vallibel Finance



BUILT FOR SCALE
DRIVEN BY STRENGTH

Vallibel Finance PLC | Annual Report 2025/26

Built for Scale, Driven by Strength

Vallibel Finance PLC stands as an expression of purposeful growth; founded on strength, shaped by discipline and engineered to scale. Anchored by a robust operating model and a focused strategic vision, we continue to expand our footprint with confidence, translating ambition into measurable results.

This year marks a defining milestone as we delivered the highest growth in the industry, reflecting the strength of our fundamentals and the precision of our execution. Today, we rank as the 5th largest finance company in the sector, a position built on consistency, resilience and a clear commitment to value creation.

At the core of this performance is a business designed to scale. Our expanding network, diversified portfolio and forward-looking investments strengthen our capacity to grow efficiently and sustainably. Supported by a strong capital base, disciplined risk management and operational excellence; our progress is not only accelerated, but enduring.

As we look ahead, guided by strength and driven by ambition, Vallibel Finance PLC moves forward with intent; reinforcing our position in the industry while unlocking the next phase of growth.

Contents

ORGANISATIONAL OVERVIEW

6 About Our Integrated Annual Report
12 About Us
14 Our Product Portfolio
16 Financial Highlights
18 Non-Financial Highlights
20 Our Journey
24 Awards and Accolades

LEADERSHIP AND THEIR INSIGHTS

28 Chairman's Statement
31 Managing Director's Review
36 Board of Directors
39 Corporate Management Team
41 Senior Management Team

STRATEGIC OVERVIEW

46 Our Sustainable Strategic Direction
50 Business Model for Sustainable Value Creation
52 Operating Environment Overview
56 Business Segment Performance

STAKEHOLDER & MATERIALITY REVIEW

66 Strategic Stakeholder Engagement
72 Materiality Assessment: Key Findings and Explanations

28 Chairman's Statement

31 Managing Director's Review

CAPITAL MANAGEMENT REVIEW

78 Human Capital
90 Financial Capital
104 Manufactured Capital
112 Intellectual Capital
120 Social & Relationship Capital
136 Natural Capital

REPORT ON SLFRS S1 AND S2 SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

144 SLFRS Sustainability-related Financial Disclosures

GOVERNANCE

162 Corporate Governance
226 Risk Management Report
242 Annual Report of the Board of Directors on the Affairs of the Company
246 Report of the Senior Independent Director
247 Board Audit Committee Report
250 Board Integrated Risk Management Committee Report
253 Nomination and Governance Committee Report
255 Human Resource and Remuneration Committee Report
257 Related Party Transactions Review Committee Report

FINANCIAL STATEMENTS

260 Financial Calendar
261 Key Highlights
262 Director's Statement on Internal Control Over Financial Reporting
263 Independent Assurance Report
264 Statement of Directors' Responsibilities
265 Independent Auditor's Report
268 Statement of Profit or Loss and Other Comprehensive Income
270 Statement of Financial Position
272 Statement of Changes in Equity - Company
273 Statement of Changes in Equity - Group
274 Statement of Cashflows
276 Notes to the Financial Statements

SUPPLEMENTARY INFORMATION

376 GRI Content Index
383 Independent Practitioner's Assurance Report
385 Glossary of Financial Terms
388 Branch Network
390 Sources and Utilisation of Income
392 Information on Ordinary Shares
394 Information on Listed Debentures
395 List of Abbreviations
396 Ten Year Summary
400 Corporate Information
401 Notice of Annual General meeting
403 Form of Proxy
405 Stakeholder Feedback Form



Our report, with additional updated information is available on our website:

https://vallibelfinance.com/investor-relations/annual-reports/

ORGANISATIONAL OVERVIEW

6 About Our Integrated Annual Report

12 About Us

14 Our Product Portfolio

16 Financial Highlights

18 Non-Financial Highlights

20 Our Journey

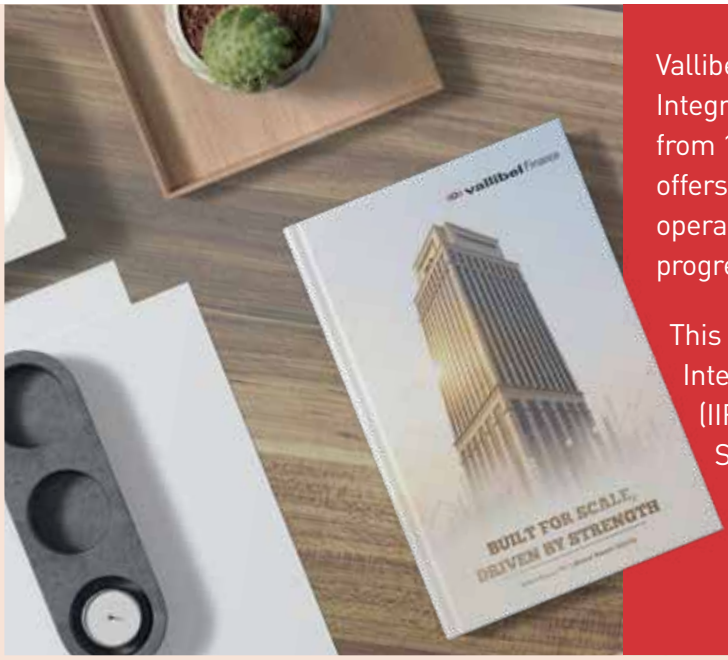
24 Awards and Accolades

Built for Growth,
Driven by Strategy

Vallibel Finance PLC's performance this year reflects a business built for growth and guided by a clear, disciplined strategy. By strengthening our core operations and expanding into high-potential areas, we achieved the highest growth in the industry we operate in for the first time in history. This strategic focus has also supported our rise to become the 5th largest finance company, while securing our place among Sri Lanka's top 100 corporates within just 19 years. Together, these milestones demonstrate a model of growth that is deliberate, scalable, and firmly anchored in long-term value creation.



ABOUT OUR INTEGRATED ANNUAL REPORT



Vallibel Finance PLC is pleased to present our eighth Integrated Annual Report, covering the financial year from 1st April 2025 to 31st March 2026. This report offers a comprehensive yet concise review of our operational and financial performance, as well as the progress made toward our sustainability objectives.

This report is prepared in accordance with the International Integrated Reporting Council (IIRC) Framework, with reference to the GRI Standards 2021 and considering the disclosure requirements of SLFRS Sustainability Disclosure Standards S1 and S2.

Evolution of Our Integrated Annual Reports



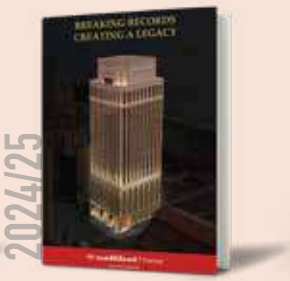
5TH
Integrated Annual Report

Reporting Period:
1st April 2022 to
31st March 2023



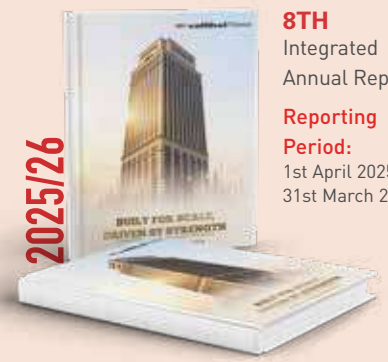
6TH
Integrated Annual Report

Reporting Period:
1st April 2023 to
31st March 2024



7TH
Integrated Annual Report

Reporting Period:
1st April 2024 to
31st March 2025



8TH
Integrated Annual Report

Reporting Period:
1st April 2025 to
31st March 2026



1ST
Integrated Annual Report

Reporting Period:
1st April 2018 to
31st March 2019



2ND
Integrated Annual Report

Reporting Period:
1st April 2019 to
31st March 2020



3RD
Integrated Annual Report

Reporting Period:
1st April 2020 to
31st March 2021



4TH
Integrated Annual Report

Reporting Period:
1st April 2021 to
31st March 2022

Our Approach to Transparent Reporting

As a first step, we have identified the key factors that influence our ability to generate value through a systematic materiality assessment. Active stakeholder engagement was central to this process, ensuring that the report effectively addresses the diverse information needs of all our stakeholders. Within these pages, we highlight our operational and financial achievements for the year.

To provide a holistic view of how we create value, this report incorporates both qualitative and quantitative data. Where relevant, we include comparative analysis against the previous year and five-year historical data to provide deeper context. We also provide forward-looking insights into anticipated developments to help stakeholders understand our long-term strategic trajectory.

This report also provides a forward-looking perspective, illustrating how our strategy integrates financial and non-financial elements to create sustainable long-term value.

Fulfilling Our Purpose

Value creation, preservation and erosion result from how we apply and leverage our capitals in the formulation and execution of our strategy. These consequences are evident in the changes to our capitals over time, the trade-offs we make and our overall business performance. Integrated thinking enables us to fulfil our purpose: using our financial expertise to do good for individuals, families, businesses and society.

Guided by our corporate philosophy, the Vallibel Finance vision drives us toward achieving our aspirational future state, while our mission serves as the strategic roadmap to reaching our goals. Complementing this framework are our core values, which act as the fundamental principles guiding our behaviour and decision-making across the organisation.

In tandem with our commitment to sustainable growth, we have mapped our strategic initiatives against the United Nations Sustainable Development Goals (SDGs) for the first time this financial year. This integration ensures that our socio-economic and environmental contributions directly support global blueprints for prosperity and the preservation of the planet.

Creating a Sustainable Organisation:

A strong foundation and a clear direction enable the right actions inside to create, protect and grow long-term value.



When our vision sets the direction, our mission guides our path, our core values shape our actions and our philosophy defines who we are, we create, protect and preserve value for the long term.

ABOUT OUR INTEGRATED ANNUAL REPORT

Reporting Frameworks and Compliance GRI 2-2

This Annual Report covers the non-financial performance of Vallibel Finance PLC for the financial year ended 31 March 2026. Unless otherwise stated, the sustainability information presented in this report, including economic, social, and governance disclosures, relates solely to the operations of Vallibel Finance PLC and its branch network.

The Company's consolidated financial statements include Vallibel Properties Ltd, a wholly owned subsidiary. While the majority of non-financial disclosures exclude the subsidiary, Green House Gas (GHG) emissions reporting has been prepared on a consolidated basis and includes emissions arising from both Vallibel Finance PLC and Vallibel Properties Ltd. Any deviations from the general reporting boundary are specifically disclosed within the relevant sections of this report.

There were no significant changes to the entities included within the sustainability reporting boundary during the reporting period.

We adhere to several mandatory and voluntary frameworks to ensure unbiased and transparent disclosure.

FINANCIAL AND CORPORATE GOVERNANCE

- Sri Lanka Accounting Standards: Comprising SLFRS and LKAS promulgated by CA Sri Lanka.
- Legislative Compliance: Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011.
- Regulatory Rules: Listing Rules of the Colombo Stock Exchange (CSE).
- Corporate Governance Requirements: Finance Business Act Direction No. 05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka (CBSL) and the Code of Best Practice on Corporate Governance 2023 issued by the CA Sri Lanka.

VOLUNTARY INTEGRATED AND SUSTAINABILITY REPORTING

- IIRC Framework: Prepared in accordance with the International Integrated Reporting Council's Integrated Reporting Framework.
- GRI Standards: This report is prepared with reference to the Global Reporting Initiative (GRI) Standards 2021.
- GHG Protocol: We have adopted The GHG Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) for measuring and reporting Scope 1 and Scope 2 emissions.
- United Nations Sustainable Development Goals (SDGs): For the first time, we have integrated the UN SDGs into our sustainability reporting framework, mapping our corporate priorities against specific global targets to drive measurable, impactful change.

SLFRS SUSTAINABILITY DISCLOSURE STANDARDS

For the first time, the Company has adopted the SLFRS Sustainability Disclosure Standards. This includes:

- SLFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information.
- SLFRS S2: Climate-related Disclosures.

In this initial adoption phase, we have applied transitional reliefs granted by CA Sri Lanka, including:

- Relief from presenting comparative sustainability-related data for this initial period.
- Relief from conducting full climate-related scenario analysis as we build internal capacity.
- Relief from estimating the anticipated effects of sustainability risks on our financial position and cash flows for this period.
- Relief from reporting GHG Emissions under Scope 3.

Our Integrated Reporting Boundary

Operating Environment | Business Model | Business Strategy

Risks | Opportunities | Outcomes

Stakeholder Relationships

- Shareholders
- Customers
- Employees
- Business Partners
- Suppliers
- Community/ Society
- Government Institutions & Regulators



Digital Annual Report

To ensure convenient access for all our stakeholders, the Integrated Annual Report is available in a digital format on our website.

GRI Content Index

The GRI Content Index is available on pages 376 to 382 of this annual report.

SLFRS S1 & S2 Disclosures

The S1 & S2 disclosures are available on pages 144 to 159 of this annual report.

Reporting Boundaries and Updates for FY2025/26 GRI 2-3, 2-4, 2-6

This Annual Report covers the financial year from 1st April 2025 to 31st March 2026.

Company Structure: There were no significant changes to the organisation's type, structure, or ownership during the reporting period.

Subsidiaries: Our subsidiary, Vallibel Properties Ltd., continued its commercial operations. No new subsidiaries were formed.

Materiality: We refined and updated our materiality assessment to reflect shifting stakeholder priorities and the new SLFRS S1 and S2 disclosure requirements. We also enhanced several material topics to improve strategic alignment. These refinements ensure our reporting remains focused on the issues which have the greatest impact on long-term value creation.

- Commitment to the Environment: Divided into "Climate-related Risks & Opportunities" and "Operational Environmental Footprint,"
- Managing Human Resources and Employee Health and Safety were merged into "Employee Wellbeing & Health and Safety".
- Customer Privacy has been expanded to "Cybersecurity & Data Protection".

Restatements of Information: There are no financial or non-financial information restatements that were audited in the previous year.

GRI 2-23

Precautionary Approach: Vallibel Finance adheres to the principle of caution by conducting rigorous reviews of all financial and non-financial information prior to publication. This meticulous process ensures the accuracy and integrity of our disclosures, thereby mitigating potential risks to our stakeholders.

External Assurance GRI 2-5

To ensure the integrity of our reporting, we have commissioned Messrs. Ernst & Young (EY) to provide external assurance.

- **Financial Statements:** Audited for accuracy and fairness (Refer to pages 268 to 374).
- **Financial Highlights:** Reasonable assurance obtained (Refer to page 16).
- **Non-Financial Information:** Limited assurance obtained for GRI disclosures (Refer to page 383).

The complete assurance report is available on pages 383 to 384.

FEEDBACK AND ENQUIRIES

For any feedback or enquiries concerning this annual report and its contents, reach out to:

General Manager – Finance & Administration
Vallibel Finance PLC
No. 310, Galle Road, Colombo 03.
Tel: 011-4393100

ABOUT OUR INTEGRATED ANNUAL REPORT

INDEX OF ICON REFERENCES

Capital Icons

Financial Capital

Manufactured Capital

Human Capital

Intellectual Capital

Social and Relationship Capital

Natural Capital

Stakeholders Icons

Shareholders

Customers

Environment

Employees

Society/ Community

Suppliers

Government Institutions & Regulators

Suppliers

SDGs

Annual Report Structure and Content FY 2025/26

The sections of this Annual Report provide a cohesive and transparent overview of Vallibel Finance PLC's stewardship, operations and financial health. They underscore the Company's experienced leadership, culture of trust and dedication and its focus on sustainable growth reinforcing Vallibel Finance's strong reputation and its commitment to creating lasting value for all stakeholders.



Section	Overview
Organisational Overview	
	This introductory section sets the stage for the report, providing an immediate snapshot of Vallibel Finance PLC's identity, key historical milestones and operational achievements. It includes a summary of financial and non-financial highlights for the year, along with our recent awards and accolades, providing stakeholders with an immediate understanding of our baseline performance and industry standing.
Leadership and Their Insights	The Leadership section presents high-level strategic viewpoints through the Chairman's Statement and the Managing Director's Message, contextualising our performance for FY 2025/26. It profiles the members of the Board of Directors, the Corporate Management Team and the Senior Management Team, detailing their expertise and collective responsibility in driving the Company towards long-term success.
Strategic Overview	This section articulates Vallibel Finance's forward-looking direction, outlining how our vision is executed through clear corporate strategies. It includes our Integrated Value Creation Model, explores the macroeconomic and industry factors within our Operating Environment Overview and provides a detailed look at the performance of our distinct business segments.
Stakeholder & Materiality Review	Detailing our commitment to proactive dialogue, this section outlines Vallibel Finance's primary stakeholder groups and the mechanisms for engaging with them. It details the systematic process used for identifying our material topics and features our Materiality Assessment Matrix, demonstrating how stakeholder priorities directly shape our strategic focus.
Capital Management Review	The Capital Management Review examines how the Company leverages, transforms and preserves value across the six capitals: Human, Financial, Manufactured, Intellectual, Social & Relationship and Natural Capital. Each capital is evaluated against its inputs, outcomes and future outlook, culminating in our dedicated GHG Emissions Report to track our operational environmental footprint.
Report on SLFRS S1 and S2 Sustainability-Related Financial Disclosures	A brand-new addition to our reporting architecture, this standalone chapter marks our first-time adoption of the SLFRS Sustainability Disclosure Standards. It provides structured disclosures on our governance, strategy, risk management and metrics concerning sustainability-related financial information (SLFRS S1) and climate-related physical and transition risks (SLFRS S2).
Governance	
	This section provides a comprehensive overview of Vallibel Finance's corporate governance framework, ethical business standards and risk mitigation practices. It includes the statutory Report of the Board of Directors alongside individual compliance and oversight statements from the Audit, Risk Management, Nomination and Governance, Integrated Risk Management and Human Resource and Remuneration committees.
Financial Statements	
	This section presents the formal statutory financial statements and notes for the financial year ended 31st March 2026, accompanied by comparative quantitative data from the previous year. Audited by EY, these primary statements including the Statement of Profit or Loss and Other Comprehensive Income, Financial Position, Changes in Equity and Cash Flows enable stakeholders to thoroughly assess our financial health, profitability and capital adequacy.
Supplementary Information	
	Serving as a point of reference for transparency and verification, this concluding section consists of our Independent Assurance Reports, the GRI Content Index, a Glossary of Financial Terms and our extensive Branch Network details. It also includes investor-specific data, such as information on ordinary shares, a Ten-Year Summary for long-term trend analysis and administrative essentials, such as the Notice of Meeting and Form of Proxy.

About Us

vallibel Finance

**Empowering Sri Lanka's Financial Future,
Building a Stronger Tomorrow**

VISION

To change the financial landscape of our country; bringing more people in more areas to become stakeholders of a national reawakening. We are driven by relentless passion to seek out people who need help.

MISSION

Our work ethics involve working tirelessly to formulate and offer a financial product spread that understands the pulse of the people. Our search is for excellence in all we do, including accountability in financial stewardship and our responsibility towards customers, stakeholders and our country.

VALUES

Simplicity | Integrity | Trust | Flexibility

Our Three Pillars of Strength

A Legacy of Inclusion

Vallibel Finance's Corporate Journey spans over five decades of purpose-driven financial transformation. Established in 1974 as Rupee Finance Company and subsequently acquired by Vallibel Investments in 2005, the Company was re-imagined as Vallibel Finance, a brand now synonymous with resilience and stability. Navigating complex economic cycles, the Company has sustained consistent growth and earned prestigious local and global accolades.

Today, Vallibel Finance is defined by an ethical, transparent corporate culture, precision-driven financial solutions and an unyielding commitment to empowering Sri Lanka's diverse socio-economic segments.

Nationwide Reach

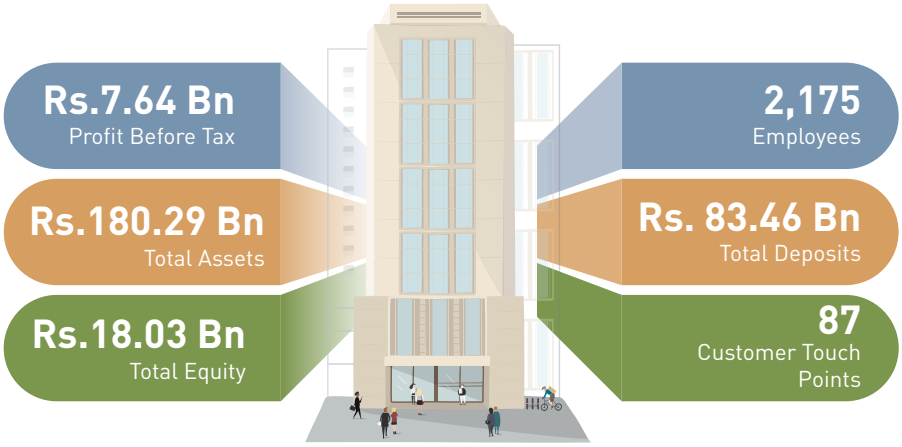
Vallibel Finance commands a truly national footprint, bridging the gap between urban commercial hubs and under-banked rural economies. The Company's strategic network of 87 branches spans all nine provinces, ensuring a presence from the bustling Western and Central regions to the developing Uva, Eastern and Northern provinces. By seamlessly integrating robust digital channels with a physical touch point model, Vallibel Finance delivers accessible loans, deposit and tailored financial products. This omni-channel approach deepens customer trust while driving meaningful financial inclusion across the island.

People at the Core

The foundational pillar of Vallibel Finance's sustained performance is its people. Human resource strategies are tightly integrated with the Company's overarching vision, fostering a workplace culture anchored in open communication, continuous learning and collaborative knowledge sharing. The Company actively nurtures its dedicated workforce of 2,175 professionals through structured training programmes, stringent ethical frameworks and meritocratic development platforms, empowering them to deliver exceptional customer service and generate long-term value for all stakeholders.

Foundation of Growth

These metrics demonstrate the scale of Vallibel Finance's operations in FY 2025/26, along with the trust of our customers and the commitment of our people, which together support our continued success.



Charting the Next Horizon: Digital Evolution and Sustainable Growth

With its structural and operational foundations firmly established, Vallibel Finance enters the upcoming financial year poised to accelerate its growth trajectory through targeted innovation and sustainable value creation. The Company's strategic priorities centre on expanding inclusive lending and savings portfolios, deeper market penetration into under-served rural sectors, mainstreaming of green financing solutions to empower eco-conscious enterprises and individuals and a comprehensive evolution of its digital landscape. Backed by seasoned leadership and a resilient corporate culture, these initiatives are designed to unlock new market opportunities while remaining fiercely aligned with the national economic recovery.

Driven by its VFin Digital Transformation Roadmap, Vallibel Finance continues to pioneer advanced digital innovations to enhance customer convenience and operational agility. Key milestones, including the strategic institutionalisation of a dedicated FinTech Department, the scaling of Pay&Go self-service kiosks, a complete web interface revitalisation and the progressive deployment of its flagship customer mobile application, position the Company at the forefront of modern non-banking financial services. By blending cutting-edge technology with high transparency, the Company ensures a frictionless, secure and future-ready financial ecosystem.

Concurrently, Vallibel Finance is advancing its corporate reporting and risk architecture to reflect modern global standards. Operating firmly within an Integrated Reporting Framework, the Company has taken proactive measures to factor climate-related risks and opportunities into its core business strategy. This includes progressively incorporating the principles and disclosure mechanisms of SLFRS S1 and SLFRS S2, enabling data-driven greenhouse gas (GHG) monitoring and the expansion of green financing partnerships.

By synchronising its corporate targets with the Global Reporting Initiative (GRI) Sustainability Standards and the United Nations Sustainable Development Goals (SDGs), Vallibel Finance ensures that its economic growth does not come at the expense of environmental and social governance. Governed by the highest standards of ethics, accountability and robust corporate oversight, the Company remains steadfast in its mission to deliver transparent, long-term and balanced value to its customers, employees, investors and the wider Sri Lankan economy.

Shareholding Structure

Vallibel Investments (Pvt) Limited
Holds a majority stake in Vallibel Finance PLC.

Other Shareholders
Collectively hold a significant portion of Vallibel Finance PLC

51.44%

48.56%

Vallibel Finance PLC
The operating company

100%

Vallibel Properties Ltd
Fully owned by Vallibel Finance PLC, focusing on Corporate office building development and maintenance.

This structure reflects a strong and stable ownership framework, combining control with broad shareholder participation.

Our Product Portfolio GRI 2-6

Vallibel Finance PLC offers a comprehensive suite of financial products designed to meet the diverse needs of individuals, families and businesses across Sri Lanka. Our portfolio spans deposit and investment solutions, a broad range of lending facilities and specialist vehicle and auto financing options all delivered through an extensive branch network and a commitment to exceptional customer service.

Deposit & Investment Solutions

Fixed Deposits

Our fixed deposit facility offers customers a secure and reliable way to grow their savings. Customers benefit from guaranteed returns, competitive interest rates and flexible tenure options to suit their individual financial goals. We offer enhanced rates for senior citizens and all deposits are covered by deposit insurance for added peace of mind. Customers may also leverage their fixed deposit as collateral for short-term borrowing, with interest charged only on the amount utilised. Our financial advisors are available throughout our branch network to help customers select the most suitable deposit plan.

Lending Solutions

Personal Loans

Our personal loan facility provides customers with convenient access to funds for a wide range of personal requirements. The application process is straightforward, with competitive interest rates, clearly defined repayment terms and flexible conditions tailored to individual circumstances. Customers can apply with confidence, supported by our dedicated service teams and accessible branch network.

Loan Against Fixed Deposit

Designed exclusively for our fixed deposit customers, this facility provides a practical short-term solution to address urgent financial needs without disrupting long-term savings. Offered at competitive interest rates, the product is regularly reviewed to ensure it continues to meet evolving customer requirements. The application process is seamless, with full support available through our branch network.

Gold Loans

Our gold loan facility enables customers to unlock the value of their gold assets quickly and without unnecessary complexity. Loan amounts are calculated based on the prevailing market value of gold and our terms are regularly reviewed to remain competitive and customer-centric. With a streamlined process and offered across many branches, customers can access funds with ease and confidence.



Mortgage Loan Portfolio

We offer a range of mortgage lending solutions that can be customised to reflect each customer's unique financial circumstances and objectives. Our team works closely with customers to structure facilities that align with their specific requirements, whilst continuously updating our offerings in response to changing market conditions. Customers receive attentive support at every stage of the process, from initial enquiry through to final disbursement.

Property Mortgage Portfolio

Recognising that each customer's financial journey is distinct, our property mortgage solutions are tailored to meet individual needs with flexibility and precision. We remain at the forefront of evolving market demands, ensuring customers have access to the most relevant and competitive options available. Our widespread branch network makes the entire process straightforward and easily accessible.

Vehicle & Auto Financing

Vehicle Loans

Our vehicle loan products are designed to make vehicle ownership more accessible, with tailor-made loan structures, a streamlined application process and flexible repayment arrangements. We are committed to continuous product improvement, ensuring our offering remains relevant to the changing customer needs. Nationwide branch coverage ensures ease of access throughout the country.

Leasing

Our leasing solutions are built around adaptability offering flexible terms, add-on services and competitive rates to suit a wide range of customer profiles. We continually innovate our leasing plans to reflect the evolving requirements of the market. From initial enquiry to the conclusion of the lease period, customers are supported by our dedicated service teams and nationwide branch network.

Vallibel Auto Draft

The Vallibel Auto Draft provides customers with a straightforward auto-draft loan facility, tailored to their individual requirements. The product offers highly competitive rates, personalised repayment options and a streamlined application process. We continue to refine and enhance this offering, ensuring it remains a relevant and convenient solution for our customers.

Vallibel Wheel Draft

Vallibel Wheel Draft offers customers a flexible loan facility with customisable repayment periods of up to 12 months, depending on the loan amount. Designed with affordability and convenience in mind, this product is regularly updated to better serve our customers' needs. Our branch network, spread across the country, ensures seamless access and efficient loan processing.







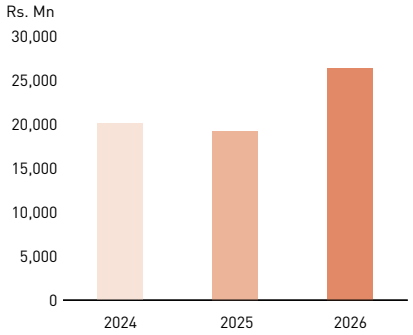




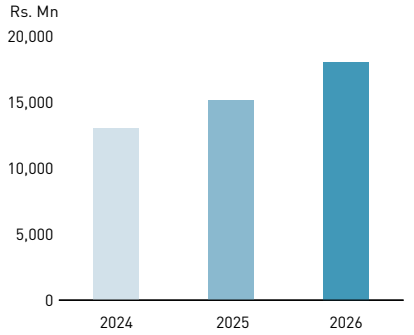
Financial Highlights

For the Year Ended/As at 31st March		2026	2025	Change %
Financial Performance				
Gross Income	Rs. thousand	26,384,435	19,200,595	37.4
Gross Interest Expense	Rs. thousand	12,170,227	8,796,402	38.4
Net Interest Income	Rs. thousand	11,044,838	8,117,491	36.1
Total Operating Income	Rs. thousand	14,214,208	10,404,193	36.6
Pre-Tax Profit	Rs. thousand	7,641,782	5,557,895	37.5
Income Taxation	Rs. thousand	2,280,684	1,607,798	41.9
Profit after Taxation	Rs. thousand	3,589,380	2,629,498	36.5
Financial Position				
Total Assets	Rs. thousand	180,286,106	111,682,578	61.4
Lending Portfolio	Rs. thousand	156,542,798	92,148,202	69.9
Total Deposit Base	Rs. thousand	83,459,182	67,480,200	23.7
Borrowings	Rs. thousand	70,465,365	21,169,860	232.9
Shareholders' Funds	Rs. thousand	18,034,230	15,124,084	19.2
Investor Information				
Earnings Per Share (EPS)	Rs. per share	14.77	10.82	36.5
Net Assets Per Share	Rs. per share	76.59	64.23	19.2
Market Value Per Share	Rs. per share	92.00	54.10	70.1
Market Capitalisation	Rs. thousand	21,661,713	12,738,029	70.1
Price Earning Ratio (PE)	Times	6.23	5.00	24.6
Dividend Per Share (DPS)	Rs. per share	-	2.75	(100.0)
Key Ratios				
Return on Average Equity - After Tax	%	21.65	18.72	15.7
Return on Average Assets - After Tax	%	2.46	2.57	(4.2)
Interest Cover	Times	1.63	1.63	(0.0)
Equity / Assets	Times	0.10	0.14	(26.1)
Lending Portfolio / Deposits	Times	1.88	1.37	37.4
Debt plus Total Deposit to Equity	Times	8.54	5.86	45.6
Non-Performing Ratio - Gross	%	2.53	3.56	(28.9)
Non-Performing Ratio - Net	%	1.07	(0.37)	390.7
Statutory Ratios				
Liquid Assets	%	14.81	15.14	(2.2)
Core Capital Ratio - Minimum Required 10%	%	10.55	16.54	(36.2)
Total Risk Weighted Capital Ratio - Minimum Required 14%	%	14.79	21.51	(31.2)

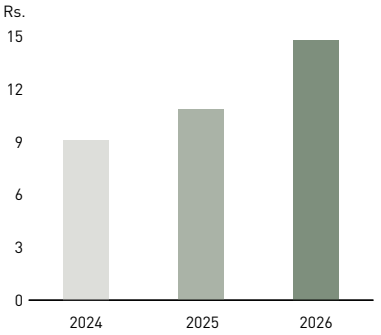
Gross Income



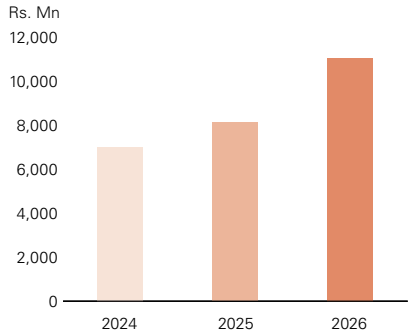
Equity



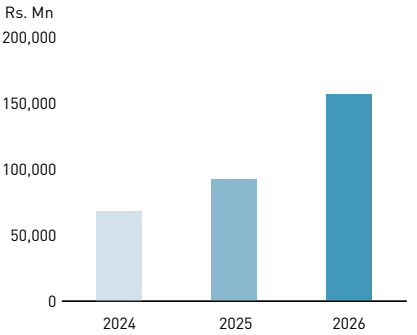
Earnings Per Share (EPS)



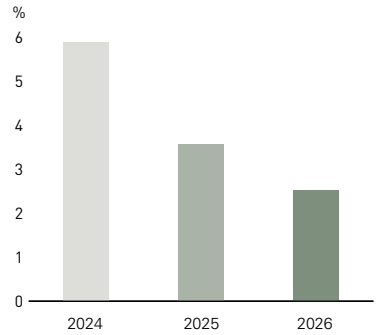
Net Interest Income



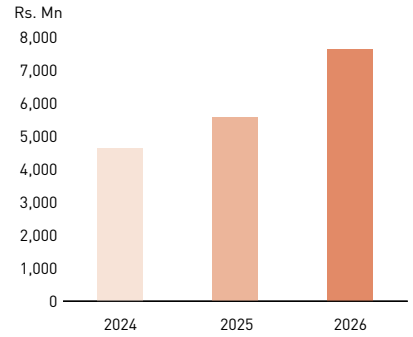
Lending Portfolio



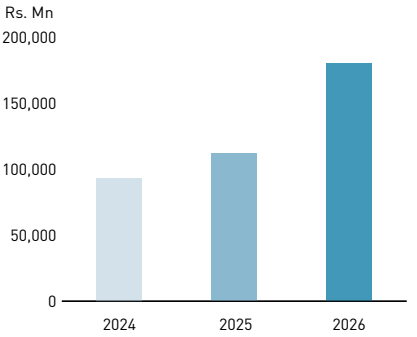
Non-Performing Ratio - Gross



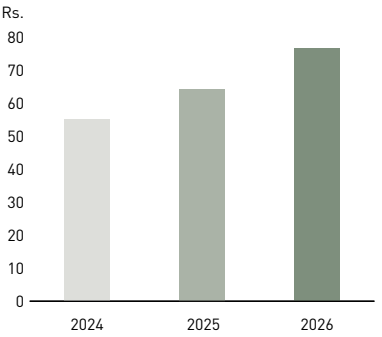
Pre-Tax Profit



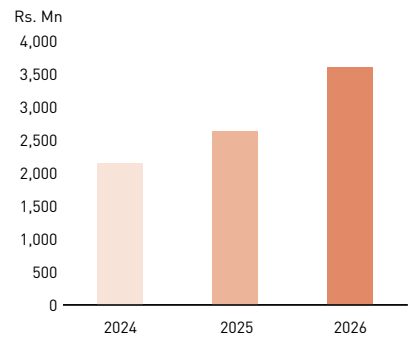
Total Assets



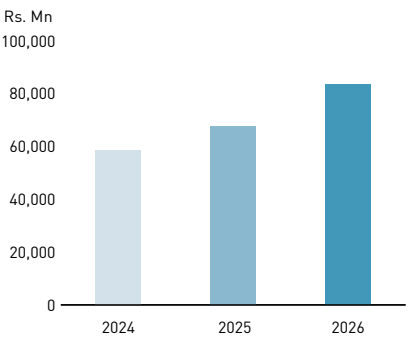
Net Assets Per Share



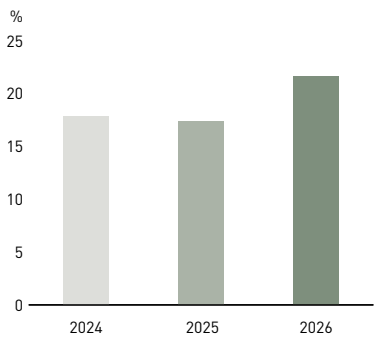
Profit after Taxation



Total Deposit Base



Return on Average Equity



Non-Financial Highlights

For the Year Ended / As at 31st March		2026	2025
Capital Indicators			
Human Capital			
Total Workforce	number	2,175	1,763
New Recruits	number	1,081	779
Employees Completed 10 Years of Service	number	248	173
Investment in Training and Development	Rs. thousand	5,166	1,024
Employees Monetary Benefits	Rs. thousand	3,236,691	2,487,213
Staff Retention Ratio	%	82.87	80.56
Female Representation	%	37	37
Return to Work After Maternity Leave	%	100	100
Gender Diversity Ratio (Male : Female)	%	63:37	63:37
Revenue per Employee	Rs. thousand	12,131	10,891
Total Training Hours	Hours	10,288	6,521
Manufactured Capital			
Branches	number	87	75
New Branches Opened	number	12	11
Branches outside Western Province	number	48	39
Investment in Property Plant and Equipment	Rs. thousand	591,270	375,558
Investment in IT Development	Rs. thousand	122,899	65,865
Intellectual Capital			
Credit Rating, LRA		A-	BBB+
Brand Rating, LMD		A	A
Investment in IT Advancements	Rs. thousand	19,022	2,973
Collective Tacit knowledge	number	2,175	1,763
Social and Relationship Capital			
Economic Value Added	Rs. thousand	26,384,435	19,200,595
Economic Value Distributed To:			
Depositors and Lenders	Rs. thousand	11,068,127	8,419,313
Employees	Rs. thousand	3,231,463	2,486,190
Government	Rs. thousand	4,087,697	2,955,813
Payment to Providers of Capital	Rs. thousand	1,749,597	1,115,834
Community Development Programmes	number	35	17
Total Loans Disbursed	Rs. thousand	101,394,544	68,679,610
Natural Capital			
Electricity Consumption - Per Branch	GJ	93.93	86.48
Water Consumption - Per Employee	m3	14.43	14.99
A4 Paper Usage at Head Office	Packs	2,808	2,438
Fuel Usage	Liters	33,237	25,175

HUMAN CAPITAL

Employees Completed 10 Years of Service

2026	2025
248	173

New Recruits

2026	2025
1,081	779

Employees Monetary Benefits

2026	2025
Rs 3.24 Bn	Rs. 2.49 Bn

Total Workforce

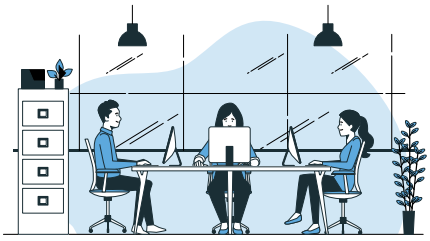
2026	2025
2,175	1,763

Female Representation

2026	2025
37%	37%

Staff Retention Ratio

2026	2025
83%	81%



NATURAL CAPITAL

A4 Paper Usage at Head Office

2026	2025
2,808 Packs	2,438 Packs

Electricity Consumption per Branch

2026	2025
93.93 GJ	86.48 GJ

Water Consumption per Employee

2026	2025
14.43 m3	14.99 m3

Fuel Usage

2026	2025
33,237 Liters	25,175 Liters



MANUFACTURED CAPITAL

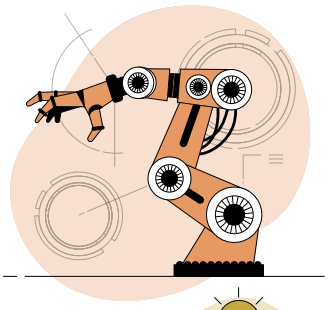
Branches

2026	2025
87	75



New Branches Opened

2026	2025
12	11



INTELLECTUAL CAPITAL

Credit Rating, LRA

2026	2025
A-	BBB+

Brand Rating, LMD

2026	2025
A	A

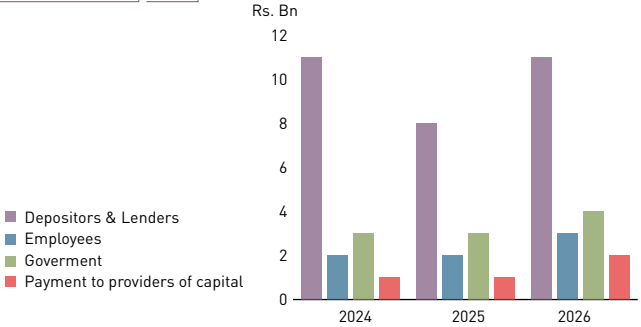
Collective Tacit Knowledge

2026	2025
2,175	1,763



Moving beyond financial reporting, our dynamic materiality framework enables us to anticipate macroeconomic, social, and environmental shifts, ensuring Vallibel Finance remains agile and resilient in an ever-evolving operating landscape.

Economic Value Distributed to Stakeholders



OUR JOURNEY



Phase I - Foundations (2005–2010)

"Laying the Groundwork"

Every enduring institution is shaped first by vision, then by resolve. For Vallibel Finance PLC, that vision took root in 2005 and the years that followed were spent building the foundations of something lasting.

2005

- Acquired by the Vallibel Group and re-established as Vallibel Finance PLC, with a clear mandate to redefine the standards of financial services in Sri Lanka.

2007

- A strategic restructuring of leadership placed the right people at the helm, instilling the culture of accountability and long-term thinking that continues to define the Company today.

2010

- Listed on the Colombo Stock Exchange - a landmark moment that signalled the Company's readiness to grow alongside the nation's aspirations and cemented its standing as a credible, publicly accountable institution.

Phase II - Growth (2011–2017)

"Taking Root Across the Island"

With its foundation firmly in place, Vallibel Finance turned its energies outward extending its reach across the island, broadening its product offering and steadily earning the trust of communities far beyond Colombo.

2011

- Head Office relocated to the prestigious address at No. 310, Galle Road, Colombo 03.
- The branch network was extended to 10 locations.

2012

- Total assets crossed Rs. 6 Bn, underpinned by a fixed deposit base of Rs. 4 Bn.

2013

- Gold Loan facilities were introduced at the Maharagama branch, launching a product line that would become central to the Company's growth story.
- Credit rating of BB+/NP with a stable outlook assigned by the Lanka Rating Agency.

2014

- Appointed agent of Western Union for MBBL Money Transfers.
- First Premier Centre opened in Nugegoda.
- Group Personal Loans and Property Mortgage Loans introduced.



2015

- Credit rating upgraded to [SL] BBB-/P3 with stable outlook.
- Rated A- amongst Sri Lanka's 100 leading brands by LMD.
- Joined Lanka Pay's national electronic fund transfer network.
- Rs. 1 Bn Unsecured Subordinated Redeemable Listed Debenture issuance completed.
- Workforce surpassed 500 people.
- Branch network expanded to 24 locations across the island.
- Vallibel Auto Draft and Business Loans launched.

2016

- Gross income reached Rs. 3.47 Bn.
- Assets exceeded Rs. 20 Bn.
- Fixed deposit base stood at Rs. 15 Bn.
- Vallibel Finance was recognised as one of Sri Lanka's Best Employers at the Best Employer Brand Awards.

2017

- Celebrated a decade of customised financial solutions.
- Branch network reached 32 locations, including Uragasmanhandiya where Vallibel Finance became the first finance company to serve the community.
- Introduced the Micro Financing product.
- Vallibel Auto Draft named "Most Innovative Finance Product in Sri Lanka" by the Global Banking & Finance Review Awards.
- Ranked as the "Fastest Growing Auto Financing Company in Sri Lanka" by the Global Banking & Finance Review Awards.



Phase III - Leadership (2018–2022)

"Crossing Defining Thresholds"

These were the years in which ambition met execution. A period of sustained, measurable achievement that placed Vallibel Finance firmly amongst the front rank of Sri Lanka's financial institutions.

2018

- Profit after tax crossed Rs. 1 Bn, one of the fastest milestones of its kind in Sri Lanka.
- The credit rating was upgraded to [SL] BBB by ICRA Lanka.
- Named as the "Most Respected Finance/ Leasing Company" and "Sector Winner" in LMD's Most Respected Rankings.

2019

- Branch network expanded to 40 locations.
- Certified as a Great Place to Work™ and ranked amongst the 25 Best Places to Work in Sri Lanka.
- Fixed deposit base exceeded Rs. 25 Bn as at 31st March 2019.
- Gold Loan portfolio reached Rs. 3 Bn.
- Received an A+ rating from Brand Finance Sri Lanka.
- Brand value reached Rs. 1,300 Mn with Vallibel Finance Ranking among the 100 Most Valuable Brands by LMD
- Total assets surpassed Rs. 50 Bn, a significant financial milestone for Vallibel Finance's growth trajectory.
- The ground breaking ceremony was held on 07th November for the new 16-storey Corporate Office in Colombo.

2020

- Named "Brand of the Year – Sri Lanka 2020" (Financial Services) by the Global Banking & Finance Review.
- Vallibel Wheel Draft honoured as "Most Innovative Finance Product – Sri Lanka 2020" by the Global Banking & Finance Review.
- Workforce surpassed 1,000 people to support our expanding operations.

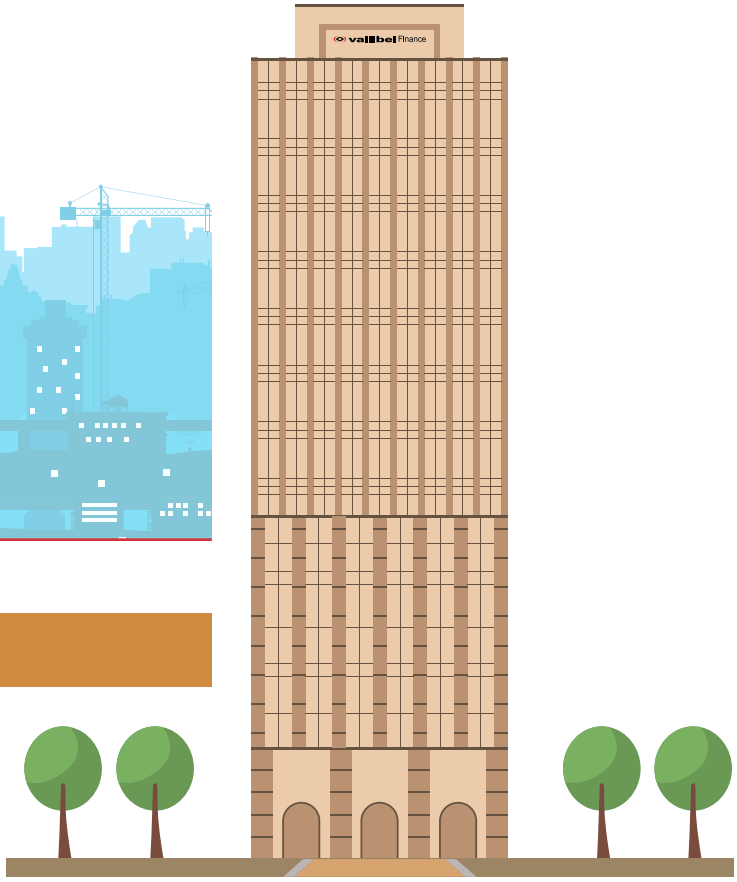
2021

- Great Place to Work™ certification renewed, ranked amongst the 40 Best Places to Work in Sri Lanka.
- Brand value grew 26.56% with an A+ Brand Rating from Brand Finance Sri Lanka.
- Credit rating upgraded to [SL] BBB+ by ICRA Lanka.
- Named "Best Finance Company – 2021" by The Global Economics Awards.
- Recognised as the "Best Auto Finance Company 2021" by Global Banking & Finance Review.

2022

- Gold Loan portfolio reached Rs. 8 Bn.
- Total assets surpassed Rs. 70 Bn.
- The deposit base grew to Rs. 41 Bn.
- Gross income exceeded Rs. 12 Bn.
- Total branches surpassed 50 locations across the island.





Phase IV - Scale (2023–2026)

"A Landmark on Every Front"

To lead an industry is to set the terms of ambition. In these years, Vallibel Finance has done precisely that by delivering scale, geographic breadth, digital innovation and institutional recognition in equal measure.

2023

- Gold Loan portfolio grew 78%.
- The asset base reached Rs. 82.32 Bn.
- Named "Best Finance Company – 2022" by The Global Economics Awards.

2024

- Inauguration of the Vallibel Finance Corporate Office, a 16-storey landmark in the heart of Colombo and the physical expression of two decades of growth.
- Six new branches established, resulting in a total of 64 branches.
- The asset base grew 13.2% to Rs. 93.17 Bn.
- Named "Best Finance Company – 2023" for a third consecutive year by The Global Economics Awards.

2025

- 11 new branches opened, bringing the network to 75 locations nationwide.
- Total assets surpassed Rs. 100 Bn, marking a major milestone for Vallibel Finance and reflecting strong financial performance and sustainable growth.
- Workforce reached 1,763 people, reinforcing our commitment to service excellence and operational efficiency.
- Gold Loan portfolio exceeded Rs. 20 Bn.
- The deposit base reached Rs. 67.48 Bn.
- Rs. 3 Bn Unsecured Subordinated Redeemable Listed Debenture issuance completed.

2026

- Total workforce surpassed 2,100 people in line with geographic expansion.
- The asset base exceeded Rs. 180 Bn.
- Gold loan portfolio surpassed Rs. 25 Bn, reflecting continued growth in the Company's gold loan business and increasing customer demand.
- VfinDigital Centre unveiled at the Head Office in Colombo 3, indicating a new era of digital financial services.
- Lanka Rating Agency upgraded the credit rating from BBB+ to A-, recognising superior asset quality, robust market outreach and improved profitability.
- The branch network extended by 12 branches, reaching a total of 87 locations with new branches in Trincomalee, Batticaloa and Valachchenai marking the Company's entry into the Eastern Province.
- Announced a rights issue of 29.4 Mn new ordinary voting shares at Rs. 72 per share to strengthen the Company's Tier 1 capital base, support expansion and maintain capital adequacy requirements.

Awards and Accolades



2016
One of Sri Lanka's Best Employer Brand – Best Employer Brand Awards

2017
Ranked 22nd within the top 100 Most Respected Entities in Sri Lanka - LMD

2017
Sector Winner of the Finance and Leasing Sector and awarded the Most Respected Finance/ Leasing Company in Sri Lanka - LMD

2017
Vallibel Auto Draft awarded the Most Innovative Finance Product in Sri Lanka - Global Banking & Finance Review Awards

2017
Fasted Growing Auto Financing Company in Sri Lanka - Global Banking & Finance Review Awards

2020
Finance Services Brand of the Year in Sri Lanka - Global Banking & Finance Review Awards

2020
Ranked as one of the Top 25 Best Places to Work in Sri Lanka 2020 - Great Place Research & Consultancy (Pvt) Ltd

2020/21
Received A+ Brand Rating from Brand Finance Sri Lanka

2020/21
Certified by Great Place to Work™ in 2020/21 - Great Place Research & Consultancy (Pvt) Ltd



2018

Best Leasing Customer Service Company in Sri Lanka - Global Banking & Finance Review Awards

2018

Fastest Growing Auto Financing Company in Sri Lanka - Global Banking & Finance Awards

2018

Ranked amongst the Top 20 Most Admired Companies of Sri Lanka in 2018 - International Chamber of Commerce Sri Lanka & CIMA Sri Lanka

2019/20

Certified as a Great Place to Work™ in 2019/20 - Great Place Research & Consultancy (Pvt) Ltd

2020

Most Innovative Finance Product in Sri Lanka (Vallibel Wheel Draft) - Global Banking and Finance Review Awards

2021

Best Auto Finance Company - Global Banking and Finance Review Awards

2021

Ranked as one of the Top 40 Best Places to Work in Sri Lanka 2021- Great Place Research & Consultancy (Pvt) Ltd

2021

Best Finance Company - Sri Lanka Global Economics Awards

2022

Best Finance Company - Sri Lanka Global Economics Awards

2023

Best Finance Company - Sri Lanka Global Economics Awards

2026

ISO/IEC 27001:2022 Certification for Information Security Management System

LEADERSHIP AND THEIR INSIGHTS

28 Chairman's Statement

31 Managing Director's Review

36 Board of Directors

39 Corporate Management Team

41 Senior Management Team

Built for Insight,
Driven by Performance

The year under review highlights Vallibel Finance PLC's ability to translate insight into performance. Through continuous evaluation of market conditions and a proactive approach to decision-making, we have strengthened our operational resilience and delivered consistent results. Guided by informed strategies and disciplined execution, we have sustained momentum, capitalised on opportunities, and maintained a trajectory of strong, industry-leading growth.



Chairman's Statement GRI 2-22



Dear Shareholders,

I address you at a historic juncture for Vallibel Finance PLC. The financial year ended 31st March 2026 has been a transformative period not just in terms of sheer scale, but also in how we have solidified our market leadership, redefined operational efficiency, and embraced evolving global benchmarks of corporate accountability.

Amid sustained macroeconomic stabilisation across Sri Lanka, the Company has moved decisively past defensive resilience into an era of determined, high-yielding, and disciplined expansion. It is my privilege to present the Annual Report and audited Financial Statements of Vallibel Finance PLC for the financial year 2025/26. This publication marks our eighth consecutive year of integrated reporting under the International Integrated Reporting Framework (IIRF) and the GRI Universal Standards 2021.

Rs. 26.38 Bn
TOTAL INCOME
37.41% YoY

Rs. 180.29 Bn
TOTAL ASSETS
61.43% YoY

Rs. 7.64 Bn
PROFIT BEFORE TAX
37.49% YoY

True financial leadership is tested by asset quality during periods of rapid growth. At Vallibel Finance, our 69.88% lending expansion was matched by a remarkable reduction in our NPL ratio to 2.53% proving that aggressive scale and uncompromising discipline can co-exist.

K D A Perera
Chairman

A Year of Exponential Growth

The easing of interest rates and steadying inflation during the financial year 2025/26 unlocked significant demand in our core markets. Our strategic response was swift and precise, resulting in a landmark financial performance across all primary metrics.

Our total asset base expanded by an extraordinary 61.43%, rising from Rs. 111.68 Bn recorded during the previous financial year to Rs. 180.29 Bn as of 31st March 2026. This rapid scaling cements our position as a Tier-1 non-bank financial institution (NBFI) in Sri Lanka.

This momentum was anchored by a historic expansion in our lending portfolio, which grew by 69.88% to close at Rs. 156.54 Bn, up from Rs. 92.15 Bn in the previous financial year. Notably, our total finance lease portfolio reached Rs. 19.29 Bn, marking a 40.37% year-on-year volume growth. On the funding side, public trust in the Company's stable and sustainable operations remained strong; our deposit base grew by 23.68% to Rs. 83.46 Bn, up from Rs. 67.48 Bn in the financial year 2024/25.

Financial Performance at a Glance

Vallibel Finance demonstrated strong earnings momentum and top-line expansion during the financial year 2025/26, fully recovering from the minor contractions observed in the previous period. Total income increased by 37.41% to Rs. 26.38 Bn during the financial year 2025/26. This directly translated into core profitability, with profit before tax expanding by 37.49% to Rs. 7.64 Bn and net profit increasing by 36.5% to Rs. 3.59 Bn. Consequently, shareholder value creation accelerated, with earnings per share (EPS) climbing 36.5% to Rs. 15.24, building upon a highly successful three-year upward trajectory in bottom-line performance.

Optimised Efficiency and Shared Returns

Our aggressive growth did not come at the expense of profitability margins. Driven by an optimal shift toward high-yielding assets and the dilution of high-rate legacy liabilities, return on equity (ROE) accelerated to 21.65%, up from 18.72% recorded in the previous year.

The Company's cost-to-income ratio decreased from 44.94% in financial year 2024/25 to 41.73% during the year under review, despite substantial investments in digital-first infrastructure. Furthermore, the net asset value per share rose to Rs. 76.59 from Rs. 64.23 recorded in the previous financial year, demonstrating robust internal wealth creation for our shareholders.

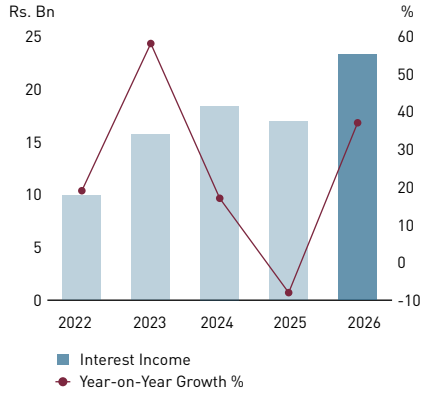
Maintaining Asset Quality and Capital Maturity

We believe that true financial leadership is tested by asset quality during periods of rapid growth. While navigating an expansive credit cycle this past year, our credit underwriting models proved exemplary, ensuring that aggressive expansion never compromised the fundamental safety of our balance sheet. This was possible because we view risk management not as a defensive box-ticking exercise but as a strategic enabler of our sustainable growth.

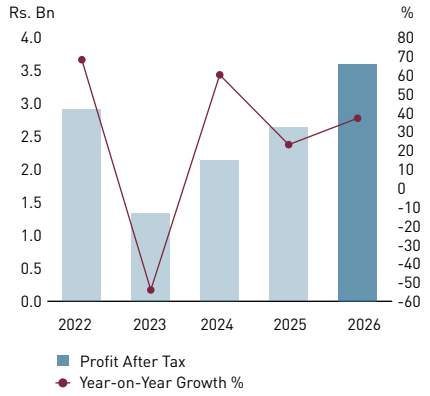
This disciplined approach yielded exceptional results. While the broader financial landscape faced systemic stress with the Industry Gross NPL ratio averaging 4.6% our teams successfully reduced Vallibel Finance's gross non-performing loan (NPL) ratio to a remarkable 2.53%, down from 3.56% in the previous financial year.

This absolute commitment to financial health did not go unnoticed. I am incredibly proud to share that Lanka Rating Agency (LRA) upgraded our national long-term credit rating to A-(lka) from BBB+ (lka). This upgrade is a powerful validation of our operational resilience, creditworthiness, and the maturity of our risk frameworks, positioning us well to optimise our borrowing costs going forward.

Interest Income Growth



Profit After Tax Growth



Yet, we refused to be complacent. To protect and safeguard the Company's balance sheet expansion and ensure an uninterrupted growth in the coming years, we moved decisively right after the financial year 2025/26 closed to reinforce our capital structure. By securing a Rs. 1.5 Bn subordinated loan injection in April 2026, followed quickly by a highly successful rights issue on 14th May 2026, we have ensured that our Capital Adequacy Ratios (CAR) remain positioned well above statutory thresholds. We step into the future fully equipped to absorb market volatility while confidently funding our next phase of growth.

Chairman's Statement

Rethinking Stakeholder Value Creation

Our strategic momentum during the year was vividly reflected in the intentional expansion of our reach. I am incredibly proud to report that we successfully added 12 new branches to our network during the year under review, including our first entry into the Eastern Province. This milestone represents our deep commitment to driving financial inclusivity, tapping into vibrant regional economies, and empowering underserved communities across the island.

This physical geographic expansion works in perfect tandem with our digital ecosystem. While our new branches ground us in local communities, our VFinDigital centre continuously modernises how we serve them, transforming our operating model from a legacy cost model to a high-efficiency digital engine.

In parallel, we remained heavily focused on our human capital. By ensuring continuous technical training and introducing revised performance-linked welfare frameworks, we have nurtured an ethical, highly productive corporate culture.

Elevating Disclosures

As global capital markets increasingly link true financial valuation to the robustness of sustainable governance, I am immensely proud that Vallibel Finance has successfully adopted the newly effective IFRS S1 and IFRS S2 sustainability and climate-related disclosure standards. Far from viewing this as a mere compliance exercise, we have embraced these frameworks as vital strategic tools. Moving forward, we are committed to continuously enhancing these disclosures, ensuring that our risk pricing, capital allocation, and long-term enterprise value remain transparently benchmarked against the highest global investor expectations.

I am satisfied that the Company has upheld the principles and requirements of its Code of Business Conduct and Ethics throughout the financial year.

Future Horizon

As we enter the financial year 2026/27, Vallibel Finance stands poised to build on the exceptional momentum achieved during the year under review. Against the backdrop of a steadily recovering Sri Lankan economy, I am confident that the Company is well-positioned to pursue its next phase of growth with clarity of purpose, strategic discipline, and renewed ambition.

In the year ahead, we will place particular emphasis on identifying and advancing green and sustainable financing opportunities that align commercial progress with broader environmental and social responsibility. By embedding the climate-resilience and socio-economic risk considerations reflected in IFRS S1 and IFRS S2 into our credit frameworks, we intend to support the development of innovative financial solutions for eco-efficient enterprises and the small and medium-sized business sector, thereby contributing meaningfully to the country's long-term development agenda.

Digitalisation will remain central to our strategic direction. As customer expectations continue to evolve, we will further strengthen our digital platforms, expand self-service capabilities, and deepen technology integration across our operating model.

At the same time, we will remain steadfast in our commitment to sound risk management and strong corporate governance by proactively adopting emerging best practices and regulatory developments.

We will also continue to broaden our geographic footprint and enhance our product offering. We believe Vallibel Finance will further strengthen asset quality, deepen stakeholder confidence, and unlock new avenues of sustainable value creation in the years ahead.

Acknowledgements

The achievements of this milestone year belong first and foremost to our Managing Director, Mr. S.B. Rangamuwa, whose tactical execution remains unmatched. I extend my sincere appreciation to the corporate management team and every staff member across our branch network for their exceptional dedication.

I remain deeply grateful to our depositors, customers, and shareholders for their enduring trust, which remains the foundation of our commercial stability.

I would also like to thank my fellow Board of Directors for their valuable insights and steadfast support in guiding the Company forward.

Finally, I wish to express my profound gratitude to our Founder Chairman, Mr. Dhammika Perera. His vision, strategic foresight, and insistence on operational excellence continue to shape our corporate ethos and light our path toward uncharted growth milestones.



K D A Perera
Chairman

Managing Director's Review



Dear Shareholders,

Accelerating Growth, Strengthening Leadership

The financial year 2025/26 marked another defining chapter in the remarkable growth journey of Vallibel Finance PLC. In just 19 years of operations, the Company continued to break industry benchmarks while strengthening its position as one of Sri Lanka's most dynamic and resilient financial institutions. Having become the fastest finance company in the country to surpass Rs. 100 Bn in total assets within 17 years of operations, we further accelerated our momentum during the year under review, increasing our asset base to an impressive Rs. 180.29 Bn. We are now steadily progressing towards being the fastest company to reach the Rs. 200 Bn milestone.

This outstanding progress was achieved amidst a gradually stabilising macroeconomic environment in Sri Lanka. Improved economic sentiment, easing

Rs. 156.54 Bn
LENDING PORTFOLIO
69.88% YoY

Rs. 83.46 Bn
FIXED DEPOSIT
23.68% YoY

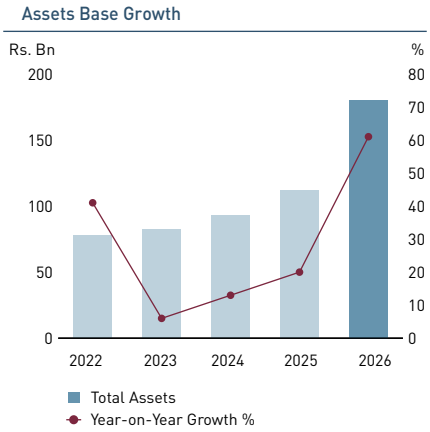
Rs. 3.59 Bn
PROFIT AFTER TAX
36.49% YoY

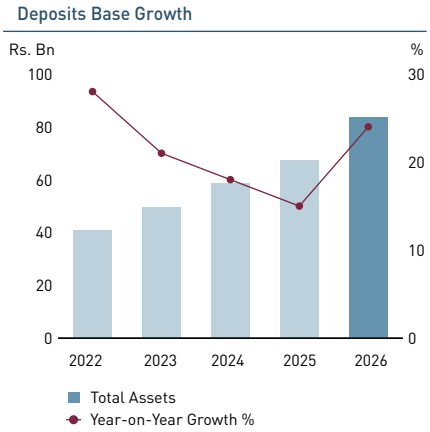
"It is my pleasure to report that we achieved strong growth momentum supported by positive performance across core KPIs, making Vallibel Finance one of the fastest-growing companies within only 19 years of operations."

S B Rangamuwa
Managing Director

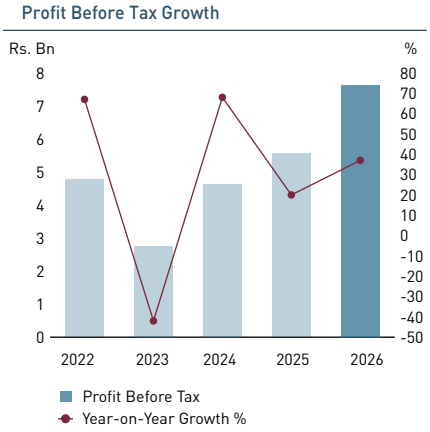
Managing Director's Review

The Financial Year 2025/26 stands as another landmark year in our journey, marked by exceptional financial performance, disciplined execution, and strategic expansion across key markets.









inflationary pressures, lower interest rates, and increased private sector activity supported a stronger operating environment for the financial services sector during the financial year 2025/26.

While global uncertainties and market volatility persisted, Sri Lanka's overall economic recovery renewed confidence among businesses and consumers alike. Supported by disciplined execution and prudent financial management, Vallibel Finance successfully capitalised on emerging opportunities while maintaining stability and resilience across our business operations.

Growing Financial Metrics

Our financial performance during the year reflects the strength of our strategy and the confidence our stakeholders place in us. Total assets increased by 61.43%, while the lending portfolio recorded exceptional growth of 69.88% to Rs. 156.54 Bn. Our deposit base strengthened by 23.68% to Rs. 83.46 Bn, further reinforcing liquidity and funding stability. Shareholder funds grew by 19.24% to Rs. 18.03 Bn, reflecting the Company's continued ability to generate sustainable value and strengthen its capital foundation.

Total income increased by 37.41% to Rs. 26.38 Bn, compared to Rs. 19.20 Bn earned in the financial year 2024/25. This growth resulted from a 36.06% increase in net interest income to Rs. 11.04 Bn during the year under review, demonstrating the Company's effective management of interest margins and careful balancing of assets and liabilities.

Profitability indicators remained equally encouraging during the year under review. Profit before tax grew by 37.49% to Rs. 7.64 Bn compared to Rs. 5.56 Bn in the previous financial year. The Company's net profit rose by a commendable 36.5% to Rs. 3.59 Bn, from Rs. 2.63 Bn in the financial year 2024/25.

Return on Equity improved significantly to 21.65%, reflecting stronger shareholder returns and enhanced capital utilisation.

Effective Operational Strategies

The Company's operational efficiency also improved considerably during the year under review, with the cost-to-income ratio declining to 41.73%.

Importantly, gross non-performing loans decreased from 3.56% recorded in the previous financial year to 2.53% during the year under review, despite rapid portfolio expansion. This demonstrates the effectiveness of the Company's disciplined credit frameworks, robust recovery mechanisms, and prudent risk management practices.

Resilience Through Governance

We at Vallibel Finance view governance as more than a regulatory obligation. It is a deeply embedded organisational principle that guides every aspect of our operations. Our governance framework is built on accountability, transparency, ethical conduct, and self-compliance, ensuring that we consistently operate beyond minimum regulatory expectations. We firmly believe that strong governance creates long-term resilience, protects stakeholder interests, and enables sustainable growth even amidst changing economic conditions.

Throughout the year, we continued strengthening internal controls, compliance frameworks, independent oversight mechanisms, and enterprise-wide risk management systems to support the Company's accelerated expansion. Continuous monitoring processes, disciplined financial controls, and rigorous portfolio management frameworks enabled us to maintain operational stability while pursuing aggressive growth targets. Our proactive approach to governance has remained instrumental in preserving stakeholder confidence and enhancing institutional credibility.

In line with our commitment to forward-looking governance, we also commenced incorporating the principles of IFRS S1 and IFRS S2 into our operations, governance frameworks, and risk management approach. This includes strengthening the identification, assessment, and oversight of sustainability-related and climate-related risks and opportunities, enabling the Company to further enhance transparency, resilience, and long-term strategic decision-making.

Industry-Leading Credit Quality

Special attention continued to be placed on portfolio quality and responsible lending practices, particularly in the gold loan segment. While gold-backed lending remains a key contributor to portfolio expansion, we remain highly conscientious about gold price volatility and evolving market dynamics. Accordingly, conservative collateral valuation models, real-time monitoring systems, controlled exposure limits, and stringent operational checks have been implemented to safeguard portfolio quality and financial viability. These measures ensure that growth is achieved responsibly while maintaining long-term stability.

Driving Growth Through Branch Expansion

As part of our long-term growth strategy, we continued to expand our national footprint to improve accessibility and strengthen customer engagement across the country. During the year under review, 12 new branches were established across strategic locations, including Kochchikade, Trincomalee, and Hatton, while also marking our successful entry into the Eastern Province for the first time. These expansions represent more than geographic expansion. They reflect the Company's commitment to delivering inclusive financial solutions to emerging economic regions and underserved communities across the nation.

Continued Operational Resilience

Our commitment to operational resilience was further strengthened through investments in information security and digital governance. During the year under review, the Company obtained ISO 27001:2022 Certification for IT operations, reinforcing our focus on cybersecurity, operational continuity, and information protection.

In parallel, the establishment of a Customer Complaint Management System further enhanced transparency, accountability, and stakeholder trust in line with evolving regulatory expectations and governance best practices.

Accelerating Digital Transformation

Accelerating digital transformation remained a key strategic focus during the year as we continued to invest in technology, innovation, and digital capabilities to enhance customer experience and operational efficiency. Significant progress was made in expanding customer access through self-service digital channels, strengthening information security through ISO 27001:2022 certification, and leveraging advanced analytics and artificial intelligence to deliver personalised solutions and improve customer retention.

A significant milestone during the year was the introduction of the VFIN Digital Centre, a strategic initiative designed to accelerate the Company's digital transformation agenda and drive operational excellence across the organisation. The Centre serves as a hub for innovation, process optimisation, and technology integration, enabling faster decision-making, enhanced customer service delivery, and improved operational efficiency. By leveraging digital tools, automation, and data-driven insights, VFIN Digital is supporting the creation of a more agile, scalable, and customer-centric organisation while laying the foundation for the next generation of financial products and services.

We also enhanced internal processes through digital HR and business intelligence platforms, enabling greater agility and data-driven decision-making across the organisation. Looking ahead, initiatives such as our customer mobile application, centralised CEFT switching architecture, and international debit card offerings will further strengthen our digital ecosystem and support our vision of delivering seamless, secure, and innovative financial services.

Building Strategic Partnerships

As part of our efforts to further strengthen our market positioning and facilitate added value to our customers, the Company entered into strategic partnerships with leading brands in Sri Lanka. These partnerships with Toyota Lanka, Hayleys Mobility, Singer (Sri Lanka) PLC and United Motors support our leasing operations and auto financing portfolio while strengthening the overall customer experience through more accessible, responsive, and tailored mobility financing solutions.

We also entered into a partnership with Hayleys Solar to reinforce the Company's green financing portfolio by supporting customers transitioning towards renewable energy solutions and sustainable lifestyles.

Creating Sustainable Stakeholder Value

At Vallibel Finance, value creation extends beyond financial performance. We remain committed to generating sustainable and meaningful outcomes for all our stakeholders, including customers, employees, shareholders, regulators, and the wider communities we serve. Our

Managing Director's Review

As one of Sri Lanka's fastest-growing finance companies, Vallibel Finance surpassed Rs. 100 Bn in assets in just 17 years and has now grown to Rs. 180.29 Bn only two years later.

stakeholder-centric philosophy continues to shape our decisions, enabling us to create shared value while maintaining responsible and inclusive growth.

Enhancing Customer Experience

Customers remained at the centre of our growth strategy throughout the year. Through branch expansion, digital integration, personalised financial solutions, and improved service accessibility, we continued to strengthen customer relationships and enhance financial inclusion across the country. The revamp of our corporate website further improved customer engagement by delivering faster performance, improved functionality, and a more intuitive digital experience.

Our employees continued to play a critical role in driving the Company's success. As our geographic presence expanded, we also created new employment opportunities within emerging regions, particularly in the Eastern Province, contributing towards regional economic participation and workforce development.

Delivering Value to Employees

Investments in employee learning, capability enhancement, and digital HR transformation initiatives continued throughout the year, including the successful integration of core HR operations into digital platforms such as the Mint HRM App. We are encouraged by the strong employee retention rate of 82.87%, reflecting the positive, performance-driven culture nurtured within the organisation.

We continued investing in structured learning and capability-building initiatives across all levels of the organisation, recognising that a skilled and empowered workforce is essential to sustaining long-term growth. During the year under review, employees collectively completed 10,891 training hours covering both operational and non-operational functions, reinforcing a culture of continuous improvement, professional excellence, and adaptability.

In addition to formal training programmes, we recognised and celebrated employee contributions through a range of engagement and reward initiatives, including overseas tours and incentive-based recognition programmes. These investments enhance individual capabilities while strengthening organisational resilience, employee motivation, and our ability to deliver exceptional value to customers and stakeholders alike.

Strengthening Public Trust

Our commitment to responsible corporate citizenship also remained steadfast during the year under review. Through transparent engagement with regulators, ethical business practices, and disciplined compliance management, we continued to uphold public trust and strengthen institutional integrity. At the same time, we remained a significant contributor to the national economy through taxation, employment generation, financial inclusion, and support for entrepreneurship and economic activity across Sri Lanka.

Reinforcing Brand Confidence

The year under review also brought several important recognitions that reaffirm the growing strength and credibility of the Vallibel Finance brand. The Company received an "A" brand rating from Brand Finance, reflecting increasing market confidence and strong brand visibility within the financial services sector.

In addition, our credit rating was upgraded to A- (lka) by the Lanka Rating Agency, demonstrating the continued strengthening of our financial profile, governance standards, and operational resilience.

These achievements reflect our financial strength as well as the trust placed in us by customers, investors, regulators, and business partners. They reinforce our confidence as we continue to build a future-ready organisation focused on innovation, service excellence, and sustainable, long-term growth.

Strengthening Our Capital Base for Future Growth

Vallibel Finance took a decisive step to further reinforce its financial resilience and support its long-term expansion strategy by announcing a proposed capital raise of approximately Rs. 2.12 billion via a rights issue. This rights issue was completed post- balance sheet date on 14th May 2026. This initiative aims to strengthen the Company's Tier I capital base, enhance regulatory capital buffers, and ensure we remain well-positioned to capitalise on emerging opportunities in Sri Lanka's evolving financial services landscape.

The proposed rights issue, structured on a pro-rata basis offering one new ordinary voting share for every eight existing shares held, reflects our continued commitment to maintaining equitable value for existing shareholders while enabling the Company to mobilise capital efficiently. The funds raised will further support our strategic priorities, including expanding lending capacity, strengthening balance sheet resilience, and driving sustainable business growth in line with our medium-term objectives.

This capital augmentation is an integral part of our broader growth agenda, which focuses on scaling our operations, deepening financial inclusion, and enhancing our ability to respond to changing macroeconomic conditions.

In a period characterised by gradual economic stabilisation and increasing emphasis on capital adequacy within the financial sector, this initiative reinforces our proactive approach to safeguarding institutional strength while pursuing growth opportunities.

Importantly, this move reflects our Board's confidence in the business's long-term fundamentals and our ability to deliver sustainable value creation. It also underscores our disciplined approach to capital management, ensuring we continue to operate with a strong buffer to support expansion, innovation, and resilience to risk in the coming years.

Looking Ahead with Confidence

As we move into the next phase of our growth journey, our focus remains firmly centred on expansion, innovation, digital adoption, operational excellence, and sustainable value creation.

We remain on track to achieve a nationwide footprint of 100 branches by the end of the financial year 2026/27, with four additional branch openings already planned for June 2026.

Digitalisation will remain a central pillar of our future strategy as we continue to integrate technology across our service delivery model. By strengthening our digital platforms, expanding customer self-service capabilities, and deepening system integrations, we aim to make our products more accessible, responsive, and convenient for a rapidly evolving customer base. At the same time, greater use of automation and data-driven decision-making will enhance speed, accuracy, and operational efficiency across onboarding, underwriting, collections, and customer support, enabling us to deliver a more seamless and resilient service experience.

Simultaneously, we will continue to introduce innovative products and savings solutions to cater to an evolving customer base and support deeper financial inclusion across the country. An area we will prioritise in the upcoming year is the proactive identification of green and sustainable financing opportunities. By embedding the climate-resilience and socio-economic risk matrices defined in IFRS S1 and S2 directly into our credit policy, we will pioneer financial products tailored to eco-efficient enterprises and small- to medium-sized industries.

The future outlook for Vallibel Finance remains exceptionally promising. Supported by a strong capital foundation, disciplined governance practices, advanced technological capabilities, and a highly committed workforce, we are well-positioned to sustain our growth trajectory and capitalise on emerging opportunities within Sri Lanka's evolving financial landscape.

Appreciations

As we conclude another successful year, I extend my sincere gratitude to all who have contributed to Vallibel Finance's continued journey of progress. The achievements of the financial year 2025/26 reflect the dedication, resilience, and collective effort of our people and partners.

To our Chairman, Board of Directors, and our Founder Chairman, Mr. Dhammika Perera, I express my profound appreciation for your steadfast leadership, strategic insight, and unwavering confidence in the Company's potential. Your guidance has been instrumental in shaping our direction and sustaining our momentum.

To our senior management and employees, I thank you for your commitment, adaptability, and determination in advancing our strategic priorities. Your collective contribution continues to strengthen our performance, drive innovation, and reinforce Vallibel Finance's position as one of Sri Lanka's leading financial institutions.

On behalf of the management team, I extend my sincere appreciation to our customers, shareholders, regulators, business partners, and wider community for your continued trust, commitment, and support throughout this remarkable journey.

Together, we will continue advancing towards even greater milestones in the years ahead.



S B Rangamuwa
Managing Director

Board of Directors GRI 2-9

The Board of Directors provides strategic leadership and strong oversight to ensure long-term sustainability of the Company and effective value creation for all stakeholders. The Board comprises experienced and accomplished professionals with extensive and diverse expertise across multiple disciplines, enabling the Company to navigate evolving business dynamics, strengthen governance practices and drive continued growth and success.

Board Composition

7 Total Directors	2 Executive Directors	5 Non-Executive Directors
4 Independent Non-Executive Directors	1 Female Directors	13 Board Meetings held in FY 2025/26

Our Board



K D A Perera
Chairman

Mr. Anuradha Perera is a business leader with over 30 years of experience across a diverse range of industries, including Tourism & Leisure, Property Development, Manufacturing, Banking & Finance, Plantations and Hydropower. He holds directorships in several private sector companies within the Vallibel Group.

