, covering a broad range of skill areas across all employee levels. We designed these sessions to support individual growth, enhance on-the-job effectiveness, and align with our organizational performance goals.

We have closely integrated our Learning and Development initiatives with career progression, succession planning, and our digitized Performance Management System. This ensures that training needs are identified, tracked, and addressed in a timely and structured manner.

Training & Development Summary – FY 2025/26

Programme	Hours
Training & Development	47
Seminars and Workshops	124
Management Development	24
Total	195

Employee Induction & Training Facilities

During FY 2025/26, PMF strengthened employee development through a range of internal training programmes aimed at enhancing operational skills and supporting effective onboarding. Regular induction sessions ensured smooth integration of new employees, while specialised training such as Operational Mastery for ABMs, Teller Training, and Gold Appraisal improved role-specific competencies.

Forward-looking initiatives like Future Skills 2030 reflected a proactive approach to preparing employees for evolving business demands. Overall, these efforts contributed to building a skilled, adaptable, and performance-driven workforce inspired to sustain high performance across the company.









HUMAN CAPITAL

Leadership & Management Development Programmes

During FY 2025/26, PMF continued to invest in strengthening leadership capabilities through targeted external development programmes. These initiatives were designed to enhance strategic thinking, decision-making, and leadership effectiveness among senior and emerging leaders within the organisation.

A series of Board Leadership Training (Strategic Leadership) programmes were conducted in collaboration with the Sri Lanka Institute of Directors (SLID). These sessions focused on equipping participants with advanced leadership insights, governance knowledge, and strategic perspectives required to navigate an evolving business environment.

In addition, programmes such as “Unstoppable You” were conducted to further develop leadership potential, focusing on personal effectiveness, resilience, and performance excellence. These sessions encouraged leaders to adopt a growth mindset while enhancing their ability to lead teams and drive organisational success.

Overall, these leadership development initiatives contributed to building a strong leadership pipeline, ensuring that the organisation is equipped with capable and future-ready leaders to support its long-term strategic direction.

Seminars and workshops

During FY 2025/26, PMF facilitated employee participation in a range of external seminars, workshops, and professional forums, demonstrating its commitment to continuous learning and development. These programmes covered key areas such as data protection, regulatory frameworks, financial crime risk, governance, cybersecurity, and sustainability, conducted by recognised bodies including CIPM, ICASL, CBSL-FIU, BASL, and CIMA.

Participation across multiple employee segments enhanced technical expertise, strengthened regulatory awareness, and ensured employees remained aligned with industry best practices.





Employee Engagement

In FY 2025/26, PMF continued to prioritize employee engagement as a key driver of organisational success, focusing on creating a positive, inclusive, and motivating work environment. A range of initiatives were carried out to strengthen employee connection, enhance workplace satisfaction, and promote a strong sense of belonging across all levels of the organization.

Engagement efforts were centred around improving communication, encouraging employee participation, and recognizing contributions through various formal and informal platforms. Regular interactions, team-based activities, and organisational events were utilized to foster collaboration, strengthen relationships, and build a cohesive workplace culture.

Strategic Planning Session

A Strategic Planning Session for FY 2025/26 was conducted with the participation of the senior management team to review key priorities, strengthen operational performance, and align strategic goals. The session supported collaborative decision-making and reinforced the organization’s focus on sustainable growth and long-term success.



International Women's Day Celebration

On 9th March 2026, female employees and Key Management Personnel gathered at the PMF Narahenpita Training Centre to celebrate women's contributions under the theme "Give to Gain."

The event promoted empowerment, collaboration, and leadership participation, reaffirming the organization's commitment to gender diversity and an inclusive workplace.



Paan Party 2025

A casual refreshment gathering was organized to encourage informal interaction and strengthen workplace relationships. The session enhanced engagement, boosted morale, and fostered a more collaborative and inclusive work environment





HUMAN CAPITAL

CSR Initiatives

During the financial year, the HR Department continued to actively drive Corporate Social Responsibility (CSR) initiatives, reflecting the organization's commitment to social responsibility and community engagement. These initiatives were designed to create a positive impact beyond the workplace while encouraging employee participation and fostering a culture of giving.

A range of CSR activities were organized throughout the year, focusing on community support, social welfare, and employee volunteerism. These efforts provided employees with opportunities to contribute meaningfully to society, strengthening their sense of purpose and connection to the organization's values.

The HR-led CSR initiatives also emphasized collaboration, inclusivity, and sustainability, ensuring that contributions are both impactful and aligned with broader organisational goals. Through these initiatives, PMF continued to build strong relationships with the community while promoting responsible and ethical practices.

Overall, these efforts reinforced the organization's dedication to making a meaningful difference in society while nurturing a socially conscious and engaged workforce.

Flood Relief and Support Initiative

During the financial year, PMF extended its support to communities affected by flooding through a dedicated flood relief initiative. Donations were provided to the relevant affected areas to assist individuals and families impacted by the disaster.

This initiative was aimed at supporting immediate relief and ongoing recovery efforts, helping communities rebuild and regain stability during a challenging period. It also reflected the organization's commitment to standing in solidarity with those in need and responding promptly to national emergencies.

Through this effort, PMF reinforced its role as a socially responsible organization, contributing to community well-being while encouraging a culture of compassion and collective responsibility among employees.

Distribution of Essential Food Packs

Head Office employees organized the collection and distribution of food packs to appreciate the contributions of support staff. This initiative strengthened teamwork, reinforced inclusivity, and reflected the organization's culture of gratitude and respect.





Dansala – Vesak Festival 2025

A Dansala was organized during Vesak 2025, bringing employees together to serve the community. The initiative reflected compassion, cultural values, and social responsibility, while fostering teamwork and unity across the organization.







3 PERFORMANCE, PRODUCTIVITY AND COST EFFICIENCY

HR Strategic Objectives	HR Core Activities	HR Outcome
Drive Performance-Led Culture Aligned with Business Outcomes Implement performance management systems that link individual and team contributions to strategic and financial results	❖ Implement a robust performance management system linked to: ❖ Business KPIs (growth, asset quality, cost efficiency) ❖ Individual and team accountability ❖ Align incentives and rewards with: ❖ Sustainable performance (not volume only) ❖ Risk-adjusted outcomes ❖ Introduce role clarity and measurable targets, especially in sales and credit functions.	❖ Improved productivity, sustainable financial performance. ❖ Higher productivity, improved asset quality, controlled cost-to-income ratio.
Optimize Workforce Cost and Operational Efficiency Ensure optimal utilization of human resources while maintaining cost discipline/ Control people costs while improving effectiveness.	❖ Workforce rationalization and productivity benchmarking. ❖ Automation and digital HR systems to reduce manual processes. ❖ Review of organizational structures for efficiency.	❖ Sustainable cost structure, improved profitability. ❖ Controlled cost-to-income ratio improved operational efficiency.

Performance Management Process



During the year, PMF continued to strengthen its Performance Management System (PMS) to align individual performance with organizational objectives, with a strong focus on service quality and customer satisfaction. The framework promotes accountability, transparency, and a results-driven culture across all levels.

At the beginning of the financial year, Key Performance Indicators (KPIs) are systematically cascaded from senior management to all employees, ensuring clarity in expectations across accuracy, timeliness, and responsiveness. This alignment supports key organizational priorities, including the reduction of customer complaints and improvement of the Customer Satisfaction Index (CSI).

Performance is continuously monitored throughout the year using key metrics such as error rates, complaint trends, and workflow efficiency. Regular feedback and guidance are provided to address performance gaps and enhance employee capability.

Formal evaluations incorporate both KPI achievement and competency-based assessments, ensuring a balanced review of performance. Outcomes are directly linked to performance-based rewards, reinforcing a culture of recognition and high performance.

Overall, the PMS enables PMF to link individual contributions to team effectiveness and organizational success, supporting continuous improvement and sustainable growth.

HUMAN CAPITAL

Rewards & Recognition

In FY 2025/26, PMF will strengthen its rewards and recognition practices to support a high-performance, people-centric culture. Greater emphasis will be placed on timely and meaningful recognition of both results and behaviours that drive long-term success.

The reward framework will be continuously reviewed to ensure competitiveness, fairness, and alignment with performance outcomes. These initiatives will enhance employee motivation, engagement, and retention, while fostering a culture of appreciation and accountability.

PMF Awards Night 2025

Held on 21st November 2025 at the Monarch Imperial Hotel, this flagship event brought together over 400 employees from across the organization, creating a dynamic platform to celebrate excellence and achievement.

The ceremony recognized outstanding contributions through a total of 50 individual awards and 3 team awards, highlighting exceptional performance, innovation, and collaboration.

These accolades reflected the organization's strong commitment to recognizing both individual excellence and collective success. Beyond recognition, the event also served as a key engagement initiative, strengthening team spirit and reinforcing a culture of appreciation.

It provided an opportunity for employees to come together, celebrate accomplishments, and remain motivated to sustain high performance across the organization.









Recognizing Long-Term Commitment and Contribution

PMF continues to value and recognize employees whose long-standing dedication and commitment have contributed significantly to the organization's growth and success. During the financial year, employees reaching key service milestones were acknowledged in appreciation of their loyalty, professionalism, and valuable contributions over the years. Such recognition reflects the organization's commitment to fostering a culture that values dedication, consistency, and long-term employee relationships.

Recognizing long-term service not only celebrates individual achievements but also reinforces employee motivation, engagement, and a strong sense of belonging. These milestones serve as an inspiration to the wider workforce, reflecting the importance of commitment, perseverance, and shared success in building a sustainable and people-centric organization.



Introduction of Incentive Schemes

In FY 2025/26, PMF strengthened its performance-based incentive framework to better align employee contributions with organisational priorities. A key development was the introduction of an incentive scheme for support staff, reflecting a more inclusive approach to recognizing performance across all levels.

The enhanced framework emphasizes measurable outcomes, reinforcing accountability, collaboration, and a results-driven culture. Supported by fair evaluation processes and a comprehensive rewards system, these initiatives contribute to improved employee engagement, retention, and overall organisational performance.

Performance Management Process – Driving Accountability and High Performance

❖ Aligning Performance with Business Goals

PMF continued to strengthen its Performance Management System (PMS) to reinforce a high-performance culture aligned with organizational priorities, productivity expectations, and service excellence. At the beginning of each financial year, Key Performance Indicators (KPIs) are systematically cascaded from senior management to departments and individual employees, ensuring clear expectations, measurable outcomes, and alignment with strategic business goals.

❖ Continuous Monitoring and Employee Development

Performance is continuously monitored through structured reviews, productivity assessments, service quality indicators, and operational performance measures. Regular feedback, coaching, and capability development initiatives support employees in enhancing performance while addressing identified gaps in a timely and constructive manner. A balanced evaluation approach incorporating KPI achievement, competency assessment, and behavioural performance strengthens accountability and fairness across all employee levels.

❖ Performance Evaluation aligned with Bell Curve Distribution

To promote consistency and objectivity in performance assessments, PMF adopts a bell curve performance distribution model, enabling differentiated recognition based on performance outcomes. Employees are assessed across five performance categories, ranging from Unsatisfactory to Outstanding, supporting the identification of high performers while facilitating targeted interventions for employee improvement. During FY 2025/26, the majority of employees were categorized under Exceeds Expectations and Meet Expectations, reflecting a strong performance-driven workforce.

❖ Performance-Based Rewards and Recognition

Performance outcomes are directly linked to the organization’s rewards and recognition framework, ensuring that contributions are fairly recognized and rewarded. Employees demonstrating strong performance are considered for performance-based bonuses, salary increments, promotions, leadership opportunities, and succession planning, while employees requiring further development are supported through coaching, mentoring, and performance improvement initiatives. This integrated approach reinforces meritocracy, strengthens employee motivation, and contributes to building a capable and future-ready workforce.

HUMAN CAPITAL

Employee Benefits

Employee Well-being and Support

The organization continued to prioritize employee welfare by fostering a supportive work environment that promotes physical, mental, and emotional well-being. These efforts contribute to maintaining a healthy and productive workforce.

Medical Insurance Coverage

Comprehensive medical insurance is provided to employees, ensuring access to quality healthcare and financial protection against medical expenses. This initiative strengthens employee security and supports overall well-being.

Safe and Conducive Work Environment

A safe, secure, and comfortable workplace is maintained across all locations, ensuring that employees can perform their duties effectively while upholding health and safety standards.

Employee Engagement and Social Initiatives

Various engagement activities and social initiatives were carried out during the year to strengthen relationships, encourage teamwork, and enhance overall employee morale.

Supportive Policies and Practices

Employee-friendly policies and practices were implemented to address staff needs, ensuring fairness, inclusivity, and a positive work culture.

Grievance Handling and Employee Support Systems

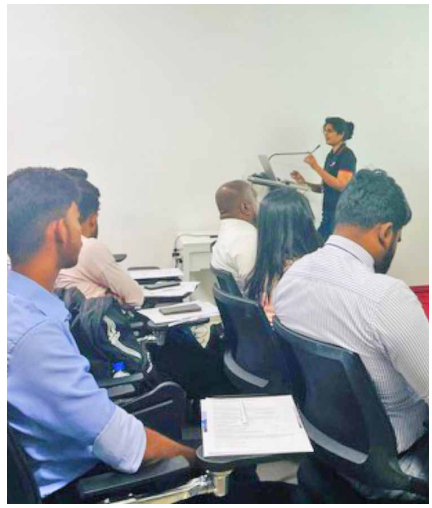
Formal mechanisms are in place to address employee concerns and grievances, ensuring timely resolution and reinforcing trust, transparency, and employee satisfaction.



4 GOVERNANCE & RISK

HR Governance and Compliance remain fundamental to maintaining a transparent, ethical, and well-regulated workplace environment. The organization continues to place strong emphasis on ensuring adherence to labour laws, internal HR policies, regulatory requirements, and ethical workplace practices. Through clearly defined governance structures, standardized HR procedures, and regular policy reviews, efforts are made to promote fairness, accountability, and consistency across all people management practices.

To strengthen compliance and minimize regulatory risks, the organization conducts ongoing compliance monitoring, internal reviews, and audit readiness initiatives while ensuring timely alignment with evolving legal and regulatory requirements. Regular assessments, proper documentation, and coordination with internal and external audits support effective risk management and policy adherence. These efforts collectively reinforce a culture of integrity, transparency, and responsible governance, ensuring full compliance with both legal obligations and organizational standards.



HR Strategic Objectives	HR Core Activities	HR Outcome
Strengthen Governance, Compliance and Risk culture. Support strong corporate governance and regulatory compliance through people practice.	❖ Ensure HR Policies align with: ❖ CBSL Direction and Guidelines ❖ Labour Laws and ethical standards ❖ Mandatory training on : ❖ Compliance and AML ❖ Code of conduct and ethic ❖ Risk awareness and internal controls	❖ Reduced regulatory risk, improved inspection readiness, stronger risk culture
Promote Ethical Conduct and Employee Accountability Reinforce ethical behaviour, transparency, and accountability through people management practices.	❖ Ethics-based performance expectations. ❖ Robust grievance handling and disciplinary processes. ❖ Leadership role-modelling and tone from the top.	❖ Reduced conduct risk improved corporate reputation.

HUMAN CAPITAL

Future Initiatives

DRIVING TRANSFORMATION THROUGH PEOPLE AND TECHNOLOGY

Enhancing decision-making through HR analytics and data-driven workforce planning, ensuring alignment between talent capabilities and future business requirements while improving overall productivity.

1 LEADERSHIP DEVELOPMENT & HR PROCESS ENHANCE

Strengthening internal talent through structured leadership programmes while enhancing core HR processes through system improvements.

The introduction of HR analytics dashboards and process automation will improve accuracy, reduce manual effort, and enhance employee experience.

2 DIGITAL HR TRANSFORMATION

The organization is enhancing its HRM system to streamline key processes such as attendance, leave, performance tracking, and employee data management.

This improves accuracy, reduces manual effort, and increases efficiency. It also enables HR to focus on strategic activities while supporting real-time monitoring of employee productivity and engagement.

3 ENHANCED HR SYSTEMS & MODULES

- Human Resource Information System (HRIS)
  Enhanced attendance and leave management capabilities improve data accuracy, reduce manual errors, and support faster administrative processes
- Performance Management System (PMS) (In Development)
  A fully digitised module to support real-time goal tracking, streamline evaluations, and eliminate paper-based appraisal processes
- Probation Evaluation Process
  Integrated into the HR system to enable timely, standardised, and performance-based assessments aligned with organisational metrics
- Payroll Module (In Progress)
  A digital solution designed to streamline payroll processes, improve transparency, and reduce manual processing time
- Offboarding Module (Ready to Launch)
  A structured, automated process to improve exit management, reduce delays, and support faster decision-making through a paperless workflow
- **Structured Learning & Engagement Tools (LMS)**
  A structured learning approach supported by digital tools, including quizzes, interactive training sessions, and recognition-based initiatives, to improve participation, enhance knowledge retention, and foster continuous employee development

4 PRACTICAL HR ENHANCEMENTS

Strengthening existing practices through targeted recruitment, department-level performance monitoring, structured career progression, and improved internal communication, enhancing organisational effectiveness.

5 WORKFORCE PLANNING & DATA-DRIVEN HR

Enhancing decision-making through HR analytics and data-driven workforce planning, ensuring alignment between talent capabilities and future business requirements while improving overall productivity.

6 GREEN HR INITIATIVE

- Paperless HR Processes
  Transition to digital documentation for leave, payroll, and employee records to reduce paper usage and improve efficiency
- Energy-Conscious Workplace Practices
  Encourage energy-saving behaviours such as reducing electricity usage and optimising equipment use
- Sustainable Employee Awareness
  Conduct awareness programmes and internal campaigns to promote environmentally responsible behaviour
- Digital Communication & Documentation
  Promote emails and digital platforms over printed materials for communication and reporting
- Eco-Friendly Workplace Initiatives
  Encourage waste reduction, recycling, and maintaining a clean and sustainable work environment
- Green Training & Engagement
  Integrate sustainability topics into training and employee engagement activities
- Solar Initiative – Recruitment & Workforce Support
  Align recruitment and training with solar initiatives, equipping employees with the skills and awareness to support energy-efficient operations, contributing to cost savings and environmental responsibility

ACHIEVEMENT



The HR Department was honoured with a prestigious "Great HR Award" organized by the Chartered Institute of Personnel Management (CIPM), in recognition of its commitment to best practices in human resource management. This achievement reflects the department's continuous efforts in strengthening people management practices and aligning HR strategies with organizational objectives.



The recognition further highlights the team's dedication to enhancing employee engagement, fostering a positive workplace culture, and driving performance excellence. It stands as a testament to the HR Department's role in supporting organisational growth and building a strong, people-centric foundation for long-term success.

INTELLECTUAL CAPITAL

Harnessing Knowledge, Insight and Innovation to Drive Sustainable Growth



At PMF Finance, Intellectual Capital represents the collective value embedded within our institutional knowledge, market intelligence, customer insights, brand equity, innovation capabilities, marketing expertise, strategic relationships, and data-driven decision-making processes that enable us to remain responsive, competitive, and future-focused. In an increasingly competitive and rapidly evolving financial services landscape, Intellectual Capital serves as a critical enabler of long-term differentiation, customer relevance, and sustainable business growth.

COMPONENTS OF INTELLECTUAL CAPITAL

- Brand assets
- Information technology assets
- Knowledge based systems and assets

CONTRIBUTION TO OUR VALUES

Relationships

Pursue Excellence

STAKEHOLDERS IMPACTED

Customers

Employees

Community

COMMITMENTS TO SDGS

OUR MANAGEMENT APPROACH

As customer expectations continue to evolve and market dynamics become increasingly complex, the ability to convert knowledge into action has become central to value creation. During FY 2025/26, PMF Finance continued to strengthen its intellectual capital through investments in market intelligence, customer engagement capabilities, digital marketing enhancement, dealer ecosystem development, brand-building initiatives, and innovation-led market activation.

These capabilities collectively enable PMF Finance to deepen customer understanding, identify emerging opportunities, strengthen stakeholder trust, and create differentiated solutions that support sustainable business performance.

Our approach to Intellectual Capital management focuses on building institutional capabilities that enhance competitiveness, customer relevance, and long-term strategic agility.

This includes:

- Strengthening customer and market intelligence
- Enhancing brand equity and market positioning
- Expanding data-driven marketing capabilities
- Fostering innovation in customer engagement and product promotion
- Building strong strategic partnerships and ecosystem relationships
- Leveraging digital communication channels for customer acquisition
- Creating knowledge-driven decision-making frameworks
- Continuously strengthening organisational learning and market responsiveness

By systematically investing in these knowledge assets, PMF Finance enhances its ability to create sustainable differentiation while remaining agile in a dynamic operating environment.

STRATEGIC COMPONENTS OF INTELLECTUAL CAPITAL

Customer and Market Intelligence

Customer understanding and market awareness remain at the heart of PMF Finance's growth strategy.

During the year, the Company continued to strengthen its market intelligence capabilities through continuous analysis of customer behaviour, regional business opportunities, competitor activity, and evolving market trends across its core business segments.

Insights gathered through branch interactions, campaign analytics, customer engagement initiatives, and digital channels enabled the Company to better understand evolving customer needs and preferences.

Components

- Changing customer preferences
- Geographic market potential
- Emerging financing trends
- Product demand patterns
- Competitive market dynamics
- Sector-specific financing opportunities

Strategic Contribution

- Data & Analytics Capability
- Digital Marketing Intelligence
- Product Innovation Capability
- Institutional Knowledge Base
- Strategic Partnership Intelligence
- Brand Value Enhancement
- Customer Insight Framework
- Intellectual Capital KPIs

BRAND EQUITY AND MARKET POSITIONING

Since its inception, PMF Finance has steadily cultivated a distinctive and trusted brand presence within Sri Lanka's financial services landscape. While the Company's financial strength, customer-centricity, and operational excellence have been fundamental to its growth journey, its brand has evolved into a strategic intangible asset that reinforces stakeholder confidence, strengthens market positioning, and supports long-term value creation.

Over the years, PMF Finance has transformed from a relatively modest financial institution into an increasingly recognised and respected financial services provider. This evolution has been underpinned by a clear commitment to delivering reliable financial solutions, maintaining strong customer relationships, and consistently upholding the values of integrity, transparency, and service excellence. As a result, the PMF Finance brand today represents far more than a financial institution - it embodies trust, accessibility, and a steadfast commitment to empowering individuals and businesses across Sri Lanka.

Recognising the importance of brand equity in a competitive financial services environment, the Company has continued to invest strategically in strengthening its market visibility and stakeholder engagement. Marketing and communication initiatives have been carefully aligned with the Company's growth aspirations, focusing on enhancing brand awareness, reinforcing customer trust, and highlighting PMF Finance's expanding suite of financial solutions.

During the year under review, the Company further strengthened its brand presence through a combination of integrated marketing campaigns, targeted promotional initiatives, digital engagement programmes, branch-level activations, and community outreach activities. These

INTELLECTUAL CAPITAL

efforts enabled PMF Finance to deepen its connection with customers while expanding its reach across both existing and emerging markets.

The growing branch network has also played a pivotal role in enhancing brand visibility and accessibility. Each new customer touchpoint serves not only as a service centre but also as a physical representation of the Company's values and commitment to customer service excellence. Simultaneously, investments in digital platforms and social media engagement have enabled PMF Finance to build stronger relationships with digitally connected customer segments while improving brand relevance among younger and increasingly tech-savvy audiences.

A key driver of the Company's brand development has been its unwavering focus on customer experience. By delivering personalised service, responsive support, and tailored financial solutions, PMF Finance has fostered meaningful relationships that have translated into strong customer loyalty, positive word-of-mouth referrals, and growing brand advocacy. These customer experiences continue to serve as one of the Company's most powerful brand-building mechanisms.

The PMF Finance brand has also benefited from the Company's visible contribution to local communities and its commitment to responsible business practices. Through financial inclusion initiatives, community development programmes, and stakeholder engagement efforts, the Company has strengthened its reputation as a responsible corporate citizen that creates value beyond financial returns.

Today, the PMF Finance brand stands as a valuable strategic asset that supports business growth, customer acquisition, talent attraction, and stakeholder confidence. As the Company continues its transformation journey, it remains committed to further enhancing brand equity through innovation, superior customer experiences, digital engagement, and purposeful communication. By consistently delivering on its promises and remaining true to its core values, PMF Finance is well-positioned to strengthen its brand leadership and create enduring value for all stakeholders in the years ahead.

Components

- Brand credibility
- Customer trust
- Market recognition
- Institutional visibility
- Competitive differentiation

Strategic Contribution

- Improved brand recall
- Greater customer confidence
- Enhanced reputation
- Stronger market credibility



MARKETING KNOWLEDGE AND CUSTOMER ENGAGEMENT CAPABILITY

Marketing capability represents an important element of PMF Finance's intellectual capital.

During the year, the Company continued to strengthen customer-centric marketing execution through targeted campaigns, localized engagement initiatives, and customer-focused communication strategies.

Components

- Branch-led promotional campaigns
- Customer engagement activations
- Roadshows
- Regional outreach programmes
- Business networking initiatives
- Lead generation campaigns

Strategic Contribution

- Stronger customer engagement
- Improved lead generation
- Enhanced market penetration
- Greater regional responsiveness

The Company's localized market activation approach enabled stronger customer interaction while improving business opportunity creation at branch level.

This capability strengthens PMF Finance's ability to remain close to customers while responding effectively to regional market dynamics.

DIGITAL MARKETING AND COMMUNICATION INTELLIGENCE

As customer engagement increasingly shifts toward digital channels, communication intelligence has become a key strategic capability.

During 2025/26, PMF Finance expanded its digital marketing capabilities through stronger online engagement, customer-centric content strategies, and enhanced digital communication planning.

The Company increasingly leveraged campaign analytics and performance measurement tools to assess communication effectiveness, optimise marketing spend, and improve audience targeting.

Components

- Customer acquisition effectiveness
- Digital engagement quality
- Communication precision
- Brand reach
- Marketing agility

Strategic Contribution

- Improved customer acquisition
- Better campaign efficiency
- Greater audience reach
- Enhanced digital brand visibility

DEALER ECOSYSTEM KNOWLEDGE AND RELATIONSHIP INTELLIGENCE

Strategic dealer partnerships continued to serve as a critical source of market intelligence, customer acquisition, and business growth, particularly within PMF Finance's leasing portfolio. Recognising the importance of maintaining a strong presence across key vehicle financing segments, the Company further strengthened its engagement with dealers and distributors throughout the year, enhancing its reach within the three-wheeler and two-wheeler financing markets.

Through targeted relationship-building initiatives, enhanced dealer support mechanisms, and closer collaboration with industry stakeholders, PMF Finance was able to gain valuable insights into evolving customer preferences, market trends, and financing requirements. These partnerships not only expanded the Company's access to prospective customers but also enabled faster turnaround times, improved service delivery, and greater responsiveness to market opportunities.

As vehicle financing activity gradually regained momentum following the easing of import restrictions and improving economic conditions, PMF Finance leveraged its dealer network to strengthen market penetration, enhance portfolio quality, and reinforce its position within these strategically important segments. The continued expansion and nurturing of dealer relationships remain integral to the Company's growth strategy, supporting sustainable business generation while creating mutually beneficial value for all stakeholders within the financing ecosystem.

Components

- Point-of-sale visibility
- Market access
- Customer lead generation
- Local market intelligence
- Channel partnership effectiveness

Strategic Contribution

- Expanded market reach
- Stronger channel intelligence
- Improved lead generation
- Enhanced partnership value

INTELLECTUAL CAPITAL

INNOVATION AND PRODUCT POSITIONING CAPABILITY

Innovation in market engagement and product positioning remains central to PMF Finance's growth strategy.

During the year, the Company continued to develop differentiated campaign strategies tailored to distinct customer segments and product categories.

This included support for growth across:

- Fixed Deposits
- Savings
- Leasing
- Gold Loans
- SME Financing
- Sustainable Finance
- Islamic Finance

By continuously refining communication strategies and exploring emerging product opportunities, PMF Finance strengthened its innovation capability in customer acquisition and market development.

Components

- Introducing new products to the market
- Differentiated campaign strategies

Strategic Contribution

- Faster market adaptation
- Stronger product visibility
- Improved growth opportunities
- Enhanced strategic agility



CUSTOMER RELATIONSHIP CAPITAL

Long-term customer alignment remains one of PMF Finance's most valuable intangible assets, underpinning the Company's ability to generate sustainable growth while maintaining portfolio quality and customer loyalty. In an increasingly competitive financial services landscape, PMF Finance continues to differentiate itself through a relationship-driven business model that places customers at the centre of every engagement.

During the year, the Company further strengthened customer relationships through a combination of personalised engagement, targeted communication strategies, and customer-centric service delivery. Recognising that customer expectations continue to evolve, PMF Finance enhanced its interaction channels, enabling more responsive, accessible, and meaningful engagement across its branch network and digital touchpoints.

Components

- Better communication consistency
- Stronger relationship retention
- Improved customer experience
- Greater service alignment
- More cohesive brand interaction

Strategic Contribution

- Higher customer loyalty
- Better retention
- Stronger customer trust
- Improved service experience
- Marketing intelligence
- Stronger brand differentiation
- Enhanced customer relationship insights
- Broader ecosystem partnership development
- Greater innovation in market engagement
- More data-led campaign optimisation

By continuously transforming knowledge into action, PMF Finance remains committed to building a smarter, more adaptive, and future-ready financial institution.



WAY FORWARD

As PMF Finance continues its transformation journey, strengthening customer trust and deepening relationship capital will remain central to its long-term growth strategy. In an increasingly digital and competitive financial services landscape, the Company recognises that sustainable success is built not merely through products and transactions, but through enduring relationships that create mutual value for customers and the institution alike.

Going forward, PMF Finance will continue to invest in customer-centric innovations, data-driven engagement strategies, and enhanced service delivery capabilities to provide more personalised and seamless customer experiences. The Company aims to leverage customer insights and analytics to better understand evolving customer preferences, enabling the development of tailored financial solutions that address diverse customer needs across retail, SME, and emerging market segments.

Digital transformation will remain a key enabler of this strategy. Through the ongoing enhancement of digital platforms, customer relationship management systems, and omnichannel engagement capabilities, PMF Finance seeks to create a more integrated and responsive customer ecosystem. These initiatives will improve accessibility, strengthen customer convenience, and enable more meaningful interactions throughout the customer lifecycle. By fostering greater transparency, responsiveness, and proactive engagement, the Company aims to deepen customer confidence and strengthen long-term loyalty.

At the same time, PMF Finance will continue to embed a service excellence culture across the organisation, ensuring that every customer interaction reflects the Company's values of integrity, professionalism, and care. Continuous employee training, enhanced service standards, and process optimisation initiatives will support the delivery of a consistently superior customer experience across all touchpoints.

Looking ahead, PMF Finance remains committed to transforming customer relationships into lasting partnerships built on trust, reliability, and shared success. By combining human connection with digital innovation, the Company is well-positioned to enhance customer lifetime value, strengthen brand advocacy, and build a resilient foundation for sustainable growth in the years to come.

MANUFACTURED AND DIGITAL CAPITAL

Enabling Seamless Operations



PMF Finance's growth is anchored in a well-integrated physical and digital infrastructure designed to deliver accessibility, convenience, and operational agility. Its extensive branch network ensures close customer proximity, enabling personalised service and stronger community connections across the country. Complementing this physical presence is a robust digital ecosystem that enhances efficiency, streamlines service delivery, and expands access to financial solutions beyond traditional touchpoints. Together, this seamless blend of branch reach and digital capability creates a resilient platform for sustainable growth, empowering PMF Finance to respond swiftly to evolving customer needs while strengthening its position as

COMPONENTS OF MANUFACTURED AND DIGITAL CAPITAL

Investment in Branch network

LKR. **43.1** Mn

Investments in digital infrastructure

LKR. **12.5** Mn

Expanding regional presence

New branches opened

4

CONTRIBUTION TO OUR VALUES

Relationships

Pursue Excellence

STAKEHOLDERS IMPACTED

Customers

Employees

Community

COMMITMENTS TO SDGS

OUR MANAGEMENT APPROACH

Our approach to managing Manufactured and Digital Capital is guided by the need to balance operational efficiency with resilience, customer accessibility with security, and current business requirements with future scalability.



This disciplined infrastructure strategy enables PMF Finance to create a dependable operating environment that supports both business continuity and transformation.

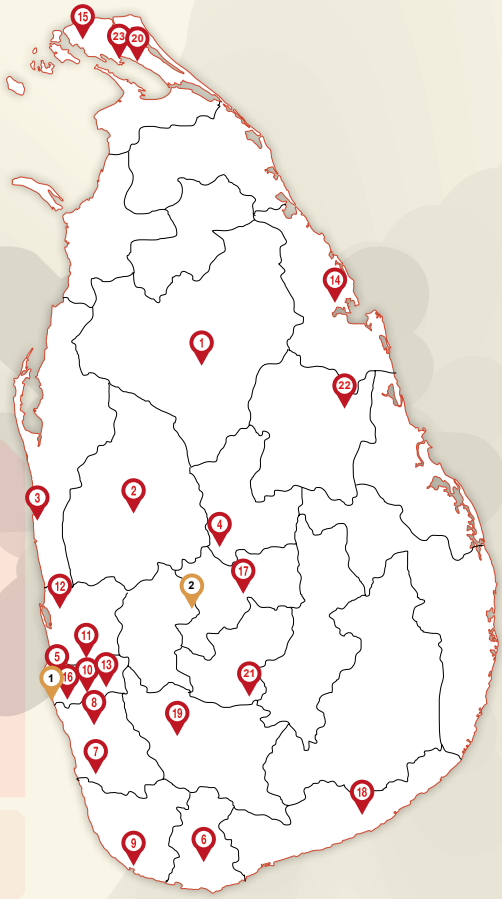
MANUFACTURED AND DIGITAL CAPITAL

STRATEGIC COMPONENTS OF MANUFACTURED AND DIGITAL CAPITAL

ISLANDWIDE BRANCH NETWORK

While PMF Finance continues its digital evolution, our physical service infrastructure consisting of our island-wide branch network remains an important channel for customer access, relationship building, and service delivery.

Our branch network comprising of 23 branches, customer-facing service environments, secure transaction spaces, and operational workspaces provide critical access points that support convenience, accessibility, and trust. Our primary objective is to strategically position our branches to meet the evolving needs of our customers. Through our branch expansion initiatives we have expanded our network to serve regions with higher population density, ensuring accessibility for our customers.



BRANCH NETWORK- EXISTING

1. Anuradhapura
2. Kurunegala
3. Chilaw
4. Matale
5. Corporate
6. Matara
7. Elpitiya
8. Mathugama
9. Galle
10. Narahenpita
11. Gampaha
12. Negombo
13. Homagama
14. Trincomalee
15. Jaffna
16. Wellawatte
17. Kandy
18. Embilipitiya
19. Ratnapura
20. Chunnakam
21. Bandarawela
22. Kaduruwela
23. Chavakachcheri

BRANCH NETWORK-PROPOSED

1. Ja Ela
2. Mawanella

Our branch footprint is a critical segment of diverse customer segments, reinforcing market presence, and delivering assisted financial services where personal interaction remains valuable.

Strategic Contribution

- Customer accessibility
- Brand visibility and trust
- Enhanced service convenience
- Operational reach







TECHNOLOGY INFRASTRUCTURE AND CORE OPERATIONAL PLATFORMS

Our technology environment forms the central operating foundation of PMF Finance.

Components

- Core banking platforms
- Server and compute environments
- Storage infrastructure
- Endpoint technology
- Security infrastructure
- Application hosting environments
- Backup systems
- Centralised operational technology platforms

Strategic Contribution

- Improved service reliability
- Scalable operational growth
- Reduced operational disruption
- Faster business execution

Investments during the year focused on improving system performance, resilience, uptime, and scalability to support increasingly digital operations.

This infrastructure enables uninterrupted business execution while creating a flexible platform for future innovation.

SECURE CONNECTIVITY AND NETWORK MODERNISATION

A modern financial institution depends on seamless, secure, and resilient connectivity.

During the year, PMF Finance advanced the implementation of its SD-WAN transformation initiative, designed to modernise network connectivity between Head Office and branches while enhancing operational continuity.

This initiative is expected to improve the following.

Components

- Network reliability
- Data transmission efficiency
- Secure branch communications
- Centralised network monitoring
- Service continuity
- Operational responsiveness

Strategic Contribution

- Greater operational agility
- Enhanced service continuity
- Improved infrastructure resilience
- Stronger digital readiness

The modernisation of network infrastructure strengthens PMF Finance's ability to operate as a connected, agile, digitally enabled enterprise.

Operational continuity is essential within financial services, where service disruption can impact customers, compliance, and business confidence.

To strengthen resilience, PMF Finance enhanced its operational infrastructure through the following.

Components

- High-availability architecture
- Redundant system configurations
- Enhanced backup environments
- Disaster recovery readiness
- Clustered infrastructure resilience
- Service continuity enhancements

Strategic Contribution

- Reduced downtime exposure
- Improved resilience
- Enhanced crisis readiness
- Greater stakeholder confidence

These capabilities reduce operational vulnerability while ensuring the continuity of critical financial services.

TRANSACTION PROCESSING AND BANKING INFRASTRUCTURE

Efficient transaction execution is fundamental to customer experience and operational effectiveness.

PMF Finance continues to strengthen transaction processing infrastructure through enhanced integration between banking and operational systems.

The implementation of the Sampath Bank Transaction Banking Solution integrated with the Core Banking System is expected to enhance the following.

Components

- Payment processing speed
- Collections management
- Reconciliation accuracy
- Transaction visibility
- Operational controls
- Audit traceability

Strategic Contribution

- Faster service delivery
- Reduced manual intervention
- Improved transaction integrity
- Enhanced operational efficiency

These improvements support faster, more accurate, and better-controlled financial operations.

MANUFACTURED AND DIGITAL CAPITAL

CUSTOMER DIGITAL ACCESS INFRASTRUCTURE

As customer expectations shift toward digital convenience, infrastructure investments increasingly focus on accessibility and frictionless service delivery.

PMF Finance's customer enablement infrastructure includes the progressive rollout of the following.

Components

- ATM enablement
- Internet banking
- Mobile banking
- Digital passbook functionality
- Self-service transaction capabilities

Strategic Contribution

- Improved convenience
- Greater accessibility
- Higher customer satisfaction
- Enhanced digital adoption

These platforms are expected to improve accessibility while expanding customer engagement beyond traditional operating models.

PROCESS AUTOMATION INFRASTRUCTURE

Operational efficiency depends on infrastructure that reduces friction, improves consistency, and strengthens internal control.

PMF Finance continues to invest in workflow automation and process re-engineering infrastructure designed to streamline internal execution.

This includes the following.

Components

- Workflow orchestration platforms
- Digital approval routing
- Automated control workflows
- Process standardisation frameworks
- Reduced manual dependencies

Strategic Contribution

- Faster turnaround times
- Lower operational inefficiencies
- Stronger internal controls
- Better scalability

Automation enhances responsiveness while improving governance and operational scalability.

DATA AND DECISION INFRASTRUCTURE

Reliable decision-making requires trusted data infrastructure.

PMF Finance is strengthening enterprise analytics capability through investments in the following.

Components

- Data warehouse architecture
- Power BI reporting environments
- Dashboard ecosystems
- Centralised business intelligence frameworks
- Automated reporting environments

Strategic Contribution

- Better strategic decision-making
- Improved management visibility
- Faster reporting
- Enhanced performance monitoring

These capabilities provide deeper insight into performance, operational trends, emerging risks, and strategic priorities.



Information Security and IT Champions training program Attendees



Workshop Opening by Manjula Wickramasuriya – Information Security Department

COMPLIANCE ENABLEMENT INFRASTRUCTURE

Operational infrastructure also supports regulatory execution and control integrity.

PMF Finance is strengthening compliance infrastructure through the following.

Components

- PEP screening integration
- Automated customer due diligence support
- Compliance monitoring platforms
- Risk identification systems
- Regulatory workflow enhancements

Strategic Contribution

- Stronger compliance execution
- Improved regulatory responsiveness
- Better AML oversight
- Reduced reputational risk

These systems improve compliance efficiency while reducing manual risk exposure.



Keynote by Mr.Sivasuriyar Sunthareswaran –
AGM-IT /Head of Department IT



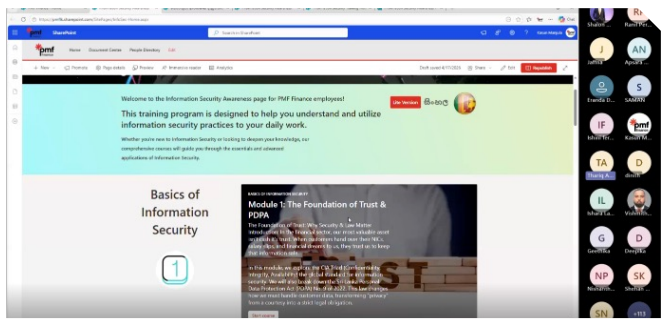
Microsoft Office 365 Training by Microsoft Partner



Cyber Security Training SOC Partner



Hardware and Network Training by Oshan Padmakumara –
Information Technology Department



Information security awareness portal launch event

SOCIAL AND RELATIONSHIP CAPITAL

Building Trust, Creating Connections



At PMF Finance, Social & Relationship Capital is the bedrock of our operational philosophy, embodying the deep networks, strategic partnerships, and unyielding trust we cultivate with our stakeholders including our customers, business partners, regulators and the wider community. We view these relationships not merely as business connections, but as enduring alliances essential to our long-term resilience and shared value creation. We are unwavering in our commitment to fostering transparent, responsible, and mutually beneficial collaborations that solidify our social license to operate. By engaging meaningfully and regularly with those we serve, we ensure our financial solutions remain inclusive, relevant, and tightly aligned with societal expectations. Through dedicated community development, robust financial literacy initiatives, and uncompromising ethical business practices, we continuously invest in the vital currency of trust. It upholds the highest standards of governance and integrity to ensure that as our relationships grow, our mutual success endures.

COMPONENTS OF SOCIAL AND RELATIONSHIP CAPITAL

- Socio-Economic Inclusion & Market Reach
- Social License to Operate & Community Resilience

CONTRIBUTION TO OUR VALUES

- **Empathy & Equal Opportunity:** Democratizing access to credit and wealth creation tools for underserved or rural socio-economic segments.
- **Accountability & Shared Growth:** Championing ethical commerce by demanding high compliance, transparency, and sustainable practices from all business partners.
- **For Society & Future Generations:** Upgrades regional infrastructure, empowers youth with technical and digital literacy, and mitigates broader climate risks through localized conservation.

STAKEHOLDERS IMPACTED

For Customers & Micro-Entrepreneurs: Drives grassroots wealth creation, enhances regional financial literacy, and bridges the economic divide by transitioning cash-based communities into formal banking ecosystems.

For Suppliers & Regulatory Bodies: Aligns the corporate supply chain with national governance standards, promotes fair-trade practices, and builds a resilient network of compliant service providers

For Society & Future Generations: Upgrades regional infrastructure, empowers youth with technical and digital literacy, and mitigates broader climate risks through localized conservation.

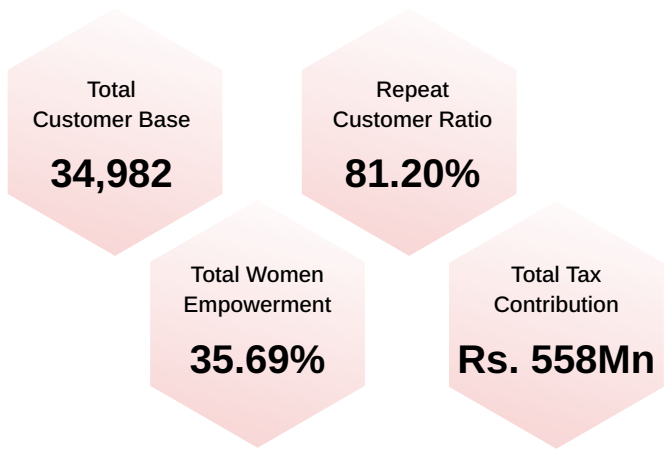
COMMITMENTS TO SDGS



OUR MANAGEMENT APPROACH

Our approach to managing Social and Relationship Capital is anchored in a steadfast commitment to building trust-based, long-term relationships with our customers, business partners, suppliers, and the wider community. Our foundational values guide our path as we strive to deliver fair, transparent, and customer-centric financial solutions. Concurrently, we actively create inclusive platforms for continuous dialogue, feedback, and mutual improvement. We believe that trust only endures when built on shared principles; hence, our relationships with suppliers and business partners are meticulously nurtured through ethical procurement practices, robust compliance, and a mutual commitment to sustainability. Meanwhile, our engagement with the community is driven by a deep sense of social responsibility, creating lasting value through inclusive, locally relevant initiatives. By prioritizing integrity in every partnership, we ensure that the bonds we build today remain resilient and strong well into the future.

Key Statistics



FOSTERING LONG-TERM CUSTOMER TRUST

At PMF Finance PLC, our customers are the cornerstone of our purpose and the primary drivers of our shared progress. Guided by our foundational values, we are dedicated to building long-term, trust-based relationships by delivering inclusive, ethical, and customer-centric financial solutions. Our efforts during the financial year centred on offering value-driven products, seamless service experiences, and tailored engagement initiatives designed to uplift those we serve. With a strong emphasis on underserved and rural communities, our customer strategy is purposefully built to empower individuals and small and medium-sized enterprises (SMEs) while fostering grass-roots community development. By consistently prioritizing the needs of our clients, we continue to nurture the enduring trust that underpins our collective resilience and long-term success (Refer Stakeholder engagement – page 29).

Our customer engagement strategy is structured around the following key pillars to drive meaningful value and sustainable growth:

- **Expanding Digital Access:** Enhancing digital touchpoints and user convenience across all customer segments to simplify everyday banking.
- **Deepening Branch Engagement:** Strengthening localized, branch-level interactions to deliver highly personalized and responsive service.
- **Advancing Financial Inclusion:** Actively championing financial literacy and accessibility in rural and underserved areas to uplift local economies.
- **Empowering Key Segments:** Supporting underrepresented groups, including women entrepreneurs, youth, and small businesses (SMEs), to foster inclusive development.
- **Integrating Customer Feedback:** Proactively gathering and embedding customer insights into our operational workflows to drive continuous service improvements.
- **Securing Data & Compliance:** Upholding the highest standards of data privacy, cyber security, and regulatory compliance to protect those we serve.
- **Reinforcing Ethical Conduct:** Maintaining absolute transparency and fair-treating practices across all interactions to ensure our shared trust endures.

SOCIAL AND RELATIONSHIP CAPITAL

PURPOSE-DRIVEN PRODUCT PORTFOLIO

Since inception, PMF Finance PLC has placed the customer at the absolute heart of our operations, ensuring our foundational values guide every product we create. Our purpose-driven portfolio is carefully designed to meet the evolving financial needs of multi-generational and multi-ethnic customer segments across Sri Lanka. In response to dynamic economic landscapes, we continuously innovate by introducing progressive market solutions and refreshing existing offerings to capture emerging trends. To ensure long-term viability and relevance, all products undergo rigorous, regular performance reviews focused on market uptake and ethical impact.

Lending Products

- Leasing
- රන්‌ මුදු
- Real Estate
- රෝද තනේ
- pmf finance
- Rider
- Sustainable Finance

Deposit Products

- Fixed Deposits
- Savings

CUSTOMER TRUST AND COMPLIANCE

PMF Finance reported zero incidents of non-compliance with marketing regulations during the year, with all communications strictly adhering to CBSL guidelines and advertising standards. Similarly, there were no substantiated complaints or data breaches, affirming the robustness of our data protection protocols and IT infrastructure.



FEEDBACK AND SATISFACTION FRAMEWORK

We operate a comprehensive customer feedback process, including:

- Monthly feedback collection from walk-in customers
- Quarterly surveys via digital and physical channels
- Real-time feedback options through digital platforms and branch interfaces
- Maintenance of a Customer Complaints Register at all branches
- Full compliance with CBSL's Customer Protection Framework
- Review of consolidated insights by senior management to inform service improvements
- Plans to introduce a customer grading system to tailor service levels based on engagement

KEY INITIATIVES IMPLEMENTED DURING FY 2025-26

Enhancing Customer Experience and Satisfaction

1. Customer segmentation strategy
2. Repeat-customer tracking
3. Deposit customer analytics
4. Cross-selling and retention intelligence.
5. Customer behavior analysis.

Expanding Reach and Accessibility

1. Number of branches opened during financial year - 4
2. Dealer network relationships.
3. Customer digital engagement analytics.
4. Geographic customer targeting capabilities.
5. Social media engagement growth

Planned Initiatives for FY 2025-26

- Product Innovation such as Islamic Finance, Fintech Finance
- Real-time customer servicing capability.

SUPPLY CHAIN & PROCUREMENT EXCELLENCE

At PMF Finance, we recognize that maintaining an ethical, resilient, and well-structured supply chain is vital to preserving our operational integrity and sustaining stakeholder trust. Our procurement ecosystem is anchored in the core tenets of fairness, transparency, accountability, and environmental responsibility. By integrating these values into our sourcing practices, we ensure that every purchasing decision reinforces our overarching commitment to responsible financial service delivery (Refer Stakeholder Engagement – pg 28 and Materiality Assessment – pg 32)

OUR PROCUREMENT LIFECYCLE AND GOVERNANCE FRAMEWORK

To maintain strict cost control, risk mitigation, and transparency, our purchasing process follows a structured, six-stage governance framework:

1. Strategic Planning & Alignment

Departmental procurement requirements are compiled annually and meticulously cross-referenced with approved corporate budgets to ensure fiscal discipline.

2. Tiered Approvals & Segregation of Duties

To mitigate financial risk, the Company enforces multi-level approval workflows that guarantee a strict segregation of duties and tight budgetary oversight.

3. Competitive Sourcing & Evaluation

Vendor bids are formally invited through Requests for Quotes (RFQs) and Requests for Proposals (RFPs). Submissions are rigorously assessed based on pricing, quality standards, delivery timelines, and vendor credibility.

4. Legal, Financial & Compliance Scrutiny

All high-value contracts are subjected to comprehensive legal reviews and compliance audits to safeguard the Company against operational and regulatory vulnerabilities.

5. Verified Delivery & Settlement

We utilize a rigorous three-way matching mechanism to verify that goods and services are accurately delivered and invoiced before any financial payments are disbursed.

6. Continuous Vendor Performance Appraisals

Registered suppliers undergo periodic evaluations to monitor service consistency, adherence to service level agreements (SLAs), and regulatory alignment.

SUPPLY CHAIN OVERVIEW

The supply chain at PMF Finance encompasses a diverse array of critical goods and services that underpin our day-to-day operations. From enhancing frontline branch functionality to securing our digital ecosystem, our procurement activities are strategically structured to drive operational excellence, maintain rigorous regulatory compliance, and deliver on our brand promise.

CORE SUPPLY CHAIN PILLARS

- Technology & IT Infrastructure: Powers our digital banking channels, ensures robust data security, and facilitates uninterrupted, real-time financial service delivery.
- Branch Operations & Logistics: Equips our island-wide network with the essential infrastructure and physical assets required to maintain premium frontline customer service.
- Marketing & Brand Communications: Drives corporate visibility, supports product positioning, and fosters meaningful customer engagement.
- Facilities & Asset Management: Ensures a safe, highly functional, and professional environment for both our employees and visiting clients.
- Professional Services: Collaborates with external experts in legal, financial, and human resources to ensure our governance frameworks align with institutional best practices.

COMMITMENTS TO ETHICAL AND RESPONSIBLE PROCUREMENT

Our supplier onboarding process firmly integrates Environmental, Social, and Governance (ESG) benchmarks, ensuring that our commercial partnerships reflect our core organizational ethics.

Key Supplier Evaluation Criteria

Before onboarding, prospective partners are rigorously evaluated across five core dimensions:

- **Capability:** Financial stability and technical competence to meet demanding corporate needs.
- **Reliability:** Proven delivery track records and a commitment to innovation readiness.
- **Compliance:** Strict adherence to legal mandates, statutory regulations, and AML/CFT frameworks.
- **Human Rights:** Protection of labour rights, fair compensation, and equitable workplace conditions.
- **Sustainability:** Dedication to eco-friendly practices and minimizing carbon footprints.

SOCIAL AND RELATIONSHIP CAPITAL

RESPONSIBLE SOURCING HIGHLIGHTS

To safeguard transparency, PMF Finance enforces an uncompromising procurement framework featuring:

- Enforcement of a strict Supplier Code of Conduct.
- Mandatory Conflict of Interest disclosures for all bidding entities.
- Transparent, fully open, and competitive bidding processes.
- Strategic procurement preference given to local vendors to stimulate domestic economic growth.
- A strict zero-tolerance policy toward bribery, corruption, and unethical business practices.

SUPPLIER RISK MANAGEMENT AND SUSTAINABILITY

PMF Finance proactively identifies, evaluates, and mitigates procurement-related risks before entering new vendor contracts or launching new offerings. This forward-looking risk management strategy ensures that vulnerabilities are contained within strictly acceptable institutional thresholds.

MILESTONES AND METRICS FOR FY 2025/26

- 100% Comprehensive Screening: All new suppliers onboarded during FY 2025/26 were comprehensively vetted against stringent social and environmental performance criteria.
- Zero Material Violations: No material negative social or environmental impacts were identified within our supply chain during the financial year under review.
- Active Enforcement Protocols: Formal corrective action frameworks remain actively in place to address, remediate, or terminate relationships with any supplier found violating our compliance standards.

FOSTERING RESILIENT COMMUNITIES FOR ENDURING IMPACT

(Refer Stakeholder Engagement – page 31)

At PMF Finance, we believe that building resilient communities is vital to achieving sustainable, inclusive growth. Our approach extends far beyond traditional corporate social responsibility (CSR); instead, we focus on fostering long-term, meaningful social impact that is deeply rooted in empathy, inclusion, and cultural relevance. Guided by our foundational values, we continuously strengthen the social fabric of the regions we operate in by engaging both internal and external stakeholders through well-rounded development initiatives. These efforts are strategically aligned with the United Nations Sustainable Development Goals (SDGs) - particularly those promoting decent work and economic growth, good health and well-being, quality education, gender equality, and sustainable communities. By focusing on these core areas, we ensure our social investments yield lasting benefits that allow the trust placed in us to endure for generations.

DRIVING SOCIAL VALUE THROUGH TEAM-DRIVEN INITIATIVES

At PMF Finance, we empower our staff to become active catalysts for grassroots community transformation. This grassroots approach to social stewardship goes beyond conventional corporate philanthropy, significantly boosting employee morale, deepening internal collaboration, and aligning our team's daily efforts with our broader mission of responsible citizenship.







"Akurata Hetak" – Educational Aid & Digital Empowerment

Celebrating our branch network expansion, the PMF CSR Committee launched the "Akurata Hetak" initiative to uplift rural education in newly-entered Bandarawela and Kaduruwela/Polonnaruwa regions. The project supported approximately 560 underprivileged students across four rural schools by distributing essential stationery, storybooks, and school supplies collected through an energetic, Company-wide employee donation drive. Simultaneously, the Company configured and donated nine refurbished corporate computers to establish functional IT laboratories, effectively bridging the digital divide for rural youth and reinforcing our long-term stakeholder trust.







Haritha Hetak – Plant Distribution Program

To celebrate World Planting Day, PMF Finance launched the “Haritha Hetak” campaign, distributing 675 plant saplings to employees and selected customers across our Head Office and entire branch network. This initiative actively engaged our internal teams and community members in environmental conservation by encouraging them to nurture these trees in their home gardens. Driven by our core values, the project raises vital awareness about reducing our carbon footprint and protecting nature, backed by a quarterly monitoring framework from our CSR team to ensure a sustainable 80% tree survival rate.

Sponsorship Scholarship & Seminar – University of Jaffna

Commemorating our 43rd Anniversary and the strategic opening of new branches in Chavakachcheri and Chunnakam, PMF Finance PLC partnered with the University of Jaffna to launch a dedicated scholarship sponsorship program. This regional youth empowerment initiative combined critical financial relief for deserving undergraduates with an interactive educational seminar led by our Chairman, focusing on financial literacy, career guidance, and personal development. This meaningful collaboration strengthens our institutional ties with the Northern Province, showcasing how our foundational values guide investments that help young minds and communities thrive together.







NATURAL CAPITAL

Financing a Greener Future



At PMF Finance, we recognize that long-term enterprise resilience rests upon a foundation of environmental stewardship. Earth's natural systems, climate stability, and eco-resources provide the essential framework through which enduring value is created for our institution, our clients, and the broader Sri Lankan economy. As we progress through FY 2025/26, we continue to embed environmental, social, and governance (ESG) considerations directly into our operational model, strategic decision-making, and credit risk evaluations.