Mr. Perera serves as a Director of Vallibel Investments (Pvt) Ltd, Vallibel Leisure (Pvt) Ltd, Bally's Limited, Country Energy (Private) Limited, Alternate Power Systems (Pvt) Ltd, Bellagio Limited, Greener Water Ltd, Summer Season Ltd, L T L Development Ltd, Vallibel Power Kiriwaneliya (Pvt) Ltd, Neon – X (Pvt) Ltd, Kitulgala Hydro Power (Pvt) Ltd, LWL Development (Pvt) Ltd, Swisstek Development Ltd, Beverly Jewellers (Pvt) Ltd and Neonlite (Pvt) Ltd.

S B Rangamuwa
Managing Director

Mr. Rangamuwa is a Fellow of the Chartered Institute of Marketing (UK) and a Chartered Marketer. He is also a member of the Institute of Management Accountants of Australia.

He is a Fellow of the Sri Lanka Institute of Credit Management and holds a Certificate in Foundation Studies (Sports) from Unitec, New Zealand.

Mr. Rangamuwa obtained an MBA from the University of Southern Queensland and a Postgraduate Diploma in Financial Administration from the Institute of Chartered Accountants of Sri Lanka.

He began his career with Central Finance PLC after a stint at Ernst & Young. He later served as a Director of Mercantile Investments PLC for two decades holding several key positions during his longstanding career before joining to launch Vallibel Finance PLC in February 2007.

Having completed his tenure as the Chairman of Pan Asia Bank, he currently serves as a Director of Vallibel Properties Ltd and Finance Houses Consortium (Pvt) Ltd.



S S Weerabahu

Executive Director

Mr. Sisira Sirimevan Weerabahu possesses over 44 years of experience as a senior executive in both the private and public sectors. He studied at Royal College Colombo and later entered the University of Moratuwa, where he obtained a Bachelor of Science Degree in Civil Engineering.

Mr. Weerabahu is a Member of the Institution of Engineers Sri Lanka and a Fellow of the Chartered Institute of Management Accountants UK. He has also followed the Masters of Business Administration Degree programme at the Postgraduate Institute of Management of the University of Sri Jayewardenepura and has obtained international training in Financial Management.

He served as Head of Finance at the National Water Supply and Drainage Board and Lanka Cellular Services for over 14 years and also worked as a Consultant attached to the country infrastructure division of the World Bank resident mission for two years.

Thereafter, he joined the Millennium Group and served as Director/Chief Executive Officer of Millennium Housing Developers PLC, MC Urban Developers Ltd, Millennium Housing Ltd, MC Universal Ltd and Millennium Villa Housing Ltd for 19 years until his retirement.

He possesses extensive experience in project development, project financing, general management, finance and engineering. He joined Vallibel Finance PLC as a Director in 2018 and continues to serve in that capacity. He has also been a Director of Vallibel Properties Ltd since 2021.





J Kumarasinghe

Independent Non-Executive Director

A Past President of the Chartered Institute of Personnel Management (CIPM) Sri Lanka and the Asia Pacific Federation of Human Resource Management, Mr. Kumarasinghe holds a B.Com (Special) from the University of Colombo, an MSc in Asia Pacific HRM from the National University of Singapore and has completed CMA (Australia).

He was instrumental in introducing professional HRM qualifications to Sri Lanka through CIPM and in reintroducing Outward Bound Training after receiving training in Malaysia and Singapore under a government scholarship.

A visiting lecturer at the University of Moratuwa for its postgraduate programmes, he was awarded the CIPM Gold Medal in 2009 for his outstanding contribution to the field of HRM. He previously served as COO/Senior VP of One Billion Tech (Pvt) Ltd and currently serves as a Director of Kent Ridge (Pvt) Ltd.

C P Malalgoda

Independent Non-Executive Director

Mrs. Champika Priyadarshanee Malalgoda graduated from Sri Lanka Law College and qualified as an Attorney at Law in 1984. She also holds an MSc in Human Resource Management from Robert Gordon University, UK. Mrs. Malalgoda joined the Board of Investment (BOI) of Sri Lanka in 1991 and served as the Director General and the Senior Advisor of the BOI, Sri Lanka's premier Investment Agency.

Mrs. Malalgoda brings extensive knowledge and experience in Regional and Bilateral Agreements relating to Trade and Investment. She was a member of the Sri Lankan Delegation in International Trade and Investment Treaty negotiations in negotiating and drafting Investment treaties. In addition, she holds Professional Chartered Membership in Chartered Institute of Professional Development, UK.



Board of Directors



M A K B Dodamgoda
Independent Non-Executive Director

Mr. Kapila Dodamgoda is the Regional Director of the Institute of Certified Management Accountants (ANZ) Sri Lanka and the Founder/Managing Director of the Academy of Finance (Private) Limited. He has served as a Director of the National Engineering Research and Development Centre (NERD).

Mr. Dodamgoda previously served as Finance Director for MAS Investments and as General Manager of Finance - Overseas Operations in Madagascar, Vietnam and India for MAS Active (Private) Limited. He was a Senior Manager for Trade Finance and Corporate Finance at Vanik Incorporation Limited and worked as an Engineer at Hayleys Electronics (Private) Limited.

The Academy of Finance has pioneered the launching of the Institute of Certified Management Accountants (ICMA-ANZ), Chartered Institute of Securities and Investments (CISI-UK), Institute of Internal Auditors (IIAUSA) and the Asia e University educational programmes in Sri Lanka under his leadership and guidance.

Mr. Dodamgoda holds a Master's Degree in Economics from the University of Colombo and a Bachelor's Degree in Electronics and Telecommunications Engineering from the University of Moratuwa. He is a Fellow of ICMA (ANZ) and the Chartered Institute of Management Accountants (UK). He also holds Memberships with the CISI (UK) and the Chartered Institute of Marketing (UK), the Sri Lanka Institute of Marketing and the Institution of Engineers (Sri Lanka). He serves as a Director of Asian College of Management (Pvt) Ltd, Quantum Leap Training (Pvt) Ltd and Academy of Finance Limited - New Zealand.

M P U Perera
Independent Non-Executive Director

Mr. Prabath Perera obtained a Bachelor of Science degree in Computational Physics from the University of Colombo in 2012. He previously served as the Head of Software at Headstart (Pvt) Ltd, where he contributed to the development and implementation of innovative software solutions.

He is the Founder and Chief Executive Officer of Databox Technologies (Pvt) Ltd.

Mr. Perera has spearheaded the development of Edumix, a leading learning and institute management platform and also played a key role in the development of the DP Education platform. His leadership extends to the design and implementation of scalable SaaS platforms, AI-powered analytics tools and nationwide digital systems supporting welfare and social protection initiatives.

He continues to expand his expertise in cloud infrastructure, AI technologies and data-driven application development, with a strong focus on creating accessible, secure and high-impact digital solutions for institutions and individuals across emerging markets. Mr. Perera currently serves as a Director of Datazinn Consultancy (Pvt) Ltd and Skill Quest (Pvt)Ltd.



Corporate Management Team

The Corporate Management Team sets out a pivotal role in translating the Company's strategic direction into effective execution across all business functions. Comprising experienced professionals with strong cross-functional expertise, the team ensures alignment of operational activities with the Company's long-term objectives. Through disciplined execution, innovation and robust coordination, the Corporate Management Team drives organisational performance, strengthens operational resilience and supports sustainable value creation for all stakeholders.

Corporate Management Composition

16	2
Male	Female

Our Corporate Management Team



Sisira Weerabahu
Executive Director



Rohan Tennakoon
Chief Operating Officer



Menaka Sameera
General Manager - Finance & Administration



Niroshan Perera
Senior Deputy General Manager - Credit



Thilak Nanayakkara
Senior Deputy General Manager - Collections



Tharaka Amaraweera
Senior Deputy General Manager - Assets Management



Shanka Dissanayake
Senior Deputy General Manager - Southern Region



Lakshman Wanniarachchi
Senior Deputy General Manager - Northern Region



Nanda Bandara
Deputy General Manager - Internal Audit

Corporate Management Team



Sobitha Weerasekera
IT Consultant



Rohan De Silva
Assistant General Manager - Metropolitan Branches



Lakmal Gabadage
Assistant General Manager - Sabaragamuwa Branches



Aruni Navaratne
Assistant General Manager - Legal



Eranga Gunaratne
Assistant General Manager - Human Resources



Lakmini Kottegoda
Assistant General Manager - Company Secretary



Bathiya Samaraweera
Assistant General Manager - Corporate Branch



Manjula Pushpakumara
Assistant General Manager - Gold Loan



Kalum Warnakula
Assistant General Manager - Micro Business

Senior Management Team



Suren Abewickrama
Senior Manager - Branches

Rukmal Mendis
Senior Manager - Administration

Dilhani Wijayathilaka
Senior Manager - Compliance

Ruwan Wijesooriya
Senior Manager - IT Operation



Ranil Wickramarathne
Senior Manager - Credit Administration

Chandima Ganesh
Senior Manager - Marketing Communication

Harshaka Perera
Senior Manager - Operations

Vijitha Gunaratne
Senior Manager - Security & Premises



Indika Edirisinghe
Senior Manager - IT Developments and Projects

Kasun Harischandra
Regional Manager - Recoveries

Dinesh Samaranayaka
Regional Manager - Recoveries

Prasanna Ranasinghe
Regional Manager - Recoveries



Dinesh Siriwardana
Regional Manager

Ajith Rathnamalala
Regional Manager

Asinil Perera
Regional Manager

Janaka Kumara
Regional Manager

Senior Management Team



Priyantha Rathnayake
Regional Manager

Dilhan Liyanage
Regional Manager

Madhura Jayasekara
Regional Manager

Jagath Mendis
Regional Manager



Asela Bandara
Regional Manager

Gowribalan Jayasuthan
Regional Manager

Balachandran Suthaharan
Regional Manager

Sampath Gunasekara
Chief Manager (Grade 01) - Human Resources



Lakmal Marasinghe
Chief Manager (Grade 01) - Gold Loan

Chamaka Kumarasinghe
Chief Manager (Grade 01) - Recoveries

Lagath Wanasooriya
Chief Manager (Grade 01) - Special Channels

Asanka Iroshana
Chief Manager (Grade 01) - Marketing



Chithraka Hettiarachchi
Chief Manager (Grade 01) - Aluthgama

Ravindra Kumara
Chief Manager (Grade 01) - Panadura

Gayan Kumarasinghe
Chief Manager (Grade 01) - Wattala

Chamara Perera
Chief Manager (Grade 01) - Kuliyapitiya



Priyankara Gamlath
Chief Manager (Grade 01) - Kegalle



Kumara Thennekumbura
Chief Manager (Grade 01) - Mount Lavinia



Wasantha Senanayake
Chief Manager (Grade 01) - Chilaw



Dilshan Rathnayake
Chief Manager (Grade 01) - Kiribathgoda



Amali De Silva
Chief Manager (Grade 02) - Fixed Deposits



Nuwan De Silva
Chief Manager (Grade 02) - Finance Operations



Ranjith Kumara
Chief Manager (Grade 02) - Payment Administration



Manjula Kumarasinghe
Chief Manager (Grade 02) - Payment Administration



Kelum Udayanka
Chief Manager (Grade 02) - Internal Audit



Asanka Dharmadasa
Chief Manager (Grade 02) - Recoveries



Indika Perera
Chief Manager (Grade 02) - Recoveries



Prabath Pushpakumara
Chief Manager (Grade 02) - Recoveries



Oshada Hapuarachchi
Chief Manager (Grade 02) - Recoveries



Dilusha De Zoysa
Chief Manager (Grade 02) - Insurance



Sameera Rajapaksha
Chief Manager (Grade 02) - IT Infrastructure



Chaminda Attanayake
Chief Manager (Grade 02) - Bandarawela

Senior Management Team



Damith Indimal
Chief Manager (Grade 02) - Hanwella



Shiran Jayasinghe
Chief Manager (Grade 02) - Ja-Ela



Pramod Ranasinghe
Chief Manager (Grade 02) - Ambalantota



Ranjith Munasinghe
Chief Manager (Grade 02) - Embilipitiya



Dushan Kumarasinghe
Chief Manager (Grade 02) - Moratuwa



Sumede Kulathilake
Chief Manager (Grade 02) - Kaduruwela



Dhananjaya Bandara
Chief Manager (Grade 02) - Kandy Metro



Hasith Gunasekara
Chief Manager (Grade 02) - Kurunegala



Nuwan Buddhika
Chief Manager (Grade 02) - Anuradhapura



Priyadarshana Vidanagamage
Chief Manager (Grade 02) - Matara



Chandana Kumara
Chief Manager (Grade 02) - Ampara



Taxila Zoysa
Chief Manager (Grade 02) - Ambalangoda



Thusitha Dissanayake
Chief Manager (Grade 02) - Negombo



Vishwanath Fernando
Chief Manager (Grade 02) - Piliyandala



Dinush Asanka
Chief Manager (Grade 02) - Ratnapura



Gihan Buddika
Chief Manager (Grade 02) - Boralesgamuwa

Built for Foresight,
Driven by Insight

Vallibel Finance PLC approaches strategy with deliberate care, aligning every initiative with long-term vision and sustainable objectives. Resources are allocated intentionally, opportunities assessed with discernment, and decisions guided by experience and foresight. Each operational layer contributes to a cohesive strategy, ensuring that clarity, intent, and adaptability reinforce measurable progress across all business areas.



STRATEGIC OVERVIEW

46 Our Sustainable Strategic Direction

50 Business Model for Sustainable Value Creation

52 Operating Environment Overview

56 Business Segment Performance

Our Sustainable Strategic Direction GRI 2-13, 2-14

At Vallibel Finance PLC, sustainability is not viewed as a destination to be reached, but as the guiding path that shapes every strategic choice we make. As Sri Lanka navigates a period of economic recovery and structural transformation, we have consciously aligned our strategic direction to create long-term value that extends beyond financial performance. Every decision we make today is evaluated not only for its immediate outcomes but also for its ability to contribute to a stronger, more equitable, and more resilient future for our stakeholders, communities, and the broader economy.

The financial services landscape in Sri Lanka continues to evolve at an unprecedented pace. Regulatory imperatives, digital disruption, climate-related risks, and shifting customer expectations are no longer peripheral considerations they are core to strategy. Against this backdrop, Vallibel Finance has deliberately embedded sustainability into the heart of our strategic architecture, recognising that long-term value creation demands far more than financial performance alone.

Strategic Highlights

Key Focus Areas	FY 2025/26 Strategic Emphasis
Business Resilience	Strengthening operational agility amid economic and market volatility.
Digital Transformation	Enhancing customer experience and operational efficiency through technology adoption.
Risk Governance	Reinforcing compliance, internal controls, and enterprise risk management frameworks.
Sustainable Growth	Balancing profitability with environmental and social responsibility
Stakeholder Value Creation	Building long-term trust through transparency, ethical conduct, and inclusive growth.

Our Approach to Strategy Creation

At Vallibel Finance, strategy creation is driven by the need to remain resilient in a rapidly evolving operating environment. Economic volatility, regulatory developments, technological advancement, and changing customer expectations continue to reshape the financial services sector in Sri Lanka. In response, we have adopted an integrated strategic framework that balances sustainable growth, prudent risk management, operational agility, and long-term stakeholder value creation.

Our approach combines financial discipline with sustainability-focused decision-making, ensuring that business growth is aligned with social responsibility, environmental awareness, and sound governance practices. Strategic priorities are continuously reviewed against market developments, stakeholder expectations, and emerging industry risks to maintain relevance and adaptability.

Strategic Foundations

The development of our strategy is guided by four core foundations that collectively shape organisational direction and long-term decision-making.

Strategic Foundation	Strategic Focus
Strategic Organisational Beliefs	Aligning strategy with the Company's purpose, values, risk appetite, and long-term vision.
Stakeholder Engagement	Incorporating insights from customers, employees, regulators, investors, and communities into strategic priorities.
Industry Best Practices	Adopting evolving market practices, digital innovation, and sustainability principles to strengthen competitiveness.
Ethical and Regulatory Compliance	Maintaining strong governance, transparency, and compliance with applicable laws, regulations, and reporting standards.

Strategic Sustainability Pillars

Our strategic framework is implemented through four interconnected pillars that support sustainable business performance and organisational resilience.

Strategic Pillar	Purpose
Economic and Financial Viability	Delivering sustainable profitability, financial stability, and long-term shareholder value.
Environmental Stewardship	Promoting environmentally responsible operations and climate-conscious decision-making.
Social Equity	Supporting employee wellbeing, customer empowerment, financial inclusion, and community development.
Governance and Continuous Improvement	Strengthening accountability, ethical conduct, risk management, and operational excellence.

These pillars are not managed in isolation. Instead, they operate as an integrated framework that enables balanced decision-making across financial, social, environmental, and governance considerations.

Translating Strategy into Action

To ensure effective execution, strategic priorities are embedded across operational and management processes through:

- Change Management Initiatives that support organisational adaptability and digital transformation.
- Continuous Improvement Practices focused on operational efficiency and service excellence.
- Prudent Resource Allocation aligned with long-term value creation priorities.
- Product and Service Innovation designed to address evolving customer and market needs.
- Integrated Risk Management to strengthen resilience against economic and operational uncertainties.

Strategic decisions are developed collaboratively across business units, risk management, compliance functions, and senior leadership to ensure alignment between immediate operational priorities and long-term strategic objectives.

Governance and Strategic Oversight

Strong governance remains central to our strategic approach. The Board and senior management provide oversight on strategic execution, risk exposure, sustainability priorities, and regulatory compliance to ensure responsible growth.

Every major business initiative, including branch expansion, product development, and investment decisions, is evaluated not only for financial viability but also for its broader economic, social, and environmental impact. This approach enables the Company to pursue sustainable growth while maintaining accountability to all stakeholders.

Sustainability Reporting Alignment

To strengthen transparency and accountability, during the financial year under review, the Company integrated the requirements of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures) into our sustainability framework. This alignment supports the integration of sustainability-related and climate-related considerations into corporate reporting, risk assessment, and strategic decision-making processes.

Our Strategic Planning and Execution Approach

Insight-led Planning	Scenario-based Forecasting	Dynamic Execution	Sustainability Lens
Our strategy is guided by in-depth analysis and stakeholder input. - Macroeconomic and market trend analysis - Sector-specific research and benchmarking - Integration of stakeholder feedback - Competitive landscape assessments	**We future-proof our strategy through proactive foresight.** - Risk scenario planning - Sensitivity testing (e.g., inflation, interest rates) - Regulatory and policy impact analysis - Contingency resource planning	**We achieve real-time refinement through agile execution and oversight.** - KPI-based performance monitoring - Strategic initiative dashboards - Governance committee feedback loops - Operational efficiency reviews	**Every decision considers environmental, social, and ethical factors.** - ESG risk assessment - Green financing and product review - Employee impact - Resource efficiency

Our Sustainable Strategic Direction

Approach to Sustainability

The Company recognises that enduring success requires a strategy that considers financial sustainability, environmental preservation, and social accountability in equal measure. By integrating these principles into our core business model, we strive to create a future that is financially sound, environmentally responsible, and socially conscious, thereby enabling us to deliver lasting value for all our stakeholders.

Economic and Financial Viability

Our economic sustainability strategy centres on long-term value creation by balancing financial profitability with environmental and social responsibility. We advance this through the following strategies.

Diversification and Growth

Actively seeking diversification of revenue streams, mitigating concentration risk, and ensuring long-term growth prospects.

Operational Efficiency

Implementing cost-efficient processes and resource management to optimise allocation and maximise profitability.

Technological Innovation

Investing in cutting-edge technologies to streamline operations, improve efficiency, and drive competitive advantage.

Market Adaptability

Closely monitoring market trends and adjusting strategies to maintain sustainable financial performance within a dynamic economic landscape.

Minimising Environmental Impact

Vallibel Finance is committed to progressively reducing our environmental footprint through targeted sustainability initiatives focused on three critical paths.



Energy Efficiency

Implementing energy-saving measures across our buildings and facilities, whilst actively exploring renewable energy sources to minimise our carbon footprint.



Waste Reduction and Recycling

Embedding waste reduction and recycling programmes as essential elements of our environmental stewardship across all operations.



Community Conservation

Supporting conservation efforts and similar environmental initiatives within the communities in which we operate.

Promoting Social Responsibility

We believe our success is closely linked to the well-being of our people and communities. Vallibel Finance creates a positive social impact through the following commitments.

Diversity and Inclusion

Championing diversity and inclusion within our workforce, creating a fair and equitable work environment that attracts and retains top talent.

Employee Well-being

Upholding fair labour standards and prioritising employee wellbeing, promoting work-life balance and a supportive organisational culture.

Transparent Communication

Maintaining open and transparent communication with all stakeholders, customers, investors and communities as a cornerstone of trust and enduring relationships.

Ethical Governance and Continuous Improvement

Our commitment to sustainability is reinforced by a governance framework that holds us accountable and drives perpetual improvement.

Ethical Standards and Compliance	Adhering to stringent ethical standards and corporate governance principles across all business practices, in full compliance with applicable industry regulations.
Sustainability Assessments and Reporting	Conducting regular assessments and transparent reporting to ensure accountability and track progress towards our sustainability goals.
Continuous Improvement	Embracing a learning-organisation philosophy, constantly seeking ways to enhance sustainability performance across all business functions.

As SLFRS S1 and S2 reporting requirements mature within Sri Lanka's regulatory landscape, the Company will continue to strengthen our data collection, internal controls, and assurance processes to enable robust, decision-useful sustainability disclosures. We are committed to making our sustainability performance transparent, comparable, and meaningful to all stakeholders.

More detailed information on SLFRS S1 and S2 is available on pages 144 to 159 of this annual report.

Looking Ahead

The strategic priorities set out in this review are more than a plan. They reflect the kind of organisation Vallibel Finance aims to be. As Sri Lanka advances its path towards sustainable economic development, we are committed to taking part in that journey and actively supporting it.

Through disciplined execution, transparent reporting, and an unwavering focus on stakeholder value, we are confident that the sustainable strategic direction we have set for the upcoming financial year and beyond will deliver enduring benefits to our shareholders, customers, employees, communities, and the nation.

Strategic Alignment with SLFRS S1 and S2

A defining feature of our financial year 2025/26 strategic direction was the alignment and integration of our sustainability disclosures with the Sri Lanka Financial Reporting Standards on Sustainability - SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures). These standards, which are based on the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), represent a significant step-change in how organisations report on sustainability-related risks and opportunities.

Vallibel Finance views compliance with these standards not only as a regulatory obligation, but as a platform for deepening stakeholder trust and refining our internal sustainability governance. Our approach to SLFRS S1 and S2 alignment is structured across four focus areas: Governance, Strategy, Risk Management, and Metrics and Targets.

Standard	Focus Area	How Vallibel Finance Responds
SLFRS S1	Governance	The Board oversees sustainability strategy through a dedicated governance framework. The sustainability agenda is embedded within Board-level deliberations, with clear accountability assigned to senior management for sustainability-related performance.
	Strategy	Our four sustainability pillars are directly linked to financial performance. We identify sustainability-related risks and opportunities across short-, medium-, and long-term horizons and assess their potential financial implications for revenues, costs, assets, and access to capital.
	Risk Management	Sustainability risks, including social equity, governance failures, and reputational risks, are integrated into the enterprise-wide risk management framework. Risk identification, assessment, and mitigation processes are applied consistently to sustainability matters.
	Metrics and Targets	We disclose industry-specific metrics relevant to our financial services operations, including portfolio quality, customer reach, employee diversity ratios, and governance compliance indicators. Targets are set with clear baselines and review timelines.
SLFRS S2	Climate Governance	Climate-related risks and opportunities are monitored at the Board level. Senior management is responsible for assessing the physical and transition risks arising from climate change that may affect our loan book, operational infrastructure, and investment portfolio.
	Climate Strategy	We assess the potential financial impact of climate-related risks - such as increased credit risk in climate-exposed sectors - and of transition risks arising from shifts in regulation, technology, and market preferences. Scenario analysis informs our strategic planning.
	Climate Risk Management	Climate risk identification is integrated into our credit underwriting and portfolio management processes. We are progressively building our capacity to assess the carbon intensity of our lending portfolio and to identify climate-vulnerable assets.
	Metrics and Targets	Vallibel Finance is committed to disclosing Scope 1 and Scope 2 greenhouse gas emissions from our own operations, and to progressively assessing Scope 3 financed emissions. Energy consumption, waste metrics, and carbon reduction targets form part of our climate disclosure roadmap.

Business Model for Sustainable Value Creation

GRI 2-6

External Environment & Strategic Context

Economic Trends — Regulatory Environment — Stakeholder Expectations — Political Climate — Talent Migration

Capital Inputs

Financial Capital

Derived from investor and customer funding

- Shareholders' Funds – Rs. 18.03 Bn
- Deposits – Rs. 83.46 Bn
- Assets – Rs. 180.29 Bn
- Borrowings – Rs. 70.46 Bn

Manufactured Capital

Investments in buildings, machinery, and equipment to support business activities

- Investment in Buildings, Machinery and Equipment – Rs. 591.27 Mn
- Investment in IT – Rs. 122.90 Mn
- No. of Branches in the Country – 87

Intellectual Capital

Brand reputation and business know -how enabling operational efficiency

- Credit Rating – A-
- The Team's Collective Tacit Knowledge – 2,175

Human Capital

The skill and dedication of employees to achieve competitive advantage and for strategic execution.

- Total Employees – 2,175
- Recruits – 1,081
- Increase in Salaries and Benefits – 30.12%
- Total Training Hours for Employees – 10,288
- Cumulative Skills, Experience and Competencies of Key Employees – 2,175

Social & Relationship Capital

Building strong stakeholder relationships for sustainable growth and success

- No. of Deposit Customers – 18,825
- No. of Lending Customers – 104,250
- Payments to Business Partners – Rs. 2.59 Bn

Natural Capital

Managing the environmental impact of our resource use

- Electricity Consumption – 8,172 GJ
- Water Consumption – 31,377 m^3
- Paper Used (Head Office) – 2,808 Packets

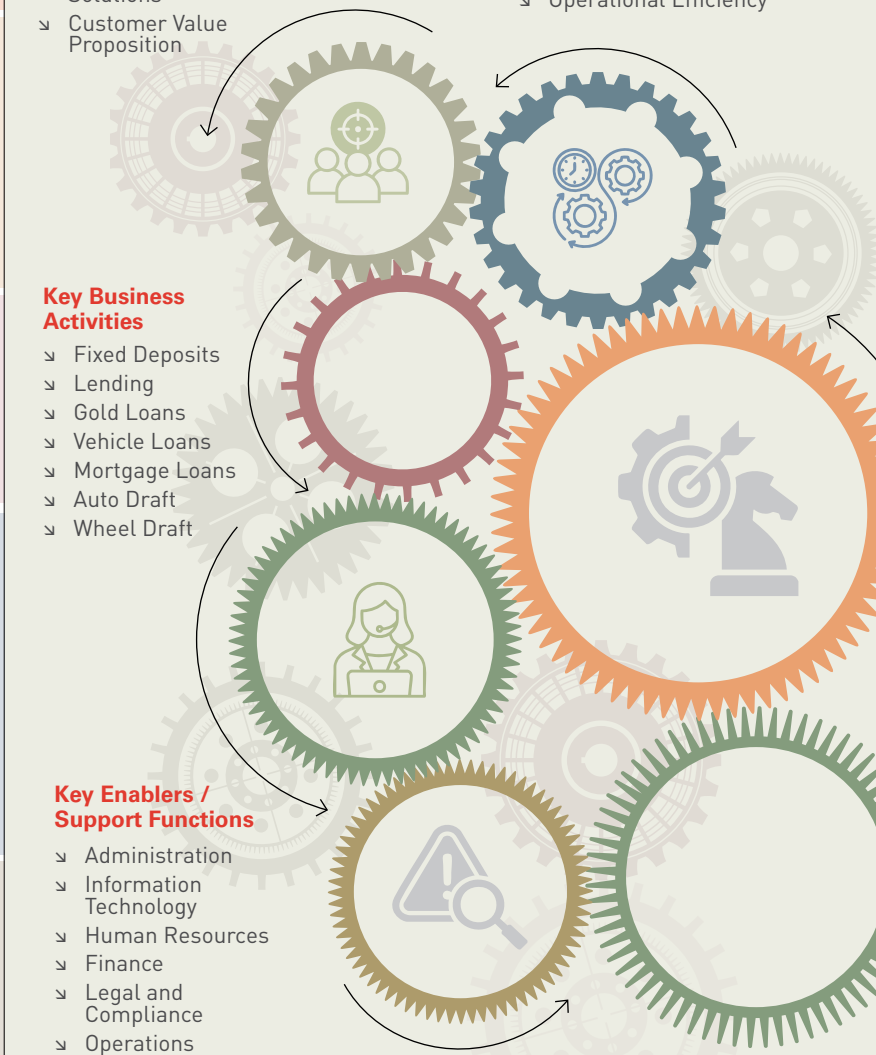
Business Model Core Flow

Customer Focus & Market Alignment

- Customer Needs & Market Analysis
- Target Customer Segments
- Tailored Financial Solutions
- Customer Value Proposition

Operational Efficiency

- Process Optimisation & Automation
- Operational Efficiency



Key Business Activities

- Fixed Deposits
- Lending
- Gold Loans
- Vehicle Loans
- Mortgage Loans
- Auto Draft
- Wheel Draft

Key Enablers / Support Functions

- Administration
- Information Technology
- Human Resources
- Finance
- Legal and Compliance
- Operations
- Recovery
- Customer Relations
- Governance
- Risk Management

Identified Critical Risks

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Legal Risk
- Compliance Risk
- Reputational Risk

Changing Consumer Preferences

Outputs and Outcomes

- Sustained Value Creation
- Sustainable Growth

Rs. 101.39 Bn
In loan disbursements

Rs. 15.97 Bn
Increase in customer deposits

Rs. 7.50 Bn
Interest paid to deposit holders

2,175
Workforce strength

12
New branches opened

Strategic Pillars

- Financial Stability
- Governing Principles
- Risk Management
- Corporate Values
- Regulatory Compliance
- Sustainable Business Practices
- Customer-Centric Focus

Stakeholder Value & Impact

Financial Capital

- Total assets increased by 61.43%
- Lending portfolio increased by 69.88% to Rs. 156.54 Bn
- Net interest income Rs. 11.04 Bn
- ROE increased by 15.67%
- Deposit base increased by 23.68%

Customers, Employees, Government and Regulators, Shareholders

Manufactured Capital

- Property, plant and equipment increased to Rs. 591.27 Mn
- Investment in IT Rs. 122.90 Mn

Customers, Employees

Intellectual Capital

- Knowledge enhancement
- Upgraded IT systems
- Streamlined processes

Customers, Employees

Human Capital

- 1,081 recruits
- 321 promotions
- Retention rate is 82.87%
- Total employees increased by 23.36%
- Revenue per employee Rs. 12.13 Mn

Employees, Society / Community

Social & Relationship Capital

- Deposit customer base increased by 23.67%
- Lending customer base increased by 14.64%
- Built more meaningful stakeholder relationships

Customers, Employees, Society / Community, Business Partners, Suppliers

Natural Capital

- Fuel consumption decreased by 30%
- Reduced paper recycled by 47%
- 15.18% increase paper used at the Head Office

Customers, Society/Community, Shareholders

Operating Environment Overview

Global Economy: Navigating Vulnerabilities and Shifting Dynamics

During 2025 and the first quarter of 2026, the global economic environment was characterised by a fragmented landscape, with cautious optimism and emerging headwinds. While global growth found structural support from the continuation of the technology cycle and synchronised easing of monetary policy across major central banks, aggregate domestic demand in key regions remained uncharacteristically soft.

The Asia-Pacific region maintained its position as the primary engine of global expansion, projected to contribute approximately 60% of global growth in 2025, with an estimated regional growth rate of 4.5%. However, escalating geopolitical fragmentations continued to redefine international financial and trade corridors. Negative geopolitical developments systematically disrupted cross-border capital flows, causing sharp contractions in bilateral bank credit flows between opposing geopolitical blocs. Furthermore, heightened trade policy uncertainty, stemming from aggressive global tariff adjustments, triggered temporary export rushes, followed by structural shifts in shipping and trade velocities heading into early 2026.

Domestic Economy: Consolidation and Institutionalised Recovery

On the domestic front, Sri Lanka demonstrated a phenomenal structural recovery following the profound macroeconomic corrections instituted after the 2022 debt crisis. Moving past the initial stabilisation phases, the operating environment in 2025 and the first quarter of 2026 focused on institutionalising macroeconomic stability through far-reaching legislative and structural frameworks.

Gross Domestic Product (GDP) Growth

Following a resilient rebound in real GDP growth of 5% in 2024, the Sri Lankan economy maintained steady momentum, expanding by an estimated 4.8% in the first quarter of 2025. Growth throughout 2025 and into Q1 2026 was largely sustained by industrial rebounds, construction revivals, robust worker remittances and an aggressive expansion in tourism-related services. However, private domestic consumption experienced a muted recovery pattern, as household purchasing power remained partially constrained by past inflationary pressures and ongoing fiscal stringencies.

Monetary Policy and Inflation

Backed by the enhanced statutory independence provided under the Central Bank of Sri Lanka (CBSL) Act of 2023, the monetary authority successfully anchored long-term inflation expectations.
The extreme deflationary pressures experienced in late 2024 began to steadily dissipate in early 2025 as underlying aggregate demand strengthened. The CBSL cautiously monitored domestic wage increases, exchange-rate pass-through vulnerabilities and the progressive relaxation of remaining import restrictions to successfully direct headline inflation back toward its mid-term target of 5% by late 2025 and early 2026.

Fiscal Consolidation and Governance

The state successfully implemented a rigid fiscal adjustment program, propelling government revenue targets to approximately 15% of GDP in 2025, the highest revenue-to-GDP ratio recorded in 15 years. This was achieved via an expanded tax base, optimised withholding taxes on interest income and enhanced VAT collection frameworks. Concurrently, non-interest government primary spending was structurally capped below 13% of GDP. The state generated an unprecedented primary balance surplus target of 2.3% of GDP in 2025. Landmark governance measures, notably the full legislative operationalisation of the Public Financial Management (PFM) Act by the end of 2025, forced strict institutional transparency, State-Owned Enterprise (SOE) pricing reforms and mandatory disclosures of comprehensive fiscal risk strategies.

External Sector and Debt Management

The national external profile strengthened considerably, underpinned by sustained current account surpluses. Gross official reserves expanded comfortably to USD 6.8 Bn by the end of 2025, providing over four months of vital import coverage. Concurrently, the Sri Lankan Rupee maintained a stable, market-reflective trajectory, encouraging investor confidence. Debt restructuring made decisive progress, as highlighted by the operationalisation of the centralised Public Debt Management Office (PDMO) by December 2025 and the publication of a comprehensive medium-term debt strategy.

Sri Lankan Financial Services Sector Overview

The performance of Sri Lanka's financial services sector continued its upward trajectory during 2025, capitalising on strengthened domestic macroeconomic conditions and the progressive roll-out of proactive prudential policy measures. Supported by an accommodative monetary policy stance and a highly favourable domestic operating environment, the banking sector's asset base expanded considerably.

In the broader financial markets, the equity market experienced robust growth. This growth was driven primarily by domestic investors, resulting in substantial gains across major price indices and total market capitalisation, which effectively offset ongoing net foreign outflows in the secondary market. In the government securities market, yields stabilised following a steady decline in early 2025, anchored by rising foreign investor demand, particularly for Treasury bonds.

The Finance Companies (FCs) sector maintained strong growth momentum throughout 2025, demonstrating resilience supported by sound capital and liquidity buffers.

Liquidity and Credit Dynamics

The systemic cessation of monetary financing by the CBSL, coupled with declining policy rates, significantly reduced funding costs across the financial sector. This downward shift in the yield curve alleviated interest margins across the banking and Non-Bank Financial Institutions (NBFI) sectors, driving a gradual credit resurgence. Lending activities, particularly in traditional retail nodes such as small and medium-sized enterprises (SMEs), agricultural credit and personal leasing, saw a measured turnaround in 2025 as commercial borrowing costs normalised.

Real Estate and Asset Collateralisation Trends

Asset valuation and real estate trends, which directly dictate the collateral quality and credit risk exposures of finance companies, displayed steady nominal growth. By the close of the first quarter of 2025, real estate market indicators for the Colombo District exhibited year-on-year asking price increases of 7.3% for land, 10.4% for residential houses and 5.5% for condominiums. Notably, the Condominium Property Sales Volume Index experienced a remarkable quarter-on-quarter spike of 133.3%, indicating robust clearing of property inventories and realignment of the asset-backed funding structures of financial institutions toward a more secure collateral base.

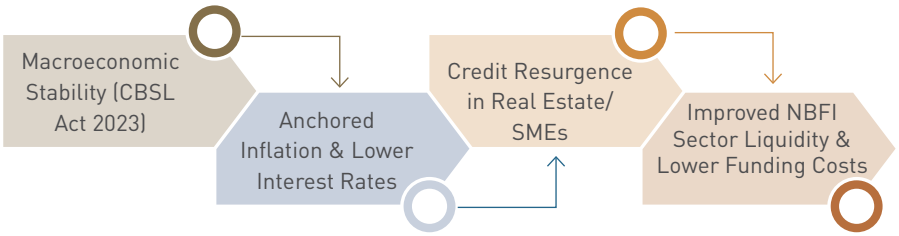
The Rise of Sustainable Finance and ESG Compliance

A major paradigm shift within the financial sector during the financial year 2025/26 was the accelerated transition from voluntary, compliance-driven corporate social responsibility to the formal integration of Environmental, Social and Governance (ESG) into strategy. In line with Sri Lanka's emerging sustainable finance framework, financial institutions began embedding standardised ESG disclosure and risk-resilience metrics into their core corporate strategies. Academic and sector assessments validated that robust ESG integration structurally enhances operational efficiency, improves overall credit underwriting quality, lowers institutional funding costs and drives superior market valuations.

Non-Bank Financial Institutions Sector Overview

As of the end of 2025, the FCs sector comprised 32 licensed finance companies (LFCs), accounting for 6.8% of total financial sector assets. Reflecting a deeply institutionalised regional outreach, the sector operated a network of 1,998 branches, of which 1,333 branches (66.7%) were located outside the Western Province. Furthermore, to foster long-term structural stability, the revised framework for Phase II of the Masterplan for Consolidation of FCs was officially initiated on 31st March 2025, establishing a clear three-year execution timeline.

The NBFI sector and LFCs operated within a landscape governed by heightened regulatory compliance, stabilising credit conditions and evolving physical assets values.



Asset Base Expansion

The total asset base of the FCs sector expanded exponentially, recording a year-on-year growth rate of 44% at the end of 2025, a significant acceleration compared to the 13.7% growth observed at the end of 2024. This growth was primarily underpinned by the rapid expansion of the credit portfolio, with the total investment portfolio also reversing its previous trajectory to record a 6.5% year-on-year increase, compared to an 8.7% contraction in 2024.

Loans and Advances Portfolio

The loans and advances portfolio was the primary driver of asset growth, accounting for 80.2% of the sector's total assets at the end of 2025. Total loans and advances recorded a substantial 56% year-on-year increase by the end of 2025, significantly outpacing the 22.6% growth recorded at the end of 2024.

The composition of the credit portfolio remained heavily anchored in asset-backed retail lending. Finance leases and vehicle loans maintained their structural dominance, accounting for 64.1% of total loans and advances and expanding by 56.3% year-on-year. Gold-Backed Loans represented 20.9% of the total credit portfolio, marking an impressive year-on-year growth of 64.1% at the end of 2025.

Funding Composition and Borrowing Trends

Public deposits remained the primary basis of sector funding, accounting for 45.6% of the total funding mix and expanding by 19.8% year-on-year at the end of 2025 (up from 13.0% at the end of 2024). However, the year was characterised by an extraordinary shift toward wholesale funding markets. Total borrowings grew by 178.1% year-on-year, increasing their share of the funding mix to 30.6%. This surge in borrowing was predominantly driven by term loans and securitisation loans, which together accounted for 81.0% of total outstanding borrowings at the end of 2025.

Operating Environment Overview

Key Financial Indicator	End 2024	End 2025	Directional Trend
Gross Stage 3 Loans Ratio	11.5%	6.1%	Improvement (Decline)
Net Stage 3 Loans Ratio	6.5%	3.2%	Improvement (Decline)
Impairment Coverage Ratio (Stage 3)	43.4%	47.8%	Strengthened
Return on Assets (ROA)	6.0%	6.7%	Enhanced Profitability
Return on Equity (ROE)	13.3%	17.5%	Enhanced Profitability
Sector Efficiency Ratio	51.1%	46.3%	Improved Operational Efficiency
Tier 1 Capital Adequacy Ratio (CAR)	20.5%	17.3%	Absorbed via Credit Expansion
Total Capital Adequacy Ratio (CAR)	21.3%	18.7%	Absorbed via Credit Expansion

Credit Quality and Stage 3 Loan Dynamics

The FC sector achieved a substantial improvement in asset quality metrics during 2025. The gross Stage 3 loans ratio dropped sharply to 6.1% at the end of 2025 from 11.5% at the end of 2024. This reduction was dual-driven by the rapid expansion of the total lending base and an absolute reduction in underlying Stage 3 non-performing assets.

Reflecting a conservative risk approach, the net Stage 3 loans ratio fell to 3.2% (from 6.5% in 2024), while the institutional impairment coverage ratio for Stage 3 assets was reinforced to 47.8%, up from 43.4% in the previous year.

Profitability and Operational Efficiency

The FC sector's Profit After Tax (PAT) expanded by 49.9%, rising from Rs. 59.0 Bn in 2024 to Rs. 88.5 Bn in 2025. This exceptional earnings performance was primarily driven by a substantial expansion in Net Interest Income alongside net reversals of prior impairment provisions.

The FC sector's annualised Return on Assets (ROA) improved to 6.7% in 2025 compared to 6% in 2024, while Return on Equity (ROE) advanced to 17.5% compared to 13.3% in 2024). Concurrently, strict cost management and economies of scale led to a decline in the sector efficiency ratio to 46.3% from 51.1% in 2024, highlighting a lean, optimised operational framework.

Liquidity Positions and Capital Adequacy

The FCs sector maintained liquid asset cushions well above regulatory baselines throughout the year. Total regulatory liquid assets stood at Rs. 226.4 Bn at the end of 2025 against the statutory minimum requirement of Rs. 152.0 Bn. This yielded a substantial liquidity surplus of Rs. 74.3 Bn, though lower than the Rs. 105.1 Bn surplus recorded at the end of 2024 due to high credit absorption.

The total regulatory capital base expanded by 23.4% (an absolute increase of Rs. 84.0 Bn) to reach Rs. 442.4 Bn at the end of 2025. Driven by the 56% credit expansion, Risk-Weighted Assets (RWA) grew significantly, resulting in a calculated reduction in capital adequacy ratios. The sector's Tier 1 CAR and Total CAR softened to 17.3% and 18.7%, respectively, at the end of 2025, compared to 20.5% and 21.3% at the end of 2024. During the year, only one finance company remained non-compliant with the minimum core capital and/or capital adequacy requirements.

Regulatory Development and Compliance Matrix

For LFCs, the financial year 2025/26 required absolute alignment with stringent statutory guidelines. This regulatory architecture was designed to guarantee capital adequacy, systemic liquidity and depositor protection across the financial ecosystem.

As a premier financial institution, Vallibel Finance PLC operates under a sophisticated multi-tiered regulatory framework, ensuring rigorous compliance across its diverse product portfolios.

Navigating the Operating Environment in FY 2026/27

The outlook for the upcoming financial year presents a transition from rapid post-crisis credit recovery to a more complex, mature phase of economic stabilisation. While domestic real GDP growth is projected to stabilise at around 4% in 2026, the financial sector must pivot its strategic focus toward managing macroeconomic volatility, pricing risks amid changing yield curves and absorbing structural regulatory updates.

Geopolitical Pressures and Domestic Inflation Transitions

The operating environment during the first half of 2026 has been heavily impacted by external shocks, specifically escalating conflict in the Middle East. This has disrupted global shipping lanes and triggered a sharp 35% spike in domestic fuel and transport costs. Consequently, Colombo Consumer Price Index (CCPI) headline inflation accelerated sharply to 5.4% in April 2026, up from 2.2% in March, pushing inflation slightly above the Central Bank's medium-term target of 5%.

Given these fluid inflationary trends, the CBSL maintained its Overnight Policy Rate (OPR) unchanged at 7.75% during its early 2026 policy reviews. For LFCs, this signals that the aggressive interest rate

Implications for Vallibel Finance PLC

Strategic Opportunities	
Credit Portfolio Expansion	The stabilisation of the macroeconomic environment, ongoing reductions in systemic lending rates and the strong performance of construction and tourism services create opportunities for the strategic deployment of credit into commercial leasing, micro and SME facilities and gold loans.
Enhanced Collateral Security	The positive growth trajectories of land and property asking prices in key urban sectors strengthen the underlying collateral value of the Company's mortgage and lease portfolios, thereby directly mitigating credit default risk.
Green Funding Access	Actively pursuing and integrating a comprehensive ESG readiness framework positions Vallibel Finance to access specialised concessionary lines of sustainable finance and green bonds from international development financial institutions (DFIs).

Operational Challenges & Risk Mitigation	
Weak Consumption Demand	As household purchasing power recovered more slowly due to the historically high cost of living, stringent tax frameworks and the Middle East crisis during the last quarter of the financial year, asset quality management remained critical. The Company adopted a risk-based pricing and precise credit scoring to avoid a resurgence in delinquent NPLs.
Intense Yield Competition	With market interest rates trending downward, competition among LFCs and commercial banks for high-quality borrowers intensified. Vallibel Finance leveraged its agile operational delivery, advanced digital service channels and strong brand equity to maintain its net interest margins.
Stringent Regulatory Cost	Continuous adaptations to evolving PFM regulations, stricter CBSL corporate governance directions and integrated financial disclosure mandates required ongoing investments in institutional compliance infrastructure and digital risk-monitoring systems

declines seen in 2024 and 2025 have hit a floor. Institutional net interest margins (NIMs) will face pressure as funding costs stabilise while market competition for premium borrowers remains high. Credit growth across the NBFI sector is expected to continue, albeit at a more moderate, cautious pace than the historic 56% asset-buying surge seen in late 2025.

Strategic Management of Asset Quality and Vehicle Import Dynamics

While systemic credit quality improved dramatically in 2025 evidenced by the sector's gross Stage 3 ratio falling to 6.1% the lingering impact of localised supply chain shocks warrants ongoing caution. Rebuilding efforts following the disruptions caused by Cyclone Ditwah in late 2025 will continue to drive private sector credit demand in the near term. However, household purchasing power remains vulnerable to energy-driven inflation and rigid fiscal measures.

A critical structural shift in 2026 is the complete removal of motor vehicle import restrictions by the government. While this opens up major opportunities to expand the core finance leasing and vehicle loan books which already comprise 64.1% of the sector's credit base, it also brings strategic risks:

- **Collateral Revaluations:** A large influx of new vehicles could depress the inflated secondary market values of existing registered vehicles, reducing the collateral coverage ratios of historical leasing portfolios.
- **Underwriting Discipline:** LFCs must resist aggressive price wars and maintain strict loan-to-value (LTV) limits to ensure that rapid growth in new vehicle financing does not lead to a future rise in non-performing loans (NPLs).

Consolidation and Structural Resilience Frameworks

On the regulatory front, the operational horizon is shaped by Phase II of the Masterplan for Consolidation of Finance Companies, which began its formal three-year execution period on 31st March 2025. This regulatory push aims to build a leaner, more capital-resilient sector, meaning non-compliant or undercapitalised NBFIs will continue to face intense pressure to merge or restructure.

At the same time, the steady shift away from traditional brick-and-mortar touchpoints toward digital payment systems requires continuous investment in technological infrastructure, cybersecurity and digital consumer protection.

To thrive in the coming year, financial institutions must shift away from pure asset growth. Instead, success will depend on disciplined, risk-adjusted loan pricing, active management of collateral values and the development of sustainable, green-oriented funding lines to ensure long-term balance sheet resilience.

Business Segment Performance

Vallibel Finance PLC achieved strong, transformative growth in the financial year 2025/26. We recorded outstanding expansion across all major business segments against the backdrop of a steadily recovering Sri Lankan economy. The Company's performance reflects the disciplined execution of our customer-first strategy, a proactive response to evolving macroeconomic conditions, and an unwavering commitment to prudent risk management.

Customer-Centric Approach	Strategic Adaptability	Confidence in Future Growth
We prioritise transparent and fair dealings with customers, building trust through consistent delivery even in challenging conditions.	Our strategies evolve in step with macroeconomic and market developments, ensuring the Company's long-term viability across all cycles.	Underpinned by strong fundamentals and disciplined execution, we are well-positioned to seize emerging opportunities and deliver lasting value.

Key Achievements

The financial year under review was defined by robust portfolio expansion, deepening customer engagement, and the successful navigation of a transitional economic environment.

Total Loans & Advances
Rs. 156.54 Bn
69.80% YoY Growth ▲

Fixed Deposits
Rs. 83.46 Bn
23.68% YoY Growth ▲

Gold Loan Portfolio
Rs. 34.86 Bn
69.22% YoY Growth ▲

STRATEGIC HIGHLIGHTS



1. LENDING PORTFOLIO GROWTH

Lending portfolio growth far exceeded expectations, driven by a broad-based economic recovery and heightened consumer confidence.

2. DEPOSIT BASE EXPANSION

Deposit base expanded significantly, reflecting strong customer trust and competitive deposit offerings aligned with CBSL guidelines.

3. GOLD LOAN PORTFOLIO GROWTH

The gold loan portfolio achieved exceptional growth, capitalising on elevated gold prices and a strategic focus on product promotion and customer acquisition.

Operating Environment

Sri Lanka's economy demonstrated a meaningful recovery trajectory during the financial year 2025/26, building on the initial stabilisation that followed the presidential election in September 2024. The operating landscape was shaped by declining inflation, easing monetary conditions, and the gradual resumption of private sector credit activity.

The Central Bank of Sri Lanka (CBSL) maintained an accommodative monetary policy stance throughout 2025. The Overnight Policy Rate (OPR) was gradually eased to 7.75% by late 2025 to steer inflation toward the 5% target. Market lending rates continued to decline, supporting broad-based private sector credit growth before shifting to a tighter defensive stance in early 2026.

Several external and market developments further strengthened the operating environment during the financial year 2025/26. The external sector improved significantly, supported by a recovery in tourism and strong inward remittances. Together with improved liquidity and rising consumer and investor confidence, this supported the expansion of Vallibel Finance's deposit and lending portfolios. In addition, the easing of vehicle import restrictions from February 2025 for personal cars, motorcycles, and three-wheelers created favourable conditions for the Company's leasing portfolio.

Strategic Responses to the Operating Environment

Optimised Operations	Implemented rigorous cost-control measures and enhanced operational efficiency across all business units to safeguard profitability during periods of economic volatility.
Dynamic Rate Management	Proactively adjusted deposit interest rates in line with prevailing market conditions and CBSL directives, maximising value for depositors while preserving the Company's competitive positioning.
Prudent Credit Deployment	Maintained a selective and disciplined approach to loan origination, with robust credit assessment processes designed to prioritise genuine customer needs and effectively manage portfolio risk.

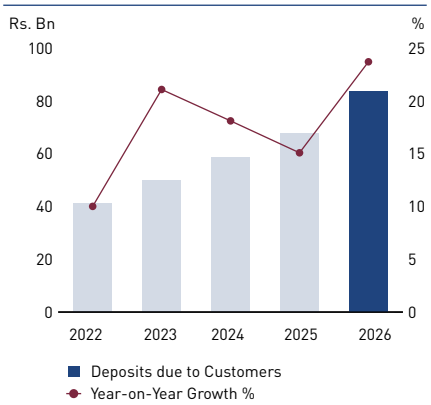
DEPOSITS PORTFOLIO

The Company recorded notable growth in its deposit base during the financial year under review, a testament to the strong trust our customers place in Vallibel Finance as a financial partner. This performance was supported by a declining interest rate environment, enabling the Company to offer competitive yields to depositors while strictly adhering to CBSL regulatory guidelines.

Performance Highlights

- Total deposits portfolio grew by 23.68% during the financial year under review, compared to 15.07% in FY 2024/25
- Total deposits increased to Rs. 83.46 Bn by 31st March 2026.

Growth in Deposit Base



Business Segment Performance

Looking Ahead

- Sustain deposit growth momentum by offering competitive interest rates aligned to market conditions, ensuring Vallibel Finance remains a preferred choice for savers across all customer segments.
- Diversify the deposit base across tenure, deposit size, and customer demographic to reduce concentration risk and enhance the overall stability of the liability portfolio.
- Leverage the declining interest rate environment to attract new depositors seeking reliable, regulated, and trust-backed alternatives to bank savings products.
- Expand the depositor base geographically by promoting deposit products through new and existing branch networks, particularly in regions with lower financial services penetration.
- Invest in digital deposit channels to simplify the account-opening and renewal experience, reducing friction for customers and improving operational efficiency.
- Maintain full regulatory alignment with CBSL guidelines on deposit pricing and disclosures, reinforcing the Company's reputation for transparency and compliance.

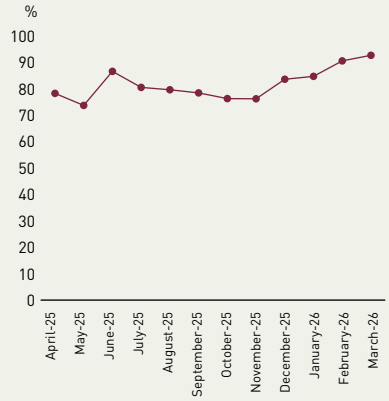
FIXED DEPOSITS

Fixed deposits continued to be the cornerstone of the Company's liability base. Vallibel Finance maintained a high renewal ratio throughout the year, reinforcing its status as a preferred financial partner for fixed deposit customers. Interest rate adjustments, aligned with prevailing market conditions, played a critical role in encouraging customers to renew and increase their deposit commitments. The Company's strategic emphasis on customer retention, supported by focused engagement initiatives and a broad range of deposit tenures, has ensured a well-diversified and stable deposit portfolio.

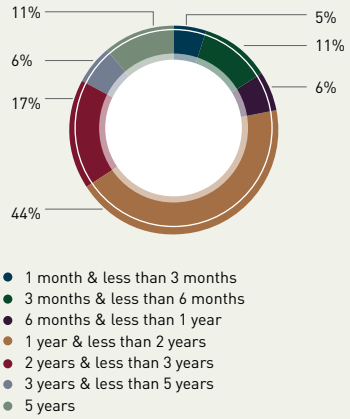
Performance Highlights

- The Company achieved an average fixed deposit renewal ratio of 81.52%.
- Above Rs. 10 Mn fixed deposits represent 46% of the total deposit portfolio.
- Fixed deposits ranging from Rs. 1 Mn to Rs. 10 Mn equals 46% of the deposit portfolio.
- 44% of the fixed deposit portfolio is held for 1 year or less than 2 years.
- 16% of the portfolio matures within 6 months.

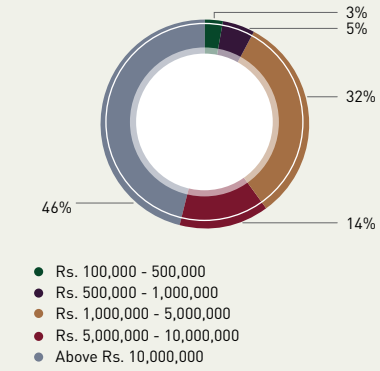
Fixed Deposit Renewal Ratio



Tenure-wise Fixed Deposits Base as at 31st March 2026



Amount wise Deposits Base as at 31st March 2026



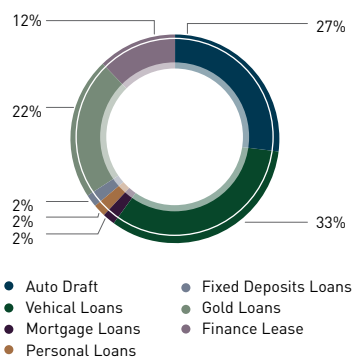
Looking Ahead

- Maintain competitive interest rate offerings aligned with market conditions and CBSL guidance, attracting and retaining a broad depositor base.
- Strengthen fixed deposit renewal ratios through proactive customer outreach and personalised engagement initiatives.
- Pursue a well-diversified deposit portfolio strategy spanning tenure, customer segment, and deposit size to enhance liability stability.
- Leverage anticipated further monetary easing in the coming year to accelerate deposit growth and broaden financial accessibility.

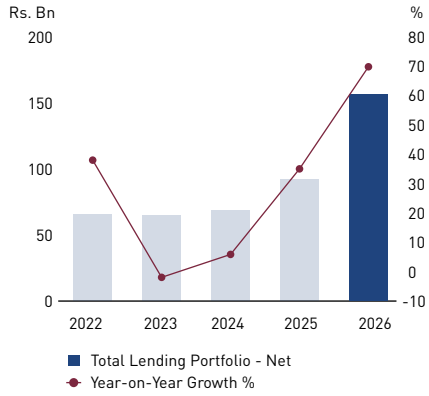
LENDING PORTFOLIO

Despite residual uncertainties in the operating environment, the Company's lending portfolio delivered robust, broad-based growth in the financial year 2025/26, recording a significant turnaround from the contraction in the previous financial year. This expansion was primarily driven by the Company's proactive strategic positioning, improved consumer confidence, a recovery in household spending, and a progressively stabilising macroeconomy.

Lending Portfolio Composition as at 31st March 2026



Growth in Lending Portfolio



Performance Highlights

- Total lending portfolio grew by 69.80% in FY 2025/26, compared to 35.03% in FY 2024/25.
- Total loans amounted to Rs. 156.54 Bn as at 31st March 2026.
- The significant expansion of our lending portfolio in FY 2025/26 was primarily driven by strong performances in Gold Loans, Vehicle Loans, Finance Leases, and Auto Drafts.

Looking Ahead

- Pursue further lending portfolio growth by targeting new and underserved customer segments as the economic recovery broadens.
- Uphold rigorous loan origination standards and credit assessment processes to ensure portfolio quality and manage non-performing exposures.
- Continuously adapt lending products to reflect the evolving financial needs of individuals, households, and small businesses.
- Optimise business processes and enforce stringent cost controls to sustain financial efficiency and profitability across the lending book.

GOLD LOAN PORTFOLIO

The gold loan portfolio emerged as one of the most compelling growth stories of the financial year 2025/26, achieving exceptional expansion amid intensifying competition from other Non-Banking Financial Institutions (NBFIs). This performance underscores both the enduring appeal of gold-backed lending and the Company's strategic effectiveness in capitalising on a high-growth opportunity.

Drivers of Growth

Elevated Gold Prices

Rising gold valuations substantially increased the collateral value of gold assets, making gold loans an attractive, accessible, and quick liquidity solution for a broad customer base.

Credit Accessibility

The demand for streamlined, less documentation-intensive credit solutions remained persistently high. Gold loans with their faster disbursement timelines and simplified processes were well-positioned to meet this need.

Proactive Market Penetration

Targeted promotional campaigns, competitive pricing, and strategic customer acquisition initiatives expanded the Company's gold loan footprint across existing and new geographies.

Portfolio Resilience

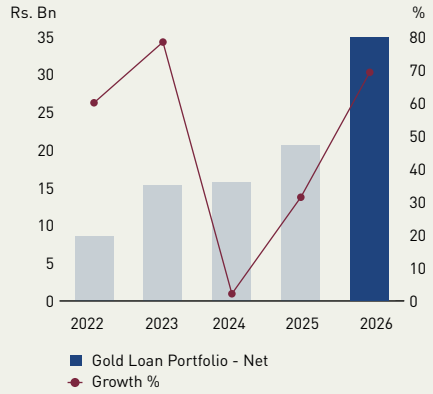
As a fully secured lending product, gold loans carry an inherently lower default risk, providing a stable and attractive segment for sustainable growth even during periods of macroeconomic uncertainty.

Business Segment Performance

Performance Highlights

- A robust 69.22% growth was achieved in the gold loan portfolio.
- Gold loans now represent 22.27% of the Company's lending portfolio.
- The total gross gold loan portfolio reached Rs. 34.86 Bn as of 31st March 2026.
- Interest income from gold loans amounted to Rs. 5.11 Bn.

Growth in Gold Loan Portfolio



Looking Ahead

- Integrate gold loan offerings into all new branch locations to broaden customer accessibility and deepen market penetration.
- Refine and enhance gold loan products with transparent procedures designed to build and sustain customer trust.
- Expand into untapped market segments to grow the customer base and increase the overall contribution of gold loans within the lending portfolio.
- Continue leveraging favourable gold price dynamics and the product's inherent risk resilience as a cornerstone of the Company's secured lending strategy.

LEASING PORTFOLIO

Vallibel Finance provides leasing solutions across two distinct segments: general leasing, catering to high-value assets, and micro leasing, targeting low-investment vehicles such as three-wheelers and motorbikes. Both segments are offered with competitive rates and flexible repayment structures, making leasing an accessible financing option for a diverse customer base.

Following a contraction in the portfolio in the financial year 2024/25, the leasing portfolio recovered and recorded positive growth during the financial year under review. While continuing vehicle market challenges including the residual effects of import restrictions on availability and pricing tempered the pace of expansion, the Company's disciplined and cost-efficient approach enabled us to navigate this environment effectively.

Performance Highlights

- The portfolio grew by 37.53% compared to the 28.93% in FY 2024/25.
- The total leasing portfolio amounted to Rs. 20.45 Bn in FY 2025/26, compared to Rs. 14.87 Bn in the previous financial year.
- The leasing portfolio's share of the total lending portfolio recorded a slight decline to 12.71% during FY 2025/26, compared to 15.52% in FY 2024/25.

Looking Ahead

- Maintain a selective lending strategy to proactively manage credit risk and minimise potential defaults within the leasing portfolio.
- Identify and pursue high-potential customer segments where leasing solutions offer compelling value propositions.
- Sustain a relentless focus on cost efficiency to protect portfolio profitability and ensure long-term financial sustainability.

VEHICLE LOAN PORTFOLIO

The vehicle loan portfolio delivered significant growth during the financial year 2025/26, underpinned by a confluence of favourable developments, including the phased easing of vehicle import restrictions (commencing in late 2024 and extending to personal vehicles by February 2025), broader macroeconomic stabilisation, and a progressive reduction in CBSL-guided lending interest rates that meaningfully improved consumer affordability.

The combination of greater vehicle availability and recovering consumer confidence created conditions for robust loan origination, positioning vehicle loans as a key contributor to the Company's overall lending growth.

Performance Highlights

- The portfolio achieved a remarkable 68.41% growth in FY 2025/26, compared to 47.71% in the previous year.
- The portfolio recorded Rs. 53.13 during FY 2025/26, compared to Rs. 31.55 Bn as of 31st March 2025.

Looking Ahead

- Adopt a measured approach to customer acquisition, underpinned by thorough credit assessments and comprehensive customer screening to preserve portfolio quality.
- Monitor vehicle market developments particularly import policy developments and pricing trends to inform strategic decision-making.
- Maintain robust internal procedures and risk monitoring frameworks to proactively identify and address emerging credit risks.
- Capture growth opportunities arising from the continued normalisation of vehicle imports.
- Align product offerings with evolving consumer preferences for vehicle financing, ensuring competitive relevance in the market.

MORTGAGE LOAN PORTFOLIO

The mortgage loan portfolio recorded a positive turnaround during the year under review, driven by a strategic reassessment of the Company's approach to mortgage lending. This re-evaluation enabled Vallibel Finance to more closely align our mortgage offerings with consumers' evolving needs and preferences, enhancing the relevance and appeal of these products in the market.

Performance Highlights

- The mortgage loan portfolio increased by 9.15%, compared to 12.18% in FY 2024/25.
- The total portfolio as at 31st March 2026 increased to Rs. 2.41 Bn compared to Rs. 2.21 Bn during the previous financial year.

Looking Ahead

- Sustain a core focus on responsible lending practices, with default prevention as a primary medium-term priority.
- Develop competitive, tiered mortgage products tailored to varying loan sizes and repayment capacities, ensuring relevance across a broad customer base.
- Develop targeted strategies to attract new mortgage customers as interest rates continue their downward trajectory.
- Monitor interest rate developments closely and adjust pricing strategies to remain competitive while ensuring portfolio sustainability.
- Prioritise default prevention through proactive loan monitoring, early warning systems, and timely engagement with borrowers showing signs of repayment stress.
- Explore digital enhancements to the mortgage application and approval process, reducing turnaround times and improving the overall customer experience.

Business Segment Performance

PROPERTY MORTGAGE LOANS

The property mortgage sub-portfolio experienced encouraging growth during the year, reflecting an upward momentum in property investment activity as economic conditions stabilised. The Company remains cognisant, however, that prevailing interest rates while declining continue to exceed pre-2022 levels, which may moderate near-term growth momentum.

Performance Highlights

- The property mortgage loan portfolio grew by 10.12% in FY 2025/26 compared to 14.97% in the FY 2024/25.
- The total portfolio increased to Rs.2.37 Bn up from Rs. 2.15 Bn recorded in the previous financial year.

Looking Ahead

- Deepen market penetration by targeting first-time homeowners and mid-market property investors as declining interest rates improve affordability and borrowing sentiment.
- Strengthen underwriting standards with enhanced property valuation processes and income verification protocols to maintain portfolio quality as origination volumes grow.
- Capitalise on the property market recovery by forging strategic partnerships with property developers, real estate agents, and legal service providers to create end-to-end mortgage solutions for customers.

SPECIALISED FINANCING PRODUCTS

Vallibel Finance offers a range of innovative, customer-tailored financing solutions designed to address specific credit needs not comprehensively served by conventional lending products. These specialised offerings complement the Company's core portfolio and play an important role in broadening financial access for its diverse customer base.

VALLIBEL AUTO DRAFT

The Vallibel Auto Draft is a flexible financing solution that enables customers to service monthly interest payments with the principal repayable at the end of the loan term. Collateralised against a motor vehicle or supported by a guarantor, this product provides a cost-effective alternative to traditional bank overdraft facilities.

The Auto Draft portfolio recorded growth during FY 2025/26, as recovering economic conditions encouraged individuals to take on new credit for personal and business needs. The product's flexible structure positioned it effectively as a bridging finance solution during the economic transition period.

Performance Highlights

- An 87.29% growth was recorded in FY 2025/26, up from 23.59% growth in the previous financial year.
- The total portfolio grew to Rs. 43.86 Bn as at 31st March 2026, compared to Rs. 23.42 Bn recorded as at 31st March 2025.

Looking Ahead

- Follow a moderate Auto Draft issuance to maintain a sustainable growth rate and manage collateral risks associated with a transitional vehicle market environment.
- Closely monitor the impact of residual vehicle import restriction effects on collateral availability.
- Assess consumer financial capacity carefully, given elevated living expenses that continue to constrain borrowing headroom for some customer segments.
- Resume a more active growth strategy once collateral availability and consumer financial conditions normalise.

VALLIBEL WHEEL DRAFT

The Vallibel Wheel Draft is an alternative financing product specifically designed for registered and unregistered three-wheeler owners a segment of the market with specialised and underserved credit requirements. The portfolio continued its growth momentum from the prior year, supported by declining leasing costs and the progressive easing of vehicle import restrictions, both of which stimulated demand for this product.

Performance Highlights

- The portfolio recorded a growth of 5.31%, compared to 17.65% decline in the previous financial year.
- The total portfolio was Rs. 0.29 Bn compared to Rs. 0.28 Bn in the previous year.

Looking Ahead

- Capitalise on continued economic stabilisation and further interest rate reductions to accelerate Wheel Draft portfolio growth.
- Strengthen product awareness and distribution in high-potential geographic markets with significant three-wheeler ownership.
- Develop tailored customer engagement initiatives to retain existing borrowers and attract new clients within this segment.

PERSONAL LOANS

Vallibel Finance's personal loan portfolio designed to meet diverse individual financial needs, including home improvements, medical expenses, and education costs recorded a meaningful recovery in FY 2025/26, reversing the contraction experienced in the previous financial year. This improvement primarily reflects the influence of lower interest rates on consumer borrowing behaviour, supported by broader improvements in economic sentiment.

Performance Highlights

- The portfolio increased by a phenomenal 195.77% in FY 2025/26, compared to 53.85% in the previous financial year.
- Total portfolio value reached Rs. 2.96 Bn as at 31st March 2026, compared to Rs. 1 Bn recorded as at 31st March 2025.

Looking Ahead

- Proactively promote personal loan products that are closely aligned with evolving customer needs and current economic realities.
- Monitor interest rate dynamics closely to ensure product pricing remains competitive and responsive to market conditions.
- Leverage improving consumer sentiment to expand the personal loan customer base and deepen engagement with existing clients.
- Anticipate significant growth opportunities as the economy continues to stabilise and interest rates sustain their downward trend.

Business Segment Performance

LOANS AGAINST FIXED DEPOSITS

Vallibel Finance offers a distinctive and highly valued service Loans Against Fixed Deposits that enables existing fixed deposit holders to access essential credit without interrupting their savings. Customers continue to earn interest on their deposits while simultaneously leveraging them as collateral for short-term financing, providing a uniquely flexible and cost-effective credit solution.

Although this product currently accounts for only 1.41% of the overall lending portfolio, it maintained its growth momentum during FY 2025/26, reflecting its growing recognition as a practical and attractive financing option among the Company's depositor base.

Performance Highlights

- The portfolio expanded by 42.7% in FY 2025/26, compared to 29.89% in FY 2024/25.
- Total portfolio value was Rs. 2.21Bn as at 31st March 2026, compared to Rs. 1.55 Bn recorded as at 31st March 2025.

Looking Ahead

- Continue offering Loans Against Fixed Deposits as a high-value service to the Company's loyal depositor base.
- Promote awareness of this product among existing fixed deposit customers to enhance utilisation and deepen the customer relationship.
- Position the product as an integral part of an integrated savings and credit proposition for the Company's core retail customer segments.

Outlook

Vallibel Finance PLC enters FY 2026/27 from a position of considerable strength. The broad-based portfolio growth recorded in FY 2025/26 spanning gold loans, vehicle financing, deposits, and specialised products reflects the successful execution of a disciplined, customer-centric strategy in a challenging yet progressively improving operating environment.

The Company's outlook for the coming year is optimistic. Ongoing structural reforms are anticipated to further ease monetary policies notwithstanding global economic developments, and continued improvements in private sector credit conditions are expected to sustain the momentum achieved in FY 2025/26. Vallibel Finance remains committed to responsible and sustainable growth, ensuring that expansion is matched by equally rigorous risk management, operational excellence, and an enduring commitment to our customers.

Built for Alignment,
Driven by Engagement

Engagement with stakeholders drives meaningful decision-making at Vallibel Finance PLC. Material topics are assessed and acted upon thoughtfully, enabling outcomes that are inclusive, sustainable, and aligned with long-term ambitions. Alignment between stakeholder interests and organisational intent ensures that every action delivers impact, reinforces relationships, and strengthens mutual understanding.



STAKEHOLDER & MATERIALITY REVIEW

66 Strategic Stakeholder Engagement

72 Materiality Assessment: Key Findings and Explanations

Strategic Stakeholder Engagement GRI 2-29

Our Commitment to Stakeholder Inclusivity

At Vallibel Finance PLC, stakeholder engagement is a cornerstone of our strategic direction and the foundation upon which we build long-term value. We recognise that our diverse stakeholder ecosystem encompassing investors, customers, regulators, employees, business partners and local communities is intrinsic to our operational resilience and commercial success.

By continuously identifying, assessing and responding to their evolving expectations, we co-create shared value that advances our sustainability objectives and reinforces a stable, resilient financial landscape. Our engagement methodologies are aligned with the GRI 2021 Standards and the Integrated Reporting Framework. With effect from the financial year 2025/26, we have also incorporated the requirements of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures), ensuring our decision-making remains inclusive, transparent and ethically grounded.

Guiding Values for Meaningful Engagement

Our interactions are governed by five core values that transform stakeholder dialogue into trusted, mutually beneficial partnerships.

SLFRS S1 & S2 Alignment

In FY 2025/26, Vallibel Finance has adopted SLFRS S1 and SLFRS S2 - the Sri Lanka Financial Reporting Standards on sustainability-related and climate-related financial disclosures. These standards require us to disclose material sustainability risks and opportunities that affect our enterprise value and to provide specific climate-related information covering governance, strategy, risk management and metrics and targets. Stakeholder engagement is a critical input to identifying and validating these material topics and our disclosures reflect the expectations and priorities of all key stakeholder groups.

Open Communication

We foster transparent, proactive and accurate disclosures to build enduring trust and ensure stakeholders are meaningfully informed.

Stakeholder-Centricity

We approach every interaction with empathy and flexibility, tailoring our channels to match the distinct priorities of each group.

Integrity and Ethical Governance

We maintain the highest benchmarks of statutory compliance and ethical conduct, cementing our credibility and protecting our social licence to operate.

Collaboration and Co-Creation

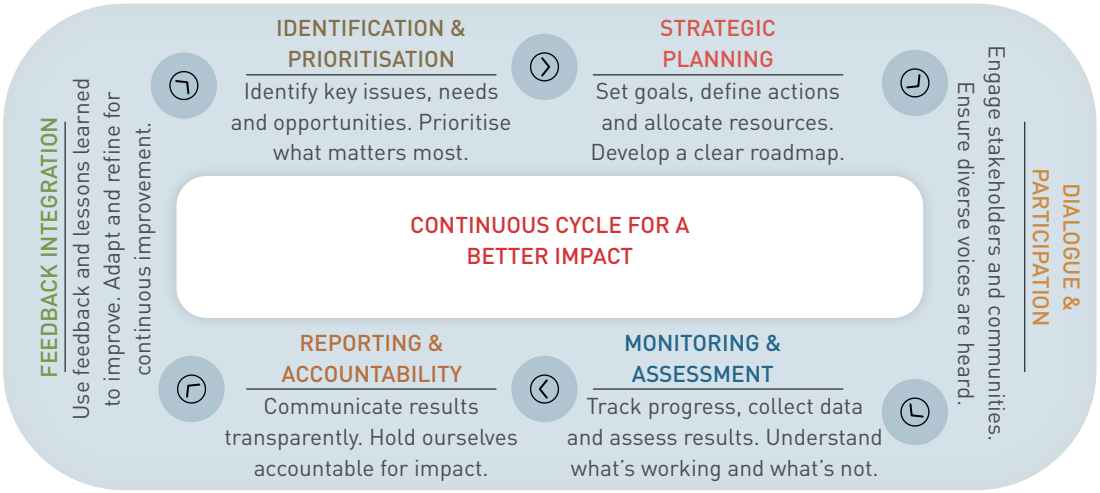
We work alongside our partners to unlock joint economic opportunities, stimulate financial innovation and drive broader socio-economic advancement.

Sustainability & Climate Focus

Our engagement strategies look beyond short-term gains, aligning actions with long-term ESG outcomes, integrating climate-related considerations in line with SLFRS S2 to ensure positive impact on both people and the planet.

Our Stakeholder Engagement Process

We adopt a structured six-step approach to stakeholder engagement, designed to ensure transparency, responsiveness and continuous improvement aligned with regulatory requirements, voluntary guidelines and industry best practices.



Identification and Profiling of Our Stakeholder Groups

We recognise that defining who our stakeholders are, understanding what they care about and acknowledging how they interact with our operations is vital to protecting our market position and ensuring long-term institutional resilience. Through our structured identification process, we have categorised our stakeholder ecosystem into six core groups, each playing a distinct role in our value creation journey.



1. Investors and Shareholders
   - ↘ Role in Value Creation: Direct contributors to our Financial Capital.



2. Customers
   - ↘ Role in Value Creation: Essential drivers of our Social & Relationship Capital and Intellectual Capital



3. Employees
   - ↘ Role in Value Creation: The backbone of our Human Capital.



4. Business Partners and Suppliers
   - ↘ Role in Value Creation: Core contributors to our Manufactured Capital, Intellectual Capital and Social & Relationship Capital.



5. Government and Regulators
   - ↘ Role in Value Creation: Safeguards our Social & Relationship Capital and regulatory compliance frameworks.



6. Communities, Society and the Environment
   - ↘ Role in Value Creation: Enhances our Natural Capital and anchors our Social & Relationship Capital.

Stakeholder Prioritisation and Management Matrix

We assess our stakeholders through an Influence-Interest Matrix to align our management strategies and optimise resource allocation.

	HIGH INFLUENCE	LOW INFLUENCE
HIGH INTEREST	**Highly Engaged** ↘ Investors & Shareholders ↘ Customers ↘ Employees	**Keep Informed** ↘ Communities & Society ↘ Business Partners
LOW INTEREST	**Keep Satisfied** ↘ Government & Regulators	**Monitor** ↘ Suppliers ↘ Environment

Stakeholder Group Overview

	HIGH INFLUENCE	LOW INFLUENCE
HIGH INTEREST	**Investors and Shareholders —** Engaged through AGMs, quarterly financial disclosures and investor briefings. Their input shapes strategic direction and governance. **Customers —** Customer satisfaction underpins our success. We engage through surveys, service reviews, digital platforms and direct feedback to continuously improve service delivery. **Employees —** Internal stakeholders and brand ambassadors engaged through HR platforms, performance appraisals and training initiatives to foster motivation and a positive work culture.	**Society & Community —** We contribute to social upliftment through CSR initiatives in education, healthcare and community development aligned with national development goals. **Business Partners —** Strategic partnerships are nurtured through open communication, joint ventures and shared value initiatives supporting business continuity and mutual growth.
LOW INTEREST	**Government & Regulators —** We maintain ongoing compliance and transparency through regular reporting, policy consultations and proactive communication on regulatory changes.	**Suppliers —** Ethical and reliable supplier relationships are maintained through timely payments, clear contract terms and shared quality standards. **Environment —** Whilst not a vocal stakeholder, the environment is a critical consideration. We are committed to eco-friendly practices, reducing our carbon footprint and meeting climate-disclosure requirements under SLFRS S2.

Strategic Stakeholder Engagement

Value Creation Through Stakeholder Engagement (FY 2025/26)

During the financial year under review, Vallibel Finance advanced its structured and inclusive approach to stakeholder engagement, ensuring that the diverse interests of our key stakeholder groups were meaningfully addressed. Leveraging multiple engagement channels, including AGMs, digital platforms, consultations and community initiatives, we gathered valuable insights that informed our strategic decisions, material topic prioritisation and risk management practices.

A key milestone in FY 2025/26 was the adoption of SLFRS S1 and SLFRS S2, which elevated the rigour and depth of our sustainability-related disclosures. Stakeholder engagement proved fundamental to identifying and validating material sustainability risks and opportunities — particularly climate-related risks and opportunities under SLFRS S2 — ensuring that our disclosures reflect what truly matters to our stakeholder community.