By aligning financial growth with responsible environmental management, we reinforce our steadfast dedication to sustainable finance and ensure that our growth continues to protect the communities and ecosystems we serve.

Components of Natural Capital	Contribution to our values	Impact on Stakeholders	Commitment to SDG
Energy Management	Demonstration of operational integrity and long-term stewardship by transitioning toward renewable energy and clean power solutions.	**Customers & Community:** Cleaner local environment and reliable service through sustainable infrastructure. **Investors:** Reduced operational costs and enhanced risk-adjusted returns.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Green & Inclusive Lending	Embedding social responsibility and ethical finance into business operations by funding green projects and female entrepreneurs.	**Women Entrepreneurs:** Access to tailored leasing, microfinance, and inclusive financing. **SMEs & Rural Farmers:** Financing clean transport, solar technology, and climate-resilient agriculture.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Environmental Governance & Risk Management	Ensuring transparency, accountability, and disciplined risk management across all financial and credit operations.	**Regulators (CBSL, SLAASMB):** Alignment with SLFRS S1/S2, TCFD, and CBSL Sustainable Finance Directives. **Investors:** Clear visibility into climate risk management and ESG-aligned stability.	13 CLIMATE ACTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Waste Reduction & Digital Transformation	Reflects responsible resource efficiency and customer-centric innovation through paperless workflows and waste management.	**Employees:** Streamlined, paperless digital workflows and eco-conscious work environments. **Customers:** Convenient, paperless digital services and electronic channels.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Components of Natural Capital	Contribution to our values	Impact on Stakeholders	Commitment to SDG
Emissions Management & Climate Action	Upholds planetary stewardship by establishing baseline tracking for Scope 1, 2, and 3 GHG emissions.	**Broader Society & Communities:** Decreased overall carbon footprint and lower environmental pollution. **Future Generations:** Protection of Sri Lanka's natural resources and biodiversity.	
Strategic Partnerships & Outreach	Fostering trust, shared responsibility, and community engagement through grassroots environmental literacy.	**Local Communities & NGOs:** Enhanced climate resilience and environmental literacy programs. **Youth & Educational Institutes:** Greater awareness of green finance and sustainable living.	

OUR MANAGEMENT APPROACH (GRI 3-3)

Our approach to managing natural capital relies on a strong governance structure spanning the Board, executive leadership, and operational teams. Guided by our Sustainable Finance Policy and aligned with CBSL Sustainable Finance Directives, TCFD, ISO 14064-1:2018, and SLFRS S1/S2 standards, we monitor operational impacts across energy, waste, and carbon emissions. Having established FY 2025/26 as our GHG inventory base year, we track key metrics (including energy intensity per square meter) to systematically lower our climate footprint and sustain long-term stakeholder trust.

GOVERNANCE AND STRATEGY (GRI 2-9)

Our environmental management strategy is guided by a four-tier governance model designed to provide oversight, accountability, and operational agility across all levels of the organization.

Governance Tier	Entity	Key Responsibilities & Details
Tier 1	**Board of Directors**	Approves annual ESG budgets, receives ESG KPI reports, and endorses annual disclosures.
Tier 2	**Board Sustainability Committee (BSC)**	Chaired by a Non-Executive Director and should consist a minimum of 3 members. Provides strategic Board-level oversight. The committee was constituted in Q1 2026.
Tier 3	**Sustainable Finance Steering Committee (SFSC)**	Chaired by the CEO to drive quarterly operational delivery, credit risk integration, and green portfolio targets. The committee was constituted in Q1 2026.
Tier 4	**Operational Implementation Teams**	Comprises the Sustainability & Climate Implementation Team (SCIT), Department Owners (Admin, IT, Risk, Credit), and Branch Data Green Teams across all 26 locations responsible for monthly data collection.

To maintain regulatory integrity and financial transparency, we align our disclosure processes with global standards and local directives:

- **SLFRS S1 & S2 Standards:** Aligned with SLAASMB and ISSB guidelines for general sustainability and climate disclosures.
- **CBSL Directions & Roadmaps:** Complying with CBSL Sustainable Finance Roadmap 2.0, Direction No. 5/2022, Direction No. 2/2025, and the Sri Lanka Green Finance Taxonomy.
- **ISO 14064-1:2018:** Applied to quantify organizational Scope 1, Scope 2, and Scope 3 GHG emissions.

NATURAL CAPITAL

STRATEGIC SUSTAINABILITY FRAMEWORK & GOALS

Building on the baseline metrics established in FY 2025/26, our strategic agenda defines concrete, accountable targets across four overarching pillars for FY 2026/27 and the coming years:

Strategic Pillar	Strategic Objectives & Action Items	Key Performance Targets
Environmental Responsibility	❖ Expand EV leasing, solar PV, and Taxonomy-aligned green financing products. ❖ Reduce operational footprint via sub-metering and energy efficiency initiatives.	❖ Achieve 10% of total lease portfolio classified as green/low-carbon in FY 2026/27. ❖ Reduce energy intensity by 10% per m² by FY 2027/28 relative to the FY 2025/26 baseline.
Social Impact	❖ Advance inclusive financing for female borrowers, SMEs, and rural agricultural sectors. ❖ Expand community outreach, rural digital literacy, and e-waste donation programs.	❖ Maintain >50% female participation in Gold Loan disbursements (FY 2025/26 baseline: 54.4% / LKR 13.4 Bn). ❖ Execute at least 2 SME empowerment events per cluster annually.
Governance Excellence	❖ Ensure active Board oversight via quarterly BSC and SFSC sessions. ❖ Conduct enterprise-wide ethics, ESG, and sustainability training for all employees.	❖ Maintain 100% staff participation in annual LMS ethics and ESG training. ❖ Complete annual internal audit reviews for regulatory and environmental compliance.
Integrated Risk Management	❖ Apply climate and ESG risk screening to commercial, SME, and leasing proposals. ❖ Incorporate physical and transition climate risk assessments into the ERM framework.	❖ Screen 100% of new commercial credit using the 16-question climate & ESG checklist by Q3 FY 2026/27. ❖ Deploy 26 Branch Data Green Teams to manage monthly data integrity.

MEASURING IMPACT & TRANSPARENCY

To ensure continuous improvement, PMF Finance monitors performance using key quantitative metrics:

Performance Metric Category	Key Focus & Tracking Indicators	FY 2025/26 Baseline Performance
Green Asset Ratio & Taxonomy Alignment	Tracks eligible electric vehicle (EV) leases and solar PV assets as a percentage of total financing.	147 contracts active in EV leases.
Emissions Intensity & Energy Tracking	Measures network-wide electricity consumption, energy intensity per square meter, and total Scope 2 emissions.	460,263 kWh consumed across 5,954 m² (Intensity: 77.31 kWh/m²; Scope 2: ~289 tCO_2e).
ESG Risk-Adjusted Returns & Screening	Categorizes credit applications into Green, Standard, Watch, or High Risk, enforcing mandatory declines for excluded activities.	Screening framework designed and embedded in credit appraisal; full 100% screening of new commercial credit targeted from Q3 FY 2026/27.
Community & Inclusion Metrics	Tracks rural economic integration and outreach to female entrepreneurs and clients.	7,601 female Gold Loan clients (Representing LKR 13.4 Bn disbursed).

OPERATIONAL ENVIRONMENTAL MANAGEMENT

Energy Management (GRI 302-1,302-4,302-5)

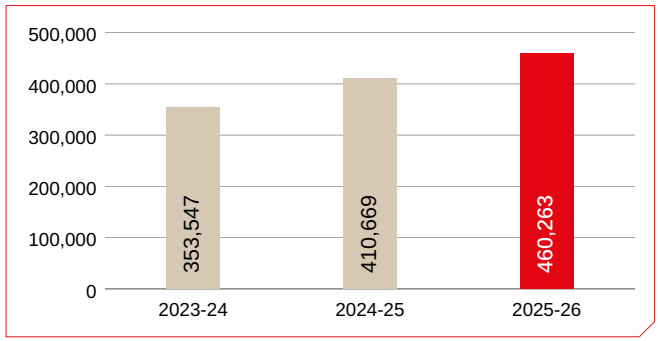
Driven by our rapid network expansion from 15 to 26 locations, absolute electricity consumption reached 460,263 kWh in FY 2025/26. To mitigate our operational footprint, key efficiency initiatives planned for FY 2026/27 include:

- **Branch Solarisation:** Conducting detailed rooftop solar PV feasibility assessments across key premises, including the Head Office (Sterling) and Narahenpita facilities during H1 FY 2026/27.
- **Sub-Metering Infrastructure:** Deploying sub-metering systems across the branch network by Q2 FY 2026/27 to enhance energy management and support our goal of a 10% reduction in energy intensity per square meter by FY 2027/28.

Looking beyond FY 2026/27, the Company plans to scale its energy-efficiency initiatives by expanding high-efficiency LED lighting installations across the wider branch network, further reducing operational energy intensity

Indicator	FY 25/26	FY 24/25	FY 23/24
Locations	26	22	15
Floor area (m²)	5,954	5,953	3,860
Electricity (kWh)	460,263	410,669	353,547
Intensity (kWh/m²)	77.31	68.98	59.38

Three Year Electricity Consumption (KWH)



Waste Management & Digital Transformation (GRI 306)

We integrate circular economy principles with digital innovation to optimize resource efficiency:

- **Five-Stream Waste Framework:** Rolling out standardized five-stream branch waste tracking which covers paper, plastic, bio-waste, e-waste, and general waste in Q1 FY 2026/27, aiming for an 80% landfill diversion rate.

Looking beyond FY 2026/27, the following medium-term initiatives are planned for execution.

- **Path-Maker E-Waste Program:** Partnering with accredited recyclers to secure data sanitization and refurbish decommissioned IT hardware for donation to underserved communities.
- **Digital Transformation:** Accelerating paperless operations through an Electronic Document Management System (EDMS) pilot at Head Office to digitize loan approval workflows and customer touchpoints.

Carbon Emissions Framework (GRI 305)

FY 2025/26 establishes our baseline inventory under ISO 14064-1:2018 standards:

- **Scope 1 (Direct Emissions):** Direct fuel consumption from generator operations and company-owned vehicle fleets.
- **Scope 2 (Indirect Energy Emissions):** Purchased electricity across Head Office and 23 branch locations, totaling 460,263 kWh
- **Scope 3 (Value Chain Emissions):** Upstream and downstream impacts, including employee commuting, operational waste, and portfolio-financed emissions assessed using PCAF methodologies.

NATURAL CAPITAL

ESG Credit Screening & Risk Integration

In compliance with CBSL Direction No. 5/2022, all commercial credit applications from FY 2026/27 onward are subject to rigorous evaluation via a standardized 16-question Climate & ESG Checklist:

- **Physical Risk (Q1–Q5):** Evaluates asset exposure to flood, storm, coastal proximity, and drought risks.
- **Transition Risk (Q6–Q9):** Assesses exposure to high-carbon sectors and regulatory cost impacts, requiring SFSC approval for credit facilities exceeding LKR 5 million.
- **Sustainability Practices (Q10–Q13):** Verifies environmental regulatory compliance and operational sustainability measures.
- **Loan Suitability (Q14–Q16):** Mandates immediate credit rejection for activities listed under the PMF Exclusion Policy.

Collaborative Initiatives & Conservation (GRI 413-1)

PMF Finance continues to foster strategic partnerships that enhance community and environmental resilience:

- **Community Outreach:** Partnering with regional Chambers of Commerce to host SME capacity-building sessions while advancing digital literacy in rural communities.
- **Ecosystem Support:** Directing targeted capital toward climate-resilient agriculture, contributing LKR 8.1 billion across 27,341 facilities in FY 2025/26.
- **Regulatory Alignment:** Engaging proactively with regulatory bodies to execute the mandates of the CBSL Sustainable Finance Roadmap 2.0.

WAY FORWARD

As PMF Finance transitions from baseline formulation to operational execution, strategic focus centers on converting commitments into quantifiable outcomes:

- Expanding Green Finance: Scaling dedicated EV leasing and solar PV credit pipelines to achieve a 10% green lease portfolio share in FY 2026/27.
- Strengthening Oversight: Conducting structured quarterly SFSC meetings and annual BSC reviews to track performance against our 18 core ESG KPIs.
- Optimizing Operational Footprint: Completing network sub-metering, executing priority solar PV retrofits, and implementing systematic waste diversion logs.
- Advancing Disclosures & Verification: Preparing for internal audit verification under ISO 14064-1:2018 in FY 2026/27, laying the groundwork for limited external assurance and full IFRS S1/S2 alignment by FY 2027/28.



Community

CORPORATE GOVERNANCE

BOARD OF DIRECTORS



Left to right:

Prof. (Dr.) Dewasiri N. Jayantha | Mr. Nemantha Nilhan Abeysinghe | Mr. Hettiarachchige Moggali Sanjika Perera



Left to right:

Mr. Mohamed Malik Rizvi Abdul Cader | Mr. Warnakula Jayasuriya Arachchige Nalin Prasad | Ms. Thanipperuge Nishani Crishanka Perera | Mr. Kaluarachchige Dinesh Senaka De Silva

BOARD OF DIRECTORS

Mr. Mohamed Malik Rizvi Abdul Cader

Chairman / Non-Executive Independent Director

Date of Appointment : 29.09.2025 (as Independent Director) and 08.10.2025 (as Chairman)

PROFILE

Mr. Cader is a highly respected legal and governance professional with extensive expertise in corporate law, regulatory compliance, governance, and capital markets. Drawing over four decades of experience across legal practice, regulatory institutions, and corporate leadership, he provides strategic oversight and guidance on governance, risk management, and regulatory matters, contributing significantly to the Board's effectiveness and long-term stewardship.

As a highly respected regulatory professional, Mr. Cader is recognised for his unwavering integrity, ethical leadership, and commitment to good governance. His distinguished career at the Securities and Exchange Commission of Sri Lanka culminated in his appointment as Director General, where he played a pivotal role in advancing the country's capital market regulatory framework.

QUALIFICATIONS

- Attorney-at-Law, Supreme Court of Sri Lanka
- Solicitor of England and Wales (UK)

PREVIOUS APPOINTMENTS

- Director General, Securities and Exchange Commission of Sri Lanka (SEC)
- Director, Insurance Board of Sri Lanka
- Senior Advisor to the Ministry of Finance (appointed by the Cabinet of Ministers in 2012)
- Member, Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB)
- Past President, Association of Corporate Lawyers
- Life Member, Bar Association of Sri Lanka
- National President, Junior Chamber International Sri Lanka
- World Vice President, Junior Chamber International (JCI)

CURRENT APPOINTMENTS

- Executive Director, Knuckles Hideaway (Pvt) Ltd
- Principal Consultant, Corporate Legal Consultants
- Principal Consultant, Corporate Management Consultants

BOARD COMMITTEE MEMBERSHIPS

- Board (Chairman)
- Board Audit Committee (Member)
- HR & Remuneration Committee (Member)
- Nomination & Governance Committee (Member)
- Board Integrated Risk Management Committee (Member)
- Related Party Transactions Review Committee (Member)
- Board Credit Committee (Member)
- IT Steering Committee (Member)
- Procurement Committee (Member)
- Marketing Committee (Member)

Mr. Warnakula Jayasuriya Arachchige Nalin Prasad

Non-Executive Non-Independent Director

Date of Appointment: 04/11/2025

PROFILE

Mr Prasad is a seasoned corporate leader with over 22 years of experience spanning finance, strategy, and business management. His career has encompassed leadership roles across multiple sectors, where he has successfully driven financial performance, operational excellence, and sustainable growth. Combining strong financial acumen with broad commercial insight, he contributes valuable perspectives on governance, risk management, and strategic decision-making. His multidisciplinary industry exposure and proven leadership capabilities enable him to support the Board in strengthening organisational resilience, enhancing stakeholder value, and advancing the Company's long-term growth objectives.

QUALIFICATIONS

- Master of Business Administration, Australian Institute of Business, Australia
- Bachelor of Science in Business Administration (Finance Specialisation), University of Sri Jayewardenepura
- Fellow Member, Institute of Chartered Accountants of Sri Lanka
- Associate Member, Institute of Chartered Accountants of Sri Lanka
- Fellow Member, Association of Business Executives, UK

PREVIOUS APPOINTMENTS

- MRC Associates Garments (Pvt) Ltd. - Group Finance Manager
- GC Lanka Clothing (Pvt) Ltd. - Chief Financial Officer / Finance Controller Manager
- Lidechsi Group of Companies - General Manager – Finance / Group Accountant

CURRENT APPOINTMENTS

- Sterling Automobiles Lanka (Pvt) Ltd - Chief Financial Officer

BOARD COMMITTEE MEMBERSHIPS

- Board (Member)
- Board Audit Committee (Member)
- Board Credit Committee (Chairman)
- IT Steering Committee (Member)
- Procurement Committee (Member)
- Marketing Committee (Member)

Mr. Nemantha Nilhan Abeysinghe

Non-Executive Non-Independent Director

Date of Appointment : 01/07/2025

PROFILE

Mr. Nemantha Abeysinghe is a seasoned corporate leader with over 34 years of professional experience spanning management, strategy, marketing, business development, finance, and institutional leadership. Having held senior executive positions across both the private and development sectors, he brings extensive expertise in organisational transformation, stakeholder engagement, governance, and operational excellence. His diverse professional background, coupled with strong financial and strategic acumen, enables him to contribute valuable insights to the Board. He plays a key role in strengthening governance frameworks, driving sustainable growth initiatives, and supporting long-term value creation for stakeholders.

QUALIFICATIONS

- Executive MBA from Asia E University, Malaysia
- Executive Diploma in Business Administration from University, Colombo
- MSc in Strategic Marketing from Asia E University, Malaysia
- JCI Certified National Trainer from Junior Chamber International, USA
- Leadership Program from National University of Singapore
- Certified Green Building Professional from Green Building Council, Sri Lanka
- Member - Chartered Institute of Marketing, United Kingdom
- Fellow – Chartered Management Institute, United Kingdom
- Life Member - Sri Lanka Institute of Marketing, Sri Lanka
- Member - Certified Management Accountant (CMA), Australia

PREVIOUS APPOINTMENTS

- Operations Executive of UPS Delivery Systems (Pvt) Ltd
- Export Executive and Export Manager of Forbes Services (Pvt) Ltd.
- Marketing Manager at St. Anthony's Industries Group (Pvt) Ltd
- General Manager Sales & Marketing of Harris Ceylon (Pvt) Ltd.
- Director/General Manager of Nippon Paint Lanka (Pvt) Ltd.
- National President of Round Table Sri Lanka
- Asia Pacific Regional Chairman for Round Table & Apex
- Vice president of JCI and National President of JCI

BOARD COMMITTEE MEMBERSHIPS

- Board (Member)
- Board Audit Committee (Member)
- Board Integrated Risk Management Committee (Member)
- Related Party Transactions Review Committee (Member)
- Board Credit Committee (Member)
- Procurement Committee (Chairman)
- Marketing Committee (Chairman)

Ms. Thanipperuge Nishani Crishanka Perera

Non-Executive Independent Director

Date of Appointment - 23/02/2026

PROFILE

Ms. Perera is a distinguished finance and legal professional with extensive experience spanning accounting, taxation, governance, risk management, and regulatory compliance. Combining expertise in finance and law, she has advised organisations across diverse industries on strategic, financial, and governance matters. Her professional background includes significant exposure to regulatory environments and corporate advisory services, enabling her to provide valuable insights on risk oversight, internal controls, and stakeholder stewardship. Recognised for her strong technical proficiency and leadership capabilities, she contributes meaningfully to the Board's governance framework, strengthening accountability, regulatory compliance, and the Company's long-term sustainability and value creation objectives.

QUALIFICATIONS

- Master of Laws from Cardiff Metropolitan University, United Kingdom
- Bachelor of Laws (Hons), University of Sri Jayewardenepura, Sri Lanka
- Fellow Member, Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Fellow Member, Association of Chartered Certified Accountants (ACCA), UK
- Associate Member, Chartered Management Accountants (CIMA) Sri Lanka

BOARD OF DIRECTORS

PREVIOUS APPOINTMENTS

- Held senior positions across financial services, regulatory environments, and professional practice.
- Director of several corporate entities
- Consultant specialising in governance, risk management, financial reporting, taxation, and regulatory compliance.

CURRENT APPOINTMENTS

- Partner, Moore Aiyar
- Director, Moore Consulting (Pvt) Ltd

BOARD COMMITTEE MEMBERSHIPS

- Board (Member)
- Board Audit Committee (Member)
- HR & Remuneration Committee (Member)
- Nomination & Governance Committee (Chairman)
- Board Integrated Risk Management Committee (Chairman)
- Related Party Transactions Review Committee (Chairman)
- IT Steering Committee (Member)

Mr. Kaluarachchige Dinesh Senaka De Silva

Non-Executive Independent Director

Date of Appointment – 18/11/ 2025

PROFILE

Mr. Silva is a seasoned business leader with over three decades of executive experience across multiple industries. He has successfully transformed product-focused organisations into diversified business platforms, driving growth, Innovation, operational excellence, and strategic expansions. Recognised for his strategic vision and leadership, he has played a pivotal role in business transformation, innovation, and sustainable value creation.

His expertise spans corporate strategy, finance, operational excellence, and organisational development. Drawing on extensive board and executive experience, Mr. Silva provides effective guidance on governance, risk oversight, and long-term value creation, strengthening the Company's strategic direction and stakeholder confidence.

QUALIFICATIONS

- Fellow Member, Chartered Institute of Management Accountants (CIMA), UK
- Executive education at globally renowned institutions, including the Center for Creative Leadership, Tuck School of Business (Dartmouth), Wharton School, National University of Singapore, INSEAD, Henley Business School, and Hult Ashridge Executive Education.
- Successfully completed the Venture Capital Private Equity (VCPE) Program, conducted by Singapore Management University.

PREVIOUS APPOINTMENTS

- Director, MAS Capital Pvt Ltd
- Chief Executive Officer, Bodyline Pvt Ltd
- Chief Executive Officer, Intimates Fashion India Pvt Ltd
- Group Director – Lean Enterprise, MAS Holdings Pvt Ltd

CURRENT APPOINTMENTS

- MAS Legato (Private) Limited – Non-Executive Independent Director
- Fortitude Ventures (Pvt) Ltd – Founder/Executive Director

BOARD COMMITTEE MEMBERSHIPS

- Board (Member)
- Board Audit Committee (Chairman)
- HR & Remuneration Committee (Chairman)
- Nomination & Governance Committee (Member)
- Board Integrated Risk Management Committee (Member)
- IT Steering Committee (Member)

Mr. Hettiarachchige Moggali Sanjika Perera

Non-Executive Non-Independent Director

Date of Appointment : 01/07/2025

PROFILE

Mr. Sanjika Perera is an accomplished sales and marketing professional with extensive international experience spanning Sri Lanka, South Asia, the United Kingdom, and Europe. Over his career, he has successfully driven business growth and strategic transformation across industries including financial services, FMCG, hospitality, and trade technology. Combining strong commercial acumen with expertise in business development and stakeholder engagement, he has held numerous leadership positions in both the private and public sectors. His broad experience in strategy, innovation, and organisational development enables him to provide valuable insight and independent oversight to the Board.

QUALIFICATIONS

- Master of Business Administration, University of Sri Jayewardenepura, Sri Lanka
- Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM), United Kingdom
- Advanced Diploma in Business Administration, Business Executives, United Kingdom

PREVIOUS APPOINTMENTS

- Director – UK & Ireland, Sri Lanka Tourism Promotion Bureau
- Director – Business Development & Projects
- Held several senior leadership roles across sales, marketing, and business development in Sri Lanka, South Asia, the United Kingdom, and Europe.
- Country Manager - Sabre Travel Network Lanka (Pvt) Ltd

CURRENT APPOINTMENTS

- Director/CEO, Metropolitan Technologies (Pvt) Ltd

BOARD COMMITTEE MEMBERSHIPS

- Board (Member)
- HR & Remuneration Committee (Member)
- Nomination & Governance Committee (Member)
- IT Steering Committee (Chairman)
- Procurement Committee (Member)
- Marketing Committee (Member)

CORPORATE MANAGEMENT

























1 **Prof. (Dr). Dewasiri. N. Jayantha -** Executive Director/ Chief Executive Officer
2 **Mr. Athula Bandaranayake -** DGM - Strategy & Planning
3 **Mr. Sujan Cooray -** Head of Channels & Operations
4 **Mr. Nilantha Perera -** Head of Human Resources
5 **Ms. Geethika Wickramasinghe -** DGM - Fund Mobilization
6 **Mr. Buddhika Kodithuwakku -** DGM - Finance
7 **Mr. Sahan Rodrigo -** Head of Special Recoveries
8 **Mr. Bandara Chandrasekara -** Head of Branch Operations
9 **Mr. Nishantha De Silva -** Head of Credit & Credit Operations
10 **Mr. Suneth Kumara -** Head of Gold Loan
11 **Mr. Nishantha Fonseka -** Head of General Recoveries
12 **Ms. Kavitha Sinnathamby -** Company Secretary
13 **Mr. Sivasuriyar Sunthareswaran -** Head of IT



PROF. (DR.) DEWASIRI N. JAYANTHA

Executive Director / Chief Executive Officer

Professor Dewasiri N. Jayantha is Executive Director/Chief Executive Officer of PMF Finance PLC and Professor of Finance at Sabaragamuwa University of Sri Lanka. He is also Immediate Past President of the Sri Lanka Institute of Marketing and holds adjunct academic appointments in India, the Maldives and the UAE. Bringing over 17 years of corporate leadership experience prior to academia, his expertise spans finance, strategic management, leadership and innovation. He holds a PhD in Finance from the University of Colombo and an MSc in Applied Finance, and is a Fellow Chartered Manager and Fellow Member of the Chartered Institute of Marketing. Internationally recognised for leadership and research excellence, he has received several prestigious accolades, including the International Mixed Methods Scholarship Award from the University of Michigan, and contributes extensively to global knowledge-sharing in finance, leadership and strategic management.

MR. ATHULA BANDARANAYAKE

DGM - Strategy and Planning

Mr. Athula Bandaranayake brings over 22 years of experience across finance, strategic planning, risk and Management Information Systems. His career commenced at Sun Match Company Ltd., followed by key roles at Earls Court Group of Companies, Assetline Finance PLC and Janashakthi Finance PLC. He holds an MBA specialising in Finance from the University of Southern Queensland, Australia, together with a Postgraduate Diploma in Business and Finance and an Executive Diploma in Business and Accounting from CA Sri Lanka. His qualifications also include a Diploma in Credit Management and Certificate in Leasing and Hire Purchase from IBSL, and Certificate Level of Chartered Tax Advisor from CA Sri Lanka. He is also a member of the Institute of Certified Management Accountants, Australia and New Zealand.

MR. SUJAN COORAY

Head of Channels and Operations

Mr. Sujan Cooray brings over 28 years of experience across banking and non-banking financial services, specialising in sales, marketing, recoveries, branch operations and business development. As DGM/Head of Channels and Operations at PMF Finance PLC since May 2024, he is responsible for the strategic development and expansion of Gold Loans, Fixed Deposits and Leasing channels, while overseeing recoveries and legal compliance. Previously, during an extensive career at Alliance Finance Co. PLC, he held several leadership positions, including Assistant General Manager, contributing to strategic marketing, corporate business development and regional operations. He has also contributed to product development, market research and innovation initiatives. Mr. Cooray holds an MBA from Mahatma Gandhi University, India, and has completed CIM Stage I. Sujan is completed the Board Leadership Training Program conducted by the Sri Lanka Institute of Directors Association (SLIDA).

MR. NILANTHA PERERA

Head of Human Resources

Mr. Nilantha Perera brings over 31 years of experience in Human Resource Management. Prior to joining PMF Finance PLC, he served as Head of Human Resources at Orient Finance PLC and Ceylinco General Insurance PLC, and as an HR Consultant to Lakderana Investment. His extensive experience encompasses mergers and acquisitions, establishing formal Human Resources divisions and developing in-house HRIS systems. Mr. Perera holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura, a Master's Degree in Business Studies from the University of Colombo and a B.Sc. in Human Resource Management from the University of Sri Jayewardenepura. He is a Chartered Fellow Member of CIPM, a visiting lecturer at CIPM and an Independent Director of JFS Holdings.

MS. GEETHIKA WICKRAMASINGHE

DGM - Fund Mobilization

Ms. Geethika Wickramasinghe brings over 37 years of experience in banking and finance. Her career includes leadership roles in branch and credit operations at Seylan Bank PLC and branch management at Union Bank of Colombo PLC. She subsequently served as AGM – Deposits and AGM – Credits at UB Finance Company PLC and AGM – Fund Mobilization at Janashakthi Finance PLC, before joining Arpico Finance Company PLC. Prior to PMF Finance, she served as Senior Deputy General Manager – Fund Mobilization at Associated Motor Finance Company PLC. She holds two Master's degrees from the University of Colombo and American City University, USA, and international diplomas in Anti-Money Laundering and Compliance from the University of Manchester, awarded through the International Compliance Association, UK, together with an IBSL Diploma.

CORPORATE MANAGEMENT

MR. BUDDHIKA KODITHUWAKKU

DGM - Finance

Mr. Buddhika Kodithuwakku is a Chartered Accountant with over a decade of experience in the financial services sector, specialising in financial management, risk management and operations management. He has held key leadership positions, including Chief Risk Officer and Chief Financial Officer, at several prominent financial institutions, including Alliance Finance Company PLC, Commercial Credit and Finance PLC and Nation Lanka Finance PLC. His extensive industry exposure has strengthened his capabilities in financial leadership, risk oversight, strategic decision-making and organisational stability, particularly within challenging and volatile market environments. Mr. Kodithuwakku holds an MBA from the Postgraduate Institute of Management and a B.Sc. in Accounting (Special) from the University of Sri Jayewardenepura. He is a Fellow Member of CA Sri Lanka and a member of ACCA, UK.

MR. SAHAN RODRIGO

Head of Special Recoveries

Mr. Sahan Rodrigo brings over 21 years of experience in financial services, specialising in credit recovery, legal operations and compliance oversight. He commenced his career at Seylan Merchant Leasing Ltd. and subsequently held progressive roles at Central Finance PLC and Softlogic Finance PLC, where he served for over 12 years. His expertise encompasses managing large recovery portfolios, streamlining legal processes, strengthening internal controls and aligning recovery strategies with regulatory requirements. Mr. Rodrigo holds an MBA from Cardiff Metropolitan University, UK, and an LLB (Hons) from Buckinghamshire New University, UK. He also holds a Diploma in Credit Management and an NCC International Diploma from the University of Cambridge and is a Fellow Member of the Institute of Credit Management. He is currently pursuing his Attorney-at-Law qualification.

MR. BANDARA CHANDRASEKARA

Head of Branch Operations

Mr. Bandara Chandrasekara brings over 23 years of experience spanning sales, marketing, business development, recoveries, planning, execution and branch operations. He commenced his career at Assetline Finance Ltd. in 2003 and progressed through several key positions, developing extensive expertise in managing branch operations and supporting sustainable business growth. His local and international training exposure has strengthened his capabilities in building team-oriented cultures and developing multichannel marketing initiatives aligned with organisational objectives. Mr. Chandrasekara holds an MBA from the University of Wales Trinity Saint David, UK. His professional development includes a Certificate in Leadership Development from the National University of Singapore and a Certificate in Developing Managers for the Future from the Postgraduate Institute of Management Alumni, further complementing his extensive industry experience.

MR. NISHANTHA DE SILVA

Head of Credit & Credit Operations

Mr. Nishantha De Silva joined PMF Finance PLC in 2024 as AGM – Head of Credit & Credit Operations, bringing 36 years of experience in the non-banking financial sector. His expertise spans sales, marketing, credit, operations, recoveries, risk management and staff training. Prior to PMF Finance, he spent 16 years at Singer Finance (Lanka) PLC, progressing through Branch Manager, Regional Manager and Senior Regional Manager positions to Senior National Manager – Risk (Credit and Operations). Earlier, he held managerial roles at The Finance Company, Peoples Merchant Bank, Central Finance Company and Edirisinghe Trust Investments.

Mr. De Silva holds an MBA with Merit from Cardiff Metropolitan University and is pursuing a specialised qualification in Risk in Financial Services from CISI, UK.

MR. SUNETH KUMARA

Head of Gold Loan

Mr. Suneth Kumara brings over 20 years of experience in the financial services sector, with expertise spanning branch operations, gold loan sales and operations, and marketing. He commenced his career at ETI Finance Limited, building a strong foundation in financial services operations and customer-facing business activities. He subsequently held several key positions in Gold Loan and Branch Operations at Swarnamahal Financial Services PLC, developing extensive practical knowledge of gold-backed lending and branch management. His experience provides him with a strong understanding of operational management, sales development and customer service within the financial services industry. Mr. Kumara holds a Diploma in Credit Management from the Institute of Bankers of Sri Lanka and a Diploma in Marketing from the University of Kelaniya. He is currently pursuing a Higher Diploma in Marketing at the University of Kelaniya.

MR. NISHANTHA FONSEKA

Head of General Recoveries

Mr. Nishantha Fonseka brings 21 years of experience in financial services, specialising in end-to-end collections, pre-legal recoveries and portfolio quality management. He commenced his career at Bartleet Finance PLC in 2005 as a Recovery Executive and subsequently held key positions at Orient Finance PLC, strengthening his expertise in structured recoveries and credit risk-aligned collection strategies. In 2015, he joined LOLC Finance PLC as Manager and later progressed to Senior Manager – Recoveries, leading recovery and pre-legal operations for LOLC Micro Leasing.

Currently, as Assistant General Manager – Head of General Recoveries at PMF Finance PLC, he contributes to protecting portfolio quality through effective recovery strategies, team leadership and performance monitoring. His experience combines practical recovery execution, stakeholder coordination, process improvement and disciplined portfolio management.

MS. KAVITHA SINNATHAMBY

Company Secretary

Ms. Kavitha Sinnathamby is an Associate Member of the Institute of Chartered Corporate Secretaries of Sri Lanka and a registered Licensed Company Secretary with over 16 years of experience in company secretarial practice, corporate governance, regulatory compliance and board administration. She commenced her career at Mansec Services (Pvt) Ltd and subsequently held positions at SSP Corporate Services and D.L. & F. De Saram Corporate Advisory Services. In October 2024, she joined Associated Motor Finance PLC as Assistant Manager – Company Secretarial Division, before joining PMF Finance PLC in August 2025. A qualified Chartered Company Secretary, she is currently pursuing a Diploma in Compliance at the Institute of Bankers of Sri Lanka. She is fluent in English, Tamil and Sinhala.

MR. SIVASURIYAR SUNTHARESWARAN

Head of IT

Mr. Sivasuriyar Sunthareswaran is a technology leader with over 14 years of experience spanning financial services and other sectors, with expertise in enterprise IT strategy, digital transformation, cybersecurity, core banking, automation and infrastructure modernisation. As Head of IT at PMF Finance PLC, he leads technology strategy aligned with business growth, regulatory requirements and digital transformation. Previously, as Chief Manager – Technology & Services at HNB Finance PLC, he led major technology, cybersecurity, infrastructure and business continuity initiatives while also serving as Acting CISO. He holds a B.Sc. (Hons) in Computer Systems and Networking from the University of Greenwich and is pursuing an MSc in Cyber Security from London Metropolitan University. He is also a professional member of BCS, UK, and CSSL.

SENIOR MANAGEMENT

























1 **Mr. Amila Bandara -** Head of Finance
2 **Ms. Nelka Welianga -** Chief Legal Officer
3 **Mr. Dishan Andrew -** Chief Manager - Fund Mobilization
4 **Mr. Nishantha Pushpa Kumara -** Chief Manager - Administration
5 **Ms. Dinesha Perera -** Head of Compliance
6 **Ms. Manuja Chandrapala -** Senior Manager - Central Operations
7 **Mr. Mewantha Zoysa -** Senior Manager - Marketing Communication
8 **Mr. Suresh Dayarathne -** Senior Manager - Regional Business
9 **Mr. Kumuditha Aparakka -** Head of Treasury
10 **Mr. Thariq Ameer -** Chief Information Security Officer
11 **Mr. Perinbavel Amaranath -** Acting Head of Internal Audit
12 **Ms. Gayathri Nadeeka -** Acting Head of Risk

MR. AMILA BANDARA

Head of Finance

Mr. Amila Bandara brings over 19 years of experience in auditing and finance. He commenced his career at Ernst & Young as an Audit Trainee, progressing to Senior Accountant. He subsequently joined AMW Capital Leasing and Finance PLC, where he completed 13 years of service and rose to Senior Finance Manager. Prior to joining PMF Finance PLC, he served as Head of Finance at CBC Finance Ltd. Mr. Bandara is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Professional Managers, and holds a B.Sc. (Accounting) Special Degree from the University of Sri Jayewardenepura.

MRS. NELKA WELIANGA

Chief Legal Officer

Mrs. Nelka Welianga is an experienced legal professional specialising in banking and finance litigation, debt recovery, drafting legal documents, contracts and agreements, and company secretarial responsibilities. She took oaths as an Attorney-at-Law in 1993 and has developed extensive expertise relevant to the financial services sector. Her professional qualifications include a Diploma in International Relations and a Diploma in Arbitration from the Institute for the Development of Commercial Law and Practice. Mrs. Welianga is also an Executive Member of the Association of Corporate Lawyers of the Bar Association of Sri Lanka and served as Chairperson of the Legal Circle of the Finance Houses Association during 2013–2014.

MR. DISHAN ANDREW

Chief Manager - Fund Mobilization

Mr. Dishan Andrew brings more than 21 years of experience in the finance industry, with particular expertise in liability marketing, sales, deposit mobilisation and strategic planning. He joined PMF Finance PLC in January 2023 as Senior Manager and is responsible for driving the Company's deposit mobilisation activities. His extensive industry experience has provided him with strong capabilities in developing funding relationships, supporting liability growth and implementing sales strategies aligned with organisational objectives. Prior to joining PMF Finance, Mr. Andrew served as Head of Fixed Deposits at HNB Finance PLC, where he gained significant experience in managing fixed deposit operations and strengthening the institution's deposit mobilisation activities.

MR. NISHANTHA PUSHPA KUMARA

Chief Manager - Administration

Mr. Nishantha Pushpa Kumara brings over 28 years of experience spanning finance, procurement and administration, with expertise in administrative operations, procurement, asset management, branch setups and facility maintenance in Sri Lanka and overseas. He served for seven years as Head of Building Administration and Procurement at Assetline Finance Limited, contributing to operational efficiency and key infrastructure projects. Previously, he held senior finance and accounting positions for 18 years, including five years as Manager – Accounting & Finance at Assetline Finance and seven years in managerial roles at Assetline Securities (Pvt) Ltd. He is a member of the Institute of Certified Management Accountants of Sri Lanka.

MS. DINESHA PERERA

Head of Compliance

Ms. Dinesha Priyadarshi Perera brings 20 years of experience in compliance and operations within the Non-Banking Financial Institutions sector. As Head of Compliance at PMF Finance PLC, she is responsible for developing and implementing compliance policies, preparing regulatory reports, ensuring timely submissions to the CBSL and FIU, and overseeing the Company's AML/CFT compliance framework. Prior to joining PMF Finance, she served as Compliance Officer at Softlogic Finance PLC, gaining extensive experience in regulatory compliance and operational risk management. She holds a Bachelor of Science degree from the University of Kelaniya and a Postgraduate Executive Diploma in Bank Management from the Institute of Bankers of Sri Lanka.

MS. MANUJA CHANDRAPALA

Senior Manager - Central Operations

Ms. Manuja Gayani Chandrapala brings over 18 years of experience in financial services operations. She currently serves as Senior Manager – Central Operations at PMF Finance PLC, having progressed from Manager – Operations since joining the Company in 2020. Previously, she spent a decade at Janashakthi Finance PLC, advancing through Executive, Senior Executive and Assistant Manager roles in operations. She commenced her career at Siyapatha Finance PLC, formerly Sampath Leasing and Factoring Ltd, as an Investment Assistant. Ms. Chandrapala holds a Bachelor of Business Management in Marketing (Special) from the University of Kelaniya, with Second Class Lower Division honours, complementing her extensive operational and leadership experience.

SENIOR MANAGEMENT

MR. MEWANTHA ZOYSA

Senior Manager - Marketing Communication

Mr. Mewantha Zoysa is a marketing professional with over 14 years of experience in brand development, corporate communications and digital marketing. Since joining PMF Finance PLC in 2021, he has contributed to strengthening the Company's brand presence through strategic ATL and BTL campaigns and its successful rebranding as PMF Finance PLC. Previously, he held key roles at Janashakthi Finance PLC, Bartleet Finance PLC and Multi Finance PLC, leading marketing campaigns, managing cross-functional teams and supporting corporate sustainability initiatives. His areas of expertise encompass marketing strategy, media planning, event management, brand development and creative content development, enabling him to contribute to the Company's marketing and communication objectives.

MR. SURESH DAYARATHNA

Senior Manager - Regional Business

Mr. Suresh Dayarathna brings over 16 years of experience in Sri Lanka's non-banking financial services sector, specialising in regional business development, micro-lending and portfolio growth. At PMF Finance, he drives regional expansion, oversees branch performance, strengthens micro-lending portfolios and leads teams towards organisational targets. Previously, he held progressive positions at Assetline Finance Ltd across business development, regional operations, branch management and marketing. He holds an MBA from Wayamba University and a B.Sc. in Marketing Management (Special) from Sabaragamuwa University. His professional qualifications include a Certificate in Developing Managers for the Future from PIMA and a Professional Certificate in Marketing from SLIM.

MR. KUMUDITHA APARAKKA

Head of Treasury

Mr. Kumuditha Aparakka brings over 15 years of experience in treasury management, corporate finance, capital markets and auditing within the NBFI sector. At PMF Finance, he oversees liquidity management, funding strategies, asset-liability management and market risk mitigation. Previously Senior Manager – Treasury at Sarvodaya Development Finance PLC, he commenced his career at LB Finance PLC. He holds a B.Com. (Special) from the University of Kelaniya and an MBA from PIM, University of Sri Jayewardenepura. His professional qualifications include Diplomas in Treasury and Risk Management and International Relations, MAAT membership, and a Certificate in Accounting and Business from CA Sri Lanka.

MR. THARIQ AMEER

Chief Information Security Officer

Mr. Thariq Ameer brings over a decade of experience in information security, IT governance and infrastructure management. His career includes roles at LAUGFS Holdings Limited, Richard Pieris Finance Ltd and Sri Lanka Telecom, developing expertise in cybersecurity, regulatory compliance and enterprise technology environments. At PMF Finance PLC, he leads the Information Security and Governance function, overseeing security frameworks that strengthen organisational resilience, regulatory alignment and customer confidence in digital platforms. He holds an Executive Master of Science in Information Security and is ISC² Certified in Cybersecurity, complemented by advanced professional development in cybersecurity strategy and governance. His expertise supports the delivery of secure and reliable financial services.

MR. PERINBAVEL AMARANATH

Acting Head of Internal Audit

Mr. Perinbavel Amaranath brings over 15 years of experience in auditing, assurance and internal controls within financial services. He commenced his career at SJMS Associates, an independent correspondent firm to Deloitte, gaining exposure to external and internal audits, compliance reviews and financial reporting. He subsequently held managerial internal audit positions at Bimputh Finance PLC and Richard Pieris Finance Ltd. As Acting Head of Internal Audit, his expertise encompasses risk-based auditing, regulatory compliance, corporate governance and internal control assessments, particularly in alignment with CBSL requirements. He is partly qualified with CA Sri Lanka, professionally trained under the Institute, and continues his academic development in accounting and taxation.

MS. GAYATHRI NADEEKA

Acting Head of Risk

Ms. Hiriyadeniyage Gayathri Nadeeka brings professional experience spanning auditing, finance and risk management within the financial services sector. Her experience has equipped her with strong analytical capabilities and an understanding of financial and risk-related disciplines, supporting her responsibilities as Acting Head of Risk. She holds a Bachelor of Business Administration from the University of Colombo and a Diploma in Credit Management from the Institute of Bankers of Sri Lanka. She is also pursuing the Strategic Level of Chartered Accountancy. Her combination of academic knowledge, professional development and financial sector experience enables her to contribute effectively to the Company's risk management and organisational objectives.

CORPORATE GOVERNANCE

Corporate governance establishes the framework for setting the objectives of PMF Finance PLC (PMF), as well as determining the means to achieve those objectives and monitoring performance. As a finance company, PMF's progress and prosperity hinge on the trust and confidence of the public in its operations. To uphold this trust and fulfill its vision, the Company has implemented leading corporate governance practices and ensures full compliance with all regulatory requirements.

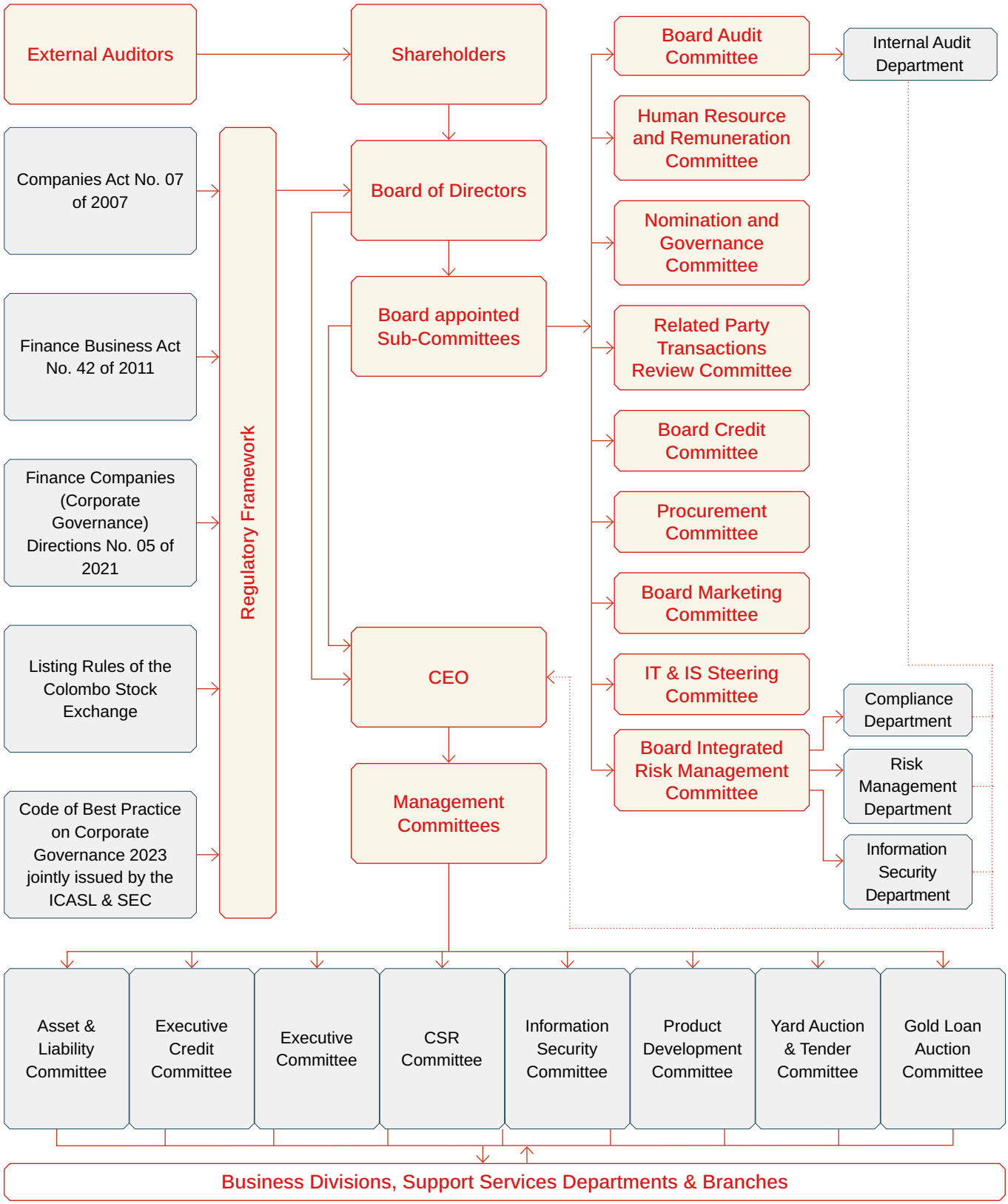
GOVERNANCE FRAMEWORK

The Board of Directors of PMF Finance PLC holds ultimate responsibility for overseeing robust governance structures and crafting policy frameworks, thereby establishing the tone at the top. These governance practices are systematically reviewed and routinely updated to align with evolving regulatory requirements, emerging risk exposures and opportunities, and internal developments. The governance framework at PMF Finance is designed to meet both external regulatory standards and internal benchmarks, including those stipulated by the Colombo Stock Exchange and the Central Bank of Sri Lanka, as well as codes of ethics and best-practice principles.

Regulatory benchmarks on corporate governance	Internal benchmarks on corporate governance
❖ Companies Act No. 07 of 2007	❖ Articles of Association of the company
❖ Finance Business Act No. 42 of 2011 and all Directions/Guidelines issued by the Monetary Board of the Central Bank of Sri Lanka including Corporate Governance Direction No. 05 of 2021	❖ Terms of Reference of Board, Subcommittees and Management Committees
❖ Section 9 of the Listing Rules of Colombo Stock Exchange (CSE)	❖ Board approved Corporate Governance Framework
❖ The Code of Best Practice on Corporate Governance 2023 as published by the Institute of Chartered Accountants of Sri Lanka (voluntary)	❖ Board approved Policies & Procedures
❖ Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and amendments thereto including new Act no 19 of 2021.	❖ Operational Circulars
❖ AML and CFT legislations and relevant rules and regulations issued by the FIU including Customer Due Diligence rule 01 of 2016 and Financial Transactions Reporting Act No. 6 of 2006	❖ Policy on Anti-Money Laundering, Countering the Financing of Terrorism and Countering the Proliferation Financing of Weapons of Mass Destruction
❖ Inland Revenue Act No. 24 of 2017 and amendments thereto.	

CORPORATE GOVERNANCE

Governance Framework



BOARD OF DIRECTORS

Information on Board of Directors has been published in the Annual Report under “Profiles of Directors” (pages 102 to 105)

DEVELOPMENTS DURING THE YEAR

Board oversight for the management of the Company	Key Highlights for 2025/26
Strategic Oversight	❖ Board approved the Annual Budget for the FY 2025/26
Financial control	❖ Reviewed the Interim Financial Statements for the year ended 31st March 2026.
Compliance oversight	❖ Following policies, procedures and Terms of References (TORs) were reviewed in line with the requirements of Section 9 of the Listing Rules issued by Colombo Stock Exchange • Corporate Governance Framework • Board Audit Committee TOR • Related party Transaction Review Committee TOR • Board Human Resources and Remuneration Committee TOR ❖ AML Compliance reports were submitted to the Board as per CDD Rule No 1 of 2016 and updated monthly compliance checklists were also presented. ❖ Gap analysis on Corporate Governance Direction No. 05 of 2021 by the Board level subcommittee - BIRMC. ❖ All Board Sub Committees were reconstituted to comply with the Section 9.3 of the Listing Rules of Colombo Stock Exchange.
Risk Oversight	❖ Risk dashboard assessing all key risk areas was presented to the Board in monthly basis. ❖ Risk Assessment report was submitted within a week of each BIRMC meeting to the Board seeking the Board’s views, concurrence and/or specific directions
IT Governance	❖ Ensured IT steering committee meetings are held as per the schedule and key IT governance matters are presented at the board/ board subcommittee level for strategic oversight. ❖ Reviewed the implementation progress and level of compliance with the Regulatory Direction No 1 of 2022 on Technology Risks Management and Resilience.

CORPORATE GOVERNANCE

EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE REGULATIONS

The level of compliance with the regulations on Corporate Governance is presented under three sections given below.

Section One

The level of compliance with Finance Business Act (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka.

Section Reference	Corporate Governance Principle	Extent of compliance
1	**BOARD'S OVERALL RESPONSIBILITIES**	
1.1	The Board shall have overall responsibility and accountability for the Finance Company (FC), including approving and overseeing management's implementation of the FC's corporate strategy, setting up the governance framework, establishing a corporate culture, and ensuring compliance with regulatory requirements.	**Complied with** The board ensures the company's success by setting the strategic direction, establishing a robust governance framework, fostering a strong corporate culture, and ensuring compliance with regulatory requirements.
1.2	**Business Strategy and Governance Framework**	
1.2.a	Approving and overseeing the implementation of strategic objectives, including, the overall business strategy with measurable goals for at least the next three years, and updating annually in light of the current developments.	**Complied with** The Board approves and oversees the implementation of the company's comprehensive business strategy, which includes measurable goals for the next three years from 2026/2027 to 2028/2029 . This strategy is reviewed and updated annually to account for any developments in the business environment.
1.2.b	Approving and implementing the Company's governance framework in light of the Company's size, complexity, business strategy, and regulatory requirements.	**Complied with** Board approved Governance Framework is in place commensurate with the Company's size, complexity, business strategy and regulatory requirements.
1.2.c	Assessing the effectiveness of its governance framework periodically.	**Complied with** The Board conducts regular gap-analysis reviews to assess the effectiveness of the governance framework.
1.2.d	Appoint the Chairman and the Chief Executive Officer and define the roles and responsibilities.	**Complied with** The Board has approved the functions and responsibilities of the Chief Executive Officer (CEO) and Chairman, in compliance with sections 6.4 and 6.5 of the Finance Business Act Direction 05 of 2021. The positions of Chairman and CEO are held by two different individuals. The functions of each role are clearly documented, defined, and separated by the Board, preventing the concentration of decision-making power in a single individual. There is a distinct division of responsibilities between overseeing the business of the Board and managing the day-to-day operations of the Company, ensuring a balance of power and authority. The Chairman is responsible for leading the Board and ensuring its effectiveness, while the CEO is primarily responsible for conducting the Company's business operations with the support of Corporate Management. The roles of the Chairman and CEO are clearly distinct from each other.

Section Reference	Corporate Governance Principle	Extent of compliance
1.3	**Corporate Culture and Values**	
1.3.a	Ensuring that there is a sound corporate culture within the Company, which reinforces ethical, prudent, and professional behavior.	**Complied with** The Board ensures the establishment of a sound corporate culture within the company, promoting ethical, prudent, and professional behavior throughout the organization. This is achieved through various initiatives, policies, and practices designed to foster a strong ethical framework and encourage a positive work environment.
1.3.b	Playing a lead role in establishing the Company's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	**Complied with** The Board plays a leading role in establishing the company's corporate culture and values. This includes developing a comprehensive code of conduct that outlines expected behaviors and ethical standards for all employees. Additionally, the Board is responsible for managing conflicts of interest to ensure transparency, integrity, and accountability throughout the organization.
1.3.c	Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.	**Complied with** The Company has established a Board Suitability Committee and a Management-Level Sustainable Finance Steering Committee to strengthen governance and oversight. A Sustainable Finance Policy is in place, and the Company continues to take progressive measures to effectively manage its direct and indirect environmental, social, and governance (ESG) impacts.
1.3.d	Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers, and other creditors, in the view of projecting a balanced view of the Company's performance, position and prospects with the public and regulators.	**Partially Complied** A Board approved Policy on Communication and Relations with Shareholders is in place to govern communications and relationships with shareholders and Investors . Other stakeholder-related matters are addressed through separate policies, and the Company is in the process of establishing a comprehensive Communication policy to govern communications and relationships with all stakeholders which ensures that company maintains a balanced and transparent approach in communicating its performance,position, and prospects to the public and regulatory authorities.
1.4	**Risk Appetite, Risk Management, and Internal Controls**	
1.4.a	Establishing and reviewing the Risk Appetite Statement (RAS) in line with Company's business strategy and governance framework.	**Complied with** The Board-approved Risk Appetite Statement (RAS) is in place, aligning with the company's business strategy and governance framework.
1.4.b	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	**Complied with** At the BIRMC meeting, comprehensive discussions on risk indicators and monitoring are conducted, focusing on Credit Risk, Market Risk, Operational Risks, and residual risks. Subsequently, suitable mitigating actions are proposed and endorsed.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of compliance
1.4.c	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically.	**Complied with** The Board Audit Committee plays a pivotal role in aiding the Board by evaluating the sufficiency and reliability of the internal control framework, and reporting mechanisms. The Board routinely looks into the reliability and accuracy of Financial/ Non-financial information which are used by the Board and its sub-committees. Updated processes have been implemented in order to improve the existing Board procedures. However, this process will be strengthened to maintain effectiveness, reliability and accuracy of financial / non-financial information of the company.
1.4.d	Approving and overseeing Business Continuity and Disaster Recovery Plan for the Company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	**Complied with** A robust Business Continuity and Disaster Recovery Plan (BCP), duly approved by the Board, has been implemented.
1.5	**Board Commitment and Competency**	
1.5.a	All members of the Board shall devote sufficient time to dealing with the matters relating to the affairs of the Company.	**Complied with** Each member of the Board exhibits a steadfast dedication to fulfilling their duties by allocating ample time to address all matters concerning the affairs of the company.
1.5.b	All members of the Board shall possess the necessary qualifications, adequate skills, knowledge, and experience.	**Complied with** Every member of the Board boasts extensive experience, qualifications, proficient skills, and in-depth knowledge pertinent to their respective fields.
1.5.c	The Board shall regularly review and agree on the training and development needs of all the members.	**Complied with** The board recognizes the necessity of continuous training and actively pursues professional development, understanding its vital role in fulfilling their duties effectively.
1.5.d	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Boards as a whole and that of its committees and maintain records of such assessments.	**Complied with** A process is in place for annual self-assessments to be undertaken by each Director, of its Board as a whole and that of its committees. The records of such assessments are maintained by the Company Secretary.
1.5.e	The Board shall resolve to obtain external, independent, professional advice to the Board to discharge duties to the FC.	**Complied with** The Board approved policy in place that enables Direction to procure external independent professional advice as needed to effectively discharge its duties towards the company.

Section Reference	Corporate Governance Principle	Extent of compliance
1.6	**Oversight of Senior Management**	
1.6.a	Identifying and designating senior management, who are in a position to significantly influence policy, direct activities, and exercise control over business operations and risk management.	**Complied with** The Board has implemented a robust and transparent process for selecting and appointing senior management individuals who hold critical leadership roles. This ensures that individuals entrusted with shaping policies, guiding strategic operations, and managing organizational risks are carefully vetted, recognized, and appointed based on their ability to effectively uphold and advance the company's goals.
1.6.b	Defining the areas of authority and key responsibilities of the senior management.	**Complied with** The senior management job roles and areas of authority have been defined in order to enable effective over sight of the affairs of the Company within the strategic objectives of the Company.
1.6.c	Ensuring the senior management possesses the necessary qualifications, skills, experience, and knowledge to achieve the FC's strategic objectives.	**Complied with** Senior management at PMF possesses the requisite qualifications, expertise, and industry experience to execute the FC's strategic objectives effectively.
1.6.d	Ensuring there is appropriate oversight of the affairs of the Company by senior management.	**Complied with** The Board ensures diligent oversight of the company's affairs by the senior management team. Senior management assumes a pivotal role in monitoring and controlling diverse facets of the company's operations, encompassing financial performance, risk management, regulatory compliance, and strategic implementation. They are expected to report to subcommittees, representing their respective areas of responsibility within the company. Any significant matters are escalated to the Board of Directors for consideration.
1.6.e	Ensuring the FC has an appropriate succession plan for senior management.	**Complied with** A succession plan for senior management personnel is in place.
1.6.f	Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.	**Complied with** The Board interacts regularly with the senior management in order to execute and review policies and to ensure corporate objectives are met.
1.7	**Adherence to the Existing Legal Framework**	
1.7.a	Ensuring that the FC does not act in a manner that is detrimental or prejudicial to the interests of, and obligations to, depositors, shareholders and other stakeholders.	**Complied with** The Company adheres to a Board-approved Governance Framework and Communication policies. Operations are conducted within the confines of this Governance Framework and in accordance with laws and directives issued by the regulator.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of compliance
1.7.b	Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.	**Complied with** The Company adheres to the directions, regulations, rules, and circulars issued by the Central Bank of Sri Lanka. Further, the Company ensures that all employees adhere to the internal policies and procedures. Additionally, the Board approved Code of Conduct for all employees is in place.
1.7.c	Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.	**Complied with** Civil liabilities are covered through "Director's and Officer's liability insurance policy. Continuous monitoring is in place to avoid criminal liabilities through implementing a governance framework, recruiting Directors of suitable caliber and obtaining fit & propriety of members annually.
2. GOVERNANCE FRAMEWORK		
2.1	Board shall develop and implement a governance framework in line with the Finance Business Act Directions No.05 of 2021.	**Complied with** The board approved Corporate Governance Framework has been established with regulatory directives.
3. COMPOSITION OF THE BOARD		
3.1	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the Company.	**Complied with** All members of the Board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields.
3.2	The number of directors on the Board shall not be less than 7 and not more than 13.	The Board consist with 07 members.
3.3	The total period of service of a director other than a director who holds the position of Chief Executive Officer/Executive Director shall not exceed nine years, subject to direction 3.4.	**Complied with** There are no Directors on the Board who has been a Director of the Company for more than 09 years.
3.4	Non-Executive directors, who directly or indirectly hold more than 10% of the voting rights or who are appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however, the number of non-executive directors eligible to exceed 9 years is limited to one-fourth (¼) of the total number of directors on the Board.	**Complied with** In 2025/2026, no such circumstance transpired.
3.5	**Executive Directors**	
3.5.a	Only an employee of a Company shall be nominated, elected, and appointed, as an Executive Director of the Company, provided that the number of Executive Directors shall not exceed one-third (1/3) of the total number of directors of the Board.	**Complied with** In 2025/2026, 01 executive director was nominated, elected, or appointed.

Section Reference	Corporate Governance Principle	Extent of compliance
3.5.b	A shareholder, who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may be reappointed as a non-executive director subject to provisions contained in directions 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may be reappointed as non-executive directors subject to provisions contained in directions 4.2 and 4.3.	**Complied with** In 2025/2026, no such circumstance transpired.
3.5.c	In the event of the presence of the Executive Directors, CEO shall be one of the Executive Directors and may be designated as the Managing Director of the Company.	**Complied with** The Executive Director has been appointed w.e.f 20th March, 2026 and he has already been CEO.
3.5.d	All Executive Directors shall have a functional reporting line in the organization structure of the Company.	**Complied with** The Chief Executive Officer, who was appointed as an Executive Director with effect from 20 March 2026, has a clearly established functional reporting line within the Company's organizational structure.
3.5.e	The Executive Directors are required to report to the Board through the CEO.	**Complied with** The CEO is the sole Executive Director of the Company and reports directly to the Board of Directors.
3.5.f	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	**Complied with** The Executive Director does not hold any executive directorship or senior management position in any other entity.
3.6	**Non-Executive Directors**	
3.6.a	Non-Executive directors (NED) shall possess credible track records and have the necessary skills, competency, and experience to bring independent judgement on the issues of strategy, performance, resources, and standards of business conduct.	**Complied with** Each Non-Executive Director holds professional credentials and substantial experience, enabling them to bring independent, objective judgment to decisions on strategy, performance and resource allocation
3.6.b	A Non-Executive Director cannot be appointed or function as the CEO/Executive Director of the Company.	**Complied with** None of the Non-Executive Directors hold positions as CEO or Executive Directors within the Company.
3.7	**Independent Directors**	
3.7.a	The number of Independent Directors of the Board shall be at least three or one-third of the total number of directors, whichever is higher.	**Complied with** Three Directors out of Seven Directors are Independent Directors.
3.7.b	Independent Directors appointed shall be of the highest caliber, with professional qualifications, proven track records, and sufficient experience.	**Complied with** All Independent Non-Executive Directors of the Company are esteemed for their professional qualifications, exemplary track records, and extensive experience within their respective fields.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of compliance
3.7.c	**A Non-Executive Director shall not be considered independent if such**	
3.7.c.i	Director has a direct or indirect shareholding exceeding 5% of the voting rights of the Company or exceeding 10% of the voting rights of any other Company.	**Complied with** All Independent Directors meet independency criteria's specified in these direction.
3.7.c.ii	Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.	
3.7.c.iii	Director has been employed by the Company or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director.	
3.7.c.iv	Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the Company or its affiliates during the one year preceding the appointment as director.	
3.7.c.v.	Director has a relative, who is a director or senior management of the Company or has been a director or senior management of the Company during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the Company or exceeding 20% of the voting rights of another Company.	**Complied with** All Independent Directors meet independency criteria's specified in these direction.
3.7.c.vi	Director represents a shareholder, debtor, or such other similar stakeholder of the FC;	
3.7.c.vii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the stated capital in a Company or business organization, in which any of the other directors of the FC is employed or a director;	
3.7.c.viii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the voting rights in a Company, which has a transaction with the Company as defined in direction 12.1(c), or in which any of the other directors of the Company has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC.	
3.7.d.	The nomination committee and Board should determine whether there is any circumstance or relationship, which is not listed in direction 3.7, which might impact a director's independence or the perception of the independence.	**Complied with** In FY 2025/2026, no such circumstance transpired.

Section Reference	Corporate Governance Principle	Extent of compliance
3.7.e.	An Independent Director shall immediately disclose to the Board any change in circumstances that may affect the status as an Independent Director. In such a case, the Board shall review such director's designation as an Independent Director and notify the Director/DSNBFI in writing of its decision to affirm or change the designation.	**Complied with** Declarations have been obtained from the Directors regarding the status of their independence / non-independence against the specified criteria, and copies of the same are under the custody of the Company Secretary for review. In 2025/2026, no such circumstance transpired.
3.8	**Alternate Directors**	**Complied with** In 2025/2026, no Alternate Directors have been appointed to represent the existing Board members.
3.9	**Cooling off Periods**	**Complied with** The company conforms to the stated section and adheres to the cooling-off periods required prior to an appointment.
3.10	**Common Directorships**	
3.10	Director or senior management of a Company shall not be nominated, elected, or appointed as a director of another Company except where such Company is a parent Company, subsidiary Company, or an associate Company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f).	**Complied with** No Directors or Senior Management held positions in other Finance Companies during the year 2025/2026.
3.11	The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a Finance Company shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/bodies, including subsidiaries and associates of the FC.	**Complied with** No Director holds directorships of more than 20 companies/societies/bodies including subsidiaries and associates of the FC.
4. ASSESSMENT OF FIT AND PROPER CRITERIA		
4.1	No person shall be nominated, elected, or appointed as a director of the Company or continue as a director of such Company unless that person is a fit and proper person to hold office as a director of such Company in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	**Complied with** All Directors appointed to the Board are fit and proper person to hold office as a Director in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.
4.2	A person over the age of 70 years shall not serve as a director of an FC.	**Complied with** None of the directors of the company are over the age of 70.
4.3	Notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2026, is permitted to continue in office as a director, exceeding 70 years of age up to a maximum of 75 years of age subject to the following;	**Complied with** No Director has reached the age of 70 years.
4.3.a	Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	**Complied with** The directors were appointed with the prior approval by CBSL on assessment of the Director of the Department of Supervision of Non-Bank Financial Institutions based on the criteria specified in the Finance Business Act Direction No. 06 of 2021

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Section Reference	Corporate Governance Principle	Extent of compliance
4.3.b	Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a).	**Complied with** In 2025/2026, no such appointments were made.
4.3.c	The maximum number of directors exceeding 70 years of age is limited to one-fifth (1⁄5) of the total number of directors.	**Complied with** In 2025/2026, no such appointments were made.
4.3.d	The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	**Complied with** In 2025/2026, no such appointments were made.
5. APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT		
5.1	The appointments, resignations, or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	**Complied with** The appointments, resignations or removals of Directors or Senior Management are in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 6 of 2021.
6. THE CHAIR AND THE CHIEF EXECUTIVE OFFICER		
6.1	There shall be a clear division of responsibilities between the Chairperson and CEO and the responsibilities of each person shall be set out in writing.	**Complied with** The roles of Chairman and Chief Executive Officer are distinct and held by different individuals, ensuring a clear separation of responsibilities within the Company's governance structure.
6.2	The Chairperson shall be an Independent Director, subject to 6.3 below.	**Complied with** The Chairman is an Independent, Non-Executive Director.
6.3	In the case where the Chairperson is not independent, the Board shall appoint one of the Independent Directors as a Senior Director, with suitably documented Terms of Reference to ensure a greater independent element. The Senior Director will serve as the intermediary for other directors and shareholders. Non-Executive Directors including Senior Directors shall assess the Chairperson's Performance at least annually.	**Complied with** In 2025/2026, no such appointments occurred.

Section Reference	Corporate Governance Principle	Extent of compliance
6.4	**Responsibilities of the Chairperson**	
6.4.a	Provide leadership to the Board;	**Complied with** Chairman's key responsibilities and duties have been set out in the Board approved Corporate Governance Framework. The Company Secretary, having been delegated this responsibility by the Chairman, prepares the agenda in close consultation with the chairman. The Board-approved communications policy governs interactions with all key stakeholders including depositors, creditors, shareholders, and borrowers The Board Annual self-evaluation process ensures that the said requirements are fulfilled.
6.4.b	Maintain and ensure a balance of power between the Executive and Non-Executive Directors;	
6.4.c	Secure effective participation of both Executive and Non-Executive Directors.	
6.4.d	Ensure the Board works effectively and discharges its responsibilities	
6.4.e	Ensure all key issues are discussed by the Board in a timely manner	
6.4.f	Implement decisions/directions of the regulator.	
6.4.g	Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the Company Secretary.	
6.4.h	Not engage in activities involving direct supervision of senior management or any other day-to-day operational activities.	
6.4.i	Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	
6.4.j	Annual assessment of the performance and the contribution during the past 12 months of the Board and the CEO.	
6.5	**Responsibilities of the CEO**	
	The CEO shall function as the apex executive in charge of the day-to-day management of the FC's operations and business. The responsibilities of the CEO shall include	**Complied with** The Chief Executive Officer (CEO) is entrusted with the pivotal role of spearheading the day-to-day management of the company's operations, ensuring efficient execution of strategic initiatives and fostering sustainable growth. With a comprehensive understanding of the organization's objectives and market dynamics, the CEO provides leadership and direction to various departments, driving performance excellence and upholding the company's values and principles. Additionally, the CEO plays a key role in representing the company to external stakeholders, maintaining transparent communication, and fostering positive relationships to enhance the company's reputation and standing in the industry.
6.5.a	Implementing business and risk strategies in order to achieve the FCs strategic objectives;	
6.5.b	Establishing a management structure that promotes accountability, and transparency throughout the FC's operations, and preserves the effectiveness and independence of control functions;	
6.5.c	Promoting, together with the Board, a sound corporate culture within the FC which reinforces ethical, prudent, and professional behavior.	
6.5.d	Ensuring the implementation of a proper compliance culture and being accountable for accurate submission of information to the regulator.	
6.5.e	Strengthening the regulatory and supervisory compliance framework.	
6.5.f	Addressing the supervisory concerns and non- compliance with regulatory requirements or internal policies in a timely and appropriate manner.	
6.5.g	CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another Company, subject to Direction 3.10.	

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Section Reference	Corporate Governance Principle	Extent of compliance
7. MEETINGS OF THE BOARD		
7.1	The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.	**Complied with** Board meetings are held at monthly intervals. Board Meetings for the year have been scheduled at the end of the previous year and an annual meeting calendar is submitted to the Board. Special meetings are conducted as and when required.
7.2	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the board are to be represented in the agenda for scheduled Board Meetings.	**Complied with** Schedule of items and matters to be discussed in the Board meeting are included in the agenda. Additionally, the Chairman frequently consults Directors with a view to ascertain their requirements with regard to matters for discussion.
7.3	A notice of at least 3 days shall be given for a scheduled Board Meeting. For all other Board meetings, reasonable notice shall be given.	**Complied with** Sufficient notice has been given to the Board Members, to ensure all Directors have an opportunity to attend. The annual calendar of meetings is adopted at the first meeting of the calendar year and any changes are agreed upon with adequate notice.
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	**Complied with** The directors allocate sufficient time to prepare for board meetings, and they are notified at least seven days in advance, along with the relevant documents. The views of the Board of Directors on issues under consideration are ascertained and documented in the minutes of the meetings.
7.5	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present unless at least one-fourth of the number of directors that constitute the quorum at such meeting are independent directors.	**Complied with** In 2025/2026, no such incident occurred.
7.6	The Chairperson shall hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary, and at least twice a year.	**Complied with** Meetings were held exclusively with the participation of the Non-Executive Directors. As the Executive Director (CEO) was appointed only with effect from 20 March 2026.
7.7	A director shall abstain from voting on any Board resolution in relation to a matter in which he/she or any of his relatives or a concern, in which he has a substantial interest, is interested, and he/she shall not be counted in the quorum for the relevant agenda item in the Board meeting.	**Complied with** In terms of the Company Act, there is a requirement in place for the Directors to declare the nature of their interest. Directors' interests (if any) are disclosed to the Board and any Director who has a particular interest in matters set before the Board abstains from participating and voting. Further, there is a Board approved policy on Conflict of Interest in place for directors

Section Reference	Corporate Governance Principle	Extent of compliance
7.8	A director, who has not attended at least two-third of the meetings in the period of 12 months, immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance.	**Complied with** All Directors regularly attended Board Meetings
7.9	**Scheduled Board Meetings and Ad Hoc Board Meetings**	
	For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where the director cannot attend on short notice, participation through electronic means is acceptable.	**Complied with** Please refer 'Directors' Attendance and Committee Memberships' table given on pages 172 to 173 of the Annual Report. Further, participation in person or through electronic media is clearly recorded in the minutes.
8. COMPANY SECRETARY		
8.1.a.	The Board shall appoint a Company Secretary considered to be senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings and to carry out other functions specified in the statutes and other regulations.	**Complied with** A competent and experienced individual has been appointed as the Company Secretary in line with the stipulated requirements.
8.1.b.	The Board shall appoint its Company Secretary, subject to the transitional provision stated in 19.2 below, a person who possesses such qualifications as may be prescribed for a secretary of a Company under section 222 of the Companies Act, No. 07 of 2007, on being appointed the Company Secretary, such person shall become an employee of the Company and shall not become an employee of any other institution.	**Complied with** A competent and experienced individual has been appointed as the Company Secretary in line with the stipulated requirements.
8.2	All directors shall have access to the advise and services of the Company Secretary with a view to ensuring the Board procedures laws, directions, rules, and regulations are followed.	**Complied with** All directors have access to the advise and services of the Company Secretary as required.
8.3	The Company Secretary shall be responsible for preparing the agenda in the event the Chairperson has delegated carrying out such function.	**Complied with** The Company Secretary has been delegated with the responsibility of preparing the agenda for the Board meeting.
8.4	The Company Secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	**Complied with** The Company Secretary diligently maintains detailed minutes of Board Meetings. Upon a reasonable request, any Director is granted access to inspect the minutes. Minutes of the Board Meeting with all Board Sub Committee Meetings are maintain in orderly manner.
8.5	The Company Secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	

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Section Reference	Corporate Governance Principle	Extent of compliance
8.6	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following:	**Complied with** Board Minutes are maintained in sufficient detail with data and information used by the Board in its deliberations, decisions and Board resolutions. Board minutes also contain and refer to the fact-finding discussions, matters which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations.
	(a) a summary of data and information used by the Board in its deliberations;	
	(b) the matters considered by the Board;	
	(c) fact-finding discussions and the issues of contention or dissent including contribution of each individual director.	
	(d) the explanations and confirmations of relevant parties which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations; directions.	
	(e) the Board's knowledge and understanding of the risks to which the Company is exposed and an overview of the risk management measures adopted;	
	(f) the decisions and Board resolutions.	
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	**Complied with** Minutes are readily available for inspection by Directors upon request.
9. DELEGATION OF FUNCTIONS BY THE BOARD		
9.1	The Board shall approve a DA and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	**Complied with** The Board approved delegation authority limits are in place. The authorized amounts have been explicitly detailed and agreed upon with the committees in the Delegation of Authority (DA).
9.2	In the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	**Complied with** All sub-committees required in the direction are in operation.
9.3	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	**Complied with** The Board has established appropriate senior management level sub-committees with appropriate to assist in Board decisions. Assets and Liabilities Management Committee, Executive Credit committee, Executive Committee, Corporate Social Responsibility Committee, information Security Committee, Product Development Committee, Pricing/Tender/Auction Committee, Gold Loan Auction Committee are in place.
9.4	The Board shall not delegate any matters to a Board Sub-committee, Executive Directors, or Senior Management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	**Complied with** All delegations are made in a manner that would not hinder/ reduce the Board's ability to discharge its functions. The exercise of delegated authority is clearly monitored.

Section Reference	Corporate Governance Principle	Extent of compliance
9.5	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the Company.	**Complied with** The delegation process reviews to ascertain its alignment with the Company's requirements.
10.	**BOARD SUB-COMMITTEES**	
10.1 (a)	**Requirements on Board subcommittees (Asset base more than Rs. 20 Billion)**	
	The company shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination and Governance Committee(NGC), Human Resource and Remuneration Committee (HRRC) and Related Party Transactions Review Committee(RPTRC) .	**Complied with** The company shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination and Governance Committee (NGC), Human Resource and Remuneration Committee (HRRC) and Related Party Transactions Review Committee(RPTRC) . Further, the Board Credit Committee (BCC), Information Technology and Information Security Steering Committee (ITISSC), Procurement Committee (PC), Board Marketing Committee (BMC) have been established to enhance governance, strengthen oversight, and provide focused supervision over their respective functional areas
	Further, meetings of those committees shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	**Complied with** Please refer 'Directors' Attendance table given on pages 172 to 173 of the Annual Report.
10.1.b	Each Board sub-committee shall have a written term of reference specifying clearly its authority and duties.	**Complied with** Each Board subcommittee have a board approved written terms of reference specifying clearly its authority and duties.
10.1.c	The Board shall present a report on the performance of duties and functions of each Board Sub- Committee, at the Annual General Meeting of the Company.	**Complied with** The Reports of the Human Resource and Remuneration Committee, Audit Committee, Board Integrated Risk Management Committee and Related Party Transactions Review Committee and Nomination and Governance Committee are given on pages 175 to 195 of this Annual Report.
10.1.d	Each sub-committee shall appoint a Secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records, and carry out such other such secretarial functions under the supervision of the Chairperson of the committee.	**Complied with** The Company Secretary is the Secretary to the Board Audit Committee, Nomination and Governance Committee, Human Resources and Remuneration Committee, Related Party Transaction Review Committee, Procurement Committee, Board Credit Committee, Board Marketing Committee, Information Technology & Information Security Steering Committee. Further, Head of Risk is the secretary to the Board Integrated Risk Management Committee.
10.1.e	Each Board sub-committee shall consist of at least three Board members and shall only consist of members of the Board, who have the skills, knowledge, and experience relevant to the responsibilities of the committees.	**Complied with** Each Board sub-committee consists of three or more Board members and shall only consists of members of the Board,who have the skills,knowledge and experience relevant to the responsibilities of the committee.

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Section Reference	Corporate Governance Principle	Extent of compliance
10.1.f	The Board may consider the occasional rotation of members and of the Chairperson of Board sub- committees to avoid undue concentration of power and promote new perspectives.	**Complied with** When necessary, the rotation of the Chairs and members of the Board's subcommittees will be considered.
10.2	**Board Audit Committee (BAC)**	
10.2.a	The Chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	**Complied with** Chairperson of the committee is an Independent Non-Executive Director
10.2.b	The Board members appointed to the BAC shall be Non-Executive Directors and the majority shall be Independent Directors with the necessary qualifications and experience relevant to the scope of the BAC.	**Complied with** All members of the committee are Non-Executive Directors and the majority are Independent Directors with the necessary qualifications and experience relevant to the scope of the BAC.
10.2.c	The secretary to the Board Audit Committee shall preferably be the Chief Internal Auditor (CIA)	**Complied with** The Company Secretary acts as the Secretary to the Board Audit Committee.
10.2.d	**External Audit Function**	
i	The BAC shall make recommendations on matters in connection with the appointment of the External Auditor for audit services to be provided in compliance with the relevant statutes, the service period, the audit fee, and any resignation or dismissal of the auditor.	**Complied with** The Audit Committee makes recommendations on the matters stated. The appointments, service periods, and fees of the external auditor are determined and recommended by the BAC (Audit Committee) at the conclusion of each financial year.
ii	Engagement of an audit partner shall not exceed five years, and the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, FC shall not use the service of the same external audit firm for not more than ten years consecutively.	**Complied with** The company conforms to the stated section and not exceed five years with an audit partner.
iii	The audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.	**Complied with** The company adheres to the stated section, ensuring that the audit partner is not a substantial shareholder, director, senior management member, or employee of any company.
iv	The Committee shall review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	**Complied with** The BAC seeks representation from the External Auditors regarding their independence and ensures that the audit is conducted in accordance with applicable standards and best practices.

Section Reference	Corporate Governance Principle	Extent of compliance
v	Audit partner shall not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity.	**Complied with** Present Audit partner has not been assigned to any non-audit services with the company during the same financial year in which the audit is being carried out. BAC has developed and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services.
vi	The BAC shall, before the Audit commences, discuss and finalise with the External Auditors the nature and scope of the audit, including (i) an assessment of the Company's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between auditors where more than one auditor is involved.	**Complied with** BAC discuss and finalize relevant matters with the external auditor before the audit commences.
vii	The BAC shall review the financial information of the Company's, in order to monitor the integrity of the Financial Statements of the Company in its Annual Report, Accounts and Periodical Reports prepared for disclosure, and the significant financial reporting judgements contained therein. In reviewing the Company's Annual Report and Accounts and Periodical Reports before submission to the Board, the committee shall focus particularly on: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements.	**Complied with** Board Audit committee has reviewed the annual financials of the company in order to monitor the integrity of the financial statements giving special attention to major judgmental areas, changes in accounting policies, significant audit adjustments, going concern and the compliance requirements.
viii	The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	**Complied with** BAC is having closed door meetings with the external auditor twice a year without senior management being present.
ix	The BAC shall review the External Auditor's Management Letter and the Management's response thereto within 3 months of submission of such, and report to the Board.	**Complied with** BAC reviews management letter and the management responses thereto as required in the direction.
10.2.e	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	The effectiveness of the Company's internal control mechanism has been certified by the Directors on pages 203 to 204 of the Annual Report under the heading "Directors' Statement on Internal Controls over Financial Reporting".

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Section Reference	Corporate Governance Principle	Extent of compliance
10.2.f	The BAC shall ensure that the Senior Management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non- compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to the Internal Audit function of the Company.	**Complied with** BAC monitors this through regular reporting from the Internal Audit Department.
10.2.g	**Internal Audit function**	
i	The Committee shall establish an Independent Internal Audit function, either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the Company's internal control, risk management, governance systems and processes	**Complied with** The Internal Audit function is an independent function which directly reports to the Board Audit Committee and the audits are performed with impartiality and due professional care.
ii	The Internal Audit Function shall have a clear mandate, be accountable to the BAC, and be independent of the audited activities. It shall have sufficient expertise and authority within the Company to carry out their assignments effectively and objectively.	**Complied with** There is a Board approved Internal Audit Charter that defines the purpose, authority and responsibility of the Internal Auditor. The said mandate establishes the independence of the department too.
iii	The BAC shall take the following steps with regard to the Internal Audit Function of the Company:	
	(i) Review the adequacy of the scope, functions and skills and resources of the Internal Audit Department, and satisfy itself that the department has the necessary authority to carry out its work;	**Complied with** Board Audit Committee discuss the adequacy of the scope, functions, and resources of the Internal Audit Department
	(ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit ;	**Complied with** The Board Audit Committee review and approves the Annual Internal Audit Program. Internal Audit Reports, with the management comments, discuss at length, and action is taken to rectify the same.
	(iii) Assess the performance of the head and senior staff members of the Internal Audit Department;	**Complied with** The Board Audit Committee has carried out the performance appraisal of the Head of Internal Audit for the year 2025/2026.
	(iv) Ensure that the Internal Audit Function is independent and activities are performed with impartiality, proficiency, and due professional care;	**Complied with** Head of Internal Audit reports directly to the BAC and the audit work has been performed with impartiality proficiency and due care.
	(v) Ensure the Internal Audit Function carries out a periodic review of the Compliance Function and regulatory reporting to regulatory bodies.	**Complied with** BAC reviews the annual compliance review conducted by Internal Audit Function.
	(vi) Examine the major findings of internal investigations and management's responses thereto. ;	**Complied with** There is regular reporting to the BAC on the status of investigations

Section Reference	Corporate Governance Principle	Extent of compliance
10.2.h	Committee shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	**Complied with** The committee ensures this obligation is fulfilled.
10.2.i	**Meetings of the Committee**	
	i. The committee shall meet as specified in direction 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	**Complied with** The BAC meets as it deems necessary to discharge its role and responsibilities but not less than once in every two months .
	ii. Other Board members, senior management, or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview.	**Complied with** Other Board members, senior management or any other employee attend meetings upon the invitation of the committee when discussing matters under their purview. The Committee met with the external auditors twice during the year 2025/26 at the Board Audit Committee meetings without any other directors/Senior management /employees being present.
	iii. BAC shall meet at least twice a year with the external auditors without any other directors / senior management / employees being present.	
10.3	**Board Integrated Risk Management Committee (BIRMC)**	
10.3.a.	The Committee shall be chaired by an Independent Director. The Board members appointed to BIRMC shall be Non-Executive Directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with Senior Management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	**Complied with** Chairman of the BIRMC is an Independent Director and other Board members appointed to the committee are non-executive Directors with knowledge and experience in banking, finance, risk management issues and practices The CEO, Head of Risk and Head of Compliance attend meeting as permanent invites. The Committee executes its duties in line with its terms of reference and work closely with the key Management Personnel with regard to identified risks.
10.3.b	The secretary to the committee may preferably be the CRO.	**Complied with** The secretary of the committee is the Head of Risk .
10.3.c	The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, compliance and technology to the Company at least once on two monthly basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board;	**Complied with** Key risks are assessed on a once-in-two-months basis through appropriate risk indicators and management information and summary reports are submitted to the Board by the Board Integrated Risk Management Committee for necessary guidance.

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Section Reference	Corporate Governance Principle	Extent of compliance
10.3.d	Developing the Company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision-making and establishing the means to raise risk issues and strategic concerns throughout the FC.;	**Complied with** The BIRMC has developed a comprehensive Risk Appetite Statement which articulates the individual and aggregate level and types of risk that PMF will accept or avoid, in order to achieve its strategic business objectives.
10.3.e.	The BIRMC shall review the Company's risk policies including RAS, at least annually.	**Complied with** The Committee conforms to the stated section.
10.3.f	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	**Complied with** Minutes of management level committees are submitted to the Committee to review the adequacy and effectiveness of the respective committees.
10.3.g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	**Complied with** The Committee meets once in every two months to assess all aspects of risk management including updated business continuity plans.
10.3.h	BIRMC shall annually assess the performance of the compliance officer and the CRO.	**Complied with** The Committee conforms to the stated section.
10.3.i	**Compliance function**	
10.3.i.i	BIRMC shall establish an independent compliance function to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business' operations.	**Complied with** The Committee has established an independent compliance function to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations.
10.3.i.ii	For a Company with an asset base of more than Rs. 20 bn, a dedicated Compliance Officer considered to be Senior Management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	**Complied with** Head of Compliance has been appointed and carries out the compliance function and reports to the Committee periodically

Section Reference	Corporate Governance Principle	Extent of compliance
10.3.i.iii	For a Company with an asset base of more than Rs. 20 Bn, a dedicated Compliance Officer considered to be Senior Management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly.	**Complied with** An officer with adequate seniority has been appointed as the Head of Compliance.
10.3.i.iv	The responsibilities of a compliance officer would broadly encompass the following:	
	i) Develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements;	**Complied with** Board approved policies and procedures are in place.
	ii) Ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture	**Complied with** Board-approved Compliance policies and Procedures are in place and accessible to all employees of the Company through the MintHR system.
	(iii) Ensures that reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;	**Complied with** Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards.
	(iv) Understand and apply all new legal and regulatory developments relevant to the business of FC;	**Complied with** The compliance department ensures implementation of all new legal and regulatory developments applicable to its business .
	v) Secure early involvement in the design and structuring of new products and systems, to ensure that they conform to regulatory requirements, internal compliance, and ethical standards	**Complied with** Head of Compliance is a member of the Product Development Committee and Board approved Product Development policy is available to streamline the process of designing or redesigning a product in the Company.
	vi) Highlight serious or persistent compliance problems and where appropriate, work with the management to ensure that they are rectified within an acceptable time-frame, and	**Complied with** Periodic Compliance Audits are conducted, and corrective actions are taken to rectify any noted deviations.
	vii) Maintain regular contact and a good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with the highest integrity	**Complied with** We maintain a positive working relationship with regulators, ensuring timely reporting and communications are upheld.
10.3.j	**Risk management function**	
10.3.j.i	BIRMC shall establish an independent risk management function responsible for managing risk- taking activities across the FC.	**Complied with** The Company has established an Independent Risk Management function.
10.3.j.ii	For FCs with an asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO, considered to be senior management, shall carry out the risk management function and report to the BIRMC periodically.	**Complied with** Separate department for Risk Management Function is established, which is headed by the Head of Risk.

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Section Reference	Corporate Governance Principle	Extent of compliance
10.3.j.iii	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders.	**Complied with** The Company has established Risk Management policies with relevant RAS and is in line with the strategic objectives of the Company.
10.3.j.iv	The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers: ❖ various potential risks and frauds ❖ possible sources of such risks and frauds; ❖ mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing. ❖ effective measures to control and mitigate risks at prudent levels; and ❖ relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	**Complied with** Head of Risk is discharged her responsibilities in accordance with the given the direction.
10.3.j.v	The chief risk officer shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc, and make recommendations on risk management.	**Complied with** The Head of Risk participates in the Company's strategic planning sessions and ALCO meetings.
10.3.j.vi	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	**Complied with** Risk maintains and updates risk register and submits BIRMC once in every two months.
10.3.j.vii	The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	**Complied with** The Risk Assessment Report is submitted to the BIRMC, and any potential risks are presented to the Board of Directors for their review and recommendations.
10.4	**NOMINATION COMMITTEE**	
10.4.a.	The committee shall be constituted of Non-Executive Directors and preferably the majority may be Independent Directors. An Independent Director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	**Complied with** The committee consists with three Non-Executive Independent Directors. Chairman of the Committee is an Independent Non-Executive Director The CEO present at meetings by invitation of the committee.
10.4.b	Secretary to the nomination committee may preferably be the Company Secretary.	**Complied with** Company secretary serves as the Secretary of the Committee

Section Reference	Corporate Governance Principle	Extent of compliance
10.4.c	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management.	**Complied with** Committee has established a formal and transparent procedure to select /appoint new Directors and senior management.
	Senior management is to be appointed with the recommendation of CEO, excluding CIA, CRO and Compliance officer.	**Complied with** Senior management are appointed with the recommendation of CEO, excluding CIA and CRO and compliance officer.
10.4.d	The committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the FBA (Assessment of Fitness and Propriety of Key Responsible Persons).	**Complied with** The Committee ensures that directors and senior management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of fitness and propriety of Key Responsible Persons) Direction
10.4.e	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfil their responsibilities on the Board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	**Complied with** The selection process is carried out in accordance with the provision of this direction.
10.4.f	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole.	**Complied with** The composition of the Board is not dominated by any individual or small group of individuals. The committee is composed of independent directors.
10.4.g	The committee shall set the criteria, such as qualifications, experience, and key attributes required for eligibility, to be considered for the appointment to the posts of CEO and senior management.	**Complied with** The qualification and experience of CEO and senior management have been documented in job descriptions (JDs) which were recommended by the Human Resources and Remuneration Committee and approved by the Board.
10.4.h	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the Company Secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (c iv) whether such director can be considered as independent.	**Complied with** Upon the appointment of a new director to the Board, the company secretary discloses to shareholders the relevant disclosures.
10.4.i	The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	**Complied with** The Committee evaluates and recommends the re-election of directors after considering their qualifications, performance, strategic contribution, and effectiveness in discharging the Board's responsibilities.

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Section Reference	Corporate Governance Principle	Extent of compliance
10.4.j	The committee shall consider and recommend from time to time, the requirements of additional/ new expertise and the succession arrangements for retiring directors and senior management.	**Partially Complied** This is considered at the Nomination and Governance Committee (NGC) and NGC is responsible for the selection, nomination, appointment, election, and retirement of Key Responsible Persons. In addition, the Company is currently in the process of establishing appropriate succession arrangements for the directors who are due to retire, ensuring continuity in governance and leadership.
10.4.k	A member of the Nomination Committee shall not participate in decision-making relating to their own appointment/re-appointment and the Chairperson of the Board should not chair the Committee when it is dealing with the appointment of the successor.	**Complied with** Members of the NGC is not involved in the decision-making process for their own appointment or re-appointment. Moreover, the Board Chairperson abstains from the meeting when the topics of discussion concern the appointment of the successor.
10.5	**Human Resources and Remuneration Committee**	
10.5.a	The committee shall be chaired by a Non-Executive Director and the majority of the members shall consist of Non-Executive Directors.	**Complied with** The committee consists with three Non-Executive Directors. Chairman of the committee is an Independent Non-Executive Director.
10.5.b	The secretary to the Human Resource and Remuneration Committee may preferably be the Company Secretary.	**Complied with** Company secretary serves as the secretary of the committee
10.5.c	The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to Executive Directors and senior management of the FC and fees and allowances structure for Non-Executive Directors.	**Complied with** The Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to senior management are decided by the Human Resources and Remuneration Committee.
10.5.d	There shall be a formal and transparent procedure in developing the remuneration policy.	**Complied with** The Remuneration and Benefits Policy has been formulated and developed to achieve fair and equitable benefits with transparent guidelines which integrate with the market-related modern remuneration practices. Further, the Remuneration and Benefits Policy is reviewed annually by considering the material changes which are to be included in the policy.
10.5.e	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances, and other financial incentives for all employees of the FC. The policy shall be subject to periodic review by the Board, including when material changes are made.	**Complied with** The committee recommends remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the company which is subject to periodic review of the Board.
10.5.f	The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests, and cost structure of the FC. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take an excessive risk or to act in self-interest.	**Complied with** The remuneration structure is in line with the business strategy, objectives, values, long-term interests, and cost structure of the Company.

Section Reference	Corporate Governance Principle	Extent of compliance
10.5.g	The committee shall review the performance of the senior management (excluding Chief Internal Auditor, Compliance Officer, Chief Risk Officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits, and other payments of performance-based incentives.	**Complied with** The performance of the senior management excluding the Head of Audit, Head of Risk and Head of Compliance has been reviewed by the Human Resources and Remuneration Committee. Financial benefits have been decided based on their performance
10.5.h	The committee shall ensure that the senior management shall abstain from attending committee meetings when matters relating to them are being discussed.	**Complied with** The committee adheres to the stated section.
11 INTERNAL CONTROLS		
11.1	FCs shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines, and adequate operating procedures in order to mitigate operational risks.	**Complied with** The Board Audit Committee assists the Board in assessing the adequacy and the integrity of the Internal Controls System and the Management Information System and the financial reporting processes of the Company. Internal Audit Department helps the process by carrying out audits to assess the internal controls over financial reporting and management information systems. Board reviews the adequacy and integrity of the MIS through the critical management information reports submitted by the Internal Audit Department of the Company. Further, the External Auditors were engaged in providing assurance on the 'Directors' Responsibility Statement on Internal Controls over Financial Reporting included in the Annual Report'.
11.2	A proper internal control system shall: ❖ promote effective and efficient operations; ❖ provide reliable financial information; ❖ safeguard assets; ❖ minimize the operating risk of losses from irregularities, fraud, and errors; ❖ ensure effective risk management systems; and ❖ ensure compliance with relevant laws, regulations, directions, and internal policies.	
11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	**Complied with** Relevant responsibilities for internal controls have been incorporated in the job description of employees.
12. RELATED PARTY TRANSACTIONS		
12.1	**Board shall establish a policy and procedures for related party transactions, which covers the following.**	
12.1.a	All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the Chairperson shall be an Independent Director and the members shall consist of Non-Executive Directors.	**Complied with** The Board has established a Board Related Party Transactions Review Committee and it is comprised of Non- Executive Directors. Committee Chairman is an independent Director
12.1.b	All related party transactions shall be prior reviewed and recommended by the RPTRC	**Complied with** All related party transactions are prior reviewed and recommended by the RPTRC.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of compliance
12.1.c	The business transactions with a related party that is covered in this Direction shall be the following: ❖ Granting accommodation; ❖ Creating liabilities to the FC in the form of deposits, borrowings and any other payable; ❖ Providing financial or non-financial services to the FC or obtaining those services from the FC; ❖ Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to sharing proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	**Complied with** All such related-party transactions are reviewed by the Board Related Party Transaction Review Committee.
12.2	The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises. ❖ Directors and senior management. ❖ Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC. ❖ Subsidiaries, associates, affiliates, holding Company, ultimate parent Company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa ❖ Directors and senior management of legal persons in paragraph (b) or (c). ❖ Relatives of a natural person described in paragraph (a), (b) or (d). ❖ Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest.	**Complied with** The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction Policy is in place which discusses categories of related parties, and aids the Company to avoid any conflicts of interest that may arise from any transaction of the Company.

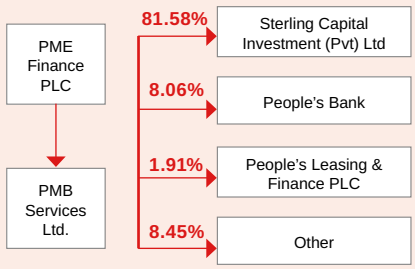
Section Reference	Corporate Governance Principle	Extent of compliance
12.3	The Committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, "more favorable treatment" shall mean: ❖ Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FC's regulatory capital, as determined by the committee. ❖ Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counter-party; ❖ Providing preferential treatment, such as favourable terms, that extends beyond the terms granted in the normal course of business with unrelated parties; ❖ Providing or obtaining services to or from a related party without a proper evaluation procedure; ❖ Maintaining reporting lines and information flows between the FCs and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions.	**Complied with** The company ensures that related party transactions are not conducted in a manner that grants such related parties "more favorable treatment" than what is accorded to other constituents of the company engaging in similar transactions.
13. GROUP GOVERNANCE		
13.1	Responsibilities of the FC as a Holding Company.	**Complied with** The Company operates as an independent entity and is not a subsidiary of any other financial institution.
13.2	**Responsibilities as a Subsidiary**	
	If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.	**Complied with** The Company operates as an independent entity and is not a subsidiary of any other financial institution. It takes full responsibility for fulfilling its own legal and regulatory obligations in accordance with the governing laws and guidelines.
14. CORPORATE CULTURE		
14.1	A FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, the integrity of reporting, protection and proper use of Company assets and fair treatment of customers.	**Complied with** Code of conduct for the company has established with the relevant provisions in the direction.
14.2	The FC shall maintain records of breaches of the code of conduct and address such breaches in a manner that upholds high standards of integrity.	**Complied with** The Company maintains records of breaches of the Code of Conduct. If any breach of the Code of Conduct is reported, the disciplinary procedure is implemented and subsequent actions are taken as per the gravity of such incidents.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of compliance
14.3	A FC shall establish a Whistle Blowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confident manner and without the risk of reprisal. The BAC shall review the policy periodically.	**Complied with** The company has established a Whistle blowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. The policy is reviewed by BAC periodically.
15. CONFLICTS OF INTEREST		
15.1.a	Relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has a substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.	**Complied with** The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction policy is in place which speaks on categories of related parties, and aids the Company to avoid any conflicts of interest that may arise from any transaction of the Company.
15.1.b	The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall; ❖ Identify circumstances that constitute or may give rise to conflicts of interests. ❖ Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest. ❖ Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest. ❖ Implement a rigorous review and approval process for directors and senior management to follow before they engage in certain activities that could create conflicts of interest. ❖ Identify those responsible for maintaining updated records on conflicts of interest with related parties, and ❖ Articulate how any non-compliance with the policy is to be addressed.	**Complied with** A Board approved Policy on managing conflicts of interest is in place.
16. DISCLOSURES		
16.1	The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that at least the following disclosures are made in the Annual Report of the FC.	**Complied with** Relevant Financial Statements are prepared and published at the specified frequencies in accordance with the formats prescribed by the supervisory and regulatory authorities and applicable accounting standards, and such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English languages.

Section Reference	Corporate Governance Principle	Extent of compliance
	i. Financial Statements- In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. A statement of responsibility of the Board in preparation and presentation of financial statements.	**Complied with** Relevant disclosures are included on the Annual Report under "Directors statement of internal controls over financial reporting on pages 203 and 204 of the Annual report.
	ii. Chairperson, CEO and Board Related Disclosures Name, qualification and a brief profile. Whether executive, non-executive and/or independent director. Details of the director who is serving as the senior director, if any. The nature of expertise in relevant functional areas. Relatives and/or any business transaction relationships with other directors of the company. Names of other companies in which the director/ CEO concerned serves as a director and whether in an executive or non-executive capacity. Number/percentage of board meetings of the FC attended during the year; and Names of board committees in which the director serves as the Chairperson or a member.	**Complied with** Relevant disclosures are made under "Board of Directors" on pages 100 to 101 and under "Annual Report of the Board of Directors on the affairs of the company" on pages 196 to 200 of the Annual report
	iii. Appraisal of Board Performance An overview of how the performance evaluations of the Board and its committees have been conducted	**Complied with** A process is in place for the annual self-assessments of Directors to be undertaken by each Director and the records of such assessments are maintained by the Company Secretary. Overview of the Board Performance Evaluation has disclosed in "Annual Report of the Board of Directors on the Affairs of the company " on pages 196 to 200 of the Annual Report
	iv. Remuneration A statement on the remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation) The aggregate values of remuneration paid by the FC to its directors and senior management.	**Complied with** Performance driven remuneration and increments to the remuneration package shall depend on achievement of agreed performance standards or financial benchmarks which have been set as per the Annual Budget. All employee's annual promotions, increments, bonus are directly in relation with the employee's performance, contribution, commitment, professional conduct and behavior. The remuneration structure of the staff, Senior Management, shall be in line with the business strategy, objectives, values, long term interest, cost structure of the Company.

CORPORATE GOVERNANCE

<table>
<tr><th>Section Reference</th><th>Corporate Governance Principle</th><th>Extent of compliance</th></tr>
<tr><td></td><td>iv. Remuneration (Contd.)</td><td>Aggregate values of remuneration paid for:
<table><tr><th>Aggregate Remuneration Paid to Directors (2025/26)</th><th>Amount (Rs.'000)</th></tr><tr><td>Basic Salary</td><td>-</td></tr><tr><td>Board and Sub-Committee Sitting Fees</td><td>50,595</td></tr><tr><td>Fixed Allowances</td><td>-</td></tr><tr><td>Variable Allowances</td><td>12,404</td></tr><tr><td>Bonuses</td><td>-</td></tr><tr><td>Reimbursed Expenses</td><td>-</td></tr><tr><td>Other Monetary Benefits (If Any)</td><td>-</td></tr><tr><td>Non-Monetary Benefits (Converted in Monetary Terms)</td><td>-</td></tr><tr><td>Total Remuneration paid to Directors</td><td>62,999</td></tr></table>
<table><tr><th>Aggregate remuneration Paid to Senior Management (2025/26)</th><th>Amount (Rs.'000)</th></tr><tr><td>Basic Salary</td><td>61,157</td></tr><tr><td>Fixed Allowances</td><td>27,568</td></tr><tr><td>Variable Allowances</td><td>-</td></tr><tr><td>Bonuses</td><td>10,700</td></tr><tr><td>Reimbursed Expenses</td><td>-</td></tr><tr><td>Other Monetary Benefits (If Any)</td><td>-</td></tr><tr><td>Non-Monetary Benefits (Converted in Monetary Terms)</td><td>-</td></tr><tr><td>Total Remuneration paid to Senior Management</td><td>99,425</td></tr></table></td></tr>
<tr><td></td><td>v. Related Party Transactions
The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board.
Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital.
The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC.</td><td>Complied with
There is no any relationship [including financial, business, family or other material/relevant relationship(s)], between the Chairmen and the CEO and the among members of the Board.
Relevant discloses are made in note no 35 on pages 266 to 268 of the Annual report.</td></tr>
<tr><td></td><td>vi. Board Appointed Committees
The details of the chairperson and members of the board committees and attendance at such meetings.</td><td>Complied with
Relevant disclosures are made on pages 172 and 173 of the Annual report.</td></tr>
<tr><td></td><td>vii. Group Structure
The group structure of the FC within which it operates.
The group governance framework</td><td> 
</td></tr>
</table>

Section Reference	Corporate Governance Principle	Extent of compliance
	viii. Director's Report - A report, which shall contain the following declarations by the Board; ❖ The FC has not engaged in any activity, which contravenes laws and regulations. ❖ The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested. ❖ The FC has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors. ❖ The business is a going concern with supporting assumptions; and ❖ The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness.	**Complied with** Relevant disclosures are made on pages 196 to 200 in the Annual Report under" Annual report of the Board of Directors on the affairs of the company.
	ix. Statement of Internal Control A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions.	**Complied with** Directors Statement on Internal Control Over Financial Reporting is published on pages 203 and 204 of the Annual report.
	x. Corporate Governance Report Shall disclose the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction.	**Complied with** The Corporate Governance Report is set out on pages 113 to 174 of the Annual Report. The Company has obtained an independent assurance report from the External Auditors over compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance.
	xi. Code of Conduct FC's code of business conduct and ethics for directors, senior management and employees. The Chairperson shall certify that the company has no violations of any of the provisions of this code.	**Complied with** A Board approved Code of Conduct are in place. Please refer the Chairperson's message on pages 19 to 22 that the Company has no violations of any of the provisions of this code.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of compliance
	xii. Management Report ❖ Industry structure and developments ❖ Opportunities and threats Risks and concerns ❖ Sustainable finance activities carried out by the company ❖ Prospects for the future	**Complied with** Please refer pages 43 to 51 and CEO's Review on pages 23 to 24 of the Annual Report.
	xiii. Communication with Shareholders The policy and methodology for communication with shareholders. The contact person for such communication.	**Complied with** The Board approved Communication Policy is in place which covers all stakeholders including Depositors, Creditors, Shareholders, and Borrowers. The Board of Directors, officers, and employees comply with the policy in order to ensure effective communication for the best interests of all stakeholders. The Company Secretary shall communicate with the shareholders through the Annual report, Quarterly Reports, and by notices issued to the shareholders.

Section Two

Requirements on the Content of the Annual Report in Rule 7.6 and Requirements on Corporate Governance under Section 09 of the Listing Rules of the Colombo Stock Exchange:

The disclosures below reflect the Company's compliance with the Requirements on the Content of the Annual Report under the Rule 7.6 of the Listing Rules of the Colombo Stock Exchange.

Rule No	Applicable Requirement	Extent of compliance
7.6 (i)	Names of persons who held the positions of Directors during the financial year	**Complied with** Please refer 'Annual Report of the Board of Directors on the Affairs of the Company' on pages 196 to 200.
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein	**Complied with** Please refer 'Annual Report of the Board of Directors on the Affairs of the Company' on pages 196 to 200.
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	**Complied with** Please refer 'Information on Ordinary Shares' on page 197. The Company has not issued any non-voting shares.
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Entity complies with the Minimum Public Holding requirement	**Complied with** Please refer 'Information on Ordinary Shares' on page 197.
7.6 (v)	The statement of each Directors' holding and Chief Executive Officer's holding in shares of the Entity denominated in LKR and in Foreign Currency (as applicable)	**Complied with** Please refer pages 196 to 200 of 'Annual Report of the Board of Directors on the Affairs of the Company'.

Rule No	Applicable Requirement	Extent of compliance
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	**Complied with** Please refer 'Risk Management' report on pages 43 to 51.
7.6 (vii)	Details of material issues relating to employees and industrial relations of the Company	During the year under review, there were no material issues pertaining to employees and industrial relations of the Company.
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	**Complied with** Information in this regard, is disclosed in Note 21 on 'Property, Plant and Equipment' in the Financial Statements and pages 196 to 200 of the 'Annual Report of the Board of Directors on the Affairs of the Company'.
7.6 (ix)	Number of shares representing the Entity's stated capital	**Complied with** Please refer Note 31 on 'Stated Capital' in the Financial Statements on page 263.
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 with** Please refer 'Information on Ordinary Shares' on page 263.
7.6 (xi)	Ratios and market price information on Equity and Debt	**Complied with** Please refer 'Financial Highlights' on page 16, 'Information on Ordinary Shares' on page 263.
7.6 (xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs sustainability from the book value	**Complied with** Please refer Note 21 on 'Property, Plant and Equipment' in the Financial Statements and pages 196 to 200 of the 'Annual Report of the Board of Directors on the Affairs of the Company'.
7.6 (xiii)	Details of funds raised through Public issues, Rights issues and Private Placements during the year	**Complied with** There were no any share issues, rights issues or private placement during the year under review.
7.6 (xiv)	Information in respect of Employee Share Option /Purchase Schemes	**Complied with** No share options schemes have been offered by the Company.
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	**Complied with** Please refer 'Corporate Governance' report on pages 113 to 174
7.6 (xvi)	Disclosure on 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	**Complied with** Please refer section "Disclosure of Related Party Transactions as per section 7.6 (xvi) and 9.14.8 (1), 9.14.8 (2) of the CSE Listing Rules" on page 147.

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The disclosures below reflect the Company's compliance with the Requirements on Corporate Governance under the Section 09 of the Listing Rules of the Colombo Stock Exchange:

Rule No	Applicable Requirement	Extent of compliance
9.1.3	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	**Complied with** Corporate governance requirements of the Listing Rules of the Colombo Stock Exchange as stipulated below.
9.2	**Policies**	
9.2.1	The Company 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 Company on its website; (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nomination 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 Whistle blowing (l) Policy on Anti-Bribery and Corruption	**Complied with** The Board approved policies are in place and published on the Company's website for public access.
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.	None.
9.2.3	The Company shall disclose in its Annual Report: (i) List of policies in place as per Section 9.2.1, with reference to website (ii) Any changes to policies adopted in compliance with Rule 9.2 above.	**Complied with** The Company has adopted the requisite policies in accordance with Section 9.2 above. These policies are publicly available on the Company's website.
9.2.4	The Company shall make available all such policies to shareholders upon a written request being made for any such Policy.	**Complied with.** A copy of the policy is provided to shareholders upon written request.
9.3	**Board Committees**	
	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; ❖ Nominations and Governance Committee ❖ Remuneration Committee ❖ Audit Committee ❖ Related Party Transactions Review Committee.	**Complied with** The Company has already formed Board Committees in accordance with both the Finance Business Act of Central Bank of Sri Lanka(CBSL) and the Listing Rules of the Colombo Stock Exchange.

Rule No	Applicable Requirement	Extent of compliance
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above. Board committees as set out in these Rules.	The Company complies with the said requirement.
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 with**
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. The number of shares in respect of which proxy appointments have been validly made; ❖ The number of votes in favour of the resolution; ❖ The number of votes against the resolution; and ❖ The number of shares in respect of which the vote was directed to be abstained.	**Complied with** The Company maintains records of all resolutions which are being considered at the Annual General Meeting.
9.4.2	Communication and relations with shareholders and investors 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. 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 and published on the website of the Exchange.	**Complied with** An established Board approved policy on Relations with Shareholders and Investors communication is in place.
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: ❖ recognize the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief ❖ Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO. ❖ where a Listed Entity decides to combine the role of the Chairperson and CEO,	**Complied with** The Company has several Board policies on matters relating to the Board of Directors.

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Rule No	Applicable Requirement	Extent of compliance
9.5.1 (Contd.)	❖ set out the rational for combining such positions; and, ❖ 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. ❖ set out the measures implemented to safeguard the interests of the SID. ❖ 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. ❖ stipulate the maximum number of Directors with the rationale for the same ❖ specify the frequency of Board meetings, having regard to the requirements under the Listing Rules. ❖ provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules. ❖ 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. ❖ provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements. ❖ specify the maximum number of directorships in Listed Entities that may be held by Directors. ❖ Recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.	**Complied with** The Company has several Board policies on matters relating to the Board of Directors.
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	**Complied with** Board has a comprehensive Corporate Governance Framework which denote the matters relating to the Board of Directors.
9.6	**Chairperson and CEO**	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	**Complied with** The Chairperson is a Non-Executive Director, and the position of Chairperson and Chief Executive Officer are not held by the same individual.