Each engagement was aligned with our revised four-cluster material topics framework and integrated reporting principles, driving tangible outcomes across financial performance, employee well-being, customer satisfaction, environmental stewardship and social impact. Our ongoing focus on transparency, responsiveness and shared value creation continues to reinforce stakeholder trust and organisational resilience in a rapidly evolving financial landscape.

Investors and Shareholders					
How We Connect	**What Matters to Them**	**Our Commitment**	**Material Topics**	**Impact Areas**	**Key Performance Indicators**
Annual General Meetings	Business growth and profitability	We ensure financial stability and long-term value creation through transparent reporting, strategic planning and prudent capital management.	M1-1: Sustainable Growth in Earnings	Financial Capital	Earnings per Share (EPS)
Company Website & Investor Portal	Market conditions Interest rates	We provide real-time access to market updates, economic indicators and corporate announcements to support informed investment decisions.	M1-1: Sustainable Growth in Earnings	Intellectual Capital	Return on Equity (ROE)
Financial Disclosures & Reports (incl. SLFRS S1 & S2)	Governance, risk management Climate disclosures	We maintain robust governance and risk frameworks and disclose sustainability-related financial information in line with SLFRS S1 and S2.	M2-4: Ethics, Compliance & Governance M4-11: Climate-related Risks	Social & Relationship Capital	Share Price Return on Equity (ROE) Climate Risk Disclosures
Press Releases & Market Announcements	Future investment strategies and expansion plans	We communicate strategic priorities, geographic expansion plans and investment initiatives clearly to align with shareholder expectations.	M1-2: Geographic Expansion	Financial Capital	Share Price Dividend Yield

Employees					
How We Connect	**What Matters to Them**	**Our Commitment**	**Material Topics**	**Impact Areas**	**Key Performance Indicators**
Open-Door Leadership Culture	Career progression and development	We nurture an empowering and inclusive workplace, offering growth opportunities, fair recognition and open communication channels.	M3-8: Employee Wellbeing, Health & Safety	Human Capital	Employee Retention Rate
Digital HR Platforms	Work-life balance and flexible arrangements	We offer flexible work arrangements, self-service tools and prompt HR support to promote seamless work-life integration.	M3-8: Employee Wellbeing, Health & Safety	Human Capital / Social & Relationship Capital	Employee Satisfaction Index
Career Development Roadmaps & Promotions	Compensation and benefits Leadership roles	We design clear career paths, conduct transparent performance appraisals and offer merit-based promotions and rewards.	M3-8: Employee Wellbeing, Health & Safety	Human Capital	Internal Promotion Rate Leadership Development Score
Employee Wellness Programmes	Job security Good health and well-being Motivation Productivity	We promote physical, mental and financial wellness, reinforcing job security and cultivating a resilient and engaged workforce.	M3-8: Employee Wellbeing, Health & Safety	Human Capital	Absenteeism Rate Quality of Work

Customers					
How We Connect	**What Matters to Them**	**Our Commitment**	**Material Topics**	**Impact Areas**	**Key Performance Indicators**
Call Centre and Social Media	Seamless and accessible financial solutions	We prioritise innovation and customer satisfaction, ensuring convenience, security and financial empowerment for all customers.	M3-7: Customer Satisfaction M3-10: Inclusive Finance	Social & Relationship Capital	No. of Customer Complaints Resolution Rate
Company Website & Digital Platforms	Transparent and fair policies Accurate information	We maintain open access to accurate information and fair practices, ensuring trust, regulatory compliance and digital accessibility.	M3-7: Customer Satisfaction M2-5: Brand & Reputation	Intellectual Capital	Customer Retention Rate Relationship Length
Digital Channels and Advertisements	Data privacy Cyber Security Accurate information	We protect customer data through robust cybersecurity measures and responsible data management in compliance with applicable regulations.	M2-6: Cyber Security & Data Protection	Intellectual Capital	Data Breach Incidents Brand Value Index
Feedback Channels and Surveys	Customer-centric service excellence	We continually enhance our services through regular feedback, digital upgrades and user-friendly innovations driven by technology.	M3-7: Customer Satisfaction M1-3: Technology-driven Innovation	Social & Relationship Capital	Repeat Customer Rate NPS

Strategic Stakeholder Engagement

Business Partners and Suppliers					
How We Connect	**What Matters to Them**	**Our Commitment**	**Material Topics**	**Impact Areas**	**Key Performance Indicators**
Exclusive Business Networking Forums	Ethical business relationships	We drive growth through collaborative, transparent and mutually beneficial business relationships grounded in shared values.	M2-4: Ethics, Compliance & Governance	Social & Relationship Capital	Years of Relationship Partner NPS
Direct Communication Channels	Economic growth opportunities and synergies	We maintain ongoing dialogue to identify synergies and co-create market opportunities that support geographic and business expansion.	M1-2: Geographic Expansion	Manufactured Capital	Lifetime Partner Value
Joint Strategic Planning Sessions	Competitive edge and industry leadership	We co-develop strategies leveraging joint expertise to lead and innovate in the financial services sector through technology.	M1-3: Technology-driven Innovation	Intellectual Capital	Joint Initiative Outcomes Lead Times
Supplier & Partner Events	Long-term financial sustainability	We build resilient partnerships focused on sustainability, shared goals and value chain integrity aligned with SLFRS S2.	M4-12: Operational Environmental Footprint	Social & Relationship Capital Financial Capital	Attendance Rate Sustainability Score

Communities, Society and the Environment					
How We Connect	**What Matters to Them**	**Our Commitment**	**Material Topics**	**Impact Areas**	**Key Performance Indicators**
Community Outreach & Word of Mouth	Economic empowerment and social upliftment	We actively contribute to building a stronger, more inclusive society through education, financial inclusion and sustainable community initiatives.	M3-9: Community Upliftment M3-10: Inclusive Finance	Social & Relationship Capital	Community Beneficiary Count
CSR & Social Impact Projects	Sustainable development and SDG alignment	We support national development goals by investing in impactful projects in health, education, environment and entrepreneurship, aligned with the SDGs.	M3-9: Community Upliftment M4-11: Climate-related Risks	Natural Capital	CSR Spend SDG-Aligned Project Count
Social Media Platforms	Financial inclusion for underserved communities	We utilise social media to connect with marginalised groups and provide them with relevant, accessible financial products and services.	M3-10: Inclusive Finance M3-7: Customer Satisfaction	Social & Relationship Capital	Reach Metrics CSR Investment Growth
Marketing and Public Communication	Social responsibility and accurate information	We promote responsible messaging that aligns with social values and demonstrates our role as a purpose-driven, trusted financial brand.	M2-5: Company Brand & Reputation	Intellectual Capital Social & Relationship Capital	Public Awareness Metrics Brand Trust Index

Government and Regulators					
How We Connect	**What Matters to Them**	**Our Commitment**	**Material Topics**	**Impact Areas**	**Key Performance Indicators**
Direct Consultations & Regulatory Forums	Financial system stability and macroprudential oversight	We uphold required compliance standards, ensuring responsible corporate governance and adherence to all financial regulations including CBSL directives.	M2-4: Ethics, Compliance & Governance	Social & Relationship Capital	Regulatory Compliance Levels
Compliance Audits & Assessments	Compliance with laws, regulations and standards	We maintain full regulatory compliance through rigorous internal controls, timely disclosures and proactive engagement with supervisory bodies.	M2-4: Ethics, Compliance & Governance	Manufactured Capital	Capital Adequacy Ratio Audit Findings
Industry Policy Engagement	Ethical governance and sector reform	We engage in constructive dialogue with policymakers to contribute to sound financial sector reforms, including sustainability-related disclosure frameworks.	M2-4: Ethics, Compliance & Governance M4-11: Climate-related Risks	Intellectual Capital	Tax Contribution Rate Policy Submissions
Governance, Risk & Sustainability Reports	Market transparency and climate-related disclosures	We provide accurate, timely and comprehensive disclosures — including sustainability-related financial information under SLFRS S1 and S2 — to promote investor confidence and regulatory trust.	M2-4: Ethics, Compliance & Governance M4-11: Climate-related Risks	Financial Capital	Board Attendance Rate Timeliness of Filings SLFRS Compliance

Materiality Assessment: Key Findings and Explanations

GRI 3-1, 3-2, 3-3

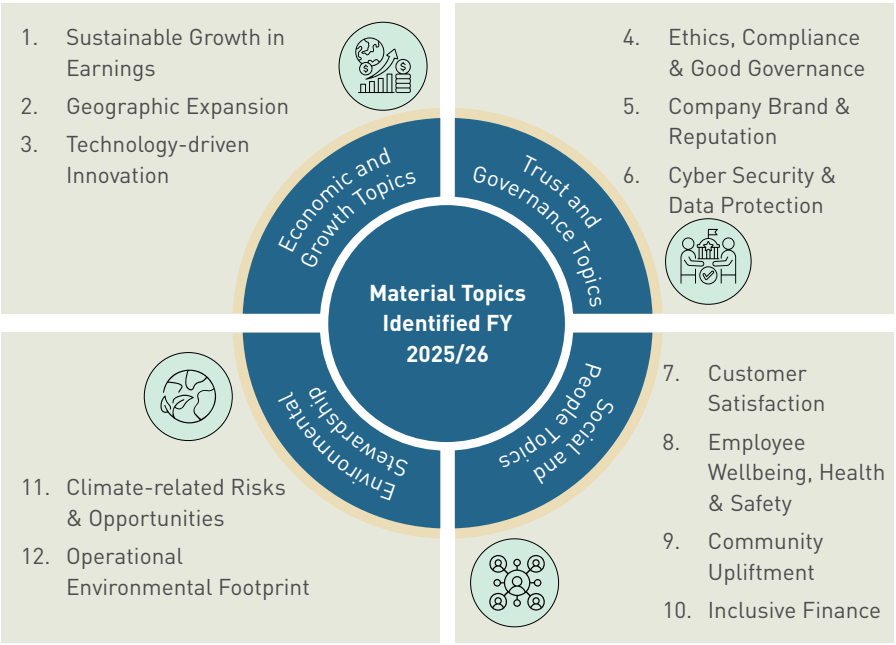
At Vallibel Finance PLC, our commitment to sustainable value creation is anchored by a robust understanding of the issues that matter most to our stakeholders and our business. For the financial year 2025/26, we have refined our materiality assessment process to align with the evolving regulatory landscape, specifically integrating the requirements of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures).

This assessment defines the strategic scope of our Integrated Reporting framework, ensuring that our resources are allocated to areas where we can generate the greatest impact across our six capitals. By bridging the Global Reporting Initiative (GRI) Standards and the IFRS Sustainability Disclosure Standards, we provide a transparent view of how ESG (Environmental, Social and Governance) factors influence our long-term financial stability and our societal contribution.

Our materiality process is the bridge between listening to our stakeholders and leading the market. For the financial year 2025/26, this integration has successfully shifted from a regulatory compliance exercise into a primary driver of our competitive advantage and long-term business resilience.

Material Topics Identified FY 2025/26

Using a profound evaluation process, the Company identified 12 material topics across 4 key themes that define our sustainability impact and resilience for the financial year ended 2025/26.



Our Approach to Materiality

Our materiality determination is not a static exercise, but a dynamic governance function overseen by the Board Integrated Risk Management Committee (BIRMC). The Company followed a strategically structured four-stage methodology to determine material topics for the financial year 2025/26.

The Evolution of Materiality:

A Comparative Analysis - FY 2024/25 and FY 2025/26

In accordance with the GRI 3: Material Topics 2021 disclosure requirements, the Company refined the list of material topics for the financial year 2025/26 to reflect shifting stakeholder priorities and the heightened focus on climate-related financial disclosures under SLFRS S1 and S2. While core pillars such as Sustainable Growth, Governance and Customer Satisfaction remain constant, we have evolved several topics to ensure greater granularity and strategic alignment. Notably, "Commitment to the Environment" has been further divided into "Climate-related Risks & Opportunities" and "Operational Environmental Footprint" to address specific physical and transition risks. Additionally, "Managing Human Resources" and "Employee Health and Safety" have been consolidated into a broader "Employee Wellbeing & Health and Safety" category, while "Customer Privacy" has been enhanced into "Cyber Security & Data Protection" to reflect the escalating digital risk landscape. These changes ensure that our reporting remains dynamic, transparent and focused on the issues with the highest impact on our ability to create long-term value for our stakeholders.



Identification	Stakeholder Engagement	Evaluation	Prioritisation	Outcome
A broad spectrum of ESG topics were benchmarked against GRI Standards, SLFRS S1 & S2, the CBSL Sustainable Finance Roadmap 2.0 and peer best practices.	We engaged with six key stakeholder groups Customers, Employees, Shareholders/ Investors, Regulators, Community and Suppliers to understand their evolving expectations.	Each topic was weighted based on two dimensions: 1. Significance to Stakeholders: The influence on their decisions and perceptions. 2. Impact on the Company: The potential effect on financial performance, risk profile and brand reputation.	Topics demonstrating medium-to-high significance across both dimensions were elevated as "Material Topics," forming the foundation of our strategic disclosures for the year under review.	Finally, the prioritised material topics were embedded into the Company's strategic planning, goal-setting processes and risk management frameworks. This ensures that these key issues are actively managed and addressed, enhancing our ability to create value for all stakeholder groups.

Strategic Alignment

During the financial year 2025/26, our materiality process transitioned to a "Double Materiality" perspective, ensuring that we account for both the 'outside-in' financial risks posed by climate change (aligned to SLFRS S2) and the 'inside-out' impact our operations have on the economy, environment and people.

Integrating Materiality for Strategic Value Creation

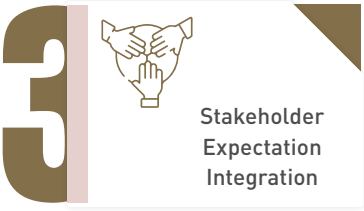
Strategic value creation is realised through the seamless integration of materiality into our core operations. This synergy ensures our efforts are directed toward the issues that truly matter, maximising both financial performance and societal impact. By bridging materiality insights with business strategy, we build organisational resilience.



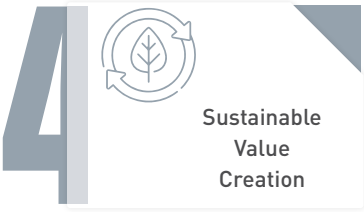
Our corporate strategy development is informed by continuous stakeholder interactions. This process identifies the material topics that form the basis of our assessments. The insights gained are used to refine and adjust our strategic priorities, creating a critical feedback loop which keeps the Company agile and current.



We recognise that risks and opportunities are inherently interconnected. By proactively assessing emerging risks, we make the necessary strategic adjustments to mitigate negative impacts. Simultaneously, our risk analysis serves as a diagnostic tool to identify and capitalise on new growth avenues, unlocking potential that enhances our long-term stability.



Stakeholder priorities are not external metrics; they are actively incorporated into our corporate strategy and risk assessments. We treat these expectations as primary drivers in shaping business decisions and market positioning. This ensures we not only meet regulatory compliance but also reflect the evolving sensitivities which define market sentiment.



By effectively aligning strategic objectives, risk factors and stakeholder insights, materiality becomes an integrated system across the Company. This serves as a catalyst for Sustainable Value Creation, resulting in enhanced financial performance and a lasting positive legacy for our stakeholders.

Materiality Assessment: Key Findings and Explanations

The Value Creation Connectivity Map



Building Future Resilience

Our materiality framework enables the Company to adopt materiality as a proactive and strategic tool, moving beyond mere compliance. Our approach is built on a dynamic framework that continuously adapts to economic, social and environmental shifts.

Pillar of Resilience	Strategic Intent & Action
Strategic Accountability	Senior leadership takes ownership of material topics, ensuring flexible resource allocation and agile decision-making that drives sustainable growth.
Proactive Management	We leverage data-driven analysis to gain forward-looking insights into emerging risks, reinforcing our resilience in an ever-changing environment.
Continuous Engagement	Material topics are embedded into our corporate dialogue, fostering transparency and the co-creation of long-term value with our stakeholders.
Ethical Governance	We equip our workforce with the tools to manage material topics with integrity, fostering a responsible culture where risks are addressed effectively.
Impact-Driven Decisions	By integrating impact-focused metrics into strategic planning, we ensure that every decision drives meaningful outcomes for our stakeholders.

By embedding our 12 prioritised material topics into our risk management and goal-setting frameworks, we create a dynamic system where every business decision actively generates sustainable value across all six capitals.

True transparency requires looking outward as well as inward. During the year under review, we balanced the 'outside-in' financial risks posed by climate change under SLFRS S2 with the 'inside-out' socio-economic impacts our lending decisions have on Sri Lankan communities.



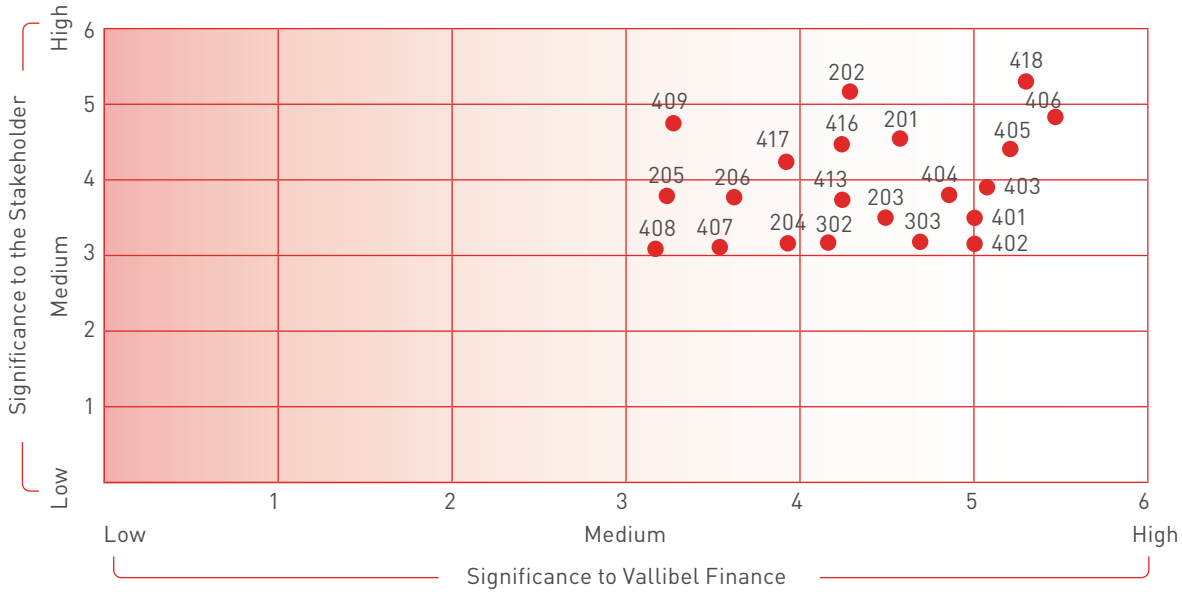
Key Material Findings and Linkage to Capitals

The following table summarises our 12 material topics, their rationale and their alignment with the GRI Standards and the International Integrated Reporting (IR) Framework's capitals for the financial 2025/26.

No.	Material Topics	Why is it Material?	Related Capital	Related GRI Standard	Customers	Employees	Shareholders	Regulators	Community	Suppliers
M1: Economic and Growth Topics										
1	Sustainable Growth in Earnings	Critical for long-term viability, shareholder value and supporting economic development.	Financial	GRI 201	✓	✓	✓	✓		
2	Geographic Expansion	Enhances accessibility, drives revenue growth and strengthens market presence.	Manufactured, Social	GRI 202, 203	✓	✓	✓	✓	✓	✓
3	Technology-Driven Innovation	Enhances efficiency, customer experience and expands financial accessibility.	Social, Intellectual, Manufactured	GRI 201, 203, 417	✓	✓	✓	✓	✓	
M2: Trust and Governance Topics										
4	Ethics, Compliance & Good Governance	Essential to strengthen corporate integrity, risk management and stakeholder trust.	Human Capital, Intellectual Capital, Social Capital, Natural Capital	GRI 205, 406, 407, 409, 418	✓	✓	✓	✓	✓	✓
5	Company Brand & Reputation	Differentiates the Company, enhancing customer attraction and investor confidence.	Social & Relationship, Manufactured	GRI 205, 206	✓	✓	✓	✓	✓	
6	Cyber Security & Data Protection	Safeguards financial data, maintains trust and mitigates operational risks.	Intellectual Capital, Social Capital	GRI 418	✓			✓		
M3: Social and People Topics										
7	Customer Satisfaction	Critical for long-term relationships, service delivery and business growth.	Social & Relationship, Manufactured Capital	GRI 416, 417	✓	✓		✓		
8	Employee Wellbeing, Health & Safety	Essential for a productive workforce and organisational performance.	Human Capital	GRI 401, 402, 403, 404, 405, 406		✓				
9	Community Upliftment	Strengthens social impact and contributes to socio-economic development.	Social Capital, Human Capital	GRI 202, 204, 413	✓	✓		✓	✓	✓
10	Inclusive Finance	Enables economic empowerment and fosters inclusive growth.	Social & Relationship, Manufactured	GRI 201, 203, 413	✓				✓	
M4: Environment Stewardship Topics										
11	Climate-related Risks & Opportunities	Affects collateral values and operations while creating sustainable finance opportunities.	Natural Capital	GRI 305		✓		✓	✓	✓
12	Operational Environmental Footprint	Supports environmental responsibility and operational efficiency through resource management.	Natural Capital	GRI 302, 303		✓		✓	✓	✓

Materiality Assessment: Key Findings and Explanations

The Materiality Matrix



The financial year 2025/26 materiality assessment reinforces Vallibel Finance PLC's resilience. By aligning our disclosures with the rigorous SLFRS S1 and S2 standards, we provide our providers of financial capital with a clear view of our sustainability-related risks and opportunities, ensuring that our growth remains ethical, inclusive and environmentally conscious.

Built for Strength,
Driven by Stewardship

Capital management at Vallibel Finance PLC is grounded in deliberate planning, meticulous allocation, and disciplined oversight. Resources are optimised to support growth while maintaining resilience and balancing risk with opportunity across every operational and investment channel. Thoughtful stewardship ensures that every layer of capital contributes effectively to the organisation's trajectory while upholding trust across investors, clients, and stakeholders.



CAPITAL MANAGEMENT REVIEW

78 Human Capital
90 Financial Capital
104 Manufactured Capital
112 Intellectual Capital
120 Social & Relationship Capital
136 Natural Capital

HUMAN CAPITAL

Our People, Our Strength, Our Future

At Vallibel Finance PLC, our employees are at the heart of everything we do. Their diverse skills, unwavering commitment and holistic well-being are the vital drivers of our sustained success, ensuring we remain a resilient leader in the dynamic financial landscape.



Highlights of FY 2025/26

Regional Talent Integration

By expanding our geographic network, we have expanded our workforce into the Eastern Province, creating new job opportunities and fostering economic participation within local communities.

Digital Transformation and Efficiency

We successfully migrated core HR functions to integrated digital platforms, including the Mint HRM App.

Seamless Employee Experience

Employees now manage their personal data, record attendance and apply for various leave types directly through mobile interfaces.

Streamlined Reimbursements

The digitisation of OPD claims and fuel reimbursement submissions has significantly reduced manual paperwork and improved processing turnaround times.

Data-Driven Management

HR leadership now utilises real-time digital tracking for performance appraisals and attendance, enhancing accountability and transparency across our nationwide network.

FY 2025/26 At a Glance

	2025/26	2024/25
Workforce Strength	2,175	1,763
Investment in Training	Rs 5.17 Mn	Rs 1.02 Mn
Return to Work Rate (Parental Leave)	100%	100%
New Recruits	1,081	779
Total Training Hours	10,288	6,521
Total Monetary Benefits	Rs 3,236 Mn	Rs 2,487 Mn
Employee Retention Rate	82.87%	80.56%
Female Representation	37%	37%



Human Capital as a Catalyst for Sustainable Performance

Human capital is the primary catalyst for organisational agility and long-term value creation, transforming individual expertise into institutional strength. At Vallibel Finance, this is achieved through a human-centric approach where investments in continuous learning, employee empowerment and holistic well-being directly enhance internal capabilities. These motivated and future-ready teams drive innovative financial solutions and service excellence, which in turn cultivates brand loyalty and ensures sustainable profitability for shareholders. By aligning personal growth with corporate strategy, the Company reinforces its business resilience and secures a competitive advantage that contributes to broader national development goals.

Stakeholder Impact and Risk Alignment

Stakeholder Group		Primary Impact/ Concern	Material Aspects	Related Risks	Linked SDGs
Employees		Career growth, holistic well-being and future-readiness.	↘ Employee Well-being, Health & Safety	↘ Operational ↘ Legal	
Customers		Service excellence and innovative financial solutions through high engagement.	↘ Technology-driven Innovation ↘ Customer Satisfaction	↘ Reputational ↘ Technological ↘ Legal	
Shareholders		Ensuring long-term profitability and enterprise value through a stable human capital base	↘ Sustainable Growth in Earnings	↘ ESG	
Regulators		Adherence to ethical compliance, human rights and the Code of Business Conduct.	↘ Ethics, Compliance & Good Governance	↘ Legal ↘ Compliance	
Community		Promoting local employment and increased economic participation within the community.	↘ Community Upliftment ↘ Inclusive Finance	↘ ESG ↘ Reputational	

HUMAN CAPITAL

Creating Value for our stakeholders	
Inputs	Financial capital for competitive compensation, intellectual capital through diverse expertise and digital infrastructure like the Mint HRM App.
Activities	Strategic recruitment, inclusive onboarding, 35+ structured training programmes and comprehensive health and safety protocols.
Outputs	A future-ready workforce, 100% compliance with ethical standards and high employee engagement through regional get-togethers.
Outcomes	Enhanced operational resilience, strengthened market competitiveness and improved socio-economic conditions for the communities

Management Approach GRI 3-3

Vallibel Finance views our workforce as the cornerstone of sustainable value creation, where collective expertise and dedication are fundamental to long-term organisational performance. By applying an integrated reporting approach, the Company ensures that investments in human capital enhance internal capabilities and deliver sustained, shared value across our value chain. Our strategy is aligned with the SLFRS S1 and S2 by integrating sustainability-related risks and opportunities into our human resource policies, ensuring business resilience and long-term enterprise value.

Our management approach is guided by three strategic pillars designed to attract, retain and develop talent while maintaining a culture of accountability and purpose.

We prioritise a culture of continuous learning and mental health. This includes providing ergonomic work environments and study leave to support our team's professional aspirations. We maintain a workplace free from discrimination while actively seeking to empower female talent and local professionals, ensuring our leadership reflects the local market we serve. Guided by our Code of Business Conduct, we enforce strict policies against bribery and corruption. Our Whistle-blower Policy ensures a safe environment for reporting grievances without fear of retaliation.

Employee development and well-being are critical success factors for the Company. We prioritise a culture of continuous learning and holistic mental health to cultivate a future-ready workforce, thereby facilitating agile decision-making and effective strategy execution. Through ongoing learning initiatives, we empower employees to achieve their professional aspirations and to drive innovative financial solutions. This commitment is reinforced by comprehensive health and safety protocols that provide mental health support and ergonomic resources, ensuring a healthy work environment. Furthermore, we leverage digital HR platforms to enable employees to manage their personal data and performance, thereby reducing administrative friction and enhancing overall operational efficiency.

The Company is also focused on maintaining a workplace which is strictly free from discrimination and harassment, valuing diverse perspectives as essential drivers of creativity and innovation. We foster an inclusive culture where all contributions are respected, regardless of gender, ethnicity, or background, ensuring that every team member feels a genuine sense of belonging. Our strategic focus remains on attracting and empowering talent and local professionals to ensure our leadership reflects the diversity of our customers. These inclusive hiring practices facilitate internal skill development and increase economic participation within the community, reinforcing our purpose as a responsible corporate citizen.

Our approach to human capital is firmly anchored in integrity and transparency, ensuring compliance with national laws and international voluntary standards. Guided by our Code of Business Conduct and Ethics, we enforce strict policies against bribery, corruption and financial irregularities to maintain professional integrity at all levels. We actively promote open communication and accountability, fostering a culture of responsibility and mutual trust within the Company. To support this ethical framework, our robust Whistle-blower Policy provides a safe and transparent environment for employees to report suspected wrongdoing, ensuring they are protected from retaliation, while upholding the highest standards of corporate governance.

Employee Development and Well-being	Diversity and Inclusion	Ethical and Responsible Conduct
We prioritise a culture of continuous learning and mental health. This includes providing ergonomic work environments and study leave to support our team's professional aspirations.	We maintain a workplace free from discrimination while actively seeking to empower female talent and local professionals, ensuring our leadership reflects the local market we serve.	Guided by our Code of Business Conduct, we enforce strict policies against bribery and corruption. Our Whistle-blower Policy ensures a safe environment for reporting grievances without fear of retaliation.

Managing Challenges and Creating Sustainable Resilience

Strategic Pillar: Employee Development and Well-Being

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Digital Proficiency	Rapid evolution of financial technologies creating a potential gap in cutting-edge digital skills among the existing workforce.	Expanded the use of the Mint HRM App to automate routine tasks and prioritised training programmes focused on digital business operations and modern financial regulations.
Professional Advancement	Balancing high-performance operational requirements with the employees' aspirations for formal higher education and professional qualifications.	Formalised Study Leave policies to support lectures and examinations, facilitating 35+ training programmes to ensure a future-ready talent pool.
Holistic Health	Maintaining high engagement levels and preventing mental fatigue within a nationwide branch network.	Enhanced mental health support and ergonomic workplace practices as part of comprehensive health and safety protocols, resulting in zero reported occupational injuries or illnesses.

Strategic Pillar: Diversity and Inclusion

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Gender Representation	Improving the ratio of female employees across all levels of the organisation to drive diverse perspectives and innovation.	Implemented targeted recruitment strategies to attract female talent, maintaining a gender-diverse environment while focusing on empowering women within the senior management structure.
Regional Integration	Bridging the gap in career opportunities and economic participation for talent in underdeveloped or remote regions.	Executed a strategic growth plan in the Eastern Province, creating new job opportunities and providing a platform for local residents to join the formal financial sector.

Strategic Pillar: Ethical and Responsible Conduct

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Integrity and Compliance	Managing the risk of financial irregularities or ethical breaches in an expanding and dynamic market environment.	Reinforced the Code of Business Conduct and Ethics across all levels and strengthened the Whistle-blower Policy to ensure a safe, retaliation-free environment for grievance reporting.
Governance Transparency	Ensuring consistent adherence to local laws, such as the Shop and Office Act, across a diverse nationwide network.	Utilised digital platforms for real-time tracking of compliance and attendance, ensuring that all employees are treated fairly and ethically according to international human rights standards.

Building a Workforce Guided by Strong Values

GRI 205-2

Our human-centric approach to workforce management is firmly grounded in the core principles of integrity, fairness and mutual respect. These foundational values are strictly governed by our Code of Business Conduct and Ethics, which serves as the definitive framework for employee behaviour and professional decision-making. By embedding these standards into our daily operations, we promote a prevalent culture of accountability and ethical conduct at every level of the organisation, ensuring that our people not only meet business objectives but do so with the highest levels of professional integrity.

Further, the Company's Anti-Corruption Policy is communicated to all employees and is readily accessible through the Company's web portal, ensuring that employees are informed of the standards, procedures, and expectations relating to ethical conduct and the prevention of corruption.



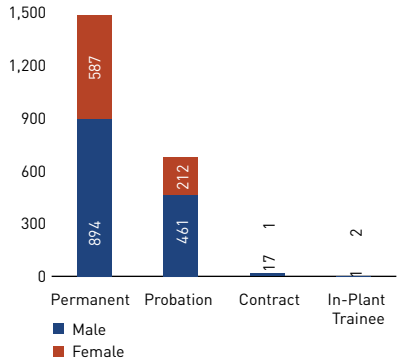
HUMAN CAPITAL

Conflict of interest
Bribery and corruption
Entertainment and gifts
Accurate accounting and record-keeping
Fair and transparent procurement
Corporate opportunities
Confidentiality
Fair dealing
Compliance with laws, rules and regulations
Protection and proper use of Company assets
Sexual harassment, discrimination and abuse
Encouraging the reporting of any illegal, fraudulent, or unethical behaviour

Code of Business Conduct and Ethics

Zero collective bargaining agreements in place	100% of employees are covered by freedom of association rights	Zero incidents of employee discrimination reported
Zero incidents of employee harassment reported	Zero incidents of child labour identified	Zero incidents of forced or compulsory labour identified
Zero significant grievances were reported		

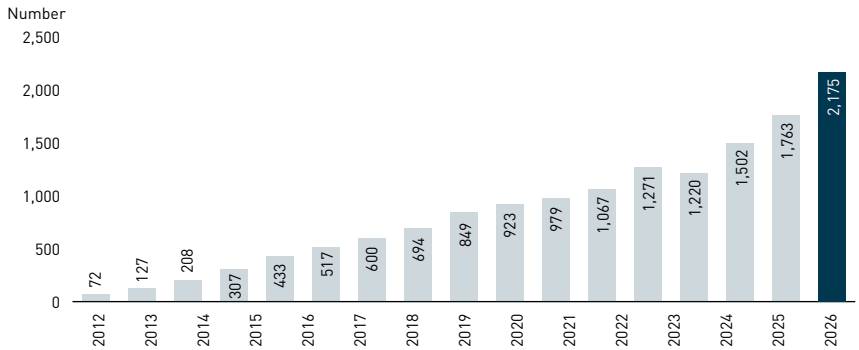
Employees by Employment type and gender



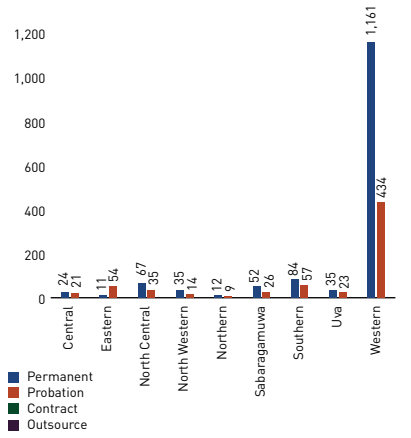
Workforce Expansion GRI 2-7, 202-2, 401, 404, 405

The skills, experience and commitment which employees bring to the Company enable us to sustain operational excellence, respond to market dynamics and deliver meaningful outcomes to stakeholders. As of 31st March 2026, the Company employed 2,175 full-time employees, of whom 63% were male (1,373) and 37% female (802). In addition to our internal staff, we partner with external service providers for essential services such as security and janitorial support. These individuals are not on our direct payroll. Furthermore, the Company maintains a strictly full-time workforce with no part-time positions.

Employee Growth Over the Years



Employees by Employment Type and Region



Note: Contract employees and in-plant trainees are not clearly represented in the graph due to their relatively low numbers. As at the reporting date, the Company employed 18 contract employees, of whom 17 were based in the Western Province and 1 in the Central Province. In addition, all 3 in-plant trainees were based in the Western Region.

Employees by Gender and Province

Province	Male	%	Female	%
Central	32	2%	14	2%
North Central	69	5%	33	4%
North Western	32	2%	17	2%
Northern	16	1%	5	1%
Sabaragamuwa	53	4%	25	3%
Southern	97	7%	44	5%
Uva	41	3%	17	2%
Western	988	72%	627	78%
Eastern	45	3%	20	2%
Grand Total	1,373		802	

Digital Transformation in Human Resource Management

A significant development in human capital value creation during the financial year 2025/26 was the integration of digital solutions into HR processes to enhance operational efficiency and the employee experience. The Company implemented the Mint HRM App to enable employees to manage leave, access personal data and submit claims and to support performance tracking and attendance management.

In addition, digital payroll systems provide secure and transparent access to compensation information. These technologies reduce administrative burdens, improve data accuracy and enable more informed decision-making.

As digital adoption continues, HR systems will play an increasingly important role in driving efficiency, engagement and strategic workforce planning.

This geographically dispersed workforce, spanning our nationwide branch network, brings together diverse perspectives and strong local market knowledge. The entirely Sri Lankan composition (100%) of our senior management further strengthens our ability to make contextually relevant decisions, reinforcing both our human capital and intellectual capital. We remain committed to cultivating a work environment that empowers employees, supports their growth and aligns individual aspirations with organisational goals.

Workforce Stability GRI 402-1

A key contributor to workforce stability is the Company's emphasis on strong employee-management relations and open communication. Formal and informal communication channels enable continuous dialogue between employees and management, ensuring transparency, alignment and mutual trust. Regular departmental meetings and organisation-wide interactions provide structured platforms for sharing updates, addressing concerns and reinforcing organisational values.

Management actively facilitates engagement through monthly meetings across various levels of staff and leadership, fostering a culture of collaboration and responsiveness. These forums support both operational alignment and also strengthen employees' understanding of the Company's strategy and direction. Where operational or regulatory changes arise, employees are informed in a timely manner, with notice periods ranging from one week to three months, depending on the nature and complexity of the change.

This consistent and transparent approach to communication enhances employee engagement, improves operational efficiency and plays a vital role in minimising avoidable turnover. Complemented by investments in employee well-being, career development and competitive remuneration, these practices support the retention of a skilled, motivated and future-ready workforce.

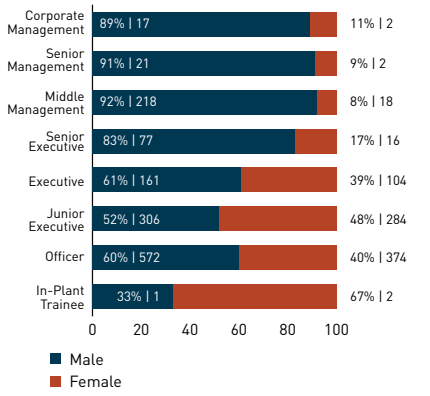
Diversity, Inclusion and Equal Opportunity GRI 405-1, 406-1

We are committed to fostering a workplace that reflects fairness, respect and equal opportunity. Our policies strictly prohibit discrimination based on gender, ethnicity, religion, age, or any other personal characteristic, ensuring an inclusive environment where all employees can thrive.

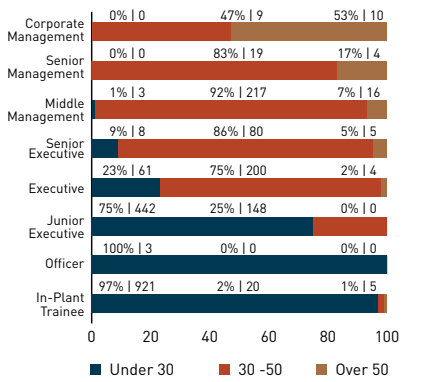
During the financial year 2025/26, no incidents of discrimination or harassment were reported, reaffirming the effectiveness of our policies and workplace culture. Female representation remained at 37%, consistent with the previous financial year. While this stability reflects retention of female talent, it also highlights the need for continued focus on improving gender diversity, particularly in leadership roles.

Our diversity approach is supported by inclusive recruitment practices and equal access to development opportunities.

Employment Category by gender

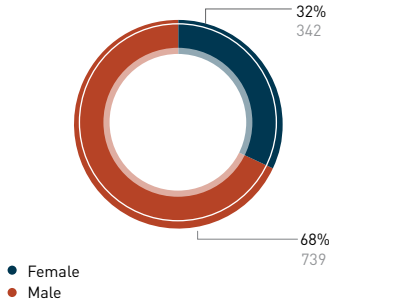


Employment Category by Age group

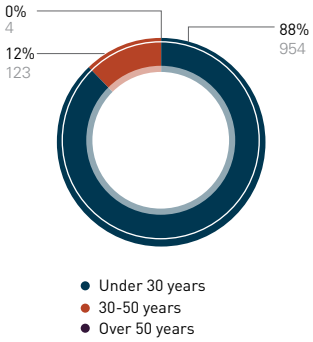


HUMAN CAPITAL

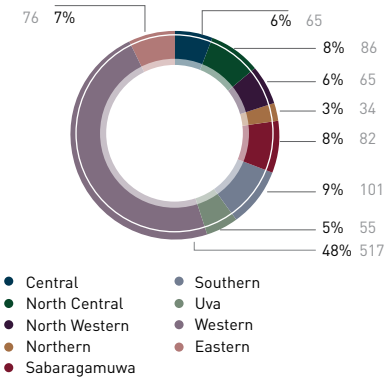
Recruitment by Gender



Recruitment by Age



Recruitment by Region



GRI 2-30, 407-1, 409-1

Freedom of Association, Collective Bargaining and Human Rights

Vallibel Finance is committed to upholding fundamental human rights and internationally recognised labour standards across all its operations. While the Company does not currently maintain formal collective bargaining agreements, it fully respects and protects the right of employees to freedom of association.

All employees are free to join trade unions and engage in collective dialogue regarding their employment terms without fear of discrimination or retaliation. The Company ensures that compensation and employment conditions remain fair, competitive and aligned with prevailing industry benchmarks, thereby fostering trust and transparency in employee relations.

The Company confirms that it has not identified any operations or suppliers where incidents of forced or compulsory labour have occurred during the reporting period or in previous years. We strictly enforce a minimum age requirement of 18 for all employees, in full compliance with labour laws.

Talent Acquisition and Inclusive Recruitment GRI 401-1

Recognising that talent is a critical driver of competitive advantage, the Company adopts a structured and inclusive recruitment strategy. This approach balances the acquisition of experienced professionals with the development of young, high-potential individuals who bring innovation and adaptability. New recruits are provided with opportunities to gain exposure across our branch network, enabling them to build strong relationships within local communities while developing a deep understanding of our operations.

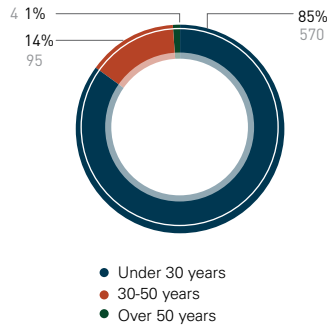
During the year under review, the Company continued to strengthen its workforce through strategic recruitment and the development of its talent pipeline. A total of 1,081 new employees were onboarded, representing diverse regions, age groups and backgrounds, largely due to our geographic expansion into the Eastern Province. This expansion enhanced organisational capacity and contributed to local economic development by creating employment opportunities across the country.

Employee Turnover GRI 401-1

Employee movement is a natural aspect of workforce dynamics and reflects both organisational evolution and individual career progression. During the year under review, the Company recorded 669 employee separations, arising from a range of factors including retirement, career advancement opportunities, pursuit of higher education and overseas migration.

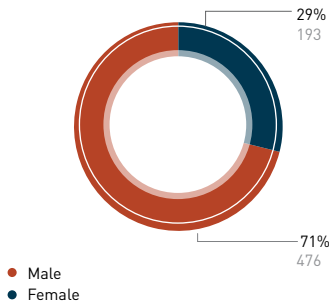
Despite these transitions, the Company maintained a strong employee retention rate of 82.87% for the financial year 2025/26, demonstrating the effectiveness of its people management practices and overall employee value proposition.

Turnover by Age

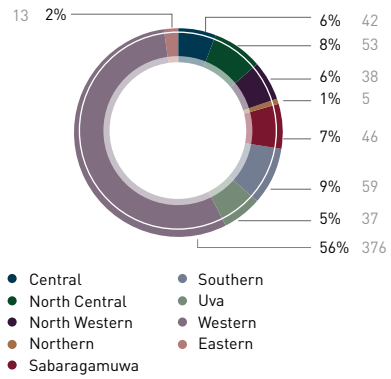


GRI 404-1, 404-2

Turnover by Gender



Turnover by Region



Learning and Development

Investment in employee development remains a strategic priority, reflecting our commitment to building a future-ready workforce. During the year under review, the Company conducted 30 structured training programmes, covering key areas such as compliance, regulatory awareness and operational excellence.

Total training hours increased significantly to 10,288 hours, up from 6,521 hours in the previous year, indicating a stronger focus on capacity building. The average training hours per employee stood at 5.6 hours for male employees and 3.2 hours for female employees.

While most training programmes were delivered in person, the gradual integration of digital learning platforms signals a transition towards more flexible and scalable learning models. For the financial year 2025/26, we conducted 2 online training programmes and 28 in-person training programmes.

Strategic Training and Development Programme Highlights FY 2025/26

Our commitment to building a "Capable and Committed Team" was demonstrated through a series of high-impact training workshops led by industry veterans during the year under review. These sessions were specifically designed to align our people with the strategic pillars of Employee Development and Ethical Conduct.

Training Programme Focus: Bridging the Generational Gap

Recognising the changing demographics of our workforce, the Human Resources Department hosted several sessions with the intention of encouraging knowledge sharing between experienced and younger employees.

- One training session was conducted for Marketing Team B, focused on "How Gen Z Should Work with Management." The session explored cross-generational collaboration and the alignment of modern mindsets with strategic leadership.



- A second session was targeted at Senior Leasing Officers. This training was conducted as an interactive workshop to equip senior leadership with tools to manage and engage Gen Z employees, fostering a positive and productive work environment through real-life scenarios.

Training Programme Focus: Elevating Service Quality and Operations

To ensure our "service excellence" goals are met, the Company engaged renowned consultants to training our core operational teams.

- One programme aimed at the Fixed Deposit Operations team. This comprehensive programme focused on Service Quality Management. Participants gained insights into customer retention and maximising customer lifetime value, ensuring our FD team delivers trusted, high-quality financial solutions.



- Another training featured a workshop for Recovery Officers, reinforcing strategic thinking and ethical practices. The session aligned the team with Vallibel Finance's commitment to integrity and responsible debt recovery.

HUMAN CAPITAL

Training Programme Focus: Building Professional Excellence for the New Year

Marking a proactive start to the year, a skill-enhancement and career-planning session was held for emerging marketing professionals in January 2026. Facilitated by human capital expert. The session focused on goal setting and professional growth, ensuring our talent pipeline remains ambitious and aligned with the Company's long-term objectives.





Training Programme Focus: Capacity Building on SLFRS S1 and SLFRS S2

In strengthening the Company's sustainability governance framework and preparedness for enhanced sustainability-related disclosures, a series of workshops on the implementation of SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures were conducted by EY Sri Lanka during the year.



The training programme comprised six focused workshops covering the key pillars of the standards, including governance, strategy, risk management, metrics and targets and sustainability reporting requirements.

- A total of 5 workshops were conducted solely for the members of the Sustainability Management Committee and management representatives, with participation from 10 employees, including representatives from Corporate Management and Senior Management. Each session was conducted over a duration of three hours, supporting the enhancement of internal knowledge and technical competency relating to sustainability-related financial disclosures.
- A dedicated Board training session titled "Board of Directors Role" was also conducted to strengthen governance oversight and reinforce the Board's role in overseeing sustainability-related risks and opportunities. The one-hour session was attended by all seven Directors of Vallibel Finance PLC, including the Chairman.

The workshops facilitated a stronger understanding of sustainability governance structures, climate-related risks and opportunities, disclosure expectations and emerging reporting requirements applicable to the financial services sector. Through these initiatives, the Company continued to strengthen internal capacity and accountability mechanisms to support the effective implementation of SLFRS S1 and SLFRS S2 and the integration of sustainability considerations into strategic decision-making processes.



Training Program Focus: Enhancing Compliance Awareness

A digital platform named "vFinEQz" Exam Module was launched in Nov 2025 to facilitate employee awareness assessments. The system was first initiated through the Compliance knowledge assessments focusing on employees from FD, Gold Loan and lending. The key drivers behind this project include addressing knowledge assessment gaps and establishing a scalable assessment platform to each department.

GRI 404-3

Performance Management and Career Development

Our performance management framework is designed to align individual contributions with organisational objectives, fostering a culture of accountability and continuous improvement. The appraisal process incorporates both quantitative performance indicators and qualitative behavioural assessments, ensuring a holistic evaluation of employee contributions.

During the year under review, 53.70% of employees received formal performance reviews, primarily at the executive level and above. Regular feedback mechanisms, including mid-year and annual evaluations, support employee development by identifying skill gaps and defining personalised growth pathways.

The outcomes of performance evaluations inform decisions related to promotions, training and rewards, reinforcing a merit-based culture. Future reporting should incorporate internal mobility rates and promotion metrics by gender and grade, providing deeper insight into career progression within the organisation.

GRI 401-2, 401-3

Compensation and Benefits

The Company offers a comprehensive and competitive remuneration framework designed to attract, motivate and retain talent. Compensation structures are aligned with industry benchmarks and reflect individual roles, responsibilities and performance.

Total employee-related expenditure increased to Rs. 3,236 Mn during the financial year 2025/26, compared to Rs. 2,487 Mn in the previous financial year. This increase was mainly driven by higher wages, statutory contributions and welfare initiatives. This increase reflects our continued investment in employee well-being and financial security.

In addition to monetary benefits, employees are supported through a range of non-financial benefits, including medical insurance, study leave and work-life balance initiatives such as maternity and paternity leave. As the Company does not employ any part-time staff, all Company sponsored benefit programmes are available only to permanent full-time personnel.

Parental leave

During the year under review, a total of 734 employees were eligible for parental leave, with 228 for maternity and 506 for paternity. Out of these, 45 employees utilised parental leave-27 maternity and 18 paternity. All 45 employees returned to work after their leave, with 40 still employed 12 months later (18 maternity and 22 paternity). The overall return-to-work rate was 100% for both maternity and paternity leave, while the total retention rate was 87.2%, comprising 86.3% for maternity and 88% for paternity.

These indicators demonstrate our commitment to supporting employees through key life events while maintaining workforce continuity.

Non-Monetary Benefits

Comprehensive Medical Insurance

OPD and hospital stay cover for employees and their families, tailored to different employee categories.

Leave to Support Learning Aspirations

Study leave to attend lectures and examinations.

Work-Life Balance Initiatives

- Paternity Leave - Three days for male employees.
- Marriage Leave - Up to eight days with senior management approval.
- Leave for Athletes - For part-time athletes to attend practices and matches.
- Extended Sick Leave - For severe or major illnesses.

Special Benefits

- Overseas tours for employees as a reward for meeting business targets.



Employee Safety and Well-Being

While the nature of our operations poses minimal physical risk, we place strong emphasis on employee well-being, particularly in areas such as mental health and ergonomics. Comprehensive health and safety protocols are implemented to ensure a safe and supportive working environment.

During the year under review, no occupational injuries or work-related illnesses were reported, reflecting the effectiveness of our preventive measures and workplace standards.

GRI 2-25, 2-26

Employee Grievance Handling and Whistle-blower Protection

Vallibel Finance promotes a culture of transparency, accountability and open communication, ensuring that all employees have access to safe, confidential channels for raising concerns. Our structured grievance-handling framework is designed to facilitate the timely, impartial and effective resolution of employee concerns, reinforcing trust in organisational processes.

The Company's Whistle-blower Policy provides a secure mechanism for reporting suspected misconduct, including illegal activities, fraud, bribery, financial irregularities, regulatory breaches, or any actions that may pose risks to the public or the financial system. Employees who raise concerns in good faith are fully protected against retaliation, ensuring that issues can be reported without fear.

During the year under review, no significant grievances were reported relating to employee relations, management practices, or business operations. This reflects the strength of our governance structures, ethical culture and proactive approach to employee engagement.

We remain committed to continuously strengthening our grievance mechanisms and fostering an environment where employees feel heard, respected and supported.

GRI 2-23, 2-24

Policy Development and HR Governance

During the reporting period 2025/26, there were no new HR policies developed and no existing HR policies were revised or updated.

Monetary Benefits	As at 31st March 2025 (Rs. Mn)	As at 31st March 2026 (Rs. Mn)
Wages and Bonus	2,047	2,699
Retirement Benefit Costs	49	65
EPF Payments	148	189
ETF Payments	37	47
Staff Welfare Expenses	206	237
Total	2,487	3,237

HUMAN CAPITAL

Employee Engagement

We recognise that employee engagement is essential to organisational success. To foster a sense of belonging and collaboration, the Company conducts regular engagement initiatives, including regional get-togethers and structured communication forums. These initiatives contribute to high levels of employee morale, improved teamwork and stronger alignment with corporate objectives.

For the financial year 2025/26, our engagement initiatives centred on honouring institutional heritage.

Managers' Fellowship Meeting 2025

The Company conducted their Annual Managers' Fellowship Meeting 2025 on 04th July 2025 at Waters Edge, bringing together 235 managerial employees from across the organisation. The session served as a platform to strengthen collaboration, align leadership teams with the Company's strategic priorities and encourage knowledge sharing and engagement among managers. The initiative also reinforced teamwork, leadership development and a unified corporate culture in support of the Company's long-term objectives.

Gold Loan 25 Billion Celebration 2025

To mark the significant milestone of surpassing a Gold Loan portfolio of Rs. 25 Billion, the Company hosted a commemorative employee engagement event on 19th October 2025 at Grand Maitland Colombo 07. The event brought together 237 employees in recognition of their collective contribution, dedication and commitment towards achieving this milestone. The celebration served as an opportunity to appreciate employee efforts, strengthen team spirit and reinforce a culture of shared success and organisational pride.













Celebrating 19 Years of Resilience 2026







The Company commemorated its 19th anniversary with an official celebration at the Head Office, a milestone attended by the Managing Director, Mr. S B Rangamuwa, alongside Corporate Management and staff. The event, which included traditional religious observances, served to reaffirm the core values that have guided Vallibel Finance from its humble beginnings to its current status as a leading financial institution. This anniversary stands as a testament to the unwavering commitment of our workforce and the visionary leadership that has successfully navigated the complexities of a dynamic business environment over nearly two decades.





Future Horizon: 2026/27 and Beyond

In an increasingly dynamic financial services environment, Vallibel Finance recognises that a responsive and forward-looking human capital strategy is essential to sustaining competitive advantage. Our focus for the financial year 2025/26 and beyond is centred on building a resilient, agile and future-ready workforce capable of driving innovation and long-term value creation.

A key priority remains the continued enhancement of learning and development initiatives, with a focus on equipping employees with emerging technical, digital and leadership capabilities as the world moves towards machine learning and artificial intelligence. As the industry continues to evolve, we are fostering a culture that encourages innovation, continuous learning and knowledge sharing, supported by digital platforms that enable employees to contribute ideas and drive improvement across the organisation.

Strengthening diversity, equity and inclusion remains central to our people strategy. We are committed to broadening our talent pool by attracting individuals from diverse backgrounds and creating an inclusive workplace where all employees feel valued and empowered to perform at their best.

In parallel, we will continue to enhance employee well-being by maintaining strong occupational health and safety practices, promoting mental well-being and ensuring a safe and supportive working environment across all operations. Our governance frameworks and grievance mechanisms will also be strengthened to ensure ethical conduct, accountability and employee trust.

FINANCIAL CAPITAL

Financial Capital Stewardship, Driving Resilient and Sustainable Performance

At Vallibel Finance PLC, financial capital is actively and precisely deployed to support long-term value creation for our shareholders and the broader economy. Through prudent financial strategies, strict regulatory compliance and disciplined cost management, we have strengthened our financial foundation. This robust base provides the stability and agility needed to sustain growth and seize high-value opportunities in a changing marketplace.



Highlights of FY 2025/26

Ensuring Steady Returns

Delivered consistent growth in shareholder returns over the past five years through disciplined financial management, portfolio resilience and a sustained focus on long-term value creation.

Sustainable Business Growth

Demonstrated agility in managing key financial components, enabling the Company to capitalise on emerging market opportunities and respond effectively to evolving economic and industry conditions.

Efficient Financial Resource Management

Maintained capital adequacy ratios consistently above regulatory requirements over the last five years, while strengthening cost management and operational efficiency to optimise performance without compromising long-term financial stability.

Safeguarding Assets and Portfolio Quality

Achieved a 70% growth in the lending portfolio while improving the Non-Performing Loan (NPL) ratio to 2.5%, supported by prudent credit risk management practices that strengthened portfolio quality and contributed to the continued decline in the NPL ratio over the past three years.

Core Financial Performance Summary

Metric	2024/25	2025/26	YoY Change (%) / Basis Points
Shareholders' Funds (Rs. Bn)	15.12	18.03	+19.24%
Lending Portfolio (Rs. Bn)	92.15	156.54	+69.88%
Deposit Base (Rs. Bn)	67.48	83.46	+23.68%
Total Assets (Rs. Bn)	111.68	180.29	+61.43%
Return on Equity (ROE) (%)	18.72	21.65	+293 bps
Return on Average Assets (ROA) (%)	2.57	2.46	-11 bps
Gross Non-Performing Loans (NPL) (%)	3.56	2.53	-103 bps
Cost-to-Income Ratio (%)	44.94	41.73	-321 bps
Net Interest Income (Rs. Bn)	8.12	11.04	+36.06%
Net Profit (Rs. Bn)	2.63	3.59	+36.50%



Financial Capital as a Catalyst for Sustainable Performance

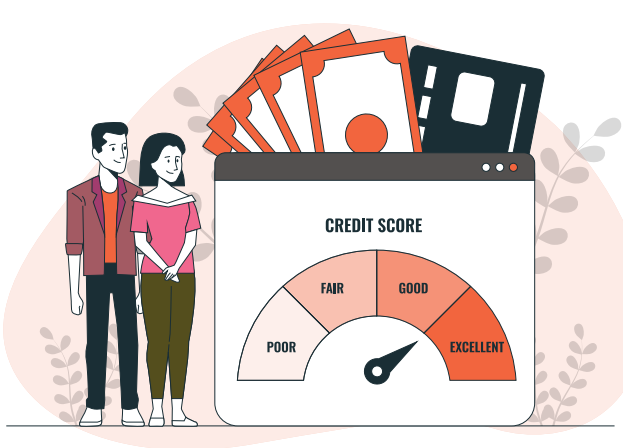
In alignment with the Integrated Reporting Framework and evolving financial sustainability disclosure standards, Vallibel Finance recognises that the preservation and expansion of financial capital are fundamentally intertwined with the resilience of our overarching strategic management frameworks. Structural shifts within the macroeconomic landscape and fluctuations in money market liquidity present direct risks to asset quality and credit stability. By channelling capital towards highly selective, cash-flow-backed lending segments, optimising funding costs through a diversified deposit mix and advancing rigorous credit evaluation paradigms, the Company proactively mitigates default and portfolio concentration risks. This strategic stewardship of financial resources serves as a vital catalyst, fortifying balance sheet stability, securing attractive shareholder returns and fostering enduring economic value-added performance across the financial sector.

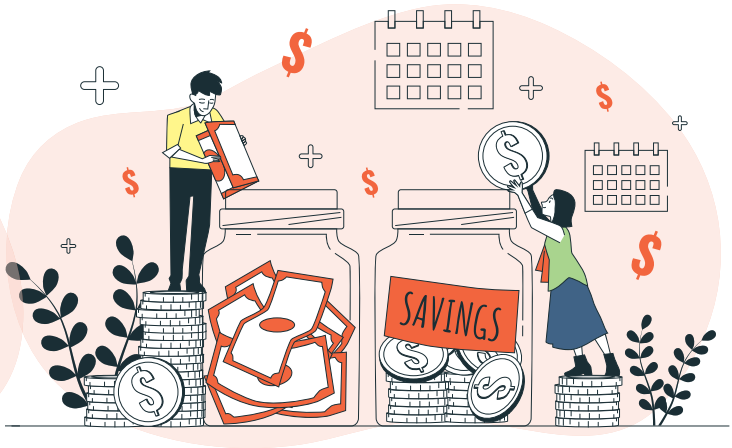
Shareholder Value Indicators

Parameter	2024/25	2025/26	YoY Change (%)
Earnings Per Share (EPS) (Rs.)	10.82	14.77	+36.50%
Net Asset Value (NAV) Per Share (Rs.)	64.23	76.59	+19.24%
Price-to-Earnings (P/E) Ratio (Times)	5.00	6.23	+24.58%
Price-to-Book Value (P/BV) Ratio (Times)	0.84	1.20	+42.61%

Income Composition and Trends

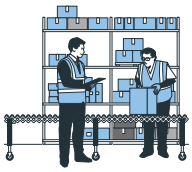
Financial Year	Total Interest Income (Rs. Mn)	Total Interest Expense (Rs. Mn)	Net Interest Income (Rs. Mn)	Non-Interest Income (Rs. Mn)	Profit Before Tax (Rs. Mn)	Total Tax Expenses (Rs. Mn)
2022	9,930	4,235	5,696	2,136	4,778	1,866
2023	15,676	11,014	4,662	1,029	2,763	1,423
2024	18,372	11,365	7,007	1,658	4,645	2,503
2025	16,914	8,796	8,117	2,290	5,558	2,928
2026	23,215	12,170	11,045	3,170	7,642	4,052





FINANCIAL CAPITAL

Stakeholder Impact and Risk Alignment

Stakeholder Group		Primary Impact/ Concern	Material Aspects	Related Risks	Linked SDGs
Shareholders & Investors		Provision of financial capital; seeking sustainable returns, clear corporate direction and robust risk stewardship.	↘ Sustainable Growth in Earnings ↘ Company Brand & Reputation ↘ Ethics, Compliance & Good Governance	↘ Market ↘ Credit ↘ Reputational ↘ Compliance	
Customers (Depositors & Fund Providers)		Security and liquidity of funds; institutional stability and competitive, reliable returns.	↘ Company Brand & Reputation ↘ Ethics, Compliance & Good Governance ↘ Cyber Security & Data Protection	↘ Liquidity ↘ Reputational ↘ Operational	
Lending Customers		Access to transparent, flexible and affordable credit options across regions to support business and personal growth.	↘ Inclusive Finance ↘ Customer Satisfaction ↘ Geographic Expansion ↘ Technology-driven Innovation	↘ Credit ↘ Technological ↘ Operational	
Business Partners & Suppliers		Long-term collaborative opportunities, reliable liquidity flows and shared technological infrastructure to support value creation.	↘ Technology-driven Innovation ↘ Ethics, Compliance & Good Governance ↘ Company Brand & Reputation	↘ Operational Technological ↘ Reputational	
Employees		Fair remuneration, career progression, a digitally progressive workplace and a safe corporate culture.	↘ Employee Wellbeing, Health & Safety ↘ Technology-driven Innovation ↘ Ethics, Compliance & Good Governance	↘ Operational Technological ↘ Legal	
Regulators & Government		Total alignment with statutory limits, financial stability mandates and timely reporting.	↘ Ethics, Compliance & Good Governance	↘ Compliance ↘ Legal ↘ Climate ↘ ESG	
Communities, Society, and the Environment		Responsible corporate citizenship, community empowerment and environmental preservation.	↘ Community Upliftment ↘ Climate-related Risks & Opportunities ↘ Operational Environmental Footprint	↘ ESG ↘ Climate ↘ Reputational	

Creating Value for our stakeholders

Inputs	Activities	Outputs	Outcomes
↘ Financial Capital: Total shareholder equity of Rs. 18.03 Bn and a robust deposit base of Rs. 83.46 Bn. Secure institutional borrowings and credit lines totalling Rs. 57.15 Bn. ↘ Human & Intellectual Capital: Professional governance through qualified financial leaders, expert credit monitoring teams and dedicated client relationships. ↘ Manufactured Capital: A growing island-wide branch network supported by data-driven operational infrastructure and advanced financial analytical tools.	↘ Deploying capital through highly selective, cautious credit pipelines and versatile lending models across various product lines. ↘ Executing process automation and structural digitisation to optimise back-office workloads and branch operations. ↘ Implementing strict, ongoing interest cost management, liquidity buffer balancing and operational expense rationing.	↘ Expanded net lending portfolio of Rs. 156.54 Bn alongside a total finance lease net portfolio of Rs. 19.29 Bn. ↘ A lean operating structure characterised by an optimised Cost-to-Income ratio of 41.73%. ↘ Substantial economic contribution to national exchequers via total taxes paid amounting to Rs. 4.05 Bn.	↘ Achieved superior capital returns for investors, highlighted by a Return on Equity (ROE) of 21.65% and EPS growth of 36.5%. ↘ Enhanced ecosystem resilience reflected in an improved, low gross NPL ratio of 2.53% and stable liquidity reserves surpassing statutory boundaries by 481 basis points. ↘ Strengthened systemic public trust, facilitating a 23.68% organic expansion in customer deposits despite a declining interest rate environment.

Management Approach GRI 3-3

The management of financial capital is strictly aligned with the statutory and regulatory frameworks governing Sri Lanka's Licensed Finance Companies (LFCs). Vallibel Finance PLC maintains unwavering compliance with Sri Lanka Accounting Standards (SLFRSs/LKASs), the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, the Listing Rules of the Colombo Stock Exchange (CSE) and the Corporate Governance Direction No. 03 of 2008 issued by the Central Bank of Sri Lanka (CBSL).

Our management approach to safeguarding and optimising financial capital is structured around three core strategic pillars. These pillars ensure that Vallibel Finance balances aggressive growth with defensive financial controls, fully aligning with the Integrated Reporting Framework, GRI Standards and the strict regulatory guidelines issued by the CBSL.

Financial Prudence & Margin Preservation	Sustaining Business Momentum	Operational Excellence & Asset Quality
This pillar focuses on maintaining an optimal balance between yield generation and funding costs within an unpredictable macroeconomic landscape. Our management approach prioritises continuous net interest margin (NIM) monitoring, dynamic asset re-pricing and strict, branch-level expenditure vetting. By embedding a deep-seated culture of cost consciousness and leveraging structural process efficiencies, the Company actively insulates its core earnings from inflationary pressures, ensuring long-term profitability and sustainable shareholder returns.	Sustaining commercial momentum requires the agile allocation of financial capital towards high-performing, resilient economic sectors. In response to shifting market demands and credit constraints, our approach focuses on selective, premium-quality credit underwriting rather than pure volume accumulation. By diversifying our portfolio mix expanding high-yield, short-term advances such as gold loans alongside traditional finance leases the Company ensures continuous revenue generation, solidifies its market footprint and captures emerging commercial opportunities across its expanding geographic network.	The resilience of our financial capital depends fundamentally on the credit quality of our balance sheet. This pillar drives the integration of technology-driven innovations and advanced risk analytics into our daily collections and recovery workflows. By maintaining a highly proactive early-warning monitoring system, the Company aggressively mitigates credit default risks, effectively lowering our non-performing loan (NPL) ratio well below the industry average. This disciplined oversight protects institutional liquidity, secures customer deposits and reinforces overall systemic stability.

FINANCIAL CAPITAL

Operationally, the financial strategy is led by qualified professionals who leverage modern financial dashboards, budgeting workflows and comprehensive risk-mitigation methodologies to ensure sustainable business operations. Given the external macroeconomic conditions specifically inflationary pressures and rising operating overheads the strategic priority during the financial year 2025/26 was centred around structural expense optimisation and defensive liquidity positioning. This dual approach ensured the Company remained highly flexible, accommodating prompt accounting policy updates and shifting industry mandates while maintaining high-quality assets, transparent reporting and stable stakeholder returns.

Managing Challenges and Creating Sustainable Resilience

Strategic Pillar: Financial Prudence & Margin Preservation

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Managing High Inflation and Escalating Overhead Costs	Macroeconomic crisis recovery and persistent systemic inflation exerted upward pressure on branch operating costs and employment benefit packages.	↘ Instituted strict cost control workflows and rigorous branch-level expenditure vetting. ↘ Leveraged automated process enhancements to maximise administrative efficiencies. ↘ Diversified corporate funding blends and re-priced assets dynamically to preserve healthy interest margins.

Strategic Pillar: Sustaining Business Momentum

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Intensified Competition & Rising Interest Rate Environment	Following the lifting of vehicle import restrictions in 2025, the industry experienced a surge in pent-up demand, intensifying competition within the lending market. Simultaneously, upward pressure on market lending rates challenged the Company's ability to sustain portfolio growth while maintaining asset quality and profitability.	↘ Shifted the corporate focus from aggressive portfolio volumes toward selective, premium credit quality segments. ↘ Remodelled the asset mix by driving expansion across alternative advances (e.g., gold loans, auto drafts) to compensate for vehicle finance contraction. ↘ Enhanced customer investigations and client onboarding protocols to mitigate introductory credit asset risks.

Strategic Pillar: Operational Excellence & Asset Quality

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Credit Default Pressures & Digital Transition Risks	Depressed consumer confidence and money market volatility heightened systemic default risks, necessitating the rapid integration of secure, automated systems.	↘ Empowered the Credit and Recovery departments with advanced analytical tools to streamline late-stage collections. ↘ Advanced early monitoring mechanisms successfully reduced the gross NPL ratio to 2.53%. ↘ Integrated real-time monitoring financial dashboards to safeguard asset quality against sudden market shocks.

Financial Performance

The financial year ended 31st March 2026 was marked by a dynamic and evolving landscape for Sri Lanka's financial services sector. While the broader economy sustained its recovery trajectory following the preceding macroeconomic crisis, the operating environment continued to present both opportunities and competitive pressures for Licensed Finance Companies (LFCs). The relaxation of motor vehicle import restrictions in 2025 triggered significant pent-up demand within the vehicle market, revitalising demand for leasing and related credit facilities across the industry. At the same time, the Central Bank of Sri Lanka (CBSL) maintained a relatively stable monetary policy environment to support economic recovery, resulting in a more balanced interest rate landscape that improved overall credit appetite and business confidence.

Against this backdrop, Vallibel Finance demonstrated an exceptionally strong performance during the financial year under review. The Company crossed an extraordinary operational milestone, with total assets expanding by 61.43% to Rs. 180.29 Bn, driven by a phenomenal 69.88% surge in the net lending portfolio to Rs. 156.54 Bn. This credit expansion was supported by a healthy 23.68% growth in the deposit base, which closed at Rs. 83.46 Bn, reflecting deep-seated public trust in the Vallibel brand.

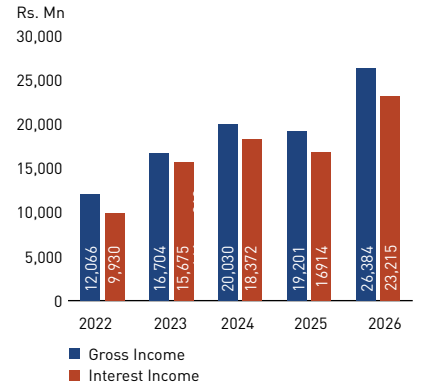
Our proactive strategies, anchored by a data-driven approach to risk underwriting and credit tracking, proved instrumental in navigating this complex environment, resulting in total income growth. The Company also successfully maintained portfolio quality while pursuing balance sheet growth.

Total Income

The Company's total income, comprising interest and non-interest income, increased by 37.41% during the financial year under review. Total income as of 31st March 2026 amounted to Rs. 26.38 Bn compared to Rs. 19.20 Bn earned in the financial year 2024/25.

The total interest income from the loans and advances portfolio increased by 43.37% to Rs. 18.54 Bn, compared with Rs. 12.93 Bn in the previous financial year. However, interest income from other investments decreased substantially by 16.18%, to Rs. 1.05 Bn during the year under review, compared with Rs. 1.25 Bn in the previous financial year. The total non-interest income earned during the financial year 2025/26 increased by 38.60% to Rs. 3.17 Bn compared to the previous financial year's earnings of Rs. 2.29 Bn.

Gross Income and Interest Income

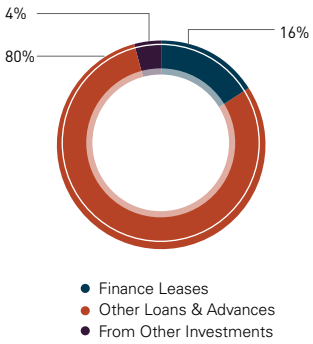


Interest Income

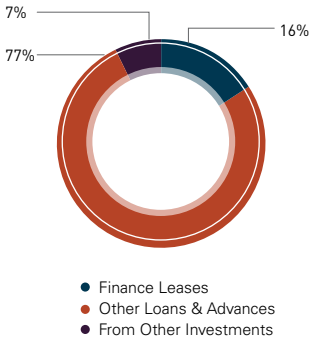
The Company's interest income increased by 37.25% during the year under review, compared to the 7.93% decline recorded in the financial year 2024/25. Total interest income amounted to Rs. 23.22 Bn, compared to Rs. 16.91 Bn earned in the previous financial year.

Maintaining its upward trajectory, the finance lease portfolio achieved steady growth momentum, expanding by Rs. 0.89 Bn during the year ended 31st March 2026. This portfolio expansion strongly supported overall revenue generation, with finance leases contributing 15.61% to the Company's total interest income. Backed by this robust performance, interest income from finance leases rose substantially by 32.78% to reach Rs. 3.62 Bn during the year under review, compared to Rs. 2.73 Bn in the previous financial year. This growth was primarily driven by the significant pent-up demand that emerged following the relaxation of vehicle import restrictions in 2025, which accelerated lending volumes and revitalised leasing demand across the industry.

Composition of Interest Income - 2026



Composition of Interest Income - 2025



Interest income derived from other loans and advances remains the highest contributor to the Company's total interest income. During the year under review, the total composition was 80%, compared with 76% in the previous financial year. The total interest income from other loans and advances increased by 43.37% to Rs. 18.54 Bn during the year under review, up from Rs. 12.93 Bn in the previous financial year. Vehicle loans, gold loans, auto drafts and fixed deposit loans were the key contributors to the growth in interest income from other loans and advances.

Other interest income includes interest earned on placements with banks and other financial institutions, as well as interest from investments in government securities, such as Treasury Bills and Treasury Bonds. Notably, the share of total interest income from other investments declined to 5% from the 7% recorded in the previous financial year. Other interest income amounted to Rs. 0.73 Bn during the financial year under review, a decrease of 23.89% compared to the previous financial year.

The Company continued to meticulously assess new credit applications, maintaining a rigorous underwriting and evaluation process to safeguard portfolio quality and drive sustainable earnings growth. While credit market factors are projected to stabilise in the upcoming financial year, accelerated portfolio expansion remains largely dependent on a further softening of market interest rates. Continuous monitoring of investor and business confidence is imperative, given its direct bearing on credit absorption capacity and subsequent interest income. Concurrently, the trajectory of the Company's net interest margin-the core spread between interest income and financing expenses will fluctuate in alignment with prevailing money market yield curves.

Moving forward, the Company will remain vigilant about external market dynamics while prioritising the preservation and security of the loans and advances portfolio to achieve targeted revenue benchmarks. To reinforce this defensive stance, management will continuously refine and elevate the efficiency of its risk mitigation, credit tracking and

FINANCIAL CAPITAL

operational optimisation strategies across both lending and leasing divisions. This proactive oversight ensures that our risk management architecture remains highly responsive and fully calibrated to any evolving macroeconomic circumstances.

Total Interest Expenses

Total interest expenses comprising interest obligations to depositors, commercial banking partners, debt instruments and alternative institutional borrowings increased by 38.35% year-on-year to reach Rs. 12.17 Bn for the financial year ended 31st March 2026. This contrasts with the 22.6% contraction to Rs. 8.80 Bn recorded in the financial year 2024/25. While the CBSL maintained its accommodative monetary policy stance, driving a gradual downward trajectory in market interest rates throughout the financial year 2025/26, the Company's increased interest expenditure was fundamentally driven by a strategic, volume-led expansion of its funding base to support aggressive credit growth across core lending segments.

Interest Expense on Customer Deposits

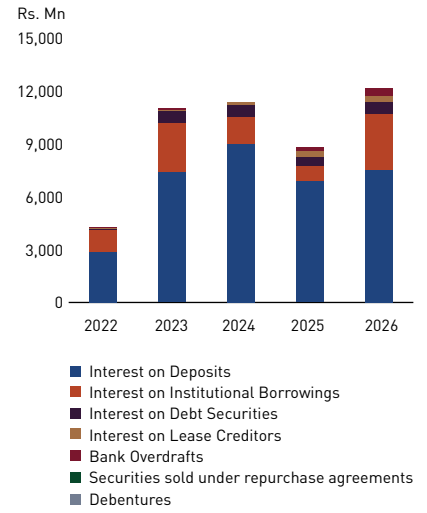
Interest expense on customer deposits remained the primary component of the Company's funding cost framework, accounting for 61.63% of total interest expense. This segment recorded a 9.19% year-on-year increase, amounting to Rs. 7.50 Bn during the financial year under review, compared with a 23.86% contraction to Rs. 6.87 Bn recorded in the previous financial year. The expansion in absolute interest obligations highlights the successful, organic growth of the Company's deposit base to Rs. 83.46 Bn, which effectively offset the downward adjustments in deposit pricing resulting from declining market interest rates.

Interest Expense on Institutional Borrowings and Debt Capital

Financing costs attributable to institutional borrowings including bank overdrafts, term loan facilities and securitised instruments increased by 241.95% to close at Rs. 3.23 Bn, up from Rs. 0.94 Bn in the previous financial year. This increase reflects intensified leveraging activities to fund the escalating credit demand, with the Company securing Rs. 57.94 Bn in new institutional loan facilities against repayments of Rs. 16.63 Bn during the year.

Concurrently, interest expenses on debentures issued during the financial year 2024/25 amounted to Rs. 0.40 Bn, compared to Rs. 0.14 Bn in the preceding year. Additionally, financing costs related to long-term subordinated term loans totalled Rs. 0.70 Bn for the financial year under review. These structural shifts in debt capital allocations allowed the Company to maintain a highly agile liquidity position, ensuring uninterrupted business momentum and optimal cash flow management amid evolving money market dynamics.

Composition of Interest Expense



Net Interest Income

Net interest income increased by 36.06% to Rs. 11.04 Bn during the year under review compared to Rs. 8.12 Bn earned in the previous financial year. The Company managed net interest income growth by repricing products in response to market changes and adjusting the funding structure to secure favourable rates despite high-interest conditions.

	2022	2023	2024	2025	2026
Total Interest Income (Rs. Mn)	9,930	15,676	18,372	16,914	23,215
Total Interest Expense (Rs. Mn)	4,235	11,014	11,365	8,796	12,170
Net Interest Income (Rs. Mn)	5,696	4,662	7,007	8,117	11,045

Other Operating Income

Non-interest income, reported as other operating income, comprises diverse revenue streams including fee and commission income, early lease termination charges, gains or losses from the disposal of property, plant and equipment, net fair value adjustments from financial investments and miscellaneous operational inflows. During the financial year under review, the Company's non-interest income grew significantly, reaching Rs. 3.17 Bn. This represents a notable 38.6% year-on-year increase over the Rs. 2.29 Bn recorded in the previous financial year, demonstrating successful diversification of revenue streams and strong transaction volumes across the branch network.

Total Operating Income

Driven by synchronised growth in both core lending activities and fee-based revenue, total operating income comprising net interest income and other operating income surged to Rs. 14.21 Bn for the financial year ended 31st March 2026. This reflects a 36.63% increase over the total operating earnings of Rs. 10.40 Bn achieved in the previous financial year, validating the Company's structural resilience and scaling capacity.