Rule No	Applicable Requirement	Extent of compliance
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules). Such Market Announcement shall include the following: ❖ The reasons for non-compliance ❖ The rationale for combining the positions of the Chairperson and CEO	**Complied with** No such instance has arisen during the year
9.6.3	The Requirement for a Senior Independent Director A Listed Entity shall appoint an Independent Director as the SID in the following instances: ❖ The Chairperson and CEO are the same person ❖ The Chairperson and CEO are Close Family Members or Related Parties ❖ Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement. ❖ The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members. ❖ The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate. ❖ The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3. (b) and (c) above. ❖ The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.	**Complied with** The roles of Chairperson and CEO are not held by the same individual.
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.	**Complied with** Not applicable as the Chairman serves as a Non-Executive Director and the roles of Chairman and CEO are distinct and separated.
9.7	**Fitness of Directors and CEOs**	The Company has obtained signed declaration from the Directors and the CEO affirming their Fitness & Propriety
9.7.3	Fit and Proper Assessment Criteria:	**Complied with** Both the CBSL and the CSE Fitness and Proper Assessment criteria have been applied by the Company to determine the continuation of the Directors for the financial year 2026/27

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Rule No	Applicable Requirement	Extent of compliance
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them has 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 with** Annual declarations confirming continuous compliance with the fit and proper assessment criteria stipulated in the revised CSE listing rules are obtained from Directors as of 31st March 2026.
9.7.5	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 with** The Directors and CEO of the company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange during the FY 2025/26. No such instances recorded during the year under review.
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 with** The Board comprised of seven Directors as 31st March 2026.
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. Internal (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	**Complied with** The Board is comprised of three Independent Non-Executive Directors, representing more than one-third of all Directors.
9.8.3	Criteria for determining independence	**Complied with** The Company takes into consideration the CSE Listing Rules when evaluating the independence of a Director.
9.8.5	The Board of Directors of Listed Entities shall require: Each Independent Director to submit a signed and dated declaration annually of his or her “independence” or “non-independence” against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. 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. 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 with** Based on declarations submitted by the Non- Executive Directors, ‘Independent’ as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the Finance Business Act Directions No.05 of 2021 on Corporate Governance. No such instances occurred during the year under review.

Rule No	Applicable Requirement	Extent of compliance
9.9	**Alternate Directors**	No Alternate Directors were appointed to represent Non-Executive Directors.
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 with** The Board-approved Corporate Governance Framework includes a policy that sets out the maximum number of directorships a Director may hold.
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;	**Complied with** The Company makes the required announcements as and when necessary.
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 with** The Company makes the required announcements as and when necessary.
9.10.4	Details relating to Directors in the Annual Report:	**Complied with** Directors Details are given in pages 100 to 105.
9.11	**Nomination 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 with** A Nomination and Governance Committee has been established in compliance with the requirements set out in Rule 9.11 of these Rules.
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	**Complied with** The Committee follows a formal procedure for the appointment and re-election of Directors.
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 meetings.	**Complied with** The Committee has adopted a Terms of Reference that defines its scope, authority and responsibilities.
9.11.4	Composition	**Complied with** The Nominations and Governance Committee comprises four members, three of whom are Independent Non-Executive Directors. An Independent Director has been appointed as the Chairman of the Nomination and Governance Committee.
9.11.5	Functions	**Complied with** The Functions and the scope have been duly documented in the Committee's TOR. Refer to the Board Nominations and Governance Committee Report on pages 188 to 189.
9.11.6	Disclosures in the Annual report	**Complied with** Refer to the Board Nominations and Governance Committee Report on pages 188 to 189.

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Rule No	Applicable Requirement	Extent of compliance
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 with** The Company has established a Human Resources and Remuneration Committee
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 Director	**Complied with.** A Board approved remuneration policy is in place. The Human Resources and Remuneration Committee recommends the remuneration payable to the Executive Directors and other key management personnel. The Board makes the final determination after considering such recommendations.
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 with.** Fees and allowances of Non-Executive Directors are decided by the Board of Directors as a whole.
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 with** Terms of Reference (TOR) outlining its scope, roles, responsibilities, and other pertinent details is available.
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 Committee by the Board of Directors.	**Complied with** The Committee consists of two Independent Non-Executive Directors and two Non-Executive Non-Independent Director. An Independent Non-Executive Director serves as the Chairperson of the Committee. No Executive Directors are there in the committee.
9.12.7	Functions (1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	**Complied with** The Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the senior management are decided by the HRRC.

Rule No	Applicable Requirement	Extent of compliance
9.12.8	Disclosure in Annual Report	
	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); (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors.	**Complied with** Relevant disclosures have made on pages 180 and 181 of the Annual Report.
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.	**Complied with** The Company currently has two separate committees in operation a Board Audit Committee and a Board Integrated Risk Management Committee.
	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	**Complied with** Board approved Terms of References is in place.
	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 prior to recommending the financials to be 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. The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.	**Complied with** The Committee is comprised of three Non-Executive Directors out of which two directors are Independent. No Executive Directors are there in the committee. The committee met nine times during the financial year 2025/2026 Complied with The CEO and the Head of Finance attend the Audit Committee meetings by invitation. The Chairperson of the Audit Committee is a Member of a recognized professional accounting body.

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Rule No	Applicable Requirement	Extent of compliance
9.13.4	Functions (1) The functions of the Audit Committee shall include the following: Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to: (a) changes in or implementation of major accounting policy changes; (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; (c) compliance with accounting standards and other legal requirements; (d) any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity; (e) any letter of resignation from the external auditors of the Listed Entity; and, (f) whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment	**Complied with** Addressed in Section 9.1 of the Board Audit Committee's Terms of Reference, which pertains to "Financial Reporting". The Internal Audit conducts a review and provides reports to the BAC regarding quarterly and annual financial statements to ensure the Entity's compliance with financial reporting requirements, information stipulations under relevant regulations such as the Companies Act, SEC, and other pertinent financial reporting regulations. Upon the BAC's recommendation, the quarterly and annual financial statements are submitted to the Board for approval.
	(iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors	**Complied with** Addressed in Section 9.1 of the Board Audit Committee's Terms of Reference, which pertains to "Financial Reporting".
	(iv) Obtain and review assurance received from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems.	**Complied with** The Committee assisted the Board of Directors in discharging its responsibility for the preparation of the quarterly and annual Financial Statements to reflect a true and fair view of the affairs of the Company. The Internal Audit function is tasked with conducting audits to verify the sufficiency and efficiency of the Entity's risk management and internal control frameworks, aligning with the endorsed Audit Plan.

Rule No	Applicable Requirement	Extent of compliance
9.13.4 (Contd.)	(v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.	**Complied with** The Internal Audit function is tasked with conducting audits to verify the sufficiency and efficiency of the Entity's risk management and internal control frameworks, aligning with the endorsed Audit Plan. Significant lapses identified during audits are regularly reported to the Board Audit Committee, which oversees the implementation of recommendations through action points.
	vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.	
	vii) Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans.	
	(viii) Review the risk policies adopted by the Entity on an annual basis.	
	ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements	
	(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.	**Complied with** The Committee met with the external auditors twice during the financial year. Initially, the Committee convened with the external auditors to discuss the audit plan, scope, and proposed methodology for conducting the annual audit. Subsequently, a second meeting was held with the external auditors to review the audit results. The Committee held two confidential meetings with the external auditors without any other directors / senior management/ employees being present to facilitate open discussion on material issues, problems, or reservations. The Board Audit Committee (BAC) is tasked with reviewing Internal Audit Programs to assess the scope and effectiveness of upcoming reviews. The BAC also evaluates internal audit coverage by reviewing the Internal Audit Plan and monitoring the progress of implementation through Audit Plan updates furnished by the Internal Audit department. Furthermore, the BAC ensures oversight of the outcomes of these reviews by consistently reviewing the audit observations submitted by the internal audit.
	(xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.	**Complied with** Board approved Policy for "Engagement of External Auditor to Provide non-audit Services" is in place.
	(xii) if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor	Not applicable

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Rule No	Applicable Requirement	Extent of compliance
9.13.4 (Contd.)	(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.	**Complied with** Addressed in Section 9.7 of the Board Audit Committee's Terms of Reference, which pertains to "Reporting Responsibilities".
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	**Complied with**
	(2) The Audit Committee Report shall contain the following disclosures: (a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company); (b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable). c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances. (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. (e) whether the Listed Entity has a formal Audit Charter; 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.	**Complied with** Disclosed in the Audit Committee Report given in pages 175 to 178.

Rule No	Applicable Requirement	Extent of compliance
9.14	**Related party transactions review committee**	
9.14.1	Listed Entities shall have a related party Transaction Review Committee that conforms to the requirements set out in Rule 9.14 of these Rule	**Complied with** The Company has established a RPTRC in line with the CBSL and CSE requirements
9.14.2	Composition	**Complied with** The Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Chairperson is an Independent Director. Committee composition and details are given in the RPT Committee Report in the pages 185 to 187.
9.14.3	Functions	**Complied with** Committee report in the Pages 185 to 187.
9.14.4	General Requirements	
	1) The Related party Transaction 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	**Complied with** The Committee meetings are held at quarterly intervals. The minutes of the meetings are submitted to the subsequent Board for Board's information and/or action (if deemed necessary).
	2) The members of the Related Party Transaction 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	**Complied with** The Related Party Transactions Review Committee members have sufficient knowledge or expertise, or access to it, to evaluate all aspects of potential Related Party Transactions and should seek advice from a qualified professional if needed.
	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	**Complied with** If needed, the Committee will seek for the Board of Directors' approval for the Related Party Transactions which are under review by the Committee.
	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 with** Directors abstain from voting on any resolution in which the Directors have related party interests and are not counted in the quorum for the relevant agenda item at the Meeting.

CORPORATE GOVERNANCE

Rule No	Applicable Requirement	Extent of compliance
9.14.5	Review of Related Party Transactions by the related Party Transactions Review Committee	**Complied with** These have been identified in the scope of the Committee and is assessed prior to entering into any RPT transaction
9.14.6	Shareholder Approval	There were no such transactions occurred during the year under review.
9.14.7	Disclosures	
9.14.8	Disclosures in the Annual report	Refer in the Pages 196 to 200.
9.14.9	Acquisition and Disposal of Assets from/ to Related Party	Not applicable for the FY 2025/2026
9.14.10	Excepted Related Party Transactions	**Complied with**
9.16	**Additional Disclosures**	
	(1) 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;	Annual Report of the Board of Directors Pages 203 to 204.
	(2) 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;	Annual Report of the Board of Directors Pages 203 to 204.
	(3) 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;	Annual Report of the board of Directors on the affairs of the company – refer pages 196 to 200.
	4) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Directors' Statement on Internal Control over Financial Reporting given in pages 203 to 204.
9.17	**Enforcement Procedure for Non-Compliance with Corporate Governance Requirements.**	Not applicable, Company has complied with all corporate Governance requirements during the year under review

Section Three

Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Section Reference	Corporate Governance Principle	Extent of Compliance
A.1	**THE BOARD**	
	Every public Company should be headed by an effective Board, which should direct, lead and control the Company.	**Complied with** The Board of Directors at PMF Finance PLC (the "Company'') represents professionals from different disciplines bring with them a wealth of business experience to provide leadership to the Company.
A.1.1	Board meetings The Board should meet regularly. Board meeting should hold at least once in every quarter of the financial year in order to effectively execute the board's responsibilities, while providing information to the board on a structured and regular basis; ideally monthly or as agreed by the board.	**Complied with** The Board met 17 times during the financial year concerned. Individual participation of each Director at Board meetings is disclosed in page 172 of the Annual report
A.1.2	Responsibilities of the Board Board should provide an entrepreneurial leadership within a framework of prudent and effective controls.	**Complied with** The Board is responsible to the shareholders for creating and delivering sustainable shareholder value through the management of business. The Board has provided strategic direction in vision statement, mission statement and the Annual budget.
A.1.3	Agreed procedure on seeking independent professional advice	**Complied with** The Board collectively and Directors individually are conscious of their responsibility to comply with laws applicable to the Company. The Directors are permitted to seek independent professional advice at the Company's expense as and when such advice is required.
A.1.4	Advice and services of the Company Secretary	**Complied with** All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed. Minutes of Board Meetings are maintained by the Company Secretary. The minutes are approved at the subsequent Board meeting. Minutes are open for inspection by any Director. The Company Secretary serves only in the capacity of Company Secretary, not holding simultaneous employment in another capacity. The removal of the Company Secretary is a matter to be considered by the Board as a whole.
A.1.5	Independent judgement of directors	**Complied with** All directors are free to bring independent judgement to aid with the decision-making of the Company and for the decisions taken by the Board on issues of strategy, performance, resources, and standards of business conduct.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of Compliance
A.1.6	Dedicating adequate time and effort by the directors	**Complied with** All directors of the Company dedicate adequate time and effort at Board and Committee meetings to fulfill their duties. Further, they also spend their time before and after the meetings, to ensure that the duties and responsibilities owed to the Company are discharged according to the highest standards.
A.1.7	Training for new and existing directors	**Complied with** Directors have recognized the need for continuous training and take part in professional development as they consider it necessary in carrying out their duties as directors. Market experts and professional services are obtained to share new knowledge from time to time. Any training programmes relevant to the Board are communicated to the Board by the Company Secretary for the director's participation.
A2	**Chairman and Chief Executive Officer (CEO)**	
	There are two key tasks at the top of every public Company – Conducting of the business of the Board and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.	**Complied with** The positions of Chairman and CEO are separated to ensure a balance of power & authority and to prevent any one individual from possessing unfettered decision-making authority
A.3	**CHAIRMAN'S ROLE**	
A.3	Chairman is responsible to ensure that all Board members make a full contribution to the Board's affairs and ensure that the Board acts as a team while discharging Board functions. He provides leadership to the Board and effectively manages the Board while preserving order and facilitating the effective discharge of Board functions.	
A.3.1	Role/functions of the Chairman The Chairman should conduct Board proceedings in a proper manner and ensure an effective discharge of the Board functions.	**Complied with** The Chairman leads the Board ensuring effectiveness in all aspects of its role. The Chairperson is a Non-Executive Director, elected by the Board. The Chairperson's role encompasses – Ensuring that the new Board members are given appropriate induction, covering terms of appointment, duties and responsibilities
A.4	**FINANCIAL ACUMEN**	
A.4	Availability of sufficient financial acumen and knowledge	**Complied with** The Board has adequate number of Directors who have financial acumen and knowledge to contribute and offer guidance to the Board on matters of finance. Please refer pages 100 to 105 for the Profiles of the Directors.
A.5	**BOARD BALANCE** **Complied with** The Code requires that a balance is maintained between the Executive and Non-Executive Directors (NEDs) thus no individual or a small group of individual directors is able to dominate the Board's decision making.	

Section Reference	Corporate Governance Principle	Extent of Compliance
A.5.1	Presence of a strong team of Non- Executive Directors (NEDs)	**Complied with** Board maintains the required balance of Executive and Non-Executive Directors on the Board. The Board consists of one Executive Director and six Non-Executive Directors of whom three are independent as well. As the majority of the Board comprises Non-Executive Directors, their opinions and views carry significant weight in the Board's decisions.
A.5.2 & A.5.3	Independence of NEDs	**Complied with** Three Independent Non-Executive Directors are 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.
A.5.4	Annual declaration of NEDs	**Complied with** Each Non-Executive Director provides a signed declaration of his/ her independence or non-independence annually as at the reporting date.
A.5.5	Annual declaration by the Board on the independence of directors	**Complied with** The Board has determined the independence of directors based on the declarations submitted by the NEDs as to their independence as a fair representation and will continue to evaluate their independence on this basis annually in line with CBSL directions, the CSE and the Code of Best Practice. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code.
A.5.6	Appointment of alternate Director If an Alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an Executive of the company.	No Alternate Directors have been appointed to represent independent Non-Executive Directors.
A5.7 & A5.8	Requirement to appoint a 'Senior Non-Executive Director' and make himself available for confidential discussions.	**Complied with** The current Chairman of the Company is an Independent Non-Executive Director. Hence, the requirement to appoint a 'Senior Non-Executive Director' has not arisen.
A5.9	Meeting of 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 with** All Directors are Non-Executive Directors and meet on a monthly basis.
A.5.10	Recording of concerns in Board minutes Where Directors have concerns about the matters of the Company which cannot be unanimously resolved.	**Complied with** Deliberations raised by the Directors are part of the Board Meetings and such information is adequately detailed by the Company Secretary in the minutes. The Company Secretary minutes as to how the decision had arrived at all times. All minutes are kept in a detailed manner.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of Compliance
A.6	**SUPPLY OF INFORMATION** The Code requires the Company's management to submit timely information to the Board with sufficient information for making decisions that would enable it to discharge its duties.	
A.6.1	Obligation of the Management to provide appropriate and timely information to the Board	**Complied with** The Senior Management of the Company should ensure that the directors are provided with adequate information in a timely manner and make every effort to provide the information, as early as possible. The Board Papers are prepared by the Senior Management of the Company to provide adequate information to the Board enabling it to deliberate on all key issues concerning the Company. Directors are free to raise inquiries/ concerns for additional information, where necessary.
A.6.2	Adequate time for effective Board meetings The minutes, agenda and papers required for a Board meeting should ordinarily be provided to Directors at least seven days before.	**Complied with** All Board members are given notice well ahead of the meeting, and all minutes of previous meetings, agenda, and Board Papers are dispatched in advance. Further, adequate notice is given to all directors prior to emergency/special Board meetings. This ensures that the Board members have adequate time to study the related papers and prepare for a meaningful discussion at the meetings.
A.7	**APPOINTMENT TO THE BOARD** Company has a formal and transparent procedure in place to appoint new Directors.	
A.7.1& A.7.2	Presence of a Nomination Committee and annual assessment of the composition of the Board.	**Complied with** The Nomination and Governance Committee made recommendations to the Board on all new Board appointments. The Terms of Reference of the Committee was formally approved by the Board and Chairman and members are disclosed in the Annual Report under "Report of the Board Nomination and Governance Committee"
A.7.3	Disclosure of information to shareholders upon appointment of New Directors	**Complied with** All new appointments to the Board are communicated to the shareholders via the Colombo Stock Exchange in the English language, together with brief resumes of such Directors. Such announcements set out the fields of the respective Director's expertise, his/her directorships in other companies, and the number of shares he/she holds in the Company, whether he/she is appointed as an Executive Director or a Non-Executive Director, and whether as an Independent Director or as a Non-Independent Director.
A.8	**RE-ELECTION** The Code requires all Directors to submit themselves for re-election, at regular intervals and at least once every three years.	
A.8.1 & A.8.2	Re-election of Non- Executive Directors including Chairman and Directors	
A.9	**APPRAISAL OF BOARD PERFORMANCE** The Code requires the Board to appraise its own performance periodically to ensure that its responsibilities are satisfactorily discharged.	

Section Reference	Corporate Governance Principle	Extent of Compliance
A.9.1 & A.9.2	Annual appraisal of the Board's performance and the performance of its Sub-Committees.	**Complied with** The performance of the Board is evaluated by the Chairman and the directors. The Board subcommittees carry out a self-assessment process annually to ensure they function effectively and efficiently with the objective of facilitating continuous improvement and being in line with good governance.
A.9.3	Disclosure of criteria used for performance evaluation	**Complied with** The Company Secretary and the Board subcommittee secretaries submit the self-evaluation questionnaire to each director and obtain their individual responses.
A.10	**DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS** The Code requires that details of directors be disclosed in the Annual Report for information of the shareholders.	
A.10.1	Disclosures on Directors in the Annual Report	**Complied with** The following details pertaining to each director are disclosed in the Annual Report (a) Brief profile with expertise and experience - pages 100 to 105 (b) Other business interests - pages 100 to 105 (c) Remuneration - Note 35 on page 266 (d) Status of independence - pages 100 to 105 (e) Details of Board Meetings and Board Committee Meetings held during the year - pages 172 to 173
A.11	**APPRAISAL OF CHIEF EXECUTIVE OFFICER** **Complied with** The Code requires the Board to assess the performance of the Chief Executive Officer at least annually to ascertain the degree to which the chief Executive officer met the pre-set financial and non-financial targets.	
A.11.1 & A11.2	Setting annual targets and the appraisal of the performance of the CEO/Managing Director	**Complied with** At the beginning of each financial year, the Board discusses the next year budget with the CEO to be achieved by the CEO within the course of that year. Assessment of the performance of the CEO is carried out by the Board in Annual basis to ensure that the performance of the Company is achieved.
B. DIRECTORS' REMUNERATION		
B.1	**REMUNERATION PROCEDURE** This principle ensures that the Company has a well-established formal and transparent procedure in place for developing an effective remuneration policy to avoid potential conflict of interest.	
B.1.1	Establishment of a Remuneration Committee	**Complied with** The Company has a Human Resources and Remuneration Committee which has the power to evaluate, assess, and decide matters that may affect the Human Resources Management of the Company.

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Section Reference	Corporate Governance Principle	Extent of Compliance
B.1.2	Composition of the Remuneration Committee	**Complied with** As prescribed in this code, all members of the Board Human Resources and Remuneration Committee are Non-Executive Directors, and the Chairman of the Committee is appointed by the Board.
B.1.3	Chairman and the Members of the Committee	**Complied with** Please refer to Human Resources and Remuneration Committee Report' on pages 180 to 181 for details of the Chairman and the Members of the Human Resources and Remuneration Committee.
B.1.4	Determination of the remuneration of Non-Executive Directors, including members of the Remuneration Committee	**Complied with** In terms of the Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the directors and senior management are decided by the HRRC.
B.1.5	Ability to consult the Chairman and/ or the Managing Director and to seek professional advice by the Committee	**Complied with** The Committee has the authority to seek internal and external independent professional advice on all matters falling within the purview of the Committee at the Company's expense.
B.2	**LEVEL AND MAKE-UP OF REMUNERATION** The Company ensures that the remuneration of Non-Executive Directors is at a satisfactory level to attract and retain the services of directors.	
B.2.1	Remuneration packages of Executive Directors	**Complied with** The Human Resource and Remuneration Committee recommends the remuneration payable to the Executive Directors and other key management personnel. The Board makes the final determination after considering such recommendations.
B.2.2	Competitiveness of levels of remuneration	**Complied with** In terms of the Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the directors and senior management are decided by the HRRC.
B.2.3	Comparison of remuneration with other companies in the Group	**Complied with** The HR & Remuneration Committee, where necessary, reviews the Company's remuneration levels in relation to the industry standards of the country.
B.2.4	Performance-based remuneration of Executive Directors	**Complied with** The remuneration packages offered by the Company are linked to the corporate and individual performances and are aligned with the market/industry rates. The Human Resource and Remuneration Committee recommends the remuneration payable to the Managing Director, Executive Directors and other key management personnel. The Board makes the final determination after considering such recommendations. Fees and allowances of Non-Executive Directors are decided by the Board of Directors as a whole. No share options schemes have been offered to the Executive Directors
B.2.5	Executive Share Options	
B.2.6	Designing the performance-related remuneration of Executive Directors.	
B.2.7 & B.2.8	Early termination of Executive Directors	

Section Reference	Corporate Governance Principle	Extent of Compliance
B.2.9	Levels of remuneration of Non-Executive Directors	**Complied with** In terms of the Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the directors and senior management are decided by the HRRC.
B.3	**DISCLOSURE OF REMUNERATION** **Complied with** The Code requires the Company to disclose in its Annual Report the details of the remuneration paid and the Remuneration Policy.	
B.3.1	Disclosure of Remuneration	**Complied with** Please refer to 'Human Resources and Remuneration Committee Report' in pages 180 to 181 for disclosure of the names of the Remuneration Committee members and the Remuneration Policy of the Company.
		Please refer page no 296 to the Financial Statements for the aggregate remuneration paid to Directors.
C. RELATIONS WITH SHAREHOLDERS		
C.1	**CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS** The Code requires the Board to use the AGM to communicate with shareholders and encourage their active participation.	
C.1.1	Companies should count all proxy votes and should indicate the level of proxies lodged in each resolution, and the balance for and withheld after it has been dealt with on a show of hands, except where a poll is called.	**Complied with** The company has a mechanism to record all proxy votes and proxy votes lodged on each resolution.
C.1.2	A separate resolution at the AGM on each substantially separate issue and adoption of Annual Report Accounts.	**Complied with** The Bank proposes a separate resolution at the AGM on each substantially separate issue.
C.1.3	Availability of Board Subcommittee Chairpersons.	**Complied with** A separate resolution is proposed at the AGM for each item to be voted on. Forms of Proxy allow shareholders the option to direct their proxy holder to vote for or against each resolution or to withhold their vote on any matter.
C.1.4 & C1.5	Adequate Notice of AGM to shareholders together with a summary of the procedure governing voting.	**Complied with** Annual Reports are dispatched to all shareholders of the Company, whereas a form of proxy together with the Notice of Meeting detailing the summary of procedure as per legal requirements giving adequate notice is dispatched to shareholders.
C.2	**COMMUNICATION WITH SHAREHOLDERS** The Code requires effective communication with shareholders.	
C.2.1	Channel to reach all shareholders of the Company	By circular to shareholders and notice of shareholder meetings.
C.2.2	Policy and methodology for communication	By circular to shareholders and notice of shareholder meetings.
C.2.3	Implementation of the policy and methodology for communication with shareholders	By circular to shareholders and notice of shareholder meetings.
C.2.4 & C.2.6	Contact person in relation to shareholder matters	The main contact person is the Company Secretary.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of Compliance
C.2.5	Process to make all directors aware of major issues and concerns of shareholders	**Complied with** Any major issue of concern of shareholders are informed to Board Members by the Company Secretary.
C.2.7	Process responding to shareholder matters	
C.3	**MAJOR AND MATERIAL TRANSACTIONS** The Code requires the Directors to disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company if entered into.	
C.3.1	Disclosures on proposed major, transactions	There were no major transactions involving the acquisition or disposal of assets greater than half of the net asset value of the Company.
D. ACCOUNTABILITY AND AUDIT		
D.1	**FINANCIAL REPORTING** This Principle requires the Board of the Company to present a balanced and understandable assessment of the company's financial position, performance, and prospects.	
D.1.1	Board's Responsibility for Statutory and Regulatory Reporting	**Complied with** The Board is well aware of its responsibility to present regulatory and statutory reports in a balanced and understandable manner and a statement to this effect is given on pages 201 to 202 of this Annual Report.
D.1.2	Declarations by Directors in the Directors' Report	**Complied with** The Annual Report of the Board of Directors on the state of affairs of the Company on pages 196 to 200 contains the declarations as required by the Code.
D.1.3	Statements by Directors' and Auditors' on responsibility for financial reporting	**Complied with** The 'Responsibility for Financial Statements for the preparation and presentation of financial statements is given on page 201 of the Annual Report.
D.1.4	Management Discussion and Analysis Annual Report should contain a "Management Discussion and Analysis".	**Complied with** Please refer pages 23 to 24 of the Annual Report presented as an integrated report covering all aspects referred to in the code.
D.1.5	Declaration by Board on the going concern of the business	**Complied with** Please refer to 'Annual Report of the Board of Directors on the state of affairs of the Company' pages 196 to 200 of the Annual Report
D.1.6	Requirement to Summon an Extraordinary General Meeting (EGM) to notify serious loss in net assets (capital)	No such event occurred during the financial year.
D.1.7	Declaration by Board on Related Party Transactions	**Complied with** Each Director and members of the Senior Management have declared their interest in transactions with the Company during the year ended 31st March, 2026, if any. Internal controls are placed within the Company to identify, record, and disclose related party transactions. All Related Party Transactions as defined in Sri Lanka Accounting Standards - LKAS 24 (Related Party Transactions) are disclosed in Note 35 to the Audited Financial Statements.

Section Reference	Corporate Governance Principle	Extent of Compliance
D.2	**INTERNAL CONTROL**	
	The Code requires the Company's Board to ensure that an effective system of internal controls, which safeguards the Company's assets to protect the interest of shareholders, is in place.	
D.2.1	Directors to conduct an annual review of internal controls	**Complied with** The Company obtained the External Auditor's Certification on the Directors Responsibility Statement on Internal Control over Financial Reporting included in the Annual Report.
D.2.2	Need for an Internal Audit Function	**Complied with** The Company has established an Internal Audit Function headed by the Head of Internal Audit who is independent and reports directly to the Board Audit Committee. The Board Audit Committee exercises oversight over the same. The Board Audit Committee reviews the Internal Audit function at regular intervals.
D.3	**AUDIT COMMITTEE**	
	The Code requires the Board to have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting, and internal control principles and maintaining an appropriate relationship with the Company's External Auditor.	
D.3.1	Composition of the Audit Committee	**Complied with** Details of the members are given on the 'Board Audit Committee Report' on pages 175 to 178.
D.3.2	Duties of the Audit Committee	**Complied with** As stated in the report of the Board Audit Committee of the Company, it regularly reviews the scope of the External Auditors, results, and effectiveness of the audit. It also ensures that non-audit services provided by External Auditors do not affect their independence.
D.3.3	Terms of Reference of the Audit Committee	**Complied with** Terms of Reference of the Board Audit Committee are in place and approved by the Board of Directors.
D.3.4	Disclosure of names of the members of the Audit Committee	**Complied with** Names and composition of the members of the Audit Committee are given under Audit Committee Report on pages 175 to 178.
D.4	**CODE OF BUSINESS CONDUCT AND ETHICS**	
	The Code requires the Company to adopt an internal Code of Conduct and Ethics to be adhered to by all directors and members of the senior management of the Company.	
D.4.1	Disclosures on the presence of Code of Business Conduct and Ethics.	**Complied with** The Company has an internally developed a Code of Conduct and this Code covers the following areas of conflict of interest, accurate accounting and record keeping, confidentiality of information, fair dealing, protecting and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour, etc.

CORPORATE GOVERNANCE

Section Reference	Corporate Governance Principle	Extent of Compliance
D.4.2	Affirmative Statement by the Chairman The Chairperson must affirm in the Company's Annual Report that she is not aware of any violation of any of the provisions of the Code of Business Conduct and Ethics.	**Complied with** Please refer to the Chairman's message for details on pages 19 to 22.
D5	**Corporate Governance disclosures**	
D.5.1	Annual Corporate Governance Report in the Annual Report The Directors should include in the Company's Annual Report a Corporate Governance Report, setting out the manner in which Company has complied with the principles and provisions of this code.	**Complied with** Corporate Governance reports is given on pages 113 to 174 in the Annual Report.
SECTION 2 : SHAREHOLDERS		
E. INSTITUTIONAL INVESTORS		
E1	**Shareholder's Voting**	
E.1.1	Institutional shareholders A listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives.	**Complied with** Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and of concern.
E.2	**EVALUATION OF GOVERNANCE DISCLOSURE**	
E.2.1	When evaluating the Company's governance arrangements, particularly those relating to Board structure and composition, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention	**Complied with** Institutional investors' concerns are addressed as and when raised.
F. OTHER INVESTORS;		
F.1	**INVESTING/DIVESTING DECISION**	
F.1.1	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 with** Information is readily available for individual shareholders investing directly in shares of the Company to encourage and carry out adequate analysis.
F.2	**SHAREHOLDER VOTING**	
F.2.1	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	**Complied with** All individual shareholders are given the opportunity to participate at Annual General Meetings and exercise their voting rights by sending individual invitations and newspaper notices.

Section Reference	Corporate Governance Principle	Extent of Compliance
G. SUSTAINABILITY REPORTING		
G.1.1	Economic Sustainability Principle of economic sustainability governance recognises how organisations take responsibility for impacts of their strategies, decisions and activities on economic performance and corporate in their sphere of influence and how this is integrated through the organisation	**Complied with** The company considers the impact when planning its strategies, activities and decisions on economic performance for economic sustainability governance.
G.1.2	The Environment Environmental governance of an organisation should adopt an integrated approach that takes into consideration economic, social, health and environmental implications of their decisions and activities.	**Complied with** The company has taken into consideration an integrated approach on direct and indirect economic, social, health and environmental implications when taking decisions on pollution prevention, protection of environment and restoration of natural resources.
G.1.3	Labour Practices Labour practices governance of an organisation encompasses all policies and practices relating to work performed by or on behalf of the organisation.	**Complied with** All practices and policies are formulated to have a present working environment in the organization.
G.1.4	Society Society governance encompasses support for and building a relationship with the community and striving for sustainable development including responsible public policy participation, fair competition and responsible community development.	**Complied with** Development including responsible public policies encompass support for a building for a relationship with the community.
G.1.5	Product and Service Responsibility Product responsibility governance includes manufacturing quality products and distributing them and ensuring that the products are safe for the consumers and the environment	**Complied with** The company develops its products to ensure the safety and fair contractual practices and its data protection and privacy
G.1.6	Stakeholder Identification, Engagement & Effective Communication Internal and external stakeholder groups should be identified in relation to the Company's sphere of influence, impact and implication. Communication should be proactive and transparent	**Complied with** Communication with the stakeholders is cordial and include past performance and existing economic, social and environmental issues
G.1.7	Sustainable Reporting & Disclosure Sustainability reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis.	**Complied with** ESG principles are embedded in business operations and considered in formulating our business strategy. All efforts are taken to ensure that the Annual Report includes sufficient information in order to assess how ESG risks and opportunities are recognized, managed, measured and reported

CORPORATE GOVERNANCE

DIRECTORS' ATTENDANCE AT BOARD MEETINGS AND BOARD SUB-COMMITTEE MEETINGS AS OF 31ST MARCH 2026 – PMF FINANCE PLC

Name of the Director	Status of Directorship (Non-Executive Independent / Non-Executive Non-Independent / Executive)	Board		Board Integrated Risk Management Committee (BIRMC)		
		C/M	Attendance	C/M	Attendance	
Mr. Malik Cader (Chairman) (appointed as Director w.e.f. 29th September 2025 and appointed as Charman w.e.f. 8th October 2025)	Non-Executive Independent	C	9/9	M	3/3	
Mr. Nemantha Abeysinghe (appointed w.e.f. 1st July 2025)	Non-Executive Non-Independent	M	14/14	M	3/3	
Mr. Sanjika Perera (appointed w.e.f. 1st July 2025)	Non-Executive Non-Independent	M	14/14			
Prof. Dewasiri N. Jayantha (was appointed as Independent Director w.e.f. 21st October 2025 and resigned w.e.f. 19th February 2026. Subsequently, he was appointed as CEO w.e.f. 3rd March 2026 and as an Executive Director w.e.f. 20th March 2026)	Executive	M	6/7	C	1/1	
Mr. Nalin Warnakula (appointed w.e.f. 14th November 2025)	Non-Executive Non-Independent	M	8/8			
Mr. Dinesh De Silva (appointed w.e.f. 18th November 2025)	Non-Executive Independent	M	8/8	M	1/2	
Ms. Nishani Perera (appointed w.e.f. 23rd February 2026)	Non-Executive Independent	M	2/2	C	1/1	
Mr. Bandara Rekogama (resigned w.e.f. 23rd March 2026)	Non-Executive Independent	M	17/17			
Ms. Krystle Wijesuriya (resigned w.e.f. 31st December 2025)	Non-Executive Independent	M	11/11			
Dr. Nirmal De Silva (resigned w.e.f. 30th December 2025)	Non-Executive Independent	M	11/11	M	4/4	
Mr. Ashoka Goonesekere (resigned w.e.f. 15th November 2025)	Non-Executive Independent	M	8/9	M	3/3	
Mr. Chandula Abeywickrema (Chairman to the Board until 1st October 2025 and resigned w.e.f. same date)	Non-Executive Independent	C	8/8	M	3/3	
Mr. Travis Waas (resigned w.e.f. 26th September 2025)	Non-Executive Independent	M	8/8	C	3/3	
Mr. Rohan Pandithakorralage (resigned w.e.f. 16th September 2025)	Non-Executive Independent	M	7/7			
Mr. Kanishka Weerasinghe (resigned w.e.f. 16th September 2025)	Non-Executive Independent	M	7/7			

(i) Mr. Malik Cader was appointed as a Non-Executive Independent Director to the Board w.e.f. 29th September 2025 and appointed as the Charman of the Board w.e.f. 8th October 2025. He was subsequently appointed as a member of the BIRMC, BAC, HRRC, NGC and BCC w.e.f. 14th October 2025 and appointed as a member of the RPTRC w.e.f. 25th November 2025. He was further appointed as a member of the ITSC w.e.f. 1st December 2025.

(ii) Mr. Nemantha Abeysinghe was appointed as a Non-executive Non-Independent Director to the Board w.e.f. 1st July 2025. He was subsequently appointed as a member of BAC and RPTRC w.e.f. 29th July 2025, as a member of BIRMC w.e.f. 26th September 2025 and as a member of BCC w.e.f. 19th March 2026.

(iii) Mr. Sanjika Perera was appointed as a Non-executive Non-Independent Director to the Board w.e.f. 1st July 2025. He was subsequently appointed as a member of the ITSC w.e.f. 29th July 2025 and appointed as its chairman w.e.f. 1st December 2025. He was further appointed as a member of the NGC w.e.f. 17th September 2025 and as a member of the HRRC w.e.f. 26th September 2025.

	Board Audit Committee (BAC)		Related Party Transactions Review Committee (RPTRC)		Human Resources and Remuneration Committee (HRRC)		Nomination and Governance Committee (NGC)		Board Credit Committee (BCC)		IT Steering Committee (ITSC)		Procurement Committee		Marketing Committee (established on 16th February 2026)	
	C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance
	M	10/10	M	4/4	M	8/8	M	6/6	M	5/5	M	1/1	M	1/1	M	1/1
	M	12/12	M	6/6					M	0/0			C	1/1	C	1/1
					M	9/9	M	9/9			C	5/5	M	3/3	M	1/1
	M	6/6	C	3/3	M	3/5	C	3/3			M	1/1				
	M	5/5							C	2/3	M	0/0	M	1/1	M	1/1
	C	7/7			C	7/7	M	4/4			M	1/1				
	M	0/1	C	1/1	M	2/2	C	1/1			M	0/0				
					M	7/7	M	6/7	M	11/11	M	9/9				
			M	5/5	M	9/9	M	11/11					M	3/3		
	M	11/11							M	8/8	M	8/8	M	3/3		
	C	9/9	C	4/4												
	M	5/6			M	6/7	M	7/7	M	5/6						
	M	6/6			M	6/6			M	6/6	M	6/6				
					C	6/6	C	5/5								
			M	3/3	M	6/6										

(iv) Prof. Dewasiri N. Jayantha was appointed to the Board as a Non-Executive Independent Director w.e.f. 21st October 2025 and resigned w.e.f. 19th February 2026. Subsequently, he was appointed as CEO w.e.f. 3rd March 2026 and as an Executive Director w.e.f. 20th March 2026. He was subsequently appointed as the Chairman to the RPTRC w.e.f. 25th November 2025, appointed as the Chairman to the BIRMC and NGC w.e.f. 1st December 2025 and ceased to be a member of committees w.e.f. 19th February 2026. He was further appointed as a member of the BAC, HRRC and ITSC w.e.f. 1st December 2025 and ceased to be a member of committees w.e.f. 19th February 2026.

(v) Mr. Nalin Warnakula was appointed as a Non-executive Non-Independent Director to the Board w.e.f. 14th November 2025. He was subsequently appointed as the Chairman to the BCC w.e.f. 1st December 2025. He was further appointed as a member to the BAC w.e.f. 29th December 2025 and appointed as a member to the ITSC w.e.f. 23rd February 2026.

(vi) Mr. Dinesh De Silva was appointed as a Non-executive Independent Director to the Board w.e.f. 18th November 2025. He was subsequently appointed as the Chairman of the BAC and HRRC w.e.f. 1st December 2025. He was further appointed as a member of the BIRMC, NGC and ITSC w.e.f. 1st December 2025.

CORPORATE GOVERNANCE

(vii) Ms. Nishani Perera was appointed as a Non-executive Independent Director to the Board w.e.f. 23rd February 2026. She was subsequently appointed as the Chairman of the BIRMC, RPTRC and NGC w.e.f. 23rd February 2026. She was further appointed as a member of the BAC, HRRC and ITSC w.e.f. 23rd February 2026.

(viii) Mr. Bandara Rekogama resigned w.e.f. 23rd March 2026. He was appointed as the Chairman of BCC w.e.f. 4th June 2025 and served as the chairman of the committee until 1st December 2025. He further appointed as a member of the NGC w.e.f. 26th September 2025, appointed as a member of the HRRC w.e.f. 29th September 2025 and served as a member of the ITSC until 23rd March 2026. He subsequently ceased to be a member of the committees w.e.f. 23rd March 2026.

(ix) Ms. Krystle Wijesuriya resigned w.e.f. 31st December 2025. She was appointed as the Chairman of the HRRC and NGC w.e.f. 26th September 2025 and served as the Chairman of the committee until 1st December 2025. She subsequently ceased to be a member of the committees w.e.f. 31st December 2025.

(x) Dr. Nirmal De Silva resigned w.e.f. 30th December 2025. He was appointed as Chairman of the BIRMC w.e.f. 26th September 2025 and served as the Chairman to the committee until 1st December and ceased to be a member w.e.f. 30th December 2025. He further served as the Chairman of the ITSC until 1st December 2025 and served as a member of the BAC and BCC. He subsequently ceased to be a member of the committees w.e.f. 30th December 2025.

(xi) Mr. Ashoka Goonesekere resigned w.e.f. 15th November 2025. He served as the Chairman of the BAC and RPTRC and served as a member of BIRMC until 15th November 2025 and ceased to be a member w.e.f. the same date.

(xii) Mr. Chandula Abeywickrema resigned w.e.f. 1st October 2025. He served as a member of BIRMC, BAC, HRRC and NGC until 1st October 2025 and ceased to be a member w.e.f. the same date. He also served as the Chairman of BCC until 4th June 2025 and appointed as member w.e.f. 4th June 2025 and ceased to be a member w.e.f. 1st October 2025.

(xiii) Mr. Travis Waas resigned w.e.f. 26th September 2025. He served as the Chairman of BIRMC until 26th September 2025 and ceased to be a member w.e.f. the same date. He was also served as a member of BAC, HRRC, BCC and ITSC until 26th September 2025 and ceased to be a member w.e.f. the same date.

(xiv) Mr. Rohan Pandithakoralage resigned w.e.f. 16th September 2025. He served as the Chairman of HRRC and NGC until 16th September 2025 and ceased to be a member w.e.f. the same date.

(xv) Mr. Kanishka Weerasinghe resigned w.e.f. 16th September 2025. He served as a member of HRRC and RPTRC until 16th September 2025 and ceased to be a member w.e.f. the same date.

BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee ("BAC") of the Company is appointed by and responsible to the Board of Directors ("the Board"). BAC comprises the following members and the professional profiles of the Committee Chairman and the Committee members are provided this Annual Report.

Names of members	Directorship Status	Membership Status
Mr. Dinesh De Silva (Appointed as Chairman w.e.f. 1st December 2025)	Non-Executive Independent Director	Chairman
Mr. Nemantha Abeysinghe (Appointed as member w.e.f. 29th July 2025)	Non-Executive Non-Independent Director	Member
Mr. Malik Cader (Appointed as member w.e.f. 14th October 2025)	Non-Executive Independent Director	Member
Mr. Nalin Prasad (Appointed as member w.e.f. 29th December 2025)	Non-Executive Non-Independent Director	Member
Ms. Nishani Perera (Appointed as member w.e.f. 23rd February 2026)	Non-Executive Independent Director	Member
Prof. Dewasiri N. Jayantha (Appointed as member w.e.f. 1st December and ceased to be a member w.e.f. 19th February 2026)	Non-Executive Independent Director	Member
Dr. Nirmal De Silva (Ceased to be a member w.e.f. 30th December 2025)	Non-Executive Independent Director	Member
Mr. Ashoka Goonesekere (Chairman to the committee until 15th November 2025 and ceased to be a member w.e.f. from the same date)	Non-Executive Independent Director	Chairman
Mr. Chandula Abeywickrema (Ceased to be a member w.e.f. 1st October 2025)	Non-Executive Independent Director	Member
Mr. Travis Waas (Ceased to be a member w.e.f. 26th September 2025)	Non-Executive Independent Director	Member

(*Mr. Dinesh De Silva has been Committee Chairman until 30th April 2026 and ceased to be a member w.e.f. the same date.)
(*Ms. Nishani Perera was Appointed as the Committee Chairman w.e.f 30th April 2026)

The Chairman and the members of the committee were in regular contact with the management, through meetings and communication to oversee the audit and control aspects of various initiatives taken by the company.

BOARD AUDIT COMMITTEE MEETINGS

The Committee held 16 meetings during the financial year 2025/26. Details regarding the attendance of the Committee Members are presented below.

Names of members	Attendance
Mr. Dinesh De Silva	7/7
Mr. Nemantha Abeysinghe	12/12
Mr. Malik Cader	10/10
Mr. Nalin Prasad	5/5
Ms. Nishani Perera	0/1
Prof. Dewasiri N. Jayantha	6/6
Dr. Nirmal De Silva	11/11
Mr. Ashoka Goonesekere	9/9
Mr. Chandula Abeywickrema	5/6
Mr. Travis Waas	6/6

Head of Internal Audit functions as the Secretary to the Committee in terms of section 10.2 (c) of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021. Members of Senior Management including the Chief Executive Officer, Head of Finance, Head of HR and the Compliance Officer participated in Committee meetings by invitation. Representatives of Messrs. Ernst & Young, the External Auditor of the Company, were invited to participate in the meetings as and when required.

BOARD AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The Terms of Reference of the Committee are clearly defined in the Terms of Reference of the Board Audit Committee, which is approved by the Board of Directors. The Board reviews the Terms of Reference of the Board Audit Committee annually and/or as and when it is required, and it ensures that new developments and concerns are adequately addressed. The Board Audit Committee Terms of Reference was last reviewed and approved by the Board of Directors in February 2025.The committee is responsible to the Board of Directors and reports on its activities regularly. The BAC also assists the Board in its general oversight of financial reporting internal control and functions relating to internal and external audits.

FUNCTIONS OF THE COMMITTEE

The Board Audit Committee functions are regulated in conformity with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance, section 9.13 of the Listing Rules issued by Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL).

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities, overseeing Management's conduct of the Company's financial reporting process and systems of internal accounting and financial controls, monitoring the independence and performance of the Company's External Auditors, and providing an avenue of communication among the External Auditors, the Management, and the Board of Directors.

The Committee is responsible for the oversight of the effectiveness of the system of internal controls, compliance with laws, regulations, and Directions of the CBSL and the independence and performance of the External and Internal Auditors.

The Audit Committee shall ensure that the Company adopts and adheres to highest level of standards in corporate governance practices, prime ethical standards and industry best practices in the best interest of all stakeholders

ROLES AND RESPONSIBILITIES

- Reviewing the Financial Statements (including interim financial statements) prior to publication to ensure compliance with statutory provisions, accounting standards accounting policies that are consistently applied and adequacy of disclosures in the financial statements.
- Reporting to the Board on the quality and acceptability of the company's accounting policies and practices.
- Assessing the reasonableness of the underlying assumptions for estimates and judgments made in preparing the Financial Statements.
- Reviewing accounting and financial reporting Risk Management process and regulatory compliance
- Overseeing the appointment of the External Auditor for audit services in compliance with the relevant statutes, assessment of the independence, approval of the audit fee, service period and any matters relating to the resignation or dismissal of Auditors.
- Assessing the independence and reviewing the adequacy of the scope, functions, and resources of the Internal Audit Department, including the appointment of the Chief Internal Auditor (CIA) and the performance of the CIA and senior staff members of the Internal Audit Department.
- Reviewing the internal audit program and results of the internal audit process and, where necessary, ensuring appropriate actions are taken on the recommendations of the internal audit.
- Reviewing the adequacy and effectiveness of the Company's system of internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes have been done in accordance with the applicable accounting standards and the regulatory requirements.
- Reviewing the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensuring necessary corrective actions are taken in a timely manner and monitoring the progress of implementing the time bound action plan quarterly.

ACTIVITIES DURING THE YEAR

Financial Reporting

The Committee, as part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, has reviewed and discussed with the Management and the External Auditors with regard to the interim and the Annual Financial Statements prior to their release for publication. The review included the quality and acceptability of accounting policies and practices, the clarity of the disclosures and the extent of compliance with Sri Lanka Accounting Standards (SLFRS and LKAS), the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011 and amendments thereto and other relevant financial and governance reporting requirements. To facilitate their review, the BAC considered reports from the Head of Finance and also reports from the External Auditors on the outcome of their review of the annual audit.

The BAC continuously monitored the implementation of the Sri Lanka Financial Reporting Standards – SLFRS 9 "Financial Instruments" issued by The Institute of Chartered Accountants of Sri Lanka which became effective from 1 January 2018. During the year, existing

impairment calculation models were revalidated through an independent party to incorporate the potential implications of the macro-economic situation of the country and adjustments have been made to economic factors as appropriately.

As part of the BAC's responsibilities, notably its review of financial results, reports from Internal and External audits, the Company's Accounting Policies, as well as the Annual Financial Statements; the BAC took cognizance of the Key Audit Matters as reported in the Independent Auditors' Report. In addition, the Committee reviewed.

Management's judgments on significant Accounting and External reporting requirements and obtained External auditor's agreement with the treatment thereof.

The Committee reviewed and assessed the Company's ability to continue as a Going Concern and the adequacy of its resources to be in business for the foreseeable future.

The Committee obtained and reviewed the assurance statement from the CEO and the Head of Finance that the financial records have been properly maintained and the financial statements provide a true and fair view of the Company's operations and finances in line with the requirement of listing rules.

Internal control Over Financial Reporting

The committee assessed the effectiveness of the Internal Control Over Financial Reporting as of 31 March 2026 in line with Section 10.2 (e) of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance. The Company's internal control assessment was concentrated on processes documented by the respective process owners with the guidance of the Company's Internal and External Auditors. Based on Internal Auditors' and External Auditors' assessments, the Board has concluded that, as of 31 March 2026, the Company's internal control over financial reporting is effective. Directors' Report on the Company's Internal Control over Financial Reporting is provided in the Annual Report. The Company's External Auditors have reviewed the effectiveness of the Company's internal control over financial reporting and have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control over financial reporting of the Company. External Auditor's Report on the Company's Internal Control over Financial Reporting is provided on Annual Report.

Internal Audit

During the year, the Committee reviewed the adequacy of the scope, functions resources and independence of the Internal Audit Department, and was satisfied that the department has the necessary authority and independence to carry out its work. The risk-based audit plan was reviewed and approved by the Committee at the beginning of the year and the implementation of the audit plan was monitored throughout the period to ensure the effectiveness of the entire processes of the Company. The Committee reviewed the internal audit program, significant audit findings and management action plan for the audit recommendations and evaluated the effectiveness of the management action plan in terms of timely implementation and resultant audit issues. The Committee also reviewed the resource requirement of the Internal Audit Department.

During the year the Committee reviewed the internal audit reports covering matters pertaining to Financial Reporting, Regulatory Compliance, Branch operations, Department operations, IT General Controls and Special Investigations, and also followed up on the implementation of audit recommendations

External Audit

The Board Audit Committee assisted the Board in engaging the External Auditors Messrs. Ernst & Young in compliance with regulatory provisions. The Committee reviewed and monitored the independence and objectivity of the External Auditor and also assessed the effectiveness of their audit process considering the relevant professional and regulatory requirements. To ensure that the External Auditor had the independence to discuss and express their opinions on the matter, they were granted opportunities to meet the Committee separately, without the presence of the Management.

Prior to the commencement of the annual audit, the Committee engaged with the External Auditors to review and discuss their audit plan, approach, and the scope of the engagement, including the assessment of IT General and application Controls. The Committee also met with the External Auditors on two occasions during the financial year without the presence of Management. These meetings were held to ensure there were no limitations on the scope of the audit and to provide an open channel for the auditors to communicate any concerns that might affect the integrity or effectiveness of the audit. The Committee concluded that no such concerns were raised.

The Committee obtained a written assurance from the External Auditor confirming that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant regulatory and professional requirements. The Committee has evaluated the external auditor in line with applicable standards, relevant regulatory requirements and industry best practices, and satisfied with the status of the independence, objectivity and performance of the external auditor.

BOARD AUDIT COMMITTEE REPORT

The Committee also reviewed the non-audit services provided by the External Auditors to ensure that they do not lead to impairment of the External Auditors' independence and objectivity. The non-audit services policy sets out the guidelines for the engagement of External Auditors for non-audit services in line with regulatory requirements. The BAC is satisfied that the independence and objectivity of the External Auditor has not been impaired by the provision of those services.

The Committee also reviewed the audit fees, non-audit services fees and expenses for other services paid and payable to them.

The Management Letter issued by the External Auditors in respect of the financial year ended 31 March 2025 was considered by the Committee and corrective action is being pursued wherever such action is warranted.

The Committee will consider and make the appointment or reappointment of External Auditors for the ensuring financial year as applicable, prior to the Annual General Meeting.

Regulatory Compliance

The Committee assessed the Company's compliance with financial reporting requirements, information requirements under the Companies Act, Finance Business Act and other relevant financial reporting related regulations (such as LKASs/ SLFRS) and requirements.

The Committee scrutinized the reports submitted by the Compliance Officer and the Internal Audit to monitor compliance with such legal and regulatory requirements.

The Committee reviewed and monitored the progress on implementation of the recommendations made in the Statutory Examination Report of the Central Bank of Sri Lanka (CBSL) through regular follow up reports submitted to the Committee meetings.

Internal Control systems and Risk Management

Various processes have been implemented by the Committee to ensure the efficiency and effectiveness of company's internal control systems. Key processes related risks and internal controls are regularly reviewed by the internal audit department and is of the view that adequate controls and procedures are in place to provide reasonable assurance to the Board that the assets of the Company are safeguarded and the financial statements present a true and fair view. Status of remediation plans are updated at the audit committee meetings.

WHISTLE-BLOWING POLICY

The Company's Whistleblowing Policy was put in place and all members of staff were educated and encouraged to resort to whistleblowing if they had reasonable grounds to believe that there were wrongdoings or other improprieties. The policy intends to serve as a channel of fraud risk management. All appropriate procedures are in place to conduct independent investigations into incidents reported through this process or if identified through other means. Concerns raised are investigated and the identity of the person raising the concern is kept confidential. Even anonymous complaints are investigated. All employees are encouraged to practice whistleblowing if they suspect any wrongdoing. Senior Management, from time to time conducts awareness programs to encourage staff to raise genuine concerns.

REPORTING TO THE BOARD

The approved minutes of the Committee meetings are tabled at Board meetings, enabling all Board members to have access to them.

COMMITTEE EVALUATION

The annual evaluation of the effectiveness of the Committee was carried out by the members of the Committee and concluded that the Committee had carried out its responsibilities effectively and satisfactorily.

On behalf of the Board Audit Committee,



Nishani Perera
Chairperson
Board Audit Committee -
Appointed as a Committee Chairperson
w.e.f. 30th April, 2026

Colombo

31st August 2026

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Board Human Resources & Remuneration Committee (BHRRC), established as a subcommittee of the Board, is dedicated to assisting the Board in developing human resource strategies aimed at attracting and retaining the necessary talent. Additionally, the BHRRC ensures that remuneration practices comply with regulatory and legislative requirements. These efforts are essential for achieving the company's strategic objectives. The Committee's responsibilities also include creating performance-based incentives for Key Responsible Personnel (KRPs), the CEO, and Senior Management, as well as developing relevant and challenging performance metrics that promote stakeholder interests.

COMPOSITION OF THE COMMITTEE

The Committee currently consists of Three Independent Directors and One Non-Independent

The committee composition as at 31st March 2026 is as follows:

Names of members	Directorship Status	Membership Status
Mr. Dinesh De Silva (appointed as Chairman w.e.f. 1st December 2025)	Non-Executive Independent Director	Chairman
Mr. Malik Cader (appointed as member w.e.f. 14th October 2025)	Non-Executive Independent Director	Member
Ms. Nishani Perera (appointed as member w.e.f. 23rd February 2026)	Non-Executive Independent Director	Member
Mr. Sanjika Perera (appointed as member w.e.f. 26th September 2025)	Non-Executive Non-Independent Director	Member
Mr. Bandara Rekogama (appointed as member w.e.f. 29th September 2025 and ceased to be a member w.e.f. 23rd February 2026)	Non-Executive Independent Director	Member
Prof. Dewasiri N. Jayantha (appointed as member w.e.f. 1st December 2025 and ceased to be a member w.e.f. 19th February 2026)	Non-Executive Independent Director	Member
Ms. Krystle Wijesuriya (appointed as Chairman w.e.f. 26th September 2026 and Chairman to the committee until 1st December 2025 and ceased to be a member w.e.f. 31st December 2025)	Non-Executive Independent Director	Member
Mr. Chandula Abeywickrema (ceased to be a member w.e.f.1st October 2025)	Non-Executive Independent Director	Member
Mr. Travis Waas (ceased to be a member w.e.f.26th September 2025)	Non-Executive Independent Director	Member
Mr. Rohan Pandithakoralage (Chairman to the Committee until 16th September 2025 and ceased to be a member w.e.f. same date)	Non-Executive Independent Director	Chairman
Mr. Kanishka Weerasinghe (ceased to be a member w.e.f.16th September 2025)	Non-Executive Independent Director	Member

Brief profiles of the members are provided pages 100 to 105 of this Annual Report.

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

MEETINGS OF THE COMMITTEE

The Committee held Fifteen meetings during the year under review to discuss the extensive deliberations on matters relating to Human Resources Management.

The details of the attendance of the committee members are given below.

Names of members	Attendance
Mr. Dinesh De Silva	7/7
Mr. Malik Cader	8/8
Ms. Nishani Perera	2/2
Mr. Sanjika Perera	9/9
Mr. Bandara Rekogama	7/7
Prof. Dewasiri N. Jayantha	3/5
Ms. Krystle Wijesuriya	9/9
Mr. Chandula Abeywickrema	6/7
Mr. Travis Waas	6/6
Mr. Rohan Pandithakoralage	6/6
Mr. Kanishka Weerasinghe	6/6

The company Secretary functions as the Secretary to the Committee.

TERMS OF REFERENCE

The Board approved Terms of Reference of the Committee contain the role and functions of the Committee in line with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance and Section 9 of Corporate Governance Requirement of the Listing Rules of the Colombo Stock Exchange.

ROLES AND RESPONSIBILITIES

- The committee shall recommend Human Resource policy to provide clear guidance to company's management on how the company should utilize human resources to meet its goals.
- The committee should ensure that there shall be a formal and transparent procedure in developing the remuneration policy.
- Ensuring that the company adopts, monitors, and applies appropriate remuneration policies and procedures.
- The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to Senior Management of the company and fees and allowances structure for Non-Executive Directors.
- The committee shall recommend the remuneration policy for approval of the Board of Directors on paying salaries, allowances and other financial incentives for all employees of the company. The policy shall be subject to periodic review by the Board of Directors, including when material changes are made.
- The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the company. It should also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within the remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest.
- The committee shall set goals and targets for Chief Executive Officer (CEO) annually. The committee shall also set goals for the other members of Senior Management in consultation with the CEO.
- The committee shall ensure a proper succession plan for Senior Management is in place.

ACTIVITIES DURING THE YEAR

- The committee reviewed the Remuneration Policy of the company to ensure that remuneration is aligned with performance, whilst ensuring that the Company is able to attract and retain employees critical to deliver the Company's strategy and to make continued progress towards ensuring a high performing culture in line with the Company's values
- Committee reviewed the HR Event Plan for FY 2026/27 initiating strategically designed and align HR effort with business objectives, enhance employee engagement and support the organizations growth.
- The training plan directly links to the business needs and allocated sufficient budget to enhance the competency level of the staff. The annual training plan prepared by Human Resources Department (HRD) based on Training Needs Analysis (TNA) reviewed by the committee.
- The committee reviewed KPIs of Senior Management, Head of Departments and other functions to ensure that KPIs are lined with Business Plan and cascade it from top to bottom
- The committee reviewed the entire performance evaluation process and for annual increments and the promotions recommendation made by the HRD
- Committee reviewed the Employee Succession Plan for KRPs.

REMUNERATION POLICY

The Remuneration Policy is to provide competitive rewards to attract, motivate and retain staff of the highest caliber who are willing to spend significant amounts of time and effort to achieve the Company's goals.

- Apply demand key performance indicators.
- Link significant components of pay to individual and Company performance.
- Ensure remuneration arrangements are equitable and fair to all employees
- Due care is to be taken to ensure that the remuneration for Senior Management and staff is commensurate with their skills, knowledge, competencies, involvement in corporate activities and in keeping with industry standards.

DIRECTORS REMUNERATION

Aggregate amount paid as Directors' remuneration/ CEO/ Senior Management during the year under review is set out in Note 35 to the Financial Statements.

AUTHORITY

The recommendations of the BHRRC are submitted to the Board for final approval. The committee is authorized to seek professional advice as needed, at the Company's expense, with coordination provided by the Company Secretary.

EVALUATION OF THE COMMITTEE PERFORMANCE

The performance and effectiveness of the committee was assessed by the Board as a whole as part of the annual self-assessment of the Directors, the details of which can be found on pages 196 to 200 of this Annual Report

FUTURE OUTLOOK

Looking ahead, the committee will continue to review and refine our Remuneration practices to ensure they remain competitive and aligned with the company's strategic objectives. We will also focus on further enhancing our Human Resources Strategies to support the growth and development of our people

CONCLUSION

The Committee is confident that our Remuneration policies and practices are effective in supporting the company's strategic goals and fostering a high-performance culture. We remain committed to ensuring transparency and accountability in our remuneration decisions

On behalf of the Human Resources and Remuneration Committee



Nishani Perera
Chairperson
Human Resources and Remuneration Committee - Appointed w.e.f. 30th April, 2026

Colombo
31st August 2026

REPORT OF THE BOARD
INTEGRATED RISK MANAGEMENT COMMITTEE

PURPOSE OF THE COMMITTEE

The Board Integrated Risk Management Committee (BIRMC) is entrusted with the responsibility of assisting the Board of Directors with oversight of the Company's enterprise-wide risk management function, ensuring the adequacy and effectiveness of the risk management framework.

COMPOSITION OF THE COMMITTEE

The BIRMC comprises of four Non-Executive Directors and is chaired by an Independent Non-Executive Director, in accordance with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka. The changes to the Committee's composition during the year are given below.

Names of members	Directorship Status	Membership Status
Ms. Nishani Perera (appointed as Chairperson w.e.f. 23rd February 2026)	Non-Executive Independent Director	Chairman
Mr. Dinesh De Silva (appointed as member w.e.f. 1st December 2025)	Non-Executive Independent Director	Member
Mr. Malik Cader (appointed as member w.e.f. 14th October 2025)	Non-Executive Independent Director	Member
Mr. Nemantha Abeysinghe (appointed as member w.e.f. 26th September 2025)	Non-Executive Non-Independent Director	Member
Prof. Dewasiri N. Jayantha (appointed as Chairman w.e.f. 1st December 2025 and ceased to be a member w.e.f. 19th February 2026)	Non-Executive Independent Director	Chairman
Dr. Nirmal De Silva (appointed as Chairman w.e.f. 26th September 2025 and Chairman to the committee until 1st December and ceased to be a member w.e.f. 30th December 2025)	Non-Executive Independent Director	Member
Mr. Ashoka Goonesekere (ceased to be a member w.e.f. 15th November 2025)	Non-Executive Independent Director	Member
Mr. Chandula Abeywickrema (ceased to be a member w.e.f. 1st October 2025)	Non-Executive Independent Director	Member
Mr. Travis Waas (Chairman to the committee until 26th September 2025 and ceased to be a member w.e.f. the same date)	Non-Executive Independent Director	Chairman

Brief profiles of the members of the BIRMC as at 31 March 2026 are given on pages 102 to 105 of this Annual Report.

MEETINGS OF THE COMMITTEE

The Committee assembled six (6) meetings throughout the reviewed year complying with the regulatory requirement. The CEO and the Senior Management of PMF including Head of Risk, Compliance Officer, Chief Internal Auditor attended the meetings by invitation. Head of Risk functioned as the Secretary to the Committee in terms of section 10.3 (b) of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021. Proceedings of the Committee were reported to the Board through submission of the meeting minutes. Risk profile and other specific matters were submitted separately for information of the Board. The recommendations made by the BIRMC during the year under review were duly approved by the Board. Through a risk report, key risks such as credit, operational, market (including interest rate), liquidity, strategic and other emerging risks were assessed.

The details of the attendance of the committee members are given below.

Names of members	Attendance
Ms. Nishani Perera	1/1
Mr. Dinesh De Silva	1/2
Mr. Malik Cader	3/3
Mr. Nemantha Abeysinghe	3/3
Prof. Dewasiri N. Jayantha	1/1
Dr. Nirmal De Silva	4/4
Mr. Ashoka Goonesekere	3/3
Mr. Chandula Abeywickrema	3/3
Mr. Travis Waas	3/3

TERMS OF REFERENCE

The Board approved Terms of Reference of the Committee contain the role and functions of the Committee which are regulated by the section 10.3 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021.

ROLES AND RESPONSIBILITIES

- The committee shall assess the impact of risks, including credit, market, liquidity, operational, strategic, compliance and information security once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.
- Defining company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that the company will accept, or avoid, in order to achieve its strategic business objectives.
- Review the company's risk policies including RAS at least annually.
- Review the adequacy and effectiveness of senior management level committees to address specific risks (such as credit, market, liquidity, operational, strategic and emerging risks) and to manage those risks within quantitative and qualitative risk limits as specified by the committee.
- Assess all aspects of risk management including updated business continuity and disaster recovery plans to ensure the continuation of the operation.
- Establish an independent risk management function responsible for managing risk-taking activities across the company
- Annual review on Risk Management Framework and assessment on appropriateness of Chief Risk Officer and Compliance Officer.

COMMITTEE ACTIVITIES DURING THE YEAR

Credit Risk

- Credit Risk Regular review of overall credit risk exposure using appropriate risk indicators, assessing mitigation strategies and making recommendations.
- Review of Risk Appetite Statement and making recommendations to add new criteria and revise limits to ensure that the Company operates within healthy risk tolerance boundaries.

Capital Adequacy

- Performed frequent stress testing to ensure that adequate capital buffers are there to absorb unexpected shocks to the core capital.

Liquidity and Market Risk

- Review of liquidity management strategies and cashflow forecast to have sufficient liquidity buffers.
- Review of stress testing results on liquidity risk to assess adequacy of liquidity reserves under stressed scenarios.
- Continuous monitoring of gold prices to assess adequacy of Loan to Value ratio and distribution of the gold loan portfolio.
- Reviewed the adequacy and effectiveness of ALCO activities by assessing the asset and liability limits, single borrower exposure/ single group exposure, single depositor exposure/large depositor exposure, maturity profile of deposits.

Information Security

- Reviewed progress on implementation of controls relating to Information Security in complying the CBSL direction No 1 of 2022.

Operational Risk

- Existing Risk Management Framework was reviewed strengthening the operational Risk Management aspects

Compliance

- Monitored implementation of new rules and regulations issued by the regulatory authorities.
- Assessed the company's compliance with laws, regulations and regulatory guidelines, CBSL directions, internal policies in all areas of business operations.
- Reviewed the annual risk assessment of Money Laundering and Terrorist Financing (ML & TF) risks of the company.

General

- Reviewed and approved amendments to the BIRMC Terms of Reference as per relevant regulations and best practices.
- Reviewed the adequacy and effectiveness of management level committees including the Asset-Liability Committee and Information Security Committee to address specific risks and to manage those risks.

UPDATES FROM COMMITTEES

The Committee reviewed the updates from the management level committees namely Asset-Liability Committee and Information Security Committee who are also involved in the risk management process.

REPORTING TO THE BOARD

The Board was updated on a regular basis on the performance of identified risk indicators and prudential limits defined and approved by the Board along with key movement in the risk exposures in the risk heat map.

REPORT OF THE BOARD
INTEGRATED RISK MANAGEMENT COMMITTEE

COMMITTEE EVALUATION

The Board undertakes an annual performance evaluation of the Committee as required by the Finance Business Act Direction 5 of 2021.

THE YEAR AHEAD

The Committee will continue to strengthen the Risk Management process based on the globally accepted best practices related to operational Risk Management, capital and liquidity risk Management along with properly defined risk appetite framework. The company has appointed dedicated head of risk to strengthen the independency and effectiveness of risk management function in future.

On behalf of the Board Integrated Risk Management Committee



Nishani Perera
Chairperson
Board Integrated
Risk Management Committee

31st August 2026
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

The Related Party Transactions Review Committee (the Committee) was established by the Board in accordance with the Best Practice on Related Party Transactions and Section 9.14 of the Listing Rules of the Colombo Stock Exchange (the 'CSE Rules') and Section 12.1 (a) of the Finance Business Act Direction No. 05 of 2021 issued by Central Bank of Sri Lanka thereby enhancing the Company's control mechanism which ensures that all transactions are conducted at arm's length.

COMPOSITION OF THE COMMITTEE

The Committee currently consists of Two Independent Directors and One Non-Independent Director.

The committee composition as at 31st March 2026 is as follows:

Names of members	Directorship Status	Membership Status
Ms. Nishani Perera (appointed as the Chairman w.e.f. 23rd February 2026)	Non-Executive Independent Director	Chairman
Mr. Malik Cader (appointed as member w.e.f. 25th November 2025)	Non-Executive Independent Director	Member
Mr. Nemantha Abeysinghe (appointed as member w.e.f. 29th July 2025)	Non-Executive Non-Independent Director	Member
Prof. Dewasiri N. Jayantha (appointed as the Chairman w.e.f. 25th November 2025 and ceased to be a member w.e.f. 19th February 2026)	Non-Executive Independent Director	Chairman
Ms. Krystle Wijesuriya (ceased to be a member w.e.f. 31st December 2025)	Non-Executive Independent Director	Member
Mr. Ashoka Goonesekere (Chairman to the committee until 15th November 2025 and ceased to be a member w.e.f. from the same date)	Non-Executive Independent Director	Chairman
Mr. Kanishka Weerasinghe (ceased to be a member w.e.f. 16th September 2025)	Non-Executive Independent Director	Member

Brief profiles of the committee members are provided on pages 100 to 105 of this Annual Report.

MEETINGS OF THE COMMITTEE

The Committee meets quarterly, and additional meetings are held based on the requirements. The committee held eight meetings during the financial year 2025/26.

The details of the attendance of the committee members are given below.

Names of members	Attendance
Ms. Nishani Perera	1/1
Mr. Malik Cader	4/4
Mr. Nemantha Abeysinghe	6/6
Prof. Dewasiri N. Jayantha	3/3
Ms. Krystle Wijesuriya	5/5
Mr. Ashoka Goonesekere	4/4
Mr. Kanishka Weerasinghe	3/3

The Company Secretary functions as the secretary to the Related Party Transactions Review Committee.

THE TERMS OF REFERENCE

The Committee operates within its Terms of Reference as approved by the Board of Directors.

SCOPE OF THE COMMITTEE

- Adopting policies and procedures to review the RPTs of the Company and reviewing and overseeing existing policies and procedures.
- Reviewing in advance all proposed RPTs of the Company except those explicitly exempted in the section 9.14.10 of the CSE listing rules.
- Determining whether RPTs that are to be entered into by the Company require the approval of the Board or Shareholders of the Company

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

- Establishing guidelines in respect of recurrent RPTs to be followed by Corporate Management with respect of ongoing dealings with the relevant related party
- Ensuring that no Director of the Company shall participate in any discussion of proposed RPTs for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the RPTRC
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulation are made in a timely and detailed manner

POLICIES AND PROCEDURES

- The Company has in place a Related Party Transactions Policy whereby the categories of persons/entities who shall be considered as "related parties" has been identified. The RPT Policy ensures that the Company does not engage in transactions with related parties in a manner that would grant related parties "more favorable" treatment.
- In accordance with the RPT Policy, self-declarations are obtained from each Director and Senior Management on quarterly basis for the purpose of identifying parties related to them.
- In relation to the RPTs, the committee considers the values of the transactions, the terms and conditions of RPTs and will compare the other quoted prices from the market and will decide whether such transactions are carried out in an arm's length basis. Also, the committee ensures whether such transactions are in line with the listing rules of the Colombo Stock Exchange whilst ensuring that such RPTs are in the best interest of the Company's operations and is in compliance with the applicable CBSL directions applicable to all finance Companies.
- The RPTs are approved at the committee meeting with the majority of the committee members with the quorum in place or by circulation with approval from all committee Directors.
- The Code of Business Conduct and Ethics of the Company, which sets out internal policies applicable to conflicts of interest, also plays a key role in managing Related Party Transactions.

REPORTING TO THE BOARD OF DIRECTORS

The Minutes of the Committee meetings are tabled quarterly at the Board meetings, to communicate the views and activities of the committee.

RELATED PARTY TRANSACTIONS/ DISCLOSURES DURING THE YEAR 2025/2026

1. Details of all transactions with the related parties during the year 2025/26 were reviewed by the Committee.
2. The value of non-recurrent RPTs during the year was below the threshold for immediate disclosure in terms of the applicable Listing Rules or disclosure in the Annual Report as per Rule 9.14.8 (1) of the Listing Rules.
3. The aggregate value of recurrent RPT entered into during the year was below the threshold for disclosure in the Annual Report as per Rule 9.14.8(2) of the Listing Rules.
4. The aggregate value of all RPTs during the year is disclosed in Note 35 to the Financial Statements in terms of LKAS 24 – Related Party Disclosures.

EVALUATION OF THE COMMITTEE'S PERFORMANCE

The performance and effectiveness of the Committee was assessed by the Board as a whole as part of the annual self-assessment of the Directors.

DECLARATION

The declaration by the Board of Directors that the company is in compliance with Section 9 and 9.16 the listing rules of the Colombo Stock Exchange, the Section 12 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 pertaining to Related Party Transactions during the Financial Year ended 31st March 2026 is given on the Annual Report of the Board of Directors on the Affairs of the Company on pages 196 to 200 of the Annual Report.

The Board of Directors declared the following in terms of rule No.9.16 of the Listing Rules of Colombo Stock Exchange

i. They have declared all material interest in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested.

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.

iii. They have 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.

iv. They have made disclosures 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.

AUTHORITY

The committee has the authority to seek professional advice as needed, with the costs covered by the Company. The Company Secretary will coordinate this process.

On behalf of the Related Party Transactions Review Committee



Nishani Perera
Chairperson
Related Party Transaction Committee

Colombo
31st August 2026

NOMINATION AND GOVERNANCE COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Committee currently consists of Three Independent Directors and One Non-Independent Director.

The committee composition as at 31st March 2026 is as follows:

Names of members	Directorship Status	Membership Status
Ms. Nishani Perera (appointed as Chairman w.e.f. 23rd February 2026)	Non-Executive Independent Director	Chairman
Mr. Dinesh De Silva (appointed as member w.e.f. 1st December 2025)	Non-Executive Independent Director	Member
Mr. Malik Cader (appointed as member w.e.f. 14th October 2025	Non-Executive Independent Director	Member
Mr. Sanjika Perera (appointed as member w.e.f. 17th September 2025)	Non-Executive Non-Independent Director	Member
Mr. Bandara Rekogama (appointed as member w.e.f. 26th September 2025 and ceased to be a member w.e.f. 23rd February 2026)	Non-Executive Independent Director	Member
Prof. Dewasiri N. Jayantha (appointed as Chairman w.e.f. 1st December 2025 and ceased to be a member w.e.f. 19th February 2026)	Non-Executive Independent Director	Chairman
Ms. Krystle Wijesuriya (appointed as Chairman w.e.f. 26th September 2026 and Chairman to the committee until 1st December 2025 and ceased to be a member w.e.f. 31st December 2025)	Non-Executive Independent Director	Member
Mr. Chandula Abeywickrema (ceased to be a member w.e.f.1st October 2025)	Non-Executive Independent Director	Member
Mr. Rohan Pandithakoralage (Chairman to the Committee until 16th September 2025 and ceased to be a member w.e.f. same date)	Non-Executive Independent Director	Chairman

Brief profiles of the committee members are provided on pages 100 to 105 of this Annual Report.

The Committee undertook a comprehensive review of the current board composition to ensure it reflects a balanced mix of skills, experience, and diversity. The Committee remains confident that the current Board possesses the necessary capabilities to lead the Company effectively. In line with the Company's Articles of Association, directors are not required to be re-elected at regular intervals.

MEETINGS OF THE COMMITTEE

The Committee has held fourteen meetings during the year under review and extensive deliberations on matters relating to the Board & Senior Management's appointments. The Chief Executive Officer attends meetings of the Committee by invitation except when matters relating to him are reviewed.

The details of the attendance of the committee members are given below.

Names of members	Attendance
Ms. Nishani Perera	1/1
Mr. Dinesh De Silva	4/4
Mr. Malik Cader	6/6
Mr. Sanjika Perera	9/9
Mr. Bandara Rekogama	6/7
Prof. Dewasiri N. Jayantha	3/3
Ms. Krystle Wijesuriya	11/11
Mr. Chandula Abeywickrema	7/7
Mr. Rohan Pandithakoralage	5/5

The company Secretary functions as the Secretary to the Committee.

TERMS OF REFERENCE

The Board approved Terms of Reference of the Committee contain the role and functions of the Committee which are regulated by the relevant statutes.

ROLES AND RESPONSIBILITIES

The duties of the Committee shall be to make recommendations on the following matters:

- To implement a formal and transparent procedure to select/ appoint new Directors and Senior Management.
- To regularly review the structure, size, composition, and competencies of the Board, the requirement of additional/ new expertise, and the succession arrangements for retiring Directors and make recommendations to the Board regarding any structural changes in the Board.
- To ensure that Directors and Senior Management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction and the relevant Rules / Statutes.
- To establish and maintain 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.
- To oversee and review the Board's succession plan together with the Succession plan for Senior Management
- To review and recommend the overall Corporate Governance Framework of the company taking into account the Listing Rules of the Colombo Stock Exchange, other applicable regulatory requirements and best industry/ international practices.
- To periodically review and update the Corporate Governance Policies / Framework of the company in line with the regulatory and legal developments relating to same, as a best practice.

FIT & PROPER ASSESSMENT

As required by the Finance Business Act Direction No. 6 of 2021, all Board Members underwent an annual Fit & Proper Assessment to determine their suitability to continue serving as Directors for the upcoming financial year. The Committee is satisfied that all Board Members meet the necessary criteria and have recommended their continuation

INDEPENDENCE REVIEW

At the beginning of the financial year, the Committee conducted a thorough assessment of each Director's independence, in line with the relevant provisions of the Finance Business Act and the Listing Rules of the Colombo Stock Exchange for 2025/2026.

AUTHORITY

The recommendations of the Nomination & Governance Committee are submitted to the Board for final approval. The Committee is authorised to seek professional advice as needed, at the Company's expense, with coordination provided by the Company Secretary.

GOVERNANCE PRACTICES

Throughout the year, the Committee has reviewed and recommended enhancements to the Company's Governance Practices. This includes ensuring compliance with relevant regulations and adopting the best practices in Corporate Governance. The Committee remains committed to fostering a culture of transparency, accountability, and ethical conduct within the Company

EVALUATION OF THE COMMITTEE PERFORMANCE

The performance and effectiveness of the Committee was assessed by the Board as a whole as part of the annual self-assessment of the Directors.

DECLARATION

The Committee rigorously follows the Corporate Governance standards set forth in the Listing Rules of the CSE, ensuring complete adherence to all provisions.

On behalf of the Board Nomination and Governance Committee



Nishani Perera
Chairperson
Nomination and Governance Committee

31st August 2026

Colombo

BOARD CREDIT COMMITTEE REPORT

The Committee shall assist the Board in effectively fulfilling its responsibilities relating to Credit Direction, Credit Policy and Lending Guidelines of the Company in order to inculcate healthy lending culture, standards and practices and ensure relevant rules, regulations and directions issued by the appropriate authorities are complied with.

COMPOSITION OF THE COMMITTEE

The Committee currently consists of One Independent Director and Two Non-Independent Directors

The committee composition is as follows.

Names of members	Directorship Status	Membership Status
Mr. Nalin Warnakula (appointed as Chairman to the committee w.e.f. 1st December 2025)	Non-Executive Non-Independent Director	Chairman
Mr. Malik Cader (appointed as member w.e.f. 14th October 2025)	Non-Executive Independent Director	Member
Mr. Nemantha Abeysinghe (appointed as member w.e.f. 19th March 2026)	Non-Executive Non-Independent Director	Member
Mr. Bandara Rekogama (appointed as committee Chairman w.e.f. 4th June 2025 and chairman to the committee until 1st December 2025 and ceased to be a member w.e.f. 23rd March 2026)	Non-Executive Independent Director	Member
Dr. Nirmal De Silva (ceased to be a member w.e.f. 30th December 2025)	Non-Executive Independent Director	Member
Mr. Chandula Abeywickrema (Chairman to the committee until 4th June 2025 and ceased to be a member w.e.f. 1st October 2025)	Non-Executive Independent Director	Member
Mr. Travis Waas (ceased to be a member w.e.f. 26th September 2025)	Non-Executive Independent Director	Member

Chief Executive Officer, AGM – Head of Credit & Credit Operations, DGM – Strategy & Planning, DGM – Channels and Operations and Head of Risk are the members of the committee representing the Management shall attend the Meetings by invitation to assist members of the credit committee and to provide expert knowledge on different areas of issues.

The Committee may invite the Chief Executive Officer, Head of Credit &Credit Operations, Head of General Recoveries, Head of Special Recoveries, Head of Legal, Head of Risk, Head of Branch Operations, Head of Channels &Operations, Head of Strategy & planning and other members of management and staff, as appropriate to the agenda to be discussed.

Brief profiles of the members of the Committee are provided on pages 100 to 105 of this Annual Report.

MEETINGS OF THE COMMITTEE

11 Board Credit Committee meetings were held during the year under review. Proceedings of the Committee meetings are regularly reported to the Board of Directors. The details of the attendance of the committee members are given below.

Names of members	Attendance
Mr. Nalin Warnakula	2/3
Mr. Malik Cader	5/5
Mr. Nemantha Abeysinghe	0/0
Mr. Bandara Rekogama	11/11
Dr. Nirmal De Silva	8/8
Mr. Chandula Abeywickrema	5/6
Mr. Travis Waas	6/6

The Company Secretary functions as the Secretary to the Committee.

TERMS OF REFERENCE

The Board approved Terms of Reference of the Board Credit Committee contain the role and functions of the Committee.

ROLES AND RESPONSIBILITIES

- The Committee shall oversee the credit management process of the Company, including reviewing and recommending internal credit policies, credit related procedure manuals and lending products & papers for the approval of the Board of Directors.
- The committee shall review and approve credit facilities which falls above the Management Level Credit Committee (ECC), delegated authority limit or recommended credit proposals which are above the BCC's authority limit for Board Approval.
- The Committee shall oversee the Credit Risk Management Framework of the Company.
- The Committee shall review the quality and performance of the Company's credit portfolio, specifically disbursements, non-performing loans & collection efficiencies.
- Identification, monitoring and administration over problematic credit facilities including watch listed and non-performing advances.
- Provide guidance and directives for credit origination.
- Ensure adequate measurement and controls over credit & sector risk exposures.
- Proper evaluation & management of new lending opportunities and threats in the operating environment.
- Monitor changes in the economic and the operating environment of the Company so that the Company can have adequate controls in the lending book.
- Ensure compliance of lending activities with approved credit policies, statutory and regulatory requirements and guidelines.
- Ensure adequate level of credit growth without compromising the credit quality of the lending portfolio.

COMMITTEE ACTIVITIES DURING THE YEAR

- Reviewed the Renewable Energy Financing Scheme Guidelines and recommended it for the approval of the Board of Directors.
- Reviewed the amendments to the existing Delegation of Authority Limits for Approving Credit Facilities and recommended for the approval of the Board of Directors.
- Reviewed the Three-Wheeler Leasing Policy Guidelines and recommended it for the approval of the Board of Directors.
- Reviewed the new appointments to the list of panel valuers on movable and immovable assets and recommended it for the approval of the Board of Directors.
- Reviewed the Gold Loan Product Guidelines and recommended it for the approval of the Board of Directors.
- Reviewed the Ikman Draft Product Guidelines and recommended it for the approval of the Board of Directors.
- Reviewed the Staff Loans Policy and recommended it for the approval of the Board of Directors.
- Reviewed the Recovery Procedure Manual and recommended it for the approval of the Board of Directors.
- Reviewed the Two-Wheeler Leasing Policy Guidelines and recommended it for the approval of the Board of Directors.
- Reviewed the New Vehicle Loan Guidelines and recommended it for the approval of the Board of Directors.
- Reviewed the Margin Trading Procedure Manual along with the Margin Trading Credit Policy and recommended it for the approval of the Board of Directors.
- Reviewed the revised Terms of Reference of the Board Credit Committee and recommended it for the approval of the Board of Directors.
- Reviewed the Product Paper on Mini Trucks Leasing and recommended it for the approval of the Board of Directors.
- Reviewed the New Credit Risk Management Framework of the Company and recommended it for the approval of the Board of Directors.
- Reviewed the Terms of Reference of the Executive Credit Committee (Management Level Credit Committee) and recommended it for the approval of the Board of Directors.
- Reviewed the New Gold Loan Product "Ran Sihina" and recommended it for the approval of the Board of Directors.
- Reviewed the New Dealer Financing Product and recommended it for the approval of the Board of Directors.
- During the year under review, the BCC consistently reviewed and approved credit proposals comprising new facilities, annual review of revolving facilities.
- Reviewed the progress of Recovery & Legal Departments on the implementation of action plans approved by Board Credit Committee related to non- performing loan facilities.

COMMITTEE EVALUATION

The performance and effectiveness of the Committee was assessed by the Board as a whole as part of the annual self-assessment of the Directors.

On behalf of the Board Credit Committee



Nalin Warnakula
Chairman
Board Credit Committee

31st August 2026
Colombo

BOARD INFORMATION TECHNOLOGY STEERING COMMITTEE REPORT

The proceedings were reported to the Board, together with recommendations relating to the proposed PMF Finance PLC Technology and Digital Transformation Strategy for 2026–2029. The strategy is centered on strengthening data-driven decision-making, enhancing digitally enabled customer engagement, improving customer insight and service intelligence, and supporting integrated financial service delivery through secure and scalable digital ecosystems.

COMPOSITION OF THE COMMITTEE

During the year under review, the Board Information Technology Steering Committee (the BITSC) comprised of the following members.

The committee composition as of 31st March 2026 is as follows:

Names of members	Directorship Status	Membership Status
Mr. Sanjika Perera (appointed as member w.e.f. 29th July 2025 and appointed as Chairman w.e.f. 1st December 2025)	Non-Executive Non-Independent Director	Chairman
Mr. Malik Cader (appointed as member w.e.f. 1st December 2025)	Non-Executive Independent Director	Member
Mr. Dinesh De Silva (appointed as member w.e.f. 1st December 2025)	Non-Executive Independent Director	Member
Mr. Nalin Warnakula (appointed as member w.e.f. 23rd February 2026)	Non-Executive Non-Independent Director	Member
Ms. Nishani Perera (appointed as member w.e.f. 23rd February 2026)	Non-Executive Independent Director	Member
Mr. Bandara Rekogama (ceased to be a member w.e.f. 23rd February 2026)	Non-Executive Independent Director	Member
Prof. Dewasiri N. Jayantha (appointed as member w.e.f. 1st December 2025 and ceased to be a member w.e.f. 19th February 2026)	Non-Executive Independent Director	Member
Dr. Nirmal De Silva (Chairman to the committee until 1st December and ceased to be a member w.e.f. 30th December 2025)	Non-Executive Independent Director	Member
Mr. Travis Waas (ceased to be a member w.e.f. 26th September 2025)	Non-Executive Independent Director	Member

MEETINGS OF THE COMMITTEE

The Committee held nine meetings during the year under review to discuss extensive deliberations on matters relating to Information Technology.

The details of the attendance of the committee members are given below.

Names of members	Attendance
Mr. Sanjika Perera	5/5
Mr. Malik Cader	1/1
Mr. Dinesh De Silva	1/1
Mr. Nallin Warnakula	0/0
Ms. Nishani Perera	0/0
Mr. Bandara Rekogama	9/9
Prof. Dewasiri N. Jayantha	1/1
Dr. Nirmal De Silva	8/8
Mr. Travis Was	6/6

REGULAR ATTENDEES BY INVITATION

1. Mr. S.Sivasuriyar, AGM-IT / Head of IT
2. Mr. Ranga Withanage, Chief Manager - Application Support & Development
3. Mr. Anupa Imal Nandasiri, Assistant Manager - IT
4. Mr. Thariq Ameer, Chief Information Security Officer
5. Ms. Dinesha Perera, Head of Compliance
6. Mr. Buddhika Kodithuwakku, Head of Risk

SECRETARY TO THE COMMITTEE

Ms. Kavitha Sinnathamby, AGM - Secretary

TERMS OF REFERENCE FOR THE COMMITTEE

The Terms of Reference of the Board IT Steering Committee (BITSC) are clearly defined in the Committee Charter, which is approved by the Board of Directors. The Charter is reviewed periodically and/or as and when required, to ensure that it remains aligned with PMF Finance PLC's strategic priorities, regulatory requirements, emerging technology developments, information security expectations, and digital transformation agenda.

During 2025, the Terms of Reference were reviewed and enhanced to strengthen Board-level oversight of technology strategy, cybersecurity, data governance, AI ethics frameworks, digital transformation, process automation, business process re-engineering, and the value realisation of technology investments.

The Committee is responsible to the Board of Directors and reports regularly on its activities, key deliberations, recommendations, and progress of technology-related initiatives. It assists the Board in ensuring that technology and digital initiatives are aligned with the Company's strategic objectives, while maintaining secure, reliable, resilient, scalable, and compliant technology systems.

The Committee also provides oversight on emerging technology adoption, digitally enabled customer engagement, customer insight and service intelligence, integrated financial service delivery, and the implementation of the Cybersecurity Strategy Roadmap. These responsibilities are carried out in line with applicable regulatory requirements, including the CBSL Finance Business Act Direction No. 01 of 2022 on Technology Risk Management and Resilience, as well as relevant ISO standards and globally accepted best practices for information security, technology governance, risk management, and operational resilience.

These responsibilities support the proposed PMF Finance PLC Technology and Digital Transformation Strategy for 2026–2029, which is focused on strengthening data-driven decision-making, improving operational efficiency, enhancing customer experience, and enabling sustainable technology-led growth.

ACTIVITIES DURING THE YEAR

- Strengthening IT Governance and Regulatory Compliance: Strengthened alignment with the regulatory expectations of the Central Bank of Sri Lanka, including the Finance Business Act Direction No. 01 of 2022 on Technology Risk Management and Resilience, while enhancing Information Security and Cybersecurity governance through committee oversight, risk reporting, management reviews, policy updates, and continuous monitoring of technology and cyber risks.
- Implementation of Information Security Management System: Initiated the implementation of the ISO/IEC 27001:2022 Information Security Management System (ISMS) covering IT operations, with structured information security and cybersecurity risk assessments carried out across infrastructure, applications, and critical information assets.
- Enhancement of Risk Assessment and Treatment Plans: Established risk treatment plans with defined ownership, remediation actions, and timelines to ensure effective mitigation of identified information security, cybersecurity, and technology risks.
- Data Classification and Data Loss Prevention: Implemented a Data Classification and Data Loss Prevention (DLP) framework across both on-premises and cloud environments to protect sensitive, confidential, and business-critical information.
- Improvement of DLP Resilience and Availability : Upgraded the DLP infrastructure to a clustered high-availability architecture, improving service continuity, system resilience, and the effectiveness of data protection controls.
- Implementation of Privileged Access Management: Implemented Privileged Access Management (PAM) to strengthen controls over administrative and high-risk system access, enabling centralised monitoring, improved segregation of duties, enhanced accountability, and stronger audit traceability.
- Vulnerability Assessment and Penetration Testing: Conducted periodic Vulnerability Assessments and Penetration Testing (VA/PT) on critical systems to identify security weaknesses, validate existing controls, and strengthen the overall cybersecurity posture.
- Strengthening Remediation and Re-testing Process: Enhanced remediation tracking and re-testing processes to ensure timely closure of identified cybersecurity vulnerabilities and technology risks.
- Security Monitoring and Incident Management: Enhanced security monitoring and incident management capabilities through centralised log management and Security Operations Centre coordination, improving cyber incident detection, escalation, and response.
- Cyber Resilience and Disaster Recovery Readiness: Reviewed and improved incident handling procedures, disaster recovery readiness, and cyber resilience measures to strengthen preparedness against technology disruptions and cyber threats.

BOARD INFORMATION TECHNOLOGY STEERING COMMITTEE REPORT

- Access Control and User Governance: Strengthened access governance through periodic user access reviews and enforcement of segregation of duties across business systems to reduce unauthorised access risks and improve accountability.
- Endpoint, Email, and Malware Protection: Enhanced endpoint, email, and malware protection controls to strengthen the Company's defence against phishing, ransomware, malware, and emerging cyber threats.
- Cybersecurity Awareness and Culture: Conducted organisation-wide information security and cybersecurity awareness initiatives through the intranet and internal communication channels, focusing on phishing, digital scams, secure system usage, and day-to-day cyber risk awareness.
- Protection of Stakeholder Trust: These initiatives reflect PMF Finance PLC's continued commitment to protecting customer and corporate information, strengthening cyber resilience, supporting regulatory compliance, and maintaining the confidence of regulators, stakeholders, and customers in an evolving digital and cyber risk environment.

STRATEGIC TECHNOLOGY INITIATIVES

- Future-Ready Digitalisation and Cybersecurity Roadmap: PMF Finance PLC developed a three-year Digitalisation and Cybersecurity Strategic Initiatives Roadmap aligned with the Company's business strategy and future growth objectives. The roadmap is currently under implementation and provides a structured approach to strengthening digital capability, cybersecurity maturity, operational efficiency, and secure business growth.
- Customer-Centric Digital Banking and Payment Enablement: The Company is progressing with several customer-focused digital initiatives, including ATM facility enablement, Digital Passbook, Internet Banking, and Mobile Banking services. These initiatives are expected to improve customer accessibility, convenience, service efficiency, and overall digital engagement.
- Workflow Automation and Process Re-Engineering: PMF Finance PLC continues to focus on workflow automation, process digitalisation, and business process re-engineering to reduce manual dependencies, improve turnaround times, strengthen approval and control mechanisms, and enhance operational efficiency across business and support functions.
- IT Infrastructure Resilience and High Availability: The Company is strengthening the resilience and availability of its critical technology infrastructure by improving system uptime, backup and redundancy capabilities, service continuity, and reliable support for critical business operations.
- Secure Network Connectivity through SD-WAN: PMF Finance PLC is progressing with the implementation of an SD-WAN solution to enhance secure, reliable, and resilient connectivity across the branch network and Head Office. This initiative is expected to improve network performance, availability, security, and operational continuity.
- Data Protection and Information Security Enhancement: The Company is strengthening its information security posture in line with ISO/IEC 27001 requirements through the implementation of Data Classification and Data Loss Prevention capabilities. These initiatives are intended to improve data governance, protect sensitive information, support compliance, and ensure secure handling of information assets.
- Zero Trust Security Journey: PMF Finance PLC has commenced its Zero Trust Security journey in response to the evolving cyber threat landscape. The initiative focuses on strengthening identity-based access control, secure device access, network protection, and overall cyber resilience.
- Data Warehouse, Analytics, and Business Intelligence: The Company is enhancing its reporting and analytical capabilities through the development of a Data Warehouse integrated with Power BI analytics and dashboards. This initiative is expected to provide centralised, reliable, and timely insights to support management decision-making, performance monitoring, risk visibility, and strategic planning.
- Compliance Automation through PEP Screening: PMF Finance PLC is in the process of implementing a PEP Screening solution integrated with the Core Banking System to strengthen customer due diligence and compliance processes. This initiative is expected to improve screening accuracy, reduce manual verification, support AML/CFT controls, and enhance the Company's ability to manage regulatory and reputational risks.
- Core Banking Integration with Transaction Banking Solution: The Company is progressing with the implementation of the Sampath Bank Transaction Banking Solution with Core Banking System integration. This initiative is expected to reduce manual intervention in payment and collection processes, improve transaction accuracy and speed, enhance reconciliation and monitoring, strengthen transaction traceability, and improve operational control.

Overall, these ongoing initiatives demonstrate PMF Finance PLC's continued commitment to modernising its technology environment, strengthening cybersecurity and compliance capabilities, improving operational efficiency, enhancing infrastructure resilience, and delivering secure, reliable, and customer-centric financial services in line with regulatory expectations, ISO standards, and recognised industry best practices.

On behalf of the Information Technology Steering Committee



Sanjika Perera
Chairman
Information Technology
Steering Committee

31st August 2026

Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

GENERAL

The Directors of the Company have pleasure in presenting its Annual Report on the State of Affairs of the company to the shareholders of PMF Finance PLC (the Company), together with the Audited Financial Statements and the Audited Consolidated Financial Statements for the year ended 31st March 2026 of the Company and the Auditors' Report on these financial statements, conforming to all relevant statutory requirements. This Report provides the information as required by section 168 of the Companies Act No.07 of 2007 and the Directions issued thereunder including the Finance Business Act Direction No. 05 of 2021 on "Corporate Governance", the Listing Rules of the Colombo Stock Exchange (the CSE) and the recommended best practices.

The Financial Statements of the company for the year ended 31st March 2026 were approved and authorized for issue by the Board of Directors on 31st August 2026.

PMF Finance PLC is a Licensed Finance Company registered under the Finance Business Act No.42 of 2011 and was incorporated on 26th January 1983 under the Companies Act No. 17 of 1982 and subsequently re-registered as required under the provisions of the Companies Act No. 07 of 2007. The Company was listed on the main board of Colombo Stock Exchange on 11th July 1994 and transferred to Diri Savi Board with effect from 2nd July 2018. The Registered office of the Company and the principal place of business are situated at 361, 361/1, R. A. De Mel Mawatha, Colombo 3. The company has been assigned a credit rating of BB- by Lanka Rating Agency

VISION, MISSION, GOALS, VALUES AND CORPORATE CONDUCT

The Company's Vision and Mission statements are exhibited on page 8 of the Annual Report. The business activities of the company are conducted in keeping with the highest level of ethical standards in achieving its Vision and Mission. The company issues a copy of its Code of Ethics to each, and every staff member and all employees are required to abide by the company's Code of Conduct.

PRINCIPAL BUSINESS ACTIVITIES

Company

The Company's principal business activities comprise accepting public Deposits and providing Finance Leases, Loans, Margin Trading, Short Term Investments, Gold Loans and Entrepreneur Loans.

Subsidiaries

The Company has a fully owned subsidiary company (PMB Services Limited). The principal activity of PMB Services Limited was operation of credit cards and undertaking all ancillary activities in connection there with. However, the subsidiary is not involved in any business operations at present.

The Company or its subsidiary have not engaged in any activities which contravene any laws or regulations during the year under review.

BRANCH NETWORK

Total branch network of the Company as at 31st March 2026 was 23.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

An overall assessment of the Company's financial position and performance during the year, with comments on financial results, special events that took place and future developments, are contained in the "CEO's Message" on pages 23 to 24. These reports form an integral part of the report of the Directors and together with audited financial statements reflect the state of affairs of the Company. Segment wise contribution to Company revenue, results, assets and liabilities are disclosed in the Notes to the financial statements on pages 291 to 292 of this Annual Report.

FINANCIAL STATEMENTS OF THE COMPANY

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs) laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of Companies Act No.07 of 2007 and Finance Business Act No.42 of 2011.

The Financial Statements of the Company, which are duly certified by the DGM - Finance and the Chief Executive Officer as approved by the Board of Directors and signed by the Chairman and one Director is reflected on page 214 of this Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

In compliance with the sections 150(1), 151, 152, and 153(1) & (2) of the Companies Act No. 7 of 2007, the Board of Directors are responsible for preparing the Financial Statements of the Company, which reflect a true and fair view of the state of its affairs. The Directors are of the view that the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Significant Accounting Policies, and Notes thereto for the year ended 31st March 2026 and Statement of Financial position as at that date have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Regulations made under Finance Business Act. No. 42 of 2011.

The "Statement of Director's Responsibility for Financial Reporting" is provided on page 214 forms an integral part of this report.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Board has issued a statement on the internal control mechanism of the Company as per Section 16.1(ix) of the

Finance Business Act Direction No. 05 of 2021 on Corporate Governance. The said statement which forms an integral part of the Annual Report of the Board of Directors on the affairs of the Company is given on pages 196 to 200. The Board has obtained an Assurance Report from the Independent Auditors on the Directors' Statement on Internal Control over Financial Reporting as given in pages 203 to 204.

AUDITOR'S REPORT

The External Auditors of the company, M/s. Ernst & Young, Chartered Accountants carried out the Audit on the consolidated Financial Statements for the year ended 31st March 2026 and the Auditor's Report issued thereon is given on pages 208 to 211 of this Annual Report.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The significant changes to accounting policies adopted, if any, in the preparation of the Financial Statements are given in Note 3 on page 220. Accounting policies used by the Company during the year under review. Significant accounting policies together with the notes adopted in preparation of the financial statements of and the Company are given on page 220. These financial statements comply with the requirements of Lanka Accounting Standards 01 on "Presentation of Financial Statements" (LKAS 01) and comply with Section 168 (1) (d) of the Companies Act No. 07 of 2007.

GOING CONCERN

After considering the financial position, the Company's corporate/ business plans, operating conditions, regulatory and other factors and such matters required to be addressed in the Code of Best Practice on Corporate Governance, issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, the Directors have made an assessment of the company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern, such as restrictions or plans to curtail operations

ACCOUNTING PERIOD

The financial accounting period reflects the information from 1st April 2025 to 31st March 2026.

FINANCIAL RESULTS AND APPROPRIATIONS

Gross Income

The Company recorded a profit of Rs. 368 million & Rs. 322 million respectively for the financial year 2025/26 and 2024/25 . Details of the Company's performance and appropriation are tabulated as follows.

PROVISION FOR TAXATION

The company applied the revised rate of 30% in line with the Inland Revenue Amendment Act No. 45 of 2022 to calculate the income tax and deferred tax assets/ liabilities as of 31st March 2026.

The Company was also liable for Value Added Tax (VAT) on Financial Services at 18% and Social Security Contribution Levy (SSCL) on Financial Services at 2.5% w.e.f 1 October 2022.

Descriptive notes on income tax charged and deferred tax assets/ liability of the Company and its subsidiaries are disclosed in note 14 to the financial statements respectively.

RESERVES

A summary of reserves of the Company as at year ended 31st March 2026 as follows.

DIVIDENDS ON ORDINARY SHARES

The Directors have not recommended the declaration of dividend for the financial year ending 31st March 2026.

PREFERENCE SHARES AND PREFERENCE DIVIDEND

Outstanding balance of the Preference shares as at 31st March 2026 amounted to Rs. 10 million.

CAPITAL EXPENDITURE

The total capital expenditure on the acquisition of property plant and equipment of the company amounted to LKR 99,516,000 in 2025/26 (LKR 120,219,000 in 2024/25). Details are given in Note 21 to the Financial Statements.

CAPITAL COMMITMENTS

The contracted and approved capital expenditure as at the date of the reporting is given in Note 34 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Information on property, plant and equipment of the Company is given in Note 21 to the Financial Statements on page 253 Particulars of intangible assets are given in Note 22 to the Financial Statements on page 254. Right of Used Assets of the company are given under Note 23 to the Financial Statements on page 255.

INVESTMENTS

Details of investments held by the Company are disclosed in notes 17 and 18 on pages 242 to 246 to the Financial Statements.

STATED CAPITAL

In compliance with the Companies Act No. 07 of 2007, the financial statements reflect the stated capital of the Company. The stated capital is the total of all amounts received by the Company in respect of the issued share capital.

The Stated Capital of the Company as at 31st March 2026 amounted to Rs. 3,762,054,500 consisting of 405,301,750 ordinary shares (Rs. 3,762,054,500 consisting of 405,301,750 ordinary shares as at 31st March 2025).

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

SHARE INFORMATION

Shareholder information and information on trading are provided under the title Share Information on pages 299 to 300 of this Annual Report and is presented to the shareholders.

SHAREHOLDINGS

The list of top 20 shareholders, number of shares held by them, percentage of their respective holding and public holding percentage are given under the title Share Information on pages 299 to 300.

THE BOARD OF DIRECTORS

The Board of Directors of the Company comprises of Seven Directors with wide financial and commercial knowledge and experience. The names of the Directors who held office during the financial year 2025/26 are given below. The classification of Directors is given next to the names of the Directors as per the Listing Rules of the Colombo Stock Exchange and the Finance Business Act Direction No. 05 of 2021 and subsequent amendments thereto issued by the Central Bank of Sri Lanka.

The names of the Directors who held offices as at the end of the FY 2025/26 are given below. A brief profile of the Directors is given on pages 100 to 105 of the Annual Report.

FIT & PROPRIETY

According to the Finance Companies (Corporate Governance) Direction No. 5 of 2021 and Rule 9.7.5 of the CSE Listing Rules, as of March 31, 2026, the Board of Directors satisfactorily met the requirements for the fit and proper evaluation. Furthermore, adhering to the CSE requirements, every member of the Board has provided a signed declaration attesting to their consistent adherence to the fit and proper evaluation criteria for the whole financial year ended 31st March 2026.

INDEPENDENCE OF DIRECTORS

In compliance with Rule 9.8.5 of the Colombo Stock Exchange (CSE) Listing Rules, and the Finance Business Act (Corporate Governance) Direction No. 5 of 2021, three out of the seven directors namely Mr. Malik Cader, Ms. Nishani Perera and Mr. Dinesh de Silva as Independent Non-Executive Directors. They have each signed and dated declarations in accordance with the template provided in Appendix 9A of the CSE for continued listing requirements.

ANNUAL ASSESSMENT OF CONTINUING DIRECTORS

All Directors have submitted Affidavits and Declarations for the year 2025/26 for annual assessment by the Director, NBFI under the Finance Business Act Direction No. 06 of 2021 on Assessment of Fitness and Propriety of Key Responsible Persons.

INTERESTS REGISTER

In compliance with the Companies Act No. 07 of 2007, the Company maintains an interest's register which is available for inspection.

DIRECTORS' INTEREST IN TRANSACTIONS

The Directors of the Company have made general declarations as provided in section 192 (2) of the Companies Act No. 07 of 2007 of their interest in transactions of the Company. Details of the transactions disclosed therein are given on pages 266 to 268 under related party transactions.

The Chairman and the Directors of the Company have made declarations as per the requirements in Section 16.1 (v) of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance, that there is no financial, business, family or other material/ relevant relationship(s) between the Chairman and the CEO and/ or amongst the members of the Board.

DIRECTORS' REMUNERATION

The details of Directors' fees and Directors' emoluments paid during the year are stated below.

DIRECTORS' INTEREST IN SHARES

In compliance with section 200 of the Companies Act No. 07 of 2007, the Directors have disclosed to the Board their shareholding in the Company and any acquisitions or disposals thereof.

Mr. Nemantha Abeywickrama held 65,338 shares in the Company as at 31st March 2026

CHIEF EXECUTIVE OFFICER'S INTEREST IN SHARES

The Chief Executive Officer does not hold shares in the Company as at 31st March 2026.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A reputable Sri Lankan insurance company has provided the company with directors' and officers' liability insurance, which covers all past, present, and future liabilities owed to the company's directors and officers worldwide.

DIRECTOR'S MEETINGS

The details of Directors' meetings are presented in the Corporate Governance report on page 174 of this Annual Report.

APPRAISAL OF BOARD AND BOARD SUB COMMITTEE'S PERFORMANCE

A scheme of self-assessment is undertaken annually by each Director in conformity with Section 4(1) of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance. The Board also carried out an annual self-evaluation of its own performance and that of the Sub-Committees to ensure that they discharge their duties and responsibilities satisfactorily in terms of the Companies Act No. 07 of 2007, Finance Business Act Direction No. 05 of 2021 on Corporate Governance, Listing

Rules of the Colombo Stock Exchange and Best Practices on Corporate Governance.

BOARD SUB COMMITTEES

The Board of Directors of the Company has formed Nine Board Subcommittees in compliance with the Finance Business Act Direction No. 05 of 2021 on Corporate Governance, the Securities and Exchange Commission of Sri Lanka and the Listing Rules of the Colombo Stock Exchange and as per the recommended Code of Best Practice on Corporate Governance Amended 2023 issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

- Board of Audit Committee
- Board Integrated Risk Management Committee
- Human Resource and Remuneration Committee
- Related Party Transactions Review Committee
- Nomination & Governance Committee
- Board of Credit Committee
- Board Marketing Committee
- Information Technology and Information Security Steering Committee
- Procurement Committee

All the Board sub-committee details are presented on pages 175 to 195.

DONATIONS

No donations were made by the company during the year.

RELATED PARTY TRANSACTIONS

Directors have disclosed transactions if any, that could be classified as Related Party Transactions in terms of Sri Lanka Accounting Standards – LKAS 24 “Related Party Disclosures” which is adopted in preparation of the Financial Statements. Those transactions are given in Note 35 to the Financial Statements which form an integral part of the Annual Report of the Board of Directors. The company has also complied with the requirement of the Code of Best Practice 2017 issued by The Institute of Chartered Accountants of Sri Lanka, Listing Rules of Colombo Stock Exchange (CSE) and with all disclosure requirements stipulated thereunder.

SYSTEM OF INTERNAL CONTROLS

The Board of Directors has taken steps to oversee the implementation of an effective and comprehensive system of internal controls covering financial operations and compliance controls required to carry out its operation in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the financial and other information. The Board has confirmed that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of the financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The Board Audit Committee Report forms an integral part of the Annual Report of the Board of Directors and is given on pages 175 to 178 of the Annual Report.

CORPORATE GOVERNANCE

The Directors of the Company are committed to maintaining an effective Corporate Governance Framework by implementing processes required to ensure that the Company is compliant with the Code of Best Practices on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka 2023, the Finance Business Act Direction No.05 of 2021 issued by the CBSL and Requirements of Listing Rules of the Colombo Stock Exchange. Details are given in the Corporate Governance Report on pages 113 to 174 of this Annual Report.

DIRECTORS’ DECLARATIONS

1. The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations.
2. In terms of Rule 9.16(i) of the Listing Rule of the CSE, the directors have declared all material interest in contracts involving the company and refrained from voting on matters in which they were materially interested.
3. The Company has made all endeavors to ensure that the fair treatment for all stakeholders, in particular the depositors
4. The Board of Directors has reviewed the Company’s Corporate/Business Plans and is satisfied that the company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the going concern assumption; and
5. The Board has conducted a review of internal controls covering financial, operational and compliance controls, risk management and have obtained a reasonable assurance of their effectiveness and proper adherence

HUMAN RESOURCES

The number of employees as at 31st March 2026 was 435 (31st March 2025-387).

ENVIRONMENTAL PROTECTION

To the best of knowledge of the Board of Directors, the Company has complied with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.

STATUTORY PAYMENTS

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments due to the government, other regulatory institutions

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

and in relation to the employees have been made except for certain income tax assessments against which appeals have been lodged.

OUTSTANDING LITIGATION

In the opinion of the Directors formed in consultation with the Company lawyers, litigation currently pending against the Company will not have any material impact on the reported financial results or future operations of the Company. Details of litigation pending against the Company are given on Note 34.3 to the Financial Statements on page 265.

EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are reflected in Note 43 page 293 to the financial statements

AUDITORS

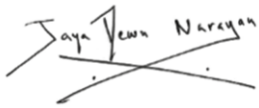
Messrs. Ernst & Young, Chartered Accountants served as Independent Auditors during the year under review.

The Auditors were paid LKR 8.6 million (FY 2024/25 – LKR 2.8 million) as Statutory Audit fee and expenses by the Company. Further they were paid LKR 1.5 million as non-audit services during the year under review.

Based on the written representation made by the M/S Ernst & Young (Chartered Accountants) to the Board, the Directors are satisfied that the Auditors did not have any relationship with or any interest in the Company such that their judgments may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka, applicable on the date of this report.



Malik Cader
Chairman



Prof. Dewasiri N. Jayantha
Director / CEO



Sinnathamby Kavitha
Company Secretary

31st August 2026

Colombo

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The responsibilities of the Directors in relation to the Financial Statements of the PMF Finance PLC (the "Company") prepared in accordance with the provisions of the Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011 and other statues, which are applicable in the preparation of Financial Statements are set out in the following statement. The responsibilities of the External Auditor in relation to the Financial Statements are set out in the Report of the Auditors given on pages 208 to 211 to the Annual Report.

As per the provisions of Sections 150 (1), 151,152 and 153 (1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements that give a true and fair view of the financial position of the Company for each financial year and place them before the Annual General Meeting. The Financial Statements comprise the Statement of Financial Position as at end of the financial year, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes thereto.

The Financial Statements are prepared by the Head of Finance under the supervision of the Chief Executive Officer. The Directors confirm that the Financial Statements of the Company give a true and fair view of:

1. The state of affairs of the Company as of 31 March 2026; and
2. The financial performance of the Company for the financial year ended 31 March 2026.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report. The Directors confirm that in preparing these Financial Statements.