Operating Expenses

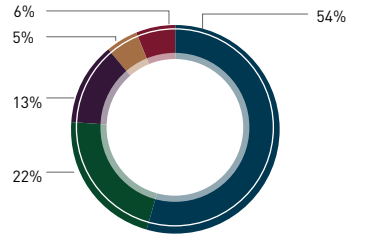
Total operating expenses increased by 26.86% to Rs. 5.93 Bn during the financial year under review, up from Rs. 4.68 Bn incurred in the previous financial year. This upward movement was primarily driven by strategic investments in

infrastructure, technology-driven innovation and human capital optimisation to support long-term business momentum.

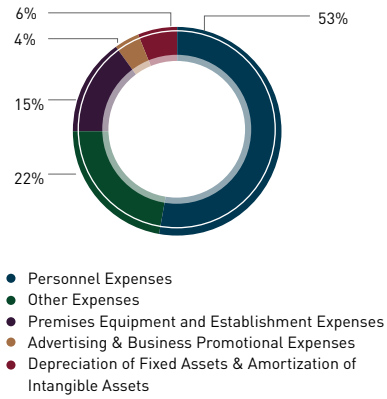
- **Premises, Equipment and Establishment Costs:** This component rose by 8.48% to Rs. 0.77 Bn, driven by targeted branch expansion initiatives, layout modernisations and the geographical scaling of the Company's operational footprint.
- **Personnel Expenses:** Staff-related costs increased by 30.13% to Rs. 3.24 Bn. This growth primarily reflects critical talent acquisitions to support the expanded branch network, as well as structural adjustments to employment benefit packages designed to cushion staff against the prevailing inflationary environment.
- **Advertising and Business Promotion:** Promotional and marketing expenses amounted to Rs. 0.30 Bn, representing 5% of total operating costs for the year under review. This targeted investment proved vital in elevating the Company's brand, securing deposit growth and driving customer acquisition.

Despite the absolute increase in overheads, the Company's proactive cost control strategies and process automation workflows ensured that revenue growth outpaced expense growth, as evidenced by the improving cost-to-income ratio.

Composition of Operating Expenses 2026



Composition of Operating Expenses 2025



Cost-to-Income Ratio

The cost-to-income ratio is a primary metric for evaluating the Company's operational efficiency and the structural effectiveness of its cost-containment frameworks. During the financial year 2025/26, this indicator improved significantly by 321 basis points, declining to 41.73% from the 44.94% recorded in the previous financial year. This positive variance reflects a 7.14% relative reduction in operational overheads relative to revenue generation.

Despite persistent inflationary headwinds and escalating establishment expenses, Vallibel Finance's proactive cost-control measures and automated workflow integrations proved instrumental in containing expenditure. This structural improvement underscores management's continuous commitment to optimising operational processes, eliminating systemic waste and driving superior productivity across the branch network to maximise stakeholder value.

Impairment Charges

The Company's disciplined approach to risk mitigation and aggressive asset quality management guided its provisioning strategies during the year under review. Reflecting a highly proactive stance on balance sheet insulation, impairment charges recorded a substantial 275.28% increase, rising to Rs. 0.64 Bn from the Rs. 0.17 Bn recorded in the previous financial year. This incremental upward adjustment of Rs. 0.47 Bn underlines a deliberate and conservative strategy to strengthen credit buffers against residual macroeconomic stress.

Despite a demanding external operating environment, Vallibel Finance successfully maintained strict control over its gross non-performing loans (NPLs). The Company's consistent efforts in monitoring early-stage defaults and executing rigorous recovery procedures played a critical role in containing credit risk, resulting in a remarkable reduction of its gross NPL ratio to 2.53%. This continuous emphasis on portfolio security safeguards institutional liquidity while reinforcing the underlying health, strength and resilience of our core lending assets.

Taxation and National Contribution

The Company's fiscal obligations encompass both direct and indirect statutory levies, including corporate income tax, taxes on financial services, Value Added Tax (VAT) and withholding tax. For the financial year ended 31st March 2026, the Company's effective tax rate increased to 53.03%, up from 52.69% in the financial year 2024/25.

As a reflection of the Company's strong profitability and growing scale, its total tax contribution to the national exchequer increased by Rs. 1.12 Bn during the year under review, reaching Rs. 4.05 Bn. This macro contribution is broken down as follows:

- Corporate Income Tax Expenses: Rose to Rs. 2.28 Bn for the year, compared to Rs. 1.61 Bn allocated in the previous financial year.
- Taxation on Financial Services: Totalled Rs. 1.77 Bn during the period under review, up from the Rs. 1.32 Bn incurred in the prior financial period.

This substantial tax footprint underscores the vital role Vallibel Finance plays as a partner in national economic development, maintaining compliance with statutory authorities while optimising value creation for its broader stakeholder ecosystem.

FINANCIAL CAPITAL

Taxation Charges for the year ended 31st March

	2024	2025	2026
Income Tax (Rs.Mn)	1,314	1,608	2,281
Value-Added Tax on Financial Services (Rs.Mn)	1,189	1,321	1,772
Total (Rs.Mn)	2,503	2,928	4,052

Profitability and Shareholder Returns

The Company's net profit for the financial year under review recorded an outstanding expansion of 36.5%, reaching Rs. 3.59 Bn, up from Rs. 2.63 Bn in the previous financial year. This remarkable bottom-line performance underscores the Company's structural ability to sustain high profitability even as the broader macroeconomic recovery matures. Reflecting strong core operational earnings, profit before taxation (PBT) also showed robust momentum, increasing by 37.49% to Rs. 7.64 Bn for the financial year ended 31st March 2026, up from Rs. 5.56 Bn in the financial year 2024/25.

Key institutional profitability ratios strongly mirror this positive financial trajectory.

- Return on Average Equity (ROE): Improved by 21.65% as of 31st March 2026, marking an upward shift of 293 basis points compared to the 18.72% reported as of 31st March 2025. This substantial growth highlights management's efficiency in optimising equity capital and driving superior shareholder wealth creation.
- Return on Average Assets (ROA): Registered at 2.46% for the year under review, compared to 2.57% in the previous financial year. While this reflects a marginal contraction of 11 basis points due to the deliberate, massive 61.43% scaling of the corporate asset base, maintaining an ROA near the mid-two-per-cent threshold remains an exceptional industry benchmark during a period of aggressive balance sheet expansion.

These strategic advancements across our profitability metrics validate the effectiveness of Vallibel Finance's adaptive lending frameworks and agile cost management strategies. By successfully navigating complex market dynamics and softening yield environments, the Company continues to deliver fortified, long-term sustainable value to shareholders.

	2022	2023	2024	2025	2026
Profit Before Taxation (Rs.Mn)	4,778	2,763	4,645	5,558	7,642
Taxation (Rs.Mn)	1,866	1,423	2,503	2,928	4,052
Net Profit (Rs.Mn)	2,912	1,340	2,142	2,629	3,589

Financial Position

Vallibel Finance has successfully advanced its value-creation journey along a clearly defined strategic path, demonstrating remarkable resilience despite an evolving macroeconomic environment characterised by shifting market liquidity and cautious consumer sentiment. The Company's robust financial position is the direct outcome of a unified organisational commitment to disciplined, sustainable financial strategies that enhance capital efficiency and optimise the balance sheet. This dedication to compounding long-term financial value is reflected in our fortified credit quality, aggressive portfolio expansion and an organically growing deposit base. This collective achievement stands as a powerful testament to the decisive leadership of our Board, the agility of our management and the dedication of our workforce in overcoming market headwinds to propel the Company towards sustainable success.

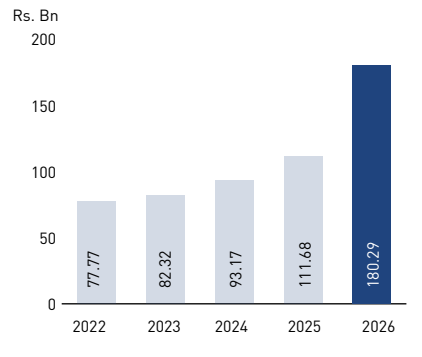
Total Assets

During the financial year under review, the Company's total assets recorded an extraordinary 61.43% expansion, rising to Rs. 180.29 Bn as of 31st March 2026, up from Rs. 111.68 Bn in the previous financial year. This milestone is exceptional given the competitive operating conditions and fluctuating money market liquidity that prevailed throughout the year under review.

Furthermore, decisively crossing the historic Rs. 180 Bn threshold represents a transformative era for Vallibel Finance, solidifying its position within the upper tier of the financial services sector and demonstrating its innate capacity to adapt to complex economic climates. This growth validates the effectiveness of our resource allocation models and our deep-seated commitment to sustainable growth. Throughout the year, the management consistently prioritised a balanced asset composition, strengthening our financial foundation to support credit expansion while maintaining stringent institutional stability.

This asset performance was primarily driven by our strategy to expand the core loans and advances portfolio, coupled with an established ability to navigate emerging regulatory and market challenges. The Company's rigorous, real-time monitoring of its asset mix enables proactive measures to ensure optimal asset-liability management (ALM). These continuous initiatives reinforce the stability of our balance sheet, facilitate high-yield asset growth and preserve excellent portfolio quality, seamlessly underpinning the Company's long-term financial health and systemic resilience.

Total Assets



Liquidity Position and Asset Resilience

The Company maintained an exceptionally strong and strategic liquidity position as of 31st March 2026. Total liquid assets, comprising cash in hand, short-term funds, government securities (treasury bills and treasury bonds), and strategic placements with commercial banking

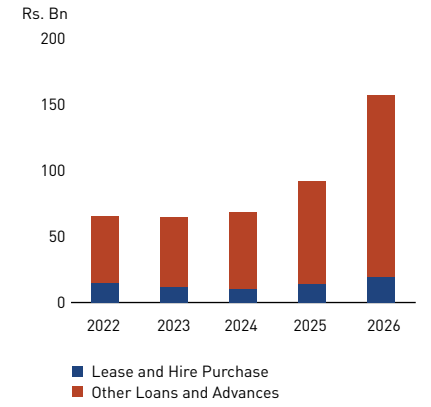
partners, strengthened to Rs. 13.00 Bn, compared to Rs. 10.63 Bn as of 31st March 2025.

The Company's statutory liquid asset ratio stood at a robust 14.81% relative to its total deposit liabilities, significantly outperforming the CBSL's mandatory minimum requirement of 10%. Surpassing this regulatory benchmark by 481 basis points is a critical indicator of the Company's superior ability to manage maturity mismatches and cash flows in a complex operating environment. This defensive liquidity profile underscores our structural capacity to absorb sudden external shocks while positioning the Company to maintain a sustainable competitive advantage, ultimately preserving long-term value for our depositors, investors, and wider stakeholders.

Lending Assets and Portfolio Composition

Taking a calculated approach to market opportunities, the Company's net lending portfolio grew 69.88% to Rs. 156.54 Bn as of 31st March 2026, up from Rs. 92.15 Bn at the close of the previous financial year. Complementing this overall credit growth, the Company's net finance lease portfolio expanded by 40.37% to Rs. 19.29 Bn, up from Rs. 13.75 Bn as of 31st March 2025. This expansion across both core segments stands as a testament to the Company's accelerated market penetration and strong brand equity, achieved despite a gradual, evolving economic recovery trajectory.

Lending Portfolio Distribution for Last Five Years



Within the aggregate lending architecture, other loans and advances remained the dominant component, accounting for 87.67% of total credit exposure, while lease rentals and hire-purchase receivables collectively comprised the remaining 12.33%. This structural allocation has remained remarkably consistent over a five-year horizon, demonstrating a highly stable business model, clear corporate specialisation, and a well-targeted focus within Sri Lanka's competitive non-banking financial institution (NBFI) sector.

Other Loans and Advances Portfolio

The category of gross other loans and advances encompasses a diversified collection of credit and financing solutions, including auto drafts, vehicle loans, gold loans, asset-backed mortgages, personal loans, fixed-deposit-backed advances, group personal loans, structured business loans and microfinance products.

Driven by targeted market expansion and a strategic emphasis on short- to medium-term asset classes, the net portfolio of other loans and receivables achieved an outstanding expansion of 75.05% during the year under review. The portfolio increased to Rs. 137.25 Bn as of 31st March 2026, marking a significant increase from the Rs. 78.40 Bn recorded at the close of the previous financial year. This robust volume growth highlights the Company's successful diversification away from traditional vehicle leasing, capitalising instead on high-yield, flexible lending products that cater to shifting consumer and enterprise credit demands across Sri Lanka.

	2022	2023	2024	2025	2026
Gold Loans (Rs. Mn)	8,602	15,343	15,677	20,599	34,858
Loans Against Fixed Deposits (Rs. Mn)	1,133	968	1,185	1,546	2,206
Other Loans & Advances (Rs. Mn)	40,960	36,107	43,333	58,798	103,365
Total Gross Loans & Advances (Rs. Mn)	50,695	52,418	60,195	80,943	140,429

Credit Quality and Portfolio Security

During the financial year 2025/26, Vallibel Finance maintained excellent credit quality, achieving a substantial strengthening of its asset risk profile. The gross Non-Performing Loan (NPL) ratio recorded a remarkable 28.92% relative decrease, falling by 103 basis points to 2.53%, down from 3.56% reported in the previous financial year. This significant contraction was primarily driven by the implementation of refined, data-driven collection frameworks and highly responsive recovery workflows. The co-ordinated efforts of both the Credit and Recovery Departments proved instrumental in minimising default vulnerabilities and ensuring that credit risks were contained well within acceptable internal thresholds.

Given that a pristine credit portfolio is fundamental to the long-term solvency and commercial success of any Licensed Finance Company (LFC), Vallibel Finance consistently prioritises aggressive NPL containment. The success of this disciplined underwriting framework is reflected in the Company's ability to consistently outperform wider market benchmarks. As of 31st March 2026, the finance sector's average gross NPL ratio stood at 4.6%, further underscoring the Company's superior credit stewardship, robust asset quality and stringent risk-management protocols.

FINANCIAL CAPITAL

Total Liabilities

The Company's total liabilities, encompassing a diversified and strategically managed funding base, increased by 68.03% to Rs. 162.25 Bn as of 31st March 2026, from Rs. 96.56 Bn at the close of the preceding financial year. This expansion directly mirrors the deliberate scaling of the balance sheet to fund accelerated market lending.

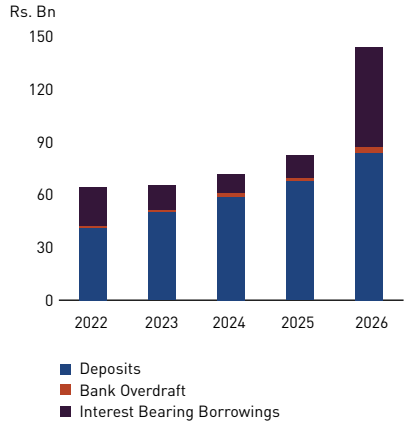
Funding Structure

Public deposits remained the cornerstone of the institutional capital structure, recording organic growth of 23.68% during the financial year under review, closing at Rs. 83.46 Bn. This performance marks a strong acceleration from the 15.07% growth rate achieved in the financial year 2024/25. Highly stable retail deposits continued to play a pivotal role in driving this expansion, underscoring the deep-seated public trust, brand equity and systemic confidence that Vallibel Finance enjoys among its expanding customer base.

To aggressively support credit demand and fund strategic growth initiatives, the Company actively leveraged institutional debt markets during the year under review. The Company strategically secured Rs. 57.94 Bn in new loan facilities from leading Sri Lankan commercial banking partners, while systematically managing its ongoing obligations by settling Rs. 16.63 Bn in maturing borrowings.

As a result of these strategic movements, total bank borrowings including commercial term loans, short-term bank overdrafts and securitised instruments increased to Rs. 57.15 Bn as of 31st March 2026, compared to Rs. 12.65 Bn in the prior financial year. Consequently, institutional bank borrowings accounted for 35.22% of total liabilities at the financial year-end, up from 13.10% in the previous period. This balanced, proactive approach to liability management ensures a highly diversified, cost-effective and stable funding structure, seamlessly reinforcing operational liquidity while powering the Company's strategic long-term growth objectives.

Deposit Base, Overdraft & Interest Bearing

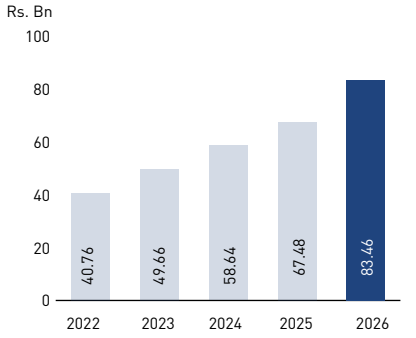


Total Fixed Deposits

The Company's public deposit portfolio achieved a significant milestone, expanding by 23.68% year-on-year to close at Rs. 83.46 Bn as of 31st March 2026, up from Rs. 67.48 Bn at the end of the previous financial year. This steady upward trajectory is a particularly notable achievement, achieved amidst an industry-wide climate of lowering interest rates that naturally compressed deposit yields across the financial sector.

The sustained organic growth in our deposit base clearly reaffirms the Company's prominent standing and financial stability within the non-banking financial institution (NBFI) community. It stands as a powerful testament to the deep, enduring trust the public places in the Vallibel Finance brand, highlighting our solid market reputation as a leading, ethical and secure financial institution committed to responsible wealth stewardship and long-term stakeholder value creation.

Fixed Deposits

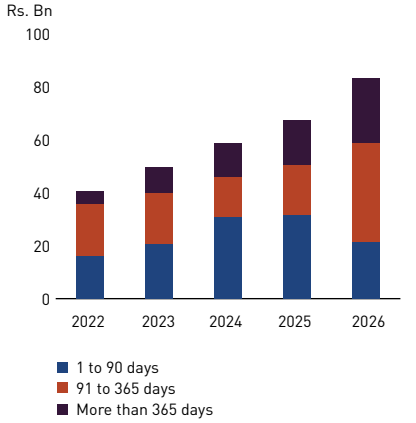


Deposits by Maturity

An analysis of the Company's funding structure reveals that 71% of public deposits carry maturities of under one year, while the remaining 29% represent longer-term placements. While a short-term concentration is characteristic of retail-driven deposit mobilisation within the financial services sector, Vallibel Finance actively manages this composition to balance short-term liquidity availability with the expansion of medium- to long-term funding sources.

This disciplined framework significantly reduces maturity and interest rate mismatches between our interest-bearing assets and liabilities. By pairing competitive yield offerings with unparalleled wealth stewardship, this approach successfully optimises customer retention levels, enhances structural asset-liability alignment and elevates overall systemic efficiency across our branch network.

Analysis of Deposits by Maturity Date



Capital Adequacy

In accordance with the regulatory frameworks mandated by the CBSL, LFCs and Specialised Leasing Companies (SLCs) with an asset base exceeding Rs. 100 Bn are required to maintain a minimum Tier I Core Capital Adequacy Ratio of 10% and a Total Capital Adequacy Ratio of 14%. Capital adequacy is a vital benchmark of institutional financial resilience, measuring the ratio of a company's qualifying capital to its risk-weighted asset exposure. This metric clearly demonstrates Vallibel Finance's structural capacity to maintain a robust equity and supplementary capital cushion to absorb unexpected economic shocks, thereby ensuring absolute operational stability and systemic resilience.

As of 31st March 2026, Vallibel Finance maintained an Tier I capital ratio of 10.55% and a total risk-weighted capital ratio of 14.79%. Consistently mirroring the capital position of 16.54% and 21.51% recorded as of 31st March 2025, these figures highlight the Company's remarkable ability to systematically scale its capital base in perfect symmetry with its rapid 61.43% balance sheet expansion. At the close of the financial year under review, our core capital and total capital funds stood at Rs. 15.44 Bn and Rs. 21.64 Bn, respectively, comfortably exceeding the stringent statutory minimums imposed by the regulator.

The Company further strengthened its capital position through the successful completion of a Rs. 2.12 Bn Rights Issue on 8th May 2026 and the securing of a Rs. 1.50 Bn subordinated term debt facility in April 2026, further optimising Tier I and II capital buffers and supporting future business expansion. This defensive capital architecture underpins our capacity for uninterrupted commercial expansion while reinforcing stakeholder and investor confidence.

For a detailed technical breakdown of our capital adequacy ratio computations, please refer to Note 57 of the Financial Statements.

Shareholders' Fund and Equity Growth

Compounding sustainable value for our equity partners remains a core strategic tenet at Vallibel Finance. Our corporate strategies are meticulously designed to deliver consistent, organic increases in retained earnings, which serve as the primary mechanism for internal capital mobilisation and institutional expansion.

At the close of the financial year 2025/26, the Company's retained earnings grew by a substantial 23.45% to reach Rs. 14.32 Bn, up from Rs. 11.60 Bn in the preceding financial year. This strong bottom-line retention, directly driven by heightened profitability, resulted in a 19.24% expansion in total shareholders' funds, which accumulated to Rs. 18.03 Bn as of 31st March 2026, compared to Rs. 15.12 Bn at the previous financial year-end. Concurrently, the Company's revaluation reserve increased by 5.51% to close at Rs. 0.20 Bn, reflecting enhanced underlying asset values.

	FY 2024/25	FY 2025/26	YoY Growth
Retained Earnings (Rs. Bn)	11.60	14.32	+23.45%
Total Shareholders' Funds (Rs. Bn)	15.12	18.03	+19.24%
Return on Average Equity (ROE)	18.72%	21.65%	+15.65%

As a direct consequence of this disciplined equity amplification and optimised profit after tax, the Return on Average Equity (ROE), our primary gauge of shareholder wealth creation improved significantly to 21.65% by the financial year-end, up from the 18.72% recorded as of 31st March 2025. Vallibel Finance's proven capacity to consistently expand its shareholders' funds, even amidst complex macroeconomic transitions, stands as a clear testament to our enduring legacy of financial stability, unwavering commitment to transparency and precise focus on executing long-term, sustainable growth strategies.

Review of Key Ordinary Share Indicators

As of 31st March 2026, the Company's total ordinary shares in issue stood at 235,453,400, remaining unchanged from the position reported as of 31st March 2025. This stable capital structure formed the base for our per-share performance indicators throughout the financial year under review.

Looking ahead to the upcoming financial period, management has structured a proactive capital-strengthening initiative via a Rights Issue scheduled for implementation in May 2026. This strategic equity mobilisation is designed to fortify Tier I core capital buffers, ensuring that the Company remains exceptionally well-capitalised to capture emerging market opportunities and sustain its high-growth trajectory without diluting existing shareholder value creation during the financial year 2025/26.

Earnings Per Share

During the 12 months ended 31st March 2026, Vallibel Finance recorded a substantial and highly rewarding increase in its Earnings Per Share (EPS). Reflecting the Company's strong bottom-line expansion, EPS grew by 36.5% to reach Rs. 14.77, up from the Rs. 10.82 recorded in the previous financial year ended 31st March 2025.

This strong upward movement in EPS directly mirrors the Company's enhanced core profitability, optimised cost-to-income efficiencies and robust operational execution during the year under review. By successfully expanding per-share returns on an identical share capital base, the Company continues

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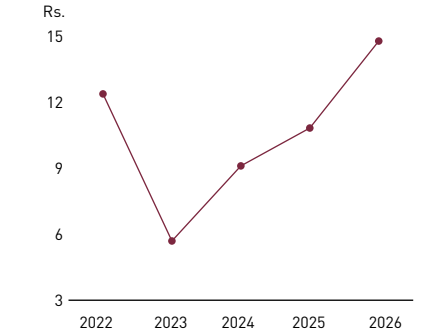
to underscore its intrinsic capacity to compound wealth and deliver superior returns to its equity investors.

Earnings per Share

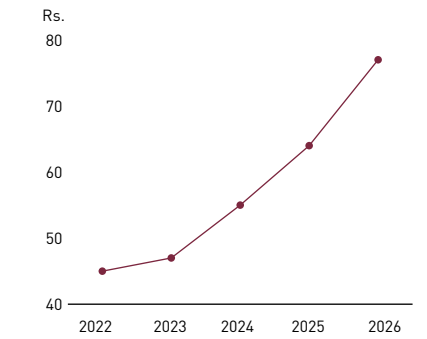


Net Asset Value Per Share

The Company's unwavering commitment to enhancing financial capital value and generating sustainable, long-term returns for its equity partners is clearly demonstrated in the robust growth of its Net Asset Value (NAV) per share. Driven by strong internal capital generation and disciplined balance sheet optimisation, the Company's NAV per share expanded by a significant 19.24% to reach Rs. 76.59 as of 31st March 2026, marking a substantial increase from the Rs. 64.23 reported as of 31st March 2025.

This consistent upward trajectory reflects a 19.24% compound expansion in intrinsic shareholder equity on an unchanged ordinary share base. This performance strongly underscores the effectiveness of management's asset-liability framework, prudent capital allocation policies and an enduring institutional dedication to building resilient, long-term value for our investors.

Net Asset Value per Share



Price-to-Earnings Ratio

For the 12 months ended 31st March 2026, the Company's Price-to-Earnings (P/E) ratio increased significantly by 24.59%, to 6.23 times, up from 5 times as of 31 March 2025.

This upward movement in the P/E multiple is primarily attributed to a strong, equity-driven appreciation in the Company's market price per share on the Colombo Stock Exchange (CSE), which outpaced the healthy 36.5% growth observed in our Earnings Per Share (EPS) during the period. This expansion in the earnings multiple underscores robust investor confidence, heightened institutional demand and positive market sentiment regarding Vallibel Finance's long-term earnings trajectory and strategic resilience.

Price-to-Book Value Ratio

The Company's Price-to-Book Value (P/BV) ratio increased significantly by 42.61%, reaching 1.20 times as of 31st March 2026. This marks a notable improvement from 0.84 times recorded as of 31st March 2025. This strong upward movement in the P/BV multiple reflects re-rated investor confidence on the CSE and a highly favourable market valuation of the Company's net assets, aligning more closely with the robust intrinsic value consistently created for our equity shareholders.

Value Created to Stakeholders

The Statement of Value Added provides essential strategic insights into the scale of financial wealth generated by Vallibel Finance and how that wealth is distributed across our broader stakeholder ecosystem. Driven by harmonised growth across core credit operations and auxiliary fee income streams, the financial year ended 31st March 2026 marked a period of accelerated wealth compounding.

Far from the contractionary pressures seen in the wider sector, the Company successfully expanded its economic value footprint. Demonstrating our strong institutional health and an unwavering commitment to shared prosperity, Vallibel Finance increased the absolute value distributed to all primary stakeholder groups—including employees (via enhanced remuneration and benefits), the state (via direct and indirect tax contributions), fund providers and equity shareholders. This ensures that our commercial success translates directly into tangible, sustainable benefits for all who contribute to and rely on our operations.

GRI 201-1

For the year ended 31st March	2026 Rs.'000	2026 %	2025 Rs.'000	2025 %
Direct Economic Value Generated				
Interest Income	23,215,065	87.99%	16,913,893	88.09%
Fee Commission Income	1,327,144	5.03%	785,151	4.09%
Net Gain/(loss) From Trading	6,186	0.02%	1,599	0.01%
Other Operating Income	1,836,040	6.96%	1,499,952	7.81%
Total Economic Value Generated	26,384,435	100.00%	19,200,595	100.00%
Economic Value Distributed To Employees				
Employees' Salaries & Benefits	3,231,463		2,486,190	
	3,231,463	12.25%	2,486,190	12.95%
To Depositors and Lenders				
Interest Expenses	11,068,127		8,151,475	
	11,068,127	41.95%	8,151,475	42.45%
Payments to Providers of Capital				
Dividend to Shareholders	647,497		470,907	
Interest to Debt Holders	1,102,100		644,927	
	1,749,597	6.63%	1,115,834	5.81%
Payment to Government				
Income Tax Expenses	2,280,684		1,607,798	
VAT on Financial Services	1,771,718		1,320,599	
Crop Insurance Levy	35,295		27,416	
	4,087,697	15.49%	2,955,813	15.39%
To Community				
Social Responsibility Projects	4,201		2,230	
Donations	-		28	
	4,201	0.02%	2,258	0.01%
Operating Costs				
Depreciation & Amortisation Set Aside	338,708		272,453	
Impairment Charge for Loans and Other Losses	640,909		170,781	
Training Cost	5,228		1,024	
Other Operating Expenses	2,316,622		1,886,177	
	3,301,467	12.51%	2,330,435	12.14%
Economic Value Retained	2,941,883	11.15%	2,158,591	11.24%
Total Economic Value Distributed	26,384,435	100.00%	19,200,595	100.00%

For a comprehensive understanding of the non-financial value created and its specific qualitative impacts, please refer to the Capital Review Reports on pages 78 to 142 of this Annual Report.

Future Horizon: 2026/27 and Beyond

For the forthcoming financial year, Vallibel Finance remains firmly committed to an integrated, cohesive strategic framework that prioritises optimising financial capital to achieve long-term sustainability and market leadership. Building on the robust performance and operational learnings of the year under review, the Company will intensify its focus across key operational areas to expand its capital reach and fortify its competitive positioning within the industry.

Management will place primary emphasis on preserving net interest margins (NIMs) through highly effective branch-level cost controls and the proactive diversification of funding sources. This dual approach will ensure institutional liquidity resilience and provide the necessary balance-sheet agility to navigate shifting interest rate cycles. Simultaneously, the Company is committed to leveraging technology-driven innovation to further streamline core back-office workflows and enhance customer-facing digital touchpoints, which will be remain a key factor in lowering our cost-to-income ratio and maximising operational returns.

We will further our adoption of a data-driven approach to risk stewardship, which is becoming paramount for navigating residual macroeconomic uncertainties. As the evolving credit landscape underscores loan default as an industry-wide challenge, Vallibel Finance will maintain absolute vigilance, continuing to prioritise real-time non-performing loan (NPL) monitoring and proactive collection workflows to protect asset quality. Furthermore, maintaining capital adequacy remains a cornerstone of our growth strategy. Following the successful execution of our strategic Rights Issue and Tier II subordinated debt mobilisation in April 2026, the Company will manage its risk-weighted assets carefully to meet all regulatory thresholds while maintaining a robust financial buffer to support uninterrupted lending momentum.

Finally, fostering an internal culture of continuous innovation will enable the Company to develop niche financial products such as specialised SME facilities and tailored gold loan structures designed to meet evolving customer needs and capitalise on emerging market trends. By systematically executing these targeted priorities, Vallibel Finance is entirely confident in its capability to master future challenges, compound shareholder wealth and consolidate its pre-eminent leadership position within Sri Lanka's dynamic financial services sector.

MANUFACTURED CAPITAL

Scaling Infrastructure for Inclusive Growth

Through strategic investments in branches, digital platforms and service infrastructure, we are expanding our footprint, bridging gaps in financial access and enabling inclusive growth across the communities we serve.



Highlights of FY 2025/26

Strategic Expansion

Successfully entered the Eastern Province for the first time, ensuring financial services reach new economic hubs.

Targeted Network Growth

Successfully progressed toward a nationwide footprint of 87 locations by establishing 12 new branches across the island.

Digital Integration

Accelerating digital efficiency through the VFinDigital Centre to streamline operations, enhance service responsiveness and reduce costs, while enabling a more agile organisation and expanding customer access through integrated self-service solutions.

Enhancements to IT Infrastructure

Upgraded our central infrastructure with Perimeter Firewalls, WAP, Servers and Email Systems and further deployed over 150+ new desktops to enhance staff productivity.

FY 2025/26 At a Glance

New Branches Added		Number of Branches		Property, Plant & Equipment Additions	
12	11	87	75	Rs 591.27 Mn	Rs 375.56 Mn
2025/26	2024/25	2025/26	2024/25	2025/26	2024/25

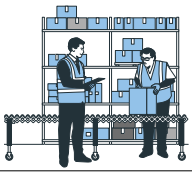
Geographic Reach (provinces)		IT Infrastructure Investment		Customer Touchpoints (Vfin Digital Centres)
9	8	Rs 122.90 Mn	Rs 65.87 Mn	2
2025/26	2024/25	2025/26	2024/25	2025/26



Manufactured Capital as a Catalyst for Sustainable Performance

We view our manufactured capital as more than physical assets; it is a dynamic catalyst for long-term, sustainable performance. By strategically integrating our nationwide branch network with advanced digital infrastructure, we create a resilient framework that supports high-quality service delivery across Sri Lanka. This synergy allows us to scale our operations efficiently, ensuring that geographic expansion translates into deeper financial inclusion and measurable socio-economic progress for the communities we serve. Ultimately, our commitment to modernising facilities and streamlining asset utilisation enables us to meet increasing demand while upholding our responsibility to environmental stewardship and stakeholder value creation.

Stakeholder Impact and Risk Alignment

Stakeholder Group		Primary Impact/ Concern	Material Aspects	Related Risks	Linked SDGs
Customers		Enhanced accessibility through digital channels and physical branches.	↘ Customer Satisfaction ↘ Geographic Expansion	↘ Operational ↘ Reputational ↘ Climate	
Employees		Modern working environments and streamlined processes to foster higher levels of productivity.	↘ Technology-Driven Innovation ↘ Employee Well-being, Health & Safety	↘ Technological ↘ Operational	
Local Communities		Job creation and economic advancement in under served regions.	↘ Community Upliftment ↘ Inclusive Finance	↘ Credit Risk	
Suppliers		Maintain stable demand through ongoing capacity expansion and efficient payment systems.	↘ Technology-Driven Innovation	↘ Technological	

MANUFACTURED CAPITAL

Creating Value for our stakeholders	
Inputs	Investment in physical PPE and robust IT protocols.
Activities	Strategic branch location and collaboration with Fintech partners.
Outputs	A nationwide reach of 87 branches and 24/7 VFinDigital Centres.
Outcomes	Strengthened competitive edge, improved financial performance and long-term societal impact.

Management Approach GRI 3-3

Vallibel Finance PLC continued to strategically invest in manufactured capital to serve as the essential framework for both our physical presence and digital capabilities. Our approach aligns with global sustainability standards and ensures that our geographic expansion drives significant indirect economic impacts. Every new location serves as a foundation for regional growth, empowering underserved communities and fostering economic opportunities that bridge the gap between rural aspirations and modern financial solutions. As we expand our reach across Sri Lanka's diverse provinces, we are not just building branches; we are strengthening the infrastructure of progress for every stakeholder we serve.

Our strategic management of manufactured capital rests on the three primary pillars above, each designed to ensure that our physical and digital assets translate into long-term value. By concentrating on geographic expansion, we are proactively focusing on extending our footprint into under-served and rural regions. By establishing a physical presence where financial services were previously scarce, we do more than just expand our network; we actively foster financial inclusion, empowering local communities and integrating them into the formal economy.

Our second pillar, digital synergy, is focused on digital initiatives to embed advanced IT infrastructure within our core operations. This is expected to support our efforts to transition from a traditional brick-and-mortar institution to a sophisticated service model that harmonises physical presence with digital agility, as we actively move toward a cashless ecosystem.

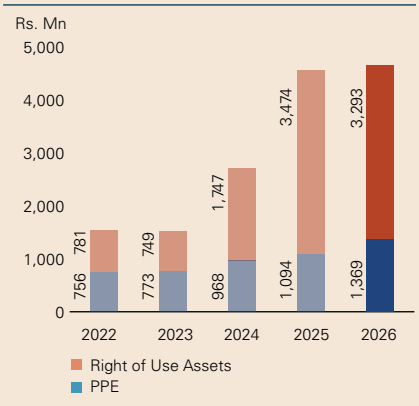
Geographic Expansion	Digital Synergy	Operational Efficiency
Expanding into under-served regions to foster financial inclusion.	Integrating IT infrastructure to transition from traditional brick-and-mortar to a "Phygital" service model.	Optimising our Property, Plant and Equipment (PPE) to reduce resource intensity and enhance customer satisfaction.

Finally, a relentless focus on operational efficiency governs how we manage our Property, Plant and Equipment (PPE). We are committed to optimising our physical assets to reduce resource intensity and operational waste, aligning with our broader sustainability goals. By modernising our facilities and streamlining asset utilisation, we increase operational throughput, ensuring that our manufactured capital supports higher transaction volumes and improved service delivery without a proportionate increase in our environmental or overhead footprint.

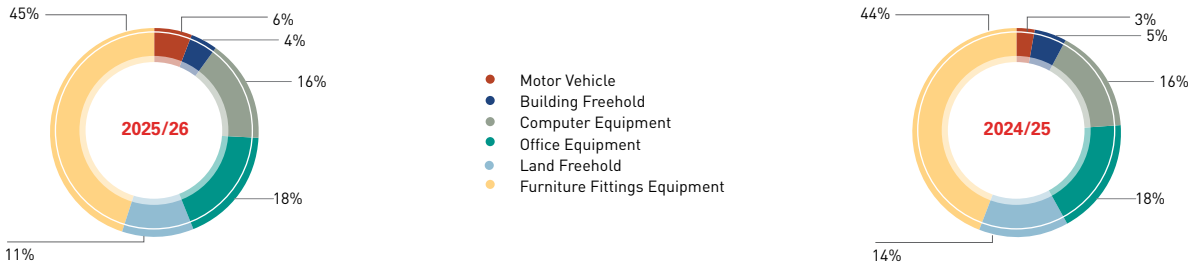
Furthermore, this infrastructure is structured to prioritise employee safety and well-being, providing modern, secure workspaces that foster productivity and job satisfaction. This refined management approach ensures that every physical touchpoint is engineered to enhance customer satisfaction, delivering a smoother, more reliable service experience that meets the evolving needs of our diverse clientele.

The graph below illustrates the Company's investments in manufactured capital during the reporting period, reflecting its commitment to strengthening infrastructure and operational capabilities to support long-term value creation.

Investment in Manufacturing Capital



Property, Plant and Equipment Composition



Managing Challenges and Creating Sustainable Resilience

Strategic Pillar: Geographic Expansion

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Environmental Responsibility	High energy consumption across our 16-storey corporate complex and expanding nationwide branch network.	Continued to implement a phased solar power roll-out and LED retrofitting to reduce resource intensity.
Financial Inclusion	Identifying, reaching and efficiently onboarding customers in underserved regional hubs and smaller towns where traditional banking penetration is low.	Conducted extensive on-the-ground research and scaled our network to 87 branches including a first-time entry into the Eastern Province to reduce inequalities and foster inclusive growth through physical accessibility.
Future Readiness	Risk of physical branch obsolescence due to rapid digital migration.	Allocating capital towards infrastructure resilience and evolving the "Branch Concept" into experience centres that blend high-tech self-service with high-touch advisory.

Strategic Pillar: Digital Synergy

Focus Area	Challenge Faced	Strategic Response
Technological Resilience	Maintaining a balance between innovation costs and rapid technological change to mitigate digital obsolescence while maintaining a competitive edge.	Intensify digital efficiency to fundamentally streamline operations, reduce physical hardware reliance and deliver faster service.
Innovation and Digitalisation	Higher costs for imported IT hardware due to currency volatility.	Leveraged strong supplier relationships (see Social and Relationship Capital) to negotiate bulk procurement and accelerated digital enhancements to reduce physical hardware dependency.
Information Security and System Resilience	Increasing vulnerability to cyber threats as digital interactions and data storage volumes expand.	Made strategic investments in modern IT infrastructure to ensure optimal uptime and data privacy.

MANUFACTURED CAPITAL

Strategic Pillar: Operational Efficiency

Focus Area	Challenge Faced	Strategic Response
Climate Resilience	We experienced operational disruptions in a few geographic locations due to flooding from Cyclone Ditwah.	Prioritised operational resilience for branches in flood-prone areas and established robust protocols for disaster recovery and natural disaster management.
Maintaining Service Standards	Ensuring consistent quality and efficient delivery across a rapidly expanding nationwide network and various customer segments.	Standardised operational protocols and empowered employees through modern workspaces and advanced IT tools to maintain high service efficiency to meet evolving customer needs.
Asset and Operational Continuity	The need for long-term service continuity and risk mitigation across diverse geographic provinces.	Conducted rigorous regional assessments for long-term continuity while expanding into the North, South and East provinces, as well as other parts of the island.

Geographic Expansion GRI 203-2

During the financial year 2025/26, the Company accelerated its strategic expansion to enhance accessibility and operational excellence. A landmark achievement was the addition of 12 new branches, surpassing the previous record of 11 set in the prior year. This expansion is a key driver for inclusive economic growth, particularly as we extend our footprint into the Eastern Province.

Furthermore, the Company intensified its focus on digital infrastructure, leveraging fintech partnerships and system resilience to meet the evolving needs of a digital-first customer base.

New Branch Openings GRI 203-1

The expansion during this period focused on establishing a strong presence in the Eastern Province and deepening roots in other key economic hubs.

4 Branches to Support Eastern Province Expansion

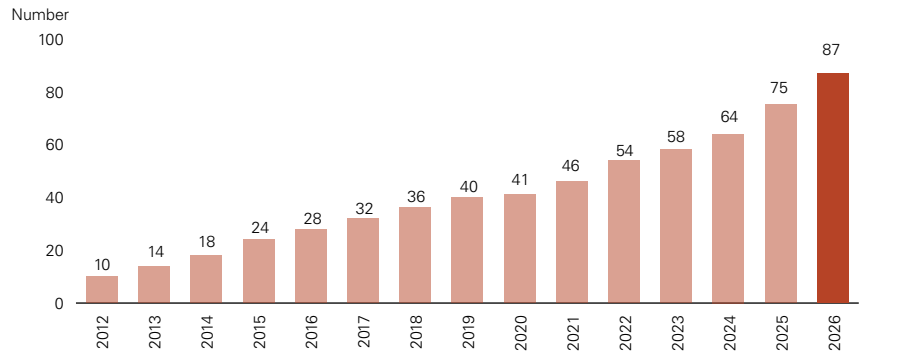
In a milestone move, the Company unveiled its first-ever branch network in the Eastern Province with four new locations in Ampara, Batticaloa, Valaichchenai and Trincomalee. These branches aim to support regional development and provide faster access to financial services for these communities.

8 Branches Supporting Strategic Regional Reach

Other new branches were opened in high-potential areas, including Kochchikade, Monaragala, Gampola, Kolonnawa, Akuressa, Rambukkana, Ganemulla and Hatton.

This geographic expansion is a strategic imperative to reach underserved regions and promising smaller towns, ensuring financial inclusion for individuals across diverse economic backgrounds. The new branches are designed with modern facilities to ensure a seamless experience across both digital and physical touchpoints, supported by a team of trained professionals. These locations offer a comprehensive range of financial solutions, including leasing, fixed deposits, gold loans and micro leasing services, all integrated within a modern digital framework.

Our Expanding Branch Network



4 Branches to Support Eastern Province Expansion



Ampara Branch



Batticaloa Branch



Valaichchenai Branch



Trincomalee Branch



Akuressa Branch



Gampola Branch



Ganemulla Branch



Hatton Branch



Kochchikade Branch



Kolonnawa Branch



Rambukkana Branch



Monaragala Branch

MANUFACTURED CAPITAL

Strategic Evolution of Our Footprint

The Company's journey from a modest presence to a nationwide financial services provider reflects a steadfast commitment to bringing financial empowerment to every corner of Sri Lanka.

The Foundations (2012–2015)	Consistent Momentum (2016–2023):	The Acceleration Phase (2024–2025)	New Frontiers (2025/26)
A period of steady growth, moving from 10 to 24 branches, establishing our early footprint in key hubs.	We maintained a disciplined expansion strategy, consistently adding 4 to 6 branches annually to reach a network of 58 locations.	We achieved record-breaking growth by adding 11 new locations in a single year, bringing our total to 75.	Driven by our reinvigorated growth strategy, we surpassed all previous milestones by inaugurating 12 new branches, extending our reach for the first time into the Eastern Province.

Branch Growth Trajectory

Year	Total Branches	Annual Expansion
2012	10	5
2013	14	4
2014	18	4
2015	24	6
2016	28	4
2017	32	4
2018	36	4
2019	40	4
2020	41	1
2021	46	5
2022	54	8
2023	58	4
2024	64	6
2025	75	11
2026	87	12

Digital Infrastructure: A Catalyst for Agile Transformation

In response to an increasingly digital operating landscape, the Company continued to transition towards a robust, technology-enabled service ecosystem. Our manufactured capital strategy for the financial year 2025/26 prioritised the expansion, resilience and scalability of our IT infrastructure to support a growing nationwide footprint.

During the financial year 2025/26, we achieved a significant milestone through our "VFinDigital"initiative, an accelerated programme to embed advanced IT infrastructure into our core financial operations. This evolution successfully transitioned our model from traditional structures to a sophisticated framework that harmonises physical reliability with digital agility, actively moving Vallibel Finance toward a cashless ecosystem.

Other infrastructure investments during the year focused on enhancing the Company's digital and service delivery architecture to support scalability, accessibility and resilience across our nationwide network. Accordingly, we strengthened our digital and service infrastructure by deploying enterprise-wide BI systems, introducing a virtual cheque deposit platform and enhancing interbank capabilities through collaboration with Sampath Bank.

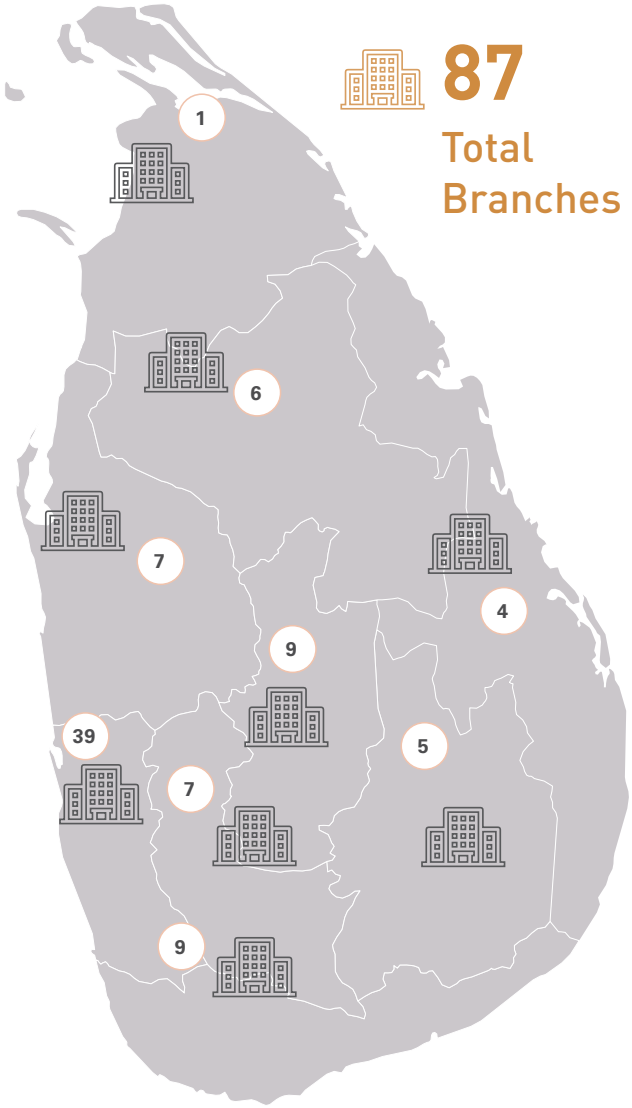
The expansion of 24/7 self-service touchpoints in partnership with Pay&Go, together with the improved integration between physical branches and digital channels, further reinforced a unified, scalable service network supported by ongoing fintech-enabled infrastructure upgrades.







Number of Branches



Future Horizon: 2026/27 and Beyond

Looking ahead, Vallibel Finance is committed to a strategic road map that transitions from immediate operational enhancements to long-term environmental resilience and nationwide integration. In the coming year, we will focus on strengthening fintech partnerships to enhance digital processes and prioritising operational resilience for branches in flood-prone areas to manage immediate climate risks.

We will also continue our expansion and shift toward the Northern and Eastern provinces to capture new growth and foster financial inclusion in underserved areas, while concurrently mapping our geographic exposure to extreme weather to safeguard physical assets through expanded digital service channels.

Ultimately, our long-term vision involves standardising "Green Building" elements across all branches to improve energy efficiency, ensuring our entire physical business model is aligned with climate resilience objectives and robust enough to mitigate the physical risks of climate change. Through this integrated approach, we will continue to align our manufactured capital with global sustainability standards, including SLFRS S1 and S2.

INTELLECTUAL CAPITAL

Precision in Process, Excellence in People.

Our intellectual capital is the invisible mechanism powering our visible success. By harmonising the tacit knowledge of our people with emerging digital technology, we transform intangible insights into tangible value, ensuring our competitive edge remains as sharp as our commitment to integrity.



Highlights of FY 2025/26

Brand Power
Brand rating of "A" from Brand Finance

Credit Rating
Upgraded to A- (lka) from BBB+ (lka) rating by Lanka Rating Agency (LRA).

IT Certification
Obtained the ISO 27001:2022 Certification for IT operations to fortify information security and operational resilience.

Platform Revitalisation
Revamped the corporate website to optimise loading speeds, user experience and modern design standards.

AI-Driven Intelligence
Deployed an AI-enabled credit scoring framework and data-driven optimisation for the Gold Loan portfolio to enhance decision-making speed and accuracy.

Proactive Retention
Implemented AI-driven customer churn management to enable predictive retention strategies and foster long-term loyalty.

Governance & Trust
Established a Customer Complaint Management System to strengthen transparency and stakeholder trust in alignment with regulatory standards.

Knowledge Security
Sustained high employee retention rates, ensuring the preservation of institutional memory and expertise.

FY 2025/26 At a Glance

Investment in Brand Building		Investments in Technology Advancements		Training Hours per Employee	
Rs 168.28 Mn	Rs 105.45 Mn	Rs 19.02 Mn	Rs 2.97 Mn	4.73	3.70
2025/26	2024/25	2025/26	2024/25	2025/26	2024/25



Intellectual Capital as a Catalyst for Sustainable Performance

Intellectual capital functions as the link between organisational strategy and long-term sustainable success. By utilising the premise of "Simplicity, Integrity, Trust and Flexibility," we ensure that our internal systems not only store data but also generate actionable intelligence. This synergy, together with our strategic approach to creating intellectual capital value, enables us to thrive amid rapid sectoral change, respond adeptly to emerging challenges and external risks, whilst preserving asset quality and the trust of our stakeholders.

Stakeholder Impact and Risk Alignment

Stakeholder Group		Primary Impact/ Concern	Material Aspects	Related Risks	Linked SDGs
Employees		Adoption and active use of digital platforms.	↘ Technology-driven Innovation	↘ Technological	
Customers		Data Security & Service Efficiency	↘ Customer Satisfaction ↘ Cyber Security & Data Protection ↘ Technology-driven Innovation ↘ Company Brand & Reputation	↘ Technological ↘ Operational ↘ Reputational	
Regulators		Ethical Conduct & Transparency	↘ Ethics, Compliance & Good Governance	↘ Compliance ↘ Legal	

Creating Value for our stakeholders

Inputs	Investments in IT systems and data security, Investments in brand building, A robust three-year IT strategy, The collective expertise of a diverse workforce
Activities	AI/ML module integration, targeted employee leadership training and multi-channel brand awareness campaigns.
Outputs	Automated document workflows, Strengthened customer protection systems and practices and a strengthened credit rating.
Outcomes	Increased operational efficiency, heightened brand loyalty and a future-ready workforce capable of navigating digital disruption.

INTELLECTUAL CAPITAL

Management Approach GRI 3-3

Intellectual capital at Vallibel Finance transcends its status as an intangible asset; it serves as a core driver of the Company's sustained value creation and long-term competitive advantage. As a leading non-banking financial institution, we recognise that enduring success is anchored in the collective proficiency, innovative spirit and ethical principles of our personnel, the robustness of our systems and the depth of our stakeholder engagements.

During the financial year 2025/26, we implemented a comprehensive strategy to nurture our intellectual capital by integrating it across all operational facets, underpinned by a resilient digital infrastructure. By aligning our intellectual assets with our core values of Simplicity, Integrity, Trust and Flexibility, we ensure that our knowledge base remains a dynamic and protective force for the business.

Our management approach is structured around four strategic pillars. These pillars focus on transforming our intangible assets into sustainable competitive advantages by modernising our systems, protecting our data and enhancing our market presence.

Strategic Brand Equity	Innovation and Cognitive Capital	Data Sovereignty and Governance	Process Optimisation and Structural Capital
Our focus is on cultivating and preserving the Company's market reputation and relational capital.	Focused on the evolution of organisational knowledge from static information into predictive intelligence.	Dedicated to promoting transparency, strengthening data security and improving governance.	Converting complex manual workflows into streamlined, automated processes to enhance operational agility and reduce reliance on manual workflows.

The Company's brand is strengthened through a culture of trust, transparency and consistent stakeholder engagement. Open communication channels with customers create a continuous feedback loop that informs product development, digital strategy and market expansion initiatives. By actively incorporating customer insights into decision-making, the Company enhances service quality, deepens relationships and reinforces its reputation as a responsive and customer-centric financial partner. This trust-driven approach not only elevates brand perception but also transforms relational insights into a strategic asset that supports long-term value creation.

A culture of trust and empowerment serves as the foundation for innovation across Vallibel Finance. The Company is actively transforming organisational knowledge into predictive, actionable intelligence by embedding advanced analytics and automated decision-making frameworks into our core operations. A culture of continuous digital transformation encourages employees to contribute to innovation while leveraging data-driven insights to enhance strategic outcomes. By integrating Artificial Intelligence and Machine Learning across key functions, intellectual assets are institutionalised, enabling scalable, objective and forward-looking decision-making. This will ensure that the Company remains responsive to emerging trends and capable of anticipating market dynamics with precision.

Data sovereignty and governance integrity remain central to the Company's operating philosophy, as they support all systems and personnel to operate within a robust framework of accountability. It involves aligning internal operations with global information security standards and national regulatory requirements and is underpinned by robust governance frameworks, transparent business practices and stringent data protection protocols. Ethical conduct and regulatory compliance are embedded across both digital systems and manual processes, ensuring that data is managed responsibly and securely. This disciplined approach safeguards sensitive information, protects stakeholder interests and enhances organisational credibility. By reinforcing accountability and trust, the Company ensures that its intellectual assets are utilised ethically, strengthening both resilience and market confidence.

The Company continues to enhance operational agility by transforming complex, manual workflows into streamlined, automated processes. Through the integration of digital tools and intelligent systems, individual expertise is codified into repeatable and scalable organisational processes. This reduces dependency on manual intervention, improves accuracy and eliminates inefficiencies across the value chain. As a result, information flows more seamlessly across functions, enabling faster decision-making and delivering a consistent, high-quality experience across all customer and operational touch points. These advancements reinforce structural capital by embedding efficiency, reliability and scalability into the organisation's core architecture.

Managing Challenges and Creating Sustainable Resilience

Strategic Pillar: Strategic Brand Equity

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Market Perception & Loyalty	Economic volatility affecting consumer confidence and potentially diluting the brand.	↘ Maintained transparent stakeholder communication and regular market updates to preserve brand positioning and credit ratings. ↘ Invested in social inclusivity branding to broaden product appeal across diverse and underserved demographics.
Personalised Journeys	Evolving consumer expectations for tailored rather than mass-market financial solutions.	↘ Leveraged data analytics to offer personalised customer solutions which reinforce long-term brand loyalty.

Strategic Pillar: Innovation and Cognitive Intelligence

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Predictive Decisioning	Traditional credit models and manual intervention limiting speed and accuracy.	↘ Pilot AI-driven credit scoring modules to enhance decision-making speed and accuracy while reducing bias. ↘ Utilised predictive analytics to proactively offer tailored financial products to customers before their specific needs arise.
Innovation Culture	Employee hesitation to adopt AI due to fear of failure or potential job displacement.	↘ Implement a phased onboarding strategy to gradually transition employees towards digital platforms and process automation, ensuring a smooth cultural shift. ↘ Cultivate a culture where human-AI collaboration is positioned as the primary driver of career growth and value creation.
Knowledge Transfer	Competition for top-tier talent and the risk of losing tacit expertise.	↘ Formalise a robust successor knowledge transfer framework to ensure tacit expertise is embedded within the organisational structure rather than tied to individuals.

Strategic Pillar: Data Sovereignty and Governance

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Regulatory & Climate Disclosure	Complexity in meeting evolving SLFRS S1 & S2, PDPA framework and CBSL reporting standards.	↘ Automate the collection of climate and sustainability data to ensure real-time transparency and accuracy in annual reporting. ↘ Standardise the regulatory reporting workflow using defined templates and auditable evidence repositories.
Information Security	Rising sophistication of digital threats and potential for institutional data breaches.	↘ Implement comprehensive cybersecurity protocols and train all employees to mitigate human error risks and phishing attempts. ↘ Develop a multi-layered defence architecture and maintain ISO 27001:2022 standards to safeguard all information assets.
Ethical AI Alignment	Ensuring automated systems remain unbiased and compliant with emerging ethical standards.	↘ Embed ethical AI and sustainability governance into the architecture of all digital systems to ensure compliance-by-design.

INTELLECTUAL CAPITAL

Strategic Pillar: Process Optimisation and Structural Capital

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Workflow Automation	Excessive manual intervention leading to operational delays, errors and departmental silos.	↘ Map high-frequency manual tasks for immediate digitisation and implement an integrated Document Management System (DMS) as a single source of truth.
Infrastructure Efficiency	High reliance on physical branch infrastructure leading to increased carbon footprints and overheads	↘ Initiate digital process enhancements to reduce reliance on physical branches, transitioning toward self-service digital touch points. ↘ Automate processes to enable seamless remote access and operational continuity regardless of physical location.
Scalable Technology	Hardware dependencies and the risk of technological obsolescence.	↘ Execute a phased cloud migration strategy to increase system scalability and reduce hardware dependencies. ↘ Integrate a rolling IT strategy that continuously evolves digital touchpoints to keep pace with Fintech advancements.

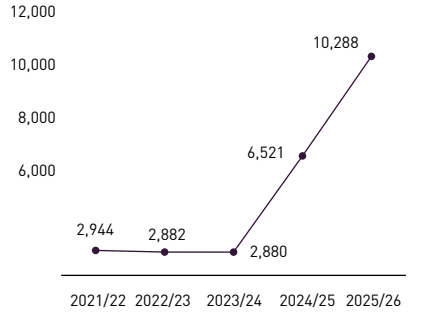
GRI 404

Knowledge Retention and Enhancement

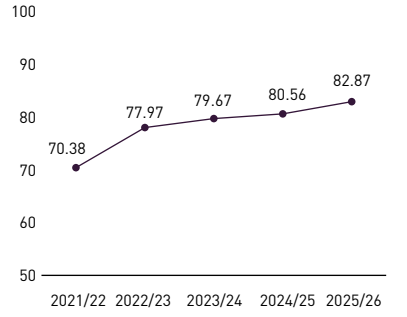
At Vallibel Finance, our people are the primary custodians of the tacit knowledge that sustains our competitive edge. During the financial year 2025/26, we accelerated our investment in professional growth to ensure this knowledge remains embedded within our institutional framework. We recognise that in a dynamic financial sector, retention is critical for nurturing a comprehensive pool of expertise. We achieve this by promoting continuous learning, providing training programs and preserving knowledge.

Continuous Learning	Tacit Knowledge Preservation	Training
We have expanded our leadership development initiatives, focusing on adaptive intelligence to navigate market shifts.	By maintaining a 82.87% retention rate, we ensure that practical insights gained over years of hands-on experience are passed on to emerging talent through structured mentorship.	Our targeted training programmes are designed to upgrade employee skills, ensuring our workforce is equipped for the digital-first era of banking.

Hours invested for Training and Development



Retention Rate



GRI 417

Establishing Brand Loyalty and Trust

At Vallibel Finance, our brand is a strategic asset that encapsulates the trust cultivated over nearly two decades. During the financial year 2025/26, our brand-building strategy transitioned from traditional visibility to a focus on ethical consistency and deep digital engagement. By integrating our core values into every customer touch point, we have strengthened our intellectual capital, ensuring that our reputation remains a resilient driver of value.

Additionally, Vallibel Finance remains listed in the LMD 100, a prestigious ranking of Sri Lanka's leading listed companies based on financial performance.

Securing an "A" Brand Rating

Complementing our financial stability, we have secured a prestigious "A" brand rating from Brand Finance. This recognition is a direct result of our growing brand equity and the successful communication of our foundational pillars: Simplicity, Integrity, Trust and Flexibility. It validates our ability to maintain a premium market position while scaling our national footprint.

We also understand that our brand acts as a catalyst for growth, transforming satisfied customers into brand advocates. This organic promotion drives high quality referrals and strengthens our community standing, creating a sustainable cycle of trust and expansion. Moreover, our brand strength is further reinforced by our rapid ascent to a top-tier position in the NBFI sector, having surpassed Rs. 180 Bn in assets within just 19 years of operation, a milestone that resonates strongly with investors and customers alike.

Credit Rating

The Company's credit rating serves as a critical independent validation of our financial discipline and the resilience of our intellectual assets. During the financial year 2025/26, following a period of robust growth and superior asset quality, Lanka Rating Agency (LRA) upgraded Vallibel Finance PLC to an "A-" (lka) rating from the previous BBB+ rating. This upgrade underscores the market's confidence in our improved profitability, narrowing asset-liability gaps and the successful expansion of our national footprint.



Process and Technological Advancements

During the year under review, the Company accelerated its transition from basic digitisation to a comprehensive digital transformation, as evidenced by the launch of the "V-FIN Digital" initiative. These investments have strengthened our intellectual capital by embedding technology, data intelligence and process innovation into core operations, thereby enhancing organisational agility, improving decision-making and supporting long-term value creation.

Further, the Company successfully implemented BoardPAC during the year, further advancing the Company's digitalisation agenda. The platform enables secure, real-time access to Board materials, enhances communication among Directors, and supports more efficient and informed decision-making at the highest level of governance.



Digital Transformation and the FinTech Evolution

The financial year 2025/26 marked a pivotal shift in our operational framework with the formal establishment of the FinTech Department. This dedicated unit was instrumental in driving our digital roadmap, resulting in several landmark achievements.

We successfully unveiled our V-FIN Digital Centres at the Head Office and Kurunegala Branch. These hubs are equipped with Pay&Go self-service machines, offering 24/7 convenience for our clients. Furthermore, our strategic partnership has expanded our reach to over 1,000 Pay&Go machines islandwide, ensuring unparalleled accessibility across the network.

To meet modern digital standards, we completed a total revamp of the Vallibel Web Interface. This initiative significantly optimised loading speeds and enhanced the user experience (UI/UX), ensuring our primary digital storefront aligns with contemporary global design standards.

Additionally, the development of our comprehensive Customer Mobile App is progressing as planned. Designed to serve as a 24/7 digital gateway, this app will place full financial control in our clients' hands, providing a seamless interface for all their financial needs.

By institutionalising these advancements through a specialised department, we ensure that our technological evolution is sustained and strategic, enhancing our structural capital.

Operational Simplicity and Service Excellence

Targeted automation of internal processes across credit granting and recoveries has reduced manual intervention, eliminated operational bottlenecks and enhanced service consistency. Automated workflows have improved turnaround times, reduced the risk of human error and created a scalable operating model that supports growth while elevating the customer experience. These process improvements strengthen structural capital by embedding efficiency and resilience into the Company's operating architecture.

Complementing these internal efficiencies, we further strengthened our Customer Complaint Management Framework as part of our commitment to operational simplicity and service excellence. The enhanced system enables the systematic recording, monitoring and resolution of customer complaints, ensuring timely and consistent engagement with all queries.

Aligned with the requirements of the Central Bank of Sri Lanka (CBSL) and in strict compliance with the Financial Consumer Protection Regulations No. 01 of 2023, this framework reinforces transparency, accountability and continuous service improvement. By leveraging structured processes and data-driven insights, we are better positioned to identify recurring issues, enhance responsiveness and elevate the overall customer experience, ensuring that integrity remains at the heart of our service delivery.

Codifying Expert Knowledge

A key milestone during the financial year 2025/26 was the successful implementation of an AI-powered Gold Loan Scoring Module, which has transformed specialised credit expertise into a scalable organisational asset.

INTELLECTUAL CAPITAL

By integrating Artificial Intelligence and Machine Learning (ML) into credit assessment, complex risk parameters have been codified into an automated decision support framework, enabling faster, more accurate and unbiased credit decisions. This strengthens structural capital by institutionalising knowledge that extends beyond individuals, thereby enhancing the Company's long-term analytical capability.

A key success factor for the Company was the strategic integration of Artificial Intelligence and Data-Driven Insights. Vallibel Finance has harnessed the power of Machine Learning to transition from reactive operations to proactive service models, particularly across our gold loan portfolio and customer engagement strategies. By shifting toward predictive intelligence, we have enhanced our ability to anticipate market trends and customer needs with greater precision.

Accordingly, the Company implemented an AI-built Gold Loan Scoring Module and an ML framework to automate credit scoring. This enables the generation of dynamic, personalised offers tailored to each customer's specific risk profile and requirements.

We also deployed an Intelligent Churn Prediction Engine, which identifies potential attrition patterns. This allows the Company to proactively re-acquire customers and foster long-term portfolio loyalty by intervening before a relationship is severed.

Furthermore, our newly implemented AI Customer Cross-selling module and mobile-responsive Business Intelligence (BI) Dashboard empower management to track performance in real time. These tools provide the granular insights necessary to execute targeted growth strategies with enhanced precision and agility.

By embedding these technologies into our structural capital, we ensure that our decision-making is not only faster but driven by objective, data-backed intelligence.

Data-Driven Innovation and Future Readiness

These digital integrations also underpin a more knowledge-driven and adaptive operating model. By leveraging machine learning to continuously refine product strategies, improve internal intelligence and support evidence-based decision-making, the Company is fostering a culture of continuous innovation. This strengthens intellectual capital by ensuring systems evolve alongside market dynamics, supporting resilience, competitiveness and readiness to navigate digital disruption.

GRI 418

Cyber Resilience and Information Security

Safeguarding our intellectual assets remains a critical priority as financial services evolve within an increasingly complex digital ecosystem. Guided by our three year IT strategy, we achieved a significant milestone during the year under review by obtaining the ISO 27001:2022 certification for our IT operations. Awarded by Quality Austria, this certification reflects our commitment to embedding globally recognised information security standards across our digital infrastructure.

The adoption of ISO 27001:2022 reinforces a structured, risk-based approach to information security management. It enables the Company to systematically identify, assess and mitigate emerging cyber security threats while maintaining the absolute confidentiality, integrity and availability of sensitive data. This achievement underscores our ongoing investment in resilient IT systems and robust governance practices, ensuring that our digital-first approach is underpinned by world-class protection standards.

Complementing these technical safeguards, we continued to invest in strengthening our human firewall by conducting extensive cyber security awareness programmes across the organisation. These initiatives cultivate a culture of digital vigilance, equipping employees with the skills required to



identify potential threats and safeguard institutional and customer information. By aligning with international best practices, we enhance operational continuity and stakeholder confidence, positioning the Company to respond effectively to evolving cyber risks and to support our broader digital transformation and long-term value creation.

Governance and Ethical Business Conduct

All initiatives within our intellectual capital framework are governed by a stringent accountability structure. We believe that ethical conduct is the highest form of intellectual asset. As such, our reporting and operational frameworks are now aligned with SLFRS S1 and S2, ensuring that sustainability and climate-related risks are factored into our intellectual capital value creation. We uphold fair competition and strict compliance with all regulatory mandates, fostering an internal culture where transparency is non-negotiable. Furthermore, by integrating risk management into our daily operations, we safeguard the Company's reputation and ensure that our intellectual capital generates shared value for all stakeholders, including regulators and investors.

Governance, Security and Compliance

As we transitioned to a more digitally centric model, we simultaneously fortified our "Digital Fortress" to protect our stakeholders and safeguard our institutional reputation. Key developments during the year under review are explained below.

ISO 27001:2022 Certification	Complaint Management System	Cyber Security Vigilance	PDPA Implementation
We achieved this prestigious certification for our IT operations, cementing our commitment to international information security standards and ensuring the systematic mitigation of emerging cyber risks.	In strict accordance with the CBSL Financial Consumer Protection Regulations No. 01 of 2023, we implemented a systematic digital framework to record and track customer grievances. This reinforces our accountability and ensures that customer feedback drives continuous service improvement.	We cultivated a robust security culture through extensive Staff Awareness Programmes. By equipping our workforce with the skills to identify and respond to data threats, we have ensured that our employees remain the first line of defence in our security architecture.	We have initiated the implementation framework for the Personal Data Protection Act (PDPA). This ongoing process ensures our future operations remain in full compliance with national data sovereignty standards, protecting the privacy rights of our customers and partners.

Future Horizon: 2026/27 and Beyond

Looking ahead, Vallibel Finance remains committed to expanding the reach and sophistication of its intellectual capital by advancing a model centred on greater connectivity and decentralised digital services through our V-FIN Digital initiative. This includes the rollout of a next-generation Customer Mobile App and Web Portal, enabling a seamless, real-time and fully digital customer experience with 24/7 access to financial services.

In the short term, we are focused on enhancing digital resilience and operational efficiency by deploying a centralised CEFT switching architecture for high-speed transactions. This will be supported by a comprehensive mobile banking platform featuring e-KYC onboarding, biometric authentication and real-time payment capabilities. Customer convenience and global accessibility will be further enhanced by introducing an international debit card, enabling seamless participation in the global payments ecosystem. These initiatives are underpinned by ongoing investments in core infrastructure, including upgrades to end-user systems, network security, servers and communication platforms.

Beyond technology, the Company will continue to strengthen the value of its intellectual capital by building targeted capabilities in digital literacy, data analytics, cyber security and sustainable finance. We aim to enhance process efficiency through further automation and data-driven decision-making.

Strategic partnerships will be leveraged to expand our innovation footprint, with full implementation of the Personal Data Protection Act (PDPA) framework to reinforce data privacy, governance and stakeholder trust.

Over the longer term, Vallibel Finance will invest in advanced data systems and climate analytics to strengthen portfolio insights. By improving the geographic and sectoral analysis of our borrowers, we will ensure a well-diversified portfolio that remains resilient to both economic and environmental shifts, supporting sustainable value creation in a dynamic operating environment.

SOCIAL AND RELATIONSHIP CAPITAL

Building Connections That Matter, Strengthening Stakeholder Trust

At Vallibel Finance PLC, our success is anchored in the enduring relationships we cultivate with our key stakeholders. By prioritising ethical conduct, transparent communication and community support, we foster a collaborative ecosystem where mutual trust drives collective growth and long-term socio-economic stability.



Highlights of FY 2025/26

Pioneering Digital Engagement

Vallibel Finance PLC has solidified its digital leadership among Sri Lankan non-banking financial institutions (NBFIs) by reaching 240,000 Facebook followers, a first for the sector and becoming the second most followed NBFI on YouTube with 29,024 Subscribers.

Customer-Centric Network Expansion

Expanded our branch network with 12 new locations across the island, including Valaichchenai, Trincomalee and Hatton, bringing accessible, convenient and personalised financial solutions closer to under-served communities and enhancing customer reach and engagement.

Pioneering Mobility Partnerships

Signed strategic MOUs with industry giants like Toyota Lanka, Hayleys Mobility and United Motors to deliver accessible vehicle leasing solutions.

Empowering Future Professionals

Hosted graduates from the University of Jaffna for specialised corporate training to bridge the gap between academia and the professional world.

FY 2025/26 At a Glance

	2025/26	2024/25
Paid to the Government as Tax	Rs 4.05 Bn	Rs 2.93 Bn
Interest paid to Deposit Customers	Rs 7.50 Bn	Rs 6.87 Bn
Total Lending Customers	104,250	90,933
Interest Paid to Financial Service Providers	Rs 3.19 Bn	Rs 0.89 Bn
Payments to Business Partners	Rs 2.59 Bn	Rs 1.71 Bn
Deposit Base	Rs 83.45 Bn	Rs 67.48 Bn
Total Deposit Customers	18,825	16,951
Investments in CSR	Rs 4.46 Mn	Rs 2.23 Mn



Social and Relationship Capital as a Catalyst for Sustainable Performance

Our commitment to strengthening Social and Relationship Capital creates value across every aspect of our operations. By investing in community empowerment and supplier capacity building, we help build a more resilient supply chain while reinforcing our social licence to operate. By adhering to applicable laws and regulations and embracing voluntary sustainability standards and best practices, Vallibel Finance enhances stakeholder confidence, strengthens its reputation as a responsible corporate citizen and delivers long-term value for both society and the business. This strong ethical foundation also supports investor confidence and contributes to a stable operating environment through robust regulatory compliance.

Stakeholder Impact and Risk Alignment

Stakeholder Group		Primary Impact/ Concern	Material Aspects	Related Risks	Linked SDGs
Customers		Service Excellence and Ethical Marketing	↘ Customer Satisfaction ↘ Cyber Security & Data Protection	↘ Reputational	
Communities		Financial Empowerment and Education	↘ Community Upliftment ↘ Inclusive Finance ↘ Company Brand & Reputation	↘ ESG	
Business Partners		Fair and Inclusive Practices	↘ Ethics, Compliance & Good Governance ↘ Company Brand & Reputation	↘ Operational ↘ ESG	
Regulators		Compliance and Collaboration	↘ Ethics, Compliance & Good Governance	↘ Legal ↘ Compliance	

SOCIAL AND RELATIONSHIP CAPITAL

Creating Value for our stakeholders

Inputs

Trust-based Relationships

Built on Integrity, Transparency and Long-term Partnerships.

Digital Infrastructure (VFin Digital Kiosks)

Enabling Seamless Access, Onboarding and Transactions.

A Network of 12 new branches

Expanding our physical presence across the island.

Activities

Strategic MOUs (Toyota, Singer, Hayleys Mobility)

Strong Partnerships that create value and expand reach.

Islandwide Promotional Campaigns like 'Vallibel Ran Warama'

Driving Awareness, Engagement and Trust across communities.

Community Training Sessions

Empowering Individuals with Financial Knowledge and Digital Literacy.

Outputs

Access to affordable leasing for EVs and gold loans

Making Mobility and Finance more accessible for all.

Festive Engagement Programs

Creating memorable experiences that strengthen customer connections.

Enhanced Digital Payment Gateways (Pay&Go)

Faster, Safer and more convenient digital payments for everyone.

Outcomes

Increased Financial Inclusivity

Empowering more people and businesses through accessible financial solutions.

Leading Digital Market share in the NBFI sector

Setting the benchmark for innovation, service and customer satisfaction.

Enhanced Brand Loyalty

Built on Trust, Consistent Value and Meaningful Relationships.

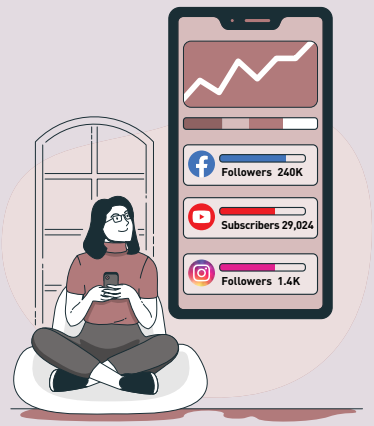
Management Approach

GRI 3-3

At Vallibel Finance PLC, Social and Relationship Capital is cultivated through meaningful stakeholder engagement, trusted partnerships, customer empowerment and responsible business conduct. Our approach is founded on building long-term relationships that create shared value for customers, communities, business partners, regulators and investors, while strengthening the resilience and sustainability of our operations.

As a Customer-focused Financial Institution operating in a dynamic, evolving operating environment, we recognise that sustainable value creation depends on our ability to remain responsive to stakeholder expectations, emerging consumer behaviours and technological transformation. Through structured stakeholder identification and engagement processes, we continuously evaluate stakeholder priorities, concerns and evolving needs, enabling us to tailor our strategies, products and services to deliver relevant and inclusive financial solutions.

Customer-Centric Culture	Digital Innovation and Transformation	Community Engagement	Operational Excellence and Agility
Building lasting customer trust through ethical conduct, personalised service delivery, financial accessibility and responsible financial solutions.	Enhancing customer convenience, accessibility and operational efficiency through digital platforms, payment solutions and technology-driven service delivery.	Strengthening social inclusion and community resilience through financial literacy, empowerment initiatives, educational support and grassroots engagement.	Creating responsive, efficient and resilient stakeholder relationships through strong governance, supplier collaboration, compliance and continuous process improvement.



Our Customer-Centric Culture remains at the heart of our relationship management philosophy. We are committed to delivering trustworthy, transparent and accessible financial solutions that address the evolving aspirations of our customers across diverse communities. By expanding our branch network, enhancing digital touch points and strengthening service standards, we continue to improve customer accessibility and engagement. Ethical marketing practices, responsible lending and personalised financial support further reinforce customer confidence and loyalty, contributing to sustained business growth and positive advocacy.

Recognising the increasing importance of technology in financial services, we continue to accelerate digital innovation and transformation across the organisation. Through enhanced digital payment gateways, process automation and technology enabled customer engagement platforms, we improve convenience, responsiveness and operational agility while reducing service barriers for under-served communities. Our ongoing investment in digital infrastructure enables us to provide seamless financial experiences while improving efficiency and scalability across the business.

Our commitment to community engagement extends beyond transactional relationships toward creating meaningful social impact within the communities we serve. Through financial empowerment initiatives, educational programmes, entrepreneurial support and community-based partnerships, we contribute to strengthening financial inclusivity and economic participation. These initiatives enhance our social license to operate while fostering long-term goodwill, trust and mutually beneficial relationships with local communities.

Operational excellence and agility underpin our ability to maintain resilient stakeholder relationships and deliver consistent value across the organisation. We work closely with suppliers, strategic partners and service providers to strengthen collaboration, improve service reliability and uphold ethical standards throughout our value chain. By investing in capacity building and fostering strong institutional partnerships, we create a responsive ecosystem that supports innovation, operational continuity and sustainable business performance.

Our proactive engagement with Government authorities and regulatory bodies further reinforces a stable and transparent operating environment. By prioritising regulatory compliance, responsible governance and constructive collaboration, we strengthen institutional trust while mitigating operational and reputational risks. This disciplined and accountable approach enhances investor confidence and supports long-term value creation aligned with sustainable business practices.

Managing Challenges and Creating Sustainable Resilience

Strategic Pillar: Customer-Centric Culture

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Service Excellence	Maintaining consistent high quality service standards across an expanding branch network.	Conducted intensive training on Service Quality Management for operational teams to standardise the "Vallibel Experience" across all touch points.
Physical Accessibility	Addressing the need for physical proximity in under-served regional markets.	Expanded the footprint by opening 12 new branches, including locations in Valaichchenai, Trincomalee and Hatton.
Customer Reward & Loyalty	Retaining engagement in a high competition environment for gold loans.	Launched the 'Vallibel Ran Warama' promotion, incentivising customer loyalty with rewards such as smartphones and gift vouchers.