1. The appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained.
2. Judgements and estimates have been made which are reasonable and prudent; and
3. All applicable Accounting Standards, as relevant, have been complied with

Further, the Directors have a responsibility to ensure that the Company has maintained sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company. The Financial Statements prepared and presented in this Report are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards (SLFRS) which came into effect from 1 January 2012, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995, Finance Business Act No. 42 of 2011 and amendments thereto, the Listing Rules of Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC).

In addition, these Financial Statements comply with the prescribed format issued by the Central Bank of Sri Lanka for the preparation of annual financial statements of Licensed Finance Companies.

The Directors have also instituted effective and comprehensive systems of Internal Control for identifying, recording, evaluating, and managing the significant risks faced by the Company throughout the year and it is being under regular review of the Board of Directors. This comprises internal reviews, internal audit and the whole system of financial and other controls required to carry on the business of a Licensed Finance Company in an orderly manner, safeguard its assets, prevent and detect frauds and other irregularities and secure as far as practicable the accuracy and reliability of the records. The results of such reviews carried out during the year ended 31 March 2026 are given in pages 166 to 167 of the Annual Report, "Directors Statement on Internal Control over Financial Reporting". External Auditors' Assurance Report on the "Directors Statement on Internal Control" is given on pagse 166 to 167 of the Annual Report.

The Directors have taken appropriate steps to ensure that the Company maintain proper books of accounts and review the financial reporting system directly by them at their regular meetings and also through the Board Audit Committee. The report of the said Committee is given on pages 175 to 178 in the Annual Report. The Board of Directors also approves the Interim Financial Statements prior to their release following a review and recommendation by the Board Audit Committee.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

Directors are required to prepare the Financial Statements and to provide the Company's External Auditor, Mess' Ernst & Young Chartered Accountants, with every opportunity to carry out whatever reviews and sample checks on the system of internal control they may consider appropriate and necessary for expressing their independent audit opinion on the Financial Statements.

The Financial Statements of the Company have been certified by the Head of Finance of the Company, the officer responsible for their preparation, as required by Sections 150(1) (b) and 152 (1) (b) of the Companies Act. Also, the Financial Statements of the Company have been signed by two Directors, Chief Executive Officer and Head of Finance

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

of the Company on 27 June 2025 as required by Sections 150 (1) (c) and 152 (1) (c) of the Companies Act.

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities which were due and payable by the Company as at the Statement of Financial Position date have been paid or where relevant provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board



Sinnathamby Kavitha
Company Secretary

31st August 2026
Colombo

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

REGULATORY REQUIREMENTS

In line with the section 16(1) (ix) of the Finance Business Act Direction No.05 of 2021- Corporate Governance, and Principal D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by Chartered Accountants of Sri Lanka, the Board of Directors ("Board") of PMF Finance PLC ("Company") presents this report on internal control over financial reporting.

RESPONSIBILITY

The Board of Directors ("the Board") is responsible for the adequacy and effectiveness of the system of internal control over financial reporting in place at PMF Finance PLC ("the Company"). The system of internal control has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the financial statements are prepared in accordance with the relevant financial reporting framework and are free from material misstatement due to fraud or error. Therefore, the system of internal controls cannot be expected to provide absolute assurance against material misstatement of management and financial information and records or against financial losses or frauds.

The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls in place to mitigate such assessed risks effectively in response to changes in the business and regulatory environment. This risk management process is regularly reviewed for effectiveness by the Board and Board appointed sub committees including the Board Integrated Risk Management Committee.

The management is tasked with assisting the Board in the implementation of the policies and procedures related to risk and control. This includes identifying and assessing the risks faced by the Company as well as providing inputs on design, operation, and monitoring of internal controls over financial reporting to mitigate and control these risks.

The internal control deficiencies reported by the external auditor in their management letter and their recommendations therein in connection with the internal controls over financial reporting identified during the external audit were reviewed by the Board Audit Committee and appropriate actions were taken to implement the recommendations. The Board Audit Committee reviews the management letter, discuss the same with external auditors and the management and periodically reviews the progress of implementation of the recommendations made by the external auditor. Board Audit Committee further reviewed the recommendations relating to internal controls over financial reporting highlighted through the onsite supervision report of Regulatory Authorities and the progression of implementing the recommendations is also monitored.

The Board has considered the requirements of the Sri Lanka Accounting Standard, SLFRS 9 Financial Instruments, in the preparation of financial statements and implemented the calculation of impairment of financial instruments in compliance with the Standard by revalidating the impairment model with the assistance of an independent professional accounting firm during the financial year.

The management assists the Board in the implementation of the policies and procedures on risk and control by identifying and assessing the risks facing the Company, and in the design, operation, and monitoring of appropriate internal controls to mitigate and control these risks.

KEY ELEMENTS OF THE PROCESS ADOPTED FOR THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

The key elements of the processes that have been established within the Company for monitoring and enhancing the adequacy and effectiveness of the system of internal controls over financial reporting include the following:

- The Board has established several sub committees to assist the Board in ensuring the effectiveness of the Company's daily operations and that the Company's operations are conducted in accordance with the corporate vision and objectives, strategies, and approved policies of the Company.
- Key functional areas of the Company are governed by policies/charters that are approved by the Board. The board appointed committees review and recommend such policies/ charters before seeking the approval of the board. Such policies/charters are regularly reviewed, updated and approved by the board.
- The Internal Audit function of the Company reviews compliance with the approved policies and procedures and the effectiveness of the internal control system on an ongoing basis by way of conducting periodic internal audit reviews in accordance with the annual internal audit plan reviewed and approved by the Board Audit Committee and report significant findings, which include deficiencies in the design and operation of internal controls and non-compliance with the established policies and procedures to the Board Audit Committee. Internal Audit reviews are conducted in accordance with the annual internal audit plan approved by the Board Audit Committee covering all the significant business units and the branches of the Company with sufficient regularity reflecting the risk associated with the business units or the branches. The significant findings of the internal audit reports and the progress of implementation of internal auditor's recommendations are reviewed by the Board Audit Committee at its periodic meetings.

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

- The Board Audit Committee also reviews the effectiveness and efficiency of the internal audit function with particular emphasis on the independence of the function, resources and competencies, annual internal audit plan and the scope of internal audits. The Minutes of the Board Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company. Further details of the activities undertaken by the Board Audit Committee of the Company are described in the "Board Audit Committee Report".
- The Board Audit Committee of the Company reviews internal control deficiencies identified by the internal auditors and evaluates the adequacy and effectiveness of the internal control system of the Company including financial reporting controls. A process has been set up to continuously monitor the internal control system over financial reporting to mitigate the risk on misrepresentation of financial reporting. The respective process owners of the Company continuously review and update all procedures and controls connected with significant accounts and disclosures of the Financial Statements of the Company. The risk department verifies the suitability of design and effectiveness of these procedures and controls on an ongoing basis, and internal audit department reviews the compliance and apprises the Board Audit Committee where necessary.
- Overall, the Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Department, the External Auditor, regulatory authorities and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems.
- Further, during the current financial year, the Board Audit Committee has had constant discussions with the Management and External Auditors in order to address key observations identified relating to strengthening the financial reporting close process including the related account reconciliation process and has monitored progression of the steps to be taken.
- The Company adopts Sri Lanka Accounting Standards comprising LKAS and SLFRS and progressive improvements are made to its processes to comply with requirements recognition, measurement, classification, and disclosure. Financial reporting and management information processes will be further strengthened by constant monitoring and adaption to market realities. The Company reviewed the existing models in use to ascertain the potential implications of the current economic condition and these models are regularly reviewed and validated through independent industry experts to ensure effective financial representation.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITOR

The External Auditors of the Company, Messrs. Ernst & Young, have reviewed the Director's Statement on Internal Controls included in this Annual Report of the Company for the year ended 31 March 2026 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system over financial reporting of the Company. Their independent assurance report on the "Directors' Statement on Internal Controls over Financial Reporting" is given on this Annual report.

CONFIRMATION

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards and the applicable regulatory requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

STATEMENT ON PRUDENTIAL REQUIREMENTS, REGULATIONS, AND LAWS

There was no material non-compliance with prudential requirements, regulations, laws, and internal controls during the financial year. There were no supervisory concerns on the Company's Risk Management Systems or non-compliance with these directions which led to them being pointed out by the Director of Non-Bank Supervision of the Central Bank of Sri Lanka and which have caused the Monetary Board to give directions that they be disclosed to the public. Since there have been no such lapses or instances of non-compliance and since no such directions have been given by the Monetary Board, the issue of measures to be taken does not arise and there is nothing to disclose in this regard.

By order of the Board



Nishani Perera
Chairperson Board Audit Committee



Malik Cader
Chairman

Colombo
31st August 2026

AUDITOR'S ASSURANCE REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

Shape the future with confidence

Ernst & Young
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ey.com

HLF/USS

INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF PMF FINANCE PLC

Report on the Director's Statement on Internal Control Over Financial Reporting included in the Director's Statement on Internal Control

We were engaged by the Board of Directors of PMF Finance PLC (the "Company") to provide assurance on the Directors' Statement on Internal Control over Financial Reporting (the "Statement") included in the annual report for the year ended 31 March 2026.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with paragraph 16.1 (ix) of Finance Business Act Directions No. 05 of 2021 - Corporate Governance issued by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities and compliance with SLSAE 3051

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3051, Assurance Report for License Finance Company/ Finance Leasing Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This Standard required that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purpose of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

Summary of work performed

We conducted our engagement to assess whether the Statement is supported by the documentation prepared by or for directors; and appropriately reflected the process the directors have adopted in reviewing the system of internal control over financial reporting of the Company.

The procedures performed were limited primarily to inquiries of the Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

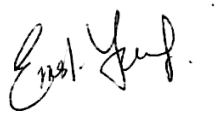
SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the statement included in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Company.



31 August 2026

Colombo

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), L K H L Fonseka FCA, P V K N Sajeewani FCA, A A J R Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Paranavitane ACA ACMA (UK) LLB (Colombo), B Vasanthan ACA ACMA (UK), W D P L Perera ACA, M U M Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

Principals: T P M Ruberu FCMA (UK) FCCA MBA, G B Goudian ACMA (UK), D L B Karunathilaka ACMA (UK), W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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Pursue Excellence

FINANCIAL STATEMENTS

FINANCIAL CALENDER 2025/2026

Annual General Meetings	Date
42nd Annual General Meeting on or before	30-Sep-26

Interim Financial Statements are in compliance with the Sri Lanka Accounting Standard - LKAS 34 - Interim Financial Reporting and the provisions of the Companies Act No. 7 of 2007 and provide the information as required in terms of Rule 7.4 of Colombo Stock Exchange .

Interim Financial Statements	Date released to the CSE	Expected Date to Publish In News Papers (in Sinhala, English & Tamil)
1st Quarter ended 30 June 2025	15-Aug-25	N/A
2nd Quarter ended 30 September 2025	14-Nov-25	29-Nov-25
3rd Quarter ended 31 December 2025	29-Jan-26	N/A
4st Quarter ended 31 March 2026	29-May-26	N/A
Annual Financial Statements		
Annual financial statements for 2025/2026	31-Aug-26	11-Sep-26

PROPOSED FINANCIAL CALENDER 2026/2027

Annual General Meetings	Date
43rd Annual General Meeting on or before	30-Sep-27

Interim Financial Statements are in compliance with the Sri Lanka Accounting Standard - LKAS 34 - Interim Financial Reporting and the provisions of the Companies Act No. 7 of 2007 and provide the information as required in terms of Rule 7.4 of Colombo Stock Exchange.

Interim Financial Statements	Date released to the CSE	Expected Date to Publish In News Papers (in Sinhala, English & Tamil)
1st Quarter ended 30 June 2026	14-Aug-26	N/A
2nd Quarter ended 30 September 2026	15-Nov-26	30-Nov-26
3rd Quarter ended 31 December 2026	15-Feb-27	N/A
4st Quarter ended 31 March 2027	31-May-27	N/A
Annual Financial Statements		
Annual financial statements for 2026/2027	30-Jun-27	30-Jun-27

INDEPENDENT AUDITOR'S REPORT

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Ernst & Young
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HLF/TP/USS

TO THE SHAREHOLDERS OF PMF FINANCE PLC

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of PMF Finance PLC ("the Company"), which comprise the statement of financial position as at 31 March 2026, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Qualified Opinion

During our audit, we identified an unreconciled difference of LKR 51.4 Mn as at 31 March 2026 between the margin trading portfolio balance and the corresponding general ledger balance of margin trading disclosed in Note 19.1 to the financial statements. Thereafter, Management having performed a partial reconciliation had recorded certain expenses and adjustments that reduced the profit for the year and liabilities as at the reporting date. However, we were unable to obtain sufficient appropriate audit evidence regarding the completeness and accuracy of the partial reconciliation.

In addition, we were also unable to obtain sufficient appropriate audit evidence to verify the existence, accuracy and recoverability of an amount of LKR 12.7 Mn initially recognised within other assets disclosed in Note 24, against which Management subsequently recorded a provision as at 31 March 2026, and the completeness and accuracy of an amount of LKR 10.4 Mn recognised within other liabilities disclosed in Note 30 as at that date.

In addition, we were unable to complete the audit procedures considered necessary in respect of manual journal entries recorded by Management. Consequently, we were unable to determine whether any adjustments were necessary in respect of the manual journal entries and balances in the financial statements.

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.

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), L K H L Fonseka FCA, P V K N Sajeewani FCA, A A J R Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Paranavitane ACA ACMA (UK) LLB (Colombo), B Vasanthan ACA ACMA (UK), W D P L Perera ACA, M U M Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment loss allowance for loans and lease receivables measured at amortised cost Impairment loss allowance for loans and lease receivables measured at amortised cost as stated in Notes 11 and 19 respectively, is determined by management on the accounting policies described in Note 4.16.9 to the financial statements. This was a key audit matter due to ❖ the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cash flows to recover such loans and lease receivables; and ❖ the materiality of the reported amount of impairment loss allowance. Key areas of significant judgements, assumptions and estimates used by management in the assessment of the impairment loss allowance for loans and lease receivables include forward-looking macroeconomic scenarios and their associated weightages. These are subject to inherently heightened levels of estimation uncertainty and subjectivity. Further information on the key estimates, assumptions and judgements is disclosed in Notes 2.9 and 4.16.9.	In addressing the adequacy of the allowances for expected credit losses of financial assets, our audit procedures included the following key procedures: ❖ Assessed the alignment of the Company's Impairment loss allowance computations and underlying methodology including responses to economic conditions with its accounting policies, based on the best available information up to the date of our report. ❖ Evaluated the design, implementation, and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management. ❖ Tested the completeness, accuracy and reasonableness of the underlying data used in the Impairment loss allowance computations by cross checking to relevant source documents and accounting records of the Company. ❖ Evaluated the reasonableness of credit quality assessments and related stage classifications. ❖ In addition to the above, the following procedures were performed: ❖ For loans and lease receivables assessed on an individual basis for impairment: ❖ Tested the arithmetical accuracy of the underlying individual impairment calculations. ❖ Evaluated the reasonableness of key inputs used in the allowances for expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery action of the collaterals. ❖ For loans and lease receivables assessed on a collective basis for impairment: ❖ Tested the key inputs and the calculations used in the Impairment loss allowances. ❖ Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. ❖ Assessed the adequacy of the related financial statement disclosures set out in Notes 19 and 37

INDEPENDENT AUDITOR'S REPORT

Shape the future with confidence

Key audit matter	How our audit addressed the key audit matter
Information Technology (IT) systems related Internal Controls over Financial Reporting. Company's financial reporting process is significantly reliant on multiple IT systems and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets. Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.	Our audit procedures included the following key procedures: ❖ Obtained an understanding of the internal control environment of the relevant significant processes and tested key controls relating to financial reporting and related disclosures. ❖ Involved our internal specialized resources and; ❖ Obtained an understanding of IT Governance Structure of the Company. ❖ Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls over financial reporting, relating to user access and change management, and ❖ Obtained a high-level understanding of the cybersecurity risks affecting the Company and the actions taken to address these risks primarily through inquiry. Tested source data of the reports used to generate disclosures for accuracy and completeness.

Other information included in the Company's 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 scepticism throughout the audit. We also:

1. 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.
2. 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 internal controls of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

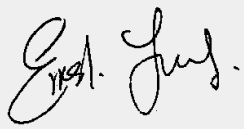
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit except for the matters described above in the Basis for Qualified Opinion section 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 3755.



31 August 2026

Colombo

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March		2026	2025
In thousands of rupees	Note	Rs.	Rs.
Gross Income	6	5,136,981	4,275,001
Interest income	7.1	4,910,461	3,937,740
Interest expense	7.2	(1,997,086)	(1,981,147)
Net interest income	7	2,913,375	1,956,594
Fee and commission income	8	80,766	77,917
Net income from financial assets at FVTPL	9	2,303	111,748
Other operating income	10	143,452	147,596
Total operating income		3,139,896	2,293,854
Impairment (charge)/ reversal and other losses	11	(380,137)	(312,498)
Net operating income		2,759,759	1,981,357
Expenses			
Personnel expenses	12	(642,428)	(358,968)
Depreciation of property, plant and equipment	21	(87,185)	(65,087)
Amortisation of intangible assets	22	(15,193)	(5,169)
Amortisation of right of use assets	23	(102,827)	(99,104)
Other operating expenses	13	(985,650)	(992,719)
Operating Profit/ (Loss) before taxes on financial services		926,476	460,310
Taxes on financial services	14.5	(281,042)	(150,678)
Profit /(Loss) before income tax		645,433	309,631
Income tax	14	(277,032)	12,844
Profit /(Loss) for the year		368,401	322,475
Basic (loss)/earnings per share (Rs.)	15	0.91	0.80
Diluted (loss)/earnings per share (Rs.)	15	0.91	0.80

The Accounting Policies and Notes on pages 218 to 293 form an integral part of the Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	2026	2025
In thousands of rupees	Rs.	Rs.
Profit/(Loss) for the year	368,401	322,475
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on retirement benefit obligation	(2,918)	(1,198)
Deferred tax effect on actuarial (gain)/ loss	(875)	(359)
Other comprehensive income/(loss) for the year, net of tax	(3,793)	(1,557)
Total comprehensive income/(loss) for the year attributable to the owners of the Company	364,608	320,918

The Accounting Policies and Notes on pages 218 to 293 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

For the year ended 31st March		2026	2025
In thousands of rupees	Note	Rs.	Rs.
Assets			
Cash and balances with banks	16	308,197	710,476
Placements with banks and financial institutions	17	854,695	1,582,180
Investments in securities	18	1,483,713	1,012,696
Financial assets measured at amortized cost - loans and lease rental receivables	19	19,763,046	17,256,843
Real estate stock	20	65,461	58,041
Property, plant and equipment	21	324,017	324,014
Intangible assets	22	52,870	55,115
Right-of-use assets	23.1	248,345	186,550
Deferred tax assets	28	119,557	134,830
Other assets	24	213,694	312,822
Total assets		23,433,594	21,633,566
Liabilities			
Due to banks	25	5,037,776	3,651,076
Deposits due to customers	26	14,123,998	14,408,332
Debt securities issued	27	19,600	19,000
Lease liabilities	23.2	251,841	185,449
Employee benefit obligation	29	32,955	23,885
Other liabilities	30	558,548	301,555
Total liabilities		20,024,718	18,589,296
Equity			
Ordinary share capital	31	3,762,054	3,762,054
Statutory reserve fund	32	159,378	85,697
Regulatory loss allowances reserve	32.1	-	-
Accumulated losses	33	(512,554)	(803,482)
Total equity attributable to the owners of the Company		3,408,877	3,044,270
Total liabilities and equity		23,433,594	21,633,566
Commitments and contingencies	34	83,241	74,681
Net assets value per share (Rs.)		8.41	7.51

We certify these Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Buddhika Kodithuwakku
Deputy General Manager - Finance

Dewasiri N. Jayantha
Director/Chief Executive Officer

The Board of Directors Are responsible for these financial statements.
Signed for on behalf of the Board by;

Malik Cader
Chairman

Nishani Perera
Director

The Accounting Policies and Notes on pages 218 to 293 form an integral part of the Financial Statements.

August 31, 2026
Colombo, Sri Lanka

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2026	Ordinary share capital	Statutory reserve fund	Regulatory loss allowances reserve	Accumulated Loss	Total equity
In thousands of rupees	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 1st April 2024	3,762,054	21,202	54,173	(1,114,077)	2,723,352
Profit(Loss) for the year	-	-	-	322,475	322,475
Other comprehensive income					
Remeasurement of defined benefit liability	-	-	-	(1,198)	(1,198)
Tax on other comprehensive income	-	-	-	(359)	(359)
Total other comprehensive income/(Loss)	-	-		(1,557)	(1,557)
Total comprehensive income /(Loss)	-	-		320,918	320,918
Transfers to the reserve fund	-	-		-	-
Transfers to the statutory reserve fund		64,495		(64,495)	-
Transfers to the regulatory loss allowances reserve			(54,173)	54,173	-
Balance at 31st March 2025	3,762,054	85,697	-	(803,482)	3,044,270
Balance at 1st April 2025	3,762,054	85,697	-	(803,482)	3,044,270
Profit (Loss) for the year	-	-	-	368,401	368,401
Other comprehensive income					
Remeasurement of defined benefit liability	-	-	-	(2,918)	(2,918)
Tax on other comprehensive income	-	-	-	(875)	(875)
Total other comprehensive income/(Loss)	-	-	-	(3,793)	(3,793)
Total comprehensive income /(Loss)	-	-	-	364,608	364,608
Transfers to the reserve fund	-	-		-	-
Transfers to the statutory reserve fund	-	73,680	-	(73,680)	-
Transfers from the regulatory loss allowances reserve	-	-	-	-	-
Balance at 31st March 2026	3,762,054	159,377	-	(512,555)	3,408,877

The Accounting Policies and Notes on pages 218 to 293 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March		2026	2025
In thousands of rupees	Note	Rs.	Rs.
Cash flows from operating activities			
Profit/(Loss) before tax		645,433	309,631
Adjustment for:			
Depreciation and amortisation	21&23	205,205	169,360
(Gain) / loss on real estate sales	10	(4,455)	(1,283)
Gain on derecognition of right-of-use assets	23	-	-
Net gain on investment securities at FVPTL	9	(2,303)	(111,748)
Net impairment loss on loans and advances	11	380,137	312,498
Interest expense on preference shares	7.2	600	600
Interest expense due to banks	7.2	490,780	349,653
Interest expense on leases	23.2	41,284	36,398
Dividend on equity securities at FVPTL	9	(291)	(344)
Interest income	7.1	(175,801)	(259,285)
Provision for retirement benefit obligation	29	10,185	7,634
Gain on disposal of property, plant and equipment	10	-	-
Net cash from operating activities		1,590,773	813,115
Changes in			
Financial assets measured at amortised cost - loans and lease rentals receivable		(2,886,340)	(6,326,816)
Other assets		114,400	226,008
Due to customers		(284,334)	3,170,317
Right-of-use assets		(61,795)	(18,452)
Other liabilities		53,634	(89,110)
		(1,473,661)	(2,224,939)
Retiring gratuity paid	29	(4,033)	(1,152)
Interest paid due to banks		(514,238)	(335,686)
		(1,991,933)	(2,561,776)
Interest income on short term investment	7.1	175,801	259,285
Investment/upliftment of fixed deposits	17	727,484	(126,745)
Investments in securities	18	(468,713)	829,532
Acquisition of property, plant and equipment	21	(99,516)	(120,218)
Acquisition of intangible assets	22	(12,949)	-
Proceeds from Sale of Real Estate stocks		9,271	-
Dividends received from investments	9	291	344
Net cash used in investing activities		331,670	842,199

For the year ended 31 March		2026	2025
In thousands of rupees	Note	Rs.	Rs.
Cash flows from financing activities			
Proceeds from borrowing from due to banks	25.1	6,232,300	1,883,000
Repayments of borrowings from due to banks	25.1	(4,018,515)	(836,380)
Lease rental payments	23.2	(123,640)	(138,898)
Net cash used in financing activities		2,090,144	907,722
Net (decrease)/increase in cash and cash equivalents		429,880	(811,855)
Cash and cash equivalents at beginning of the year		(347,456)	464,398
Cash and cash equivalents at the end of the year	16	82,424	(347,456)
At the beginning of the year			
Cash and cash equivalents		710,476	673,411
Bank Overdraft		(1,057,932)	(209,014)
Cash and cash equivalents at beginning of the year		(347,456)	464,397
At the end of the year			
Cash and cash equivalents		308,197	710,476
Bank Overdraft		(225,773)	(1,057,932)
Cash and cash equivalents at the end of the year		82,424	(347,456)

The Accounting Policies and Notes on pages 218 to 293 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Corporate Information

PMF Finance PLC ("the Company") is a Licensed Finance Company registered under the Finance Business Act No.42 of 2011 and listed on the Colombo Stock Exchange. The Company was incorporated on 26th January 1983 and is domiciled in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007. The Company was listed on the main board of Colombo Stock Exchange on 11th July 1994 and transferred to Dirisavi Board with effect from 2nd July 2018. The Company has obtained a credit rating of BB- Stable by Lanka Rating Agency Limited.

The registered office of the Company and the principal place of the business is situated at No.361,361/1, R A De Mel Mawatha, Colombo 03.

Parent Entity and Ultimate Parent Entity

The Company's parent entity, Sterling Capital Investments (Private) Limited, is incorporated in Sri Lanka and the ultimate parent entity, Rush Japan Corporation, is incorporated in Japan.

Number of Employees

The staff strength of the Company as at 31st March 2026 was 435 (387 as at 31st March 2025).

1.2 Company Information

Principal Activities and Nature of Operations

The principal business activities of the Company are providing finance leases, gold loans, term loans, margin trading, Entrepreneur Loans, short-term investments and mobilization of public deposits.

There were no significant changes in the nature of the principal business activities of the Company during the financial year under review.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company comprises the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with notes ("the Financial Statements"), as at 31st March 2026 and for the year then ended are prepared and presented in accordance with Sri Lanka Financial Reporting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka (CASL). The presentation of the financial statements is also in compliance with the requirements of the Companies Act No.07 of 2007, Finance Business Act No.42 of 2011 and the listing rules of the Colombo Stock Exchange.

2.2 Responsibility for the Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No. 7 of 2007 and SLFRSs and LKASs.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the "Annual Report of the Board of Directors on the Affairs of the Company", "Statement of Directors' Responsibilities" and the Certification on the Statement of Financial Position.

These Financial Statements include the following components:

- A Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.
- A Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- A Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- A Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.2.1 Approval of the Financial Statements by the Management

The Financial Statements of the Company for the year ended 31 March 2026 (including comparatives) were approved and authorised for issue by the Management on 29 May 2026.

2.3 Basis of Measurement

The Financial Statements have been prepared on an accrual basis except for cash flow information and under the historical cost basis except for following material items in the statement of financial position:

- Financial Assets measured at Fair Value through Other Comprehensive Income

- Liability for Defined Benefit Obligations is recognized as the present value of the defined benefit obligation

2.4 Presentation of Financial Statements

The assets and liabilities of the Company in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the financial statements. Financial assets and financial liabilities are offset, and the net amount reported in the financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

2.5 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest thousand unless indicated otherwise. The functional currency is the currency of the primary economic environment in which the Company operates.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 on "Presentation of Financial Statements".

2.7 Rounding

The amounts in the Financial Statements have been rounded – off to the nearest Rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on 'Presentation of Financial Statements'.

2.8 Statement of Cash Flows

The statement of cash flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flows'. Whereby operating activities, investing activities and financing activities are separately recognized. Cash and cash equivalents comprise of short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents as referred to in the statement of cash flows comprise of those items as explained in Note 16.

2.9 Use of judgements and estimates

In preparing the Financial Statements of the Company in conformity with SLFRSs and LKASs the management has made judgments, estimates and assumptions which affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The most significant areas of estimation, uncertainty and critical judgments in applying Accounting Policies that have most significant effect on amounts recognized in the Financial Statements of the Company are as follows:

- Fair Value Measurement
- Impairment of Financial Assets
- Useful life of Property, Plant and Equipment
- Impairment of Non-Financial Assets
- Employee Benefit Obligation
- Deferred Taxation
- Commitments and Contingencies

2.9.1 Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Note 19: Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding. In addition to that, establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

NOTES TO THE FINANCIAL STATEMENTS

2.9.2 Assumptions and Estimation Uncertainties preparation of financial statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2026 is included in the following areas.

- Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Determination of the fair value of financial instruments with significant unobservable inputs.
- Measurement of defined benefit obligations: key actuarial assumptions.
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
- Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

2.10 Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management has assessed the existing and anticipated effects of current economic condition on the Company and is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES

The Company has consistently applied the Accounting Policies as set out in Notes 4.1 to 4.19 to all periods presented in these Financial Statements, as there had been no changes during the year.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

4.1 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under LKASs/ SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity

4.2 Non-Financial Assets

4.2.1 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

4.2.1.1 Recognition and measurement

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any 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.

4.2.1.2 Subsequent Costs

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that

the future economic benefits embodied within that part will flow to the Company and its cost can be reliably measured. The carrying amount of those parts that are replaced is derecognised. The costs of day-to-day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred. Costs incurred in using or redeploying an item are not included under carrying amount of an item.

4.2.1.3 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 de recognition 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. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost is derecognised.

Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

4.2.1.4 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.

The estimated useful lives of significant items of property and equipment are as follows:

Category	Rate (per annum)
Computers	25%
Office equipment, furniture, fittings	15%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

4.2.2 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rent to others or for administrative purposes.

4.2.2.1 Recognition and Measurement

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably. An intangible asset is initially measured at cost.

4.2.2.2 Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

4.2.2.3 Software

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

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 for the current and comparative periods is four years. (Rate - 25%)

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.2.2.4 Derecognition

An intangible asset 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 intangible asset shall be determined as

NOTES TO THE FINANCIAL STATEMENTS

the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

4.2.3 Inventory – Real Estate

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of overheads. Net realizable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

Completed properties held for sale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the Company, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties.

Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories is recognised as an increase in inventories and recognised as an income in the period in which the reversal occurs.

Profit on Real Estate Sales

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities.

4.3 Non-Financial Liabilities

Other liabilities include accrued expenses and other provisions. These liabilities are recorded at amounts expected to be payable as at the reporting date.

4.4 Interest

Effective Interest Rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate 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.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the

amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not creditimpaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 36.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortised cost; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense.

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 income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

4.5 Fee and Commission Income

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income - including account servicing fees, investment management fees, sales commission, placement fees and syndication fees - is recognised as the related services are performed. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received. Fee and commission expenses are recognised on an accrual basis.

A contract with a customer that results in a recognised financial instrument in the Company's financial statements may be partially in the scope of SLFRS 9 and partially in the scope of SLFRS 15. If this is the case, then the Company first applies SLFRS 9 to separate and measure the part of the contract that is in the scope of SLFRS 9 and then applies SLFRS 15 to the residual.

NOTES TO THE FINANCIAL STATEMENTS

4.5.1 Introduction commission

The introduction commission has been paid to facilitate fund mobilization, in accordance with the company's approved framework.

4.6 Net Gain/(Loss) On Financial Instruments At Fair Value Through Profit and Loss

Fair value gains and losses attributable to changes in the fair values of the equity and debt securities classified under financial assets at FVTPL is recognized in the Statement of Profit or Loss, when there is a change to the fair value of the asset.

4.6.1 Dividend Income

Dividend income is recognized in profit or loss on the date that the Company's right to receive payments is established.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

4.7 Other Operating Income

Other operating income includes Recovery of bad debts written off, Income on savings account & Other charges from lending products Etc.

4.7.1 Recovery of bad debts written off

Collections from written off contracts have been accounted for on a cash received basis.

4.7.2 Income on Savings Account

Income from saving accounts have been accounted for on an accrual basis.

4.7.3 Other charges from Lending products

This consist other charges from lending products & these have been accounted for on an accrual basis.

4.8 Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

For the purpose of presentation of income statement, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted. Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred. The profit earned by the Company is before income tax expense and after making provision for all known liabilities and for the depreciation of property, plant & equipment

Personnel expenses

Personnel expenses include salaries, bonus, terminal benefit charges, and other related expenses. The provision for bonus is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. Employees are eligible for Employees' Provident Fund (EPF) contribution and Employees' Trust Fund (ETF) contributions in accordance with the respective statutes and regulations. Retirement benefit obligation is recognised in the Statement of Profit or Loss based on an actuarial valuation carried out for the gratuity liability in accordance with Sri Lanka Accounting Standard – LKAS 19 – "Employee Benefits".

4.9 Other operating Expenses

This consists of Office administrative and establishment expenses, IT Expenses, Travel and Vehicle Expenses , Printing, Stationery and Communication Expenses and Interest on lease liabilities Etc. These have been accounted for on an accrual basis.

4.10 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets" and has recognised the related expenses in 'other expenses'.

4.10.1 Current Taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any

adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

4.10.2 Deferred Taxation

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;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.11 Value Added Tax on Financial Services

VAT on Financial Services is calculated in accordance with Value Added Tax Act No 14 of 2002 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before VAT on Financial Services and income tax adjusted for the economic depreciation and emoluments payable to employees including cash benefits, non-cash benefits and provisions relating to terminal benefits. VAT on Financial Services was charged at 18% with effect from 01 January 2022.

4.12 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

4.13 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are regularly reviewed by the Company's Chief Executive Officer (CEO) to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results are reported to the Company's CEO include items that are directly attributable to a segment as well as those that cab be allocated on reasonable basis.

For each of the strategic divisions, the Company's management monitors the operating results separately for the purpose of making decisions about resource allocation and performance assessment.

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Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the Financial Statements. Income taxes are managed on a Company basis and are not allocated to operating segments.

Reportable segments

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria:

- its reported revenue, from both external customers and inter segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; or
- he absolute measure of its reported profit or loss is 10% or more of the greater, in absolute amount, of
  - (i) the combined reported profit of all operating segments that did not report a loss and
  - (ii) the combined reported loss of all operating segments that reported a loss; or its assets are 10% or more of the combined assets of all operating segments.

Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principles of the standard, the segments have similar economic characteristics and are similar in various prescribed respects.

If the total external revenue reported by operating segments constitutes less than 75% of the entity's revenue, additional operating segments must be identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75% of the entity's revenue is included in reportable segments.

4.14 Comparative Figures

Wherever necessary, amounts shown for the previous year have been reclassified to facilitate comparison with the current year's presentation.

4.15 Regulatory Requirements

4.15.1 Deposit Insurance Scheme

These Directions shall be cited as the Finance Companies (Insurance of Deposit Liabilities) Direction No. 2 of 2010.

Under Section 27 of the Finance Companies Act, the Central Bank of Sri Lanka may establish, maintain, manage and control a scheme for the insurance of deposits held by finance companies registered under the Act or require such companies to insure such deposits under any scheme established by any institution as is specified by the Monetary Board.

As such, all Registered Finance Companies shall insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No.1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 01 October, 2010.

4.15.2 Statutory Reserve Fund

The Company is maintaining a reserve fund in compliance with the Finance Companies (Capital Funds) Direction No 1 of 2003. As per the said Direction, every Licensed Finance Company shall maintain a Reserve Fund and transfer to such reserve fund out of the net profits of each year after due provision has been made for Taxation and Bad and Doubtful Debts on following basis.

Capital Funds to Deposit Liabilities	Percentage of transfer to Reserve Fund
Not less than 25%	5%
Less than 25% and not less than 10%	20%
Less than 10%	50%

4.16 Financial assets and liabilities

4.16.1 Recognition and measurement

The Company initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments including regular-way purchases and sales of financial assets, are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

4.16.2 Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

  A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

  On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

  All other financial assets are classified as measured at FVTPL.

  In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or 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 cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the 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 the assessment, the Company considers":

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse loans); and features that modify consideration of the time value of money (e,g, periodical reset of interest rates).

The Company holds a portfolio of long-term fixed-rate loans for which the Company has the option to propose to revise the interest rate at periodic reset dates, These reset rights are

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limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Company has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse loans

In some cases, loans made by the Company that are secured by collateral of the borrower limit the Company's claim to cash flows of the underlying collateral (non-recourse loans). The Company applies judgment in assessing whether the non-recourse loans meet the SPPI criterion, The Company typically considers the following information when making this judgment:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Company's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Company will benefit from any upside from the underlying assets.

Contractually linked instruments

The Company has investments in securitizations that are considered contractually linked instruments. Contractually linked instruments each have a specified subordination ranking that determines the order in which any cash flows generated by the pool of underlying investments are allocated to the instruments. Such an instrument meets the SPPI criterion only if all of the following conditions are met:

- the contractual terms of the instrument itself give rise to cash flows that are SPPI without looking through to the underlying pool of financial instruments;
- the underlying pool of financial instruments (i) contains one or more instruments that give rise to cash flows that are SPPI; and (ii) may also contain instruments, such as derivatives, that reduce the cash flow variability of the instruments under (i) and the combined cash flows (of the instruments under (i) and (ii)) give rise to cash flows that are SPPI); or align the cash flows of the contractually linked instruments with the cash flows of the pool of underlying instruments under (i) arising as a result of differences in whether interest rates are fixed or floating or the currency or timing of cash flows; and the exposure to credit risk inherent in the contractually linked instruments is equal to or less than the exposure to credit risk of the underlying pool of financial instruments.

4.16.3 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

4.16.4 Financial liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

4.16.4.1 Deposits from Customers

Deposits include saving deposits, term deposits and deposits payable at call. They are stated in the statement of financial position at amount payable. Interest paid / payable on these deposits based on effective interest rate is charged to the statement of profit or loss.

4.16.4.2 Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

4.16.4.3 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

4.16.5 Derecognition

4.16.5.1 Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of-such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale – and repurchase transactions, because the Company retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Company securitises various loans and advances to customers and investment securities, which generally result in the sale of these assets to unconsolidated securitisation vehicles and in the Company transferring substantially all of the risks and rewards of ownership. The securitisation vehicles in turn issue securities to investors. Interests in the securitised financial assets are generally retained in the form of senior or subordinated tranches, or other residual interests (retained interests). Retained interests are recognised as investment securities and measured as explained.

4.16.5.2 Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

4.16.6 Modifications of financial assets and financial liabilities

4.16.6.1 Financial assets

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial

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asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the de-recognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

4.16.6.2 Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

4.16.7 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Company of similar transactions such as in the Company's trading activity.

4.16.8 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 one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all 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 on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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 the particular risk exposure. Portfolio-level adjustments - e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure - 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 financial liability with a demand feature (e.g. 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.

Fair Value Hierarchy

The Company measures the fair values of financial instruments using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 - Fair value measurement using unadjusted quoted market prices

When available, the fair values of financial instruments are determined using quoted market prices (unadjusted) in active markets for identical instruments.

A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Quoted equities are valued under Level 1 by referring to published market prices.

Level 2 - Fair value measurement using significant observable inputs

In the absence of an active market for a financial instrument, the fair value is determined using valuation techniques. These include discounted cash flow analysis, effective interest rate calculations and forecasted future cash flow calculations using recent arm's length transactions between knowledgeable and willing parties. These valuation techniques make maximum use of market inputs, incorporate all factors that market participants would consider in setting a price and are consistent with accepted economic methodologies for pricing financial instruments. Investments in unit trusts are valued under level 2 by referring to prices published by the unit trusts managers.

Level 3 - Fair value measurement using significant unobservable inputs

Financial instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. Fair value of such instruments are determined using a valuation model that has been tested against prices or inputs to actual market transactions and best estimates of the most appropriate model assumptions Fair value of unquoted equity securities are

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determined using net assets value as an approximation of its fair value.

The determination of fair values of financial assets and financial liabilities recorded in the statement of financial position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish their fair values. The Company measures fair value using the fair value hierarchy that reflects the significance of inputs used in making measurements.

4.16.9 Impairment

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- loans & lease receivables
- loan commitments

No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is exceeding the relevant credit period.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or 90 days past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI."

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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Non-integral financial guarantee contracts

The Company assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Company considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's Company.

If the Company determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Company considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Company determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired.

The key inputs used for measurement of ECL is likely to be the term structures of the following variables:

Probability of Default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Company forecast PD by incorporating forward looking economic variables (Unemployment, GDP growth, inflation, interest rate and using lag effect of these variables).

Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount.

The Company has used these parameters from internally developed statistical models using historical data. All inputs were adjusted to reflect forward-looking information and future economic scenarios.

Individual or collective assessment

A facility is considered for impairment under the individual impairment basis when the ageing of the facility exceeds 6 months and the outstanding receivable value is more than Rs. 5Mn.

An individual measurement of impairment was based on management's best estimate of the present value of the cash flows that were expected to be received. In estimating these cash flows, management made judgments about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset was assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable were independently approved by the credit risk function.

4.16.10 Designation at fair value through profit or loss

4.16.10.1 Financial assets

At initial recognition, the Company has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

4.16.10.2 Financial liabilities

The Company has designated certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4.17 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

A. As a lessee

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 at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are 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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

NOTES TO THE FINANCIAL STATEMENTS

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right of use assets that do not meet the definition of investment property in right of use asset and lease liabilities in the statement of financial position as a separate line item.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies SLFRS 15 to allocate the consideration in the contract. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'

5. NEW ACCOUNTING STANDARDS ISSUED NOT YET EFFECTIVE AS AT REPORTING DATE

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005.

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 01 January 2026. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

6. GROSS INCOME

For the year ended 31 March	2026	2025
	Rs.	Rs.
Interest income (Note 7.1)	4,910,461	3,937,740
Fee and commission income (Note 8)	80,766	77,917
Net income from financial assets at FVTPL (Note 9)	2,303	111,748
Other operating income (Note 10)	143,452	147,596
	5,136,981	4,275,001

7. NET INTEREST INCOME

For the year ended 31 March	2026	2025
	Rs.	Rs.
7.1 Interest income calculated using effective interest method		
Loans receivable	1,900,910	1,365,177
Lease rentals receivable and hire purchase	2,626,549	2,156,920
Total interest income calculated using the effective interest method	4,527,459	3,522,098
Other interest income		
Interest from securities under repurchase agreements	84,255	78,667
Placements with banks and financial institutions	91,546	180,618
Overdue rentals	207,201	156,358
Total other interest income	383,002	415,643
Total interest income	4,910,461	3,937,740
7.2 Interest expense		
Interest on overdrafts and borrowings	490,780	349,653
Interest on fixed and savings deposits	1,505,705	1,630,893
Interest on preference shares	600	600
Total interest expenses	1,997,086	1,981,147
Net interest income	2,913,375	1,956,594

NOTES TO THE FINANCIAL STATEMENTS

8. FEE AND COMMISSION INCOME

Fee and commission income from contracts with customers in the scope of SLFRS 15 is disaggregated by major types of services.

For the year ended 31 March	2026	2025
	Rs.	Rs.
Fee and commission income	80,766	77,917
Comprising		
Guarantee fees	-	33
Insurance commission	75,678	72,255
Service charges	5,087	5,629
Total fee and commission income	80,766	77,917
Total fee and commission expenses	-	-

9. NET INCOME FROM FINANCIAL ASSETS AT FVTPL

Equity investments – Quoted

For the year ended 31 March	2026	2025
	Rs.	Rs.
Dividend on equity securities measured at FVTPL	291	344
Fair value gain/(loss) on financial assets at FVTPL	(64)	5,595
	228	5,940
Unit trusts		
Inevstment income in unit trusts (Note 18.2)	2,076	105,808
Net fair value gains /(losses) from financial assets at FVTPL	2,303	111,748

10. OTHER OPERATING INCOME

For the year ended 31 March	2026	2025
	Rs.	Rs.
Net gain from foreign exchange	170	5
Profit on real estate sales	4,455	1,283
Recovery of bad debts written off	52,975	51,113
Income on Savings Account	11,421	16,579
Sundry Income	2,533	1,518
Other charges from Lending products	71,897	77,099
Total other operating income	143,452	147,596

11. IMPAIRMENT (CHARGE)/ REVERSAL AND OTHER LOSSES

For the year ended 31 March	2026	2025
	Rs.	Rs.
Lease receivables	218,792	140,854
Other Loans and advances	72,006	66,344
Hire purchase receivables	473	168
Margin trading	617	17,955
Gold Loan	41,173	4,610
Loss on disposal of Repossessed Assets	47,017	82,403
Other financial assets	58	163
Net impairment charges and loss on disposal of Repossessed Assets	380,137	312,498

12. PERSONNEL EXPENSES

For the year ended 31 March	2026	2025
	Rs.	Rs.
Salaries and other related expenses	567,059	294,798
Employee benefit - Retirement benefit obligation (Note 29)	10,185	7,634
Employee benefit - Defined contribution plans (EPF/ETF)	65,183	56,536
Total personnel expense	642,428	358,968

13. OTHER OPERATING EXPENSES

For the year ended 31 March	2026	2025
	Rs.	Rs.
Directors' fees and emoluments	62,999	44,044
Audit fees - Statutory audit	3,650	2,800
- Audit related services	655	560
- Non-audit services	1,531	2,470
Professional and legal fees	19,914	9,177
Office administrative and establishment expenses	557,337	617,789
IT Expenses	119,882	84,183
Interest on lease liabilities	41,284	36,398
Marketing Expenses	39,511	29,202
Printing, Stationery and Communication Expenses	34,729	26,001
Travel and Vehicle Expenses	99,158	140,097
Total other operating expenses	985,650	992,719

** Note - The ECL model development fee, which was classified under audit fees in the previous year, has been reclassified as non-audit services for the prior year.

NOTES TO THE FINANCIAL STATEMENTS

14. INCOME TAX EXPENSE/(REVERSAL)

For the year ended 31 March	2026	2025
	Rs.	Rs.
Current tax expense	262,634	-
Prior years' under provision	-	-
Deferred tax expense (Note 14.1)	15,273	(12,844)
Total tax expenses	277,907	(12,844)

14.1 Deferred tax expense

Deferred tax recognised in other comprehensive income	875	359
Deferred tax recognised in profit or loss	15,273	(12,844)
Total deferred tax expense	16,148	(12,484)

14.2 Deferred tax expense

Arising on during the year movement	16,148	(12,484)
Due to change in tax rate	-	-
Total deferred tax expense	16,148	(12,484)

14.3 Reconciliation of tax expense

Profit/(loss) before tax	645,433	309,631
Less : Exempted income	(228)	(1,543)
Add : Disallowable expenses	907,053	693,127
Less : Allowable expenses	(536,795)	(374,689)
Business Income/(Loss)	1,015,464	626,526
Taxable Income	875,446	-
Effective tax rate	43%	0%
Tax at rate of 30%	262,634	-

The income tax rate for the year ended 31 March 2026 is 30% (2025 - 30%).

14.4 Analysis of tax losses

Balance at 1st April	109,606	686,495
Adjustments on over/under provision	30,412	49,637
Loss incurred during the year	-	-
Loss utilized during the year	(140,017)	(626,526)
Closing tax loss	-	109,606

14.5 VALUE ADDED TAX (VAT) ON FINANCIAL SERVICES

VAT on financial services is calculated in accordance with the Value Added Tax (VAT) Act No. 14 of 2002 and subsequent amendments thereto. The base for the computation of value added tax on financial services is the accounting profit before VAT and income tax, adjusted for the economic depreciation and emoluments payable to employees including cash, non – cash benefits and provisions relating to terminal benefits.

Vat rate applied for the current financial year is 18% (2025 - 18%).

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act no. 25 of 2022 (SSCL Act), at the rate of 2.5% with effect from 01 October 2022. SSCL is payable on 100% if the Value Addition attributable to financial services.

The Value Addition attributable to financial services shall be computed for the payment of SSCL on the business of supplying financial services by applying the attributable method referred to in Chapter IIIA of the Value Added Tax Act No. 14 of 2002.

SSCL rate applied for the current financial year is 2.5% (2025 - 2.5%).

For the year ended 31 March	2026	2025
	Rs.	Rs.
Value Added Tax on financial services	242,818	132,303
Social Security Contribution Levy (SSCL)	38,225	18,375
	281,042	150,678

15. EARNINGS PER SHARE

Basic earnings per ordinary share has been calculated based on the profit attributable to the ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

For the year ended 31 March	2026	2025
	Rs.	Rs.
(Loss)/Profit for the year attributable to ordinary shareholders (Rs.000)	368,401	322,475
Weighted average number of shares at 31st March ('000)	405,302	405,302
Basic and diluted (loss)/earnings per share	0.91	0.80

15.1 Weighted average number of shares

Brought forward number of shares	405,302	405,302
Weighted average number of shares	405,302	405,302

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND BALANCES WITH BANKS

For the year ended 31 March	2026	2025
	Rs.	Rs.
Cash in hand	121,809	128,527
Cash at bank	186,388	581,949
Cash and balances with banks in the statement of financial position	308,197	710,476
Cash and cash equivalents in the statement of cash flows	308,197	710,476

There were no cash and cash equivalents held by the company that were not available for use by the company.

17. PLACEMENTS WITH BANKS AND FINANCIAL INSTITUTIONS

For the year ended 31 March	2026	2025
	Rs.	Rs.
Investment in fixed deposits	854,992	1,194,456
Investment in Commercial Papers	-	387,962
Less: Allowance for Impairment	(296)	(238)
	854,695	1,582,180

There were no cash and cash equivalents held by the company that were not available for use by the company.

18. INVESTMENTS IN SECURITIES

For the year ended 31 March		2026	2025
		Rs.	Rs.
Financial assets measured at FVTPL - Quoted investments	Note 18.1	-	5,493
Financial assets measured at FVTPL - Unit trust	Note 18.2	202,182	229,106
Financial assets measured at FVOCI - Equity instruments	Note 18.3	23	23
Financial assets measured at FVTPL - Securities under repurchase agreements	Note 18.5	1,281,508	778,074
		1,483,713	1,012,696
Less: Impairment charges on debt securities	Note 18.4	-	-
		1,483,713	1,012,696

18.1 Financial assets measured at FVTPL

For the year ended 31 March	2026	2025
	Rs.	Rs.
Investment in equity securities		
Cost (Note 18.1.2)	-	4,758
Fair value changes (Note 18.1.1)	-	735
Total	-	5,493

18.1.1 Movements in fair value changes

Balance at 1st April	735	(4,860)
Gain / (Reversal) during the year	(735)	5,595
Balance at 31 March	-	735

NOTES TO THE FINANCIAL STATEMENTS

18.1.1 Quoted equity securities held by the Company

Sector	2026 No of Shares	2026 Total cost Rs.000	2026 Market value Rs.000	2025 No of shares	2025 Total cost Rs.000	2025 Market value Rs.000
Diversified Financials						
Vanik Incorporation PLC	-	-	-	-	-	-
LOLC Holdings PLC	-	-	-	-	-	-
First Capital Holdings PLC	-	-	-	10,000	334	349
Commercial Bank Of Ceylon PLC	-	-	-	7,500	931	1,106
Dfcc Bank PLC	-	-	-	5,066	443	537
Hatton National Bank PLC	-	-	-	2,000	471	610
Sampath Bank PLC	-	-	-	6,000	591	735
		-	-		2,770	3,337
Sector Percentage			0%			61%
Consumer Services						
John Keels Hotels PLC	-	-	-	30,000	544	606
Hemas Holdings PLC	-	-	-	1,450	134	174
Hayleys PLC	-	-	-	5,000	566	685
		-	-		1,244	1,465
Sector Percentage			0%			27%
Capital Goods						
Royal Ceramics Lanka PLC	-	-	-	15,000	655	555
		-	-	15,000	655	555
Sector Percentage			0%			10%
Consumer Durables and Apparel						
Hela Apparel Holdings PLC	-	-	-	-	-	-
		-	-		-	-
Sector Percentage			0%			0%

Sector	2026 No of Shares	2026 Total cost Rs.000	2026 Market value Rs.000	2025 No of shares	2025 Total cost Rs.000	2025 Market value Rs.000
Energy and Contructions						
Lanka IOC PLC	-	-	-	-	-	-
Access Engineering PLC	-	-	0	3,700.00	88.67	135.95
		-	0		89	136
Sector Percentage			0%			2%
Food, Beverage and Tobacco						
Browns Investments PLC	-	-	-	-	-	-
Ceylon Cold Stores PLC	-	-	-	-	-	-
		-	-		-	-
Sector Percentage			0%			0%
Transportation						
Expolanka Holdings PLC	-	-	-	-	-	-
	-	-	-	-	-	-
Sector Percentage			0%			0%
Total		-	0		4,758	5,493

18.2 Financial assets measured at FVTPL - Unit trust

For the year ended 31 March	2026 Rs.	2025 Rs.
Balance at 1 April	229,106	572,110
Purchases	490,000	5,622,067
Sales	(519,000)	(6,076,819)
Fair value changes	2,076	111,748
Balance at 31 March	202,182	229,106

18.2.1 Financial assets measured at FVTPL - Unit trust

For the year ended 31 March	2026 Rs.	2025 Rs.
Capital Alliance Investment Grade Fund	202,182	229,106
	202,182	229,106

NOTES TO THE FINANCIAL STATEMENTS

18.3 Financial assets measured at FVOCI - Equity instruments

The Company designed the investments shown above as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for the long term strategic purpose. No strategic investments were disposed during 2026, and here were no transfers of any cumulative gain or loss within equity relating to these investments.

18.4 Movements in impairment charges during the year

For the year ended 31 March	2026	2025
	Rs.	Rs.
Balance at 1 April	-	-
Charge/(Write back) to statement of profit or loss	-	-
Balance at 31 March	-	-

18.5 Financial assets measured at FVTPL - Securities under repurchase agreements

For the year ended 31 March	2026	2025
	Rs.	Rs.
Frist Capital Holding PLC	-	128,074
HNB Securities Limited	565,941	-
Capital Alliance Investment Grade Fund	715,566	650,000
	1,281,508	778,074

19. FINANCIAL ASSETS MEASURED AT AMORTISED COST - LOANS AND LEASE RENTALS RECEIVABLE

	2026	2025
	Rs.	Rs.
Loans and lease rentals receivable	20,052,272	17,448,634
Other charges receivables	537,472	516,634
Gross loans and receivables with other charges receivables	20,589,744	17,965,268
Less: Impairment loss allowance	(826,698)	(708,426)
Net loans and advances with other charges receivables	19,763,046	17,256,843

*Note - Other charges receivables classified under other assets have been recassified to the financial assets measured at amortised cost - loans and lease rentals receivable & comparative figures in these financial statements is amended in the prior year.