SOCIAL AND RELATIONSHIP CAPITAL

Strategic Pillar: Digital Innovation and Transformation

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Self-Service Adoption	Transitioning traditional customers toward digital payment habits for leasing and loans.	Introduced the VFin Digital Kiosk initiative in partnership with Pay&Go, enabling 24/7 self-service transaction capabilities.
Digital Engagement	Standing out in a saturated digital marketing space to reach a broader demographic.	Successfully reached 240,000 Facebook followers, becoming the first NBFI in Sri Lanka to do so, through interactive content like the Christmas Quiz.
Payment Security	Providing a secure yet seamless online payment gateway for monthly instalment.	Launched Pay&Go, a dedicated secure payment gateway designed for speed and user-friendly interaction.

Strategic Pillar: Community Engagement

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Youth Empowerment	Addressing the skill gap between university education and corporate expectations.	Hosted a special corporate training session for University of Jaffna graduates, bridging the gap between academia and the industry.
Socio-Religious Support	Supporting local heritage and religious inclusivity amidst economic pressures.	Allocated CSR funds for diverse community projects, including the placement of a Buddha statue in a 'Stupa' and supporting the Sri Lanka 'Sumithrayo Avurudu' Sale.
Public Health	Meeting the urgent demand for life saving resources in the healthcare system.	Organised and funded Blood Donation campaigns and sponsored cataract surgeries (50 surgeries via Rotary Club) to support vulnerable groups.

Strategic Pillar: Operational Excellence and Agility

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Supplier Relationship Management	Significant increase in costs for imported IT hardware driven by currency volatility.	Leveraged long-standing vendor partnerships to negotiate bulk procurement contracts and restructured payment terms to hedge against volatility.
Cross-Generational Synergy	Aligning the work styles of Gen Z employees with traditional management structures.	Conducted targeted training on "How Gen Z Should Work with Management" to improve internal communication and agile decision-making.
Strategic Mobility Partnerships	Navigating the shift in the automotive market towards new mobility solutions.	Signed MOUs with Toyota Lanka, Hayleys Mobility and Singer Sri Lanka to offer exclusive leasing for brand-new and certified used vehicles.

GRI 417, 418

Our Commitment to Customers

At Vallibel Finance, our customers are the cornerstone of our growth and the inspiration for our continuous innovation. During the financial year 2025/26, we accelerated our efforts to transform customer experiences by blending physical accessibility with cutting-edge digital convenience. By prioritising transparency and ethical conduct, we ensured that every interaction strengthens the trust-based bond that defines our social and relationship capital.

We continue to serve a diverse customer base comprising both individuals and businesses across Sri Lanka. During the financial year under review, the Company further strengthened its ability to meet a broad range of financial needs through several critical initiatives.

Strategic Physical Expansion	Next-Generation Leasing Solutions
We added 12 new branches to our network, including locations in Valaichchenai, Trincomalee and Hatton. This expansion directly improves accessibility, ensuring that professional financial advice and tailored products are available within local communities.	Through new Memorandums of Understanding (MOUs) with Toyota Lanka, Hayleys Mobility and Singer Sri Lanka, we have provided customers with exclusive, affordable leasing facilities for brand new vehicles, certified used vehicles and Piaggio Three-Wheelers.

Social Media Reach

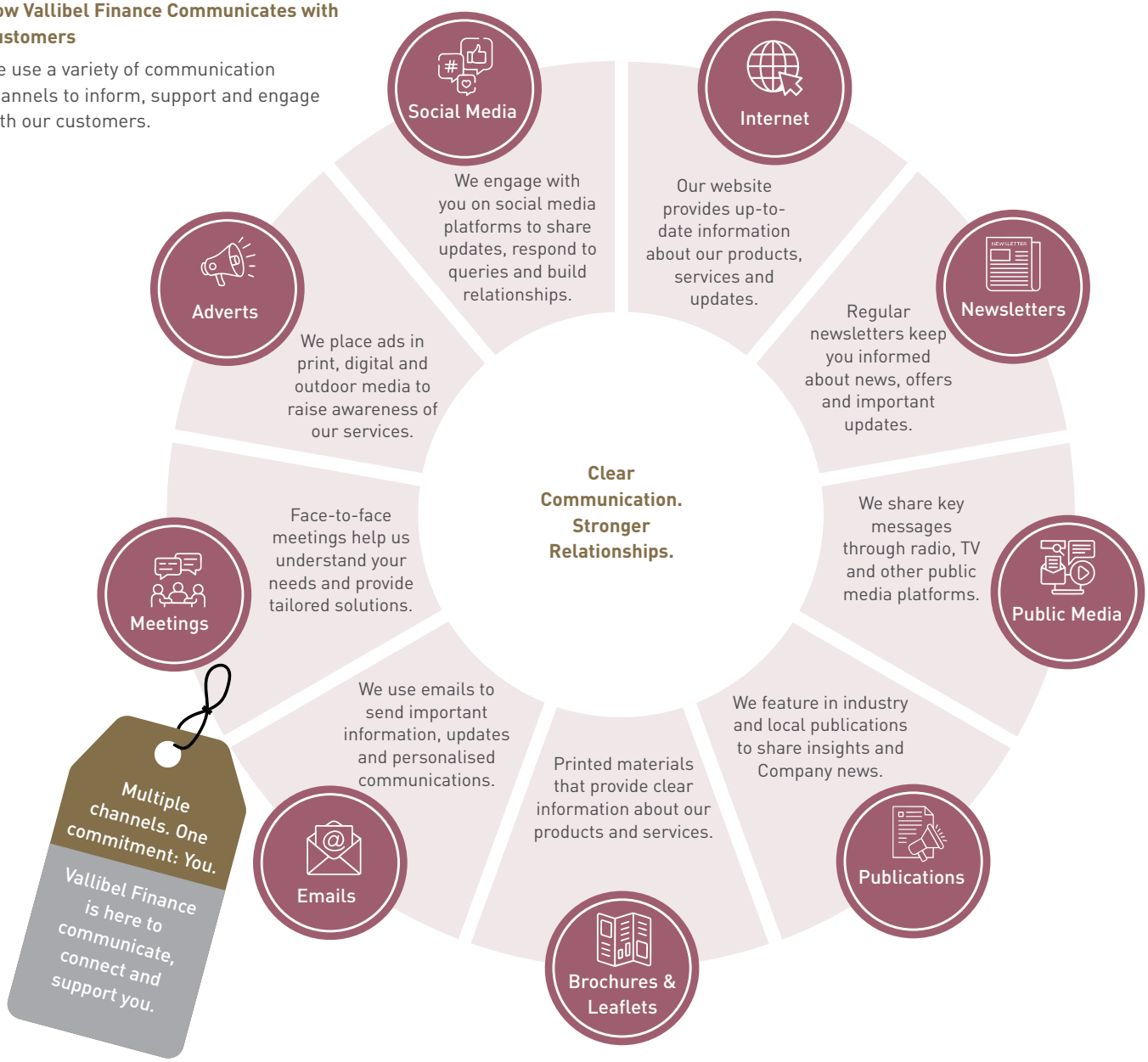
	2025/26	2024/25
Facebook	240k	122k
Instagram	1.4k	1.1k
YouTube	29,024	886





How Vallibel Finance Communicates with Customers

We use a variety of communication channels to inform, support and engage with our customers.



SOCIAL AND RELATIONSHIP CAPITAL

Customer Insights and Market Intelligence

Our product development approach is becoming increasingly data-driven. During the financial year 2025/26, we leveraged advanced research and feedback mechanisms to pro-actively adapt to shifting market dynamics. A key focus during the year under review was understanding the requirements of the younger demographic, which led to targeted internal training on Gen Z engagement to better align our service delivery with modern expectations.

We leveraged advanced market intelligence and robust customer feedback loops to identify shifting economic needs during the year under review. This allowed us to turn around our product strategies with precision, ensuring our offerings, from gold loans to vehicle leasing, remained relevant to a diverse demographic.

By bridging the gap between physical access and digital connectivity, we are not merely providing tools; we are fostering a digital ecosystem where innovation meets reliability, ensuring Vallibel Finance remains the preferred partner for the modern Sri Lankan consumer.

Our Strategic Mobility Partnerships

Toyota Lanka





United Motors





Hayleys Mobility





Singer Lanka





Year in Review: Our Milestones and Achievements

Business&News

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Financial Services

Vallibel Finance ups 1H PBT by 50% to Rs. 2.7 b

Vallibel Finance Delivers Robust 50% Growth in PBT

Reaffirms Sector Leadership with Outstanding First-Half Milestones

Jayantha S.R. Rangamuwa
Managing Director

Vallibel Finance's asset base soars high to Rs.143bn, up 30%

DELIVERS STRONG EARNINGS AND SUPERIOR ASSET QUALITY

MD Jayantha Rangamuwa

Vallibel Finance delivers robust 50% growth in PBT

Jayantha Rangamuwa

THE SUNDAY TIMES BUSINESS | Sunday, May 10, 2026

SUNDAY TIMES

Vallibel Finance Locks In Capital to Power Next Phase of Growth

Jayantha Rangamuwa
Managing Director

Vallibel Finance Delivers Exceptional First-Half Results for FY 25/26

Demonstrates Strong Balance Sheet and Operational Resilience

Jayantha S.R. Rangamuwa
Managing Director

SOCIAL AND RELATIONSHIP CAPITAL

Nurturing Customers Through Engagement Initiatives

We believe that consistent engagement is the key to building enduring relational capital. By continuing our most popular engagement programmes and introducing festive digital interactions, we have successfully deepened existing customer relationships while attracting a diverse new segment to our financial ecosystem.

By blending traditional face-to-face promotions with interactive digital initiatives, Vallibel Finance continues to ensure that our customers remain at the heart of our progress, creating a vibrant ecosystem of shared value.

Driving Participation and Rewarding Loyalty

Our engagement strategy for FY 2025/26 focused on rewarding customer loyalty through high-impact promotions and strategic lifestyle partnerships.

Digital Engagement and Festive Interaction

As part of our journey towards a digital first culture, we utilised seasonal celebrations to enhance our online presence and foster a sense of community.

The Christmas Quiz	During the festive season, we launched an interactive quiz programme across our digital platforms. This initiative was specifically designed to increase interaction with our online channels and reward our digital community. The programme saw high participation levels, with five winners receiving attractive gift vouchers. Beyond the festive cheer, this initiative served as a strategic tool to strengthen our digital relational capital and reinforce brand affinity in a fun, engaging manner.





Vallibel Ran Warama (Fourth Phase)	Building on the success of previous years, the Gold Loan Department conducted the fourth phase of this island-wide promotional campaign from February to March 2026. To incentivise participation, we conducted weekly raffle draws, awarding smartphones to winners throughout the period, effectively driving both brand excitement and gold loan uptake.
Gold Loan Partnerships with Muththukaruppan Chettiar	Recognising the value of local expertise, we collaborated with the reputed merchant Muththukaruppan Chettiar to conduct seven targeted promotional campaigns across key regions, including Kurunegala, Gampaha and Kandy. This synergy allowed a significant number of new customers to leverage our gold loan schemes for their personal and business investments.
High-Impact Vehicle Sale Promotions	To support our customers' mobility aspirations, we collaborated with leading importers, including Toyota Lanka and Hayleys Mobility. These joint promotions offered customers highly competitive leasing rates, making vehicle ownership more accessible and driving strong participation across our regional networks.







GRI 2-16, 2-25

Managing Customer Grievances

We view customer feedback and grievances as vital catalysts for operational improvement and service refinement. Our systematic grievance redressal mechanism ensures that every concern is addressed with agility and professionalism, aiming for a resolution that fosters long-term loyalty.

By viewing complaints as crucial insights, we continue to enhance customer satisfaction and ensure a positive, reliable experience for all our customers across Sri Lanka.

Critical concerns will be communicated directly to the Managing Director, who then ensures proper action by directing them to the relevant managers to reach a mutual resolution. For the reporting period 2025/26, no critical concerns were communicated to the highest governing body (Board of Directors).

Transparent Communication and Compliance

GRI 417-1

We remain committed to providing clear, accurate, and transparent information on our products and services through a communications policy that facilitates meaningful engagement in all three languages. By ensuring that key product information, terms and conditions, fees and charges, and other relevant disclosures are communicated in an accessible and understandable manner, we empower customers to make informed financial decisions with confidence and clarity.

During the year under review, we committed Rs. 128 million to multi-channel initiatives designed to reinforce our market presence and ensure our brand promise resonates with every segment of the Sri Lankan populace. These investments focused on:

- Peak-Hour Broadcasting - We prioritised high-visibility slots on major television and radio channels to ensure our core values of "Integrity and Trust" reached a wide national audience during prime listening and viewing times.
- Targeted Digital Campaigns - Recognising the shift in media consumption, we utilised sophisticated social media targeting to engage with a digital-native demographic. These campaigns specifically highlighted the competitive advantages and security of our core products, such as Gold Loans and Fixed Deposits.

By intertwining ethical communication with strategic investment in reach, Vallibel Finance has ensured that our brand remains a symbol of stability and clarity. As we look towards the future, we remain dedicated to refining our dialogue with stakeholders, ensuring that our commitment to transparency continues to serve as a fundamental driver of our social and relationship capital.

Our Systematic Resolution Process

Step 1: Receipt and Accessibility

Customers may lodge complaints through a variety of transparent channels:

- Telephone: +94 11 7 480 480
- Email: tellus@vallibelfinance.com
- Online: Website 'Contact Us' page or the live Chat window at www.vallibelfinance.com
- Correspondence: Relationship Manager, No. 310, Galle Road, Colombo 03.

Step 2: Review and Routing

- Details are immediately shared with the relevant Head of Department or Regional Head via email for formal review and processing.

Step 3: Action and Communication

- The complaint is directed to the appropriate Branch Manager for immediate action. We maintain direct communication with the customer throughout this phase to provide timely status updates.

Step 4: Resolution and Feedback

- Once the issue is resolved to the mutual satisfaction of both parties, the Branch Manager provides a formal feedback report for internal record-keeping and process improvement.

Product Responsibility and Ethical Conduct

GRI 205, 206, 417-1

Our commitment to Social and Relationship capital is underpinned by a rigorous framework of voluntary compliance and ethical integrity. We operate with a culture of transparency and accountability when dealing with all our stakeholders, ensuring that every interaction reinforces our reputation as a responsible and trustworthy financial institution.

SOCIAL AND RELATIONSHIP CAPITAL

Voluntary Compliance and Regulatory Integrity

GRI 2-27, 205-1, 205-3, 206-1, 416-1, 416-2, 417-2, 417-3, 418-1

We are pleased to confirm that during the year under review, the Company maintained an unblemished record of regulatory adherence. Our steadfast commitment to national and industry standards ensures the financial well-being of our stakeholders remains protected. During the reporting period, there were no incidents of non-compliance with regulations or voluntary codes relating to the health and safety impacts of our products and services. Furthermore, the Company did not incur any monetary fines or sanctions for non-compliance with applicable laws and regulations.

Ethical Marketing and Information	Data Sovereignty	Fair Competition	Governance and Anti-Corruption	Health and Safety
We confirm that all our products and services are assessed for potential health and safety impacts and that all marketing communications and promotional activities adhere to the highest ethical standards. During the year under review, there were no incidents of non-compliance concerning the health and safety impacts of products and services, product information and labelling requirements, or marketing communications.	We successfully upheld the highest standards of customer privacy, with zero reported breaches or losses of customer data, reinforcing the "Trust" component of our strategic communication.	Vallibel Finance strictly adheres to anti-trust rules and prioritises fair market practices. During the reporting period, no legal actions were taken against the Company for anti-competitive behaviour or monopoly practices.	In alignment with our commitment to integrity, we maintain a policy of zero political contributions and confirm that there were no incidents of corruption during the period. All operations are assessed on risks related to money laundering, terrorist financing including corruption.	We confirm that there were no incidents of non-compliance concerning the health and safety impacts of our services on our customers during the year under review.

Strategic Pillar: Operational Excellence and Agility

Compliance Category	Metrics for FY 2025/26
Product & Service Information	0 non-compliance incidents
Marketing Communications	0 violations or breaches
Customer Privacy & Data Protection	0 data losses or privacy breaches
Regulatory Sanctions	0 fines
Anti-Corruption & Fair Competition	0 incidents

Digital Transformation: A Catalyst for Trust, Connectivity and Innovation

At Vallibel Finance, our digital evolution serves as a vital bridge to our customers, transforming how we interact and deliver value. By integrating advanced financial technology with our core services, we have created a brand reputation rooted in reliability and forward-thinking solutions.

To meet the expectations of an increasingly digital-first market, we have strategically enhanced our service infrastructure through key fintech collaborations.

- 24/7 Financial Autonomy: Our partnership with MegaPay (Pvt) Ltd. (Pay&Go) has significantly strengthened our network, allowing customers to perform cash deposits and instalment payments at any time. This reduces dependency on traditional branch hours and empowers our clients with greater flexibility.
- Seamless, Contactless Transactions: The launch of the Virtual Cheque Deposit Counter developed in collaboration with Sampath Bank represents a significant milestone in our relational capital. By providing secure, contactless options, we offer more than just convenience; we are engineering a customer experience defined by trust and agility.

Through these initiatives, Vallibel Finance continues to bridge the gap between physical access and digital connectivity, ensuring our service delivery remains as dynamic as our customers' needs.

GRI 2-6

Our Commitment to Business Partners

Our business partners play a vital role in strengthening Vallibel Finance's ability to deliver innovative, accessible and customer-focused financial solutions. We foster strong and mutually beneficial relationships with a diverse network of partners, including banks, fintech providers, software vendors, payment gateway operators and other financial institutions, recognising collaboration as a key driver of long-term value creation.

These partnerships are built on a foundation of trust, transparency, shared accountability and strategic alignment. Through continuous engagement and knowledge sharing, we leverage collective expertise to enhance operational capabilities, accelerate digital transformation and improve service delivery across our customer touchpoints. By co-creating sustainable financial solutions and expanding accessibility through strategic alliances, we help to build a more agile, resilient and inclusive financial ecosystem.

During the year under review, the Company entered into several strategic Memoranda of Understanding (MOUs) with leading organisations to expand mobility financing solutions across Sri Lanka.

In partnership with Hayleys Mobility, Vallibel Finance launched specialised leasing solutions to support the adoption of next-generation mobility vehicles, including the OMODA E5, JAECOO J7, JAECOO J6 and SRM T3 EV range. This collaboration reflects our commitment to supporting sustainable mobility and increasing customer access to premium, energy-efficient transportation solutions through flexible and affordable financing facilities.

The Company also strengthened its presence in the automotive financing sector through a strategic partnership with United Motors Lanka PLC and Unimo Enterprises Ltd. This collaboration enables customers to access attractive leasing packages and exclusive benefits across globally recognised automotive brands, including Mitsubishi, FUSO, PERODUA, JMC, JCB, DFSK and SERES EV. By integrating trusted automotive expertise with innovative financing options, the partnership enhances convenience and accessibility for customers seeking reliable mobility.

Further reinforcing our customer-centric mobility financing strategy, the Company partnered with Toyota Lanka (Private) Limited to provide islandwide leasing facilities for brand-new Toyota vehicles and Toyota Sure-certified used vehicles. This partnership supports our objective of making vehicle ownership more affordable, accessible and seamless for customers while expanding access to trusted, high-quality transportation solutions.

Additionally, Vallibel Finance entered into a strategic collaboration with Singer Sri Lanka PLC to promote financing solutions for Piaggio Three Wheelers across Sri Lanka. This partnership strengthens access to income-generating mobility solutions for individuals and small entrepreneurs while supporting economic participation and livelihood development at the grassroots level.

Through these strategic alliances, Vallibel Finance continues to strengthen its market presence, diversify customer offerings and enhance value creation for stakeholders. These partnerships not only contribute to operational growth and innovation but also reinforce our broader commitment to financial inclusion, sustainable mobility and long-term relationship building across the communities we serve.

GRI 2-6, 204-1, 407-1

Our Commitment to Suppliers

Strong supplier relationships continue to support the Company's operational resilience, expansion and service excellence. We recognise suppliers as strategic contributors within our value chain and remain committed to fostering long-term partnerships grounded in integrity, fairness and mutual growth.

During the year under review, the Company directed 100% of its procurement payments exclusively to local suppliers, thereby contributing directly to community development, local entrepreneurship and national economic progress. By prioritising local sourcing, we strengthen domestic business ecosystems while enhancing the responsiveness and reliability of our supply chain.

Our supplier relationships are guided by principles of transparency, ethical conduct, equal opportunity and open communication. We maintain fair procurement practices that ensure all suppliers are treated equitably without discrimination or favouritism, while promoting accountability and long-term collaboration. Timely and dependable payments further reinforce supplier trust and operational stability, supporting mutually beneficial business relationships.

This was evident during the year under review, where, in an operating environment characterised by currency volatility and ongoing global supply chain disruptions, Vallibel Finance strengthened collaboration with key IT vendors to safeguard operational continuity and support the Company's digital transformation agenda. Through proactive engagement, strategic negotiations and bulk procurement arrangements, we successfully secured critical technology infrastructure and imported hardware at competitive rates despite prevailing market pressures.

This collaborative and forward-looking approach enabled the Company to effectively manage procurement-related cost escalation while ensuring the timely implementation of digital initiatives and operational upgrades across the branch network. Beyond cost optimisation, these partnerships fostered stronger alignment, shared accountability and a collective commitment toward long-term operational resilience, technological advancement and sustainable value creation.

SOCIAL AND RELATIONSHIP CAPITAL

Procurement Process

Our procurement framework is aligned with responsible supply chain management principles, focusing on operational efficiency, cost optimisation, quality assurance and ethical sourcing practices. Procurement decisions are guided by clearly defined policies and evaluation criteria that promote transparency, competitiveness and consistency across supplier engagements.

We actively seek partnerships with vendors whose values align with our own commitment to ethical business conduct, sustainability and responsible operations. Through ongoing engagement and relationship building, we encourage suppliers to strengthen their operational, social and environmental practices, contributing positively to broader societal and economic well-being.

To the best of our knowledge, none of our suppliers present risks to freedom of association or the right to collective bargaining.

GRI 203-1, 413-1, 413-2

Delivering Value to Communities

At Vallibel Finance, we recognise that sustainable business success is closely interconnected with the social and economic well-being of the communities in which we operate. Our approach to community engagement focuses on building inclusive, meaningful and long-term relationships that contribute to shared progress and social empowerment.

Through continuous stakeholder engagement and community dialogue, we actively identify the evolving needs, priorities and aspirations of local communities. These insights guide the design and implementation of targeted initiatives that promote financial inclusion, educational advancement, community empowerment and local economic development.

Our community investment strategy is centred on creating measurable social impact through initiatives focused on financial literacy, access to opportunities, education support and grassroots community development. By embedding community considerations into our operational and strategic decision-making processes, we strengthen our social license to operate while contributing positively to national development priorities.

In line with the principles of SLFRS S1 and SLFRS S2, we also recognise the increasing importance of climate resilience and environmental risk awareness within the communities we serve. Our approach, therefore, considers the potential exposure of vulnerable communities to climate-related risks, including extreme weather events, livelihood disruptions and infrastructure challenges and seeks to enhance adaptive capacity through targeted financial inclusion and empowerment initiatives.

Where relevant, we support community recovery and resilience-building efforts by facilitating access to appropriate financial solutions, promoting awareness of climate-related risks and encouraging responsible financial preparedness. This integrated approach ensures that our community engagement strategy delivers immediate social value and contributes to longer-term resilience and sustainable development outcomes in a changing climate environment.

We also recognise the importance of proactively managing any potential social or economic impacts arising from our operations. Accordingly, our risk management framework incorporates the assessment of community-related risks and stakeholder concerns to ensure responsible and accountable business conduct. Where potential impacts are identified, we remain committed to maintaining transparent communication, engaging relevant stakeholders and implementing appropriate mitigation measures to minimise disruption and strengthen community trust.

During the year under review, no significant actual or potential negative impacts on local communities were identified as a result of the Company's operations.

Community Engagement Activities

During the financial year 2025/26, the Company engaged in 35 CSR activities spanning six thematic areas, education and youth development, health and humanitarian support, arts and cultural heritage, sports development, community and social welfare and industry and trade associations, representing a total investment of approximately LKR 4.46 million. This breadth of engagement reflects the Company's deliberate strategy of sustaining relationships across a wide cross-section of Sri Lankan society, from grassroots community foundations to national trade bodies and sporting federations.

Education and Youth Development

A significant share of the Company's engagement was directed toward strengthening educational opportunity. Sponsorship of the St. Joseph's College Rugby Tournament supported school, level sport as a vehicle for discipline and teamwork, while contributions to the Kandy Schools Past Pupils' Association funded a range of projects benefiting current and future students across member schools in Kandy. The Old Boys' Association of St. Mary's College, Negombo received support directed toward the construction of a new college building and the OBA House, alongside student skills development and high performance sports training programmes.

The Mahinda College Old Boys' Association channelled its sponsorship into 40 scholarships for students in financial need, one of the more direct expressions of educational impact in the year's programme. Support was also extended to C.W.W. Kannangara

Central College through its school development fund, to the Sri Lanka Institute of Credit Management for its convocation and awards ceremony and to a New Year festival organised for national pre-school teachers recognising the often-overlooked contribution of early childhood educators.

BRIDGING ACADEMIA AND INDUSTRY: UNIVERSITY OF JAFFNA FACULTY VISIT

In a meaningful demonstration of Vallibel Finance's commitment to nurturing the next generation of finance professionals, the Company recently welcomed a cohort of fresh graduates from the Faculty of Management Studies and Commerce at the University of Jaffna to its corporate office for a specially curated training session.

The visit brought together young minds from one of Sri Lanka's northern universities and a panel of accomplished industry practitioners creating a rare space for cross-cultural exchange, professional mentorship and first-hand exposure to the corporate environment. For many of the graduates, the session offered their first structured encounter with the realities of the working world beyond the lecture hall.

The programme was anchored by three distinguished speakers. Mr. Chaminda Kumarasiri, an award-winning practitioner with an extensive track record in local and international leadership, opened a window into the demands and opportunities of corporate life. Mr. Kapila Dodamgoda, Regional Director of ICMA, brought a regional industry lens offering graduates context on how Sri Lanka's financial sector sits within a wider professional landscape. Dr. V A Subraminam, an academic and subject-matter expert, enriched the session with thought-provoking perspectives that connected theoretical frameworks to practical applications.

Beyond the content, the engagement itself carried significance. By opening our doors to graduates from Jaffna, the Company has signalled its role as a financial institution invested in the country's broader human capital one that recognises talent regardless of geography. The session fostered dialogue, inspired confidence and left participants better equipped to navigate the transition from student to professional.

This initiative reflects the Company's wider philosophy on Social and Relationship Capital: that the relationships which matter most are not always transactional. Investing time, expertise and institutional access in young professionals, particularly those from regions historically under-served by such opportunities, creates social value that is difficult to quantify but enduring in its impact.







Health and Humanitarian Support

Vallibel Finance extended its social commitment through a focused cluster of health and humanitarian initiatives, each targeting a distinct segment of society in need of support. The most impactful intervention was the sponsorship of Rotary Club of Colombo West's cataract surgery project, through which 50 individuals received free sight-restoring procedures. For many recipients, the loss of vision represents not only a personal hardship but also the loss of livelihood and independence, making this contribution one of the most tangible and life-altering outcomes of the Company's CSR programme during the year.

Complementing this, support was extended to Lions International District 306D-11 through their "Hearts in Harmony" initiative, which directed funds toward the maternity ward of Kurunegala Teaching Hospital, the Lions Community Centre in Anuradhapura and the Dambadeniya Eye Hospital project. These contributions channelled resources into healthcare infrastructure serving rural and semi-urban communities that face persistent gaps in access to quality medical facilities.

Recognising that wellbeing extends beyond the physical, Vallibel Finance also supported Sri Lanka Sumithrayo, an organisation providing confidential emotional support and suicide prevention services to individuals in distress. In a social climate where mental health remains significantly under-resourced, this sponsorship acknowledges the quiet yet critical role such services play in preserving lives.

A donation to a Buddhist welfare fund administered through Kosgoda Seewali Thero further reflected the Company's sensitivity to community-led welfare structures that operate outside formal institutional channels but serve real social needs at the grassroots level.

SOCIAL AND RELATIONSHIP CAPITAL





Our 9th consecutive blood donation campaign further deepened the Company's humanitarian footprint, mobilising employees to contribute directly to the national blood supply, an act that bridges corporate responsibility with civic participation and addresses a persistent shortage in Sri Lanka's healthcare system.

Arts, Culture and Heritage

The Company's arts and culture engagements demonstrated a commitment to preserving and celebrating Sri Lanka's creative and spiritual heritage. The Sri Lankeeya Gayaka Gaika Sangamaya - the national singers' association, received support through its hospitality fund, recognising the broader ecosystem of artists who sustain the country's musical traditions. Seema Sahitha Mahanuwara Sinhala Welenda Sela's 52nd anniversary celebration and awards night was supported, as was the Maharagama Sri Nanda Buddhist Centre, for a cultural music event and the placement of a Buddha statue within a stupa.

Soul Sound Academy's "Why We Sing" concert was backed to support its mission of elevating musical talent while contributing to diverse communities. The 81st Royal Philex Stamp Exhibition at Royal College, the Rupavahini "Selalihini Wasanthaya" national cultural broadcast festival and a Wesak Thorana display in Rajagiriya, organised by the local business community, each received sponsorship, spanning philately, broadcasting and religious observance as distinct expressions of the country's cultural life.

Sports Development

Sustained investment in sport reinforced the Company's longstanding ties with Sri Lanka's sporting institutions. Membership subscriptions to the Mercantile Cricket Association, Nondescripts Cricket Club and the Mercantile Athletics Federation maintained the Company's active presence within the corporate sports ecosystem. The Unicorn Veterans Sports Club's Ampitiya Avurudu festival received support, as did the Royal College Group of 2005's "Flamenco 2025" event, directed toward empowering young athletes. A contribution toward the Nalanda Centenary Sports Complex and an alternative practice ground represented a longer-term capital investment in grassroots sporting infrastructure.

Community and Social Welfare

Community welfare engagement encompassed a range of civic and social relationships. The Arangala United Business Community Foundation received sponsorship for a fundraising event whose proceeds support ongoing community upliftment projects.

In response to the devastating impact of Cyclone Ditwah, our head office and branch network across the island joined together to launch a relief initiative. Staff members collected and distributed essential supplies, providing immediate, vital support to the hardest-hit communities during the national emergency

Industry and Trade Associations

The Company maintained its engagement with key industry bodies, most notably through sponsorship of the Vehicle Importers Association of Sri Lanka's Annual General Meeting, a relationship directly aligned with Vallibel Finance's core vehicle financing business. The Golden Night 2025 dinner dance, which supports infrastructure, sports and student welfare, also received backing.

Our Commitment to the Government and Regulators

The Company remains firmly committed to maintaining the highest standards of regulatory compliance, corporate governance and responsible financial conduct. As a licensed financial institution and publicly listed company, we operate in full adherence to applicable national legislation, sector-specific regulations and supervisory requirements, reinforcing our role as a trusted and accountable participant in the financial services industry.

We also comply fully with the listing rules and disclosure obligations of the Colombo Stock Exchange and the regulatory framework of the Securities and Exchange Commission of Sri Lanka. This includes timely disclosure of material information, transparent and accurate financial reporting and adherence to internationally recognised corporate governance standards, all of which support market integrity and investor confidence.





Beyond compliance, Vallibel Finance actively contributes to national economic development through its fiscal responsibilities and constructive engagement with regulatory authorities. During the year under review, the Company remitted Rs. 4.05 billion in taxes to the Government of Sri Lanka, reflecting our continued commitment to supporting public finance, economic stability and national development priorities.

Our Commitment to Shareholders

Vallibel Finance is committed to delivering sustainable, long-term value to its shareholders through disciplined execution, strong governance practices, prudent risk management and a customer-centric growth strategy. Our focus on operational efficiency, ethical conduct and strategic partnerships ensures that value creation is both resilient and sustainable across business cycles.

We continue to strengthen shareholder returns by maintaining a balanced approach to growth and risk, supported by sound financial management and a robust governance framework. The trust our shareholders place in us is reinforced through transparent communication, consistent performance and adherence to best-in-class reporting standards.

For a detailed analysis of financial performance and shareholder value creation, please refer to the Financial Capital section of this report.

Future Horizon: 2026/27 and Beyond

As we transition into the financial year 2026/27, Vallibel Finance remains dedicated to fortifying our stakeholder ecosystem through a dual focus on digital acceleration and impact-driven engagement. Our strategic roadmap prioritises the evolution of social and relationship capital into a resilient foundation for long-term value creation, specifically designed to navigate an increasingly complex socio-economic and environmental landscape.

In the immediate future, we will move beyond transactional interactions to cultivate strategic alliances with our business associates, aligning shared objectives to drive collective resilience across our supply chain. We are committed to exceeding customer expectations by embedding a culture of empathy within all customer-facing teams, supported by refined service protocols that ensure seamless interactions across every touchpoint. Furthermore, our digital-first culture will be strengthened by the continued migration of customers to our paperless ecosystem, including the VFin Digital Kiosks and the Pay&Go gateway, enhancing service continuity while reducing our operational carbon footprint.

Over the medium term, we will leverage advanced analytics and stakeholder feedback to transition towards a predictive engagement model. By understanding shifting trends with precision, we ensure our financial solutions from gold loans to vehicle leasing are designed to anticipate the evolving requirements of a diverse demographic. Simultaneously, we will scale our community outreach programmes to create measurable socio-economic impacts. A key priority will be the introduction of climate-responsive product innovation, exploring specialised leasing for energy-efficient machinery and electric mobility to support our customers in transitioning to a low-carbon economy.

In the long term, the Company aims to establish a legacy of shared prosperity and environmental consciousness. We will deepen our integration into local economies, focusing on the "Social Licence to Operate" through large-scale sustainability initiatives. Recognising that environmental stability is fundamental to relational capital, we will initiate comprehensive awareness programmes focused on climate adaptation for our SME and agricultural clients. By helping stakeholders mitigate the physical risks posed by extreme weather events, we safeguard the stability of our portfolio and the well-being of the communities we serve.

Through these integrated efforts, Vallibel Finance is poised to ensure that our social and relationship capital remains a robust catalyst for sustainable performance, creating a future that is inclusive, innovative and environmentally resilient.

NATURAL CAPITAL

Preserving Nature, Financing a Responsible Future

Our commitment to environmental stewardship continues to be strengthened by integrating climate risks and opportunities into core financial solutions. Recognising that natural resources are finite, we have transitioned from simple conservation to active value creation, ensuring that our growth remains in harmony with the ecosystems of Sri Lanka.



Highlights of FY 2025/26

GHG Emissions Measurement

Achieved a significant milestone by initiating the GHG emissions measurement across the entire branch network, covering both Scope 1 and Scope 2.

Standard Alignment

Aligned corporate reporting with international disclosure standards, specifically SLFRS S2, establishing a transparent baseline to guide future decarbonisation efforts.

Strategic Green Partnerships

Strengthened steps to green financing portfolio through a strategic partnership with Hayleys Solar, providing tailored financing solutions that empower customers to transition to renewable energy.

FY 2025/26 At a Glance

Electricity Consumption per Branch (GJ)		Water Consumption per Employee (m3)		Paper Usage - Head Office (Packs)	
93.93	**86.48**	**14.43**	**14.99**	**2,808**	**2,438**
2025/26	2024/25	2025/26	2024/25	2025/26	2024/25

Direct GHG Emissions - Scope 1 (tCO2e)	Indirect GHG Emissions - Scope 2 (tCO2e)	Total GHG Emissions (tCO2e)
2,454.76	**1,155.59**	**3,610.35**
2025/26	2025/26	2025/26



Natural Capital as a Catalyst for Sustainable Performance

At Vallibel Finance, we view natural capital as more than a resource to be consumed. We consider natural capital as a fundamental catalyst for long-term value creation and institutional resilience. By aligning our lending portfolios with environmentally friendly initiatives, such as Electric Vehicle (EV) leasing and solar financing, we mitigate transition risks while tapping into emerging green markets. This strategic focus ensures that our financial performance is separated from environmental degradation, allowing the Company to thrive in a regulatory landscape increasingly defined by climate-related disclosures and sustainable finance taxonomies.

Stakeholder Impact and Risk Alignment

Stakeholder Group		Primary Impact/ Concern	Material Aspects	Related Risks	Linked SDGs
Regulators		Compliance with SLFRS S1 & S2	↘ Career growth, holistic well-being and future-readiness.	↘ Regulatory ↘ Compliance	
Investors		ESG Integration & Resilience	↘ Climate-related Risks & Opportunities ↘ Company Brand & Reputation	↘ ESG ↘ Reputational	
Customers		Accessible Green Financing	↘ Climate-related Risks & Opportunities ↘ Customer Satisfaction	↘ Market	
Employees		Resource Efficiency	↘ Climate-related Risks & Opportunities ↘ Operational Environmental Footprint	↘ Operational	
Communities		Environmental Preservation	↘ Climate-related Risks & Opportunities ↘ Company Brand & Reputation	↘ ESG	

NATURAL CAPITAL

Creating Value for our stakeholders	
Inputs	Grid electricity to power branch operations, Water used for branch operations, Paper for documentation and printing needs
Activities	Emissions Tracking, Digitisation of Workflows, Green Portfolio Expansion, Awareness & Engagement
Outputs	Green Lease Agreements, Solar Financing Facilities, ESG Disclosures
Outcomes	Reduced Water Footprint, Enhanced Climate Transparency, Empowered Customers, Building Long-term Resource Resilience

GRI 3-3

Management Approach

Vallibel Finance employs a strategic two-prolonged approach to manage and enhance natural capital both our direct operational footprint and our indirect impact as a financial intermediary. This dual focus allows us to mitigate environmental risks while capitalising on the emerging opportunities of a green economy.

Our direct approach is governed by the "Reduce, Reuse and Recycle" framework. By integrating sustainable building principles at our Colombo Corporate Office and fostering a culture of conservation, we have successfully managed resource intensity during a period of rapid nationwide expansion. Complementing this, our indirect approach embeds sustainability into our core business. Through specialised green financing and digitisation, we empower our customers to manage their ecological impact while simultaneously reducing our own dependence on paper and fuel.

To ensure rigorous oversight, our management approach is anchored in three strategic pillars.

Our commitment to climate action shifted from qualitative goals to quantitative accountability during the financial year 2025/26. The cornerstone of this shift was the implementation of a comprehensive Greenhouse Gas (GHG) inventory across our entire branch network. By measuring Scope 1 and Scope 2 emissions, we have established a scientifically robust baseline aligned with SLFRS S2. This decentralised monitoring moves beyond Head Office metrics to provide a holistic corporate view, allowing us to strategically dissociate operational growth from carbon intensity through energy-efficient infrastructure and employee-led conservation.

Recognising that our most significant environmental influence is realised through our lending activities, we have prioritised directing capital toward Sri Lanka's low-carbon transition. We focused on high-impact sectors by expanding our Electric Vehicle (EV) leasing and setting foundation for solar financing. Our strategic partnership with Hayleys Solar serves as a blueprint for this pillar, offering specialised financial products that lower the barriers to renewable energy adoption. By integrating environmental criteria into product development, we empower our customers to make sustainable choices while diversifying our portfolio against the risks of a carbon-constrained economy.

We recognise that climate change and resource scarcity present material risks to asset quality and operational continuity. Accordingly, environmental considerations are now deeply embedded within our Enterprise Risk Management (ERM) framework. During the year under review, we enhanced our credit risk assessment to identify vulnerabilities to physical climate risks, such as floods and droughts that could affect collateral or repayment capacity. We apply a precautionary principle to environmental risk, ensuring our frameworks account for the climate resilience of lease assets while managing internal resilience through the rigorous optimisation of water and paper consumption.

Climate Action and Emissions Management	Green Financing and Sustainable Investment	Environmental Risk and Resilience Management
Establishing a transparent carbon baseline through Scope 1 and 2 measurements to drive decarbonisation in line with SLFRS S2.	Facilitating the transition to a low-carbon economy by expanding renewable energy and eco-friendly transport portfolios.	Protecting long-term value by integrating climate-related risk assessments into our credit and operational frameworks.



Managing Challenges and Creating Sustainable Resilience

Strategic Pillar: Climate Action and Emissions Management

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Emissions Transparency	Establishing a reliable baseline for carbon footprint across a geographically dispersed network.	Successfully initiated and completed the measurement of Scope 1 and Scope 2 GHG emissions across all branches to establish a 3,610.35 tCO2e baseline.
Electricity Usage	Reducing electricity consumption has been challenging due to the rapid expansion of our branch network, which contributes significantly to our total emissions portfolio.	Implementing LED retrofitting to reduce resource intensity, while initiating branch-level monitoring to identify and address high-consumption areas. This was complemented by targeted internal communications to reinforce energy-conscious behaviours, such as powering down lighting and equipment in common areas and workspaces.

Strategic Pillar: Green Financing and Sustainable Investment

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Renewable Energy Adoption	High upfront costs for solar technology make it inaccessible for certain customer segments.	Formed a strategic partnership with Hayleys Solar to offer tailored solar financing solutions with competitive terms to encourage adoption.
Portfolio Diversification	Transitioning the leasing portfolio towards low-carbon alternatives amidst fluctuating market conditions.	Actively promoted and expanded the inclusive Electric Vehicle (EV) leasing portfolio to support the national shift towards sustainable transport.
Environmental Advocacy & Community Engagement	Bridging the gap between complex sustainability concepts and the wider community through relatable, accessible and engaging communication.	Reaffirmed our commitment to environmental stewardship by leveraging digital platforms and social media to champion global observances, such as Earth Day and Innovation Day, fostering a shared culture of responsibility across our diverse stakeholder base.

Strategic Pillar: Environmental Risk and Resilience Management

Focus Area	Challenge Faced	Strategic Approach FY 2025/26
Climate Risk Integration	Integrating climate-related risks into the existing Enterprise Risk Management (ERM) framework remained a key challenge due to evolving regulations, increasing stakeholder expectations and the complexity of monitoring physical and transition risks. Limited data availability and the need for stronger internal capabilities further heightened the complexity of embedding these considerations into decision-making.	Strengthened the integration of climate-related risks into the ERM framework by enhancing identification and reporting processes in alignment with SLFRS S1. We focused on developing risk assessment methodologies, incorporating climate considerations into lending decisions and improving data governance to support more resilient and informed business operations.
Resource Management	Rise in paper consumption at the Head Office (up to 2,808 packs) due to increased volumes and regulatory needs.	Enhanced electronic workflows and digital HR platforms to mitigate paper dependency, while managing the hybrid manual-to-digital transition period.
Energy Efficiency	Growth in electricity consumption per branch (reaching 93.93 GJ) is driven by digital expansion.	Monitored branch-level energy metrics and maintained the 16-storey corporate complex under energy-efficient building principles.
Operational Resilience	Managing the scarcity and rising cost of water and utilities in urban operational hubs.	Implemented strict water conservation measures, resulting in a significant reduction of water consumption per employee to 14.43 m3.
Sustainability Culture	Ensuring consistent environmental stewardship across a rapidly expanding and geographically dispersed workforce and other stakeholders.	Successfully fostered a culture of responsibility through targeted digital awareness campaigns and global observances, building institutional resilience by empowering stakeholders to act as stewards of natural capital.

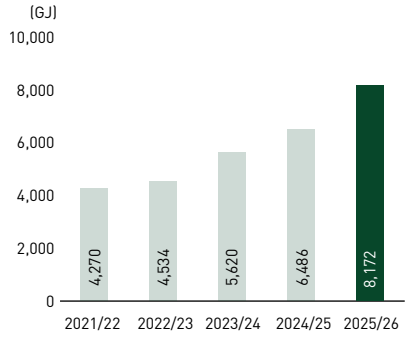
NATURAL CAPITAL

GRI 302-1, 302-4

Enhancing Energy Efficiency Through Electricity Management

Energy efficiency remains a strategic priority for the Company as we work to decouple our business growth from our environmental footprint. During the financial year 2025/26, total electricity consumption reached 8,172 GJ, representing a 26% increase from the previous year. This increase was primarily driven by the rapid expansion of our physical branch network and the strengthening of our digital infrastructure. To manage this, we continued the phased roll-out of inverter-based air conditioning and LED lighting retrofitting across all new and existing branches.

Electricity Consumption



GRI 302-1, 302-2, 302-4

Enhancing Energy Efficiency Through Fuel Management

Fuel is a critical input for our business mobility, employee commuting and backup power generation. During the financial year 2025/26, the Company recorded an overall fuel consumption of 33,237 in litres. Overall fuel usage increased due to the expansion in business activities and the branch network compared to the previous financial year.

The total diesel consumption* amounted to **589GJ** in FY 2025/26

The total petrol consumption* amounted to **567GJ** in FY 2025/26

The total fuel consumption amounted to **1,155GJ** in FY 2025/26

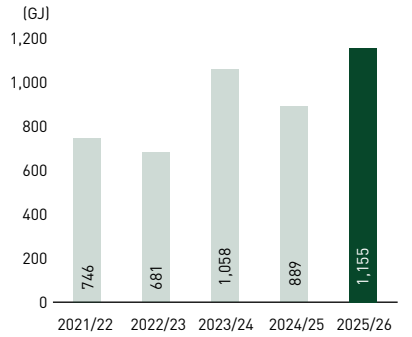
Total fuel consumption increased by **30%** in FY 2025/26

* Energy consumption values for liquid fuels are calculated using volumetric data multiplied by the net calorific values provided by the Sustainable Energy Authority of Ireland (SEAI) Energy Conversion Factors (2025/26)

Petrol: 0.03303 GJ/litre

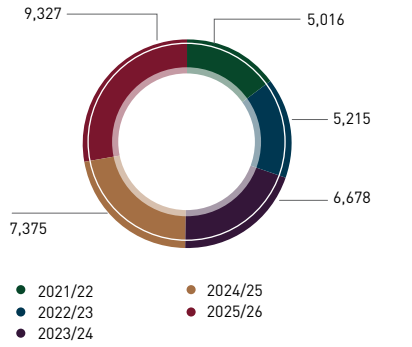
Diesel: 0.03660 GJ/litres

Fuel Consumption



GRI 302-3

Total Energy Consumption



	2023/24 (GJ)	2024/25 (GJ)	2025/26 (GJ)
Total Consumption**	5,620	6,486	8,172
Consumed per Employee[1]	3.74	3.68	3.76
Consumed per Workday[2]	20.82	24.34	30.04
Consumed at Head Office	1,233	1,057	859
Consumption per Branch	69.64	86.48	93.93
Consumption by all Branches/Service Centres	4,387	5,428	7,312

** Electricity consumption varies across months due to the addition of 12 branches and changes in the employee base at all branches. Thus, consumption is calculated as an average for the financial year. Data is collected in kWh and is converted into gigajoules (GJ) using energy conversion factor 1kWh=0.0036GJ

1. The total consumption per employee is calculated based on the number of employees as of 31st March 2026.
2. There were 272 working days from 01st April 2025 to 31st March 2026. Hence, the total consumption was divided by 272. It is calculated based on the HR calendar (including ½ day on Saturday).

The Company's energy consumption during the reporting period comprised purchased electricity and fuel used for transportation and backup power generation. No renewable energy was consumed during the reporting period. Accordingly, 100% of the Company's energy consumption was derived from non-renewable sources.

The Energy Intensity of the Company, calculated by dividing the total energy consumption from the total number of employees as at 31.03.2026 stood at 4.29 GJ per employee.

GRI 305-1, 305-2, 305-4

Emissions Management

During the financial year 2025/26, the Company achieved a significant milestone by establishing our first comprehensive GHG emissions baseline, recording 3,610.35 tCO2e across Scope 1 and Scope 2, which will serve as the benchmark for our future decarbonisation targets.

The table below presents the Company's total greenhouse gas (GHG) emissions under Scope 1 and Scope 2 for the

	GHG Emissions (tCO2-e) in FY 2025/26				
	Total Emissions	Carbon dioxide (CO2)	Methane (CH4)	Nitrous oxcide (N2O)	Hydrofluoro carbons (HFCs)
Direct GHG Emissions (Scope 1)	2,454.76	2,394.32	30.26	30.18	-
Indirect GHG Emissions (Scope 2)	1,155.59	1,155.59	0.00	0.00	-
Total GHG Emissions (tCO2-e)	3,610.35	3,549.91	30.26	30.18	-

GRI 303-1,303-5



Emissions Intensity
(Emissions per employee)
1.66


GREENHOUSE GAS VERIFICATION OPINION

VALLIBEL FINANCE PLC

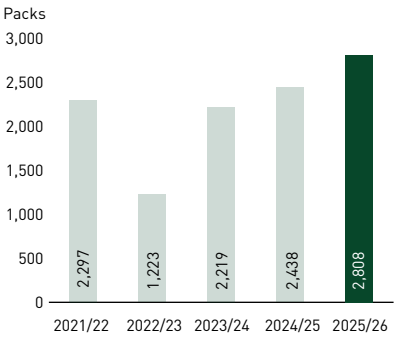
GHG Protocol – Corporate Accounting & Reporting Standard

reporting period. Further information on the Company's emissions profile, methodology and related disclosures is provided on pages 156 to 158.

Advancing Toward a Paperless Environment

The Company is committed to transitioning toward a digital-first operational model to reduce our reliance on paper. During the financial year 2025/26, paper usage at the Head Office increased to 2,808 packs, up from 2,438 in the previous year. This 15% increase was largely due to higher operational volumes, strict regulatory documentation requirements and the temporary overlap of hybrid manual and digital processes during our digital transformation. However, our paper-reduction strategy remains robust, focusing on expanding electronic workflows and digital HR platforms. Over the years, we have observed a consistent decline in paper usage per branch, demonstrating that as our adoption of digital processes matures, the intensity of paper consumption is successfully being mitigated.

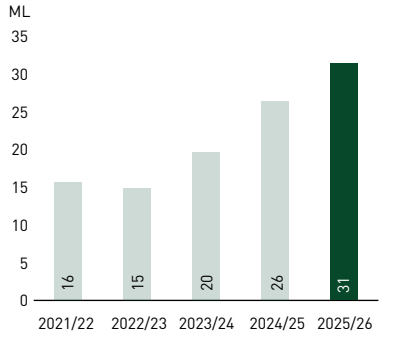
Paper Consumption



Strategic Water Stewardship

While our financial services operations are not water-intensive, we recognise water as a shared and scarce natural resource. In a significant achievement for FY 2025/26, the Company successfully reduced water consumption per employee to 10.86 m3, down from 14.99 m3 in the previous year a 27.5% improvement in efficiency. This was achieved by intensifying conservation awareness and installing water-efficient fixtures across our branch network. We continue to foster a culture of conservation amongst our staff, ensuring that our growth does not place undue pressure on local water tables.

Water Consumption



2022 Financial Year 2,297 Packs
2023 Financial Year 1,223 Packs
2024 Financial Year 2,219 Packs
2025 Financial Year 2,438 Packs
2026 Financial Year 2,808 Packs

NATURAL CAPITAL

	2023/24 (m³)	2024/25 (m³)	2025/26 (m³)
Total Consumption**	19,612	26,427	31,377
Consumed per Employee[1]	13.06	14.99	14.43
Consumed per Workday[2]	73	99	115
Consumed at Head Office	4,966	6,283	6,396
Consumption per Branch	232	352	402
Consumption by all Branches	14,646	20,143	24,981

** Consumption varies across months due to the addition of 12 branches and changes in the employee base at the head office and across branches. Thus, consumption is calculated as an average for the financial year.

1. The total consumption per employee is calculated based on the number of employees as of 31st March 2026.
2. There were 272 working days from 01st April 2025 to 31st March 2026. Hence, the total consumption was divided by 272. It is calculated based on the HR calendar (including ½ day on Saturday).

Circular Economy and Waste Management

The Company follows the "Reduce, Reuse and Recycle" framework to manage waste, ensuring that operational outputs are handled with minimal environmental impact. General waste is strictly segregated and disposed of via municipal services, while paper waste is channelled toward recycling partners wherever feasible. A key focus during the financial year 2025/26 was managing electronic waste (e-waste) as we upgraded our technological infrastructure. We are in the process of formalising partnerships with certified e-waste vendors to ensure that decommissioned hardware is processed safely and responsibly, preventing hazardous materials from entering the ecosystem.

GRI 201-2

Green Financing as a Catalyst for Change

Beyond our internal operations, we exert a positive indirect influence on natural capital through our core lending business. During the year under review, the Company expanded our inclusive Electric Vehicle (EV) leasing while laying the groundwork for broader renewable energy adoption. A significant milestone in this direction was the initiation of a strategic partnership with Hayleys Solar. This collaboration is designed to develop tailored solar financing solutions that will eventually empower a wider segment of the Sri Lankan population to transition to low-carbon technologies. By aligning our product development with these emerging green sectors, we are proactively positioning the Company to support the national shift toward energy independence and environmental sustainability.



Unwavering Commitment to Environmental Compliance

Vallibel Finance operates with a steadfast commitment to environmental stewardship and strict adherence to the national regulatory framework. For the financial year ended 31st March 2026, the Company successfully maintained full compliance with all applicable environmental statutes and regulations in Sri Lanka. Consequently, no fines or non-monetary penalties were incurred for environmental non-compliance during the period under review. This achievement reflects our robust internal governance and underscores our dedication to conducting business in an ethically and environmentally sound manner.

Future Horizon: 2026/27 and Beyond

Looking ahead, the Company remains committed to evolving our natural capital strategy from resource management to comprehensive climate leadership. Our roadmap is defined by three strategic pillars aimed at strengthening our environmental resilience and expanding our positive influence across Sri Lanka.

A primary objective for the upcoming year is to refine our carbon accounting framework. Having successfully created baselines for Scope 1 and Scope 2 emissions in the financial year 2025/26, the Company will now focus on the complex task of quantifying Scope 3 emissions. This will involve assessing the indirect environmental impact of our lending and leasing portfolios to enable us to align more closely with the evolving requirements of SLFRS S2. Simultaneously, we will intensify our efforts to minimise operational waste. This includes implementing targeted initiatives to reduce plastic usage and further curtailing paper consumption by completing the transition from hybrid manual processes to fully digitalised, paperless workflows across our entire branch network.

We recognise that our greatest contribution to natural capital lies in our ability to fund a sustainable transition for our customers. To this end, the Company intends to strategically expand its "Green Lending" reach. This includes scaling our inclusive Electric Vehicle (EV) leasing products and solar financing facilities, particularly in regions beyond Colombo. By lowering the financial barriers to renewable energy and eco-friendly transport, we aim to empower a broader demographic to participate in the green economy. We are also exploring the feasibility of integrating renewable energy sources, such as solar power, directly into our branch infrastructure to further reduce our dependence on the national grid.

Beyond our internal operations, the Company has long-term plans to broaden the scope of our Corporate Social Responsibility (CSR) activities. These initiatives will place greater emphasis on environmental education, biodiversity conservation and the support of green entrepreneurship. By integrating environmental performance metrics into our procurement processes and credit risk assessment frameworks, we will ensure that sustainable decision-making remains a fundamental driver of our long-term growth and corporate identity.

Built for Accountability,
Driven by Transparency

Sustainability disclosures integrate environmental, social, and governance factors with financial transparency, offering a complete view of organisational impact and performance. Data is structured and presented with care, ensuring clarity and actionable insight for stakeholders. Through disciplined transparency, Vallibel Finance PLC demonstrates accountability and integrity. Every disclosure aligns with governance standards, reinforces trust, and ensures that environmental and social considerations are embedded within decision-making.



REPORT ON SLFRS S1 AND S2 SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

144 SLFRS Sustainability-related Financial Disclosures

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SECTION I: BASIS OF PREPARATION

1. Reporting Entity, Organisation Boundary and Value Chain

1.1 Reporting Entity

Vallibel Finance PLC, a Public Limited Liability Company incorporated and operating in Sri Lanka and duly licensed by the Central Bank of Sri Lanka to conduct finance and leasing business activities.(Refer note No.1 in page 276 & Our Product Portfolio in page 14)

1.2 Organisation Boundary

The organisational boundary is determined on the same basis as the financial statements and includes all activities over which the Company has control.

Vallibel Finance PLC holds 100% ownership of Vallibel Properties (Private) Limited, a company incorporated on 5th March 2020, which is included within the reporting boundary of the Company.

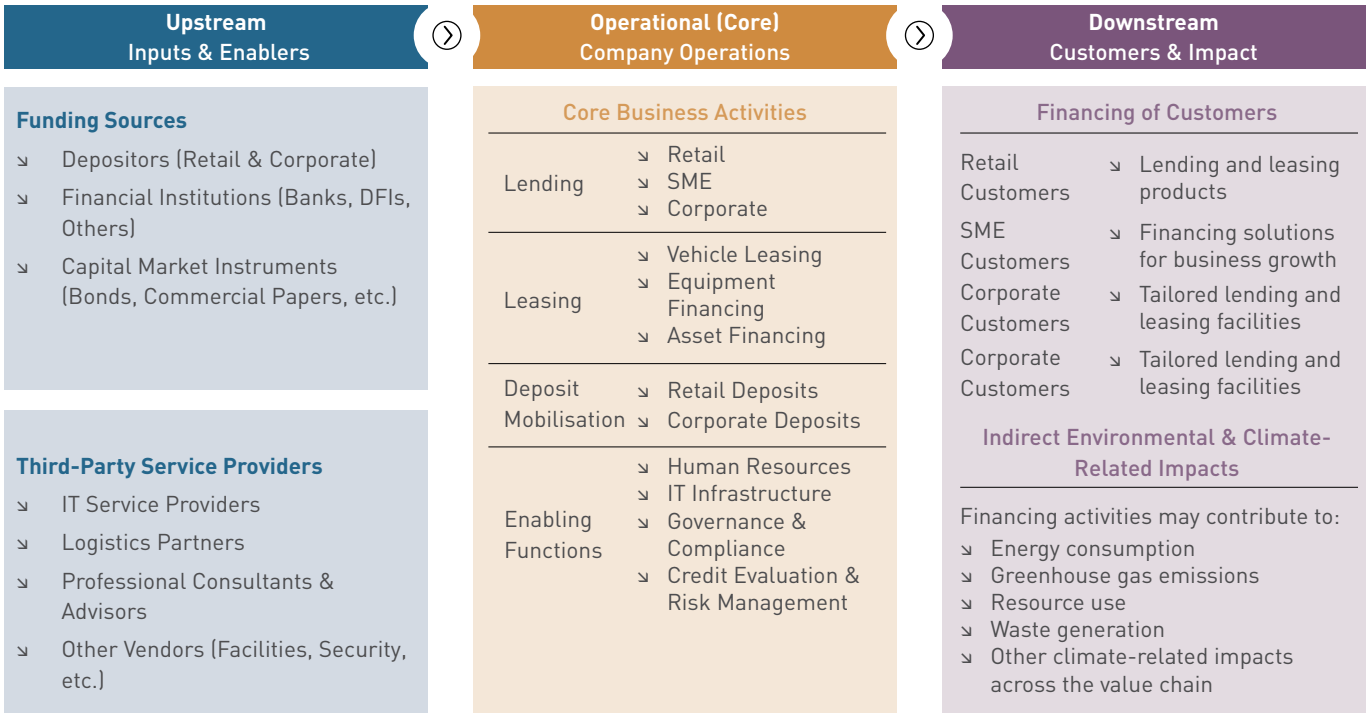
1.3 Value Chain

The Company's Value Chain comprises upstream, operational and downstream activities associated with the provision of finance and leasing services. Upstream activities primarily include funding obtained from depositors, financial institutions and capital market instruments, as well as services provided by third-party vendors such as IT service providers, logistics partners and professional consultants and advisors.

Core operations consist of lending, leasing and deposit mobilisation activities, supported by human resources, IT infrastructure, governance and compliance, credit evaluation and risk management.

Downstream activities include the financing of retail, SME and corporate customers, particularly through leasing and lending portfolios. These activities may give rise to indirect environmental and climate-related impacts across the value chain.

While the Company recognises the relevance of value chain–related impacts, including financed emissions, the measurement and disclosure of Scope 3 emissions have not been undertaken during the reporting period. The Company intends to progressively enhance its data collection and assessment processes to incorporate such disclosures in future reporting periods.



Scope 3 (Value Chain) Disclosure Approach

- The Company recognises the relevance of financed emissions and value chain–related impacts.
- Scope 3 emissions were not measured or disclosed during the reporting period.
- The Company intends to progressively enhance:
  - Data collection processes
  - Assessment methodologies
  - Future Scope 3 disclosures and climate-related reporting.

2. Basis of Materiality

For identifying and assessing material climate-related risks and opportunities, the Company has adopted a materiality determining criteria comprising both quantitative and qualitative dimensions.

The quantitative materiality threshold is determined with reference to key financial performance indicators, whereby matters with a potential financial impact exceeding ±7% (Exceeding Rs. 400 million in monetary terms calculated based on the average operating profit over the last three financial years) of operating profit are considered material.

In addition to the quantitative threshold, qualitative factors are applied in determining materiality, including the potential impact on business strategy, regulatory and compliance obligations, stakeholder expectations, reputational considerations and the Company's long-term resilience and sustainability objectives.

3. Functional Currency

Sri Lankan Rupees (LKR)

4. Sources of Guidance

SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information

SLFRS S2 – Climate-related Financial Disclosure Standard

Sri Lanka Nationally Determined Contributions 3.0 (2026-2035)

CBSL Sustainable Finance Roadmap 2.0

5. Reporting Period

This report covers sustainability-related financial information for the financial year 01st of April 2025 to 31st March 2026, which is consistent with the reporting period of the Company's general-purpose financial statements.

6. Time Horizon

Sustainability-related risks and opportunities have been assessed across the following time horizons:

Time Horizon	Definition	Period
Short Term	1 Year	2026/27
Medium Term	2 to 3 Years	2027/28- 2028/29
Long Term	More than 3 Years	2029/30 and beyond

These time horizons align with the Company's strategic planning.

7. Connected Information

The following table illustrates the connected sections of the Integrated Annual Report to SLFRS S1 and S2 Disclosures. Where disclosures are presented elsewhere in the Integrated Annual Report, the specific sections and page references are indicated.

SLFRS S1 and S2 Section	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 & S2 disclosures – pages 146 to 148	Corporate Governance at Vallibel Finance PLC – pages 162 to 225 Board Integrated Risk Management Committee Report – pages 250 to 252
Strategy	SLFRS S1 & S2 disclosures – pages 148 to 154	Our Strategy – pages 46 to 49
Risk Management	SLFRS S1 & S2 disclosures – pages 154 to 156	Risk Management Report – pages 226 to 241
Metrics & Targets	SLFRS S1 & S2 disclosures – pages 156 to 159	Natural Capital Report – pages 136 to 142

8. Transitional Relief

The Company has applied the following transitional reliefs under SLFRS S1 and S2,

8.1 SLFRS S1- Disclosure of Information only on Climate–related Risks and Opportunities

In the first annual reporting period in which an entity applies this standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently apply the requirements in this standard only in so far as they relate to the disclosure of information on climate-related risks and opportunities.

8.2 SLFRS S1 - Disclosure of Comparative Information

In the first annual reporting period in which an entity applies this standard, it is not required to disclose comparative information about its climate-related risks and opportunities; and in the second annual reporting period in which the entity applies this standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities.

8.3 SLFRS S2 - Disclosure of Scope 3 Greenhouse Gas Emissions

Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions, becomes mandatory two years after the initial application date.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

8.4 SLFRS S2 - Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities

Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard.

8.5 SLFRS S2 - Disclosures on Climate resilience

Relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

9. Significant Judgments, Uncertainties and Proportionality

Management exercised significant judgment such as the use of assumptions, estimates and proportionality considerations due to evolving nature of sustainability related reporting and data availability particularly in the following areas.

- Identification of the CRROs.
- Determining which sources of guidance to apply.
- Determining appropriate time horizons (short, medium and long term)
- Identifying material information to include in disclosures.
- Assessing if an event is significant and requires reassessment of the scope of all affected CRROs throughout the value chain.

The preparation of these disclosures is subject to uncertainties arising from future frequency and severity of extreme weather events, evolving regulatory expectations, limitations in historical sustainability-related data, the availability of value chain information, assumptions used in climate-related assessments and the developing nature of sustainability reporting methodologies.

10. Statement of Compliance

This report represents a complete set of sustainability-related financial disclosures for Vallibel Finance PLC and its subsidiary (collectively, the "Group") for the year ended 31st March 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

SECTION II: GOVERNANCE GRI 2-14

1. Board Oversight Role

The Board appointed Board Integrated Risk Management Committee (BIRMC) to assist in overseeing, guiding and providing strategic insight into sustainability related risks and opportunities (SRROs) identified in Vallibel Finance PLC (the "Company")'s business model, operations, over short, medium and long-term.

1.1 Responsibilities of the Board Integrated Risk Management Committee (BIRMC) in managing Sustainability Related Risks and Opportunities of the Company

- The Committee is responsible for managing the following Sustainability Related Risks and Opportunities of the Company
- Overseeing the development and implementation of the Company's sustainability strategy and policies.
- Ensure appropriate strategies are in place to respond to sustainability-related risks and opportunities (SRROs).
- Ensure the availability or development of appropriate skills and competencies to oversee strategies designed to respond to SRROs.
- Establish mechanisms to promptly escalate SRROs to the Committee.
- Ensure the Main Board is sufficiently informed about SRROs when overseeing the Company's strategies, its decisions on major transactions and its risk management processes and related policies, including the trade-offs associated with those risks and opportunities.
- Oversee the establishment of targets related to SRROs and monitor progress towards those targets, including the inclusion of related performance metrics in remuneration policies.
- Advising the Board on sustainability trends, risks, opportunities and regulatory changes.
- Ensuring that sustainability is integrated into the Company's business model, culture and operations.
- Reviewing and guiding sustainability initiatives, environmental practices and ethical conduct.
- Evaluating and overseeing reporting on sustainability to stakeholders, including sustainability reports, disclosures and communication methods complying with the statutory requirements and best practices.
- Review the independent external auditors' scope of work, approach and internal coordination for non-financial / sustainability disclosures assurance process.
- Review and provide guidance on management's role in the governance processes, controls and procedures used to monitor, manage and oversee SRROs.
- Engaging with stakeholders, including shareholders, employees, customers, suppliers and the wider community, on sustainability-related issues.
- Facilitating continuous improvement in the Company's non-financial reporting / sustainability disclosures and performance.

1.2 Skills and Competencies

The Board of Directors possesses a diverse range of skills, knowledge and competencies that enable the effective evaluation and oversight of emerging Sustainability-related risks and opportunities within the Company's operating environment.

To further strengthen governance oversight in this area, the Company conducted a "Board of Directors Skills and Experience Gap Analysis Questionnaire" during the reporting period. The assessment was designed to evaluate the Board's existing competencies in Sustainability and climate-related matters, identify potential knowledge gaps and support the development of targeted capacity building initiatives to enhance the Board's effectiveness in overseeing Sustainability-related matters.

During the reporting period, the Board further enhanced its understanding of Sustainability-related matters through a workshop session conducted by external advisors, focusing on the requirements of SLFRS S1 and SLFRS S2, including climate-related risk considerations and disclosure expectations. In addition, relevant learning materials and guidance resources were provided to support continuous knowledge development and strengthen the Board's awareness of evolving Sustainability-related developments.

The Company remains committed to continuously strengthening Board competencies in Sustainability through ongoing training, periodic assessments and engagement with emerging regulatory, market and industry developments to ensure effective oversight of Sustainability-related risks and opportunities.

1.3 Inform

The Board of Directors is informed of the Sustainability-related risks and opportunities (SRROs), including climate-related risks, quarterly through the Board Integrated Risk Management Committee (BIRMC). This includes updates on the Company's overall risk profile, portfolio exposures, regulatory developments and emerging Sustainability-related trends relevant to the finance and leasing sector.

Key outputs and insights from the Sustainability Management Committee (SMCO) are communicated to the Board Integrated Risk Management Committee (BIRMC) and matters considered material are subsequently escalated to the Board for deliberation and guidance.

In addition to scheduled reporting, the Board and the BIRMC may receive updates from Management on significant Sustainability-related developments, where necessary.

1.4 Address

The Board of Directors, supported by the BIRMC and Management Committees, oversees the management of Sustainability-related risks and Opportunities by integrating it into the Company's governance, risk management and strategic decision-making processes.

The Sustainability Management Committee (SMCO) plays a key role at the operational level by coordinating sustainability initiatives, monitoring emerging risks and supporting the implementation of relevant frameworks and policies.

The BIRMC evaluates Sustainability-related risk exposures, including those arising from Climate-related factors and recommends appropriate risk management actions to the Board.

The Board provides overall direction through the approval of policies, oversight of risk mitigation measures and consideration of Sustainability-related factors in strategic planning and capital allocation decisions.

The Board also considers evolving regulatory requirements and industry developments in guiding the Company's response to Sustainability-related risks and opportunities.

1.5 Monitor

The Board Integrated Risk Management Committee (BIRMC), monitors the risk exposures by reviewing periodic risk reports, portfolio-level indicators and key risk metrics relevant to Sustainability and climate-related factors. Outcomes of SMCO deliberations are reported to the BIRMC and, where relevant, escalated to the Board.

2. Management Role

2.1 Delegation

At the management level, a Sustainability Management Committee (SMCO) has been established to support the identification, assessment and monitoring of Sustainability-related risks and opportunities. The Committee comprises cross-functional representation headed by The Managing Director and meets on a quarterly basis to review emerging sustainability-related risks, regulatory developments and the implementation of relevant initiatives.

The responsibilities of the Sustainability Management Committee (SMCO) are presented in the Committee charter and is given below,

- Develop and recommend a comprehensive ESG/Sustainability strategy aligned with the Company's vision, business objectives and long-term value creation.
- Establish and periodically review ESG/Sustainability policies to guide decision-making and business practices across the Company.
- Evaluate and approve the required infrastructure, systems and enhancements to existing processes and policies to support effective ESG/Sustainability implementation.
- Ensure ESG/Sustainability principles are integrated into the Company's business model, value chain, culture and day-to-day operations.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

- Oversee the identification, assessment and integration of sustainability-related risks and opportunities (SRROs) into the Company's enterprise risk management framework.
- Provide guidance and direction to business units to ensure effective execution of the ESG/Sustainability strategy.
- Monitor and promote continuous improvement in ESG/Sustainability performance and related disclosures.
- Oversee the development and implementation of strategies to address sustainability-related risks and opportunities within corporate strategy and strategic decision-making.
- Set, monitor and review measurable ESG/Sustainability targets, including climate-related targets.
- Promote the development of skills, competencies and awareness within the Company to effectively manage ESG/Sustainability matters.
- Establish mechanisms for the timely escalation of significant sustainability-related risks and opportunities to the Board Risk Management Committee.
- Ensure the Board Risk Management Committee is adequately informed to oversee sustainability-related strategies, major transactions and risk management processes.
- Advice the Board Risk Management Committee on emerging ESG/ Sustainability trends, risks, opportunities and relevant regulatory developments.
- Oversee CSR programmes and ensure transparent and effective communication of sustainability and CSR initiatives to stakeholders.

2.2 Policies and procedures

The Company has established an Environmental, Social and Governance (ESG) and amended the existing Sustainable Finance Policy to guide the management of sustainability-related risks and opportunities (SRROs), including climate-related risks.

The Environmental, Social and Governance (ESG) Policy sets out the overarching principles and approach to integrating sustainability considerations into Company's operations and decision-making processes. In addition, the Company has reviewed and strengthened its Sustainable Finance Policy to further embed sustainability-related considerations within its lending and leasing activities.

The Company remains committed to strengthening its policies and procedures over time to enhance the systematic integration of sustainability-related risks and opportunities into its management processes.

SECTION III: Strategy

CRRO 1	Extreme Weather Events	
CRROs impact on Prospects	Description	Increased frequency and intensity of storms, floods and droughts could damage collateral, disrupt operations and impact borrower repayment capacity.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	S,M, L
	Define time horizon	Refer in this document, 6.Time Horizon
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	**Operational Disruptions:** ↘ Temporary closure of branches due to floods, storms or other natural disasters ↘ Collateral Valuation Risk ↘ Physical damage to pledged assets may reduce recoverable values ↘ Credit Risk ↘ Reduced repayment capacity of borrowers, particularly SMEs and individuals engaged in climate-sensitive sectors such as agriculture, fisheries and tourism ↘ Increased restructuring/Moratorium requests from borrowers ↘ Financial Performance Impacts ↘ Increase in Non-Performing Advance ↘ Higher impairment provisions and credit monitoring costs ↘ Increased insurance premiums and maintenance expenses

CRRO 1	Extreme Weather Events	
	Where is it Concentrated?	↘ Customer and Collateral concentration in flood-prone, coastal and drought-affected areas ↘ Branches situated in flood-prone, coastal and drought-affected areas
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	**Short Term (Within 1 Year)** ↘ Map geographic and sectoral exposure of customers to extreme weather vulnerability ↘ Identify high-risk borrower segments and concentration levels ↘ Prioritise operational resilience for branches located in flood-prone areas ↘ Integrate climate risk indicators into credit appraisal templates ↘ Introduce monitoring of borrowers operating in climate-sensitive sectors and locations ↘ Initiate digital process enhancements to reduce reliance on physical branch infrastructure **Medium Term (2–3 Years)** ↘ Manage high-risk exposure through portfolio diversification ↘ Embed risks related extreme weather events Company's Risk Management framework ↘ Expand digital service channels to ensure operational continuity **Long Term (3 Years and Beyond)** ↘ Align business model with long-term climate resilience objectives. ↘ Develop climate-resilient lending products where feasible. ↘ Invest in enhanced climate data analytics. ↘ Integrate climate-adjusted credit assessment methodologies.
	How the Company is Resourcing and Plan to Resource Activities	**Short Term** ↘ Utilise existing Risk and Credit functions to integrate climate screening. **Medium** Term ↘ Improve internal capabilities to effectively embed climate risk to our Risk Management Framework. ↘ Invest in data systems to enhance geographic and sectoral analysis of borrowers ↘ Engage external experts for scenario analysis where necessary. **Long Term** ↘ Invest in advanced climate analytics tools. ↘ Allocate capital towards digital transformation and infrastructure resilience. ↘ Embed climate considerations into annual budgeting and strategic planning cycles.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRRO 1	Extreme Weather Events	
	Progress (qualitative and quantitative)	↘ Integration of Climate risk to Company's Risk Management Framework. ↘ Initiation of assessments to map geographic and sectoral exposure of customers to areas vulnerable to extreme weather-related events. ↘ Preliminary identification of higher risk borrower categories and concentration areas based customer location, industry exposure and operational dependency on climate sensitive activities. ↘ Evaluation of operational resilience measures for branches and operational locations exposed to potential flood and extreme weather events. ↘ Continued improvement of digital banking capabilities and process automation initiatives aimed at reducing operational reliance on physical branches. ↘ Strengthening internal awareness and governance discussions relating to climate-related risk management and resilience.
Financial Effects	Current year financial effects to PL, BS and CF	We have not identified material financial effects to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer page 145 to 146, Section I, 8. Transitional Relief
Judgments and Uncertainties	Judgments	Refer page 146, Section I,9.Significant Judgments, Uncertainties and Proportionality
	Uncertainties	

CRRO 2	Electric vehicle adoption disrupting automotive financing	
CRROs impact on Prospects	Description	Rapid transition to electric vehicles (EVs) may reduce demand for internal combustion engine vehicles, affecting loan portfolios, residual values and financing models.
	Physical Risk or Transition Risk	Transition Risk
	Time Horizon	L
	Define time horizon	Refer in this document, 6.Time Horizon

CRRO 2	Electric vehicle adoption disrupting automotive financing	
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to the entity's business model and the value chain for the current reporting period.
	Anticipated Effects on Business Model and Value Chain	**Business Model Impacts** ↘ Reduced demand for financing of internal combustion engine vehicles. ↘ Shift in customer preference toward electric or hybrid vehicles. **Portfolio and Credit Risk Impacts** ↘ Decline in resale value of ICE vehicles used as collateral. ↘ Increased credit risk where collateral values deteriorate faster than expected. ↘ Potential impairment risks in vehicle-backed loan portfolios. **Value Chain Impacts** ↘ Changes in relationships with vehicle dealers and distributors. ↘ Need to develop new underwriting expertise for EV-related financing. ↘ Increased reliance on data regarding battery life, technology obsolescence and resale markets. ↘ Over the long term, the transition may reshape the Company's automotive financing portfolio structure.
	Where is it Concentrated?	**The exposure is primarily concentrated in:** ↘ Vehicle financing portfolio secured by internal combustion engine vehicles. ↘ Long-tenure vehicle loans where residual value risk is higher.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	**Long Term (3 Years and Beyond)** ↘ Diversify the Vehicle Loan and Lease portfolios to include electric and hybrid vehicles. ↘ Engage with dealers to understand evolving vehicle mix trends. ↘ Monitor impairment trends by vehicle category. ↘ Develop EV-specific financing products.
	How the Company is Resourcing and Plan to Resource Activities	**Short to Medium Term Preparation** ↘ Monitoring EV adoption trends through market intelligence. ↘ Upskilling credit officers on EV financing risk assessment. ↘ ·Updating credit policy documentation to include transition risk considerations. **Long Term** ↘ Investing in data analytics to assess residual value trends. ↘ Allocating product development resources for EV financing offerings. ↘ Integrating transition risk analysis into strategic planning and budgeting cycles.
	Progress (qualitative and quantitative)	↘ Significant increase of Electric Vehicles of Company's granting portfolio. ↘ Commencement of monitoring and analysis of portfolio performance and impairment trends across different vehicle categories to support future risk assessments associated with changing market conditions and technological transition. ↘ Continued assessment of evolving regulatory developments, infrastructure readiness and market adoption trends relating to electric and hybrid vehicles within the operating environment.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRRO 2	Electric vehicle adoption disrupting automotive financing	
Financial Effects	Current year financial effects to PL, BS and CF	We have not identified material financial effects to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer page 145 to 146, Section I, 8. Transitional Relief
Judgments and Uncertainties	Judgments	Refer page 146, Section I, 9.Significant Judgments, Uncertainties and Proportionality
	Uncertainties	

CRRO 3	Sustainable Financing	
CRROs impact on Prospects	Description	Expanding products and services that support environmentally and socially sustainable activities, including green loans, climate-smart projects and ESG-linked financing, can enhance portfolio growth and reputation.
	Physical Risk or Transition Risk	Opportunity (Products and services)
	Time Horizon	S,M,L
	Define time horizon	Refer in this document, 6.Time Horizon
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	**Business Model Impacts** ↘ Diversification of lending portfolio toward environmentally and socially sustainable activities. ↘ Development of green loans, climate-smart financing and other ESG-linked products and financing. ↘ Enhanced brand positioning and market competitiveness through sustainable finance offerings. **Operational and Value Chain Impacts** ↘ Integration of ESG considerations into product design and credit assessment processes ↘ Strengthened engagement with customers, regulators and investors on sustainability initiatives ↘ Collaboration with external stakeholders, including development agencies and green technology providers **Financial Impacts** ↘ Potential growth in new lending segments aligned with sustainability themes ↘ Improved portfolio resilience through diversification
	Where is it Concentrated?	**The opportunity is primarily concentrated in:** ↘ Lending to renewable energy, energy efficiency and climate-smart infrastructure projects ↘ SMEs adopting environmentally sustainable practices ↘ Retail and corporate customers transitioning toward low-carbon technologies ↘ Partnerships with suppliers and service providers supporting green initiatives

CRRO 3	Sustainable Financing	
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	**Short Term (Within 1 Year)** ↘ Identify priority sectors for sustainable financing aligned with business objectives. ↘ Conduct internal assessment of existing products that can be repositioned as sustainable offerings. ↘ Establish preliminary eligibility criteria for sustainable financing. ↘ Integrate ESG considerations into credit evaluation process. ↘ Initiate pilot sustainable lending initiatives. ↘ Develop internal awareness and training programs on sustainable finance. **Medium Term (2–3 Years)** ↘ Expand sustainable financing product portfolio. ↘ Strengthen partnerships with stakeholders supporting green investments. ↘ Develop internal ESG risk assessment tools. ↘ Integrate sustainability metrics into portfolio monitoring. ↘ Embed sustainable financing into strategic planning and annual budgeting. ↘ Enhance digital channels to support sustainable product delivery. ↘ Increase proportion of sustainable financing within the lending portfolio. ↘ Establish internal performance indicators linked to sustainable lending growth. **Long Term (3 Years and Beyond)** ↘ Align business model with evolving climate-related regulatory expectations. ↘ Incorporate sustainability considerations into long-term risk appetite framework. ↘ Monitor performance and impact of sustainable lending portfolio. ↘ Develop comprehensive sustainable finance framework aligned with industry standards. ↘ Explore opportunities for green funding or sustainability-linked partnerships.
	How the Company is Resourcing and Plan to Resource Activities	**Short Term** ↘ Utilising the existing Management Committee to identify opportunities. ↘ Provide training on sustainable finance principles and ESG considerations. ↘ Allocate dedicated personnel to oversee sustainable financing initiatives. **Medium Term** ↘ Invest in data systems to track ESG performance and sustainable portfolio growth. ↘ Engage external expertise where necessary. **Long Term** ↘ Integrate sustainable financing into strategic planning and capital allocation. ↘ Invest in product innovation and partnerships supporting climate-related opportunities.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRRO 3	Sustainable Financing	
	Progress (qualitative and quantitative)	**Qualitative Indicators** ↘ Establishment of a Sustainability Management Committee to oversee trends in sustainability matters to identify Sustainability related opportunities. ↘ Signing of a Memorandum of Understanding (MoU) with Hayleys Solar to support a smooth transition to solar energy by offering flexible financing options.
Financial Effects	Current year financial effects to PL, BS and CF	Management has not identified material financial effects arising from sustainable financing initiatives in the current financial year, as product development and implementation remain at an early stage.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer page 145 to 146, Section I, 8. Transitional Relief
Judgments and Uncertainties	Judgments	Refer page 146, Section I, 9.Significant Judgments, Uncertainties and Proportionality
	Uncertainties	

SECTION IV: RISK MANAGEMENT

1. Processes and Policies Relating to Climate-related Risks

1.1 Identification

The Company identifies climate-related risks through a structured process aligned with its ESG materiality assessment methodology.