19.1 Analysis by product -loans and lease rentals receivable

For the year ended 31 March	2026	2025
	Rs.	Rs.
Finance lease receivable	9,388,262	9,175,441
Hire purchase receivable	3,899	4,730
Revolving Loan	1,648,093	2,164,880
Gold loans	6,154,540	3,960,580
Margin trading receivable	755,460	727,338
Loans against fixed deposits	502,290	316,005
Mortgage Loan	795,375	1,265,176
Other loans	1,341,825	351,118
Gross total loans and lease rentals receivable	20,589,744	17,965,268
Analysis by currency		
Sri Lankan rupees (LKR)	20,589,744	17,965,268
Gross total loans and lease rentals receivable	20,589,744	17,965,268

19.2 Impairment loss allowance

		2026			2025		
	Notes	Gross carrying amount	ECL allowance	Carrying amount	Gross amount	ECL allowance	Carrying amount
Hire purchase	19.2.1	3,899	919	2,980	4,730	896	3,834
Revolving Loan	19.2.2	1,648,093	16,893	1,631,200	2,164,880	19,912	2,144,968
Other loans	19.2.3	1,341,825	35,093	1,306,732	351,118	22,805	328,313
Margin trading	19.2.4	755,460	204	755,256	727,338	50,825	676,513
Gold loans	19.2.5	6,154,540	50,909	6,103,631	3,960,580	9,736	3,950,844
Lease	19.2.6	9,388,262	561,044	8,827,218	9,175,441	454,067	8,721,374
Mortgage Loan	19.2.7	795,375	161,637	633,739	1,265,176	150,184	1,114,992
Loans against fixed deposits	19.2.8	502,290	-	502,290	316,005	-	316,005
		20,589,744	826,698	19,763,046	17,965,268	708,426	17,256,843

NOTES TO THE FINANCIAL STATEMENTS

19.2.1 Hire purchase

	2026 Rs.	2025 Rs.
Gross investment in hire purchase		
Less than one year	3,545	3,747
Between one and five years	474	1,380
More than five years	-	-
	4,019	5,127
Unearned income	(120)	(397)
	3,899	4,730
Impairment allowance for hire purchase - individual	-	-
Impairment allowance for hire purchase - collective	(919)	(896)
Net investment in hire purchase	2,980	3,834

19.2.2 Revolving Loan

	2026 Rs.	2025 Rs.
Gross investment in loan receivables		
Less than one year	1,613,757	2,175,932
Between one and five years	42,242	1,192
More than five years	-	-
	1,655,999	2,177,123
Unearned income	(7,906)	(12,243)
	1,648,093	2,164,879
Impairment allowance for loan receivables - individual	(6,966)	-
Impairment allowance for loan receivables - collective	(9,927)	(19,912)
Net investment in revolving loan receivables	1,631,200	2,144,967

19.2.3 Other loans

	2026 Rs.	2025 Rs.
Gross investment in loan receivables		
Less than one year	50,432	39,948
Between one and five years	1,758,149	388,925
More than five years	-	-
	1,808,581	428,873
Unearned income	(466,756)	(77,755)
	1,341,825	351,119
Impairment allowance for loan receivables - individual	-	-
Impairment allowance for loan receivables - collective	(35,093)	(22,805)
Net investment in other loan receivables	1,306,732	328,313

19.2.4 Margin trading receivables

	2026 Rs.	2025 Rs.
Gross investment in margin trading receivables		
Less than one year	755,460	727,338
Between one and five years	-	-
More than five years	-	-
	755,460	727,338
Unearned income	-	-
	755,460	727,338
Impairment allowance for margin trading receivables - individual	(204)	(50,825)
Impairment allowance for margin trading receivables - collective	-	-
Net investment in margin trading receivables	755,256	676,513

19.2.5 Gold loans

	2026 Rs.	2025 Rs.
Gross investment in Gold loan and other receivables		
Less than one year	6,081,424	3,960,580
Between one and five years	73,116	-
More than five years	-	-
	6,154,540	3,960,580
Unearned income	-	-
	6,154,540	3,960,580
Impairment allowance for gold loan and other receivables - individual	-	-
Impairment allowance for gold loan and other receivables - collective	(50,909)	(9,736)
Net investment in gold loan receivables	6,103,631	3,950,844

19.2.6 Lease receivables

As at 31 March	2026 Rs.	2025 Rs.
Gross investment in finance lease receivables		
Less than one year	831,299	655,342
Between one and five years	12,636,759	12,839,389
More than five years	-	33,098
	13,468,059	13,527,828
Unearned finance income	(4,079,796)	(4,352,388)
	9,388,262	9,175,441
Impairment allowance for finance lease receivables - individual	(86,569)	(57,766)
Impairment allowance for finance lease receivables - collective	(474,475)	(396,301)
Net investment in finance lease receivables	8,827,218	8,721,374

NOTES TO THE FINANCIAL STATEMENTS

19.2.7 Mortgage Loan

	2026 Rs.	2025 Rs.
Gross investment in Mortgage Loans		
Less than one year	56,245	134,323
Between one and five years	1,071,199	1,706,034
More than five years	13,874	19,811
	1,141,318	1,860,167
Unearned income	(345,943)	(594,991)
	795,375	1,265,176
Impairment allowance for Mortgage Loan - individual	(54,105)	(32,275)
Impairment allowance for Mortgage Loan - collective	(107,532)	(117,909)
Net investment in mortgage loan receivables	633,739	1,114,992

19.2.8 Loans against fixed deposits

	2026 Rs.	2025 Rs.
Gross investment in Loans against fixed deposits		
Less than one year	314,316	254,145
Between one and five years	187,974	61,861
More than five years	-	-
	502,290	316,005
Unearned income	-	-
	502,290	316,005
Impairment allowance for Loans against fixed deposits - individual	-	-
Impairment allowance for Loans against fixed deposits - collective	-	-
Net investment in loan against fixed deposits receivables	502,290	316,005

19.3 The table below shows the ECL charges on the financial instruments recorded in the statements of profit or loss

	2026			2025		
	Individual	Collective	Total	Individual	Collective	Total
In thousands of rupees	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets at amortized cost - Total						
Stage 1	(1,615)	4,111	2,496	1,619	97,741	99,360
Stage 2	(1,716)	54,708	52,992	1,716	63,049	64,765
Stage 3	10,309	267,265	277,574	82,438	(16,468)	65,969
Total	6,978	326,084	333,062	85,773	144,323	230,095

19.4 Credit exposure movement by class of financial assets - Product Analysis by stage wise

	2026			
As at 31 March	Stage 1	Stage 2	Stage 3	Total
Hire purchase	167	368	3,364	3,899
Revolving Loan	1,326,864	261,577	59,652	1,648,093
Other loans	1,089,104	225,425	27,296	1,341,825
Margin trading	755,240	-	220	755,460
Gold loans	3,059,706	1,404,318	1,690,516	6,154,540
Lease	6,312,468	2,493,075	582,719	9,388,262
Mortgage Loan	423,753	205,746	165,876	795,375
Loans against fixed deposits	502,290	-	-	502,290
	13,469,593	4,590,510	2,529,641	20,589,744

	2025			
As at 31 March	Stage 1	Stage 2	Stage 3	Total
Hire purchase	-	983	3,747	4,730
Revolving Loan	1,907,873	249,230	7,777	2,164,880
Other loans	302,995	23,213	24,910	351,118
Margin trading	671,362	-	55,977	727,338
Gold loans	2,962,788	721,890	275,902	3,960,580
Lease	6,498,431	2,138,842	538,167	9,175,441
Mortgage Loan	934,760	161,038	169,379	1,265,176
Loans against fixed deposits	316,005	-	-	316,005
	13,594,215	3,295,196	1,075,858	17,965,268

NOTES TO THE FINANCIAL STATEMENTS

19.5 Provision for total impairment (ECL) movement

	2026 Rs.	2025 Rs.
Stage 1		
Opening balance as at 1st April	258,972	159,612
Net impairment charge/ (reversal) for the year	2,496	99,360
Closing balance as at 31st March	261,468	258,972
Stage 2		
Opening balance as at 1st April	164,076	99,311
Net impairment charge/ (reversal) for the year	52,992	64,765
Closing balance as at 31st March	217,068	164,076
Stage 3		
Opening balance as at 1st April	285,377	270,628
Net impairment charge/ (reversal) for the year	277,574	65,969
Interest income reversal for the year	-	-
Write-Off	(214,789)	(51,220)
Closing balance as at 31st March	348,162	285,377
Total		
Opening balance as at 1st April	708,426	529,551
Net impairment charge/ (reversal) for the year	333,062	230,095
Interest income reversal for the year	-	-
Write-Off	(214,789)	(51,220)
Closing balance as at 31st March	826,698	708,426

19.6 Provision for impairment (ECL) movement by class of financial assets

In thousands of rupees	Stage 1	Stage 2	Stage 3	Total
ECL for loans and lease rentals receivables				
Opening Balance at 1st April	258,972	164,076	285,377	708,426
Transfer to Stage 1(+/-)	86,618	(32,293)	(54,325)	-
Transfer to Stage 2(+/-)	(49,960)	52,889	(2,930)	-
Transfer to Stage 3(+/-)	(5,445)	(17,270)	22,715	-
New assets originated or purchased	52,957	100,525	408,138	561,620
Net remeasurement of impairment and repaid	(81,674)	(50,860)	(96,024)	(228,558)
Financial assets derecognized	-	-	-	-
Write-offs	-	-	(214,789)	(214,789)
Unwind of discount	-	-	-	-
Impairment as at 31st March 2026	261,468	217,068	348,162	826,698

20. REAL ESTATE STOCK

	2026 Rs.	2025 Rs.
Balance at 1 April	58,041	56,905
Additions during the year	13,500	3,005
Disposals during the year	(6,080)	(1,869)
Closing balance	65,461	58,041

21. PROPERTY, PLANT AND EQUIPMENT

21.1 Reconciliation of carrying amounts

Property, plant and equipment	Furniture and fittings	Computer	Office equipment	Work-in-progress	Total
Cost					
Balance at 1 April 2024	203,894	94,853	110,521	-	409,268
Additions	45,267	22,275	36,878	15,798	120,219
Transfers	-	-	-	-	-
Disposals	(39)	(71)	(203)		(313)
Balance at 31 March 2025	249,122	117,057	147,196	15,798	529,174
Balance at 1 April 2025	249,122	117,057	147,196	15,798	529,175
Additions	36,980	26,952	35,585	-	99,516
Transfers	-	-	-	(12,331)	(12,331)
Disposals	-	-	-		-
Balance as at 31 March 2026	286,102	144,009	182,781	3,468	616,360
Accumulated depreciation and impairment losses					
Balance at 1 April 2024	57,617	38,188	44,578	-	140,383
Depreciation for the year	32,079	17,015	15,993	-	65,087
Transfers	-	-	-	-	-
Disposals	(36)	(71)	(203)	-	(310)
Balance at 31 March 2025	89,660	55,133	60,368	-	205,160
Balance at 1 April 2025	89,660	55,133	60,368	-	205,161
Depreciation for the year	38,262	27,284	21,639	-	87,185
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 March 2026	127,921	82,416	82,007	-	292,344
Carrying amount					
Balance at 31 March 2025	159,462	61,924	86,829	15,798	324,014
Balance at 31 March 2026	158,181	61,594	100,775	3,468	324,017

NOTES TO THE FINANCIAL STATEMENTS

21.2 There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 31st March 2026

21.3 Title restriction on property, plant and equipment

There were no restriction existed in the title of the property, plant and equipment of the Company as at 31st March 2026

21.4 Fully depreciated property, plant and equipment

The initial cost of fully depreciated property plant and equipment, which are still in use as at reporting date is as follows.

	2026	2025
	Rs.	Rs.
Computers	25,619	18,293
Furniture and fitting	16,459	24,944
Office equipment	25,411	16,327
Total	67,490	59,565

22. INTANGIBLE ASSETS

The Company's intangible assets include the value of computer software.

22.1 Reconciliation of carrying amount

	Intangible assets	Work-in-progress	Total
Cost			
Balance at 1 April 2024	84,157	12,368	96,526
Additions	-	-	(0)
Balance at 31 March 2025	84,157	12,368	96,525
Balance at 1 April 2025	84,157	12,368	96,525
Additions/ (Transfers)	25,317	(12,368)	12,949
Balance at 31 March 2026	109,474	-	109,474
Accumulated amortization			
Balance at 1 April 2024	36,241	-	36,241
Amortisation	5,169	-	5,169
Balance at 31 March 2025	41,410	-	41,410
Balance at 1 April 2025	41,410	-	41,410
Amortisation	15,193	-	15,193
Balance at 31 March 2026	56,604	-	56,604
Carrying amount			
Balance at 31 March 2025	42,746	12,368	55,115
Balance at 31 March 2026	52,870	-	52,870

22.2 Fully depreciated intangible assets

Intangible assets include fully amortised software which are still in use as at the reporting date as follows.

	2026	2025
	Rs.	Rs.
Computer software	32,463	32,463

22.3 Work-in-progress

Intangible assets include fully amortised software which are still in use as at the reporting date as follows.

	2026	2025
	Rs.	Rs.
Software	-	12,368

23. RIGHT OF USE ASSETS

23.1 Right of use assets

	2026	2025
	Rs.	Rs.
Cost		
Balance as at the beginning of the year	488,025	370,470
Additions during the year	175,738	117,555
Derecognition of right-of-use assets	(11,116)	-
Balance as at the end of the year	652,647	488,025
Accumulated depreciation		
Balance as at the beginning of the year	301,476	202,372
Charge for the year	110,805	99,104
Derecognition of right-of-use assets	(7,978)	-
Balance as at the end of the year	404,302	301,476
Carrying value as at the end of the year	248,345	186,550

NOTES TO THE FINANCIAL STATEMENTS

23.2 Lease liabilities

	2026 Rs.	2025 Rs.
Current liabilities	76,882	71,741
Non-current liabilities	174,959	113,709
Total	251,841	185,449
Maturity analysis - Contractual undiscounted cash flows		
Not later than one year	174,959	87,969
Later than one year and not later than five years	76,882	150,314

Movement of lease liability

	2026 Rs.	2025 Rs.
Balance as at the beginning of the year	185,449	170,393
Additions during the year	158,722	117,555
Derecognition of lease liability	(9,973)	-
Interest expense on leases	41,284	36,398
Lease rental payments	(123,640)	(138,898)
Prior Year Adjustment	-	-
Lease liability as at the end of the year	251,841	185,449

Amounts recognized in profit or loss

	2026 Rs.	2025 Rs.
Interest on lease liabilities	41,284	36,398
Amortization charge for the year	102,827	99,104

Amounts recognized in statement of cash flows

	2026 Rs.	2025 Rs.
Lease rental payments	(123,640)	(138,898)

24. OTHER ASSETS

	2026 Rs.	2025 Rs.
Financial assets		
Security deposits	65,818	70,035
Other financial assets	61,129	48,002
Less: Allowance for Impairment	(12,712)	-
Total other financial assets	114,235	118,037
Non-financial assets		
Advance payments	40,285	60,590
Prepaid staff cost	9,670	50,068
Other non-financial assets	49,504	84,127
Total other non-financial assets	99,459	194,785
Total	213,694	312,822

25. DUE TO BANKS

	2026 Rs.	2025 Rs.
Bank Overdraft	225,773	1,057,932
Other borrowed funds	4,812,002	2,593,143
Total	5,037,776	3,651,076

25.1 Due to banks - Other borrowed funds

	2026 Rs.	2025 Rs.
Balance at the beginning of the year	2,593,143	1,532,704
Borrowed during the year	6,232,300	1,883,000
Capital repayments during the year	(4,018,515)	(836,529)
Amortised interest	5,074	13,968
Balance at the end of the year	4,812,002	2,593,143

NOTES TO THE FINANCIAL STATEMENTS

Lending institution	Security	Type	Repayment terms	Maturity	Capital amount
Commercial Bank of Ceylon PLC	Lease Receivables	Floating Rate	60 Months	8/27/29	273,346,000
Commercial Bank of Ceylon PLC	Lease Receivables	Floating Rate	60 Months	8/3/29	68,346,000
Pan Asia Bank PLC	Lease Receivables	Floating Rate	60 Months	1/8/30	191,620,000
DFCC Bank PLC	Lease Receivables	Fixed Rate	48 Months	2/18/29	364,583,333
Cargills Bank PLC	Lease/ Loan Receivables	Fixed Rate	48 Months	2/20/29	145,833,329
Sampath Bank	Lease Receivables	Floating Rate	60 Months	5/26/30	416,670,000
Hatton National Bank	Gold Loan Receivables	Fixed Rate	60 Months	6/20/30	637,500,000
Commercial Bank of Ceylon PLC	Lease Receivables	Floating Rate	60 Months	9/12/30	450,002,000
People's Bank	Lease Receivables	Floating Rate	60 Months	9/26/30	450,000,000
Cargills Bank PLC	Lease/Loan Receivables	Floating Rate	48 Months	11/27/29	183,333,332
Bank of Ceylon	Lease Receivables	Floating Rate	48 Months	2/19/30	489,583,000
Sanasa Development Bank	Lease Receivables	Fixed Rate	60 Months	2/27/29	486,111,111
Union Bank of Colombo PLC	Vehicle Loan Recievables	Floating Rate	3 Months	5/4/26	500,000,000
Hatton National Bank	Unsecured Borrowing	Floating Rate	3 Months	6/18/26	150,000,000
					4,806,928,105

26. DEPOSITS DUE TO CUSTOMERS

	2026 Rs.	2025 Rs.
Fixed deposits	14,074,846	14,363,540
Savings deposits	49,152	44,792
Total	14,123,998	14,408,332

26.1 Analysis by currency

	2026 Rs.	2025 Rs.
Sri Lankan rupees (LKR)	14,123,998	14,408,332
Total	14,123,998	14,408,332

27. DEBT SECURITIES ISSUED

	2026	2025
	Rs.	Rs.
Cumulative preference shares (Note 27.1)	19,600	19,000
Total	19,600	19,000
Due within 1 year	-	-
Due after 1 year	19,600	19,000
Total	19,600	19,000

27.1 Details of debt securities issued

	Face value	2026	2025
		Rs.	Rs.
Issued by the Company			
6% cumulative non redeemable preference shares	10,000	10,000	10,000
Interest Payable	-	9,600	9,000
Total	10,000	19,600	19,000

28. DEFERRED TAX

	2026	2025
	Rs.	Rs.
Deferred tax assets (Note 28.1)	(154,496)	(166,602)
Deferred tax liabilities (Note 28.2)	34,940	31,773
Net Deferred Tax Liabilities / (Assets)	(119,557)	(134,830)

28.1 Deferred tax assets

	2026	2025
	Rs.	Rs.
Balance at 1st April	(166,602)	(212,271)
Origination/(reversal) of temporary difference	12,106	45,668
Balance at 31 March	(154,496)	(166,602)

	Temporary difference		Net Deferred Tax Assets	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Retirement benefit obligation	(32,955)	(22,687)	(9,887)	(6,806)
Impairment on loans and advances	(478,537)	(423,048)	(143,561)	(126,915)
SLFRS 16 - Leases	(3,496)	-	(1,049)	-
Brought forward tax Loss	-	(109,606)	-	(32,882)
Balance at 31 March	(514,988)	(555,341)	(154,496)	(166,602)

NOTES TO THE FINANCIAL STATEMENTS

Deferred Tax Assets Relate to the Followings

	Temporary difference		Net Deferred Tax Assets	
	2026	2025	**2026**	2025
	Rs.	Rs.	Rs.	Rs.
Retirement benefit obligation - Income Statement	(35,736)	(23,885)	(10,721)	(7,166)
Retirement benefit obligation - Other Comprehensive Income	2,781	1,198	834	359
Balance at 31 March	(32,955)	(22,687)	(9,887)	(6,806)

28.2 Deferred tax liabilities

	2026	2025
	Rs.	Rs.
Balance at 1st April	31,773	89,926
Origination/(reversal) of temporary difference	3,167	(58,153)
Balance at 31 March	34,940	31,773

	Temporary difference		Net Deferred Tax Assets	
	2026	2025	**2026**	2025
	Rs.	Rs.	Rs.	Rs.
Property plant and equipment	116,466	93,141	34,940	27,942
Impairment on loans and advances	-	-	-	-
Leased assets	-	11,668	-	3,500
SLFRS 16 - Leases	-	1,101	-	330
Balance at 31 March	116,466	105,909	34,940	31,773

29. EMPLOYEE BENEFIT OBLIGATION

	2026	2025
	Rs.	Rs.
Movement in the present value of defined benefit obligation		
Balance at the beginning of the year	23,885	16,206
Amount recognized in profit or loss		
Interest cost	2,269	1,945
Current service cost	7,916	5,689
Past service cost	-	-
	10,185	7,634
Amount recognized in the other comprehensive income		
Actuarial loss	2,918	1,198
Payment made during the year	(4,033)	(1,152)
Balance at the end of the year	32,955	23,885

Company provides gratuity benefits to its employees in compliance with Payment of Gratuity Act no 12 of 1983 by setting up an unfunded defined benefit scheme. The unfunded defined benefit scheme has been valued in accordance with Sri Lanka Accounting Standards (LKAS 19). Minimum funding requirement does not apply as the Company operates an unfunded defined benefit scheme.

The Company carried out an actuarial valuation of the gratuity liability as at 31 March 2026 by Mr. Pushpakumar Gunasekera (Actuary/ Associate of the Institute of Actuaries of Australia (AIAA)), for and on behalf of Messrs. Smiles Global (Pvt) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method", the method recommended by the LKAS 19.

	2026 Rs.	2025 Rs.
Actuarial assumption		
Discount rate	9.20%	9.50%
Future salary increment rate	12.00%	12.60%
Staff turn over	34.00%	36.00%
Retirement age	60 Years	60 Years
Weighted average duration	1.91 Years	2.72 Years

As per the guidelines issued by the institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero-coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligations as per LKAS No.19 ''Employee Benefits''.

The Company continue in business as going concern. Assumptions regarding future mortality are based on published statistic and mortality tables.

The standard requires that the assumptions must be 'best estimate assumptions' and 'internally consistent'. The principal assumptions relate to the valuation are the salary inflation rate, mortality rate, disability rate, risk discount rate and the staff withdrawal rates.

29.1 Sensitivity analysis

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 31st March 2026

Sensitivity Analysis on salary increment rate

Scenario	Assumption	Defined benefit obligation	% Change
Base	12.00%	32,955	-
Increase by 1%	13.00%	34,080	3.41%
Deacrease by 1%	11.00%	31,881	-3.26%

Sensitivity Analysis on discount rate

Scenario	Assumption	Defined benefit obligation	% Change
Base	9.20%	32,955	-
Increase by 1%	10.20%	31,927	-3.12%
Deacrease by 1%	8.2%	34,052	3.33%

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity Analysis on salary increment rate

Scenario	Assumption	Defined benefit obligation	% Change
Base	12.60%	23,885	-
Increase by 1%	13.60%	24,706	3.44%
Deacrease by 1%	11.6%	23,102	-3.28%

Sensitivity Analysis on discount rate

Scenario	Assumption	Defined benefit obligation	% Change
Base	9.50%	23,885	-
Increase by 1%	10.50%	23,133	-3.15%
Deacrease by 1%	8.5%	24,688	3.36%

Maturity Profile of the Defined benefit Obligation

	2026 Rs.	2025 Rs.
Within the next 12 months	-	-
Between 1-2 year	111	47
Between 2-5 years	32,844	23,838
Between 5-10 years	-	-
Beyond 10 years	-	-
Total	32,955	23,885

30. OTHER LIABILITIES

	2026 Rs.	2025 Rs.
Financial liabilities		
Amounts payable to suppliers	-	-
Insurance payables	83,968	78,453
Income Tax Payable	203,359	-
Accruals and other payables	204,742	192,874
Total other financial liabilities	497,069	271,327
Non-financial liabilities		
Real estate advance	14,404	4,995
Other non-financial liabilities	(10,463)	10,112
Financial VAT Payable	57,538	15,121
Total other non-financial liabilities	61,479	30,228
Total	558,548	301,555

31. ORDINARY SHARE CAPITAL

	Number of shares (thousands)	2026 Rs.	2025 Rs.
Issued and fully paid ordinary shares	405,302	3,762,054	3,762,054
Total	405,302	3,762,054	3,762,054
Ordinary shares		3,762,054	3,762,054
Cumulative preference shares		10,000	10,000
Stated capital		3,772,054	3,772,054
Less: Cumulative preference shares		(10,000)	(10,000)
Add: Other reserves		(353,177)	(717,785)
Total Equity		3,408,877	3,044,270

32. RESERVES

Statutory reserve fund

The Reserve Fund is maintained in compliance with the Finance Companies (Capital Funds) Direction No 1 of 2003 as Finance Companies act (amended) issued to Registered Finance Companies. As per the said Direction, every Licensed Finance Company shall maintain a Reserve Fund and transfer to such reserve fund out of the net profits of the each year after due provision has been made for Taxation and Bad and Doubtful Debts on following basis.

Capital Funds to Deposit Liabilities	% of transfer to Reserve Fund
Not less than 25%	5%
Less than 25% and not less than 10%	20%
Less than 10%	50%

	2026 Rs.	2025 Rs.
Balance as at the beginning of the year	85,697	21,202
Transfer during the year	73,680	64,495
Balance as at the end of the year	159,378	85,697

32.1 Regulatory loss allowances reserve

	2026 Rs.	2025 Rs.
Balance as at the beginning of the year	-	54,173
Transfer during the year	-	(54,173)
Balance as at the end of the year	-	-

As per Section 7.1.3 of finance Business Act Direction No.01 of 2020, where the loss allowance for expected credit loss falls below the regulatory provision, company shall maintain the additional loss allowance in a non-distributable regulatory loss allowance reserve (RLAR) through an appropriation of its retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

33. ACCUMULATED LOSSES

	2026 Rs.	2025 Rs.
Balance as at the beginning of the year	(803,483)	(1,114,077)
Profit/(loss) for the year	368,401	322,475
Other comprehensive income	(3,793)	(1,557)
Transfers to reserve fund	(73,680)	(64,495)
Transfer from/to Regulatory loss allowances reserve	-	54,173
Balance as at the end of the year	(512,554)	(803,482)

34. CONTINGENT LIABILITIES AND COMMITMENTS

Below is the summary of contingent liabilities and commitments as at end of the financial period 31st March 2026.

34.1 Composition of contingent liabilities and commitments

	2026 Rs.	2025 Rs.
Contingent liabilities	1,098	1,098
Commitments	82,143	73,583
Total	83,241	74,681
Contingent liabilities		
Guarantees	1,098	1,098
Commitments		
Un-utilized facilities (Margin trading)	82,143	73,583
	83,241	74,681

34.1.1 Contractual Maturities of Commitments and Contingencies

The table below shows the contractual expiry by remaining maturity of the Company's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

As at 31 March 2026	On Demand	Less than 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Contingent Liabilities						
Guarantees Issued to Banks and Other Institutions	1,098	-	-	-	-	1,098
Total Contingent Liabilities	1,098	-	-	-	-	1,098
Commitments						
Commitment for Unutilised Facilities	83,241	-	-	-	-	83,241
Total Commitments	83,241	-	-	-	-	83,241
Total Commitments and Contingencies	84,339	-	-	-	-	84,339

As at 31 March 2025	On Demand	Less than 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Contingent Liabilities						
Guarantees Issued to Banks and Other Institutions	1,098	-	-	-	-	1,098
Total Contingent Liabilities	1,098	-	-	-	-	1,098
Commitments						
Commitment for Unutilised Facilities	73,583	-	-	-	-	73,583
Total Commitments	73,583	-	-	-	-	73,583
Total Commitments and Contingencies	74,681	-	-	-	-	74,681

34.2 Tax assessments

The Company received a number of prior Tax Assessments for a total sum of Rs. 43Mn (including penalties amounting to a sum of Rs.16Mn) which are relevant for the periods from 1995/96 to 2007/08 from the Department of Inland Revenue. The Company lodged an objection against the default of tax for recovery instituted by the Department of Inland Revenue due to inconsistencies relating to Default Tax Recovery (Special Provisions) Act No.16 of 2010. As at 31 March 2026, the tax assessment and the objectiion thereto is currently under dispute and the matter is yet to be settled.

The Board of Directors of the Company has made assessments on the implications of IFRIC 23 – Uncertainty over income tax treatments on the above assessments. Accordingly, the Directors of the Company, based on the view of the legal consultant, is confident that the outcome of the objection would be positive to the Company once resolved and that a tax liability on the above-mentioned tax assessments is unlikely to materialize. Therefore, no provision is made in these financial statements.

34.3 Litigation and claims

The Company has contingent liabilities arising in the ordinary course of business and in respect of litigation filed by former employees of the Company. Based on the information currently available, the Directors are of the opinion that the ultimate resolution of the litigation would not likely to have a material impact on the results of operations and financial position of the Company.

Litigation against the company

Legal status	Case numbers
Former CEO of the company from 2017 to 2019 and filed a claim case against the company with regard to termination of his service.	DMR/1453/2020
An employee filed a case in Labour Tribunal against PMF that he has termination unlawfully. Labour Tribunal of Colombo , has ordered to pay compansation to employee but refused to accept the amount by the employee, PMF appealed to High Court and PMF won the case set aside the Labour Tribunal order. The employee again appealed to Supreme Court against the Appeal court order, and presenty fixed for arguments.	HC/ALT/25/2019 SC/SPL/LA/162/2020

NOTES TO THE FINANCIAL STATEMENTS

35. RELATED PARTY DISCLOSURES

35.1 Parent and ultimate controlling party

The Company's immediate parent and ultimate controlling party is Sterling Capital Investments (Private) Limited (SCIL) and the ultimate parent company is Rush Japan Corporation as at 31 March 2026, SCIL have a holding of 81.58%.

35.2 Transactions with key management personnel and their close family members

As per the Sri Lanka Accounting Standard (LKAS -24) -"Related Party Disclosures", the key management personnel (KMP) and their family members include those who are having authority and responsibility for planning, directing and controlling the activities of the Group. Accordingly, the Board of Directors of the Group, the parent Company - Sterling Capital Investments (Private) Limited and its affiliate Companies, Sterling Automobiles Lanka (Pvt) Limited and the Sterling Holdings (Private) Limited have been identified as KMPs of the Group.

The Comapny carried out transactions in the ordinary course of its business with KMPs and their close family members on the arms length basis at commercial rates.

Other transactions (loans and receivables) with key management personnel - Balance outstanding

	2026	2025
	Rs.	Rs.
Granting	52,570	36,460
Closing balance as at 31 March	51,672	40,744
Interest income	44,180	3,355

Other transactions (loans and receivables) with key management personnel - Balance outstanding

	2026	2025
	Rs.	Rs.
Deposits accepted and renewed during the year	68,246	13,480
Closing balance as at 31 March	59,030	2,536
Interest Expenses	4,053	447

Other payment to key management personnel

	2026	2025
	Rs.	Rs.
Cash dividend	-	-

35.2.1 Remuneration to Board of Directors

	2026	2025
	Rs.	Rs.
Director fees	62,999	44,044

35.2.2 Share transactions with KMP

	2026 Rs.	2025 Rs.
No. of Ordinary Shares held at the end of the financial period;		
The Parent Company (Sterling Capital Investments (Pvt) Ltd)	330,653	330,714
People's Bank	32,673	33,856
People's Leasing & Finance PLC	7,724	25,014
Board of Directors	47,338	-

35.2.3 Compensation of KMP

	2026 Rs.	2025 Rs.
Short-term employee benefits		
Salaries, allowances & bonuses	99,425	91,600
Post-employment benefits		
EPF& ETF	9,241	9,003

35.3 Transactions with related entities

The Company carried out transactions in the ordinary course of its business with the related entities on the arms length basis at commercial rates.

NOTES TO THE FINANCIAL STATEMENTS

35.3.1 The Company had the under mentioned financial dealings during the financial year with the following related entities.

As at 31st March	Sterling Capital Investments (Private) Limited (Parent Company)		Sterling Holdings (Private) Limited (Affiliate Company)		Sterling Automobiles Lanka (Private) Limited (Affiliate Company)	
In thousands of rupees	**2026**	2025	**2026**	2025	**2026**	2025
(a) Items in statement of profit or loss						
Interest income	-	-	38,563	43,722	-	-
Interest expense	-	-	-	-	-	-
Fee and commission income	-	-				
Other operating expenses	-	-	23,331	30,139	49,619	23,222
Other operating Income						
Expenses incured on behalf	-	-	-	-	-	-
Provisions made during the year	-	-	-	-	-	-
(b) Items in statement of financial position						
Assets						
Cash and balances with banks	-	-	-	-	-	-
Investments in Fixed Deposits/Repos	-	-	-	-	-	-
Investments in subsidiaries / affiliates	-	-	-	-	-	-
loans and lease rentals receivable		-	337,053	336,743	-	-
Other assets	-	-	-	-	-	-
Provisions made	-	-			-	-
(b) Items in statement of financial position (continued)						
Liabilities						
Due to banks	-	-	-	-	-	-
Deposits due to customers						
Debt securities issued	-	-	-	-	-	-
Preference shares dividend payable	-	-	-	-	-	-
(c) Transactions						
Advances in lieu of rights issue of shares	-	-	-	-	-	-
Transfers to stated capital from advances in lieu of right issue of shares	-	-	-	-	-	-
Utilization of fund raised in right issue	-	-	-	-	-	-
Exvess funds received from right issue	-	-	-	-	-	-

The above related party balances does not require any security or guarantee to be given or received.

36. FINANCIAL INSTRUMENT - FAIR VALUES

36.1 Fair values of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of assets and liabilities recorded/disclosed at fair value by level of the fair value hierarchy :

As at 31st March 2026	Carrying amount	Fair value		
	Rs' 000	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment securities measured at FVTPL (Note a)	202,182	-	202,182	-
Investment securities measured at FVOCI (Note b)	23	-	-	23
Financial assets measured at FVTPL - Securities under repurchase agreements (Note a)	1,281,508		1,281,508	
	1,483,713	-	1,483,689	23
Financial assets not measured at fair value				
Loans and advances to customers (Note c)	19,763,046	-	-	16,176,344
Cash and balances with banks (Note d)	308,197	-	-	-
Placements with banks and financial institutions (Note e)	854,695	-	-	-
	20,925,938	-	-	16,176,344
	20,409,651	-	1,483,689	16,176,367
Financial liabilities not measured at fair value				
Deposits due to customers (Note g)	14,123,998	-	-	16,212,622
Debt securities issued (Note h)	19,600	-	-	-
Lease liabilities (Note j)	251,841	-	-	-
Due to banks (Note f)	5,037,776	-	-	4,486,933
	19,433,214	-	-	20,699,556

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2025	Carrying amount	Fair value		
	Rs' 000	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment securities measured at FVTPL (Note a)	234,599	5,493	229,106	-
Investment securities measured at FVOCI (Note b)	23	-	-	23
Financial assets measured at FVTPL - Securities under repurchase agreements (Note a)	778,074	-	778,074	-
	1,012,696	5,493	1,007,180	23
Financial assets not measured at fair value				
Loans and advances to customers (Note c)	17,256,843	-	-	12,916,150
Cash and balances with banks (Note d)	710,476	-	-	-
Placements with banks and financial institutions (Note e)	1,582,180	-	-	-
	19,549,499	-	-	12,916,150
	20,562,195	5,493	1,007,180	12,916,173
Financial liabilities not measured at fair value				
Due to banks (Note f)	3,651,076	-	-	3,374,168
Deposits due to customers (Note g)	14,408,332	-	-	15,663,338
Debt securities issued (Note h)	19,000	-	-	-
Lease liabilities (Note j)	185,449	-	-	-
	18,263,856	-	-	19,037,506

The methodologies and assumptions used to estimate the fair values of the financial instruments, which are not carried at fair value are as follows:

a) Investment securities measured at FVTPL – The carrying amount of these investments reflect last traded price at stock exchange and the daily reports of the unit trust funds.

b) Investment securities measured at FVOCI– The carrying amount of these shows investments in the Credit Information Bureau of Sri Lanka. Investment in government securities are reflect last trades prices. As CRIB is a Private Company unable to find market values. It is assumed that the carrying amounts approximate their fair values.

c) Loans and advances to customers – The carrying amount reflects amortised value of loan and advances. Thus its carrying amount approximates to the fair value.

d) Cash and balances with banks – The carrying amount of cash and balances with banks approximate its fair value due to the relatively short maturity of the financial instruments.

e) Placements with with banks and financial institutions – The carrying amount of investment in fixed deposits approximate its fair value due to the relatively short maturity of the financial instruments.

f) Due to banks - Fair value of these financial instruments with remaining maturity of less than 1 year approximate their carrying amounts due to the relatively short maturity of such instruments.

g) Deposits due to customers – The carrying amount reflecting amortised cost of deposits from customers. Thus its carrying amount approximates to the fair value.

h) Debt securities issued - Fair value of preference shares reflect market value with the consideration of 6% interest rate.

i) Financial liabilities - The carrying value is approximately its fair value of the financial instrument

j) Lease liabilities - The carrying amount reflecting amortised cost of lease liabilities

37. RISK MANAGEMENT

Introduction and overview

The forecasting and evaluation of financial risk together with the identification of procedures to eliminate or minimize the business impact to the Company is the key objective of the Intigrated Risk Management Framework of the Company.

Structure of the risk management framework

The Board of Directors

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors hold the risk retentiveness for the establishment and guardianship for the Company's framework and manage the risk through Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC). The main role of the Board of Directors in Risk Management is,

- Increasing scrutiny over risk.
- Identification of potential loss areas.
- Finding the balance between taking and managing risk.
- Development of policies, procedures and awareness.

The Comapany'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.

The Company's Audit Committee oversees how management monitors compliance with the Comapny's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company Audit Committee.

Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC)

The BIRMC has the overall responsibility for developing and monitoring the risk management strategy and implementing principal framework, policies and limits, managing risk related decisions and monitoring risk levels and report to the Board of Directors with the support of Assets and Liability Committee (ALCO).

Assets and Liability Committee (ALCO)

ALCO is chaired by the Chief Executive Officer and consists of Deputy General Managers (Legal & HR, Business Development and Assets & Credit Finance) with the Heads of Finance, Fixed Deposits, Treasury and Pawning divisions. The committee will meet at least quarterly to manage the Assets and Liabilities of the Company and to keep the liquidity levels under satisfying requirements. The Comapany has exposure to following risk from financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

A. Credit Risk

B. Liquidity Risk.

C. Market Risk.

D. Operational Risk

A. Credit Risk

The credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meets its contractual obligations and arises principally from default on a debt that may arise from a borrower failing to make required payments, in the first resort; the risk is that of the lender and includes cost principals and interest, disruption to cash flows and increased collection flows. Company Credit Management process includes,

- 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.
- Reviewing and assessing credit risk including business feasibility, verifying CRIB status of clients
- Establishing the authorisation structure for the approval and renewal of credit facilities by Deputy General Managers, the CEO and The Board of Directors depending on the quantum of the financial facilities.
- Reviewing and setting up individual customer and credit exposure levels. (Adherence to the Single Borrower Limits)

Loan to Value Ratio

	As at **31/03/2026**	As at 31/03/2025
LTV Ratio		
Less than 50%	3,457,191	2,128,568
51%-70%	10,934,766	8,034,871
71%-90%	6,197,788	7,561,819
91%-100%	-	240,011
More than 100%	-	-
	20,589,744	17,965,268

Type of credit exposure

	Percentage of exposure that is subject to collateral requirements		
	As at 31/03/2026	As at 31/03/2025	Principal type of collateral held
Finance lease receivable	100	100	Marketable securities
Hire purchase receivable	100	100	Marketable securities
Vehicle loans	100	100	Marketable securities
Gold loans	100	100	Marketable securities
Margin trading receivable	0 - 100	0 - 100	Listed Equities
Loans against fixed deposits	100	100	Fixed deposits
Other loans	0 - 100	0 - 100	Marketable securities, Personal guarantees

Note: Principal type of collaterals of the Financial assets measured at amortised cost - loans and lease rentals receivable are listed above

With the adoption of SLFRS 9 – Financial Instruments, the Company manages credit quality using a three stage approach which is in-line with the new standard requirements as well. SLFRS 9 outlines a “three-stage” model for impairment based on changes in credit quality since initial recognition.

Stage 1: A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses (LTECL) that result from default events possible within next 12 months (12M ECL).

Stage 2: If significant increases in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Company records an allowance for LTECL.

Stage 3: If a financial asset is credit-impaired, it is moved to Stage 3 and the Company recognises an allowance for LTECL.

37.1 Exposure to credit risk

The following table show the maximum exposure to credit risk by class of financial asset. It further shows the net exposure to credit risk.

	2026		2025	
	Maximum Exposure to Credit Risk	Net Exposure	Maximum Exposure to Credit Risk	Net Exposure
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and balances with banks	308,197	308,197	710,476	710,476
Placements with banks and financial institutions	854,695	854,695	1,455,435	1,455,435
Investments in securities	1,483,713	1,483,713	1,012,696	1,012,696
Financial assets measured at amortised cost - loans and lease rentals receivable	19,763,046	12,388,192	17,256,842	12,877,553
	22,409,651	15,034,797	20,435,450	16,056,161

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows :

	As at 31/03/2026 Rs. ‘000	As at 31/03/2025 Rs. ‘000
Cash and balances with banks	308,197	710,476
Placements with banks and financial institutions	854,695	1,582,180
Investment securities measured at FVTPL	1,483,689	1,012,673
Loans and advances to customers	19,763,046	17,256,842
Investment securities measured at FVOCI	23	23
	22,409,651	20,562,195

NOTES TO THE FINANCIAL STATEMENTS

Loans and lease rentals to customers

Under SLFRS 9, impairment of loans and advances are assessed based on Expected Credit Loss model. The approach is to classify loans into individually significant exposures and other loans into homogenous portfolios by segment / product for impairment assessment.

	As at 31/03/2026 Rs. '000	As at 31/03/2025 Rs. '000
Gross carrying amount at amortised cost		
Individually significant portfolio	1,534,588	231,353
Individually non significant portfolio	19,055,156	17,733,915
	20,589,744	17,965,268

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and expert credit assessment and including forward-looking information.

The Company considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due.At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

PD estimates are estimates at a certain date, which are calculated, based on statistical models, and assessed using various categories based on homogenous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. Where the modeling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics which includes; instrument type, credit risk type and collateral type.

Determining Whether Credit Risk has Increased Significantly

The assessment of whether credit risk on a financial asset has increased significantly will be one of the critical judgements used in expected credit loss model prescribed in SLFRS 9 – Financial instruments. The criteria for determining whether credit risk has increased significantly vary by portfolio and include qualitative factors, including a backstop based on delinquency.

Using its expert credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews.

Definition of default

The Company considers a financial asset to be in default when ;

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the assessment of the external rating agencies indicates a default grading of the borrower; or

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Company for regulatory capital purposes and management decision.

Impact on Credit risk due to the current uncertain economic condition

The impact of current uncertain economic condition on the credit risk of loans and advances customers are given under Note 43.1.

Movement between the stages

Financial assets can be transferred between the different categories depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment.

Incorporation of forward-looking Information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL using a variety of external actual and forecasted information. The Company formulates a base case view of the future direction of relevant economic variables as well as a representative range (Best Case and worst Case) of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by both local and international sources. The base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables credit risk and credit losses. The economic variables used by the Company based on the statistical significance include the followings.

Unemployment Rate	4.30%	Base case scenario along with two other scenarios has been used (Best Case and Worst Case)
Interest Rate	8.94%	
GDP Growth Rate	5.40%	
Exchange Rate	309.99	
Inflation Rate	2.40%	

NOTES TO THE FINANCIAL STATEMENTS

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

1. Probability of default (PD);
2. Loss given default (LGD);
3. Exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD, EAD and EFA

Lifetime ECL is calculated by multiplying the lifetime PD by LGD, EAD and EFA

The methodology of estimating PD is discussed above under the "Generating the term structure of PD". LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, type of product and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. The increase in the gross carrying value for impairment in the Company is not inline with the change in the impairment in the current year. This was mainly due to the settlements of the non-performing assets, improved rates of probability defaults and loss given defaults based on collection improvements and staging assets improvements during the year backed by the increased collections.

Individually significant impairment

	As at 31/03/2026 Rs. '000	As at 31/03/2025 Rs. '000
Gross receivable	1,534,588	231,353
Less: Allowance for impairment	147,844	140,866
	1,386,744	90,487

Individually not significant portfolio include loans that are individually significant but not impaired. These loans are assessed for impairment collectively.

The Company holds collateral against loans and advances to customers in the form of mortgage interests over properties and other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired.

Collective impairment

	As at 31/03/2026 Rs. '000	As at 31/03/2025 Rs. '000
Gross receivable	19,055,156	17,733,915
Less: Allowance for impairment	643,753	567,560
	18,411,404	17,166,356

Write- off policy

The Company writes off a loan or an investment debt/equity security balance, and any related allowances for impairment losses, when it determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product-specific past due status.

Credit concentration risk

The Company constantly monitors credit concentration risk. The management determines this by referring to the degree of credit exposure by product types, various sectors and geographical area.

Product concentration

Product category	As at 1/03/2026		As at 31/03/2025	
	Rs. 000	%	Rs. 000	%
Hire purchase	3,899	0%	4,730	0%
Revolving Loan	1,648,093	8%	2,164,880	12%
Other loans	1,341,825	7%	351,118	2%
Margin trading	755,460	4%	727,338	4%
Gold loans	6,154,540	30%	3,960,580	22%
Lease	9,388,262	46%	9,175,441	51%
Mortgage Loan	795,375	4%	1,265,176	7%
Loans against fixed deposits	502,290	2%	316,005	2%
	20,589,744	100%	17,965,268	100%

Industry-wise Concentration

The following table shows the risk concentration by industry for the components of the Statement of Financial Position.

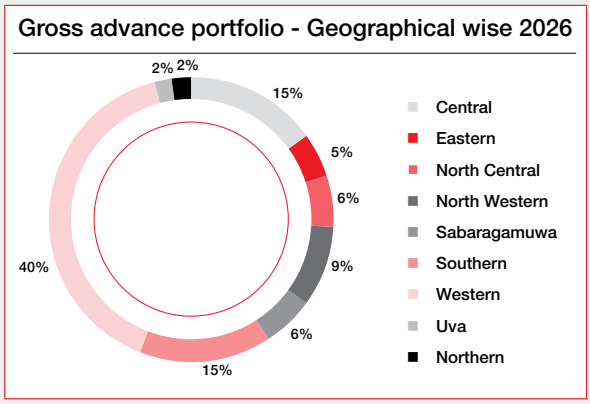
As at 31 March 2026 Sector-wise Breakdown	Cash and Cash Equivalents	Placements with banks and financial institutions	Investments in securities	Financial assets measured at amortized cost - loans and lease rental receivables	Total Financial Assets
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Agriculture, Forestry & Fishing	-	-	-	3,529,712	3,529,712
Construction & Infrastructure Development	-	-	-	1,475,456	1,475,456
Consumption	-	-	-	12,619,116	12,619,116
Financial Services	308,197	854,695	1,483,713	891,621	3,538,226
Health Care, Social Services & Support Services	-	-	-	162,554	162,554
Information Technology And Communication	-	-	-	10,544	10,544
Professional, Scientific & Technical Activities	-	-	-	29,995	29,995
Arts, Entertainment & Recreation	-	-	-	45,045	45,045
Education	-	-	-	74,320	74,320
Manufacturing	-	-	-	408,868	408,868
Tourism	-	-	-	84,662	84,662
Transportation & Storage	-	-	-	641,016	641,016
Wholesale & Retail Trade	-	-	-	616,835	616,835
	308,197	854,695	1,483,713	20,589,744	23,236,349

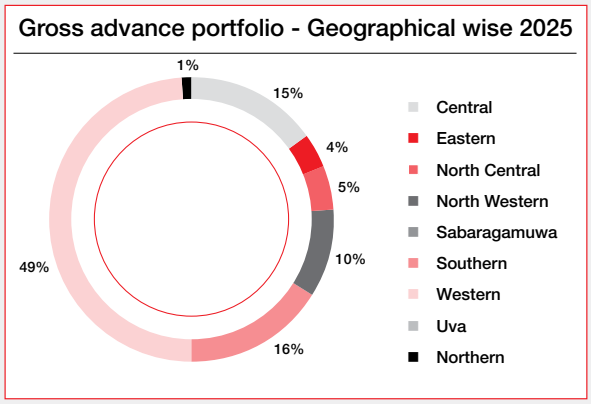
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2025 Sector-wise Breakdown	Cash and Cash Equivalents	Placements with banks and financial institutions	Investments in securities	Financial assets measured at amortized cost - loans and lease rental receivables	Total Financial Assets
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Agriculture, Forestry & Fishing	-	-	-	915,269	915,269
Construction & Infrastructure Development	-	-	-	849,484	849,484
Consumption	-	-	-	10,570,047	10,570,047
Financial Services	710,476	1,582,180	1,012,696	1,438,477	4,743,829
Health Care, Social Services & Support Services	-	-	-	331,277	331,277
Information Technology And Communication	-	-	-	27,422	27,422
Professional, Scientific & Technical Activities	-	-	-	53,786	53,786
Arts, Entertainment & Recreation	-	-	-	69,559	69,559
Education	-	-	-	140,568	140,568
Manufacturing	-	-	-	1,781,225	1,781,225
Tourism	-	-	-	155,254	155,254
Transportation & Storage	-	-	-	835,620	835,620
Wholesale & Retail Trade	-	-	-	797,280	797,280
	710,476	1,582,180	1,012,696	17,965,268	21,270,622

Geographical area concentration

Province	As at 1/03/2026		As at 31/03/2025	
	Rs. 000	%	Rs. 000	%
Central	3,156,296	15%	2,761,721	15%
Eastern	935,534	5%	796,999	4%
North Central	1,304,813	6%	972,708	5%
North Western	1,928,735	9%	1,715,907	10%
Sabaragamuwa	1,157,859	6%	-	0%
Southern	3,032,024	15%	2,871,120	16%
Western	8,334,152	40%	8,754,329	49%
Uva	318,262	2%	-	0%
Northern	422,068	2%	92,484	1%
	20,589,744	100%	17,965,268	100%





Securities against loans and lease rentals

Given below is a summary of the outstanding balances of loans and advances based on the securities held in respect of the loan.

Category	As at 31/03/2026 Rs. '000	As at 31/03/2025 Rs. '000
Immovable Assets	818,071	1,254,406
Movable Assets	12,270,498	11,566,178
Corporate guarantor/ Personal guarantor	88,884	140,760
Fixed deposit securities	502,290	316,005
Market securities	755,460	727,338
Gold securities	6,154,540	3,960,580
	20,589,744	17,965,268

The Company has policies and procedures to valuing both movable and immovable collaterals and assess the adequency on periodical basis. Further all valuers are panel valuers who are possessing required qualification & experience set out in the Finance Business Act (Amendments to the valuation of immovable properties) Direction No. 01 of 2021 and none of valuer in the panel is a related party of the Company to avoid any conflict of interest that may arise from such engagement. Additionally when credit facilities are enhanced fresh valuations are obtained.

Credit Quality by Class of Financial Assets

Credit quality categorisation has been done based on the class of financial assets. The table below sets out information about the maximum exposure to credit risk, measured at amortised cost, and Fair Value through Other Comprehensive Income (FVOCI) as at the end of the financial year 2025/26.

Financial Assets	Not subject to EC	12-Month ECL	Life time ECL - Not credit impaired	Life time ECL - Credit impaired	
		(Stage 1)	(Stage 2)	(Stage 3)	Total
In thousands of rupees	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and balances with banks	308,197	-	-	-	308,197
Placements with banks and financial institutions	854,695	-	-	-	854,695
Investments in securities	1,483,713	-	-	-	1,483,713
Hire purchase	-	167	368	3,364	3,899
Revolving Loan	-	1,326,864	261,577	59,652	1,648,093
Other loans	-	1,089,104	225,425	27,296	1,341,825
Margin trading	-	755,240	-	220	755,460
Gold loans	-	3,059,706	1,404,318	1,690,516	6,154,540
Lease	-	6,312,468	2,493,075	582,719	9,388,262
Mortgage Loan	-	423,753	205,746	165,876	795,375
Loans against fixed deposits	-	502,290	-	-	502,290
Total	2,646,605	13,469,593	4,590,510	2,529,641	23,236,349

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of impairment provision on loans and lease rentals receivable

The impairment provision on loans and lease rental receivable as at 31st March 2026 is subject to various assumptions. The below table demonstrates the sensitivity of the impairment provision of the Company as at 31st March 2026 to a reasonably possible change in PDs, LGDs and forward looking information.

Assumption In thousands of rupees (Rs. '000)	Stage 1	Stage 2	Stage 3	Total	Sensitivity Effect from income statement
PD 1% increase	20,141	7,053	-	27,194	27,194
PD 1% decrease	(20,141)	(7,053)	-	(27,194)	(27,194)
LGD 5% increase	9,797	8,267	5,524	23,588	23,588
LGD 5% decrease	(9,797)	(8,267)	(5,524)	(23,588)	(23,588)
Probability weighted economic senarios					
Base case decrease 5% , Worst case increase 5%	1,027	509	-	1,537	1,537
Base case increase 5% , Worst case deacrease 5%	(1,027)	(509)	-	(1,537)	(1,537)

Sensitivity Analysis: Impact on collective impairment (loans & advances, credit related commitment & contingencies) due to changes in forward looking information

Sensitivity of impairment provision on Gold loan receivable

A decline in gold prices may increase the risk of a shortfall in collateral value relative to outstanding loan balances, potentially leading to higher credit losses if not mitigated through timely recovery actions. This risk is evidenced by past market events, such as the significant gold price decline experienced in 2013. Accordingly, the table below presents the estimated potential loss that could arise under various gold price decline scenarios, based on the gold loan portfolio outstanding as at the reporting date.

In thousands of rupees (Rs. '000) Market Vale Drop %	Sensitivity Effect from income statement
10%	-
20%	(5,101)
30%	(145,190)
40%	(649,293)

Following table also summarizes the key economic indicators used in estimating economic factor adjustment and impact on their changes.

Key drivers	ECL scenario	Assigned Weightings	2026	2027	2028	2029	2030	2031	2032
GDP Growth	Base case	25%	5.40%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
	Best case	10%	5.40%	2.93%	3.11%	3.29%	3.49%	3.70%	3.70%
	Worst case	65%	5.40%	2.22%	2.11%	2.13%	2.24%	2.35%	2.35%
Inflation (YoY) (NCPI Dec)	Base case	25%	2.40%	5.20%	5.00%	5.00%	5.00%	5.00%	5.00%
	Best case	10%	2.40%	2.41%	1.84%	1.40%	1.06%	0.80%	0.80%
	Worst case	65%	2.40%	5.76%	6.84%	8.10%	9.59%	11.33%	11.33%
Interest Rate (AWPR)	Base case	25%	8.94%	8.94%	8.80%	8.70%	8.61%	8.55%	8.55%
	Best case	10%	8.94%	8.04%	7.38%	6.78%	6.22%	5.71%	5.71%
	Worst case	65%	8.94%	10.27%	10.91%	11.58%	12.30%	13.06%	13.06%
Exchange Rate (US$:LKR)	Base case	25%	309.99	310.48	303.58	299.27	295.83	286.70	286.70
	Best case	10%	309.99	263.86	231.49	203.04	178.03	156.07	156.07
	Worst case	65%	309.99	384.00	400.00	400.00	400.00	400.00	400.00
Unemployment	Base case	25%	4.30%	5.09%	5.08%	5.08%	5.07%	5.07%	5.07%
	Best case	10%	4.30%	4.82%	4.72%	4.62%	4.52%	4.43%	4.43%
	Worst case	65%	4.30%	5.12%	5.14%	5.16%	5.17%	5.19%	5.19%

Cash at bank

In thousands of rupees Institution	Credit Rating	As at 31/03/2026 Rs. '000	As at 31/03/2025 Rs. '000
Peoples' Bank	AA- (lka)	135,716	465,899
HNB Bank	AA- (lka)	6,941	14,615
Pan Asia Bank	BBB(lka)	372	(412,300)
SDB Bank	BB+(lka)	304	-
Cargils Bank	A(lka)	5,050	13,620
NDB Bank	A- (lka)	22,289	524,124
Bank of Ceylon	AA-(lka)	11,663	24
DFCC Bank	A(lka)	508	(16,781)
Union Bank	BBB-(lka)	246	-
Sampath Bank	AA- (lka)	409	-
Commercial Bank	AA- (lka)	2,889	30
		186,388	589,230

NOTES TO THE FINANCIAL STATEMENTS

Placements with banks and financial institutions

In thousands of rupees Institution	Credit Rating	As at 31/03/2026 Rs. '000	As at 31/03/2025 Rs. '000
Cargills Bank	A(lka)	50,444	-
NDB Bank	A- (lka)	-	594,956
LOLC Holdings PLC	BBB+ (lka)	-	387,962
Pan Asia Bank	BBB(lka)	528,927	545,000
Union Bank	BBB-(lka)	103,332	-
Sampath Bank	AA- (lka)	119,222	-
Peoples' Bank	AA- (lka)	53,066	54,500
		854,992	1,582,418

37.2 B. Liquidity risk

Liquidity risk is the risk, that for a certain period of time, a given financial asset, security or commodity cannot be traded quickly enough in the market without impacting the market price thereby the company will encounter difficulties in meeting obligations associated with its financial liabilities, which are settled by delivering cash or other financial assets.

The Board of directors sets the strategy for managing liquidity risk and delegates responsibility for oversight of the implementation to ALCO. Comapny ensures that sufficient liquidity to meet its liabilities when due, under normal and stressed conditions and maintains company reputation. The treasury division manages the liquidity of the Company by obtaining information from other divisions with regard to their liquidity situation of the financial operations on regular basis and with estimated cash flows from business activities based on the recommendation of the ALCO. Company liquidity strategy is as follows,

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate).
- Carrying a portfolio of highly liquid assets diversified by maturity.
- Monitoring maturity mismatches, behavioral characteristics of the Company's financial assets and liabilities.

Exposure to liquidity risk	As at 31/03/2026	As at 31/03/2025
Gross Loans/ Customer deposits	1.46	1.24

Total Liquid Assets

	2026 Rs.	2025 Rs.
Notes and Coins Held	121,809	128,527
Balances with Banks	186,388	581,949
Securities under Reverse Repurchase Agreements (Less than 03 Months)	1,281,508	778,074
Investment in Commercial Papers		
Investment in Unit Trust	202,182	229,106
Investment in Fixed Deposits	854,992	1,194,456
Total Liquidity Reserves	2,646,878	3,300,074

	2026 Rs.	2025 Rs.
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	124.3%	100.7%
Liquid Assets to External Funds	9.3%	8.1%

Following are the remaining maturities of financial liabilities as at the reporting date.