Potential climate-related risks are identified using:

- ↘ SLFRS S1 & S2 disclosure requirements
- ↘ GRI Standards and industry benchmarks
- ↘ CBSL Sustainable Finance Roadmap 2.0
- ↘ Internal policies including the ESG Policy and Sustainable Finance Policy
- ↘ Stakeholder inputs obtained during the materiality assessment process

In line with the Company's materiality framework, climate-related risks are evaluated considering both their impact on the Company (financial performance, operations, regulatory compliance and reputation) and their importance to stakeholders.

Currently the Company does not use Climate-related Scenario Analysis but intends to progressively enhance capabilities towards adopting a structured scenario analysis as data availability and internal capacity improvement.

1.2 Assessment

The Company assesses climate-related risks and opportunities using a financial materiality based approach, aligned with the requirements of SLFRS S1 and SLFRS S2.

In accordance with these Standards, Vallibel Finance PLC has identified and evaluated climate-related risks and opportunities that could reasonably be expected to affect its financial position, financial performance and cash flows across defined time horizons.

1.3 Nature

Climate-related risks are classified based on their underlying characteristics as:

- ↘ **Physical Risks (Acute):**

  Risks arising from extreme weather events such as floods, storms and droughts, which may impact collateral values, disrupt operations and affect borrower repayment capacity.

- ↘ **Transition Risks (Market):**

  Risks arising from the transition to a low-carbon economy, including technological shifts such as increased adoption of electric vehicles, which may impact vehicle financing portfolios and residual values.

Likelihood

The likelihood of occurrence is assessed using both external reference points and internal data, including:

- CBSL Sustainable Finance Roadmap 2.0
- Sri Lanka's Nationally Determined Contributions (NDC 3.0)
- Historical internal data and trends

Likelihood is categorised as:

Likelihood	Probability of Occurrence
Likely	61% - 100%
Possible	41% - 60%
Unlikely	0% - 40%

Magnitude/Exposure

The magnitude of climate-related risks is assessed based on their potential financial impact, aligned with the Company's defined materiality thresholds.

Severity levels are determined as follows:

Impact	Severity of the Impact
Significant	More than +/-20% of operating profit
Moderate	+/-(7% - 20%) of operating profit
Minor	Less than +/-7% of operating profit

1.4 Prioritisation

Climate-related risks and opportunities are prioritised based on:

- Likelihood of occurrence
- Magnitude of financial impact (Severity)
- Time horizon over which the impact is expected to materialise

Risks and opportunities that meet or exceed the Company's defined materiality threshold being a potential financial impact of ±7% or more of operating profit, together with relevant qualitative considerations are classified as material Climate-related Risks and Opportunities (CRROs).

In addition to quantitative thresholds, the Company incorporates qualitative factors in prioritisation. Only those risks and opportunities assessed as material are prioritised for:

- Inclusion in the Company's risk register
- Reporting to senior management and the Board Integrated Risk Management Committee (BIRMC)
- Integration into strategic planning and decision-making processes

Climate-related risks are prioritised alongside other enterprise risks within the overall risk management framework, with increasing emphasis given their evolving regulatory and market significance.

1.5 Monitoring

The Company monitors climate-related risks and opportunities through its Enterprise Risk Management (ERM) framework, ensuring ongoing oversight and timely response to emerging developments.

Monitoring activities include:

- Periodic review of material CRROs

Material climate-related risks and opportunities identified through the assessment process are regularly reviewed to track changes in:

- Likelihood
- Financial impact (severity)
- Time horizon
- Integration with risk governance structures

Climate-related risks are incorporated into the Company's risk register and are subject to periodic review by:

- Senior Management
- Board Integrated Risk Management Committee (BIRMC)
- Monitoring of external developments

The Company continuously monitors:

- Regulatory developments (including CBSL guidelines and sustainability frameworks)
- Market trends such as the transition towards electric vehicles
- Physical climate patterns relevant to Sri Lanka (e.g., extreme weather events)
- Portfolio-level monitoring

Exposure to climate-sensitive sectors and assets is assessed on an ongoing basis, including:

- Vehicle financing portfolios
- Collateral vulnerability to physical climate risks
- Tracking of opportunities

Climate-related opportunities, including sustainable and green financing initiatives, are monitored in terms of:

- Uptake and portfolio growth
- Alignment with strategic objectives

1.6 Changes in the Process

During the reporting period, the Company enhanced its processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities to align with the requirements of SLFRS S1 and SLFRS S2.

Key enhancements include:

- Introduction of a financial materiality based assessment approach

  The Company established defined quantitative thresholds (±7% of operating profit) and incorporated qualitative factors to assess the materiality of climate-related risks and opportunities.

- Formalisation of risk assessment parameters

  Climate-related risks and opportunities are now systematically assessed based on:

- Likelihood of occurrence

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

- Magnitude of financial impact (Severity)
- Defined short-, medium- and long-term time horizons
- Structured identification of Climate-related Risks and Opportunities (CRROs)

  The Company identified and documented specific material CRROs, including physical and transition risks, as well as opportunities in sustainable financing.

- Enhanced integration with risk governance and ERM processes

  Climate-related risks have been incorporated into the Company's risk management framework and reporting structures, with oversight by Senior Management and the Board Integrated Risk Management Committee (BIRMC).

2. Processes and Policies Relating to Climate-related Opportunities

The Company applies a consistent and integrated approach to the identification, assessment, prioritisation and monitoring of climate-related opportunities, aligned with the methodology used for climate-related risks.

3. Integration to Overall ERM

Climate-related risks and opportunities are fully integrated into the Company's Enterprise Risk Management (ERM) framework, ensuring that they inform core business and strategic decision-making processes.

- Integration into risk identification and assessment

  Climate-related risks and opportunities are incorporated into the Company's risk identification and assessment processes, using the same parameters of:

- Likelihood
- Financial impact (Severity)
- Time horizons
- Inclusion in the risk register

  Material Climate-related Risks and Opportunities (CRROs) are included in the Company's risk register and are assessed alongside other principal risks.

- Alignment with governance structures

  Climate-related matters are reported to and overseen by:

- Senior Management
- Board Integrated Risk Management Committee (BIRMC)
- Linkage to strategy and business planning

  Outputs from the climate risk and opportunity assessment process inform:

- Strategic planning
- Product development (including sustainable finance offerings)
- Capital allocation decisions
- Consistency with materiality assessment

The integration is supported by the Company's materiality assessment framework, ensuring that only risks and opportunities that meet defined financial and qualitative thresholds are prioritised and managed.

SECTION V: METRICS AND TARGETS

1. Cross Industry Metrics

1.1 Greenhouse Gas Emissions (GHG)

1.1.1 Basis of Determination of Organisational Boundary and Operational Boundary

Vallibel Finance PLC has adopted the financial control approach to consolidate its GHG emissions under Scope 1 (Direct Emissions) and Scope 2 (Indirect Emissions) in accordance with the GHG Protocol Corporate Standard. Under this approach, the inventory includes emissions from all operations over which the organisation has financial control. Accordingly, the GHG emissions of Vallibel Finance PLC's subsidiary, Vallibel Properties LTD have been incorporated into the inventory along with Head Office and all Branches of Vallibel Finance PLC.

Considering the Transitional relief provisions under SLFRS sustainability related financial disclosure standards, Scope 3 emissions are not reported in this disclosure.

1.1.2 Methodology used for the measurement and disclosure of GHG Emissions

The Company has applied the Greenhouse Gas Protocol: A corporate Accounting and Reporting Standard (2004) for calculating the operational-level emissions of Vallibel Finance PLC.

To minimise bias and uncertainty, efforts were made to use primary data that accurately represents the temporal, spatial and technological characteristics of the specific emission sources. Emission factors were obtained from reliable sources that align well with the Company's emission calculation context.

The following table illustrates the GHG Sources, type of activity data, method of collection and frequency of collection.

Table 1: Method of Data Collection and Conversion to Activity Data

No	Sources of GHG	Type of activity data	Method of Data collection/recording	Frequency of collection/recording
Scope 1 – Direct Emissions				
1	Operation of the standby Generator	Consumption of Diesel/Petrol (in liters)	Fuel reimbursement records such as petty cash vouchers, fuel bills and reimbursement claims submitted by responsible personnel.	Quarterly
2	CO2 Leakages from fire extinguishers	Quantity of CO2 released (kg)	Invoices raised by authorised fire extinguisher service providers for refilling and servicing of CO2 extinguishers.	Quarterly
3	Employee Commuting - Travel Allowances Paid by the Company	Fuel consumption (petrol) in litres, estimated from monetary values.	Payroll records	Quarterly
4	Employee Commuting - Travel Reimbursements	Fuel consumption (petrol) in litres, estimated from monetary values.	Travel reimbursement requests and approvals.	Quarterly
5	Fuel Consumption of Company-Owned Vehicles	Fuel consumption in litres, estimated from monetary values.	Payment records such as fuel bills, supplier invoices.	Quarterly
Scope 2 – Indirect Emissions				
6	Electricity Consumption	Electricity consumption in kilowatt-hours (kWh)	Monthly electricity bills issued by the utility provider for each operational location. Calculated based on the location based approach	Quarterly

1.1.3 Summary of GHG Emissions

Scope	2025/26 (tCO2e)
Scope 1	2,454.76
Scope 2	1,155.59
Scope 3	Refer to Transitional Reliefs on Page 145 to 146
Total	3,610.35

1.1.4 GHG Scope 1 and Scope 2 Emissions

Description	Greenhouse gas emissions (metric tones CO2e) 2025/26		
	Scope 1	Scope 2	Total
Consolidated accounting group	2,454.76	1,155.59	3,610.35
Other investee (investment in associate, joint ventures)	-	-	-
Total (Operational control approach)	2,454.76	1,155.59	3,610.35

1.1.5 Key Assumptions and Sources of GHG Measurement

The GHG inventory has been prepared using available data, along with certain assumptions and estimation methods where direct measurements were not feasible. These have been applied consistently and are based on the best available information at the time of reporting.

The organisation remains committed to improving data accuracy and completeness in future reporting periods.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Table 2: Sources of GHG Measurement used in Emissions calculations

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of Emission Factor & GWP Values
Scope 1	Stationary combustion	Liters of diesel and Petrol 92	Petty cash / invoices	Diesel: used records 2.69kg CO2 /GJ Petrol: 2.32kg CO2 /GJ	IPCC AR 6
Scope 1	Mobile combustion	Liters of diesel and Petrol 92	Fuel purchased/ used records	Petrol: 2.37 kg CO2 /l Diesel: 2.72 kg CO2 /l	IPCC AR 6
Scope 1	Fugitive Emissions	Leakages or releases of CO2 from fire extinguishers.	Purchase records and Invoices	1kg CO2e/kg	IPCC AR 6
Scope 2	Electricity Consumption	Consumption of purchased electricity under the organisation's control	Monthly utility bills	0.42 kg CO2 / kWh	Sri Lanka Energy Balance 2022 by Sri Lanka Sustainable Energy Authority

The Company's greenhouse gas (GHG) emissions disclosed under SLFRS S2 have been independently verified in accordance with ISO 14064-3:2019 as meeting the requirements of GHG Protocol- Corporate Accounting and Reporting Standard by an external assurance provider. The independent GHG Verification Opinion is presented below.

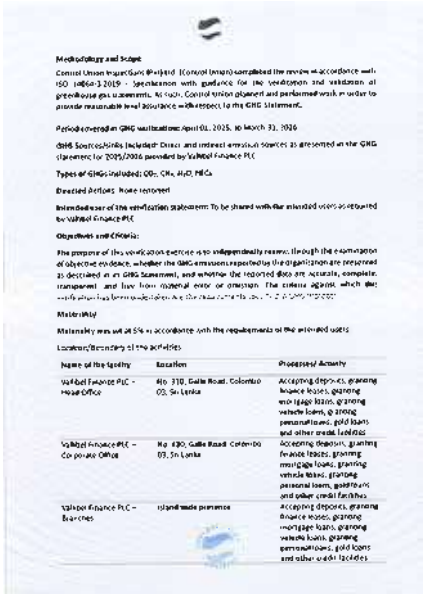


GREENHOUSE GAS VERIFICATION OPINION

VALLIBEL FINANCE PLC

No. 310, Galle Road, Colombo 03, Sri Lanka

GHG Protocol – Corporate Accounting & Reporting Standard





1.2 Climate-related Physical Risks

The Company plans to assess climate-related physical risks across its operational footprint and financing portfolio by considering both acute and chronic climate events, including floods, extreme rainfall, heat stress, droughts and other weather-related disruptions that could affect business continuity, collateral values, customer repayment capacity and operational resilience.

1.3 Climate-related Transition Risks

The Company plans to evaluate climate-related transition risks arising from evolving regulatory requirements, market expectations, technological developments and changing stakeholder preferences associated with the transition to a lower-carbon economy. These risks include potential impacts on financed sectors with higher carbon intensity, changes in customer demand, reputational considerations and increased compliance obligations associated with sustainability-related regulations and disclosures.

1.4 Climate-related Opportunities

The Company plans to identify climate-related opportunities associated with sustainable financing, green investment products, operational efficiency improvements, digitalisation initiatives and enhanced stakeholder confidence arising from

improved sustainability practices. Opportunities were evaluated based on their potential to support long-term business growth, strengthen portfolio resilience and align with emerging market and regulatory expectations.

1.5 Capital Expenditure

As at the reporting date, the Company has not monitored capital expenditure associated with climate-related and sustainability initiatives, such as investments in energy-efficient infrastructure, digital transformation initiatives, resource efficiency improvements and other projects aimed at strengthening climate resilience and reducing environmental impacts.

1.6 Internal Carbon Pricing

As at the reporting date, the Company has not implemented a formal internal carbon pricing mechanism. However, Management continues to monitor regulatory developments, market practices and emerging carbon-pricing frameworks that may influence future strategic and operational decision-making processes.

Where relevant, climate-related considerations are incorporated qualitatively into investment evaluations, operational planning and risk management processes.

1.7 Remuneration

As at the reporting date, the Company has not formally linked climate-related or sustainability-related performance measures to the remuneration of the Board of Directors, senior management or other employees.

The Company continues to strengthen its sustainability governance and oversight processes and may consider the incorporation of sustainability-related performance indicators into remuneration frameworks in future periods.

2. Industry Specific Metrics

The Company has not disclosed industry-based metrics during the current reporting period, as the applicable SASB Standards do not prescribe climate-related disclosure metrics relevant to the Company's operations. In addition, the Company has applied the transition relief available under SLFRS S2, which permits entities to disclose only climate-related information during the first annual reporting period of adoption.

3. Climate-related Targets

As at the reporting date, the Company has not established formal climate-related targets. During the current reporting period, the Company commenced the measurement and monitoring of greenhouse gas (GHG) emissions as part of strengthening its climate-related reporting practices. The Company intends to establish climate-related targets in future reporting periods based on the measured and reported information. Further, the Company continues to enhance its climate-related data collection and assessment capabilities to support the development of measurable climate-related targets.

GOVERNANCE

162 Corporate Governance

226 Risk Management Report

242 Annual Report of the Board of Directors on the Affairs of the Company

246 Report of the Senior Independent Director

247 Board Audit Committee Report

250 Board Integrated Risk Management Committee Report

253 Nomination and Governance Committee Report

255 Human Resource and Remuneration Committee Report

257 Related Party Transactions Review Committee Report

Built for Integrity,
Driven by Accountability

At Vallibel Finance PLC, governance is built on integrity and driven by a strong culture of accountability. We continue to uphold robust frameworks that ensure transparency, ethical conduct, and effective oversight across all levels of operations. This disciplined approach not only safeguards stakeholder interests but also reinforces trust, providing a stable foundation for sustainable growth and long-term success.



Corporate Governance

Corporate Governance Report

Vallibel Finance PLC embeds corporate governance at the centre of its strategic and operational framework, recognising it as a fundamental pillar of sustainable growth and long-term success and has implemented a robust governance structure aligned with applicable laws, regulatory requirements and established best practices to ensure responsible leadership, transparency and accountability, thereby strengthening stakeholder confidence, promoting prudent and well-informed decision making and contributing to the creation of sustainable, long-term value.

Approach to Corporate Governance

Corporate governance is integral to Vallibel Finance PLC's (Vallibel Finance) operating approach and long-term strategic direction, guiding how the Company is directed and controlled. The governance framework comprises a structured system of policies, regulatory obligations and management processes that ensure compliance with applicable legal and supervisory requirements while promoting disciplined, responsible and sustainable business practices. This framework is anchored in the principles of accountability, transparency and ethical conduct and is continually refined in line with evolving regulatory expectations and internal standards.

In addition to meeting mandatory requirements, Vallibel Finance adopts selected voluntary governance practices to further enhance the effectiveness and credibility of its framework. This measured approach strengthens the Company's ethical culture, supports transparent operations and reinforces stakeholder confidence, prudent decision making and long-term institutional stability.

Corporate Governance Framework

The corporate governance framework of Vallibel Finance is embedded within the Company's operational structure, forming an integral component of its overall management approach. Governance principles are incorporated into business planning, risk management and internal control processes to ensure that both strategic decisions and day-to-day operations are guided by sound oversight and accountability. As a licensed financial services institution operating in a highly regulated environment, the Company places strong emphasis on maintaining a robust, credible and effective governance framework that supports prudent management and responsible conduct at all levels.

In recognition of evolving regulatory expectations and operating conditions, Vallibel Finance remains committed to continuously enhancing its governance structures, policies and processes. Regular reviews are undertaken to align with regulatory developments, emerging risks and recognised best practices. As a listed entity on the Colombo Stock Exchange (CSE), the Company upholds high standards of governance to safeguard shareholder interests and reinforce broader stakeholder confidence. Through this sustained focus on governance excellence, Vallibel Finance strengthens transparency, accountability, ethical conduct and long term value creation.

Corporate Governance Framework

GRI 2-9

Value Creation through the Governance Framework

Vallibel Finance operates under the licence of the Monetary Board of the Central Bank of Sri Lanka (CBSL) and complies with all applicable regulatory requirements thereunder while recognising that the trust of depositors and borrowers is fundamental to its long-term sustainability and social licence to operate. Accordingly, the Company's governance framework is designed to safeguard both its regulatory standing and stakeholder confidence through robust policies, high ethical standards and sound governance practices with the Board and Senior Management placing strong emphasis on transparency, accountability and ethical conduct to support sustainable value creation and enduring trust.

Regulatory Oversight Framework

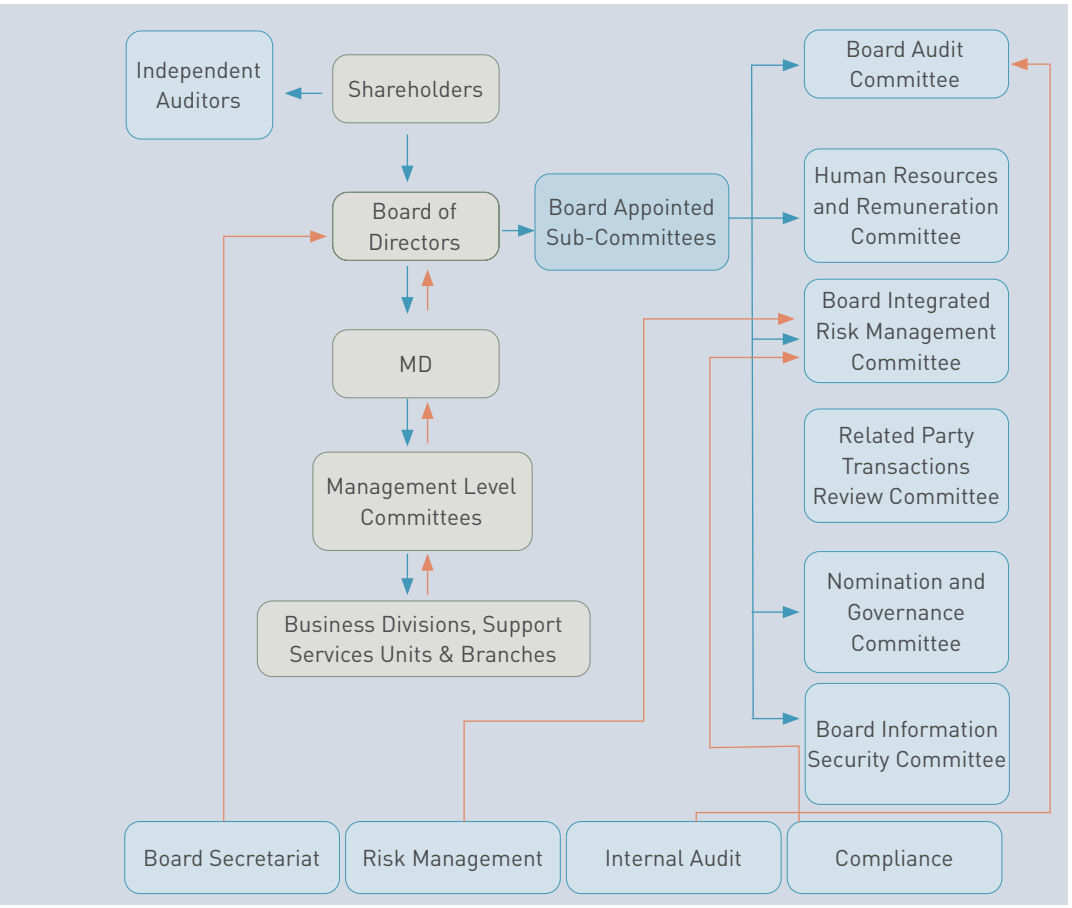
- Companies Act No. 07 of 2007
- Finance Business Act No. 42 of 2011
- Finance Business Act (Corporate Governance) Direction No.05 of 2021 issued by Monetary Board of the Central Bank of Sri Lanka
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka(CA Sri Lanka)
- Listing Rules of Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 36 of 1987 (as amended)
- Acts, Circulars and Gazettes issued by the Taxation Authorities
- Shop and Office Employees Act No.19 of 1954 and amendments
- Requirements under Sri Lanka Accounting and Auditing Standards Monitoring Board.

Policy Framework

GRI 2-23, 2-24

Vallibel Finance maintains a comprehensive and robust policy framework that supports effective governance, prudent risk management, regulatory compliance and operational excellence across the organisation. The framework is regularly reviewed and enhanced to remain aligned with evolving regulatory requirements, industry best practices and internal assessments.

CORPORATE GOVERNANCE FRAMEWORK



Internal Control and Monitoring Mechanisms

- Vision, Mission and Corporate Values
- Articles of Association
- Charters of Board Sub-Committees
- Organisational Structure
- Policies, Guidelines and Manuals
- Risk Management Procedures
- Internal Control Procedures and Processes
- Code of Ethics for all Employees

Fostering a culture of Accountability, Transparency and Ethical Business Practices

As at 31st March 2026, the Company's key policy domains include:

- Fund Management
- Internal Audit
- Risk Management
- Compliance
- Company Secretarial
- Human Resources
- Gold Loan
- Finance
- Credit Administration
- Fixed Deposit Administration
- Information Technology
- Marketing & Corporate Communication
- Operations

The Board and Management remain committed to enhancing the policy framework to promote sustained growth, openness and the delivery of enduring value to stakeholders.

Application of Corporate Governance Practices at Vallibel Finance

Vallibel Finance operates under a robust corporate governance framework aligned with the latest directives of the CBSL, the 2023 edition of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the CSE under Section 09, ensuring governance that is transparent, accountable and consistent with leading industry standards.

Corporate Governance

Implementation of SLFRS S1 and S2

The Company has enhanced its governance framework to support the effective adoption of SLFRS S1 and S2 through a dedicated Sustainability Management Committee, which reports to the Board via the Integrated Risk Management Committee. This Committee oversees the development and execution of the Company's ESG and sustainability strategy, ensuring alignment with corporate objectives, regulatory requirements and long term value creation. It also integrates sustainability and climate related considerations into business operations and the enterprise risk management framework, including the identification and management of sustainability related risks and opportunities. Regular reporting to the Board ensures proper oversight, informed decision making and continuous improvement in ESG performance and disclosures.

Board of Directors

The Board of Directors serves as the principal governing authority of Vallibel Finance, guiding the Company's overall direction and overseeing its operations. It defines organisational priorities, establishes key principles and sets standards that shape the Company's culture, while maintaining a strong control environment. This governance approach supports sustainable growth, enables the creation of enduring value and strengthens stakeholder trust and assurance.

Fit and Proper Assessment of Director

The Directors provided declarations affirming their continued compliance with the Fit and Proper assessment criteria, as set out in Rule 9.4.7 of the Listing Rules of the CSE and Direction No. 05 of 2021 issued under the Finance Business Act No 42 of 2011.These confirmations covered the full financial year under review and remained valid as at the date of submission.

Board Composition GRI 2-11

The Board currently comprises seven [07] members, including the Chairman, with four [04] Independent Directors. In line with the Company's Articles of Association, the Board may include up to thirteen (13) members. Profiles of the Directors, along with their current roles, are presented on pages 36 to 38.

This composition reflects a thoughtful balance of skills, experience and expertise tailored to the Company's business requirements. It is guided by the Corporate Governance provisions of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 and the CSE Listing Rules.

No.	Name of Director	Status	Date of Appointment to the Board
01	Mr. K D A Perera	Chairman - Non-Executive Director	12.08.2014 Re-appointed as Chairman w.e.f. 06.09.2023*
02	Mr. S B Rangamuwa	Managing Director	14.03.2007
03	Mr. S S Weerabahu	Executive Director	20.04.2018 Appointed as an Executive Director w.e.f. 19.12.2019
04	Mr. J Kumarasinghe	Senior Independent Non-Executive Director	01.02.2019 Appointed as the Senior Independent Director w.e.f 23.09.2023
05	Mrs. C P Malalgoda	Independent Non-Executive Director	01.12.2021
06	Mr. M A K B Dodamgoda	Independent Non-Executive Director	05.09.2023
07	Mr. M P U Perera	Independent Non-Executive Director	17.07.2025

* *Mr. K D A Perera, who was a Non-Executive Director/ Chairman completed his term of nine years of service as a Director of the Company on 12th August 2023 and ceased to be a Director. After having obtained relevant regulatory approval under the section 3.4 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021, Mr. K D A Perera was re-appointed as a Non-Executive Director and the Chairman with effect from 06th September 2023.*

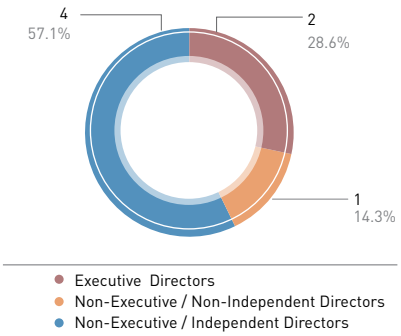
Based on the declarations submitted, the Board has confirmed the independence of four (04) Non-Executive Directors in accordance with the Listing Rules of the CSE and the Finance Business Act (Corporate Governance) Direction No. 05 of 2021.

Board Diversity

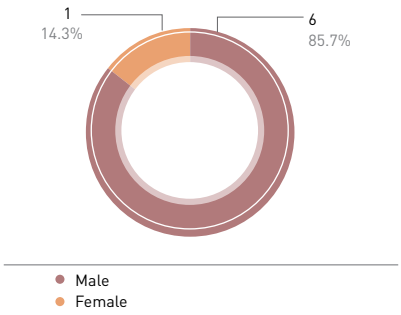
Vallibel Finance recognises that a diverse Board is essential for effective governance, insightful decision-making and sustainable business success. We are committed to fostering a Board that brings together a wide range of skills, experiences, perspectives and backgrounds, promoting a balanced and inclusive approach to leadership.

Board Diversity GRI 405-1

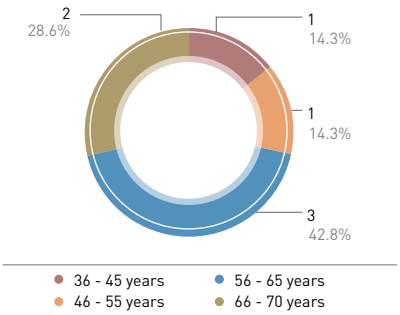
A Balanced Board



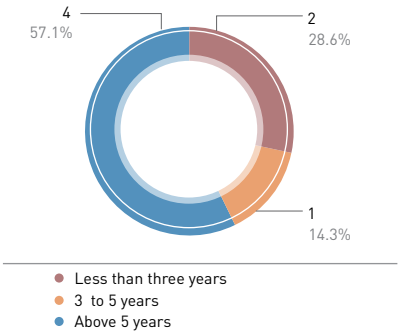
Gender Representation



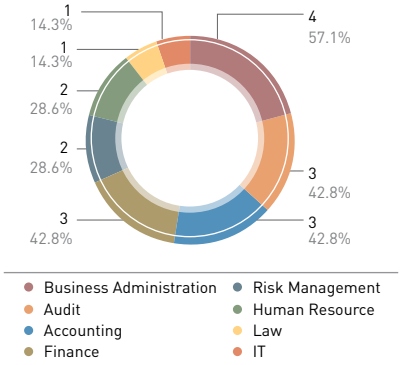
Board Composition by Age



Period of Service



Expertise



Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages 36 to 38.

Material Business relationships

None of the Directors nor their immediate family members maintain any material business relationships with other members of the Board, ensuring independence and objectivity in decision making.

Appointment /Re-election/Resignation of Directors GRI 2-10

The appointment, re-election and resignation of Directors are conducted in line with the Company's Articles of Association, regulatory requirements and sound corporate governance principles. New Directors are appointed through a transparent, merit based process overseen by the Nomination and Governance Committee (NGC), which assesses their qualifications, expertise and potential contributions in compliance with the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 issued by the CBSL.

In accordance with the Articles, Directors retire by rotation at each Annual General Meeting (AGM) except Executive Officers and retiring Directors may be re-elected following a formal performance review by the NGC. Newly appointed Directors receive a comprehensive induction program, while existing Directors are regularly updated on governance, regulatory and compliance matters. Each election or re-election is presented as a separate resolution as detailed in the Notice of Meeting on page 401 of this report.

↘ Board Refreshment

Board refreshment enables the enhancement of Board effectiveness through the introduction of new skills, competencies and perspectives, while also supporting improved age and gender diversity at the leadership level.

This process generally occurs in a structured and orderly manner following the retirement or resignation of existing Directors and the subsequent appointment or re-election of new Directors.

↘ Selection and Appointment of New Directors

The Board in consultation with NGC oversees the selection and appointment of new Directors to ensure the right balance of skills, experience, independence and diversity. Candidates are assessed through a structured process considering professional qualifications, industry expertise, leadership capability, integrity and their potential contribution to Board effectiveness.

Appointments of Non-Executive Directors comply with applicable governance and regulatory requirements including the CSE Listing Rules, the 2023 Code of Best Practice on Corporate Governance by ICASL and the Finance Business Act (Fit and Propriety) Direction No. 06 of 2021. All appointments are subject to the prior

Corporate Governance

approval of CBSL based on Fit and Proper Criteria. Newly appointed Directors undergo a formal induction program and appointment details are promptly disclosed to the Shareholders through CSE to ensure transparency and timely communication.

Re-election of Directors

In line with the Company's Articles of Association, the Board may appoint Directors to fill casual vacancies or broaden its composition. Such appointees hold office until the next AGM and may offer themselves for re-election, subject to the recommendation of the NGC.

The NGC evaluates Directors standing for re-election in line with the Company's Articles of Association based on performance, quality of contributions to Board and Committee discussions, commitment and compliance with fit and proper requirements. Recommendations from the NGC are submitted to the Board and presented to Shareholders for approval at the AGM ensuring transparency and accountability.

Retirement and Resignation of Directors

Each year, the longest serving Director being eligible for re-election retire by rotation at the AGM through a separate resolution.

The total period of service of a Director other than a Director who holds the position of CEO/Executive Director shall not exceed nine (9) years. However, Non-Executive Directors, who directly or indirectly hold more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights are eligible to hold office exceeding nine (9) years subject to the provisions of Finance Business Act (Corporate Governance) Direction No.05 of 2021. Directors who reach the age of seventy (70) are required to retire from office under the provisions of Finance Business Act (Corporate Governance) Direction No.05 of 2021.

The Company ensures regulatory compliance by promptly notifying the Director Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka of all changes to Board composition including appointments, retirements and resignations within prescribed timelines. These practices support orderly Board succession, regulatory transparency and the maintenance of a Board committed to the highest standards of governance, competence and integrity.

Responsible and accountable to the operations of the Company

GRI 2-12, 2-13

The Board assumes overall responsibility and accountability for the operations of Vallibel Finance by providing strategic direction, establishing a comprehensive governance framework, fostering an appropriate corporate culture and ensuring full compliance with applicable regulatory requirements.

Chairman, Managing Director and Senior Independent Director

The roles of the Chairman and Managing Director are clearly defined and separately executed to maintain an appropriate balance of authority, responsibility and accountability supporting effective leadership and strong corporate culture.

Mr. K D A Perera as Chairman provides guidance to the Board, ensures its effectiveness, upholds enhanced governance standards and fosters open and constructive dialogue among Directors. Mr. S B Rangamuwa, as Managing Director oversees the Company's day-to-day operations and implements strategies and policies approved by the Board. The Senior Independent Director (SID) reinforces Board independence by serving as a channel of communication for Directors and shareholders thereby enhancing transparency, strengthening accountability and promoting stakeholder confidence.

Role	Responsibility
Chairman	The Chairman leads the Board by setting business direction, upholding high standards of corporate governance and ensuring a clear distinction between Board oversight and executive management functions. He is responsible for shaping Board agendas, facilitating open and constructive discussions and ensuring Directors receive accurate, timely information for effective decision making.
Managing Director	The Managing Director leads the implementation of the Board approved business and risk strategies, oversees the Company's day to day operations and ensures that strategic plans are executed with accountability and strong control systems in place. This role maintains robust risk management and compliance frameworks, fosters an ethical and performance driven culture and establishes link between the Board and senior management to support sustainable growth and long term value creation.
The Senior Independent Director	The Senior Independent Director (SID) provides an independent channel of oversight and support within the Board, acting as a source of independent advice and support to the Chairman and an intermediary for other Directors when necessary. The SID contributes to ensuring a balanced and impartial perspective in Board deliberations, thereby enhancing transparency, accountability and stakeholder confidence.

Evaluating Performance

GRI 2-18

The Company considers performance evaluation a key element of effective corporate governance and sustainable value creation. A structured annual framework assesses the effectiveness of the Board, its Sub-Committees, the Chairman, the Managing Director and individual Directors. This process strengthens accountability, improves leadership effectiveness and ensures governance practices remain aligned with the Company's objectives.

Evaluating the Effectiveness of the Board

The Board's performance is assessed annually to ensure its effective function and oversight. The evaluation assesses the composition of the Board, the balance of skills, independence, the quality of deliberations, decision-making processes and the adequacy of information made available. It further reviews oversight of financial performance, risk management, internal controls and regulatory compliance together with the promotion of ethical leadership and governance practices. The outcomes of the evaluation are carefully considered and appropriate measures are implemented to continuously strengthen the effectiveness of the Board.

Evaluating the Effectiveness of the Sub-Committees

The Board's Sub-Committees are evaluated annually to assess their effectiveness in supporting the Board's oversight responsibilities. The evaluation reviews their structure, composition, expertise, independence, quality of meetings, depth of discussions and the relevance and timeliness of recommendations to the Board. This process ensures Sub-Committees operate effectively and identifies opportunities to enhance governance practices.

Evaluating the Effectiveness of the Chairman

The Chairman's performance is evaluated annually to ensure effective leadership and Board direction. The assessment evaluates the ability to foster open and constructive discussions, promote active participation, uphold high standards of integrity and represent the interests of the Company and its stakeholders. This process contributes to the ongoing effectiveness of the Chairman's leadership.

Evaluating the Performance of the Managing Director

The Managing Director's performance is evaluated annually against objectives aligned with the Company's strategic priorities and long-term goals. The assessment considers effectiveness in executing strategy, achieving financial and operational targets, managing risks, developing the management team, ensuring regulatory compliance and fostering a performance driven culture.

Evaluating the Performance of Directors

Individual Directors are evaluated annually to ensure effective contribution to Board deliberations and decision-making. The assessment considers attendance, preparedness, quality of participation, independent judgment, understanding of the Company's business and commitment to fiduciary responsibilities and high governance standards.

Training for Directors

GRI 2-17

Directors continuously enhance their expertise through a combination of internal and external training programmes designed to strengthen governance, broaden their knowledge and keep them updated on economic, regulatory and industry developments. During the year, the Company delivered focused training sessions for Directors covering topics such as IT security and the implementation of SLFRS Sustainability Reporting Standards.

A comprehensive Board awareness session on information security was conducted to strengthen Directors' understanding of cyber risks and governance responsibilities covering global threats, emerging risks and their impact on business operations, while emphasising the Board's role in ensuring effective oversight, accountability and alignment with regulatory and industry standards.

In addition, the Directors participated in an Information Technology training programme which covered key areas including macro technology domains, risk mitigation strategies and the Company's current status in relation to technology and cyber governance requirements under the Companies Act, Central Bank regulations and applicable data protection laws. The programme also outlined the next steps to further strengthen the Company's governance framework in this area.

The Company also facilitated a workshop on SLFRS Sustainability Reporting Standards, providing guidance and training to ensure that Directors are well acquainted with sustainability practices and regulatory and industry requirements thereunder.

Board Meetings

Regular Board meetings are convened on a monthly basis with additional or special meetings held as required to address urgent matters. The planning of meetings is guided by a structured framework including an annual meeting schedule prepared by the Company Secretary in consultation with the Chairman and shared with all Directors at the beginning of the year. The Company Secretary is responsible for preparing and maintaining the minutes of both Board and Sub-Committee meetings. For convenience and transparency, Directors can securely access meeting minutes on their devices through a protected link.

Board Meeting Process

The Board follows a structured process to guide discussions, decision-making and oversight ensuring effective communication, accountability and alignment with governance requirements while supporting the Company's long-term objectives.

Corporate Governance

Board Meeting Process

Before the Meeting

The Company Secretary is responsible for preparing the annual Board meeting calendar well in advance.

The calendar is circulated to all Directors to support effective planning and coordination.

The Company Secretary develops a comprehensive agenda for each Board meeting in consultation with the Chairman allocating sufficient time to discuss critical matters such as strategy, performance, risk management and compliance.

Once the agenda is finalised, detailed supporting documentation and relevant information for all agenda items are distributed to each Director to enable thorough review and informed decision making.

Directors may propose additional agenda items in accordance with a Board approved procedure.

The Company Secretary ensures that agendas and supporting papers are uploaded to a secure portal ahead of time to facilitate efficient preparation.

Senior Management or Committee members may be invited to attend meetings to provide expertise and insights when necessary.

Directors have unrestricted access to Senior Management for clarification and may seek independent professional advice if required.

The Company Secretary maintains accurate minutes of all meetings to ensure proper documentation of discussions, deliberations and decisions.

Sub Committees

The Board appointed Sub Committees are entrusted with specific responsibilities delegated to each Sub-Committee as defined in their respective Terms of Reference (TORs) and Charters, which have been approved by the Board. Meetings of these committees are conducted in accordance with the requirements outlined in their TORs and Charters in line with regulatory requirements.

In compliance with Section 9 of Listing Rules of CSE, the mandatory Board Committees include the Board Audit Committee (BAC), Nomination and Governance Committee (NGC), Human Resource & Remuneration Committee (HRRC), Related Party Transactions Review Committee (RPTRC) and Board Integrated Risk Management Committee (BIRMC). As part of ongoing governance enhancements, the TORs and Charters of these committees are reviewed and revised in line with regulatory requirements.

Furthermore, at the Board meeting held in January 2026, the Board approved the establishment of the Board Information Security Committee, effective from 22nd January 2026, to provide dedicated oversight of information security and cyber security governance across the Company.

Name of the Director	Executive	Non-Executive	Non-independent	Independent	Attendance at Board Meetings	Attendance at Sub Committee Meetings					
						Board Audit Committee	Board Integrated Risk Management Committee	Related Party Transactions Review Committee	Nomination and Governance Committee	Human Resource and Remuneration Committee	Board Information Security Committee[4]
Mr. K D A Perera		✓	✓		13/13	-	-	-	6/6	7/7	-
Mr. S B Rangamuwa	✓				13/13	-	-	-	-	-	-
Mr. S S Weerabahu	✓				13/13	-	-	-	-	-	1/1
Mr. J Kumarasinghe		✓		✓	13/13	14/14	6/6	4/4	6/6	7/7	-
Mrs. C P Malalgoda		✓		✓	13/13	14/14	6/6	4/4	6/6	7/7	-
Mr. M A K B Dodamgoda[1]		✓		✓	13/13	14/14	6/6	4/4	-	2/2	1/1
Mr. R S Dahanayake[2]		✓		✓	7/7	-	-	-	-	-	-
Mr. M P U Perera[3]		✓		✓	9/9	-	-	-	-	-	1/1

Attendance Matrix of the Board and Board Sub Committee

1* - Appointed to the Committee w.e.f. - 20th November 2025

2* - Ceased to be a Director w.e.f – 19th September 2025

3* - Appointed to the Board w.e.f- 17th July 2025

4* - Committee formulated w.e.f - 22nd January 2026

At the Meeting

Directors are expected to attend Board meetings, come thoroughly prepared and actively participate in deliberations.

Committee Chairpersons provide the Board with briefings on significant matters discussed during their respective meetings.

The Managing Director delivers updates on overall business performance and key operational developments.

The General Manager - Finance and Administration presents detailed financial performance reports to support informed decision making.

The Chairman encourages open discussion and constructive debate among Directors.

The Company Secretary records and maintains accurate minutes of all proceedings.

Senior Management and other Business Heads may be invited to present on relevant matters when their input is required.

Directors who are unable to attend in person may participate through virtual means ensuring continuity in decision making.

After the Meeting

The Company Secretary is required to submit the minutes of the meeting to the Chairman.

Directors are encouraged to maintain continuous and active engagement in the Company's affairs.

Directors have access to Senior Management and may request additional information to support informed decision-making.

Special Board meetings are convened as and when required.

The composition of the Board-appointed Sub Committees as at 31st March 2026, together with the key areas of oversight

Committee name	Composition	Member status in the Committee	Area of Oversight	Report on page number
Board Audit Committee	Mr. M A K B Dodamgoda Independent Non-Executive Director	Chairman	The Audit Committee is tasked with ensuring the accuracy and reliability of the Company's financial reporting. It supervises both internal and external assurance processes to maintain transparency and dependability of financial information. The Committee also reviews the effectiveness of the Company's internal control systems and risk management framework ensuring that all risks are properly identified, monitored and managed.	The Report of the Board Audit Committee is given on pages 247 to 249.
	Mr. J Kumarasinghe Senior Independent Non-Executive Director	Member		
	Mrs. C P Malalgoda Independent Non-Executive Director	Member		

Corporate Governance

Committee name	Composition	Member status in the Committee	Area of Oversight	Report on page number
Human Resource and Remuneration Committee	Mr. J Kumarasinghe Senior Independent Non-Executive Director	Chairman	The Human Resource and Remuneration Committee oversees the Company's remuneration policy, covering the compensation and benefits of Directors, senior management and employees. The Committee also evaluates the overall framework for staff performance assessment to ensure that remuneration and incentives are aligned with individual performance, responsibilities and the Company's long-term objectives.	The Report of the Remuneration Committee is given on pages 255 and 256.
	Mr. K D A Perera Non-Executive Director	Member		
	Mrs. C P Malalgoda Independent Non-Executive Director	Member		
	Mr. M A K B Dodamgoda Independent Non-Executive Director[1]	Member		
Nomination and Governance Committee	Mr. J Kumarasinghe Senior Independent Non-Executive Director	Chairman	The Nomination and Governance Committee is responsible for evaluating the Board's structure, size, composition and the skills and competencies of its members. It oversees the appointment of Directors and manages succession planning for both the Board and Senior Management. The Committee also monitors the Company's overall governance framework ensuring that governance practices are strong, transparent and aligned with the Company's strategic goals.	The Report of the Nomination and Governance Committee is given on pages 253 and 254.
	Mr. K D A Perera Non-Executive Director	Member		
	Mr. C P Malalgoda Independent Non-Executive Director	Member		
Related Party Transactions Review Committee	Mr. M A K B Dodamgoda Independent Non-Executive Director	Chairman	The Related Party Transactions Review Committee oversees the Company's Related Party Transactions Policy, providing independent review, approval and ongoing monitoring of all related party transactions. The Committee also ensures that all required Related Party Transaction disclosures are made in line with regulatory and market requirements, thereby supporting transparency and safeguarding shareholder interests.	The Report of the Related Party Transactions Review Committee is given on page 257.
	Mr. J Kumarasinghe Senior Independent Non-Executive Director	Member		
	Mrs. C P Malalgoda Independent Non-Executive Director	Member		
Board Integrated Risk Management Committee	Mr. J Kumarasinghe Senior Independent Non-Executive Director	Chairman	The Board Integrated Risk Management Committee oversees the Company's Risk Management Framework, including the identification, measurement, monitoring and management of key risks. The Committee ensures adherence to regulatory and internal prudential requirements and evaluates the effectiveness of business continuity plans. In doing so, it helps the Board maintain a strong risk management culture and protect the Company's operations from potential threats.	The Report of the Board Integrated Risk Management Committee is given pages 250 to 252.
	Mrs. C P Malalgoda Independent Non-Executive Director	Member		
	Mr. M A K B Dodamgoda Independent Non-Executive Director	Member		

Committee name	Composition	Member status in the Committee	Area of Oversight	Report on page number
Board Information Security Committee[2]	Mr. S S Weerabahu Executive Director	Chairman	The Board Information Security Committee oversees the Company's Information Technology and cyber security governance framework, including the development, implementation and monitoring of the information security strategy. The Committee ensures alignment with regulatory requirements, industry standards and the Company's business objectives, while also addressing emerging technology-related risks. In doing so, it strengthens the Company's cyber resilience and supports the Board in maintaining a robust information security culture across the organisation.	
	Mr. M A K B Dodamgoda Independent Non-Executive Director	Member		
	Mr. M P U Perera Independent Non-Executive Director	Member		

1* - Appointed to the Committee w.e.f- 20th November 2025

2* - Committee formulated w.e.f- 22nd January 2026

Role of the Company Secretary

Mrs. Lakmini Kottegoda serves as the Company Secretary and is responsible for managing the administrative affairs of the Board and its Committees, while ensuring compliance with governance standards and regulations. Directors have unrestricted access to Company Secretary and may seek guidance at any time on Board procedures, governance requirements and compliance related matters.

Company Secretary oversees the provision of comprehensive secretarial services, ensures the fulfilment of statutory governance requirements and maintains strict confidentiality in all Board matters. Under the direction of the Chairman, Company Secretary prepares and circulates Board and Committee meeting agendas and related documentation in a timely manner, while the Board and its Sub Committees collectively determine items for future consideration. Company Secretary is also responsible for maintaining accurate and complete minutes of meetings, which are made available to Directors for review and reference.

The Management

The Corporate and Senior Management Team is entrusted with guiding the Company's strategic direction and providing effective leadership to ensure that the policies and decisions of the Board are properly executed. Led by the Managing Director, the team manages the Company's daily operations, drives organisational performance and maintains robust governance standards to support sustainable growth and long term stakeholder value.

The latest appointments to the Senior Management Team, along with their respective authorities, key duties and qualifications, were formally reviewed by the Nomination and Governance Committee and approved by the Board.

Internal control

The Internal control framework is designed to safeguard the organisation's assets, ensure the accuracy and reliability of financial and operational information, promote compliance with applicable laws and policies and support the efficient and effective operation of the organisation. The Board, supported by the Board Audit Committee and the Board Integrated Risk Management Committee, regularly reviews the effectiveness of these controls. External auditors have certified the internal controls over financial reporting and their certification is included in this Annual Report. An independent internal audit function underpins this framework, operating in accordance with the annually approved Internal Audit Plan.

Compliance Officer

Ms. D D Wijayathilaka serves as the Compliance Officer and is responsible for overseeing the Company's adherence to applicable laws, regulations and internal policies while strengthening its governance and risk management framework. The Compliance Officer identifies and monitors compliance risks, advises Senior Management and the

Corporate Governance

Board on regulatory matters and fosters a culture of integrity and ethical conduct across the organisation.

The Compliance Officer independently evaluates the Company's compliance with statutory and regulatory requirements and reports findings to the Board, the Board Audit Committee and the Board Integrated Risk Management Committee. The Compliance Officer also closely monitors developments in the regulatory environment and recommends appropriate actions to ensure continuous and effective compliance.

Compliance with Laws and Regulations

The Compliance Officer ensures the Company's compliance with all relevant laws, regulations and statutory requirements, reporting key findings to the Board and its Committees. The Board stays informed of legal and regulatory updates through regular briefings from the Compliance Officer, Head of Legal, Company Secretary and Directors with expertise in Law, Finance and Audit, supporting effective governance and informed decision-making.

Conflicts of interest GRI 2-15

The Company has a formal Conflict of Interest Policy providing guidance to Directors, Senior Management and employees on identifying and managing potential conflicts. A Register of Interests is maintained by the Company Secretary and updated regularly and the policy is periodically reviewed to ensure its continued effectiveness. The Company's Code of Conduct & Ethics for Directors reinforces transparency, independent judgment and ethical behaviour. Complementing this, the Policy on Related Party Transactions establishes procedures to ensure all Related Party Transactions are conducted fairly, transparently and in compliance with regulatory requirements.

Delegation mechanisms

The Company ensures effective decision making and accountability through clear delegation, TORs and Policy Frameworks. The Board sets the strategy, Senior Management implements plans and Sub-Committees provide oversight. Delegation processes are streamlined to improve responsiveness while ensuring compliance with regulatory requirements.

Whistleblower policy GRI 2-26

The Company has established a Whistleblowing Policy to provide employees with a confidential and secure channel to report any suspected wrongdoing, unethical practice, irregularity or financial misconduct. The Policy encourages employees to raise concerns in good faith without fear of retaliation, thereby fostering a culture of accountability, compliance and responsible corporate conduct.

Financial Disclosures and Transparency

The Company prepares its financial statements in accordance with the revised Sri Lanka Accounting Standards, which include the Sri Lanka Financial Reporting Standards (SLFRS) and Lanka Accounting Standards (LKAS), as well as the Companies Act, the Finance Business Act and related directions and rules. As a listed entity, the Company publishes unaudited quarterly and half-yearly financial statements along with audited annual financial statements in full compliance with the Listing Rules of the CSE and the Finance Companies (Publication of Semi-Annual Financial Statements) Guidelines.

Messrs Ernst & Young, Chartered Accountants, serve as the Company's Independent Auditors. They carry out their duties with full independence free from any influence or intervention by the Management or the Board of Directors, to provide an objective opinion on the Company's financial statements. The Auditors are granted access to all necessary information and records required for their examination.

Corporate Governance Policies

The Board has approved a comprehensive set of governance policies in accordance with Rule 9.2.1 of the Listing Rules of the CSE namely, Policy on the matters relating to the Board of Directors, Policy on Board Committees, Policy on Corporate Governance, Nominations and Re-election, Policy on Human Resource and Remuneration, Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities, Policy on Risk management and Internal controls, Policy on Relations with Shareholders and Investors, Policy on Environmental, Social and Governance Sustainability, Policy on Control and Management of Company Assets and Shareholder Investments, Policy on Corporate Disclosures, Policy on Whistleblowing, Policy on Anti-Bribery and Corruption are in effect to regulate the Governance culture and is published in the Corporate website of the Company [https://www.vallibelfinance.com].

Digital Transaction and IT Governance

Vallibel Finance has recognised the importance to have an effective IT Governance Model that ensures technology investments supporting the business goals of the Company.

Having recognised the baseline security standards stipulated by the regulators, special mention on "Technology Risk Management and Resilience Direction 1 of 2022" is taken as a key deliverable for Vallibel Finance to comply with. Vallibel Finance has initiated to Implement ISO 27001:2022 standards which will enable identifying and mitigating security risks, safeguarding confidential information, reducing the risk of cyber-attacks, enhancing business resilience and also customer trust and confidence. BoardPAC has been successfully introduced to our Board, reinforcing the Company's digitalisation strategy. This fully automated platform supports efficient, real-time communication and decision-making at the highest level.

The Board has appointed a Chief Information Security Officer (CISO) who is responsible for ensuring that the organisation's data and cyber security are robust, overseeing security policies, conducting risk assessments and ensuring compliance. The IT Steering

Committee, which oversees the IT security of the Company reports to the Board Integrated Risk Management Committee. Several awareness programmes have also been conducted to educate employees on Information Systems Security, including a session conducted for members of the Board.

Ethical Standards

The Company upholds high ethical standards through leadership oversight, a clear Code of Conduct and regular ethics training. Employees can report concerns via multiple channels, including a secure Whistleblower Policy, while the Company emphasises integrity and invests in training and career development to build an ethical and committed workforce.

Statutory Payments

Throughout the year under review, all statutory payments owed to the Government, where applicable, have been settled or properly provided for. Retirement gratuities have been recognised in accordance with LKAS 19, Employee Benefits. All management fees and related-party transactions have been fully and accurately reflected in the financial statements. To the best of their knowledge and belief, the Directors are confident that all statutory obligations to the Government, regulatory bodies and employees have been met promptly.

Succession Plan

The Company has a Board approved succession plan to ensure leadership continuity, maintain organisational stability and support long-term strategic objectives. This policy ensures a strong talent pipeline to facilitate future leadership transitions and fill critical roles. It emphasises continuous succession planning and talent development, prioritising internal employees while allowing for external specialists when necessary. This approach strengthens business continuity, fosters employee growth, enhances retention and supports long term organisational stability. The plan identifies potential successors for senior leadership and emerging leaders taking into account experience, competencies, leadership capabilities and alignment with the Company's strategic goals.

Regular reviews are conducted to refine the succession plan based on promotions, turnover and shifts in business strategy. By engaging in proactive succession planning, the Company protects institutional knowledge, secures operational stability and maintains regulator and shareholder confidence. Additionally, a comprehensive succession planning and talent retention framework has been established to support employee development and ensure long-term sustainability.

Compliance Statement

We confirm that throughout the year ended 31st March 2026 and as at the date of this Annual Report, the Company was compliant with the Listing Rules of the CSE, the Finance Companies Direction No. 05 of 2021 on Corporate Governance.

In addition, tables set out in pages 200 to 212 depict the extent of adherence with the Code of Best Practice on Corporate Governance 2023 issued by the ICASL. Further, the Company has complied with the provisions of the Companies Act No. 07 of 2007 and other statutes as applicable to the Company.

Stakeholder engagement

The Board emphasises open and transparent engagement with both internal and external stakeholders to build trust and gain insights into their expectations. Guided by Board-approved conduct policies, management takes a proactive approach to stakeholders communication, while customer feedback and regulatory queries are reviewed to address concerns effectively and support long term value creation.

Shareholder relations

The Company is committed to maintaining open, transparent and timely communication with its shareholders. Engagement is carried out through the Annual Report, the AGM and regulatory disclosures and announcements published on the CSE. These channels ensure that shareholders are provided with accurate and up-to-date information regarding the Company's performance, strategy and governance.

Shareholders are encouraged to share their views, comments and concerns through the Company Secretary. All significant matters raised are carefully reviewed and presented to the Board together with management's observations, ensuring that shareholder feedback is appropriately considered in decision-making processes.

Accountability and Disclosure

The members of the Board of Directors have reviewed in detail the Financial Statements in order to satisfy themselves that they present a true and fair view of the Company's affairs.

By Order of the Board

VALLIBEL FINANCE PLC



Lakmini Kottegoda
Company Secretary

28th May 2026

Corporate Governance

Section one

The Finance Business Act Direction No.05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka for Licensed Finance Companies:

The disclosures below reflect the Company's compliance and the extent of its compliance with the above Direction which comprises of sixteen subsections, namely:

1. Board's overall responsibilities
2. Governance Framework
3. Composition of the Board
4. Assessment of Fitness and Propriety Criteria
5. Appointment and resignation of directors and senior management
6. The Chairperson and the CEO
7. Meetings of the Board
8. Company Secretary
9. Delegation of Functions by the Board
10. Board Sub-Committees
11. Internal Controls
12. Related Party Transactions
13. Group Governance
14. Corporate Culture
15. Conflicts of Interest
16. Disclosure

Directions		Extent of Compliance
1. Board's overall responsibilities		
1.1	Assume overall responsibility and accountability for the operations of the Company, by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements	**Complied with.** The Board has the overall responsibility and accountability for the operations of the Company and carrying out functions listed in 1.2 to 1.7 of the Direction.
1.2	**Business Strategy and Governance Framework**	
a)	Approving and overseeing the implementation of the Company's overall business strategy with measurable goals for next three years and update it annually in view of the developments in business environment	**Complied with.** A Board-approved strategic plan is in place for the period 2025/2026 to 2028/2029, outlining the Company's overall business strategy. The Board provides direction in the development of short, medium and long term strategies of the Company. The Board approves and monitors the annual budget with updates on execution of the agreed strategies.
b)	Approving and implementing the Company's governance framework	**Complied with.** Board approved Governance Framework is in place commensurate with the Company's size, complexity, business strategy and regulatory requirements.
c)	Assessing the effectiveness of the Governance Framework periodically	**Complied with.** The Governance Framework is reviewed periodically according to the changes in operating environment to ensure that it remains appropriate to the conditions and the complexities of the Company's operations.
d)	Appointing and defining the roles and responsibilities of the Chairperson and the Chief Executive Officer (CEO)	**Complied with.** The Chairman and the Chief Executive Officer have been appointed by the Board. The Chairman provides leadership to the Board and the Chief Executive Officer/ Managing Director is responsible for effective management of the Company's operations. Roles and responsibilities of the Chairman and the MD/CEO have been defined and approved by the Board.

Directions		Extent of Compliance
1.3	**Corporate Culture and Values** GRI 2-23, 2-24	
a)	Ensuring that there is a sound corporate culture within the Company, which reinforces ethical, prudent and professional behaviour	**Complied with.** Vallibel Finance strives to build a sound corporate culture which reinforces ethical, prudent and professional behaviour.
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.** Corporate values are incorporated in the Board approved strategic plan and these have been communicated to the staff. The Company has developed a Code of Conduct and Ethics which applies to all employees and directors and this is posted on the internal web portal and is accessible by all employees. A policy on management of conflicts of interest is in place.
c)	Promoting sustainable finance through appropriate environmental, social and governance considerations in the Company's business strategies	**Complied with.** The Company has continued to take progressive action to manage our direct and indirect environmental, social and governance impact. A Sustainable Finance Policy is in place in this regard.
d)	Approving the policy of communication with all stakeholders in the view of projecting a balanced view of the company's performance, position and prospects in public and regulators	**Complied with.** The Board approved Communication Policy is in place which covers all stakeholders including depositors, shareholders, borrowers and other creditors.
1.4	**Risk Appetites, Risk Management and Internal Controls**	
a)	Establishing and reviewing the Risk Appetite Statement (RAS) in line with Company's business strategy and governance framework	**Complied with.** A Risk Appetite Statement (RAS) is in place which is in line with Company's business strategy and governance framework.
b)	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently	**Complied with.** Identifying major risks, establishing governance structures and systems to measure, monitor and manage those key risks are carried out mainly through the Board Integrated Risk Management Committee. Risk reports are submitted to the Committee by the Management every two months. The decisions and action taken to mitigate possible risks are submitted for Board's information where necessary. Please refer Risk Management report on pages 226 to 241 and Board Integrated Risk Management Committee report on pages 250 to 252 for further details.

Corporate Governance

Directions		Extent of Compliance
c)	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically	**Complied with.** Adequacy and integrity of the Company's internal control systems and management information systems are reviewed by the Board Audit Committee. The Committee is assisted in this function by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of internal control systems and management information systems, the results of which are reported to the Audit Committee. The Committee appraises the scope and results of internal audit reports and system reviews. The decisions and actions taken are submitted for Board's information and/or action (if deemed necessary).
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.** Board approved comprehensive Business Continuity and Disaster Recovery Plan (BCP) is in place.
1.5	**Board Commitment and Competency**	
a)	Devote sufficient time on dealing with the matters relating to affairs of the Company	**Complied with.** Directors devote adequate time for Board meetings as well as Board Sub-committee meetings to ensure that the duties and responsibilities are satisfactorily discharged. Agenda, draft minutes and Board papers are sent in advance to the Board to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification.
b)	Possess necessary qualifications, adequate skills, knowledge and experience	**Complied with.** Members of the Board possess experience, qualifications, adequate skills and knowledge in the relevant fields.
c)	Regularly review and agree the training and development needs of all the members	**Complied with.** The Board being the highest governing body recognises the need of training and development and enhancing knowledge on business environment. A newly appointed Director is given appropriate induction with regard to the affairs of the Company and laws and regulations applicable to the Company. Any training programs relevant to the Board are communicated to the Board for the Directors' participation. Further, the annual self-assessment scheme by Directors covers aspects on training to identify training needs of Directors.
d)	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.** The Company has adopted a scheme of annual self-assessment to be undertaken by each Director and of its Boards as a whole and that of its committee and filed with the Company Secretaries.
e)	Obtain external independent professional advice to the Board to discharge duties to the Company	**Complied with.** The Board is permitted to seek independent professional advice on any matters when deemed necessary. A Board approved procedure is in place for this purpose.

Directions		Extent of Compliance
1.6	**Oversight of Senior Management**	
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 identified and designated the Senior Management, as defined in the Section 17 of the Finance Business Act Directions No.05 of 2021 on Corporate Governance.
b)	Defining the areas of authority and key responsibilities for the senior management	**Complied with.** The key responsibilities of the senior management are defined in the job descriptions of each member and have been approved by the Board.
c)	Ensuring the senior management possesses the necessary qualifications, skills, experience and knowledge to achieve the Company's strategic objectives	**Complied with.** Members of the Senior Management possess experience, qualifications, adequate skills and knowledge in the relevant fields.
d)	Ensuring there is appropriate oversight of the affairs of the Company by senior management	**Complied with.** The Board of Directors formulates policies and exercises oversight of the affairs of the Company through the MD / CEO. Affairs of the Company handled by the Corporate Management are reviewed and discussed at the monthly Board Meetings. Further, Board sub-committees and other management committees separately review and monitor the designated areas of business operations and report to the Board as it deems necessary.
e)	Ensuring the Company has an appropriate succession plan for senior management	**Complied with.** A succession plan for senior management personnel is in place.
f)	Meeting regularly with the Senior Management	**Complied with.** The members of the senior management regularly make presentation and take part in discussions on their areas of responsibility at Board meetings, Board subcommittee meetings and other management committee meetings. The Directors have free and open contact with the Corporate and Senior Management of the Company.
1.7	**Adherence to the Existing Legal Framework**	
a)	Ensuring that the Company does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders	**Complied with.** The Company operates within the Board approved Governance Framework and the Company is committed not to act in a manner detrimental to the interests of and its obligations towards depositors, shareholders and other stakeholders.
b)	Adhere to the regulatory environment and ensure 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. A Code of Business Conduct and Ethics is also in place for all employees and Directors.
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.** Fit and Proprietary of the Board of Directors is assessed annually and new appointment of the Board and Senior Management (as defined in Corporate Governance Direction No. 05 of 2021) is made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 6 of 2021.

Corporate Governance

Directions		Extent of Compliance
2.	**Governance Framework**	
2.1	Develop and implement a governance framework in line with the Finance Business Act Direction No.05 of 2021 on Corporate Governance	**Complied with.** A Board approved Governance Framework is in place.
3.	**Composition of the Board**	
3.1	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.** The Board possesses adequate skills and experience in the relevant fields. Please refer pages 36 to 38 for the Profiles of the Directors.
3.2	The number of directors on the Board shall not be less than 7 and not more than 13.	**Complied with.** The Board comprised of seven Directors as 31st March 2026.
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.** Mr. K D A Perera, the Chairman, has been reappointed as a Non-Executive Director in accordance with Direction 3.4.
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 (1/4) of the total number of directors on the Board.	The total length of service for the other Non-Executive Directors does not exceed nine years.
3.5	**Executive Directors**	
a)	Appointment, election or nomination of an employee as a Director.	**Complied with.** The Board consists of seven members of whom two are Executive Directors. Accordingly, the number of Executive Directors does not exceed one-third of Directors of the Board.
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.	No such situations have arisen.
c)	CEO shall be one of the Executive Directors and may be designated as the Managing Director of the Company.	**Complied with.** Mr. S B Rangamuwa holds the positions of Managing Director/ CEO.
d)	Executive Directors shall have a functional reporting line in the organisation structure of the Company.	**Complied with.** Mr. S S Weerabahu, Executive Director has a functional reporting line and is reporting to the Managing Director/CEO.
e)	The Executive Directors are required to report to the Board through the CEO.	

Directions		Extent of Compliance
f)	Executive Directors shall refrain from holding executive directorships or senior management positions in any other entity.	**Complied with.** Mr. S B Rangamuwa and Mr. S S Weerabahu do not hold any executive directorships or senior management positions in any other Company.
3.6	**Non-Executive Directors (NEDs)**	
a)	NEDs shall possess credible track records and necessary skills, competency and experience to bring an independent judgment on the issues of strategy, performance, resources and standards of business conduct.	**Complied with.** The Non-Executive Directors of the Board are eminent personnel and they possess extensive knowledge, expertise and experience in different business fields. Their detailed profiles are given in pages 36 to 38.
b)	A non-executive director cannot be appointed or function as the CEO/executive director.	**Complied with.** None of the Non-Executive Directors are appointed or function as the Executive Directors of the Company.
3.7	**Independent Directors**	
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.** The Board comprises of four Independent Non-Executive Directors. Accordingly, the number of Independent Non-Executive Directors exceeds one-third of the total number of Directors on the Board.
b)	Independent Directors appointed shall be of the highest calibre, with professional qualifications, proven track records and sufficient experience.	**Complied with.** All Independent Non-Executive Directors of the Company are of the highest calibre with professional qualifications, a proven track records and sufficient experience in the given fields.
c) - e)	Criteria of non-executive director for independence	**Complied with.** Based on declarations submitted by the Non-Executive Directors, the Board has determined that four Non-Executive Directors, namely Mr. J Kumarasinghe, Mrs. C P Malalgoda, Mr. M A K B Dodamgoda and Mr. M P U Perera are '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. During the year there were no changes to the independence status of Directors.
3.8	**Alternate Directors**	There were no Alternate Director appointments.
3.9	**Cooling off Periods**	No such appointments have been made during the period under review.
3.10	**Common Directorships**	
	Director or senior management of a Finance Company shall not be nominated, elected, or appointed as a director of another Finance Company except where such Company is a parent Company, subsidiary Company, or an associate Company or has a joint arrangement with the first mentioned Company subject to conditions stipulated in Direction 3.5(f).	**Complied with.** No Directors or Senior Managers held positions in other Finance Companies during the year 2025/2026.

Corporate Governance

Directions		Extent of Compliance
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 Finance Company.	**Complied with.** No Director holds directorships in excess of 20 companies/ societies/ bodies/institutions.
4	**Assessment of Fitness and Propriety Criteria**	
4.1	No person shall be nominated, elected or appointed as a director or continue as a director unless that person is a 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 or as amended.	**Complied with.** The appointments, resignations or continuation of the Directors are made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 6 of 2021.
4.2	The age of a Director shall not exceed 70 years.	**Complied with.** All Directors are below the age of 70 years as at 31st March 2026.
4.3	Criteria to hold office as a director, exceeding 70 years of age up to maximum of 75 years of age.	No such situations have arisen.
5	**Appointment and resignation of directors and senior management**	
5.1	The appointments, resignations or removals of Directors or Senior Management 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 Chairperson and the CEO**	
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 positions of the Chairman and the Managing Director / Chief Executive Officer are separate and performed by two different individuals and responsibilities of the Chairman and the MD/CEO have been defined and approved by the Board.
6.2	The chairperson shall be an independent director, subject to 6.3 below.	**Complied with.** Mr. J Kumarasinghe serves as the Senior Independent Non-Executive Director since the Chairman is Non Independent Non-Executive Director. The Board-approved Terms of Reference for the Senior Independent Non-Executive Director is in place. Non-Executive Directors including Senior Director annually assess the Chairperson's performance.
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.	

Directions		Extent of Compliance
6.4	Responsibilities of the Chairperson	**Complied with.** The Chairman is responsible to lead, direct and manage the Board to ensure that the Board works effectively and discharges its responsibilities. Chairman's key responsibilities and duties have been approved by the Board. There is a constructive relationship among all Directors and they work together in the best interest of the Company. The Secretary to the Board draws up the agenda under the authority delegated by the Chairman. This agenda is approved by the Chairman of the Board. The Company Secretaries circulate formal agenda prior to the Board Meeting. The Chairman does not engage in direct supervision of senior management or any other day to day operational activities. Effective communication with shareholders is maintained at the Annual General Meeting providing opportunity for them to express their views and recommendations. An annual assessment of the Board's and the Chief Executive Officer's performance and contributions during the 2025/26 financial year was undertaken by the Chairman.
6.5	Responsibilities of the CEO	**Complied with.** The Chief Executive Officer/Managing Director functions as the apex Executive-In-Charge of the day-to-day management of the Company's operations and business. The Board approved responsibilities of the Chief Executive Officer/Managing Director are in place.
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, mainly to review the performance of the Company and other relevant matters referred to the Board. Circulation of resolutions/papers to obtain Board's consent is minimised and resorted only when absolutely necessary. The Board met 13 times during the 2025/2026 financial year, holding monthly meetings and one special meeting.
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.** Annual calendar of Board meetings is issued at the beginning of each calendar year enabling them to include matters and proposals in this regard. Agenda, draft minutes and Board papers are sent in advance, enabling Directors to submit their views, proposals and observations at the respective Board Meeting.

Corporate Governance

Directions		Extent of Compliance
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.** Notice of Meeting is circulated to the Directors at least 3 days prior to the meeting for regular Board meetings which are held at monthly intervals. Reasonable notice is given before any special meeting.
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	**Complied with.** Agenda, draft minutes and Board papers are sent in advance to the Board to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification from Key Management Personnel. The views of the Board of Directors on issues under consideration are ascertained and records of such deliberations are reflected in the minutes.
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.** At all Board meetings held during the year 2025/2026, more than one fourth of the numbers of Directors were independent Non-Executive Directors.
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 are held only with the participation of the Non-Executive Directors, without the Executive Directors being present. During the period under review, the Chairperson held two meetings without the presence of the Executive Directors.
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.** 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 Board Meeting.
7.8	A director, who has not attended at least two-thirds 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 have attended at least two-thirds of the meetings held during the year and no Director has been absent from three consecutive regular Board meetings during the year 2025/2026.
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** For the scheduled meetings the Company encourages physical participation of all Directors. Participation in person or through electronic media is recorded in the minutes.

Directions		Extent of Compliance
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.** Ms. K G L D Kottegoda functions as the Secretary to the Board and the Board's sub-committees. Secretary's primary responsibilities involve handling of secretarial services to the Board and shareholders meetings and carrying other functions specified in related laws and regulations.
	b) The Board shall appoint its Company Secretary, subject to the transitional provision, 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.	
8.2	All directors shall have access to advice and services of the Company Secretary with a view to ensuring the Board procedures laws, directions, rules and regulations are followed.	**Complied 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.
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.** Minutes of Board Meetings are maintained by the Company Secretary. Minutes of the Board meetings with all submissions to the Board are maintained for a minimum period of 6 years.
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 Company.	
8.6	Minutes of the Board meetings shall be recorded in sufficient detail, as specified in the Direction, so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties.	**Complied with.** Detailed minutes are maintained by the Company Secretary covering all requirements of this direction.
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	**Complied with.** Minutes are open for inspection by any Director.
9	**Delegation of Functions by the Board**	
9.1	The Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the Company.	**Complied with.** The Board approved delegation authority limits is in place.
9.2	In the absence of any of the sub-committees, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	Not applicable as Board sub-committees are in operation.

Corporate Governance

Directions		Extent of Compliance
9.3	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	**Complied with.** Assets and Liabilities Management Committee, Credit Committee, IT Steering Committee and Executive Integrated Risk Management 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.** The Board is empowered by the Articles of Association to delegate any of their powers other than those exercisable exclusively by the Directors. The Board has delegated matters pertaining to the affairs of the Company to the Board Sub-committees within the scope of the respective terms of reference as approved by the Board and also to the CEO/MD and Senior Management. All delegations are made in a manner that would not hinder the Board's ability to discharge its functions.
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 is periodically reviewed by the Board based on business requirements.
10	**Board Sub Committee**	
10.1	Requirements on Board subcommittees (Asset base more than Rs. 20 Billion)	
10.1 a)	The company shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination Committee, Human Resource and Remuneration Committee and Related Party Transactions Review Committee. 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** Audit Committee, Board Integrated Risk Management Committee, Nomination and Governance Committee, Human Resource and Remuneration Committee and Related Party Transactions Review Committee have been established by the Board. Further, the Board Information Security Committee has been established to strengthen oversight on information security and cybersecurity matters.
b)	Each Board sub-committee shall have a written term of reference specifying clearly its authority and duties.	**Complied with** Written Term of References specifying the authority and duties are in place for each Sub-Committee.
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 247 to 257 of this Annual Report.
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 functions as the Secretary to these Committees.
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 Committee comprises at least three Board members who possess skills, knowledge and experience relevant to the responsibilities of the Committees. Compositions of the Committees are disclosed in the pages 247 to 257 of the annual report.

Directions		Extent of Compliance
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** Occasional rotation of members and Chairpersons of the Board Sub Committees are considered as and when required.
10.2	**Board Audit Committee (BAC)**	
a)	The Chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	**Complied with** The Chairman of the Audit Committee is an Independent Non-Executive Director and possesses qualifications and related experience. Qualifications and experience are disclosed in page 38 of the Annual Report.
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 three members of the Board Audit Committee are Independent Non- Executive Directors.
c)	The secretary to the Board Audit Committee shall preferably be the Chief Internal Auditor (CIA).	The Company Secretary acts as the Secretary to the Board Audit Committee as at the reporting date.
d)	**External Audit Function**	
	i. Appointment of the External Auditor	**Complied with** External auditor is appointed by shareholders at the AGM with the recommendation of the BAC.
	ii. Service period of the External Audit firm and audit partner	**Complied with** Messrs. Ernst & Young functions as the External Auditor of the Company.
	iii. The External Audit Partner	**Complied with** Audit Partner is not a shareholder, director or employee and does not hold any Senior Management position of other Finance Company.
	iv. Independence and objectivity of External Auditor and effectiveness of the audit process	**Complied with** The Committee reviews and monitors the External Auditors' independence, objectivity and the effectiveness of the audit processes. The Audit Committee reviews the nature and scope of the external audit taking in to account of the regulations and guidelines.
	v. Provision of non-audit services by the External Auditor	**Complied with** The Committee assists the Board of Directors in engaging the External Auditor for non-audit services in compliance with the statutes and ensures that engagement in non-audit services does not impair the external auditors' independence and objectivity. Policy on engagement of the external auditor to provide non-audit services is in place.
	vi. Determine the nature and scope of the audit	**Complied with** The Committee has discussed and finalised the nature and the scope of audit, with the External Auditors before the audit commences.