Financial Assets	Carrying value	Up to 3 Months	03-12 Months	Over 1 year	Total as at 31.03.2026
In thousands of rupees	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to banks	5,037,776	1,160,019	837,515	3,040,241	5,037,776
Deposits due to customers	14,123,998	2,416,178	5,479,118	6,228,702	14,123,998
Debt securities issued	19,600	-	-	19,600	19,600
Lease liabilities	251,841	7,187	69,695	174,959	251,841
Un-utilized facilities (Margin Trading)	82,143	82,143	-	-	82,143
Guarantees	1,098	1,098	-	-	1,098
	19,516,455	3,666,626	6,386,327	9,463,502	19,516,455

37.2.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Financial Liabilities

The tables below summarise the maturity profile of the expected undiscounted cash flows of the Bank's financial assets and financial liabilities as at 31st March 2026. However, the Bank expects that many customers will not request repayment on the earliest date it could be required to pay and the tables do not reflect the expected cash flows indicated by its deposit retention history based on the behavioural pattern.

(Rs.000)

	As at 31 March 2026							
	Less than 7 days LKR	7-30 days LKR	1-3 months LKR	3-12 months LKR	1-3 years LKR	3-5 years LKR	Over 5 years LKR	Total LKR
Financial assets								
Cash and balances with banks	308,197	-	-	-	-	-	-	308,197
Placements with banks and financial institutions	-	-	37,568	817,127	-	-	-	854,695
Investments in securities	202,182	-	465,468	816,040	-	-	23	1,483,713
Financial assets measured at amortised cost - loans and lease rentals receivable	2,956,068	1,394,508	1,951,150	3,394,639	7,634,642	8,135,270	13,874	25,480,153
Total financial assets	3,466,447	1,394,508	2,454,186	5,027,807	7,634,642	8,135,270	13,897	28,126,758
Financial liabilities								
Due to banks	-	778,915	390,122	1,012,741	2,658,430	894,233	-	5,734,440
Deposits due to customers	534,273	1,881,905	3,476,611	2,002,507	3,346,633	2,517,380	364,688	14,123,998
Debt securities issued	-	-	-	-	-	-	19,600	19,600
Total financial liabilities	534,273	2,660,820	3,866,734	3,015,247	6,005,063	3,411,613	384,288	19,878,039
Net financial assets/ (liabilities)	2,932,174	(1,266,312)	(1,412,547)	2,012,559	1,629,579	4,723,657	(370,391)	8,248,720

NOTES TO THE FINANCIAL STATEMENTS

(Rs.000)	As at 31 March 2025							
	Less than 7 days	7-30 days	1-3 months	3-12 months	1-3 years	3-5 years	Over 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Financial assets								
Cash and balances with banks	710,476	-	-	-	-	-	-	710,476
Placements with banks and financial institutions	-	-	1,582,180	-	-	-	-	1,582,180
Investments in securities			619,218	387,962	-	-	5,516	1,012,696
Financial assets measured at amortised cost - loans and lease rentals receivable	2,574,597	777,838	1,837,780	4,497,093	6,435,258	5,560,447	677,031	22,360,043
Total financial assets	3,285,073	777,838	4,039,177	4,885,055	6,435,258	5,560,447	682,547	25,665,394
Financial liabilities								
Due to banks	-	758,136	603,024	1,247,109	671,584	70,292	10,000	3,360,145
Deposits due to customers	475,104	1,490,195	4,778,395	5,624,606	1,441,221	598,578		14,408,099
Debt securities issued	-	-	-	-	-	-	19,000	19,000
Total financial liabilities	475,103	2,248,332	5,381,419	6,871,714	2,112,805	668,870	29,000	17,787,244
Net financial assets/ (liabilities)	2,809,970	(1,470,494)	(1,342,242)	(1,986,660)	4,322,452	4,891,577	653,547	7,878,150

37.3 C. Market risk

Market risk is the risk of losses in positions arising from movements in market prices. There is no unique classification as each classification may refer to different aspects of market risk. Interest rate, Exchange rate, equity prices will affect the Comapny's income or the value of the holdings of financial instruments.

The risk that interest rates or their implied volatility will fluctuate will resulting in adverse impact to the future cash flows or the fair values of financial instruments of the Company. The Company holds interest bearing assets and Liabilities such as Investments in Fixed Deposits, loans and advances to customers, due to banks, deposits from customers and debt security issued. The Company's exposure to interest rate risk with instruments which have variable interest rates and reprising of interest rates of liabilities which have shorter maturities. Interest risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO of the Company regularly reviews the current interest structure with the market rates, and responsible for setting the overall interest risk management strategy of the Company which is implemented by the treasury unit. The Company's main sources of funding lines are deposits and other debt instruments bearing fixed interest rates for various durations ranging from one month to five (05) years and bank borrowing bearing both fixed and variable interest rates.

The following table illustrates the impact arising from the possible changes in the incremental borrowing rate on the lease liability of the company as at 31 March 2026.

Increase/(Decrease) in Incremental Borrowing Rate	Sensitivity effect on Lease Liability - Increase/ (Reduction) in the Liability	Sensitivity effect on Interest Expense Increase / (Reduction) in profit for the year
In thousands of rupees	Rs.000	Rs.000'
Incremental Borrowing Rate 1% increase	(5,043)	18
Incremental Borrowing Rate 1% decrease	5,236	(37)

The Company has a minimum exposure to foreign currency transactions and hence, fluctuations in the currency doesn't have significant direct impact on the operations.

This risk is subject to regular monitoring by company market risk, but is not currently significant in relation to the Company's overall results and financial position.

Interest rate risk exposure on financial assets and liabilities

(Rs.000)	Interest rate sensitivity assets and liabilities as at 31st March 2026						
Asset or liability	Carrying amount	On demand	0-3 months	3-12 months	Over 1 year	Non interest sensitive	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cash and balances with banks	308,197	308,197	-	-	-	-	308,197
Placements with banks and financial institutions	854,695	-	37,568	817,127	-	-	854,695
Investments in securities	1,483,713	202,182	465,468	816,040	-	23	1,483,713
Financial assets measured at amortised cost - loans and lease rentals receivable	19,763,046	-	5,720,484	3,670,605	10,371,957	-	19,763,046
Interest bearing assets	22,409,651	510,379	6,223,520	5,303,772	10,371,957	23	22,409,651
Due to banks	5,037,776	-	1,160,019	837,515	3,040,241	-	5,037,776
Deposits due to customers	14,123,998	-	2,416,178	5,479,118	6,228,702	-	14,123,998
Debt securities issued	19,600	-	-	-	-	19,600	19,600
Lease Liability	251,841	-	7,187	69,695	174,959	-	251,841
Interest bearing liabilities	19,433,214	-	3,583,385	6,386,327	9,443,902	19,600	19,433,214
Interest rate sensitivity gap	2,976,437	510,379	2,640,136	(1,082,555)	928,054	(19,577)	2,976,437

NOTES TO THE FINANCIAL STATEMENTS

(Rs.000)	Interest rate sensitivity assets and liabilities as at 31st March 2025						
Asset or liability	Carrying amount	On demand	0-3 months	3-12 months	Over 1 year	Non interest sensitive	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cash and balances with banks	710,476	710,476	-	-	-	-	710,476
Placements with banks and financial institutions	1,582,180	-	1,582,180	-	-	-	1,582,180
Investments in securities	1,012,696	-	619,218	387,962	23	5,493	1,012,696
Financial assets measured at amortised cost - loans and lease rentals receivable	17,237,980	-	4,326,804	4,469,266	7,689,060	771,713	17,256,843
Interest bearing assets	20,543,332	710,476	6,528,201	4,857,228	7,689,083	777,206	20,562,195
Due to banks	3,651,076	592,758	898,374	1,601,659	558,284	-	3,651,076
Deposits due to customers	14,408,332	-	6,751,948	5,624,606	2,031,545	-	14,408,099
Debt securities issued	19,000	-	-	-	-	19,000	19,000
Lease Liability	185,449	-	18,754	52,987	113,709	-	185,449
Interest bearing liabilities	18,263,859	592,758	7,669,076	7,279,252	2,703,538	19,000	18,263,623
Interest rate sensitivity gap	2,279,473	117,718	(1,140,875)	(2,422,024)	4,985,545	758,206	2,298,573

37.4 D. Operational risk

Operational risk" is the prospect of indirect or direct losses resulting from wide variety of causes associated with the Company's inadequate or failed procedures, systems or policies and also human errors, systems/technology failures, fraud or other criminal activity which includes any external event that disrupts business processes other than market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk in a cost effective manner for avoiding/ minimizing financial losses and damages to the Company and without imposing restrictions on initiative and creativity. The Board of Directors delegates the responsibility to the Corporate Management, heads of Operational divisions and to the branch management through Board sub Committees and CEO for the development and implementation of control to address operational risk related to each division and branch. This responsibility is supported by the continuous improvement of overall Company standards for the management of operational risk including;

- Appropriate segregation of duties on requirements, including the independent authorization of transactions;
- Reconciliation and monitoring of transactions on requirements;
- Compliance with regulatory and other legal requirements and keeping up to date with changes;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Documentation of control and procedures;
- Requirements for the reporting of operational losses and proposed remedial action;
- Training and professional developments;
- Ethical and business standards;
- Risk mitigation, including insurance where this is cost effective.

Compliance with company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of the Internal Audit reviews are discussed with the management of the business line to which they relate, with summaries submitted to the Board Audit Committee and Corporate Management of the Company.

38. CAPITAL MANAGEMENT

Capital consist of ordinary shares and retained earnings of the Company. The Board of directors monitor the return on capital as well as the level of dividends to ordinary shareholders.

To safeguarded the Company's ability to continue as going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

Further, the Board seeks to maintain a balance between higher targeted returns that might be possible with higher level of borrowing, and the advantages and security afforded by the strong capital position of the Company.

Category	As at 31/03/2026 Rs.000	As at 31/03/2025 Rs.000
Total liabilities	20,024,718	18,589,296
Less: Cash and balances with banks	308,197	710,476
Net debt	19,716,521	17,878,820
Total equity	3,408,877	3,044,270
Net debt to adjusted equity ratio at 31 March	5.78	5.87

The Regulatory Capital requirements for the Finance Companies are set by the Central Bank of Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

38.1 Capital adequacy

The details of the computation of risk weighted assets, capital and the ratios of the Company are given below:

Total risk weighted assets computation

As at 31st March	2026			2025		
In thousands of rupees	Amount	Risk Weight Factor %	Risk Weighted Balance	Amount	Risk Weight Factor %	Risk Weighted Balance
Claims on Government of Sri Lanka, Public Sector Entities and Central Bank of Sri Lanka						
Government of Sri Lanka						
Outright purchase	1,264,151	0%	-	770,632	0%	0
Public Sector Entities						
Central Bank of Sri Lanka	-	0%	-	-	0%	-
Claims on financial institutions						
Banks						
AAA to BBB-	812,000	20%	162,400	1,112,156	20%	222,431
Financial Institutions						
AAA to AA-	-	20%	-	225,000	20%	45,000
A+ to A-	200,000	50%	100,000	-	50%	-
Unrated	-	100%	-	-	100%	-
Claims on Corporates						
A+ to A-	-	50%	-	369,000	50%	184,500
Unrated	-	100%	-	-	100%	-
Retail claims						
Retail claims in respect of motor vehicles and machinery	10,034,636	100%	10,034,636	8,554,420	100%	8,554,420
Claims Secured by Gold						
Outstanding claim portion up to 70% of the market value	5,398,047	0%	-	3,272,553	0%	-
Remaining Outstanding claim portion over 70% of the market value	667,105	100%	667,105	412,126	100%	412,126
Retail claims secured by immovable property						
Retail claims that do not qualify for regulatory capital purposes	686,562	100%	686,562	1,174,557	100%	1,174,557
Other retail claims	2,362,477	125%	3,004,455	3,075,959	125%	3,844,949
Non-performing retail claims secured by immovable property						
Specific provisions are equal or more than 20%	48,002	50%	24,001	8,697	50%	4,349
Specific provisions are less than 20%	55,693	100%	55,693	55,035	100%	55,035
Non-Performing Assets (NPAs)						
Specific provisions are equal or more than 20%	114,629	100%	114,629	59,783	100%	59,783
Specific provisions are less than 20%	209,403	150%	314,105	274,036	150%	411,054
Other claims (assets)						
Notes and Coins	87,784	0%	-	83,405	0%	-
Cash Items in the Process of collection	-	20%	-	-	20%	-
Fixed Assets	324,017	100%	324,017	324,014	100%	324,014
Other Assets/Exposures	484,257	100%	484,257	1,139,415	100%	1,139,415
Risk Weighted Amount for Operational Risk			2,652,754			1,544,342
Total Risk Weighted Amount			18,624,615			17,975,975

38.2 Total Capital Base Computation

As at 31st March In thousands of rupees	2026 Amount	2025 Amount
Tier I capital		
Stated capital	3,762,054	3,762,054
Reserve fund	159,377	85,697
Audited retained earnings/(losses)	(512,555)	(803,482)
Transaction cost related to rights issue	-	-
Other comprehensive income	-	-
Transfers to reserve fund	-	-
(less) Revaluation gains/surplus of investment property	-	-
General and other disclosed reserves	-	-
Current year's profit(losses)	-	-
Tier I capital	3,408,877	3,044,269
Adjustments to Tier I capital	(172,427)	(189,945)
Other intangible assets (net)	(52,870)	(55,115)
50% of investment in other banking and financial institutions	-	-
Deferred tax assets (net)	(119,557)	(134,830)
Tier I Capital (after adjustments)	3,236,450	2,854,324
Tier 2 Capital	-	-
Instruments qualified as Tier 2 capital	-	-
Revaluation gains (50% of eligible revaluation gains)	-	-
Eligible Tier 2 Capital	-	-
Total Adjustments to eligible Tier 2 Capital	-	-
Eligible Tier 2 Capital after adjustments	-	-
Total Capital	3,236,450	2,854,324

As at 31st March			2026 Amount Rs. '000	2025 Amount Rs. '000
Core Capital Ratio (Minimum 8.5%) Core Capital Ratio	=	Core Capital x 100 Risk Weighted Assets	17.38%	15.84%
Total Risk Weighted Capital Ratio (Minimum 12.5%) Total Risk Weighted Capital Ratio	=	Capital Base x 100 Risk Weighted Assets	17.38%	15.84%

NOTES TO THE FINANCIAL STATEMENTS

38.3 Computation of Capital Adequacy Ratios

The previous capital adequacy directions was adopted in 2006 for LFCs in line with the Capital Adequacy Accord recommended by the Basel Committee on Banking Supervision (BCBS) issued for banks in 1988.Under this direction risks were confined to credit risk and no capital requirements for other risks such as Market and operational risks. The new capital adequacy framework covers both credit risk and operational risk.

As at 31st March		2026	2025
Core Capital Ratio	Based on Direction No. 03 of 2018	17.38%	15.84%
Total Capital Ratio	Based on Direction No. 03 of 2018	17.38%	15.84%

39. MATURITY PROFILE OF ASSETS AND LIABILITIES

Allocation of Amounts

Amounts were allocated to respective maturity groupings based on instalments falling due as per contract. The amounts therefore represent total amount receivable or payable in each maturity grouping.

39.1 As at 31st March

	2026			2025		
	Less than 1 Year Rs'000	More than 1 Year Rs'000	Total Rs'000	Less than 1 Year Rs'000	More than 1 Year Rs'000	Total Rs'000
Interest bearing assets						
Cash and balances with banks	308,197	-	308,197	710,476	-	710,476
Placements with banks and financial institutions	854,695	-	854,695	1,582,180	-	1,582,180
Investments in securities	1,483,689	23	1,483,713	1,007,180	23	1,007,203
Financial assets measured at ammortized cost - loans and lease rental receivables	9,391,089	10,371,957	19,763,046	8,753,125	8,503,718	17,256,842
Total Interest bearing assets	12,037,671	10,371,980	22,409,651	12,052,961	8,503,741	20,556,702
Total Non - Interest bearing assets	186,306	837,637	1,023,943	357,973	718,891	1,076,864
Total assets	12,223,977	11,209,617	23,433,594	12,410,934	9,222,632	21,633,566
Percentage	52.16%	47.84%	100.00%	57.37%	42.63%	100.00%
Interest bearing liabilities						
Due to Banks	1,997,534	3,040,241	5,037,776	2,920,413	730,663	3,651,076
Deposits due to customers	7,895,296	6,228,702	14,123,998	12,376,554	2,031,545	14,408,099
Debt securities issued	-	19,600	19,600	-	19,000	19,000
Lease liabilities	76,882	174,959	251,841	71,741	113,709	185,449
Total interest bearing liabilities	9,969,712	9,463,502	19,433,214	15,368,708	2,894,916	18,263,624
Total Non- Interest bearing Liabilities	32,955	558,548	591,503	149,513	176,161	325,674
Equity	-	3,408,877	3,408,877	-	3,044,269	3,044,269
Total liabilities & equity	10,002,667	13,430,927	23,433,594	15,518,221	6,115,346	21,633,567
Percentage	42.69%	57.31%	100.00%	71.73%	28.27%	100.00%

39. SEGMENTAL ANALYSIS

As per the SLFRS 8 'Operating Segments', Company is required to disclose information to enable users of its Financial Statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Accordingly, below information gives the segmental information on performance of the Company's main business line.

For the year ended 31 March 2026	Leasing	Loans and Gold Loan	Margin trading	Other	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	53%	36%	3%	8%	100%
Interest income	2,626,549	1,777,216	123,694	383,002	4,910,461
Fee and commission income	40,919	39,847			80,766
Net income from other financial instruments at FVTPL				2,303	2,303
Other operating income	60,169	70,326	-	12,957	143,452
Gross revenue	2,727,637	1,887,388	123,694	398,263	5,136,981
Interest expenses	(866,557)	(963,672)	(68,778)	(98,079)	(1,997,086)
Total operating income	1,861,080	923,717	54,916	300,184	3,139,896
Impairment charges for loans, advances and other receivables	(219,265)	(113,179)	(617)	(47,075)	(380,137)
Net operating income	1,641,814	810,537	54,298	253,109	2,759,759
Depreciation and amortisation	(54,759)	(42,271)	(2,383)	(2,966)	(102,378)
Amortization of right of use assets	(54,998)	(42,456)	(2,394)	(2,979)	(102,827)
Staff and other expenses	(823,152)	(691,133)	(40,050)	(73,742)	(1,628,078)
Segment results	708,905	34,677	9,471	173,422	926,476
Taxes on financial services					(281,042)
Net tax expense					(277,032)
Profit for the year					368,401
As at 31 March					
Segment assets	10,211,042	11,355,393	820,556	1,046,603	23,433,594
Segment liabilities	8,714,398	9,691,020	691,657	927,643	20,024,718

Basis of allocation

Expenses that are not specifically allocated to each segment are allocated to based on the respective assets base of each segment under consideration.

NOTES TO THE FINANCIAL STATEMENTS

As per the SLFRS 8 'Operating Segments', Company is required to disclose information to enable users of its Financial Statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Accordingly, below information gives the segmental information on performance of the Company's main business line.

For the year ended 31 March 2025	Leasing	Loans and Gold Loan	Margin trading	Other	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	2,156,920	1,258,741	106,437	415,643	3,937,740
Fee and commission income	77,917				77,917
Net income from other financial instruments at FVTPL				111,748	111,748
Other operating income	118,260	26,405	-	2,930	147,596
Gross revenue	2,353,098	1,285,146	106,437	530,320	4,275,001
Interest expenses	(1,083,687)	(706,414)	(53,189)	(137,858)	(1,981,147)
Total operating income	1,269,411	578,732	53,248	392,463	2,293,854
Impairment charges for loans, advances and other receivables	(141,023)	(70,954)	(17,955)	(82,566)	(312,498)
Net operating income	1,128,389	507,778	35,293	309,897	1,981,357
Depreciation and amortisation	(38,483)	(22,458)	(1,899)	(7,416)	(70,256)
Amortization of right of use assets	(54,285)	(31,680)	(2,679)	(10,461)	(99,104)
Staff and other expenses	(740,394)	(432,081)	(36,536)	(142,675)	(1,351,686)
Segment results	295,227	21,559	(5,821)	149,345	460,310
Taxes on financial services					(150,678)
Net tax expense					12,844
Profit for the year					322,475
As at 31 March					
Segment assets	8,656,399	9,025,983	727,338	3,223,845	21,633,566
Segment liabilities	8,252,862	6,922,884	624,898	2,788,652	18,589,296

Basis of allocation

Expenses that are not specifically allocated to each segment are allocated to based on the respective assets base of each segment under consideration.

40. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged	
		2026	2025
		Rs. '000	Rs. '000
Loans and Receivables	Debt Funding from Banks	6,897,861	4,121,895
		6,897,861	4,121,895

41. RE-CLASSIFICATION OF COMPARATIVES

Statement of Financial Position

During the current financial year, the company reclassified prior year figures of the lending portfolio, other liabilities & other assets in the Statement of Financial Position

	As at 31 March 2025			As at 31 March 2026
	Prior Classification	Re-classification	Re-classified	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross loans and receivables with other charges receivables	17,881,430	83,838	17,965,268	20,589,744
Other assets	377,797	(64,975)	312,822	213,694
Other liabilities	282,693	18,863	301,555	558,548

42. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors are responsible for the preparation and presentation of the financial statement.

43. EVENTS AFTER REPORTING DATE

Subsequent to the statement of financial position date, no circumstances have arisen which would require adjustment to or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

SUMMARY OF QUARTERLY FINANCIALS

	1st Quarter April - June		2nd Quarter July - September		3rd Quarter October - December		4th Quarter January - March	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	**2026** Rs.	2025 Rs.
Gross Income	1,219,417	988,081	1,300,385	1,028,479	1,315,756	1,073,863	1,309,592	1,176,622
Interest income	1,175,908	921,168	1,247,983	950,629	1,255,726	993,587	1,239,012	1,091,737
Less: Interest expense	495,704	503,942	506,814	475,982	505,809	496,337	488,760	498,613
Net interest income	680,204	417,226	741,169	474,646	749,918	497,250	750,252	593,124
Fee and commission income	21,424	13,953	21,470	18,189	20,583	20,833	14,585	24,943
Net fair value gain from financial assets at FVTPL	603	25,340	17	38,221	-	32,141	1,683	9,836
Other operating income	21,482	27,620	30,915	21,441	39,447	27,302	54,312	50,107
Total operating income	723,713	484,139	793,571	552,497	809,947	577,526	820,832	678,010
Less: Impairment charges for loans and receivables and other losses	115,282	98,792	83,093	66,632	99,434	64,336	134,108	58,540
Net operating income	608,431	385,347	710,478	485,864	710,513	513,189	686,724	619,470
Less: Personnel Expenses	161,959	122,994	192,053	138,714	194,067	148,340	94,348	175,257
Depreciation of property, plant and equipment	19,686	14,617	22,228	15,723	23,246	16,830	22,024	17,918
Amortisation of intangible assets	1,292	1,292	1,962	1,292	1,567	1,292	10,372	1,292
Amortisation of right of use assets	24,078	15,524	26,245	17,781	27,078	26,067	25,426	26,067
Other expenses	213,463	170,457	231,410	199,261	228,465	26,067	288,602	205,675
Operating profit / (loss) before tax on financial services	187,953	60,463	236,580	113,092	236,090	112,000	245,952	193,260
Less : Tax on financial services	55,428	19,817	68,695	36,659	79,849	38,243	76,355	57,716
Profit /(loss) before income tax	132,525	40,646	167,885	76,434	156,241	73,757	169,597	135,544
(Less)/Add: Income tax (expense)/ reversal	(55,168)	-	(71,705)	(6,949)	(63,708)	6,949	(82,576)	-
Profit/(loss) for the period	77,357	40,646	96,180	69,484	92,533	80,707	87,022	135,544

AGGREGATE REMUNERATION PAID TO DIRECTORS AND SENIOR MANAGEMENT

AGGREGATE REMUNERATION PAID TO DIRECTORS (RS. 000)

Form of Remuneration	2025/26	2024/25
Basic Salary	-	-
Board and sub-committee sitting fees	50,595	36,850
Fixed allowances	-	-
Variable allowances	12,404	7,194
Bonuses	-	-
Reimbursed expenses	-	-
Other monetary benefits	-	-
Non-monetary benefits (converted into monetary terms)	-	-
Total remuneration paid to directors	62,999	44,044

AGGREGATE REMUNERATION PAID TO SENIOR MANAGEMENT (RS. 000)

Form of Remuneration	2025/26	2024/25
Basic Salary	61,157	64,197
Fixed allowances	27,568	24,463
Variable allowances	-	-
Bonuses	10,700	2,940
Reimbursed expenses	-	-
Other monetary benefits	-	-
Non-monetary benefits (converted into monetary terms)	-	-
Total remuneration paid to senior management	99,425	91,600

TEN YEAR SUMMARY

	2026	2025	2024	2023 Restated	2022	2021	2020	2019	2018	2017
FINANCIAL CAPITAL										
Operating results (Rs.'000)										
Income	5,136,981	4,275,001	3,345,300	2,095,447	969,469	629,491	629,527	616,671	467,004	375,535
Interest income	4,910,461	3,937,740	3,092,836	2,008,133	794,219	470,977	563,581	546,759	431,790	365,433
Interest expenses	1,997,086	1,981,147	1,988,125	1,255,480	300,022	237,591	292,067	357,067	339,682	342,347
Net interest income	2,913,375	1,956,594	1,104,711	752,653	494,197	233,386	271,514	189,692	92,108	23,086
Impairment charges/(reversal) for loans and receivables and other losses	380,137	312,498	225,546	154,029	(40,914)	(41,803)	122,535	85,389	94,900	40,428
Other operating expenses	985,650	992,719	740,793	505,568	195,103	119,297	116,999	122,794	79,364	88,189
Profit/Loss before tax	645,433	309,631	(24,991)	-183,593	140,174	67,402	(79,954)	(91,942)	-148,525	-203,034
Profit/Loss for the year	368,401	322,475	19,262	-153,783	191,800	67,799	(80,086)	(93,684)	-148,312	-199,352
Return on assets (ROA)	1.57%	1.49%	0.12%	-1.55%	2.95%	3.68%	-2.39%	-3.22%	-4.64%	-5.65%
Cost to income ratio (%)	58.39%	66.31%	77.28%	94.97%	83%	91%	86%	100%	111%	143%
Financial position (Rs.'000)										
Cash ,balance with banks, reverse repo & Investments in securities	2,646,605	3,305,352	3,859,328	2,328,633	1,081,059	1,081,303	291,440	226,281	289,945	313,065
Loans and Receivables	19,763,046	17,256,843	11,242,524	8,382,869	6,676,608	3,156,568	1,658,310	2,504,264	2,488,467	2,005,094
Total assets	23,433,594	21,633,566	16,318,429	11,529,586	8,279,816	4,703,852	3,814,942	2,893,383	2,927,939	3,462,512
Due to banks	5,037,776	3,651,076	1,741,718	854,924	1,842,767	-	-	-	-	350,000
Deposits due to customers	14,123,998	14,408,332	11,238,015	7,651,122	3,228,866	2,289,491	2,100,936	2,434,733	2,455,586	2,396,177
Total equity	3,408,877	3,044,269	2,724,579	2,710,954	2,833,695	2,131,201	1,552,501	142,959	215,691	363,454
Total liabilities and shareholder's funds	23,433,594	21,633,566	16,318,429	11,529,586	8,279,816	4,703,852	3,814,942	2,893,383	2,927,939	3,462,512
Financial cash flows (Rs.'000)										
Cash flows from operting activities	1,590,773	813,115	(117,546)	61,372	159,605	(83,698)	319,178	(351,023)	(621,006)	(977,734)
Cash flows from investing activities	331,670	842,199	(792,376)	(1,250,076)	207,709	1,164,851	(1,498,614)	4,697	1,063,789	290,362
Cash flows from financing activities	2,090,144	907,722	686,459	(1,121,579)	2,271,266	462,688	1,462,024	160,075	(354,465)	354,465
Total net cash inflows/outflows	429,880	(811,855)	224,115	(214,732)	(46,317)	417,465	282,588	(186,252)	88,318	(332,907)
Statutory ratio										
Capital adequacy ratio										
Core capital ratio (required min -8.5%)(%)	17.38%	15.84%	17.92%	26.76%	37.71%	44.39%	49.09%	4.85%	8.69%	-6.84%
Total risk weighted capital ratio (required min -12.5%) %	17.38%	15.84%	17.92%	26.76%	37.71%	44.38%	49.07%	4.82%	8.68%	-6.85%

TEN YEAR SUMMARY

	2026	2025	2024	2023 Restated	2022	2021	2020	2019	2018	2017
HUMAN CAPITAL										
Number of employees	435	387	315	274	217	168	118	123	124	118
Profit before tax per employee (Rs.'000)	1,484	800	(79)	(670)	928.23	598.51	(677.58)	(747.50)	(1,198)	(1,721)
Employees'salaries & benefits (Rs.'000)	642,428	358,968	254,568	258,900	260,703	174,111	129,607	127,248	96,543	92,499
RELATIONSHIP CAPITAL										
Number of branches	23	19	14	13	11	11	10	10	10	10
Number of shareholders	10,992	9,990	10,063	10,102	10,102	9,993	9,911	10,086	10,133	10,182
Number of ordinary shares (Rs.'000)	405,302	405,302	405,302	405,302	405,302	326,856	210,875	84,350	67,500	67,500
Earnings per share (Rs.)	0.91	0.80	0.05	-0.39	0.55	0.32	(0.41)	(1.38)	(2.20)	(2.95)
Net assets value per share (Rs.)	8.41	7.51	6.72	6.60	6.99	6.52	7.36	1.69	3.20	5.38
Market price per share (Rs.)										
Highest	19.50	8.50	5.80	6.00	10.20	10.70	11.40	13.50	21.00	24
Lowest	6.90	4.00	3.30	3.30	5.10	6.90	7.40	8.20	11.00	9.4
Closing	11.30	7.20	4.70	5.2	5.40	7.20	8.70	9.20	11.00	13.9
Market capitalisation (Rs.'000)	4,579,909	2,918,172	1,904,918	2,107,570	2,188,629	2,353,365	1,834,613	776,020	742,500	938,250
Price earning ratio (PE) (Times)	12.43	9.05	98.90	(13.32)	9.81	22.79	(21.22)	(6.67)	(5.00)	(4.71)
Dividend per share (DPS) (Rs.'000)	-	-	-	-	-	-	-	-	-	-
Dividend paid (Rs.'000)	-	-	-	-	-	-	-	-	-	-
Gross ordinary dividend (Rs.'000)	-	-	-	-	-	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-	-	-	-	-	-
Dividend cover (Times)	-	-	-	-	-	-	-	-	-	-
Dividend payout (%)	-	-	-	-	-	-	-	-	-	-
Debt equity (Times)	5.62	5.94	4.76	3.15	1.82	1.08	1.36	19.24	12.57	8.53
Return on equity (ROE) (%)	10.81%	10.59%	0.71%	-5.91%	7.73%	3.68%	-9.45%	-52.24%	-51.22%	-43.49%

SHARE INFORMATION

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2026

Shareholdings	Resident			Non Resident			Total		
	Number of Shareholders	No of Shares	Percentage (%)	Number of Shareholders	No of Shares	Percentage (%)	Number of Shareholders	No of Shares	Percentage (%)
1 to 1000 Shares	9,461	1,443,110	0.36	10	3,342	0.00	9,471	1,446,452	0.36
1001 to 10,000 Shares	1,006	3,992,661	0.99	6	26,000	0.01	1,012	4,018,661	1.00
10,001 to 100,000 Shares	441	13,724,990	3.39	4	137,643	0.03	445	13,862,633	3.42
100,001 to 1000,000 Shares	59	13,750,238	3.39	1	124,000	0.03	60	13,874,238	3.42
Over 1,000,000 Shares	4	372,099,766	91.80	0	0	0	4	372,099,766	91.80
Total	10,971	405,010,765	99.93	21	290,985	0.07	10,992	405,301,750	100.00

CATEGORIES OF SHAREHOLDINGS - INDIVIDUALS/INSTITUTIONS

Categories of Shareholders	31-Mar-26			31-Mar-25		
	Number of Shareholders	No of Shares	Percentage (%)	Number of Shareholders	No of Shares	Percentage (%)
Individual	10,798	26,711,666	6.59	9,861	13,308,134	3.28
Institutional	194	378,590,084	93.41	129	391,993,616	96.72
Total	10,992	405,301,750	100	9,990	405,301,750	100

CATEGORIES OF SHAREHOLDINGS - RESIDENT/NON-RESIDENT

Categories of Shareholders	31-Mar-26			31-Mar-25		
	Number of Shareholders	No of Shares	Percentage (%)	Number of Shareholders	No of Shares	Percentage (%)
Individual	10,971	405,010,765	99.93	9,975	405,138,590	99.96
Institutional	21	290,985	0.07	15	163,160	0.04
Total	10,992	405,301,750	100	9,990	405,301,750	100

SHARE INFORMATION

Financial year ended 31 March	2026	2025	2024	2023	2022	2021	2020	2019
Market value of shares								
Highest price during the year (LKR)	19.5	8.5	5.8	6.0	10.2	10.7	11.4	13.5
Lowest price during the year (LKR)	6.9	6.8	3.6	3.3	5.1	6.9	7.4	8.2
Closing price (LKR)	11.3	7.2	4.7	5.2	5.4	7.2	8.7	9.2
Investor ratios								
Price earnings ratio	12.54	9.05	98.89	-13.32	9.82	22.50	0.00	0.00
Net asset value per share (LKR)	8.40	7.51	6.70	6.60	6.99	6.52	7.36	1.69
Share trading								
Number of transactions	25,457	3,424	381	835	7,002	853	611	1,105
Number of shares traded	78,048,522	9,586,359	487,443	3,287,951	17,484,833	640,499	258,972	658,569
Value of shares traded (LKR '000)	1,160,328	65,450	2,093	16,217	146,940	5,849	2,583	7,108
Market capitalisation (LKR '000)	4,579,909	2,918,172	1,904,918	2,107,570	2,188,629	2,353,363	1,834,613	776,020

SHARE INFORMATION

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2026

Name	Position	No of shares
Mohamed Malik Rizvi Abdul Cader	Chairman	-
Nemantha Nilhan Abeysinghe	Director	65,338
Hettiarachchige Moggali Sanjika Perera	Director	-
Warnakula Jayasuriya Arachchige Nalin Prasad	Director	-
Kaluarachchige Dinesh Senaka De Silva	Director	-
Thanipperuge Nishani Crishanka Perera	Director	-
Dewasiri Narayanage Jayantha	Executive Director/CEO	-

TWENTY LARGEST SHAREHOLDERS

Twenty largest ordinary shareholders of the Company as at 31 March 2026 were as follows:

Name of the Shareholder	No. of Shares	%
STERLING CAPITAL INVESTMENTS (PRIVATE) LIMITED	330,653,462	81.58
PEOPLES BANK	32,673,196	8.06
PEOPLE'S LEASING & FINANCE PLC	7,724,108	1.91
SAMPATH BANK PLC/ DR. PALAMANDADIGE LAHIRU SHANTHAWARNA ARIYANANDA	1,049,000	0.26
COMMERCIAL BANK OF CEYLON PLC/R.H.P. JANADHEERA	869,000	0.21
MR. H.U.P. SAMANTHA	797,859	0.20
MR. D.N.P. RATHNAYAKE	700,000	0.17
MR. Z.G. CARIMJEE	600,000	0.15
MERCHANT BANK OF SRI LANKA & FINANCE PLC/B.A.MADUSHANTHA	480,764	0.12
MERCHANT BANK OF SRI LANKA FINANCE PLC/U.D.L.C. UDAWATTA	395,750	0.10
EVERGREEN LIGHTING AND ELECTRICAL LANKA (PVT) LTD	395,000	0.10
MR. A.H. MUNASINGHE	386,084	0.10
MR. H.G.D.R.D.K. JAYAWARDANA	370,186	0.09
DR. H.S.D. SOYSA (Joint - MRS. G. SOYSA)	348,000	0.09
MR. H. BERUWALAGE	344,088	0.08
MR. S.I. RANASINGHE	300,000	0.07
DR. A.M.A.D.S. ABEYSINGHE	286,609	0.07
MERCHANT BANK OF SRI LANKA & FINANCE PLC/N.JAYASINGHE	276,114	0.07
MRS. M.P.B. FERNANDO	273,754	0.07
MR. K.Y.S.H. PERERA	272,834	0.07
Total	379,195,808	93.57

PUBLIC HOLDING AS AT 31ST MARCH 2026

Number of shares representing Public Holding	74,582,950
Public Holding percentage	18.42%
No of shareholders representing public holding	10,990

GLOSSARY

A

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

Recognising the exects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Amortisation

The systematic allocation of the depreciable amount of an asset over its useful life.

Amortised Cost

The amount at which the financial asset of financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Asset and Liability Committee (ALCO)

A risk-management committee in a finance company that generally comprises the senior-management levels of the institution. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. Among the factors considered are liquidity risk, interest rate risk, operational risk and external events that may affect the finance company's forecast and strategic balance-sheet allocations.

Associate company

An entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

C

Capital Adequacy Ratio

The ratio between capital and risk-weighted assets as defined in the framework developed by the Bank for International Settlements (BIS) and as modified by the Central Bank of Sri Lanka to suit local requirements.

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.

Collective Impairment Provisions

Impairment is measured on a collective basis for homogeneous groups of loans that are not considered individually significant.

Commercial Paper

An unsecured short term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meet short-term liabilities. The debt is usually issued at a discount, reflecting prevailing market interest rates.

Commitments

Credit facilities approved but not yet utilized by the clients as at the reporting date.

Consolidated Financial Statements

Financial statements of a holding company and its subsidiaries based on their combined assets, liabilities and operating results.

Contingencies

A condition or situation existing on the statement of financial position where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Cost to Income Ratio

A ratio expressing Company's cost effectiveness which sets operating expenses including Financial Value Added Tax and excluding Loan Loss Provision in relation to operating income.

$$\frac{\text{Total Operating cost Without VAT on Financial Services}}{\text{Net Operating Income}} \times 100$$

Credit Ratings

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Credit Risk

Credit risk or default risk is the potential that a borrower or counterparty failing to meet its obligations in accordance with agreed terms and conditions.

Current Ratio

The current ratio is a liquidity ratio that measures a company's ability to pay short- term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Deferred Taxation

Sum set aside for income tax in the Financial Statements that may become payable/receivable in a financial year other than the current financial year.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Derecognition

Removal of a previously recognized financial asset or financial liability from an entity's Statement of Financial Position.

GLOSSARY

Dividend Per Share (Rs:)

Dividend by profit after tax; indicates the percentage of earnings paid out to shareholders as dividends.

$$\frac{\text{Profit / Loss Attributable to Ordinary Share}}{\text{Number of Ordinary Share}}$$

Dividend Yield

Dividend per share as a percentage of its market value.

$$\frac{\text{Dividend Per Ordinary Share}}{\text{Market Price Per Share}} \times 100$$

E

Earning Yield (EY)

The earnings yield refers to the earnings per share for the most recent 12-month period divided by the current market price per share. The earnings yield (which is the inverse of the P/E ratio) shows the percentage of a company's earnings per share.

$$\frac{\text{Earning Per Share}}{\text{Market Price Per Share}} \times 100$$

Earnings per Ordinary share (EPS) (EPS- Rs:)

Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

$$\frac{\text{Profit / Loss Attributable to ordinary shareholders}}{\text{Average Number of Share}}$$

Exective Interest Rate (EIR)

The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Exective Tax Rate

Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

Employee Turnover (%)

Employee turnover refers to the workers leaving an organization over a period as a percentage of average employees during the period.

$$\frac{\text{Number of attritions during the year}}{\text{Average number of employees during the year}} \times 100$$

Exposure

A claim, contingent claim or position which carries a risk of financial loss.

F

Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair Value Through Profit or Loss

A financial asset/liability: Acquired/ incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or a derivative (except for a derivative that is a financial guarantee contract)

Finance Lease

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is su cient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

Financial Asset

Any asset that is cash ,an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial Liability

A contractual obligation to deliver cash or another financial asset to another entity.

G

Gearing

Long term borrowings divided by the total funds available for shareholders.

Group

A group is a parent and all its subsidiaries.

Guarantees

Three party agreement involving a promise by one party (the guarantor) to fulfil the obligations of a person owing a debt if that person fails to perform.

H

Held-to-Maturity (HTM) Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that an entity has the positive intention and ability to hold till maturity.

I

Impaired Loans

Loans where identified impairment provisions have been raised and also include loans which are collateralised or where indebtedness has already been written down to the expected realisable value. The impaired loan category may include loans, which, while impaired, are still performing.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowances

Impairment allowances are a provision held as a result of the raising of a charge against profit for the incurred loss.

Individually Assessed Impairment

Exposure to loss is assessed on all individually significant accounts and all other accounts that do not quality for collective assessment.

Intangible Asset

An intangible asset is an identifiable non- monetary asset without physical substance.

Interest cover

A ratio showing the number of times interest charges are covered by earnings before interest and tax.

$$\frac{\text{Profit Before Interest \& Tax}}{\text{Interest Expenses}}$$

Interest in Suspense

Interest suspended on non- performing leases, hire purchases and other advances.

Interest Margin

Net interest income expressed as a percentage of average interest earnings assets.

Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates.

Interest Spread

Represents the deference between the average interest rate earned on interest earnings assets and the average interest rate paid on interest-bearing liabilities.

International Financial Reporting Standards (IFRS)

A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board (IASB).

Investment properties

Investment property is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both rather than for use or sale.

K

Key Management Personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

L

Lending portfolio

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with Banks, bills of exchange and Treasury Bills and Bonds.

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Loan to Value Ratio (LTV)

LTV ratio is a computation that expresses the amount of a first disbursement as a percentage of the total appraised value of assets kept as security.

Loan to value ratio (LTV)

The LTV ratio is a mathematical calculation which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

Loans and Receivables

Conventional loan assets that are unquoted (originated or acquired).

M

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of a share as at the year end. Market price per share x Number of shares

Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

N

Net Assets Value per Ordinary Share

Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

$$\frac{\text{Profit Before Interest \& Tax}}{\text{Interest Expenses}}$$

Net Interest Income (NII)

The deference between income earned from interest bearing assets and cost incurred on financial instrument/facilities used for funding the interest bearing assets.

Net Interest Margin (NIM - %)

Net interest income expressed as a percentage of average interest earning assets.

$$\frac{\text{Net Interest Income}}{\text{Average Interest Earnings Assets}} \times 100$$

GLOSSARY

Net Interest Margin (NIM)

Net interest income expressed as a percentage of average interest earning assets.

$$\frac{\text{Net Interest Income}}{\text{Average Interest Earnings Assets}} \times 100$$

Non-performing ratio

Total non-performing leases, hire purchase loans and other advances divided by total advances portfolio.

$$\frac{\text{Gross non- performing portfolio}}{\text{Gross loans and receivables}} \times 100$$

O

Off-Balance Sheet Transactions

Transactions that are not recognised as assets or liabilities in the Balance Sheet, but which give rise to contingencies and commitments.

Offsetting of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settled the liability simultaneously.

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P

Parent Company

A Parent is an entity which has one or more subsidiaries.

Past Due

A financial asset is past due when a counter party has failed to make a payment when contractually due.

Price Earnings Ratio (P/E Ratio)

Market price of an ordinary share divided by earnings per share.

$$\frac{\text{Market price per share Earnings per share}}{\text{Earnings per share}}$$

Price to Book Value (PBV - Times)

$$\frac{\text{Market Price Per Share}}{\text{Net Assets Per Share}}$$

Probability of Default (PD)

The probability that an obligor will default within a one-year time horizon.

Prudence

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

R

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

Return on Assets (ROA)

Profit after tax expressed as a percentage of the average assets.

$$\frac{\text{Profit After tax}}{\text{Total Assets}} \times 100$$

Return on Equity (ROE)

Net profit for the year, less dividends on preference shares, if any, expressed as a percentage of average ordinary shareholders' equity.

Reverse Repurchase Agreement

Transaction involving the purchase of securities by a bank or a dealer and resale back to the seller at a future date at a specified price.

Rights Issue

Issue of shares to the existing shareholders at an agreed price, generally lower than market price.

Risk Mitigation

A technique to reduce the credit risk associated with an exposure by application of risk mitigants such as collateral, guarantee and credit protection.

Risk weighted assets

On statement of financial position assets and the credit equivalent of o -balance sheet assets multiplied by the relevant risk weighting factors.

S

Segment analysis

Analysis of financial information by segments of an entity specifically the different business in which it operates.

Shareholders' Funds

Total of stated capital and reserves.

Specific Impairment Provisions

Impairment is measured individually for loans that are individually significant to the Company.

Sri Lanka Financial Reporting Standards (SLFRSs)

Standards and Interpretations adopted by Institute of Chartered Accountants of Sri Lanka.

They comprise of the followings. Sri Lanka Accounting Standards (SLFRS & LKAS); and Interpretations adopted by the Council of ICASL (IFRIC and SIC).

Subsidiary Company

A subsidiary is an enterprise that is controlled by another enterprise which is known as the parent.

Substance over Form

The consideration that the accounting treatment and the presentation in Financial Statements of transactions and events should be governed by their substance and financial reality and not merely by legal form.

T

Tier I Capital

Tier I: Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

$$\frac{\text{Total Capital}}{\text{Total Risk Weighted Amount}} \times 100$$

Tier II Capital

Representing general provisions and other capital instruments which combines certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

$$\frac{\text{Tier II Capital}}{\text{Total Risk Weighted Amount}} \times 100$$

Total Return of Share (%)

Total shareholder return is the financial gain that results from a change in the stock's price plus any dividends paid by the company during the measured interval divided by the initial purchase price of the stock.

$$\frac{(\text{Closing Market Price} - \text{Opening Market Price}) + \text{Dividend Per Share}}{\text{Opening Market Price}} \times 100$$

Transaction costs

Incremental costs that is directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

V

Value Added

Value of wealth created by providing financial and other-related services less the cost of providing such services.

Y

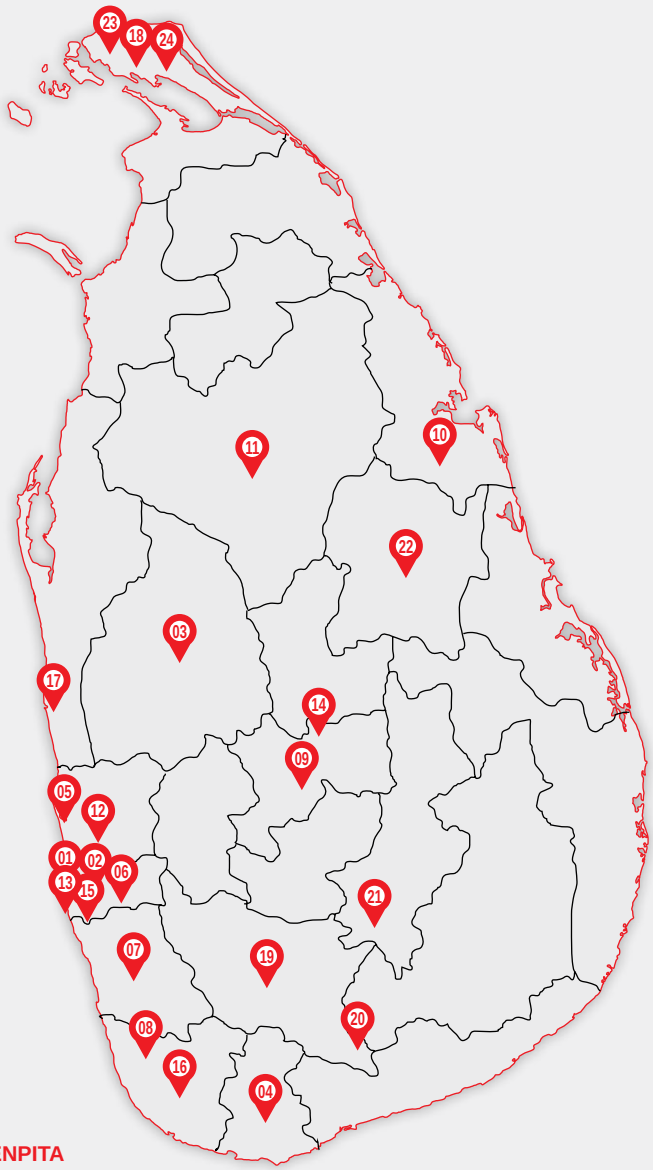
Yield

Return of an investment in percentage terms, taking in to account annual income and any changes in capital value.

Yield to Maturity

Discount rate at which the present value of future cash flows would equal the security's current price.

BRANCH NETWORK



1 HEAD OFFICE
No. 361,361/1, R.A.De Mel Mawatha,
Colombo 03
Tel: +94 11 7666333
info@pmf.lk

2 CORPORATE
No: 47, Dharmapala Mawatha,
Colombo 03.
Tel: +94 117733600
info@pmf.lk

3 KURUNEGALA
No.02, South Circular Road,
Navinna junction, Kurunegala .
Tel: +94 37 7389091
pmf_kurunegala@pmf.lk

4 MATARA
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Mawatha,Matara.
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pmf_matara@pmf.lk

5 NEGOMBO
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pmf_negombo@pmf.lk

6 HOMAGAMA
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7 MATUGAMA
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8 ELPITIYA
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9 KANDY
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11 ANURADHAPURA
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64, Queen Mary's Road, Gampaha.
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14 MATALE
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15 NARAHENPITA
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16 GALLE
No:31, Sri Dewamiththa
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17 CHILAW
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18 JAFFNA
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pmf_jaffna@pmf.lk

19 RATHNAPURA
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Tel: +94 45 7399001
pmf_rathnapura@pmf.lk

20 EMBILIPITIYA
No: 72/2, New Town Road, Pallegama,
Embilipitiya
Tel: +94 47 7389096
pmf_embilipitiya@pmf.lk

21 BANDARAWELA
No 495,Badulla Road,Bandarawela
Tel: +94 057 75 34 200

22 KADURUWELA
No. 843, Sawmill Junction, Batticaloa
Road, Kaduruwela
Tel: +94 277 389 100

23 CHUNNAKUM
No.48, Mukanthiram, Narayanar
Road,(K.K.S Road), Chunnakam.
Tel : +94 217 389 001

24 CHAVAKACHCHERI
No. 148, Kandy Road, Chavakachcheri.
Tel: +94 0217389006

CORPORATE INFORMATION

Name of Company

PMF Finance PLC

Legal Form

Public Limited Liability Company
(Incorporated and domiciled in Sri Lanka)

Date of Incorporation

26th January 1983

Company Registration Number

PQ 200

Stock Exchange Listing

The ordinary shares of the Company were quoted on the Colombo Stock Exchange (CSE) on 11th July 1994 on Main Board. Ordinary Shares has been transferred to Diri Savi Board with effect from July 02,2018.

Accounting Year-End

March -31

Registrars

SSP Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road,
Colombo 03, Sri Lanka
Telephone : +94112573894,
+94112576871
Fax : +94112573609
Email : sspsec@sltnet.lk

Auditors

Ernst & Young
Chartered Accountants
No.109, Galle Road, P.O Box 101
Colombo 03.

Branch Offices

Anuradhapura
Bandarawela
Chavakachcheri
Chilaw
Chunnakam
Corporate
Elpitiya
Embilipitiya
Galle
Gampaha
Homagama
Jaffna
Kaduruwela
Kandy
Kurunegala
Matale
Matara
Mathugama
Narahenpita
Negombo
Rathnapura
Trincomalee
Wellawatte

Board of Directors and Board Sub-Committees

Board of Directors

Mr. M. M. R. A. Cader - Chairman
Mr. N. N. Abeysinghe

Mr. H. M. S. Perera

Mr. W. J. A. N. Prasad

Mr. K. D. S. De Silva

Ms. T. N. C. Perera (appointed as Non-Executive Independent Director w.e.f. 23rd February 2026)

Prof. D. N. Jayantha (resigned from the position of Non-Executive Independent Director w.e.f. 19th February 2026 and appointed as Executive Director w.e.f. 20th March 2026)

Mr. K. M. D. B. Rekogama (resigned w.e.f. 23rd March 2026)

Integrated Risk Management Committee

Ms. T. N. C. Perera - Chairman (appointed as Chairman w.e.f. 23rd February 2026)

Mr. M. M. R. A. Cader

Mr. K. D. S. De Silva

Mr. N. N. Abeysinghe

Prof. D. N. Jayantha - (Chairman to the committee until 19th February 2026 and ceased to be a member w.e.f. 19th February 2026)

Board Audit Committee

Mr. K. D. S. De Silva - Chairman

Mr. M. M. R. A. Cader

Mr. N. N. Abeysinghe

Mr. W. J. A. N. Prasad

Ms. T. N. C. Perera (appointed as member w.e.f. 23rd February 2026)

Prof. D. N. Jayantha (ceased to be a member w.e.f. 19th February 2026)

Nominations & Governance Committee

Ms. T. N. C. Perera - Chairman (appointed as Chairman w.e.f. 23rd February 2026)

Mr. M. M. R. A. Cader

Mr. H. M. S. Perera

Mr. K. D. S. De Silva

Mr. K. M. D. B. Rekogama (ceased to be a member w.e.f. 23rd February 2026)

Prof. D. N. Jayantha - (Chairman to the committee until 19th February2026 and ceased to be a member w.e.f. 19th February 2026)

Related Party Transactions Review Committee

Ms. T. N. C. Perera - Chairman (appointed as Chairman w.e.f. 23rd February 2026)

Mr. M. M. R. A. Cader

Mr. N. N. Abeysinghe

Prof. D. N. Jayantha - (Chairman to the committee until 19th February 2026 and ceased to be a member w.e.f. 19th February 2026)

HR & Remuneration Committee

Mr. K. D. S. De Silva - Chairman

Mr. M. M. R. A. Cader

Mr. H. M. S. Perera

Ms. T. N. C. Perera (appointed as member w.e.f. 23rd February 2026)

Mr. K. M. D. B. Rekogama (ceased to be a member w.e.f. 23rd February 2026)

Prof. D. N. Jayantha (ceased to be a member w.e.f. 19th February 2026)

Credit Committee

Mr. W. J. A. N. Prasad - Chairman

Mr. M. M. R. A. Cader

Mr. N. N. Abeysinghe (appointed as member w.e.f. 19th March 2026)

Mr. K. M. D. B. Rekogama (ceased to be a member w.e.f. 23rd March 2026)

CORPORATE INFORMATION

IT Steering Committee

Mr. H. M. S. Perera - Chairman

Mr. M. M. R. A. Cader

Mr. K. D. S. De Silva

Mr. W. J. A. N. Prasad (appointed as member w.e.f. 23rd February 2026)

Ms. T. N. C. Perera (appointed as member w.e.f. 23rd February 2026)

Mr. K. M. D. B. Rekogama (ceased to be a member w.e.f. 23rd February 2026)

Prof. D. N. Jayantha (ceased to be a member w.e.f. 19th February 2026)

Procurement Committee

Mr. N. N. Abeysinghe - Chairman

Mr. M. M. R. A. Cader

Mr. H. M. S. Perera

Mr. W. J. A. N. Prasad

Marketing Committee (established on 16th February 2026)

Mr. N. N. Abeysinghe - Chairman (appointed as Chairman w.e.f. 16th February 2026)

Mr. M. M. R. A. Cader (appointed as member w.e.f. 16th February 2026)

Mr. H. M. S. Perera (appointed as member w.e.f. 16th February 2026)

Mr. W. J. A. N. Prasad (appointed as member w.e.f. 16th February 2026)

Bankers

People's Bank

National Development Bank PLC

Cargills Bank Ltd

Hatton National Bank PLC

Commercial Bank of Ceylon PLC

Pan Asia Bank Corporation PLC

Bank of Ceylon

Sampath Bank PLC

DFCC Bank PLC

Sanasa Devlopment Bank PLC

Union Bank of Colombo PLC

Vehicle Yard

No.479, Elvitigala Mawatha, Narahenpita.
Walawwatta, Waduragala, Kurunegala.
Panthiya Village, Mathugama.
No 33,Maligawa Road, Rathmalana.

Tax Payer Identity Number (TIN)

134000228

Central Bank Registration Number

LFC/043 (Under the Finance Business Act No. 42 of 2011)

Credit Agency Status

An approved Credit Agency under the Mortgage Act No.6 of 1949 and the Trust Receipt Ordinance No.12 of 1947 by the department of Commerce

Credit Rating

BB Stable Outlook - (Stable) by Lanka Rating Agency

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