Corporate Governance

Directions		Extent of Compliance
	vii. Review the financial information of the Company	**Complied with** The Annual and Quarterly Financial Statements are reviewed by the Audit Committee in order to ascertain the quality and integrity of the financial information prepared by the Finance Department and their reviews/ comments and recommendations submitted to the Board for the final review and approval.
	viii. Discussion of issues, problems and reservations arising from the interim and final audits with the External Auditor	**Complied with** The Audit Committee discusses issues, problems and reservations arising from the interim and final audits with the External Auditors.
	ix. Review of the external auditor's management letter and the management's response	**Complied with** The Committee has reviewed the External Auditor's Management letter and management responses thereto, relating to the audit for the year ended 31st March 2025.
e)	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	**Complied with** The Audit Committee through Internal Audit Department reviews the effectiveness of the Internal control system of the Company. Both regular and ad-hoc reviews of internal control systems and management information systems are carried out by the Internal Audit Department and the results of which are reported to the Audit Committee. The Committee assesses the scope and results of internal audit reports and system reviews. The decisions and actions taken are submitted for Board's information and/or action (if deemed necessary).
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** The Committee monitors this through regular reporting from the Internal Audit Department.
g)	**Internal Audit function**	
	i. The Committee shall establish an Independent Internal Audit function 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 Company maintains an independent in-house Internal Audit Department that provides assurance to the Committee regarding the adequacy and effectiveness of the Company's internal control framework, risk management processes, governance practices, and operational controls.
	ii. The internal audit function shall have a clear mandate, be accountable to the BAC, be independent and shall have sufficient expertise and authority within the company to carry out their assignments effectively and objectively.	**Complied with** The Internal Audit function is an independent function which directly reports to the Board Audit Committee. Purpose, authority and responsibility of the Internal Audit Department are outlined in the Internal Audit Charter.
	iii. The BAC shall take the following steps with regard to the Internal Audit Function of the Company:	

Directions		Extent of Compliance
	(i) Review the adequacy of the scope, functions and skills and resources of the Internal Audit Department and ensure the department has the necessary authority to carry out its work.	**Complied with** Board Audit Committee reviews 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 appropriate actions are taken on the recommendations of the internal audit.	**Complied with** The Internal Audit plan is reviewed and approved by the Audit Committee at the beginning of each financial year. Audit reports are tabled at the Audit Committee meeting by the Internal Auditors and the relevant items are discussed in detail with suitable actions agreed upon. Where required, the Management is invited to attend the meeting to provide clarifications. Annual Report of the Company contains Statement of Directors' Responsibility and Directors' Statement on Internal Control Over Financial Reporting along with Auditors' Assurance Report on the Directors' Statement on Internal Control and Independent Auditors' Report.
	(iii) Assess the performance of the head and senior staff members of the Internal Audit Department.	**Complied with** Performance of Internal Auditors is reviewed by the Audit Committee.
	(iv) Ensure that the Internal Audit Function is independent and activities are performed with impartiality, proficiency and due professional care.	**Complied with** The Internal Audit function is an independent function and the audits are performed with impartiality and due professional care. The Internal Audit Department staff reports directly to the Deputy General Manager – Internal Audit, who in turn reports directly to the Audit Committee.
	(v) Ensure the Internal Audit Function carry out a periodic review of the Compliance Function and regulatory reporting to regulatory bodies.	**Complied with** Periodic reviews are conducted by the Internal Audit Department on the Compliance Function and regulatory reporting as per the Annual Audit plan.
	(vi) Examine the major findings of internal investigations and management's responses thereto.	**Complied with** Significant findings of investigations carried out by the Internal Auditors along with the responses of the Management are tabled and discussed at Audit Committee meetings.
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 BAC and BIRMC reviews and monitors the progress on implementation of the recommendations made in the Statutory Examination Report of the Central Bank of Sri Lanka (CBSL) through follow up reports submitted to the Committee meetings.

Corporate Governance

Directions		Extent of Compliance
i)	Meetings of the Committee	
	i. The committee shall meet as specified in direction 10.1 (a) above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	**Complied with.** The Audit Committee meets regularly and members of the Committee are provided with due notice of issues to be discussed. Minutes of the meetings are maintained by the Company Secretary. The Committee met 14 times during the financial year under review.
	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, Chief Executive Officer, Chief Operating Officer, General Manager - Finance & Administration, Compliance Officer, or any other members of the corporate management or any employee are invited to attend the meeting where it is deemed necessary.
	iii. BAC shall meet at least twice a year with the external auditors without any other directors / senior management / employees being present.	**Complied with**. During the year under review, the Committee met twice with the External Auditors in the absence of Executive Directors.
10.3	**Board Integrated Risk Management Committee (BIRMC)**	
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.** The Chairman of the Committee is an Independent Non-Executive director. The Committee is comprised of three Independent Non-Executive Directors. Managing Director / CEO, Executive Director, General Manager - Finance & Administration, Senior Deputy General Manager - Credit, and Senior Deputy General Manager - Asset Management, Compliance Officer, Risk Officer and other Senior Management personnel are attended by invitation.
b)	The secretary to the committee may preferably be the CRO.	**Complied with.** The Company Secretary acts as the Secretary to the Board Integrated Risk Management Committee as at the reporting date.
c)	The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, compliance and technology, to the Company at least on once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.	**Complied 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.
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 Finance Company will accept, or avoid, in order to achieve its strategic business objectives.	**Complied with.** Board approved RAS is in place which identifies the risk tolerance limits of the Company.
e)	The BIRMC shall review the Company's risk policies including RAS, at least annually.	**Complied with.** All risk policies, including the Risk Appetite Statement (RAS) are reviewed by the BIRMC annually or as needed.

Directions		Extent of Compliance
f)	The BIRMC shall review the adequacy and effectiveness of senior management level committees 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 (Credit Committee, Assets and Liability Management Committee, IT Steering Committee and Executive Integrated Risk Management Committee) are submitted to the Committee to review their adequacy and effectiveness. All risk indicators which exceed the specified quantitative and qualitative risk limits are reviewed and discussed for action. The progress of rectification of the position and implementation of the recommendations are also being monitored closely by the Committee.
g)	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	**Complied with.** Board-approved Business Continuity and Disaster Recovery Plan (BCP) are in place and are reviewed periodically.
h)	BIRMC shall annually assess the performance of the compliance officer and the CRO.	**Complied with.** Performance of Compliance Officer and Risk Officer were reviewed by the Committee.
i)	Compliance function	
	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 a separate compliance function to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on respective areas of business operations.
	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.	**Complied with**. A Compliance Officer has been appointed.
	iii. For FCs with an asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	Not applicable.
	iv. The BIRMC shall ensure responsibilities of a compliance officer would broadly encompass the following:	
	i) Develop and implement policies and procedures designed to eliminate or minimise the risk of breach of regulatory requirements;	**Complied with.** Board approved policies and procedures are in place commensurate with the size, complexity and risk profile of the Company.
	ii) Ensure compliance policies and procedures are clearly communicated to all levels of the Company to enhance the compliance culture;	**Complied with.** Board approved Compliance policy is in place and available on the intranet which is accessible by all employees of the Company.

Corporate Governance

Directions		Extent of Compliance
	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 the Company;	**Complied with.** All new legal and regulatory developments are applied as applicable.
	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.** Board approved new product policy is available to streamline the process of designing a new 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 and	**Complied with.** Compliance reviews are carried out periodically and actions are taken to work with the management to rectify if deviations are noted.
	vii) Maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with the highest integrity	**Complied with.** Regular contact and a good working relationship with regulators is maintained.
j)	Risk management function	
i.	BIRMC shall establish an independent risk management function responsible for managing risk- taking activities across the FC.	**Complied with.** An independent risk management function with a dedicated risk officer was established.
ii.	For Companies with asset base of more than Rs.20 Bn, it is expected to have a separate risk management department and a dedicated CRO considered to be senior management shall carry out the risk management function and report to the BIRMC periodically.	
iii.	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the Company's risk management function is robust and effective to support its strategic objectives and to full broader responsibilities to various stakeholders.	**Complied with.** The Company has put in place a risk management policies, including RAS, which is consistent with the Company's strategic objectives.

Directions		Extent of Compliance
iv.	The BIRMC shall ensure that the CRO is responsible for developing and implementing Board approved integrated risk management framework that covers: (a) various potential risks and frauds; (b) possible sources of such risks and frauds; (c) mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing; (d) effective measures to control and mitigate risks at prudent levels; and (e) relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	**Complied with.** The Direction's requirements are covered by an integrated risk management framework that has been approved by the Board and is reviewed and updated annually.
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** Risk Officer contributes to important decision making processes and makes recommendations on risk management.
vi.	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	**Complied with** The Risk Officer is in charge of maintaining the Risk Register, which is periodically submitted to the BIRMC.
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 minutes of the meetings are submitted to the subsequent Board meeting together with risk reports seeking Board's views and directions.
10.4	**Nomination Committee**	
a)	The committee shall be constituted with non-executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	**Complied with.** The Board Nomination and Governance Committee is comprised of three Non-Executive Directors out of whom majority are independent. The Chairman of the Committee is an Independent Non-Executive director. The CEO/MD attends the meeting by invitation.
b)	Secretary to the nomination committee may preferably be the company secretary.	**Complied with.** The Company Secretary acts as the Secretary to the Nomination and Governance Committee.
c)	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management are to be appointed with the recommendation of CEO, excluding CIA, CRO and compliance officer.	**Complied with.** The Senior Management are appointed with the recommendation of Nomination and Governance Committee.

Corporate Governance

Directions		Extent of Compliance
d)	The committee shall 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.	**Complied with.** The Committee ensures that fit and proper assessments were carried out in compliance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.
e)	The selection process shall include reviewing whether the proposed directors (1) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	**Complied with.** The criteria outlined in this direction are considered by the Nomination and Governance Committee and the Board in the selection and recommendation process.
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 majority of the members are Independent Non-Executive Directors, ensuring that the Board's composition is not dominated by any individual or small group.
g)	The committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.	**Complied with.** The qualifications, experience and key attributes required for the positions of CEO/Managing Director and senior management are clearly outlined in the respective job descriptions.
h)	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	**Complied with.** Shareholders are informed of new Board appointments via announcements made to the Colombo Stock Exchange (CSE) by the Company Secretary, subsequent to receiving approval from the Director of the Department of Supervision of Non-Bank Financial Institutions at the Central Bank of Sri Lanka.
i)	The committee shall consider and recommend (or not recommend) the reelection 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 recommends the re-election of current directors to the Board, in line with the requirements outlined in the Direction.
j)	The committee shall consider and recommend from time to time, the requirements of additional/ new expertise and the succession arrangements for retiring directors and senior management.	**Complied with.** A Board-approved succession plan for the MD/CEO, Executive Director and Senior Management is in place and reviewed periodically.
k)	A member of the nomination committee shall not participate in decision making relating to own appointment/ reappointment and the Chairperson of the board should not chair the committee when it is dealing with the appointment of the successor.	**Complied with.** Members of the Nomination and Governance Committee are not involved in the decision-making process for their own appointment or reappointment. Moreover, the Board Chairperson abstains from the meeting when the topics of discussion concern the appointment of the successor.

Directions		Extent of Compliance
10.5	**Human Resources and Remuneration Committee**	
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 comprises of four Non-Executive Directors and the Chairman is an Independent Non-Executive Director.
b)	The secretary to the Human Resource and Remuneration Committee may preferably be the Company Secretary.	**Complied with.** The Company Secretary functions as the secretary to the Committee.
c)	The committee shall determine the remuneration policy (salaries, allowances and other financial payments) relating to Executive Directors and senior management of the Company and fees and allowances structure for Non-Executive Directors.	**Complied with.** A Board-approved Remuneration Policy is in place. The Remuneration Committee recommends the remuneration payable to the Managing Director, Executive Directors and other senior management. 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. An approved structure for fees and allowances has been implemented.
d)	There shall be a formal and transparent procedure in developing the remuneration policy.	**Complied with.** The remuneration policy has been developed to achieve fair and equitable benefits and ensure that the remuneration packages offered by the Company are stay on par with the industry/market while ensuring alignment of rewards with strategic and short-term objectives of the Company.
e)	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the Company. The policy shall be subject to periodic review by the Board, including when material changes are made.	**Complied with.** The Remuneration Policy is reviewed periodically and recommended by the Committee for the approval of the Board on paying salaries, allowances and other financial incentives for employees of the Company.
f)	The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the Company. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivise employees to take an excessive risk or to act in self-interest.	**Complied with.** The remuneration structure offered by the Company is linked to the corporate and individual performances and is aligned with the market/industry rates.
g)	The committee shall review the performance of the senior management (excluding Chief Internal Auditor, Compliance Officer and 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 strategic plan and annual budget, approved by the Board, establish the overall targets and strategies for senior management. Additionally, a performance evaluation process is conducted annually to assess the senior management team's effectiveness in meeting these goals. The process is set to be further strengthened in the upcoming financial year.
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.** Respective Senior Management Personnel is abstained from attending meetings, when matters related to them are discussed.

Corporate Governance

Directions		Extent of Compliance
11	**Internal Controls**	
11.1	The Company shall adopt well-established internal control systems, which include the organisational 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. The Committee is assisted in this function by Internal Audit Department. Further, the External Auditors were engaged in providing assurance on the "Directors Responsibility Statement on Internal Controls over Financial Reporting" and it is given on page 262. Internal Controls have been embedded to the day to day operations of all employees and all employees are accountable are responsible for protecting the Company and achieve its objectives.
11.2	A proper internal control system shall, a) Promote effective and efficient operations b) Provide reliable financial information c) Safeguard assets; d) Minimise the operating risk of losses from irregularities, fraud and errors; e) Ensure effective risk management systems; f) 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.	
12	**Related Party Transactions** GRI 2-23, 2-24	
12.1	The Board shall establish a policy and procedures for related party transactions, which covers the following.	
	a) 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 three Independent Non- Executive Directors. The Board approved policy is in place for governing the Related Party Transactions. The Board approved Related Party Transaction Policy provides for the procedure to ensure that the Company does not engage in transactions with related parties in a manner that would grant such parties "more favourable treatment" as defined in this Direction. The Board takes necessary steps to avoid any conflicts of interest that may arise from any transaction of the Company with its related parties.
	b) All related party transactions shall be prior reviewed and recommended by the RPTRC.	
	c) The business transactions with a related party that is covered in this Direction.	
12.2	The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the Company with any person and particularly with the categories of persons defined in the Direction who shall be considered as "related parties". 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.	
12.3	The Committee shall ensure that the Company does not engage in business transactions with a related party in a manner that would grant such party "more favourable treatment" than that is accorded to other similar constituents of the Company.	

Directions		Extent of Compliance
13	**Group Governance**	
13.1	Responsibilities of the Company as a Holding Company	The Company's only subsidiary, Vallibel Properties Ltd is engaged in the administration of construction, development and maintenance of the corporate office building complex for Vallibel Finance PLC. The Company exercises adequate oversight over Vallibel Properties Ltd while complying with the independent legal, regulatory and governance responsibilities apply to them.
13.2	Responsibilities as a Subsidiary	The Company is not a direct Subsidiary of any Group Company.
14	**Corporate Culture**	
14.1	A Finance Company 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.** The Company has developed a Code of Business Conduct and Ethics for all employees covering the areas of conflict of interest, bribery and corruption, accurate accounting and record keeping, confidentiality, 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.
14.2	The Company 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.** Any lapse or a breach of the provisions stipulated in Code of Business Conduct and Ethics by any employee of the Company would constitute a ground for disciplinary action.
14.3	A Finance Company 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.** A Board approved Whistle Blowing Policy is in place. This Whistle blowing Policy encourages all personnel to raise concerns, expose irregularities, help uncover financial malpractices and prevent frauds without any fear of revenge or adverse consequences.
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 Directors make declarations of their interests at appointment, annually and whenever there is a change in same. 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 Board Meeting.
	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.	**Complied with.** A Policy on managing conflicts of interest is in place.

Corporate Governance

Directions		Extent of Compliance
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.	**Complied with.** The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and the formats prescribed by the Supervisory Regulatory Authorities and that such statements are published in the newspapers in all three languages. Interim (unaudited) Financial Statements as well as Audited Financial Statements are submitted to the Colombo Stock Exchange (CSE) and the financials are made available on the website of CSE.
	The Board shall ensure that at least following disclosures are made in the Annual Report of the Company.	
	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 in page 264 of the Annual Report under "Statement of Directors Responsibilities" and pages 242 to 245 of the "Annual Report of the Board of Directors on the state of affairs of the Company".
	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 Company 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 included in pages 36 to 38 of "Profiles of Directors" and pages 162 to 173 of the "Corporate Governance Report".
	iii. Appraisal of board performance ↘ An overview of how the performance evaluations of the Board and its committees have been conducted.	**Complied with.** The Company has adopted a scheme of self-assessment, to be undertaken by each Director, annually. Each member of the Board carried out a self-assessment of his/her own effectiveness as an individual and the Board as a whole and that of its Committees and the records of such assessments are maintained by the Company Secretary.

Directions	Extent of Compliance
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 Company to its directors and senior management.	**Complied with.** The achievement of the set targets is a prerequisite for performance based remuneration. Performance targets are established in accordance with the Annual Strategic Plan and Budget. Annual promotions, increments and bonus of all employees are directly in relation with the performance, contribution, commitment, work ethics and behaviour of the employee. The remuneration structure of the staff, Senior Management and Executive Directors are in line with the business strategy, objectives, values, long term interest, cost structure of the Company, incorporating prevention of conflict of interest in particular incentives embedded within the remuneration structures that does not incentivise employees to take excessive risk or act in self-interest. The aggregate values of remuneration paid to the Directors and Senior Management during the financial year 2025/26 are given below. Aggregate Remuneration paid to Directors and Senior Management;
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 Company'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 Finance Company.	**Complied with.** The Board is aware that there are no relationships whatsoever, including financial, business, family, any other material/ relevant relationship between the Chairman and the CEO. No relationships prevail among the other members of the Board. Total net accommodation granted in respect of senior management amounted to Rs. 0.15 Mn and the net accommodation outstanding in respect of each category of related parties as a percentage of the Company's core capital 0.001%. The aggregate values of the transactions of the Company with its senior management during the year under review are given below.

Form of Remuneration	Amount (Rs. Mn)
Basic Salary	188
Board and sub-committee sitting fees	13
Fixed allowances	46
Variable allowances	-
Bonuses	173
Reimbursed expenses	26
Other monetary benefits (if any)	-
Total remuneration paid to Directors and Senior Management	446

	Rs. Mn
Accommodation granted	0.15
Deposits held	24.61

Corporate Governance

Directions		Extent of Compliance
	vi. Board appointed committees ↘ The details of the chairperson and members of the board committees and attendance at such meetings.	**Complied with.** Relevant disclosures are included in pages 162 to 173 of the "Corporate Governance Report" and pages 242 to 245 of the "Annual Report of the Board of Directors on the state of affairs of the Company".
	vii. Group Structure ↘ The group structure of the FC within which it operates. ↘ The group governance framework	**Complied with.** Disclosed in the page 276 of the Notes to the Financial Statements.
	viii. Director's report A report, which shall contain the following declarations by the Board: ↘ The Company has not engaged in any activity, which contravenes laws and regulations. ↘ The directors have declared all related party transactions with the Company and abstained from voting on matters in which they were materially interested. ↘ The Company has made all endeavours 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 Company and have obtained reasonable assurance of their effectiveness.	**Complied with.** Disclosed in the pages 242 to 245 of the 'Annual Report of the Board of Directors on the Affairs of the Company'.
	ix. Statement on Internal Control ↘ A report by the Board on the Company's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of 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 Company's risk management, or non-compliance with the Act and rules and directions.	**Complied with.** Directors' Statement on Internal Control System Over Financial Reporting" is given on page 262. The Company has obtained a certification from the External Auditors on the effectiveness of the internal control mechanism over financial reporting. There were no regulatory and supervisory concerns in the Company's risk management, or non-compliance with the Finance Business Act, No. 42 of 2011, rules and directions that have been communicated by the Director of the Department of Supervision of Non-Bank Financial Institutions.

Directions		Extent of Compliance
	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 given on pages 162 to 199 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 ↘ The Company'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.** The Company has developed a Code of Business Conduct and Ethics for all employees. The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by the Company. Refer the Chairman's Statement in the Annual Report for details.
	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 'Management Discussion and Analysis' on pages 46 to 159.
	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, Shareholders, borrowers and other creditors. The Company Secretary communicates with the shareholders through the Annual report, Quarterly Reports and by notices issued to the shareholders.

Corporate Governance

Section Two

Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka);

The disclosures below reflect the Company's compliance and the extent of the above Code of Best Practice which comprises of nine subsections, namely:

A. Directors
B. Directors' Remuneration
C. Relations with Shareholders
D. Accountability and Audit
E. Institutional Investors
F. Other Investors
G. Internet of Things and Cyber Security
H. Sustainability: ESG Risk and Opportunities
I. Special Considerations for Listed Entities

Code Ref.	Principle	Extent of Compliance
A. Directors		
A.1 The Board		
A.1	Effective Board, which should direct, lead and control the Company	**Complied with.** As at the end of the year under review, the Board comprised of two Executive and five Non-Executive Directors who are eminent professionals with extensive experience in the different business sectors. Mr. S B Rangamuwa is the Managing Director/ Chief Executive Officer to whom the day-to-day management of the Company's operations and business has been delegated. The Board has appointed Sub-Committees to assist in discharging its responsibilities and also approve policies, governance structures and the delegation of authority to provide a conducive business environment for effective performance of the Company.
A.1.1	Board meetings	**Complied with.** The Board met 13 times during the 2025/2026 financial year, holding monthly meetings and one special meeting. See 'Attendance at Board Meetings' on page 168.
A.1.2	The role and responsibilities of the Board	
	Formulation and implementation of a sound business strategy;	**Complied with.** The Board provides strategic direction to the development of short, medium and long term strategy and monitors the performance against agreed goals and key performance indicators through regular Board meetings. Please refer response to requirement 1.2 a) of Section One, the Finance Business Act Directions No.05 of 2021 on Corporate Governance on page 174 for details.
	Appointing the chair and the senior independent directors if relevant;	Mr. K D A Perera, Non-Executive Director serves as the Chairman of the Company and Mr. J Kumarasinghe, Independent Non-Executive Director serves as the Senior Independent Director of the Company as the Chairman is not an Independent Non-Executive Director.
	Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy;	The Board has put in place a Corporate Management team led by the MD / CEO who possess required skills, experience and knowledge necessary to implement the strategy.

Code Ref.	Principle	Extent of Compliance
	The adoption of an effective CEO and Key Management Personnel succession strategy;	A succession plan for key management personnel is in place.
	Approving budgets and major capital expenditure;	Budgets and major capital expenditure are reviewed and approved by the Board.
	Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation;	The Board has a formal schedule of matters specifically reserved for the Board for decision to ensure that the direction and control is firmly under its authority. The Board has delegated matters pertaining to the affairs of the Company to the Board Sub-committees within the scope of the respective terms of reference as approved by the Board and also to the CEO and other key management personnel.
	An effective system to secure integrity of information, internal controls, business continuity and risk management;	The Board reviews effectiveness of internal control and risk management system on a continuous basis through the Audit Committee and Board Integrated Risk Management Committee. Please refer 'Director's Statement on Internal Control Over Financial Reporting', 'Audit Committee Report' and 'Board Integrated Risk Management Committee Report' on pages 262, 247 to 249 and 250 to 252 for details.
	Availability of information communication technology (ICT) roadmap in line with business strategy	IT strategy developed in line with the business strategy is in place.
	Compliance with laws, regulations and ethical standards;	Compliance function is in place to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business.
	All stakeholder interests are considered in corporate decisions;	The views/impact on all stakeholders is considered when corporate decisions are made at Board meetings.
	Sustainable business development and integrated reporting	The corporate strategy followed by the Company is directed at creating long term sustainable growth and enhancing stakeholder value and the Company has adopted integrated reporting framework to provide effective disclosure on its value creation.
	Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;	The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and the formats prescribed by the Supervisory Regulatory Authorities and that such statements are published in the newspapers in all three languages. The Annual and Quarterly Financial Statements are reviewed by the Audit Committee in order to ascertain the quality and integrity of the financial information prepared by the Finance Department and their reviews/ comments and recommendations submitted to the Board for the final review and approval.
	A process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks;	Regular meetings are held by the Managing Director with the corporate management team and other key officers to monitor progress on strategy implementation, budgets, plans and related risks.
	A process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the company; and	Financial reports are prepared on monthly basis and circulated to the Board for their review and necessary actions. Further quarterly financial statements, bi-annual and annual financial statements are prepared and published in line with CSE and CBSL regulations.

Corporate Governance

Code Ref.	Principle	Extent of Compliance
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.	The Board is committed to fulfilling such other functions that are required according to the business environment.
A.1.3	Compliance with laws and 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	Access to the 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 judgment of Directors	**Complied with.** Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation, risk management, compliance and standards of business conduct.
A.1.6	Dedication of adequate time and effort by the Board	**Complied with.** Directors devote adequate time for Board meetings as well as Board Sub-committee meetings to ensure that the duties and responsibilities are satisfactorily discharged. Agenda, draft minutes and Board papers are sent in advance to the Board to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification.
A.1.7	Call for resolution	**Complied with.** Such situation did not arise during the year.
A.1.8	Training for Directors	**Complied with.** A newly appointed Director is given appropriate induction with regard to the affairs of the Company and laws and regulations applicable to the Company. In accepting the appointment consideration is given by a Director to the responsibilities of the role, ability to commit time, any existing or potential conflicts of interest and possessing required competencies of the role.
A.2 Chairman &	**Chief Executive Officer (CEO)**	
A.2	Separation of the roles and responsibilities of the Chairman and CEO to ensure a balance power and authority, such that no one individual has unfettered powers of decision	**Complied with.** The positions of the Chairman and the CEO have been separated. The Chairman is responsible for leading the Board and for its effectiveness. The Managing Director (MD) is the Chief Executive Officer who is responsible for managing the Company's business.

Code Ref.	Principle	Extent of Compliance
A.2.1	Justification to combine the posts of Chairman and Chief Executive Officer	Not applicable.
A.3 Chairman's Role		
A.3.1	Role of the Chairman	**Complied with.** The Chairman provides leadership to the Board and encourages an active contribution of both Executive and Non-Executive Directors to the Board's affairs and maintains balance of power between Executive and Non-Executive Directors. The Chairman ensures that the Board effectively discharges its responsibilities and that all key issues are discussed and resolved in a timely manner. The Secretary to the Board draws up the agenda under the authority delegated by the Chairman. This agenda is approved by the Chairman of the Board. The Company Secretary circulate formal agenda prior to the Board Meeting. Board papers covering adequate information of matters to be taken up for discussions are circulated in advance prior to the meeting. All Directors are encouraged to actively participate in Board's affairs. There is a constructive relationship among all Directors and they work together in the best interest of the Company. Effective communication with shareholders is maintained at the Annual General Meeting providing opportunity for them to express their views and recommendations.
A.4 Financial Acumen		
A.4	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 36 to 38 for the Profiles of the Directors.
A.5 Board Balance		
A.5.1	Have a balance of Executive & Non-Executive Directors	**Complied with.** Board maintains the required balance of Executive and Non-Executive Directors on the Board. The Board consists of two Executive Directors and five Non-Executive Directors of whom four 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 Non-Executive Directors	**Complied with.** Four 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.

Corporate Governance

Code Ref.	Principle	Extent of Compliance
A.5.4	Signed declaration of independence by the Non-Executive Directors and confirm at the end of each quarter whether the declared status on independence continues	Each Non-Executive Director provides a signed declaration of his/ her independence or non-independence annually as at the reporting date.
A.5.5	Determination of the independence and Non-independence of each Non-Executive Director annually	**Complied with.** The Board determines the independence and Non-independence of the Non-Executive Directors based on the declarations submitted by them and also based on the extent of independence as defined in the Listing Rules of the Colombo Stock Exchange and the Finance Business Act Direction No.05 of 2021 on Corporate Governance.
A.5.6	Appointment of Alternate Director	No Alternate Directors have been appointed to represent independent Non-Executive Directors.
A.5.7	Appointment of Senior independent Non-Executive Director Providing guidance to the Chairman on matters of governance of the Company	**Complied with.** Mr. J Kumarasinghe who is an Independent Non-Executive Director serves as the Senior Independent Director of the Company. The roles of the Chairman and the CEO being held by two different individuals. Independent Non-Executive Director, Mr. J Kumarasinghe serves as the Senior independent Director since Chairman of the Board is a Non-Independent Non-Executive Director. Board approved TOR is in place for the Senior Independent Director.
A.5.8	Make Senior independent Director available for confidential discussion with other Directors and Include a report from the Senior independent Director in the annual report.	**Complied with.** The Senior Independent Director is available to have confidential discussions with fellow Directors who feel that important concerns they have raised have not been properly reviewed by the Board and are related to significant issues that may harm the Company. The Senior Independent Director remains accessible for meetings with majority, significant and minority shareholders as necessary. During the year under review, no such meetings were requested or held. 'Report from the Senior independent Director' is given on page 246 of the Annual Report.
A.5.9	Meetings only with Non-Executive Directors	**Complied with.** Chairman meets with the Non-Executive Directors without the presence of Executive Directors, whenever necessary.
A.5.10	Recording of concerns of Directors in Board minutes where they cannot be unanimously resolved	**Complied with.** The Board Minutes include concerns raised by Directors and also the ultimate decisions made by the Board.

Code Ref.	Principle	Extent of Compliance
A.6 Supply of Information		
A.6.1	Obligation of the Management to provide appropriate and timely information to the Board	**Complied with.** Timely and adequate information is provided by Management to the Board which is circulated to the Directors in advance for regular meetings. The Management also provides additional information as and when required by the Board members.
A.6.2	Adequate Notice for Board Meetings	**Complied with.** Annual calendar of Board meetings is issued at the beginning of the each calendar year enabling them to include matters and proposals in this regard. Notice of Meeting is circulated to the Directors prior to the meeting for regular Board meetings which are held at monthly intervals. Reasonable notice is given before any special meeting.
A.7 Appointments to the Board; Nomination Committee		
A.7.1 – A.7.6	Nomination Committee	**Complied with.** The Board has established the Nomination and Governance Committee to ensure a formal and transparent process for appointing new Directors to the Board. The Committee comprises three Non-Executive Directors, including two Independent members, with the Chairmanship held by an Independent Non-Executive Director. Nomination and Governance Committee report is given on pages 253 and 254 of the Annual Report.
A.8 Re-election		
A.8.1 & A.8.2	All Directors should be subject to re-election by shareholders at first opportunity after appointment and should be submitted for re-election regularly or at least once in every three years.	**Complied with.** Re-election of Directors is carried out in accordance with the provisions of the Articles of Association. All Directors appointed to the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment. One Director is required to retire by rotation at each AGM. Article 88 provides that the Directors to retire by rotation at an AGM shall be those who, (being subject to retirement by rotation), have been longest in office, since their last election or appointment.
A.8.3	At the resignation the Director should submit a written communication to the board of his reasons for resignation in the event of resigning prior to completion of his appointed term.	No such situations have arisen.
A.9 Appraisal of Board performance		
A.9.1 – A.9.4	Periodic appraisal of Board's performance to ensure that their responsibilities are effectively discharged.	**Complied with.** The Company has adopted a scheme of self-assessment to be undertaken by each Director annually and filed with the Company Secretary.

Corporate Governance

Code Ref.	Principle	Extent of Compliance
A.10 Disclosure of Information in respect of Directors		
A.10.1	Disclosure of information on Directors in the Annual Report	**Complied with.** Information pertaining to Directors is disclosed in the following sections of this Annual Report. 1) Name, qualifications, expertise, material business interests and brief profiles on pages 36 to 38. 2) Related party transactions are given in Note No 52 to the Financial Statements on pages 346 to 350. 3) Membership of Sub-Committees and attendance at Board Meetings on page 168.
A.11 Appraisal of Chief Executive Officer		
A.11.1 & A.11.2	Requirement for Board to at least annually assess the performance of the CEO	**Complied with.** Managing Director/CEO's performance targets are aligned with the short, medium and long term objectives of the Company. Targets are set at the beginning of every financial year by the Board and at the end of each financial year the Board evaluates the set targets and the actual performance.
B. Directors' Remuneration GRI 2-19, 2-20		
B.1	**Remuneration Procedure**	
B.1	The Company should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Directors should be involved in deciding his/her own remuneration.	**Complied with.** The remuneration policy aims to provide fair benefits and keep the compensation packages in line with industry standards, while also aligning rewards with the Company's strategic and short-term goals. No Director is involved in deciding his/her own remuneration.
B.2	Remuneration Committee	The Board has established a Remuneration Committee and members of the Committee are Non-Executive Directors. The committee members are; 1) Mr. J Kumarasinghe - Independent Non-Executive Director (Chairman) 2) Mr. K D A Perera - Non-Executive Director 3) Mrs. C.P Malalgoda - Independent Non-Executive Director 4) Mr. M A K B Dodamgoda - Independent Non-Executive Director 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.

Code Ref.	Principle	Extent of Compliance
B.3	Disclosure of Remuneration	**Complied with.** Human Resource and Remuneration Committee report is given on pages 255 and 256 of the Annual Report. The remuneration paid to the Board of Directors is disclosed in aggregate in Note No 52 to the Financial Statements on page 347. The aggregate remuneration paid to Directors and Senior Management is disclosed in Section One, 16.1(iv), on page 197.
C. Relations with Shareholders		
C.1 Constructive use of Annual General Meeting (AGM) and Conduct of General Meetings		
C.1.1	Notice of Annual General Meeting to be sent to shareholders with other related papers as determined by statute, before the meeting.	**Complied with.** Notice of the AGM, Form of Proxy and a copy of the Annual Report are sent to all shareholders at least 15 working days prior to the meeting in accordance with the provisions of the Companies Act of 2007, CSE Rules and the Articles of Association of the Company.
C.1.2	Separate resolutions for each substantially separate issue	**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.1.3	Properly recording and counting of proxy votes	**Complied with.** All proxy votes lodged, together with the votes of shareholders present at the AGM are considered for each resolution.
C.1.4	Board subcommittee Chairman's available at AGM	**Complied with.** Chairpersons of the other Board Subcommittees are present at the AGM to answer all queries that may be raised. In the absence of the Chairman of the respective Committee, a co-member is attended to queries raised.
C.1.5	Summary of procedures governing voting at general meetings to be circulated.	**Complied with.** Notice of Annual General Meeting and proxy form provides instructions for shareholders about voting procedures.
C.2 Communication with Shareholders		
C.2.1 – C.2.7	The Board should implement effective communication with shareholders.	**Complied with.** The main communication method with the shareholders is the Annual Report and AGM. Information is provided to the shareholders prior to the AGM, enabling them to raise / submit their views, suggestions and observations relating to the Company. A person to contact in relation to shareholders is the Company Secretary. The Company Secretary shall maintain a record of all correspondence received and will convey such correspondence to the Board.
C.3 Major and Material transactions		
C.3.1 & C.3.2	Disclosure to shareholders of all material facts concerning any proposed transaction involving acquisition, sale or disposition of greater than one third of the value of the Company's assets as defined by Section 185 of the Companies Act No. 7 of 2007.	There were no major transactions necessitating disclosure of this nature.

Corporate Governance

Code Ref.	Principle	Extent of Compliance
C.3.3	Comply with the disclosure requirements and shareholders' approval by special resolution as required by the rules and regulation of the SEC and by the CSE.	No such requirement materialised during the year under review.
D. Accountability And Audit		
D.1 Financial Reporting		
D.1	Requirement for Board to present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.	**Complied with.** The Annual Report of the Company contains the audited Financial Statements together with comprehensive disclosures on the financial position, performance, business model, risk management, governance, internal controls and prospects of the Company to ensure disclosure of a balanced, complete and understandable assessment of the Company.
D.1.1	Present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	**Complied with.** The Financial Statements of the Company have been prepared in accordance with the revised Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) set by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No. 07 of 2007, Finance Business Act No.42 of 2011 and the directions and guidelines issued under the said Finance Business Act and the Listing Rules of the Colombo Stock Exchange.
D.1.2	Present interim and other price sensitive public reports and mandated reports to regulators by statute	**Complied with.** The Board's responsibility over financial reporting is stated in the 'Statement of Directors' Responsibilities' on page 264. In the preparation of quarterly and annual financial statements, the Company complies with the requirements of the Companies Act No 07 of 2007, the Finance Business Act No. 42 of 2011 and amendments thereto and financial statements are prepared and presented in conformity with Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS). The Company complies with the reporting requirements prescribed by the regulatory authorities such as the Central Bank of Sri Lanka, the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka.
D.1.3	Chief Executive Officer's and Chief Financial Officer's Declaration on Financial Statements	**Complied with.** Prior to approving the Financial Statements for a financial period, the Board obtains the declaration of the CEO and General Manager - Finance & Administration on their responsibility in respect of financial reporting.
D.1.4	Declarations by Directors in the Directors' Report	**Complied with.** Declarations/confirmations pertaining to this Principle are disclosed in the 'Annual Report of the Board of Directors on the affairs of the Company' on pages 242 to 245.

Code Ref.	Principle	Extent of Compliance
D.1.5	Statements by Directors and Auditors on Responsibility for Financial Reporting	**Complied with.** The 'Statement of Directors' Responsibilities' is given on page 264 and 'Directors' Statement on internal control system over financial reporting' is given on page 262. See 'Independent Auditor's Report' on pages 265 to 267 for the reporting responsibility of Auditors.
D.1.6	Include a Management Discussion and Analysis	**Complied with.** Please refer 'Management Discussion and Analysis' on pages 46 to 159.
D.1.7	Remedial action at an Extraordinary General Meeting if net assets fall below 50% of value of shareholders' funds	This situation has not arisen.
D.1.8	Disclosure of Related Party Transactions adequately and accurately in the Annual Report	**Complied with.** Related Party Transactions as defined in Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures' is disclosed in Note No 52 to the Financial Statements on pages 346 to 350. Please refer responses to requirements of Section 12 of the Finance Business Act Directions No.05 of 2021 on Corporate Governance on page 194 for further details.
D.2 Risk management and internal control		
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the company's assets	**Complied with.** The Board is responsible for determining the risk appetite for achieving the strategic objectives and formulates and implements appropriate processes for risk management and internal control systems to safeguard shareholder investments and assets of the Company. The Board Integrated Risk Management Committee (BIRMC) supports the Board in carrying out its responsibilities for risk management, while the Audit Committee supports the Board in carrying out its responsibilities for internal control, which is backed by the Internal Audit Department. Their duties are outlined in the Committee Reports and are formulated taking into account the Code requirements, Corporate Governance Direction and the Company's business priorities. The risk management report given on pages 226 to 241 provides an assessment of the risks faced by the Company and the process of risk identification, measurement and control. The 'Board Integrated Risk Management Committee Report' is given on pages 250 to 252.

Corporate Governance

Code Ref.	Principle	Extent of Compliance
D.3	Audit Committee	**Complied with.** All members of the Board Audit Committee, including the Chairman are Non-Executive Directors and all members are independent Non-Executive Directors as well. The Audit Committee is guided by the Board approved Terms of Reference which specifies the authority and responsibility of the Committee. The Audit Committee monitors and reviews the scope, results and effectiveness of the audit and the independence and objectivity of the External Auditors. Please refer responses to requirements of Section 10 (2) of the Finance Business Act Directions No.05 of 2021 on Corporate Governance on pages 185 to 188 for further details. Please refer 'Audit Committee Report' on pages 247 to 249 of this Annual Report.
D.4	Risk Committee	**Complied with.** The Board Integrated Risk Management Committee (BIRMC) has been established to assist the Board in overseeing the Company's risk management framework and operates under a formal Terms of Reference that outlines its responsibilities and authority. The Committee comprises three Independent Non-Executive Directors. The CEO/Managing Director, General Manager – Finance & Administration and other Key Management Personnel attend meetings by invitation. Meetings of the Board Integrated Risk Management Committee are held once every two months. The 'Board Integrated Risk Management Committee Report' is given on pages 250 to 252.
D.5	Related Party Transactions Review Committee	Related party transactions are defined in accordance with the LKAS 24, CBSL and CSE regulations. The Related Party Transactions Review Committee has been established in line with the Listing Rules of the Colombo Stock Exchange. The Related Party Transactions Review Committee operates under Terms of Reference and a Board approved Related Party Transactions Policy. Report on Related Party Transactions Review Committee is given on page 257.

Code Ref.	Principle	Extent of Compliance
D.6	Code of Business Conduct and Ethics	The Company has developed a Code of Business Conduct and Ethics for all employees. Material and price sensitive information is promptly identified and reported in accordance with the relevant regulations. All the share dealings of the Directors are disclosed to the CSE promptly as per the CSE Listing Rules. The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or Key Management Personnel of the Company. Refer the Chairman's Statement in the Annual Report for details.
D.7 Corporate Governance Disclosures		
D.7.1	Disclosure of Corporate Governance	**Complied with.** This requirement is met through the presentation of this report.
E. Institutional Investors		
E.1 Shareholder Voting		
E.1.1	Regular dialogue to be maintained with shareholders and Chairman to communicate shareholders' views to the Board.	**Complied with.** The Annual General Meeting is the forum utilised by the Board to have an effective dialogue with shareholders. All shareholders are encouraged to participate and vote at the Annual General Meeting (AGM).
E.2 Evaluation of Governance Disclosures		
E.2	Encourage Institutional investors to give due weight to relevant governance arrangements	**Complied with.** Institutional investors are encouraged to give due weight to all relevant factors in Board structure and composition when evaluating governance arrangements.
F. Other Investors		
F.1 Investing/Divesting Decision		
F.1	Adequate analysis or seek independent advice	**Complied with.** Individual shareholders investing directly in the Company are encouraged to carry out adequate analysis in investing or divesting decisions.
F.2 Shareholder Voting		
F.2	Individual shareholder voting	**Complied with.** Individual shareholders are encouraged to participate at Annual General Meeting and exercise their voting rights.
G. Internet of Things and Cyber Security		
G.1 – G.5	Internet Of Things And Cyber Security	Comprehensive IT policy is in place covering network access controls, closer monitoring of the usage of the internet, email and mail server, use of antivirus and firewall servers and software, etc. Risks relating to IT matters including that arising from cyber security are discussed at Board meetings and Board Sub-Committee meetings and the review of information security is carried out by the Auditors periodically. The Board Information Security Committee has been established to strengthen oversight on information security and cybersecurity matters. Refer Risk Management Report on pages 226 to 241 on disclosure of details relating to cyber security risks.

Corporate Governance

Code Ref.	Principle	Extent of Compliance
H. Sustainability: ESG Risk and Opportunities		
H.1 - H.5	ESG Reporting	ESG principles are embedded in business operations and considered in formulating our business strategy. This Annual Report has been prepared in accordance with the IIRC Framework and the GRI Guidelines. All efforts are taken to ensure that the Annual Report includes sufficient information in order to assess how ESG risks and opportunities are recognised, managed, measured and reported. Information required by the Code is given in the following sections of the Annual Report: 1) Management Discussion and Analysis on pages 46 to 159 2) Corporate Governance on pages 162 to 225 3) Risk Management on pages 226 to 241
I. Special Considerations for Listed Entities		
I.1	Establishment and maintenance of policies	**Complied with.** The following policies are in place and are published on the Company's official website for public access; ↘ Policy on the matters relating to the Board of Directors ↘ Policy on Board Committees ↘ Policy on Corporate Governance, Nominations and Re-election ↘ Policy on Remuneration ↘ Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities ↘ Policy on Risk Management and Internal controls ↘ Policy on Relations with Shareholders and Investors ↘ Policy on Environmental, Social and Governance Sustainability ↘ Policy on Control and Management of Company Assets and Shareholder Investments ↘ Policy on Corporate Disclosures ↘ Policy on Whistle-blowing ↘ Policy on Anti-Bribery and Corruption No waivers from compliance with the internal code of business conduct and ethics nor exemptions have been granted by the Company during the period under review. A copy of the policy is provided to shareholders upon written request. The Board has established and maintained of formal policy governing matters relating to Board of Directors and the Company is in compliance with the requirements set forth in the policy.
I.2	Policy on matters relating to the board of Directors	

Section Three

Requirements on the Content of the Annual Report in Rule 7.6 and Requirements on Corporate Governance under the 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 Reference	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 242 to 245.
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 242 to 245 and Section 1.2 of the Notes to the Financial Statements on page 276.
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 pages 392 and 393. 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 pages 392 and 393.
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 242 to 245 of 'Annual Report of the Board of Directors on the Affairs of the Company'.
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	**Complied with.** Please refer 'Risk Management' report on pages 226 to 241.
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 36 on 'Property, Plant and Equipment' in the Financial Statements and pages 242 to 245 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 48 on 'Stated Capital' in the Financial Statements on page 344.
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 pages 392 and 393.

Corporate Governance

Rule Reference	Requirement	Extent of Compliance
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 pages 392 and 393 and 'Information on Listed Debentures' on page 394.
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 36 on 'Property, Plant and Equipment' in the Financial Statements and pages 242 to 245 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	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	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 215 to 225.
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 225.

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:

Section	Requirement	Extent of Compliance
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	**Complied with.** The extent of compliance with Corporate Governance Section 09 of the Listing Rules issued by CSE is summarised below.
9.2	**Policies** GRI 2-23, 2-24	
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.

Corporate Governance

Section	Requirement	Extent of Compliance
9.3	**Board Committees**	
9.3.1	The Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	**Complied with.** The following Sub-Committees have been established by the Board; 1) Human Resources and Remuneration Committee 2) Audit Committee 3) Board Integrated Risk Management Committee 4) Related Party Transactions Review Committee 5) Nomination & Governance Committee Further, the Board Information Security Committee has been established to strengthen oversight on information security and cybersecurity matters.
9.3.2	The Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	**Complied with.** Refer Sections 9.11, 9.12, 9.13 & 9.14 below.
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	**Complied with.** The Chairperson of the Board is not the Chairperson of the Board Committees.
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**	
9.4.1	The Company 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 re quest of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	**Complied with.** The Company Secretary maintains records of all resolutions and information of General Meetings.

Section	Requirement	Extent of Compliance
9.4.2	Communication and relations with shareholders and investors (a) The Company 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 Company. (b) The Company 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 in the Annual Report and the website of the Company. (d) The Company 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.** A Communication Policy and a Policy on Relations with Shareholders and Investors have been adopted to ensure effective communication and engagement with shareholders and investors.
9.5	**Policy on matters relating to the Board of Directors**	
9.5.1	The Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy covering the requirements specified in 9.5.1.	**Complied with.** The Board approved policy on matters relating to the Board of Directors are in place covering the requirements specified in rule 9.5.1.
9.5.2	The Company 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.** The Company complies with the requirements stated in rule 9.5.1.
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 CEO are not held by the same individual.
9.6.2	Disclosure of non-compliances to requirement 9.6.1	Not applicable.
9.6.3	The requirement of Senior Independent Director (SID) If Chairperson and CEO are the same person; or if the Chairperson and CEO are close family members or related parties, the Company shall appoint a Senior Independent Director (SID).	A Non-Executive Director has been designated as a Senior Independent Director in terms of Direction 6(3) of the Finance Business Act Direction No.05 of 2021 on Corporate Governance issued by the CBSL which was duly notified to shareholders through Colombo Stock Exchange ("CSE") Disclosure. 'Report of the Senior Independent Director' is given on page 246 of the Annual Report. However, since the Chairperson and CEO are not the same person, or not Close Family Members, or not related parties, the need for a Senior Independent Director under the Listing Rule is not applicable.

Corporate Governance

Section	Requirement	Extent of Compliance
9.7	**Fitness of Directors and CEOs**	
9.7.1-9.7.4	The Company shall take necessary steps to ensure that the Directors and CEO are, at all times, fit and proper persons as per the criteria in 9.7.3 and obtain declarations from all directors and CEO on an annual basis confirming their fitness and propriety.	**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. The criteria outlined in the CSE Listing Rules are also taken into consideration by the Nomination and Governance Committee when making recommendations to the Board. All appointments are duly notified to the CSE. All Directors appointed to the Board are subjected to re-election by shareholders at the first Annual General Meeting after their appointment.
9.7.5	The Company shall include the following disclosures/reports in the Annual Report; (a) A statement that the Directors and CEO of the Company 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.** Disclosures are made on page 164 of the Corporate Governance Report. No such circumstances have arisen.
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: Minimum number of Independent Directors shall be 2 or 1/3rd of the total number of Directors (whichever is higher). Any change to be rectified within 90 days.	**Complied with.** The Board is comprised of Four 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.

Section	Requirement	Extent of Compliance
9.8.5	The Board of Directors of the Company shall require: (a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. (b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report. (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	**Complied with.** Based on declarations submitted by the Non-Executive Directors, the Board has determined that four Non-Executive Directors, namely Mr. J Kumarasinghe, Mrs. C.P Malalgoda, Mr. M.A.K.B Dodamgoda and Mr. M.P.U. Perera are '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 recorded during the year under review.
9.9	**Alternate Directors**	No Alternate Directors were appointed to represent Non-Executive Directors.
9.10	**Disclosures relating to Directors**	
9.10.1	The Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	**Complied with.** In terms of direction 3.11 of Finance Business Act Direction No. 05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka, Directors should not be Directors of more than twenty (20) companies/societies/bodies including subsidiaries and associates. As such Directors do not hold Directorships of more than twenty (20) companies/ entities/ institutions.
9.10.2	The Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the brief resume of such Director, his/her capacity of directorship; and, Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.	**Complied with.** The Company makes the required announcements as and when necessary. One new appointment was made during the year 2025/2026 and immediate market announcements were issued accordingly.
9.10.3	The Company 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 as specified in the rule.	**Complied with.** Board of Directors and profiles are given on pages 36 to 38. Composition of the Board and attendance are given on page 168. Board subcommittee reports are given on pages 247 to 257.

Corporate Governance

Section	Requirement	Extent of Compliance
9.11	**Nomination and Governance Committee**	
9.11.1	The Company shall have a Nomination 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	The Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nomination and Governance Committee.	**Complied with.** The Committee follows a formal procedure for the appointment and re-election of Directors.
9.11.3	The Committee shall have a written Terms of Reference clearly defining the 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 (1) The members of the Nomination and Governance 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) An Independent Director shall be appointed as the Chairperson of the Committee by the Board of Directors. (3) The Chairperson and the members of the Committee shall be identified in the Annual Report of the Listed Entity.	**Complied with.** The Committee comprises three Non-Executive Directors, including two independent members, with the Chairmanship held by an Independent Non-Executive Director. Nomination and Governance Committee Report is given on pages 253 and 254 of the Annual Report.
9.11.5	Functions of the Nomination and Governance Committee	**Complied with.** The functions of the Committee are documented in its Terms of Reference. Please refer Nomination and Governance Committee Report on pages 253 and 254.
9.11.6	Disclosures in the Annual Report	**Complied with.** Disclosure requirements are covered in the Nomination and Governance Committee Report given on pages 253 and 254.
9.12	**Remuneration Committee**	
9.12.1	For the purposes of Rule 9.12, the term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	
9.12.2	The Company 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 Directors. No Director shall be involved in fixing his/her own remuneration.	**Complied with.** A Board approved remuneration policy is in place. The Human Resources 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.

Section	Requirement	Extent of Compliance
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 term 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 which define the scope, authority and duties.
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) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	**Complied with.** The Committee consists of three Independent Non-Executive Directors and one Non-Executive Director. An Independent Non-Executive Director serves as the Chairperson of 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 Human Resources 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.
9.12.8	Disclosure in Annual Report	**Complied with.** The Human Resources and Remuneration Committee Report is given on pages 255 and 256 of the Annual Report. The remuneration paid to the Board of Directors is disclosed in aggregate in Note No 52 to the Financial Statements on page 347.
9.13	**Audit Committee**	
9.13.1	Where the Company 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.	The Company has established separate Committees to perform the Audit and Risk Functions.
9.13.2	The Audit Committee shall have a written term of reference clearly defining its scope, authority and duties.	**Complied with.** Board approved Terms of References is in place.

Corporate Governance

Section	Requirement	Extent of Compliance
9.13.3	**Composition**	**Complied with.**
	(1) A Minimum of three (3) Directors, out of which a minimum of two (2) or a majority of the members, whichever higher, shall be Independent Directors and not comprise of Executive Directors	The Board Audit Committee consists of three Independent Non-Executive Directors.
	(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors	**Complied with.** All three members of the Board Audit Committee are Independent Non-Executive 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.	**Complied with.** The Committee convened on fourteen occasions throughout the year. The Committee reviewed the financial statements for both quarterly and annual periods and recommended the Board of Directors before they were made public.
	(4) Independent Director shall be appointed as the Chairperson of the Committee.	**Complied with.** An Independent Non-Executive Director serves as the Committee Chairman.
	(5) The CEO and the CFO shall attend the Audit Committee meetings by invitation.	**Complied with.** The MD/CEO, GM – Finance & Admin., DGM – Internal Audit and a representative of the External Auditor usually receive invitations to participate in meetings. Additional Board members and staff may be present at meetings if they are invited.
	(6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.	**Complied with.** The Chairman of the Board Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants of United Kingdom.
9.13.4	Functions of the Audit Committee	**Complied with.** The functions of the Committee are set out in the Audit Committee Charter. Please refer Audit Committee Report on pages 247 to 249.
9.13.5	Disclosures in the Annual Report	**Complied with.** The Report of the Audit Committee is given on pages 247 to 249.
9.14	**Related Party Transactions Review Committee**	
9.14.1	The Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14.	**Complied with.** Related Party Transactions Review Committee has been established by the Board.
9.14.2	Composition The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors, out of which two (02) members shall be Independent Directors of the Company. It may also include Executive Directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee.	**Complied with.** The Committee consists of three Independent Non-Executive Directors and an Independent Non-Executive Director serves as the Chairperson of the Committee.

Section	Requirement	Extent of Compliance
9.14.3	Functions of the Related Party Transactions Review Committee as set out in Section 9.14.3.	**Complied with.** The Related Party Transactions Review Committee is responsible for reviewing the Related Party Transactions, to ensure the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. The Committee has established and maintains a policy, procedures and processes for the identification, clarification and reporting of Related Party Transactions on an end-to-end basis across the Company's operations. Please refer Related Party Transactions Review Committee Report on page 257.
9.14.4	General Requirements (1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter and ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. (3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. (4) If a Director of the Company 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.** 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). 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. If needed, the Committee will seek for the Board of Directors' approval for the Related Party Transactions which are under review by the Committee. 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.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Proposed related Party Transactions are reviewed by the Committee, except those exempted under Rule 9.14.10.
9.14.6	Shareholder approval	There were no such transactions occurred during the year under review.

Corporate Governance

Section	Requirement	Extent of Compliance
9.14.7 - 9.14.8	Immediate disclosures and disclosures in the Annual Report	There were no Related Party Transactions during the year which required immediate Market Announcement as set out in Section 9.14.7. Disclosures relating to 9.14.8(1) is given on page 225. There were no Related Party Transactions during the year which exceed 10% of the gross income as set out in section 9.14.8 (2). Further information relating to Related Party Transactions, is disclosed in Note 52 on "Related Party Disclosures" in the Financial Statements and pages 346 to 350 of this report. Related Party Transactions Review Committee Report is given on page 257.
9.14.7	Acquisition and disposal of assets from/ to Related Parties	During the year under review, there were no acquisition/disposal of substantial assets from/to Related Parties.
9.16	Additional disclosures	
	Additional disclosures by Board of Directors Declaration on following; (i) All material interests in contracts involving in the Company and have refrained from voting on matters in which they were materially interested (ii) Review of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so; (iii) Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; (iv) Disclosure of relevant areas of any material non-Compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Relevant disclosures are included in the "Corporate Governance Report" on pages 162 to 173 and the "Annual Report of the Board of Directors on the state of affairs of the Company" 242 to 245. Directors' Statement on Internal Control System Over Financial Reporting" is given on page 262.

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:

As per CSE Listing Rule 7.6 (xvi) - Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower.

Name of the Related Party	Relationship	Terms of the Transaction	Date	2026 Rs.'000	Rationale for entering Transaction
K D D Perera	Significant Shareholder	Fixed Deposit taken for interest rates of 18% & 7.68% for 60 Months & 1 Months	29th December 2022 to 27th March 2026	3,307,020	To support the further expansion of business
K A D A Perera	Chairman	Fixed Deposit taken for interest rates between 8.50% & 25% for 12 to 60 Months	09th June 2022 to 25th February 2026	2,029,907	To support the further expansion of business

As per CSE Listing Rules 9.14.8 - Disclosures on Related Party Transactions

There were no non-recurrent related party transactions that, in aggregate, exceeded 10% of the Company's equity or 5% of its total assets, whichever was lower, requiring additional disclosures under Colombo Stock Exchange Listing Rule 9.14.7.

There were no recurrent related party transactions that, in aggregate, exceeded 10% of the gross revenue reported in the financial statements for the year ended 31 March 2026, requiring additional disclosures in the Annual Report under Colombo Stock Exchange Listing Rule 9.14.8.

Risk Management Report

The Risk Landscape in FY 2025/26

The financial year 2025/26 unfolded against the backdrop of a Sri Lankan economy in sustained recovery. Real GDP expanded by an estimated 5% in 2025, marking the second consecutive year of growth and reflecting the cumulative impact of macroeconomic stabilisation, disciplined fiscal consolidation and policy consistency maintained through successive administrations. Labour market conditions improved in tandem with economic activity, while inflation having turned positive from August 2025 following an extended period of deflation stabilised within manageable ranges, supported by moderating energy prices and firmer food costs.



Monetary conditions remained accommodative. Lower interest rates fueled a meaningful expansion of private sector credit and the lifting of vehicle import restrictions drove additional credit demand and higher imports. Externally, the current account recorded a surplus for the third consecutive year, underpinned by historically elevated workers' remittances and improved services exports, notwithstanding a widening trade deficit. These inflows enabled the continued accumulation of foreign exchange reserves, even as external debt service obligations were met and the Sri Lankan rupee recorded only modest depreciation under the flexible exchange rate regime.

Fiscal performance remained strong. The primary balance surplus achieved for the third consecutive year reflected the success of revenue based fiscal consolidation and continued targeted support for vulnerable groups. In the financial sector, the profitability of both banks and non-bank financial institutions improved markedly, with asset quality and credit expansion reinforcing one another. Liquidity and capital buffers across the sector remained comfortably above regulatory minimum, reflecting a materially strengthened resilience profile compared to the crisis years of 2022 and 2023.

Despite this broadly positive trajectory, the operating environment was not without headwinds. Heightened global uncertainties including trade tensions and geopolitical developments created volatility in external markets. Adverse weather conditions and natural disasters in the latter part of 2025 tested the resilience of affected borrowers and the institutions that serve them. Against this backdrop, disciplined risk management remained a critical success factor and source of competitive advantage.

Our Philosophy: Risk Management as Competitive Advantage

Risk management sits at the heart of everything we do at Vallibel Finance. It is a practical discipline that guides how we lend, manage our balance sheet, deploy technology, develop our people and engage with stakeholders. Our Board of Directors, Board Integrated Risk Management Committee (BIRMC) and Senior Management share a common conviction, that a strong risk culture is grounded in honesty and that identifying risk early is a mark of organisational strength, not a source of concern.

This philosophy has been tested repeatedly: through the economic disruption caused by the pandemic in 2020 and 2021, the severe financial crisis of 2022, and the long recovery that followed. Each episode reinforced the same lesson, institutions that uphold their risk standards under pressure, resisting the temptation to lower the bar during growth and refusing to downplay problems when conditions deteriorate, emerge stronger and with a reputation that stakeholders can rely on.

As Vallibel Finance reaches the milestone of Rs. 180 billion in total assets, this approach matters more than ever. Greater scale brings greater opportunity, but also greater exposure. Our commitment to disciplined risk management is therefore not a barrier to our ambitions. It is the foundation on which those ambitions are built.

Risk Management Framework

Vallibel Finance maintains a comprehensive Risk Management Framework designed to identify, assess, measure, monitor, and control risks across all business activities. The framework is structured to be both robust and agile providing the discipline required to protect stakeholder interests while remaining responsive to a dynamic operating environment.

Board of Directors	Holds ultimate responsibility for risk management, setting the Company's risk appetite and tolerance levels and ensuring alignment with strategic objectives.
Board Integrated Risk Management Committee (BIRMC)	Operates as a dedicated Board sub-committee providing specialised oversight of the risk management process, reviewing risk reports and recommending appropriate risk strategies.
Risk Policies and Procedures	Documented guidelines that define the approaches for managing specific risk categories, establishing exposure limits and outlining escalation protocols.
Risk Assessment Tools	Sophisticated methodologies and systems employed to quantify, analyse and report various risk exposures across all business lines.
Risk Culture	A risk-aware culture embedded at all levels of the Company, fostering accountability and proactive identification and management of risks.
Internal Control Systems	Comprehensive controls designed to mitigate identified risks throughout business operations and maintain the integrity of financial reporting.
Technology Infrastructure	Systems supporting risk identification, measurement, monitoring and reporting functions, enhanced during FY 2025/26 through upgraded stress testing and early warning capabilities.

During the financial year 2025/26, the framework was further strengthened through improved stress-testing methodologies and upgraded early-warning systems. These enhancements position the Company to better anticipate, absorb and respond to market volatility and emerging risks before they turn into material losses.

Objectives of Risk Management

Our risk management objectives are strategically aligned with the Company's overall corporate strategy. Risks are reviewed when changes occur in business operations, the industry, and/or the macroeconomic environment. The BIRMC reviews risks to ensure continued relevance as the business and the operating environment evolve.

Safeguard Stakeholder Value	Protect the interests of shareholders, customers, employees and other stakeholders by minimising potential losses and optimising risk-return trade-offs.
Support Strategic Decision Making	Provide accurate and timely risk information to enable informed strategic planning and sound business decisions.
Ensure Regulatory Compliance	Maintain adherence to all applicable regulatory requirements and industry best practices, including CBSL directives and capital adequacy standards.
Optimise Capital Allocation	Direct capital resources towards opportunities offering the best risk adjusted returns, consistent with the Board approved risk appetite.
Maintain Financial Stability	Ensure adequate liquidity, capital adequacy and financial resilience even under stress conditions and adverse scenarios.
Foster a Risk-Aware Culture	Develop organisational awareness so that risk management is integrated into daily operations and decision making at every level.
Enhance Operational Efficiency	Streamline business processes to minimise operational disruptions while maintaining effective control over all material risks.

Risk Management Report

Risk Appetite and Tolerance

The Board of Directors is responsible for setting and annually reviewing the Company's risk appetite, which is the aggregate level and types of risk that Vallibel Finance is willing to accept in pursuit of its strategic objectives. Risk appetite is presented using a combination of quantitative thresholds (such as capital adequacy ratios, liquidity coverage ratios and non-performing loan limits) and qualitative statements (covering areas such as ethical conduct, reputational risk and regulatory compliance).

Risk tolerance defines the boundaries within which the management is authorised to operate. Where exposures approach or breach these boundaries, escalation protocols are in place to ensure timely visibility for the Board and BIRMC. The risk appetite framework is cascaded across all business units and embedded in the Company's strategic planning, budgeting and performance management processes.

Risk Criteria	Maximum Risk Tolerance Limit	Regulatory Limit	As at 31st March 2026
Credit Risk			
Non-performing loans ratio - Gross	<20%	NA	2.53%
Non-performing loans ratio - Net	<10%	NA	-0.22%
Exposure to 10 largest customers	<5% of lending portfolio	NA	2%
Maximum exposure to single borrower - Individual	15% of core capital	15% of core capital	1%
Maximum exposure to aggregate unsecured lending	20% of core capital	20% of core capital	-
Liquidity Risk			
Liquid assets ratio	10% of deposit liabilities and unsecured borrowings	10% of deposit liabilities and unsecured borrowings	16.53%
Deposit renewal ratio	Average 3 months renewal ratio >85%	NA	93%
Maximum single depositor/group exposure	<25% of capital funds	NA	14%
Maximum exposure to large deposits (Over Rs 15Mn)	<55% of total deposits	NA	36%
Regulatory Risk			
Core capital ratio	10.0%	10.0%	10.32%
Total risk-weighted capital ratio	15.0%	15.0%	14.54%
Capital funds to deposits ratio	10.00%	10.00%	27.73%
Market Risk			
% Impact on Net Interest Income from 100 bps shock	1.00%	NA	1.95%
% Impact on Net Interest Income from 200 bps shock	2.00%	NA	3.91%
% Impact on Net Interest Income from 300 bps shock	3.00%	NA	5.86%
% Impact on Net Interest Income from 400 bps shock	4.00%	NA	7.81%

Risk Management Process

Our risk management process is a continuous and cyclical discipline that operates within the governance boundaries set by the Board and BIRMC. Every identified risk passes through five sequential stages, identify, assess, measure, monitor and control each governed by the Company's Board approved risk appetite and underpinned by a culture of transparency and early escalation.

The Risk Landscape in FY 2025/26

Risk Universe

Financial Risks
- Credit Risk
- Market Risk
- Liquidity Risk
- Interest Rate Risk
- Commodity Price Risk

Non-Financial Risks
- Operational Risk
- Strategic Risk
- Reputational Risk
- Regulatory Risk

Emerging Risks
- Cyber Risk
- ESG Risk
- Climate Risk

Preliminary Risk Management Process

Identify Risk Universe Mapping

Identification draws on a comprehensive risk universe mapping exercise conducted annually and updated on a rolling basis as the business and external environment evolve.

Assess Likelihood and Impact

Assessment analyses both the likelihood and potential impact of each identified risk against agreed criteria.

Measure Quantify Exposure

Measurement employs quantitative models and scenario analysis to size exposures in financial terms.

Monitor Risk Dashboards and EWS

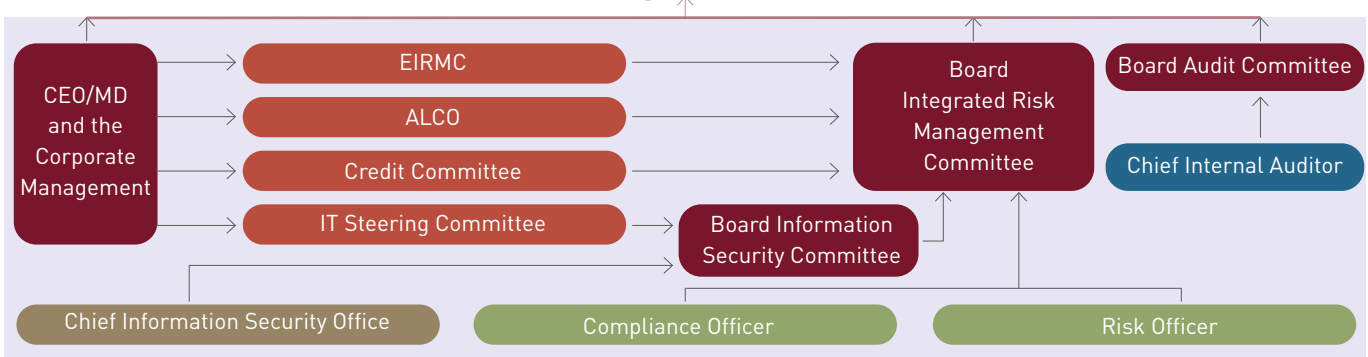
Monitoring relies on management dashboards, key risk indicators (KRIs) and early warning systems (EWS) which are reviewed regularly by the BIRMC.

Control Mitigate and Report

Control encompasses all mitigation actions from credit underwriting standards, counterparty limits, liquidity buffers and operational controls followed by structured reporting to the Board.



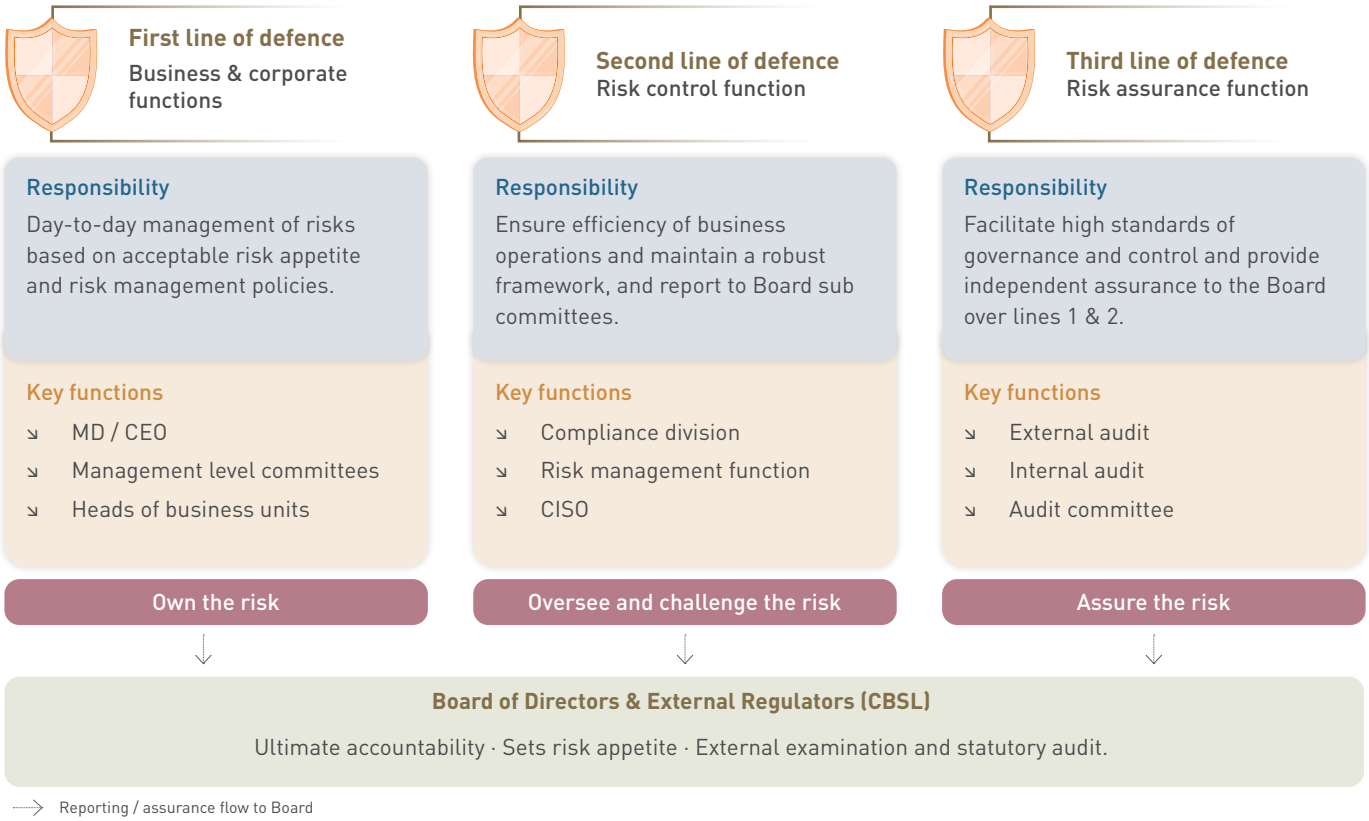
Risk Governance



Risk Management Report

Three Lines of Defence Framework

Vallibel Finance operates a three-lines-of-defence model that clearly distributes risk management accountability across the organisation while preserving the independence and objectivity of oversight and assurance functions. Each line carries a distinct mandate and together they form an integrated, mutually reinforcing system of governance and control.



First Line of Defence

Business and Corporate Functions

The first line encompasses all business units and corporate functions that own and manage risk in the course of their day-to-day operations. This includes the MD/CEO, management-level committees and heads of business units. Operating within the risk appetite set by the Board and guided by the Company's risk management policies, the first line is the primary point at which risks are identified, accepted, and controlled.

Second Line of Defence

Risk Control Function

The second line provides independent oversight and challenge to the first line. The Compliance Division, Risk Management Function and Chief Information Security Officer (CISO) together ensure that risk management practices are efficient, consistently applied and supported by a thorough understanding of potential exposures. This line maintains the Company's risk management framework and provides regular updates to both Management and Board sub-committees, including the Board Integrated Risk Management Committee.

Third Line of Defence

Risk Assurance Function

The third line provides independent assurance to the Board of Directors over the effectiveness of the first and second lines of defence. External Audit, Internal Audit and the Audit Committee collectively facilitate high standards of governance and internal control, giving an objective assessment of whether the Company's risk management framework is operating as intended and whether risks are being managed within the Board-approved appetite.

Key Risk Challenges in FY 2025/26

The financial year under review presented several significant challenges that tested the resilience and adaptability of our risk management framework. The table below summarises the principal challenges faced, their impact on the Company and the strategies adopted in response.

Challenge	Impact on the Company	Strategy Adopted
Macroeconomic Volatility 	**Inflationary Pressures:** Rising inflation eroded the real value of borrowers' income, elevating default risk and impairing the quality of the loan portfolio. **Declining Interest Margins:** The low interest rate environment compressed net interest margins, putting pressure on profitability. **Currency Volatility:** Renewed signs of rupee depreciation increased the cost of foreign funded operations and affected borrower repayment capacity.	Regular ALCO meetings ensured proactive repricing strategies for both interest income and expense, preserving margins within acceptable thresholds.
Digital Transformation Risks 	**Cyber Security Threats:** The growing sophistication of cyber threats necessitated continuous enhancement of the Company's security posture and monitoring capabilities. **Technology Integration:** Merging legacy systems with new platforms created transitional operational complexities and potential vulnerabilities requiring careful management.	Significant investments were made in IT infrastructure and information security during the year. The Company continues to target zero cyber security incidents with detailed investment disclosures to be reported separately.
Climate-Related Risks 	**Physical Risk Impacts:** Events such as Cyclone Ditwah highlighted the exposure of finance companies to natural disaster stresses, prompting the CBSL to accelerate consolidation and resilience planning. **Transition Opportunities:** Global efforts to shift to a low carbon economy present expanding opportunities for sustainable and green financing.	We strengthened our risk management protocols to address physical climate impacts, supported affected clients in resilience planning and actively pursued sustainable finance opportunities aligned with the low carbon transition.
Market Competition 	**Pricing Pressure:** Intensified competition in key product segments compressed margins and challenged risk-pricing models. **Customer Retention:** Maintaining customer loyalty amid aggressive competitor offerings required a careful balance between growth and prudent risk management.	Portfolio diversification and segment specific product propositions were deployed to maintain competitive positioning. A balance was maintained between market-driven pricing and risk-based pricing discipline.
Talent Management 	**Specialist Skill Shortages:** Attracting and retaining professionals proved challenging in a competitive labour market.	Structured recruitment processes, comprehensive training programmes, competitive compensation structures and robust succession planning were deployed to build and retain a resilient, future-ready workforce.

Risk Management Report

Risk Management Committees and Their Responsibilities

	Role and Responsibility	Assurance of Governance
Board of Directors (BOD)	The Board of Directors (BOD) has the ultimate responsibility for establishing and overseeing Vallibel Finance's risk management process. Accordingly, the Board has established several sub-committees of the Board to assist the BOD in discharging its risk management related responsibilities.	The Statement of Directors 'Responsibilities for the financial year ended 31st March 2026 is available on page 264 of the Annual Report.

Board Sub-Committees	Role and Responsibility	Assurance of Governance
Audit Committee (AC)	Assists the BOD in fulfilling its oversight responsibilities for the integrity of the financial statements, the Company's compliance with legal and regulatory requirements, the external auditor's independence, the performance of the Company's internal audit function and the soundness of the internal controls and practices. Responsible for monitoring and reviewing risk management policies and procedures and evaluating the suitability of the risk management process adopted to manage the risks faced by the Company. The AC meets once in two months. The AC is assisted in these functions by the Internal Audit team.	The Statement of BAC for the financial year ended 31st March 2026 is available on page 247 of the Annual Report.
Board Integrated Risk Management Committee (BIRMC)	Responsible for developing and monitoring the risk management policies and procedures as well as the risk profiles and risk appetite of the Company's specified risk categories. The BIMRC meets once in every two months to assess all aspects of risk management, or more frequently as it deems necessary or appropriate to carry out its duties and responsibilities promptly and with accountability.	The Statement of BIRMC for the financial year ended 31st March 2026 is available on page 250 of the Annual Report.
Board Information Security Committee	The Board Information Security Committee (BISC) is a permanent advisory committee established by the Board of Directors of Vallibel Finance. The main purpose is to support the Board in overseeing information security, cyber resilience and compliance with data protection laws with clearly defined roles, authority and responsibilities.	

Management Committees	Role and Responsibility	Composition
Assets and Liabilities Management Committee (ALCO)	Assists the BOD in supervising and monitoring the Company's assets and liabilities and related management policies and procedures to ensure effective management of on- and off-Balance Sheet risks of the Company. Primarily responsible for the management of interest rate risk, market risk, liquidity risk, capital risk and other risks which the BIRMC may specify. The ALCO meet monthly to review progress and developments and guide the Company forward as required.	The ALCO comprises members of the senior management team who oversee significant risk categories. The ALCO is chaired by the Managing Director/CEO. All actions taken by the ALCO are reported to the BIMRC.

Management Committees	Role and Responsibility	Composition
Credit Committee (CC)	Responsible for formulating credit policies of the Company in consultation with business lines. Responsible for setting risk exposure concentration limits for counterparties, geographies, industries, asset classes and market liquidity. In formulating credit policy, the CC must review customer collateral requirements and credit assessments, risk grading and reporting, documentation and legal procedures and compliance with regulatory and statutory requirements. In addition, the CC must establish the authorisation structure for the approval and renewal of credit facilities. The CC meets monthly or more frequently depending on business requirements.	The Credit Committee is comprised of the Managing Director/CEO, Executive Director, Chief Operating Officer, Senior DGM – Credit, Senior DGM – Collections, Senior DGM – Asset Management, DGM –Branch Operations and Channel Management and the Senior Manager – Credit Administration.
IT Steering Committee (ITSC)	The committee is responsible for evaluating the Company's IT strategies and the financial, tactical and strategic benefits of proposed major IT related projects and technology architecture alternatives. ITSC meets regularly to review its functions. The committee is evaluated by BIRMC.	The ITSC is comprised of the Managing Director/CEO, Executive Director, COO, IT Consultant/CISO, Senior Deputy General Manager, and all Senior Managers of IT
Executive Integrated Risk Management Committee	The Committee is responsible for reviewing risks at the operational front-line, focusing on Credit Risk, Market and Liquidity Risk, Operational Risk, Compliance Risk, Legal Risk and any other risks exposed identified by the Company. In addition, promote a risk-aware culture by enhancing risk management knowledge among Senior Risk Owners and cascading it to the front line. Ensure Risk Owners actively develop effective mitigation strategies that balance risk and reward.	The EIRMC is comprised of the Managing Director, COO, GM - Finance and Administration, Senior DGM – Credit, Senior DGM- Assets Management, Senior Manager–Credit Administration, Compliance Officer, and the Risk Officer

Management of Key Risks

Risk Summary at a Glance

Risk category	Key metric / indicator	Status	Trend
Credit risk	NPL ratio: 2.53%	Within appetite	↖ Improved
Liquidity risk	Statutory Liquid Asset Ratio: Above Minimum	Within appetite	→ Stable
Gold price risk	LTV ratio: below 80%	Within appetite	↖ Monitored
Operational risk	No material incidents	Within appetite	→ Stable
Cyber security risk	No material incidents	Within appetite	↖ Monitored
Capital adequacy	Core Capital Ratio: 14.54%	Above minimum	→ Stable
Compliance risk	No material breaches	Within appetite	→ Stable
Strategic risk	Market share: stable	Within appetite	→ Stable
ESG risk	Framework embedded	Developing	↖ Improving

Risk Management Report

CREDIT RISK

Sustaining quality through a cycle of growth

Credit risk is the risk that borrowers fail to repay their obligations or meet contractual commitments remains the most material category of financial risk faced by Vallibel Finance. As a Company whose core business centres on the origination and management of a retail and SME lending portfolio spanning vehicle finance, leasing, gold loans, personal lending and business finance, the quality of our credit decisions is foundational to both our financial performance and our broader purpose as a provider of accessible credit to households and enterprises across Sri Lanka.

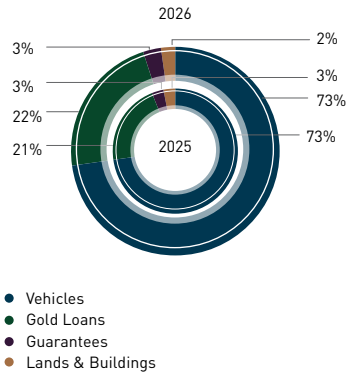
Vallibel Finance maintained a disciplined approach to credit origination, focusing on borrower quality and collateral adequacy rather than volume growth. The Company simultaneously invested in strengthening its collections infrastructure and recovery processes, enabling a meaningful improvement in the overall health of the loan book with portfolio growth of 63% recorded as at the end of the financial year.

Management Approach

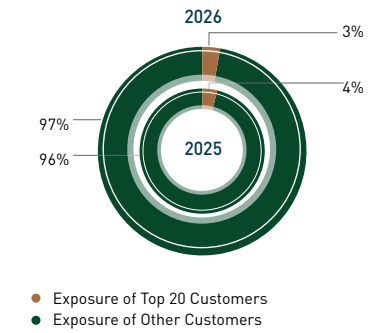
The Company's credit risk framework operates across three levels: the individual transaction level, the portfolio level and the systemic level.

Transaction Level	Portfolio Level	Systemic Level
Every loan application is subject to a structured evaluation that combines quantitative assessment of borrower repayment capacity and collateral adequacy with qualitative judgement about character, business viability and prevailing market conditions. Experienced credit officers bring the depth of knowledge and informed discretion required to assess each application on its own merits, ensuring that lending decisions reflect both the borrower's financial profile and the broader economic environment in which they operate.	The Credit Committee maintains active oversight of concentration exposures across product types, geographic regions, economic sectors and customer segments. The Company's credit concentration policy establishes explicit limits on the share of the portfolio allocated to any single sector or region. These limits are monitored monthly and escalated to the Board Integrated Risk Management Committee (BIRMC) whenever a breach or an approaching breach is identified. During the financial year 2025/26, the Company paid close attention to SME segment performance, where macroeconomic pressures had unevenly affected repayment capacity across sub sectors and took proactive steps to manage the company in areas where early warning indicators indicated emerging stress.	The Company conducts regular credit portfolio stress tests, factoring in the impact of adverse macroeconomic scenarios on portfolio quality and provisioning requirements. The governance structure underpinning this framework is anchored at the Board level, with the BIRMC providing oversight and strategic direction and the Credit Committee comprising senior management and experienced credit professionals responsible for day-to-day credit decisions and portfolio monitoring.

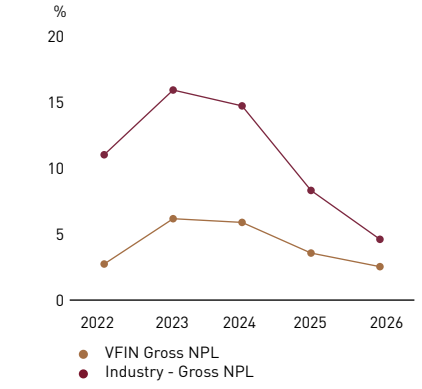
Main Types of Collaterals



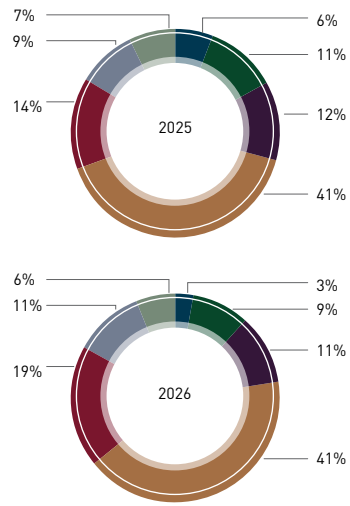
Exposure to Top 20 Customers



Non-Performing Loans (NPL) ratio

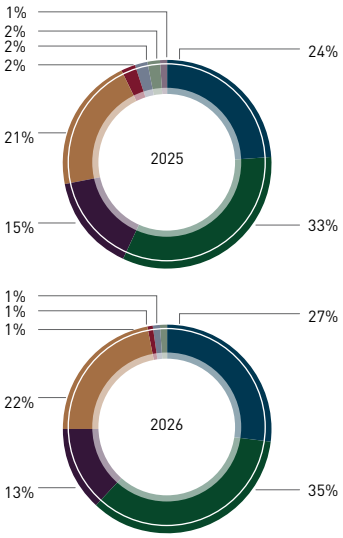


Exposure by Customer Size



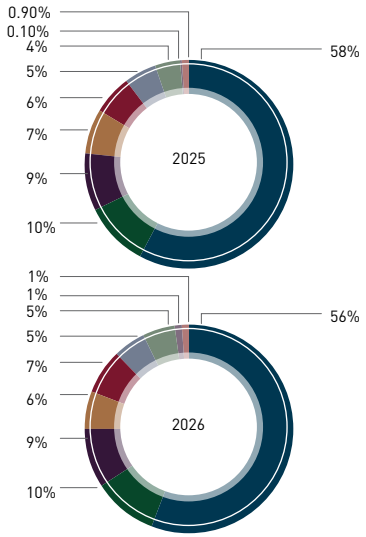
- Rs. 0 - Rs.199,999
- Rs. 200,000 - Rs.499,999
- Rs. 500,000 - Rs.999,999
- Rs. 1,000,000 - Rs.4,999,999
- Rs. 5,000,000 - Rs.9,999,999
- Rs. 10,000,000 - Rs.24,999,999
- Above Rs. 25,000,000

Product Concentation



- Auto Draft
- Vehicle Loans
- Lease
- Gold Loan
- Mortagage Loans
- Other Loans & Advances
- Loans against Fixed Deposits
- Hire Purchase

Geographical Concentration



- Western
- North Western
- Southern
- Sabaragamuwa
- Central
- North Central
- Uva
- Eastern
- Northern

Provisioning and Asset Quality

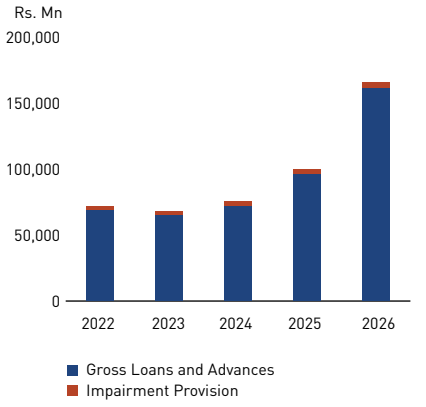
The Company maintained adequate loan loss provisions throughout the year, ensuring the balance sheet remained resilient to potential credit shocks. Vallibel Finance adopts a prudent and forward-looking stance on provisioning.

Investments in upgraded information technology infrastructure during the year significantly enhanced the Company's ability to monitor loan performance. Enhanced systems enabled more timely identification of arrears and deteriorating accounts, supporting earlier interventions and more effective recovery actions. The Recovery Department played a critical role in this process, ensuring that overdue accounts were followed up diligently and that repayment plans were renegotiated where necessary to preserve both borrower relationships and asset quality.

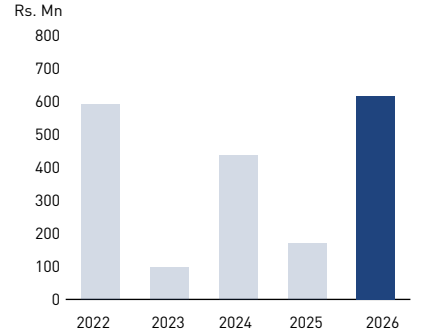
As a result of these concerted efforts, the gross non-performing loan (NPL) ratio declined to 2.53% as at 31st March 2026. This improvement reflects the effectiveness of the Company's credit risk policies and its sustained commitment to high standards of credit governance. The NPL ratio remains well within the Company's stated risk appetite threshold.

Looking ahead, Vallibel Finance remains vigilant about the evolving credit risk landscape and the broader implications of sustained macroeconomic uncertainty for household and SME borrowers. Employee training and capacity building remain priorities to ensure that credit officers stay current with industry developments and regulatory changes.

Gross Loans & Advances and Impairment Provision



Impairment Charge



Risk Management Report

LIQUIDITY RISK

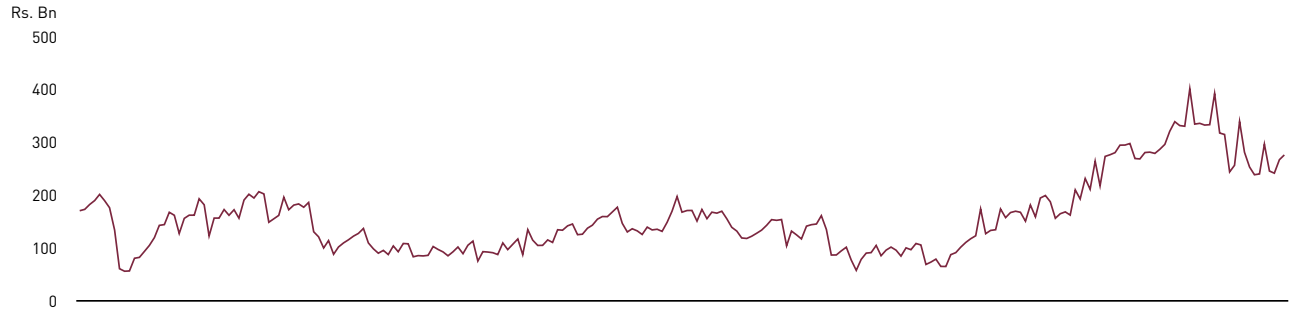
Building resilience in a competitive funding market

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due without incurring unacceptable costs is managed within a framework that has been progressively strengthened over successive financial years. During the financial year 2025/26, the Company faced both familiar challenges and new dimensions in its liquidity management.

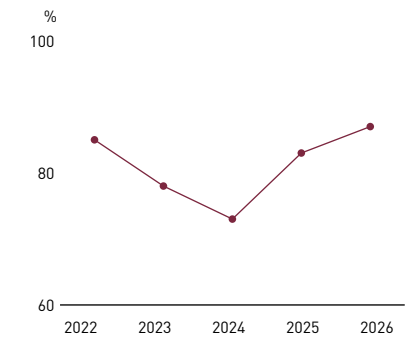
Funding Environment	Regulatory Liquidity Position
The competitive environment for retail deposits intensified during the year as the banking sector, benefiting from the gradual return of confidence amongst institutional depositors, began to compete more aggressively for household savings. The average cost of deposits across the market drifted upward in the latter half of the financial year, reflecting both competitive dynamics and the recalibration of depositor return expectations amid a gradual normalisation of interest rates. Vallibel Finance responded by deepening its customer relationships and maintaining a diversified funding strategy that reduced over reliance on any single depositor segment or channel.	The Company's Statutory Liquid Asset Ratio was maintained comfortably above the regulatory minimum throughout the year, reflecting both the adequacy of the Company's liquidity buffer and the discipline with which liquidity management is practiced at the operational level. The ALCO reviewed the liquidity position monthly with particular attention to maturity gap analysis across short, medium and long-term horizons.

Risk Criteria	Up to 3 Months Rs. Mn	3 to 12 months Rs. Mn	1 to 3 years Rs. Mn	3 to 5 years Rs. Mn	More than 5 years Rs. Mn	Total Rs. Mn
Total Loans and Advances (Net)	49,599	56,138	39,724	15,496	80	161,037
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	46,395	50,909	30,309	12,795	73	140,481.73
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	3,204	5,229	9,414	2,701	7	20,555.29

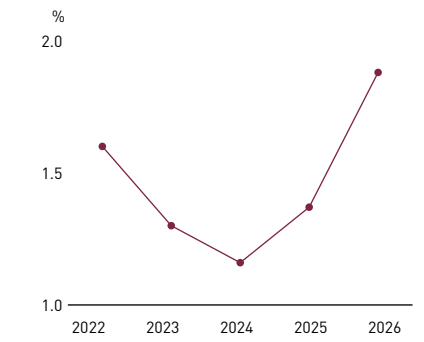
Market Liquidity Risk (CBSL Over Night Liquidity)



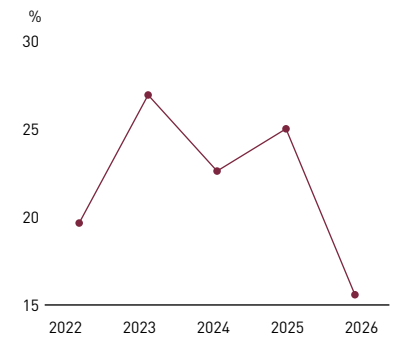
Net Loans to Total Assets Ratio



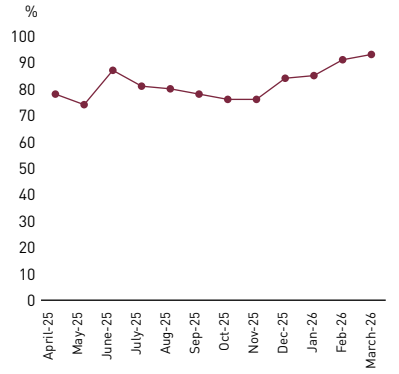
Movement in Advances to Deposits Ratio



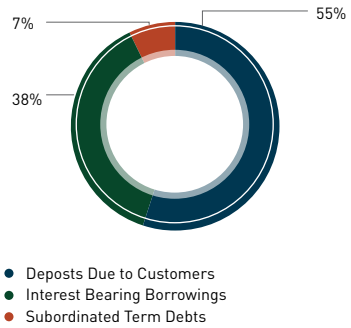
Liquid Assets to Deposit Ratio



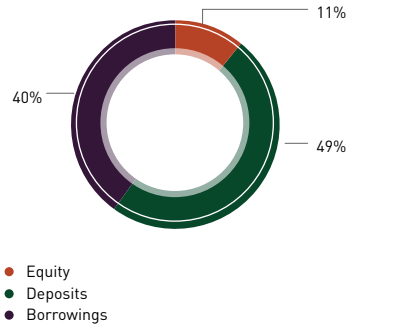
Deposit Renewal Ratio



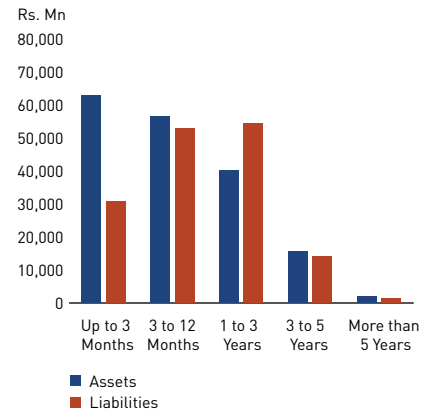
Interest Bearing Liabilities Mix



Funding Composition



Maturity Analysis of Interest Bearing Assets and Liabilities as at 31st March 2026



MARKET RISK

Navigating rate dynamics and commodity sensitivity

Market risk at Vallibel Finance is concentrated primarily in two areas: interest rate risk arising from mismatches between the repricing profiles of rate-sensitive assets and liabilities and commodity price risk arising from the Company's substantial gold-backed lending portfolio.

Interest Rate Risk

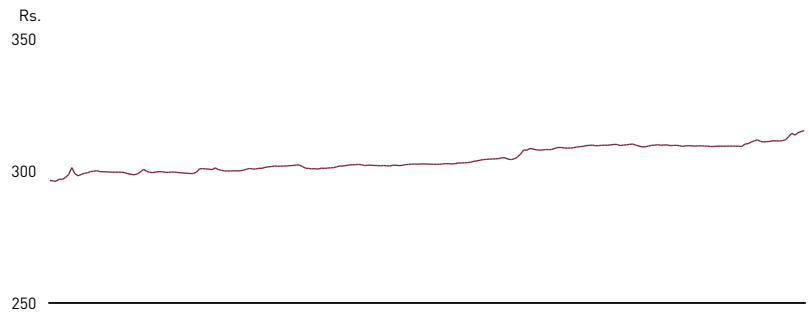
The interest rate environment of the financial year 2025/26 was characterised by a gradual but uneven downward drift in benchmark rates, following the CBSL's monetary policy easing cycle. Whilst the direction of rate movement was broadly anticipated, the pace and magnitude of individual rate adjustments created repricing challenges that required active management. The Company's predominantly fixed-rate asset base a structural feature of the vehicle finance and leasing segments, which represent a large share of the portfolio creates inherent exposure to rising interest costs when funding rates rise before asset rates can be repriced.

The ALCO monitored this structural gap closely throughout the year, making tactical adjustments to the product pricing strategy and the funding maturity mix in order to manage the potential impact on net interest margins. Interest rate sensitivity analysis, conducted monthly and presented to the ALCO, quantified the impact of rate shocks of various magnitudes on projected net interest income. The results remained within the Company's stated risk appetite limits across all shock scenarios, reflecting both the adequacy of the risk appetite calibration and the effectiveness of the ALCO's balance sheet management.

Gold Price Risk

The gold loan portfolio represents a strategically important and growing segment of Vallibel Finance's business. Gold prices during the financial year 2025/26 were highly volatile, driven by global safe-haven demand, central bank buying and fluctuations in the U.S. dollar rate. Domestic gold prices in Sri Lanka moved in a broadly correlated but not identical pattern to international benchmarks, reflecting the added dimension of rupee exchange rate movements. At certain points during the year, gold prices experienced sharp intraday movements that, whilst ultimately not causing material collateral shortfalls, highlighted the importance of maintaining collateral monitoring systems.

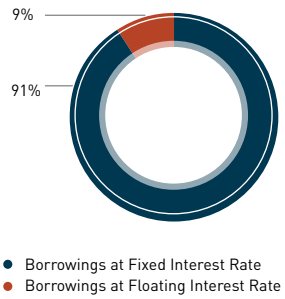
Foreign Exchange Rate Risk (USD)



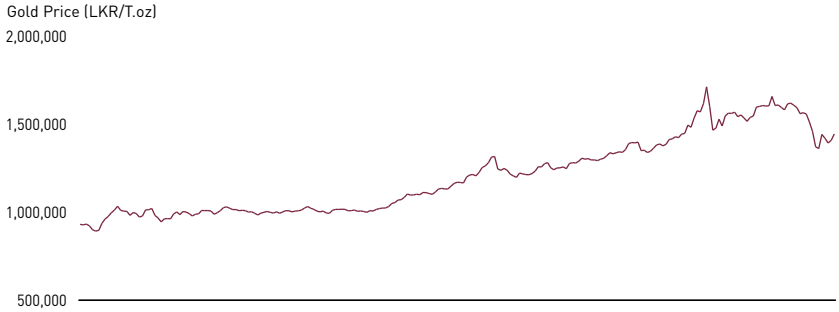
Risk Management Report

The Company's gold loan portfolio is managed under a conservative loan-to-value (LTV) policy, with ratios generally maintained well below 80% and subject to tightening when gold price volatility metrics exceed defined thresholds. This short tenured structure of the gold loan book with a maturity well under 12 months limits the Company's exposure to sustained gold price declines and enables frequent collateral revaluation. Daily gold price monitoring ensures that any requirement for margin calls or additional security is identified and actioned promptly.

Floating and Fixed Interest Rates



Commodity Price Risk



OPERATIONAL RISK

Strengthening the foundation of execution

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, systems or external events is, by its nature, the most wide-ranging category of risk that a financial institution manages. It manifests in forms as varied as a branch processing error, a system outage during a peak transaction period, a fraudulent account opening facilitated by identity theft or a failure of a third-party service provider that disrupts a critical business process.

Management Approach

Framework Enhancement	Third-Party Risk Management	Business Continuity and Disaster Recovery
Vallibel Finance's approach to operational risk management matured significantly during the financial year 2025/26. Building on the foundations established in prior years the Risk and Control Self-Assessment process, the Key Risk Indicator monitoring framework and the incident reporting mechanism the Company introduced an operational risk quantification approach to estimate expected and unexpected operational losses across business lines and risk event types. This development was motivated partly by evolving regulatory expectations and partly by the practical utility of having loss estimates that can inform decisions about control investment, risk transfer and capital allocation. The operational risk event database, which captures material incidents above a defined threshold was also enhanced during the year.	Third-party risk management emerged as a priority operational risk focus during the year. As Vallibel Finance's technology and process infrastructure has become more deeply integrated with external service providers from cloud infrastructure vendors to payment processing networks the operational risk implications of provider failures or quality degradation have grown commensurately. The Company established a formal third-party risk management framework during the financial year 2025/26, encompassing due diligence standards for new vendor engagements, ongoing performance monitoring for critical providers and contingency planning requirements for providers whose services are assessed as operationally critical.	Business continuity and disaster recovery capabilities were strengthened materially during the year under review. The Company conducted a comprehensive review of its business impact analysis, updating recovery time objectives and recovery point objectives for all critical business processes, taking into account changes to the business model over the preceding three years. Two business continuity exercises were conducted during the reporting period.

INFORMATION TECHNOLOGY AND CYBER SECURITY RISK

The new frontier of risk management

The digital transformation of financial services accelerated by the pandemic, the economic crisis and the structural shift in consumer behaviour towards mobile and digital channels has created an operating environment in which technology risk is inseparable from strategic risk and in which a serious cyber security failure can carry consequences that are simultaneously financial, reputational, regulatory and operational.

Management Approach

Security Risk Assessment and Remediation	Human Dimension of Cyber Security	Governance of Technology Risk
The Company completed a comprehensive information security risk assessment aligned with internationally recognised standards, identified a prioritised set of remediation actions and made measurable progress against each of those actions during the year. The threat landscape faced by Sri Lankan financial institutions was characterised by increasing sophistication in phishing and social engineering attacks, the growing prevalence of ransomware as a weapon of disruption and the persistent risk of data exfiltration by both external threat actors and malicious insiders. Vallibel Finance's security operations function monitored the IT environment continuously during the year. No cyber security incident occurred during the financial year 2025/26, and customer data integrity was maintained throughout the year.	Security awareness training was delivered to all employees. Phishing simulation exercises in which employees receive simulated phishing e-mails and their responses are measured,demonstrated a meaningful year-on-year improvement in the proportion of employees who correctly identify and report suspicious communications and a corresponding reduction in click-through rates on simulated malicious links. The Company regards this behavioural shift as one of the most important risk management achievements of the year, given that the vast majority of successful cyber-attacks exploit human vulnerabilities rather than purely technical weaknesses.	The governance of technology risk was strengthened through an enhanced IT Steering Committee (ITSC) mandate that now explicitly addresses technology risk strategy, not merely project delivery and IT operations. The ITSC receives quarterly risk reports and escalates material risk findings to the BIRMC through a defined reporting protocol.

CAPITAL MANAGEMENT

Strength as a strategic asset

Capital adequacy is the ultimate expression of a financial institution's resilience. Adequate capital ensures that unexpected losses can be absorbed without threatening the institution's ability to continue serving its customers and honouring its obligations to depositors and creditors. For Vallibel Finance, maintaining strong capital ratios is more than a regulatory obligation; it is a strategic commitment to the long-term sustainability of the Company.

Capital Adequacy Ratios

The Company ended the financial year 2025/26 with capital ratios comfortably exceeding the regulatory minimums.

Internal Capital Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process (ICAAP) continued to serve as the primary mechanism for evaluating the adequacy of the Company's capital position in relation to its risk profile. During the financial year 2025/26, the ICAAP was enhanced to incorporate a more comprehensive treatment of Pillar II risks (such as concentration risk, interest rate risk in the banking book, and reputational risk), which are not fully captured under the standardised regulatory capital calculations. The ICAAP findings were reviewed by the BIRMC and reported to the Board, confirming that the Company's capital position provides an adequate buffer against stressed loss scenarios across all material risk

As at 31 March	2026	2025
Tier I Capital	15,164	14,661
Tier II Capital	6,200	4,398
Total Capital	21,364	19,059
Risk Weighted Amount for Credit Risk	134,868	79,629
Risk Weighted Amount for Operational Risk	12,090	8,984
Total Risk Weighted Amount	146,958	88,613
Regulatory Minimum Tier I Capital Ratio %	10.00%	10.00%
Tier I Capital Ratio %	10.32%	16.54%
Regulatory Minimum Total Capital Ratio %	14.00%	14.00%
Total Capital Ratio %	14.54%	21.51%

Risk Management Report

Capital Planning

Capital planning for the next three years reflects the Company's ambitions for continued portfolio growth, the investment requirements of its technology transformation programme and the potential capital implications of evolving regulatory standards, including any future introduction of more sophisticated capital adequacy requirements for the licensed finance company sector. The Company is confident that its capital generation capacity, supported by continued profitability and disciplined earnings retention, is sufficient to fund its strategic ambitions whilst maintaining appropriate buffers above regulatory minima.

COMPLIANCE AND LEGAL RISK

Navigating a demanding regulatory environment

The regulatory environment for licensed finance companies in Sri Lanka continued to evolve during the financial year 2025/26. The CBSL issued several significant directives and guidelines during the year and the pace of regulatory change is expected to remain elevated as the CBSL progressively aligns the sector's framework with international best practices.

Management Approach

Compliance Function and Regulatory Change Management	Anti-Money Laundering and Counter-Terrorist Financing	Legal Risk
The Company's compliance function, operating as the second-line oversight function for regulatory risk, managed the regulatory change calendar proactively by maintaining a regulatory horizon-scanning process that provides early visibility of upcoming requirements, conducting structured impact assessments for each significant regulatory development, and coordinating cross-functional implementation programmes to ensure that regulatory changes are translated into operational reality within the required time frames.	AML and CFT compliance remained a particular focus during the financial year under review. The Company enhanced its transaction monitoring capabilities, AML and KYC training was delivered to all employees with customer-facing responsibilities, with role-specific modules developed for credit, deposits, treasury and digital channels.	The Company maintained its practice of subjecting all material contracts to rigorous legal review prior to execution and our Legal Department continued to actively manage the litigation portfolio. The Company did not experience any material adverse legal judgements during the financial year 2025/26.

STRATEGIC RISK

Protecting sustainable business operations

Strategic risk is the risk that the Company fails to adapt effectively to changes in the competitive, technological, regulatory or macroeconomic environment received heightened attention during the financial year 2025/26 amid the accelerating transformation of the Sri Lankan financial services landscape.

Vallibel Finance's response has been to invest deliberately in technology, talent, brand and the quality of the customer value proposition. The Company's investment in digital origination capabilities, its expansion into underserved geographic markets and its commitment to financial inclusion as a strategic and commercial priority all reflect a considered judgement that the best defence against strategic risk is a strong offence building capabilities and customer relationships that create durable competitive advantage.

REPUTATIONAL RISK

Safeguarding the brand

Reputational risk is managed through the lens of a simple but powerful principle: that every interaction the Company has with a customer, a regulator, a potential employee or a community member is an opportunity either to strengthen or to damage its reputation. The Company's reputation built over 18 years of operations is one of its most valuable assets and the Board is unequivocal in its expectation that it be treated as such. Customer complaint management, fair treatment protocols, responsible lending standards and transparent communication are the practical expressions of this principle in day-to-day operations.

Social media monitoring and stakeholder sentiment analysis are conducted regularly to provide early warning of emerging reputational dynamics. During the financial year under review, the Company did not experience any material reputational events and customer satisfaction metrics improved across key service dimensions.

ESG RISK

Embedding responsibility into the business

Vallibel Finance recognises that environmental, social, and governance (ESG) factors present both risks and responsibilities that are integral to the long-term sustainability of the business. The Company's approach to ESG risk management is embedded within its broader enterprise risk management framework, ensuring that non-financial risks receive the same structured oversight as traditional financial risks.

Environmental Risk

The Company acknowledges the growing financial relevance of climate-related risks, particularly their potential impact on the repayment capacity of borrowers operating in climate-sensitive sectors such as agriculture, fisheries and informal trade. Vallibel Finance monitors its exposure to physical climate risks across its lending portfolio and incorporates environmental considerations into its credit origination and portfolio management processes where material concentrations are identified. During the year under review, the Company began integrating the requirements of SLFRS S1 and S2 to enhance and strengthen its processes.

Social Risk

As a provider of credit to households and small enterprises, Vallibel Finance is mindful of the social implications of its lending practices. The Company is committed to responsible lending, fair treatment of customers, and the financial inclusion of underserved segments of the Sri Lankan population. Employee well-being, training and capacity building remain ongoing priorities, supporting a workforce that is equipped to serve customers with integrity and competence.

Governance Risk

Sound governance is the foundation of the Company's risk management culture. The Board of Directors and the BIRMC provide independent oversight of material risks, including ESG-related exposures. The Company's policies, procedures and internal controls are reviewed regularly to ensure alignment with regulatory requirements and evolving best practice in corporate governance.

Vallibel Finance remains committed to strengthening its ESG risk disclosures in line with emerging regulatory expectations and stakeholder requirements and views the progressive integration of ESG considerations into its decision-making as essential to building a resilient and responsible financial institution.

Risk Outlook for the FY 2026/27

As Vallibel Finance closes the financial year 2025/26, the risk environment looking forward is characterised by both opportunity and uncertainty. The following represents the Board and Senior Management's considered assessment of the most significant risks on the horizon and the priorities that will shape the Company's risk management agenda in the year ahead.

Macroeconomic Trajectory

The macroeconomic trajectory of Sri Lanka remains the most significant external variable. Whilst the recovery has been encouraging, the path to sustainable growth is neither assured nor linear. The critical risk scenarios on the Company include a deterioration in fiscal performance that could trigger sovereign stress and associated liquidity tightening, a slowdown in remittance inflows driven by global labour market shifts and an external shock such as rising oil prices, evolving global financial conditions or geopolitical disruption that undermines the fragile confidence on which the recovery rests. The Company's stress testing programme is calibrated to ensure that its balance sheet can withstand plausible versions of these adverse scenarios without threatening the viability or capacity to continue serving customers.

Digital Risk

Digital risk, encompassing both cyber security and the risks associated with revolutionary digital transformation, will continue to intensify and evolve. The growing share of business conducted through digital channels increases both the surface area of the Company's cyber exposure and the potential impact of a technology failure on customer experience and operational continuity. Investment in cyber resilience will therefore remain a non-negotiable priority, even as the Company allocates resources to the growth and transformation agenda.

Climate Risk

In the coming year, climate risk will become more important, moving from a background concern to a foreground priority. The expectations of regulators, investors, and customers on climate disclosure and climate risk management are rising rapidly, and the physical impacts of climate change on the Company's borrower base are already visible in the data.

Competitive Environment

Competition for high-quality assets and liabilities will intensify in the coming years. The structural improvement in the banking sector's health, combined with the entry of new digital competitors, means that Vallibel Finance cannot afford to rest on its current competitive position. The Company's risk management framework must continue to support the strategic creativity and operational agility required to compete effectively, whilst ensuring that the discipline of risk-adjusted pricing and underwriting standards is never sacrificed in the pursuit of volume.

Regulatory Evolution

Regulatory expectations will continue to evolve. The CBSL has signalled its intention to progressively align the regulatory framework for the non-bank financial sector with international best practice across a range of dimensions, including capital adequacy, liquidity management, corporate governance and climate risk. Vallibel Finance regards this regulatory trajectory not as a compliance burden but as a catalyst for building the capabilities and governance standards that will define the leading finance companies of the next decade.

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Vallibel Finance PLC are pleased to present the Annual Report for the year ended 31st March 2026, along with the Consolidated Financial Statements of the Company and its subsidiary and the Independent Auditors' Report on those Financial Statements, in accordance with applicable statutory requirements.

General

Vallibel Finance PLC is a limited liability Company which was incorporated on 5th September 1974 as a private limited liability company under the Companies Ordinance (Chapter 145) as "THE RUPEE FINANCE COMPANY LIMITED" and was converted to a public company on 7th August 1989 under the Companies Act, No.17 of 1982.

On 21st November 2005 the name of the Company was changed to "VALLIBEL FINANCE LIMITED". The Company was re-registered as "VALLIBEL FINANCE PLC" under the Companies Act, No.7 of 2007 (Companies Act) on 20th August 2008 under Registration No. PB 526 PQ.

Vallibel Finance PLC is a Licensed Finance Company in terms of the Finance Business Act, No. 42 of 2011 and a Registered Finance Leasing Establishment in terms of the Finance Leasing Act No.56 of 2000.

The Ordinary Shares of the Company are listed on the Main Board of the Colombo Stock Exchange.

The entity rating of Vallibel Finance PLC has been upgraded by Lanka Rating Agency Limited as A- with a "Stable" outlook.

Principal activities of the Company and review of performance during the year

The Company's principal activities are accepting deposits, granting of finance leases, hire purchase facilities, mortgage loans, vehicle loans, personal loans, gold loans, micro finance and other credit facilities.

The Company's only subsidiary, Vallibel Properties Ltd was formed for the administration of construction, development and maintenance of the corporate office building for Vallibel Finance PLC.

There were no significant changes in the nature of the principal activities of the Company during the year under review.

The Directors do hereby declare that to the best of the knowledge of the Board of Directors the Company has not engaged in an activity which contravenes laws and regulations.

This Report and the Financial Statements reflect the state of affairs of the Company.

Financial Statements

The Consolidated Financial Statements of the Company and its subsidiary have been prepared in accordance with the revised Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) set by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No. 07 of 2007, Finance Business Act No.42 of 2011 and the directions and guidelines issued under the said Finance Business Act and the Listing Rules of the Colombo Stock Exchange.

Consequent to the Audit Committee's recommendations, the Financial Statements were reviewed and approved by the Board of Directors on 28th May 2026.

The Consolidated Financial Statements of the Company and its subsidiary duly signed by the General Manager – Finance and Administration and two Directors on behalf of the Board are given on pages 268 to 374, which form an integral part of the Annual Report of the Board of Directors on the affairs of the Company.

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company and the Group is given on pages 265 to 267.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 276 to 374.

Changes in Accounting policies are described in Note 8 to the Financial Statements.

Directors

The names of the Directors who held office as at the end of the accounting period are given below:

Executive Directors

Mr. S B Rangamuwa - Managing Director

Mr. S S Weerabahu- Executive Director

Non-Executive Directors

Mr. K D A Perera- Director

Mr. J Kumarasinghe*- Director

Mrs. C P Malalgoda*- Director

Mr. M A K B Dodamgoda*- Director

Mr. M P U Perera*– Director

**Independent Non-Executive Directors as per the Listing Rules of the Colombo Stock Exchange and the Finance Business Act (Corporate Governance) Direction No. 05 of 2021. Mr. J Kumarasinghe was appointed a Senior Independent Non-Executive Director on 16.09.2023.*

Mr. M A K B Dodamgoda retires by rotation in terms of Articles 87 and 88 of the Articles of Association and being eligible is recommended by the Directors for re-election.

Mr. M P U Perera who was appointed to the Board in July 2025 is subject to election by shareholders at the Annual General Meeting in terms of Article 94 of the Articles of Association.

Based on the declarations made by the Independent Non-Executive Directors, the Board determined that Mr. J Kumarasinghe, Mr. M A K B Dodamgoda, Mrs. C P Malalgoda , Mr. M P U Perera were independent as against the criteria for defining "independence" set out in the Listing Rules and the Finance Business Act (Corporate Governance) Direction No. 05 of 2021.

Directors of the Subsidiary Company

Mr. S B Rangamuwa - Managing Director

Mr. S S Weerabahu- Executive Director

There were no changes in the Directors of the subsidiary during the year under review and up to the date of this Report.

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, which is deemed to form part and parcel of this annual report and is available for inspection upon request. The relevant interests of Directors in the shares of the Company as at 31st March 2026 as recorded in the Interests Register are given in this report under Directors' shareholding.

Related Parties' Transactions with the Company

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period have been duly declared and are recorded in the Interests Register in due compliance with the provisions of the Companies Act, LKAS 24, Listing Rules and Finance Business Act (Corporate Governance) Direction No.05 of 2021. The Directors also abstained from voting on matters in which they had a material interest in. Transactions of related parties (as defined in LKAS 24- Related Parties Disclosure) with the Company are set out in Note 52 to the financial statements. The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2026.

Directors' Remuneration

The remuneration of Directors of the Company and its subsidiary is disclosed under key management personnel compensation in Note 52 to the Financial Statements on page 347.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

Stated Capital

The Stated Capital of the Company as at 31st March 2026 was Rs 1,325,918,000/- represented by 235,453,400 ordinary shares. There were no changes in the Stated Capital of the Company during the year.

Directors' shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2026 are as follows:

	Shareholding as at 31/03/2026	Shareholding as at 31/03/2025
Mr. K D A Perera[1]	8,532,960	8,532,960
Mr. S B Rangamuwa	Nil	Nil
Seylan Bank PLC/ Mr. S B Rangamuwa	5,250,000	5,250,000
Mr. S S Weerabahu	Nil	Nil
Mr. J Kumarasinghe	Nil	Nil
Mrs. C P Malalgoda	Nil	Nil
Mr. M A K B Dodamgoda	Nil	Nil
Mr. M P U Perera [2]	2,350	-

1*- Mr. K D A Perera serves as a Director of Vallibel Investments (Private) Limited which holds 121,108,000 shares constituting 51.44% of the issued shares of the Company.

2* - Mr. M P U Perera was appointed to the Board w.e.f - 17th July 2025

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, the 20 largest shareholders of the Company, public holding as per the Listing Rules of the Colombo Stock Exchange are given on pages 392 and 393 Earnings, Net Assets per Share, appear on page 16.

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided audit related services and permitted non-audit/ consultancy services.

Messrs Ernst & Young also served as the Auditors of the subsidiary company, Vallibel Properties Ltd.

A total amount of Rs. 6,993,948/- is payable by the Company to the Auditors for the year under review comprising Rs.4,543,000/- as Audit Fees and audit related services and Rs. 2,450,948/- as for non-audit services.

A fee of Rs. 1,168,200/- (Audit Fees) is payable to the Auditors of the subsidiary company as audit fees.

The Board adopted a policy of rotation of Auditors in keeping with the principles of good Corporate Governance and to ensure compliance with Finance Business Act Direction No.05 of 2021 on Corporate Governance (Direction No.10.2d) (ii)).

Annual Report of the Board of Directors on the Affairs of the Company

The Auditors of the Company have expressed their willingness to continue in office. The Audit Committee at a meeting held on 28th April 2026 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Donations

There were no donations made by the subsidiary Company during the year under review.

Property, Plant and Equipment and Significant Changes in the Company's Fixed Assets /Market Value of Land

The details of property, plant and equipment are given in Note 36 of the financial statements. The land and buildings owned by the Company are recorded at revalued amount and details of those properties and their market values as at 31st March 2026 as per valuations conducted by Mr. H B Manjula Basanayake an independent valuer are set out in Note 36.4 to the financial statements on pages 328 and 329.

The details of investment property are given in Note 35 of the financial statements on page 321 and it is recorded at revalued amount as at 31st March 2026.

Material Foreseeable Risk Factors

The section on Risk Management on pages 226 to 241 sets out the processes currently practiced by the Company to identify and manage the risks.

The Board has conducted a review of internal controls covering material risks to the Company and have obtained reasonable assurance of their effectiveness.

Going Concern

The Directors after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks and cash flows are satisfied that the Company has adequate resources to continue operations into the foreseeable future. Accordingly, the going concern basis is adopted in preparing the financial statements of the Company.

Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company and contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the Reporting date, have been paid or, where relevant, provided for.

Awareness on applicable laws, rules and regulations

The Directors are aware of the laws, rules and regulations applicable to the Company and are continuously updated on any change on the governing laws including the Directions under Finance Business Act, Listing Rules and capital market provisions as applicable.

Corporate Governance

The Board of Directors confirm that the Company has complied with Section 9 of the Listing Rules of the CSE on Corporate Governance, the Finance Business Act (Corporate Governance) Direction No 5 of 2021 and the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No.06 of 2021.

The Corporate Governance Statement on pages 161 to 225 explains the practices within the Company in this respect.

Board Audit Committee, Human Resource and Remuneration Committee, Related Party Transactions Review Committee, Nomination and Governance Committee, Board Integrated Risk Management Committee and Board Information Security Committee function as Board Sub Committees, with Directors who possess the requisite qualifications and experience.

The composition of the said Committees is as follows:

Board Audit Committee

Mr. M A K B Dodamgoda - Chairman

Mr. J Kumarasinghe -Member

Mrs. C P Malalgoda -Member

The Report of the Board Audit Committee appears on pages 247 to 249.

Human Resource and Remuneration Committee

Mr. J Kumarasinghe - Chairman

Mr. K D A Perera -Member

Mrs. C P Malalgoda – Member

Mr. M A K B Dodamgoda*- Member

**Appointed to the Committee with effect from 20th November 2025.*

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. The remuneration packages offered by the Company are linked to the individual performances and are aligned with the Company's business.

The Report of the Human Resource and Remuneration Committee appears on pages 255 and 256.

Nomination and Governance Committee

Mr. J Kumarasinghe - Chairman

Mr. K D A Perera - Member

Mrs. C P Malalgoda - Member

The Report of the Nomination and Governance Committee appears on pages 253 and 254.

Related Party Transactions Review Committee

Mr. M A K B Dodamgoda - Chairman

Mr. J Kumarasinghe - Member

Mrs. C P Malalgoda - Member

The Report of the Related Party Transactions Review Committee appears on page 257.

Board Integrated Risk Management Committee

Mr. J Kumarasinghe – Chairman

Mr. M A K B Dodamgoda - Member

Mrs. C P Malalgoda - Member

The report of the Board Integrated Risk Management Committee appears on pages 250 to 252.

Equitable treatment of Stakeholders

The Company has at all times ensured that all shareholders treated equitably.

Statement by the Board

The Board acknowledges its responsibility to ensure the integrity of this Integrated Report, which in the Board's opinion addresses all material issues and presents fairly the integrated performance of Vallibel Finance PLC.

Annual General Meeting

The Annual General Meeting will be held on 26th June 2026 at 10.00 a.m at the Auditorium of Corporate Office, No.480, Galle Road, Colombo 03. The Notice of the Annual General Meeting appears on page 401. This Annual Report is signed for and on behalf of the Board of Directors by



K D A Perera

Chairman



S B Rangamuwa

Managing Director



Lakmini Kottegoda

Company Secretary

28th May 2026

Colombo

Report of The Senior Independent Director



Mr. J Kumarasinghe

Senior Independent Non-Executive Director

This statement presented in line with Section A.5.7 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, reflects the Company's commitment to upholding sound corporate governance principles and voluntarily adopting best practices.

Under Section 6.3 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka, where the Chairman of a Licensed Finance Company is not an Independent Director, the Board must appoint one of the Independent Directors to serve as the Senior Director. This appointment is required to be supported by appropriately documented Terms of Reference to reinforce Board independence. Accordingly, the Board has designated a Senior Independent Director and adopted the relevant Terms of Reference in accordance with the applicable regulatory requirements.

Role and Responsibilities of Senior Independent Director

The Senior Independent Director plays a pivotal role in strengthening the independence of the Board in its proceedings and deliberations, whether conducted at Board meetings or through resolutions circulated among Board members.

A key responsibility of the Senior Independent Director is to reinforce sound corporate governance in Board proceedings and support the effective discharge of Board responsibilities with a strong focus on independence. A key aspect of this role is to encourage active engagement from both Executive and Non-Executive Directors, ensure that discussions and deliberations are conducted from an independent perspective and that the views of all Directors on matters under consideration are appropriately sought and taken into account by the Chairman when making decisions and recommendations on behalf of the Board.

During the year under review, the Senior Independent Director held one meeting with the Non-Executive Directors without the Chairman being present and the members who attended the meeting comprised exclusively of Independent Non-Executive Directors. The outcomes of these discussions, together with any concerns raised, were duly communicated to the Chairman and the Board of Directors.

In accordance with Section 6.3 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 on Corporate Governance, the Senior Independent Director assessed the performance of the Board Chairperson during the period under review.



J Kumarasinghe

Senior Independent Non-Executive Director

28th May 2026

Board Audit Committee Report



Mr. M A K B Dodamgoda

Chairman - Board Audit Committee

Composition of the Board Audit Committee

The Board Audit Committee, appointed by and responsible to the Board of Directors of Vallibel Finance PLC consists of three independent Non-Executive Directors. All of them are members of recognised professional bodies and possess wide ranging financial, commercial and management experience. The details of the members of the Board Audit Committee are set out in the directors' profiles section of the Annual Report.

The Committee Members as at 31st March 2026.

Mr. M A K B Dodamgoda

Independent Non-Executive Director (Chairman)

Mr. J Kumarasinghe

Senior Independent Non-Executive Director

Mrs. C P Malalgoda

Independent Non-Executive Director

Terms of Reference of the Committee

The scope and responsibilities of the Board Audit Committee emanates from its Terms of Reference (Audit Committee Charter) which is periodically reviewed and revised with the concurrence of the Board of Directors. The process ensures that new developments relating to the Committee's functions are adequately addressed. The Terms of Reference of the Committee was last reviewed and approved by the Board in June 2024. The functions of the Committee are structured and regulated in line with the Finance Business Act Direction No. 05 of 2021 – Corporate Governance, the Rules on Corporate Governance as per revised Section 9 of Listing Rules issued by the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Audit Committee assists the Board in fulfilling its responsibilities of ensuring the integrity of financial reporting, the adequacy of the system of internal control and the assessment of the Company's compliance with legal and regulatory requirements. The Audit Committee charter defines the duties and obligations of the Audit Committee.

Role and Responsibilities

The main objective of the Board Audit Committee is to assist the Board of Directors in exercising its responsibilities towards its stakeholders. The Audit Committee assumes a critical oversight role, assisting the Board of Directors in fulfilling its overseeing responsibilities including the following:

- Ensure that the financial reporting system in place is effective and well managed to provide accurate, appropriate and timely information to the Board, Regulatory Authorities and other stakeholders.
- Review the Annual Financial Statements and Interim Financial Statements prior to publication to ensure compliance with statutory and regulatory requirements, Accounting Standards and Accounting Policies which are consistently applied.
- Evaluate the adequacy, effectiveness of Risk Management Systems and Internal Controls of the Company.
- Assess the independence and review adequacy of the scope, functions and resources of the Internal Audit Department.
- Review and monitor the External Auditors' independence, objectivity and effectiveness of the audit process.
- Ensure that sound Corporate Governance practices are upheld within the Company.

Meetings

The Board Audit Committee held meetings during the period under review.

The quorum for a meeting of the Committee is a minimum of two (2) Directors of the Board Audit Committee.

The Company Secretary functions as the Secretary to the Committee. GM – Finance & Administration, DGM – Internal Audit and other members of Senior Management were present at the meetings upon invitation. The External Auditors also attend meetings whenever they are invited to be present.

The attendance of the Committee members at the meetings was as follows:

Name of the Director	Attendance
Mr. M A K B Dodamgoda	14/14
Mr. J Kumarasinghe	14/14
Mrs. C P Malagala	14/14

Reporting to the Board

The minutes of the Audit Committee were tabled at the monthly Board Meetings.

Activities in the Financial Year 2025/2026

The Committee carried out the following activities.

Financial Reporting

The Committee reviewed and recommended the interim and annual financial statements prior to submitting to the Board for approval. These reviews facilitated the Committee to monitor compliance with SLFRS/LKAS and the other regulations and also to ensure the integrity of the information provided to the Company's stakeholders. The Committee examined the assumptions and judgments applied in financial reporting.

Board Audit Committee Report

The Committee received assurance from the MD/CEO and the CFO that the financial records have been properly maintained and the financial statements provided true and fair view of the Company's operations and finances.

Internal Control Over Financial Reporting

In line with Section 16 (1)(ix) of the Finance Business Act Direction No. 05 of 2021, the Company is required to comply with the said direction and assess the effectiveness of the Internal Control Over Financial Reporting as at 31st March 2026.

The Internal Audit Department of the Company carried out Audits to test the adequacy of documented processes and made appropriate recommendations where necessary. The Committee reviewed the observations and recommendations of the Auditors and the management responses thereto.

The External Auditors were engaged in providing assurance on the "Directors' Responsibility Statements on Internal Controls over Financial Reporting," which is given on page 262.

Internal Audit

The Committee ensures that the Internal Audit function is independent of the activities it audits and the audits are performed with impartiality, proficiency and due professional care. The Head of Internal Audit reports directly to the Board Audit Committee. The Committee has had sufficient interaction with the Head of Internal Audit throughout the year. The Committee also evaluated the performance of Head of Internal Audit.

The Committee approved the Internal Audit Plan for the financial year and also monitored and reviewed the scope, extent and effectiveness of the activities of the Internal Audit Department. The Committee also reviewed and monitored the progress of the Internal Audit Plan during the financial year.

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. Internal Audit reports are made available to the External Auditors on request.

The Committee reviewed and approved the Internal Audit Charter in April 2025.

External Auditors

The Board Audit Committee assisted the Board in engaging the External Auditors 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 Executive Directors and the Management.

Prior to the commencement of the annual audit, the Committee discussed with the External Auditors, their audit plan, audit approach and matters relating to the nature and scope of the audit. The Committee met the External Auditors on two occasions during the financial year without the Executive Directors and the Management being present; to ensure that there was no limitation of scope in relation to the Audit and to allow for full disclosure of any matters which could have had a negative impact on the effectiveness of the external audit. The Committee concluded that there was no such cause for concern.

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.

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 is a Board approved policy that 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 ensured that the engagement of the Audit Partner does not exceed five (5) years and that the Audit Partner is not re-engaged for audit before the expiry of three (3) years from the date of completion of the previous term and the service of the same external audit firm for not more than ten consecutive years in accordance with the Finance Business Act Direction No. 05 of 2021.

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 31st March 2025 was considered by the Committee and corrective action is being pursued wherever such action is warranted.

The Committee has recommended to the Board that Messrs. Ernst & Young, Chartered Accountants, to be re-appointed for the financial year ending 31st March 2027 subject to the approval of shareholders at the forthcoming Annual General Meeting.

Statutory and Regulatory Compliance

The Committee reviewed the procedures established by management for compliance with the requirements of the regulatory bodies and also reviewed the compliance status with the Sri Lanka Accounting Standards. Further, the Internal Audit Department of the Company performs independent test checks on regulatory compliance 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.

The Committee is satisfied with the status of the compliance with the Reporting Requirements, under Companies Act No. 07 of 2007 as amended, Directions of CBSL, CSE Listing Rules, the SEC Act and other relevant financial reporting related regulations and requirements.

Whistleblowing 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. 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. This process is monitored by the Board Audit Committee.

Board Audit Committee Evaluation

An independent evaluation of the effectiveness of the Committee was carried out by the members of the Board during the year. Considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee has been rated as highly effective.

Conclusion

Based on the review of reports submitted by the External and Internal auditors, the information obtained by the Committee and after examination of the adequacy and effectiveness of the internal controls which have been designed to provide reasonable assurance to the Board of Directors that the assets of the Company are safeguarded, the Board Audit Committee is satisfied that the financial position of the Company is regularly monitored and that steps are being taken to continuously improve the control environment in which the Company operates.



M A K B Dodamgoda

Chairman

Board Audit Committee

28th May 2026

Board Integrated Risk Management Committee Report



Mr. J Kumarasinghe

Chairman - Board Integrated Risk Management Committee

The BIRMC provides oversight of the Company wide risk management framework, including financial, operational, strategic, compliance-related risks and sustainability related risks and opportunities, and ensures alignment with the Company's overall corporate governance principles. Through regular reviews and strategic guidance, the Committee supports informed decision-making by the Board, promoting resilience and responsible risk-taking across all levels of the Company.

Committee Composition and Governance

The Board Integrated Risk Management Committee (BIRMC) comprises three Independent Non- Executive Directors and chaired by an Independent Non-Executive Director in compliance with Finance Business Act Direction No. 05 of 2021, Corporate Governance issued by Central Bank of Sri Lanka.

The Committee operates under a formal Terms of Reference (TOR) approved by the Board of Directors which was reviewed during the financial year in order to enhance the clarity in greater extent including authority vested with the Committee, purpose, composition, meeting frequency and quorum, responsibilities and other procedures of the Committee in line with the regulatory requirements set by Central Bank of Sri Lanka under Finance Business Act Direction No. 05 of 2021, Corporate Governance. The Committee meets once in two months adhering to the Corporate Governance Directions.

Board Member	Directorship Status
Mr. J. Kumarasinghe	Senior Independent Non-Executive Director (Chairman)
Mr.M.A.K.B. Dodamgoda	Independent Non-Executive Director
Mrs.C.P.Malalgoda	Independent Non-Executive Director

Committee Meetings

The Board Integrated Risk Management Committee conducted its oversight responsibilities through a structured meeting framework designed to ensure comprehensive risk governance and effective decision-making. During the financial year, the Committee held six formal meetings, complying with the regulatory requirement. The Managing Director, Executive Director and Senior Management including Chief Operating Officer, General Manager - Finance and Administration, Senior Deputy General Manager -Credit, Senior Deputy General Manager - Asset Management, Compliance Officer and Risk Officer attend the meetings by invitation.

The Company Secretary functions as the Secretary to the Committee.

Committee Responsibilities

The BIRMC operates with a comprehensive mandate to oversee the Company's integrated risk management framework, ensuring alignment with strategic objectives and regulatory requirements. The primary responsibilities of the Committee includes;

- Develop the Company's risk appetite through a Risk Appetite Statement (RAS) which articulates the individual and aggregate level and types of risk.
- Assess the impact of all material risks, including credit, market, liquidity, operational, strategic, compliance and technology risk to the Company through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.
- Monitor and approve, as required, the Company's material strategies, frameworks, policies, processes, models and limits in place to govern risk-taking that are consistent with the risk management strategy and the established risk appetite of the Company.
- Assess all aspects of risk management including business continuity and disaster recovery plans.
- Evaluate the adequacy and effectiveness of the risk management systems and internal controls.
- Take prompt corrective action to mitigate the effects of specific risk in case such risks are at levels beyond the prudent levels, decided by the Committee or Board on the basis of the Company's policies and regulatory and supervisory requirements.
- Establishment of a strong operational risk management culture to understand the nature and the scope of the operational risk and a control environment that are fully integrated into or coordinated with the overall risk management framework of the Company.
- Overseeing the development and implementation of the Company's sustainability strategy and policies.

Activities of the Committee during the Financial Year

During the financial year under review, the Committee oversaw significant enhancements to the Company's integrated risk management framework. The framework encompasses credit risk, market risk, operational risk, liquidity risk, reputational risk, and strategic risk management.

Integrated Risk Management

- During the year under review, the Committee played a pivotal role in facilitating the establishment of the Executive Integrated Risk Management Committee (EIRMC)
- The Committee maintained a strong focus on further strengthening both the Compliance and Risk Departments to establish an operational risk management culture and develop the company's risk management capabilities.
- The Committee reviewed the Risk Management Policy including the integrated risk management framework covering credit, operational, market, liquidity, and reputational risks.
- The Committee reviewed the submitted policies and recommended for the approval of the Board including the following:
  - Credit Risk Management Policy
  - Risk Appetite and Tolerance Statement
  - Stress Testing Policy
  - Operational Risk Management Policy
  - Liquidity Risk Management Policy
  - Policy and Procedures on Anti Money Laundering and Combating the Financing of Terrorism
  - Treasury Management Policy
  - Manual of Procedure (MOP) Treasury Department
  - Contingency Funding Plan
  - IT Policies
- The Committee reviewed the TORs of Asset and Liability Committee (ALCO), IT Steering Committee, Executive Integrated Risk Management Committee and Sustainability Management Committee and recommended for approval during the financial year under review.
- The Committee reviewed the risk reports/risk dashboards including KRIs comprehensively with thorough analysis which goes beyond the regulatory expectations and submit the regular risk report to the Board of Directors.
- Reviewed the meeting minutes of Management Level Committees including Executive Integrated Risk Management Committee, Credit Committee, Asset and Liability Committee (ALCO) and IT Steering Committee.

Credit Risk

- Regular review on the overall credit risk exposure of the Company using credit risk related key risk indicators, their risk mitigation strategies and provide recommendations to improve the asset quality of the Company
- Reviewed the portfolio quality of the Company through non-performing loan ratio, asset wise and product wise non-performing portfolio comparing with the industry results
- Assessed the product-wise, sector wise and asset wise concentration risk of the Company
- Reviewed and deliberated the credit risk related regulatory requirements and company status including single borrower limit; individual and group
- Market and Liquidity Risk
- Given the dynamic interest rate environment, the Committee focused extensively on interest rate risk management and liquidity planning
- The Committee reviewed the asset- and liability management framework of the Company and deliberated the recommendations for maturity mismatch
- Reviewed the adequacy of maintained liquid asset as per the regulatory requirements, investment exposures deposit and borrowings exposure of the Company
- Reviewed the ALCO meeting minutes and deliberated the adequacy of liquidity risk mitigation strategies thereon
- The Committee reviewed the contingency funding plan and treasury management framework of the Company during the Financial Year under review

Operational Risk

- Reviewed the operational key risk indicators including operational losses, internal and external frauds/ attempts and deliberated the risk mitigation strategies
- Reviewed the Company's Risk Register and branch-wise Operational Self Risk Assessment results, and the corresponding risk mitigation actions undertaken.
- The Committee reviewed the staff turnover analysis and deliberated on risk mitigation strategies during the period under review
- Reviewed the overall operational efficiency of the Company through efficiency ratio analysis comparing with the industry ratios
- Reviewed the progress of Business Continuity and Disaster Recovery Plan of the Company
- Information and Cyber Security Risk
- Reviewed the IT policies and recommended to the Board approval during the period under review
- The Committee reviewed the TOR and the meeting minutes of IT Steering Committee with amendments to inclusion of Management Level Committee for IT security
- Reviewed and deliberated on digitalisation journey of the Company with regular updates, time bound action plans provided by Consultant - IT to the Committee
- The Committee reviewed and deliberated on cyber security threats and mitigation strategies adopted by the Company, data privacy, system reliability, and digital transformation risks through the comprehensive risk analysis submitted by Chief Information Security Officer

Board Integrated Risk Management Committee Report

Regulatory and Compliance Risk

- The Committee maintained active oversight of regulatory compliance across all applicable frameworks.
- Reviewed the regular compliance reports submitted by Compliance Officer, provide visibility into adherence to prudential norms and reporting obligations
- The Committee reviewed the compliance risk dashboard regularly and deliberated on key regulatory ratios, customer complaints and reporting requirements of Financial Intelligence Unit
- Reviewed the comprehensive anti-money laundering (AML) reports and risk mitigation strategies adopted by the Company
- Reviewed the risk based compliance plan for the Financial Year 2026/2027

Other Risk Related Activities

- The Committee reviewed the risk exposures of the Company's subsidiary
- Enhance the Company's sustainability reporting framework to comprehensively address climate-related risks and opportunities, and strengthen disclosures in accordance with SLFRS S1 and S2 requirements
- Strengthen the stress testing framework of the Company according to the industry standards

Conclusion

During the period under review, the Board Integrated Risk Management Committee extended the support to uphold the integrated risk management framework of the Company effectively and supports the achievement of strategic objectives while maintaining appropriate risk levels. The BIRMC is satisfied that the Company had managed the risk during the reporting period effectively.



J Kumarasinghe

Chairman

Board Integrated Risk Management Committee

28th May 2026

Nomination and Governance Committee Report GRI 2-10



Mr. J Kumarasinghe

Chairman - Nomination and Governance Committee

The Nomination and Governance Committee (NGC) has played a pivotal role in enhancing Vallibel Finance's leadership and corporate culture by diligently reviewing Board composition and succession planning to meet recognised governance benchmarks. Through its rigorous oversight, the Committee has ensured that the Board is well equipped with diverse perspectives, relevant expertise and strategic foresight, thereby strengthening the Board's capacity to guide the Company's long term direction and value creation.

Through its continued focus on governance excellence, the Committee has strengthened the foundation for effective leadership and responsible corporate stewardship. The NGC is dedicated to upholding a strong corporate culture and sound governance practices across the Organisation. Its work supports prudent decision making, reinforces institutional oversight and contributes to sustainable growth, transparency and accountability, ultimately enhancing stakeholder confidence and the Company's overall governance effectiveness.

Composition of the Committee

The Committee comprises two (02) Independent Non-Executive Directors and one (01) Non-Independent Non-Executive Director and is chaired by an Independent Non-Executive Director.

Name of the Director	Executive	Non - Executive	Independent	Non - Independent
Mr. J Kumarasinghe – Chairman with effect from 28th June 2024		✓	✓	
Mr. K D A Perera – Member with effect from 28th June 2024		✓		✓
Mrs. C P Malalgoda – Member with effect from 28th June 2024		✓	✓	

Brief profiles of the members of the Committee are given on pages 36 to 38 of the Annual Report.

Secretary

The Company Secretary functions as the Secretary to the Committee.

Meetings

During the 2025/26 financial year, the Committee convened six (06) formal meetings. The Managing Director/Chief Executive Officer attended by invitation to provide input on nominations and the Committee's recommendations were formally presented to the Board of Directors for approval, thereby reinforcing rigorous oversight and informed governance outcomes.

Attendance of members at Nomination and Governance Committee meetings held during 2025/26

Name of the Director	Board Status	Member Status	Meeting Attendance
Mr J Kumarasinghe	Senior Independent Non-Executive Director	Chairman	6/6
Mr K D A Perera	Non-Executive Director/ Chairman	Member	6/6
Mrs C P Malalgoda	Independent Non-Executive Director	Member	6/6

Regulations / Rules Relevant to the Functions of the Committee

The Committee is established in compliance with Section 10.4 of the Finance Business Act (Corporate Governance) Direction No. 5 of 2021. Its composition is in conformity with Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange (CSE).

The Committee operates under Board approved Terms of Reference that are reviewed on a periodic basis as determined by the NGC or whenever necessary. These Terms of Reference define the Committee's scope, authority and responsibilities and are aligned with applicable governance standards and best practices.

Terms of Reference

The Board has approved the Terms of Reference of the NGC, which have been formulated in accordance with the Finance Business Act (Corporate Governance) Direction No. 5 of 2021 and the Finance Business Act Direction No. 6 of 2021 on the Assessment of Fitness and Propriety of Key Responsible Persons. The Terms of Reference clearly define the duties, responsibilities and authority of the NGC.

Role of the Committee

The Committee emphasises Board diversity and evaluates potential appointees against criteria such as skills, experience, age and gender to ensure an

Nomination and Governance Committee Report

appropriate mix tailored to the Company's operations and regulatory requirements. Details of the Board's composition by these criteria are disclosed in the Corporate Governance Report and a Board approved Policy on Corporate Governance, Nomination and Re election is maintained in compliance with CSE Rules. Relevant disclosures pertaining to periodic evaluations of the Board of Directors and the Managing Director are included in the Corporate Governance Report on page 167.

The principal functions of the Nomination and Governance Committee include the following:

- To evaluate appointments to the Board and Board Committees and make appropriate recommendations to the Board.
- To assess the suitability of proposed Directors based on their knowledge, skills, experience, independence and objectivity required for effective Board performance.
- To consider and recommend the re-appointment or re-election of incumbent Directors, taking into account their performance, experience, contribution and collective Board effectiveness.
- To establish and maintain a formal and transparent process for the evaluation, selection, appointment and re-appointment of Directors and Senior Management.
- To periodically review the structure, size and composition of the Board and its Committees to ensure effectiveness and regulatory compliance.
- To assess and recommend suitable candidates to replace retiring Directors and Senior Management, as required.
- To formulate and periodically review succession plans for the Board of Directors and Key Management Personnel.
- To review the Company's corporate governance policies and framework to ensure continued alignment with regulatory, legal and best-practice developments.

Activities of the Committee

During the year under review, the Nomination and Governance Committee concentrated on succession planning and identifying training needs for potential leadership successors, reviewing Management's recommendations for key positions in line with regulatory requirements and the Company's growth strategy.

In accordance with the Articles of Association, the Committee determined that the Director who has served longest since last election excluding certain Executive Officers is required to retire at the forthcoming Annual General Meeting (AGM). Accordingly, Mr. M A K B Dodamgoda, who is due to retire, has been recommended for re election by shareholders. The Committee also recommended that Mr. M P U Perera, appointed in July 2025, be elected by shareholders at the AGM. Relevant disclosures in respect of both Directors are included in the Corporate Governance Report on pages 162 to 173, Director Profiles on page 38 and Notice of Meeting on page 401.

The results of the Board Performance Evaluations and the Sub Committee Performance Evaluation were tabled before the Committee and submitted to the Board of Directors for consideration. Newly appointed Directors receive comprehensive briefings on corporate governance requirements, Listing Rules, market regulations and other applicable laws, while incumbent Directors are regularly updated through Board and Sub Committee discussions to ensure ongoing alignment with best practices and regulatory expectations. Disclosures relating to Board Meeting Process in the Corporate Governance Report on pages 168 and 169 details the processes adopted by the Company to keep the members of the Board including Independent Directors informed of any concern regarding the Company.

Authority

The recommendations of the Committee are submitted to the Board for approval subject to obtaining requisite regulatory approvals, where applicable.

The Committee is authorised to obtain any information it requires from within the Company and to seek independent professional advice both internally and externally as necessary to discharge its responsibilities effectively.

Declaration

The Committee has consistently complied with the corporate governance requirements set out in the CSE Listing Rules. Following the receipt and review of declarations submitted by Board Members in accordance with Appendix 9A of Section 9 of the Listing Rules, it was confirmed that the Independent Directors of the Board - Mr. J Kumarasinghe, Mrs. C P Malalgoda, Mr. M A K B Dodamgoda and Mr. M P U Perera - met the criteria of independence.



J Kumarasinghe

Chairman

Nomination and Governance Committee

28th May 2026

Human Resource and Remuneration Committee Report GRI 2-19



Mr. J Kumarasinghe

Chairman - Human Resource and Remuneration Committee

The Human Resources and Remuneration Committee (HRRC) plays a key role in overseeing the Company's human capital strategy, encompassing areas such as employee remuneration, performance management, talent acquisition and succession planning. The Committee is responsible for formulating and recommending HR policies, evaluating the performance of Senior Management and Key Responsible Personnel and providing guidance to the Board on compensation frameworks, salary adjustments and overall employee development.

Purpose of the Committee

The HRRC plays a key role in guiding the organisation's human capital strategy and remuneration practices. It ensures that compensation structures remain fair, competitive and performance driven, while overseeing workforce planning, regulatory compliance and talent management initiatives. The Committee also supports efforts to attract, develop and retain capable employees in alignment with the organisation's long term strategic objectives.

Composition of Committee

The Committee consists of three (03) Independent Non-Executive Directors and one (01) Non-Independent Non-Executive Director as of 31st March 2026. The Committee is chaired by an Independent Non-Executive Director.

Name of the Director	Executive	Non Executive	Independent	Non Independent
Mr. J Kumarasinghe - Chairman with effect from 28th March 2019		✓	✓	
Mr. K D A Perera – Member with effect from 18th October 2023		✓		✓
Mrs. C P Malalgoda- Member with effect from 18th October 2023		✓	✓	
Mr. M A K B Dodamgoda -Member with effect from 20th November 2025		✓	✓	

Brief profiles of the members of the Committee are given on pages 36 to 38 of the Annual Report.

Secretary

The Company Secretary functions as the Secretary to the Committee.

Meetings

Seven (07) formal Committee meetings were convened during the year and the Managing Director/Chief Executive Officer participated by invitation. The Committee's recommendations were then forwarded to the Board of Directors for review and approval.

Attendance of members at Human Resource and Remuneration Committee meetings held during 2025/26

Name of the Director	Board Status	Member Status	Meeting Attendance
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	Chairman	7/7
Mr. K D A Perera	Non-Executive Director/ Chairman	Member	7/7
Mrs. C P Malalgoda	Independent Non-Executive Director	Member	7/7
Mr. M A K B Dodamgoda[1]	Independent Non-Executive Director	Member	2/2

1* - Appointed to the Committee w.e.f – 20th November 2025

Regulations / Rules Relevant to the Functions of the Committee

The Committee is established in accordance with Section 10.5 of the Finance Business Act (Corporate Governance) Direction No. 5 of 2021, with its composition aligning with Rule 9.12.6 of the Listing Rules. Its operations are governed by the Board approved Terms of Reference and guided by the Board approved Human Resource and Remuneration Policy.

Terms of Reference

The HRRC operates under Board approved Terms of Reference formulated in accordance with the Finance Business Act (Corporate Governance) Direction No. 5 of 2021 and the Corporate Governance Requirements of the Colombo Stock Exchange (CSE). The Committee assists the Board in developing and overseeing a remuneration framework that aligns employee rewards with both organisational objectives and individual

Human Resource and Remuneration Committee Report

performance. It is empowered to review matters within its scope, make recommendations to the Board on Human Resource and Remuneration related matters and support effective employee development and talent retention. The HRRC shall review and assess the adequacy of these Terms of Reference on a periodic basis as determined by the HRRC or whenever necessary.

Role of the Committee

The main functions of the Human Resource and Remuneration Committee are as follows:

- To recommend the Remuneration Policy of the Company and amendments thereto, if any as required.
- To review the Managing Director's and the Executive Directors' remuneration and recommend the same to the Board for approval.
- To establish an effective remuneration framework for Senior Management and other employees which is structured to ensure that rewards are measurably linked to an individual's performance, skills, experience and level of responsibilities.
- To oversee any major changes in employee remuneration and benefit structures throughout the Company.
- To carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

Key Decisions and Policy Updates

The Committee approved revisions to the Remuneration Policy, introducing clearer links between performance and variable pay components. It also endorsed the Policy on Remuneration of Executive and Non-Executive Directors to ensure fair and transparent compensation practices. In addition, the Committee approved the promotion of Key Responsible Persons (KRPs) within the Company to the next level aiming at developing high-potential talent for future leadership roles.

Recognising the importance of motivating committed employees, the Committee also recommended bonus payments and salary increments in line with the policies adopted by the Company.

Authority

The HRRC oversees the Company's human capital strategy, advises the Board on HR policies, performance and compensation matters and is empowered to access all relevant information and obtain professional advice, whether internally or externally as needed.

Remuneration Policy

Vallibel Finance PLC recognises that a competitive remuneration structure is essential for attracting, retaining and motivating qualified employees and Senior Management. The Company's Remuneration Policy is designed to align with market standards, regulatory requirements and the Company's corporate values, while supporting sustainable financial performance.

Variable remuneration is structured to incentivise performance without encouraging excessive risk-taking, thereby ensuring alignment with the Company's business strategy. The Policy on Remuneration of Executive and Non-Executive Directors ensures that leadership compensation remains consistent, equitable and aligned with both regulatory requirements and the Company's strategic objectives.

Directors' Remuneration

The total remuneration paid to the Directors during the financial year under review is given on page 197 of the Annual Report.

In FY 2025/26, the Company continued to strengthen its HR policies, practices and systems, emphasising areas such as performance management, employee recognition, talent development, engagement and succession planning. These efforts aim to reinforce the Company's employee value proposition while promoting tangible improvements in overall organisational productivity.



J Kumarasinghe

Chairman

Human Resource and Remuneration Committee

28th May 2026

Related Party Transactions Review Committee Report GRI 2-15



Mr. M A K B Dodamgoda

Chairman - Related Party Transactions Review Committee

Composition of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee consists of three Independent Non-Executive Directors. The composition of the committee is as follows:

Mr. M A K B Dodamgoda
Independent Non-Executive Director (Chairman)

Mr. J Kumarasinghe
Independent Non-Executive Director

Mrs. C P Malalgoda
Independent Non-Executive Director

A brief profile of each member of the Committee is given on pages 37 and 38.

The Company Secretary functions as the Secretary to the Committee. The Managing Director/ CEO, General Manager - Finance and Administration, and the Compliance Officer attend meetings upon invitation.

Terms of Reference of the Committee

The Related Party Transactions Review Committee Charter ("RPT Charter") was adopted in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange and Section 12 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021. The Charter defines the scope, responsibilities, and functions of the Committee in overseeing related party transactions to ensure transparency and compliance with regulatory requirements.

Role of the Committee

The Related Party Transactions Review Committee is responsible for ensuring that related party transactions are conducted in a sound, prudent, and transparent manner, with integrity and in compliance with applicable laws and regulations. This oversight aims to safeguard stakeholder interests and uphold the principles of good governance. The primary objective of the Committee is to provide independent review, approval, and oversight of Related Party Transactions of the Company.

The main responsibilities of the Committee include the following:

- Develop and recommend policies and procedures to review Related Party Transactions of the Company.
- Review proposed Related Party Transactions of the Company, except those explicitly exempted by the Committee Charter.
- Update the Board of Directors on the Related Party Transactions of the Company.
- Make disclosures on applicable Related Party Transactions as required by the applicable regulations.
- Monitor the Related Party Transactions, if any, to ensure that they are conducted in a manner that will prevent or mitigate the impact of any conflicts of interest between the Company and its Related Parties.

Policies and Procedures

The Company has adopted a Related Party Transactions (RPTs) Policy in view of structuring the Company's policies and procedures to uphold good governance and in the best interests of the Company. The Policy has been prepared in accordance with the rules pertaining to RPTs under the Listing Rules of the Colombo Stock Exchange and the Central Bank of Sri Lanka.

The Committee ensures that all transactions with related parties are in the best interests of all stakeholders; adequate transparency is maintained and is in compliance with the Listing Rules. The Committee reviewed related party transactions during the year and communicated its observations to the Board. The Committee regularly reviews the processes relating to related party transactions to ensure compliance with regulatory requirements, maintain transparency, and uphold industry best practices and sound corporate governance standards.

Meetings

The Committee held four meetings during the year, at quarterly intervals, to review the

Related Party Transactions of the Company. The minutes of the meetings were tabled at Board meetings for the Board's information and/or necessary action.

Related Party Transactions during the year

The Company has not entered into any transactions as set out in Sections 9.14.6 and 9.14.8 (2) of the Listing Rules of the CSE. All transactions entered into by the Company that fall under Section 9.14.8 (1) of the Listing Rules have been disclosed on page 225. Details of other Related Party Transactions are given in Note No. 52 to the Financial Statements on pages 346 to 350.

Declaration

The Committee ensures that related party transactions are conducted in a transparent manner, with due consideration to the interests of stakeholders, and are appropriately disclosed and reported. The Committee further confirms that the Company has complied with the applicable requirements of the Colombo Stock Exchange (CSE) Rules, the directives issued by the Central Bank of Sri Lanka, and LKAS 24 – Related Party Disclosures of the Sri Lanka Accounting Standards in the preparation of the Annual Report.



M A K B Dodamgoda
Chairman

Related Party Transactions Review Committee

28th May 2026

FINANCIAL STATEMENTS

260 Financial Calendar

261 Key Highlights

262 Director's Statement on Internal Control Over Financial Reporting

263 Independent Assurance Report

264 Statement of Directors' Responsibilities

265 Independent Auditor's Report

268 Statement of Profit or Loss and Other Comprehensive Income

270 Statement of Financial Position

272 Statement of Changes in Equity - Company

273 Statement of Changes in Equity - Group

274 Statement of Cashflows

276 Notes to the Financial Statements

Built for Precision,
Driven by Performance

Our financial statements for the year under review reflect a period of exceptional performance, underpinned by precision, discipline, and sound financial management. Vallibel Finance PLC's strong results are a direct outcome of our strategic focus and operational efficiency, demonstrating our ability to deliver sustained growth while maintaining financial stability. These outcomes reinforce our position within the industry and highlight our capacity to generate consistent value for stakeholders.



Financial Calendar

ANNUAL GENERAL MEETING (AGM) CALENDAR

	2025/2026	2026/2027
Annual Report and Accounts for the year signed/to be signed	28th May 2026	In May 2027
Annual General Meeting to be held	26th June 2026	In June 2027

INTERIM FINANCIAL STATEMENTS CALENDAR - SUBMISSION TO THE COLOMBO STOCK EXCHANGE (CSE)

	2025/2026 Submitted on	2026/2027 To be Submitted on or before
For the three months ended / ending 30th June	23rd July 2025	15th August 2026
For the six months ended / ending 30th September	23rd October 2025	15th November 2026
For the nine months ended / ending 31st December	19th January 2026	15th February 2027
For the year ended / ending 31st March	29th May 2026	31st May 2027

SIX MONTHS FINANCIAL STATEMENTS

Six months ended / ending 30th September	2025/2026 Published on	2026/2027 To be published on or before
English	13th November 2025	30th November 2026
Sinhala	13th November 2025	30th November 2026
Tamil	13th November 2025	30th November 2026

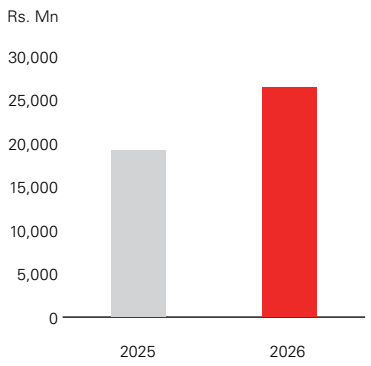
ANNUAL FINANCIAL STATEMENTS

Year ended / ending 31st March	2024/2025 Published on	2025/2026 To be published on or before
English	26th June 2025	30th June 2026
Sinhala	26th June 2025	30th June 2026
Tamil	26th June 2025	30th June 2026

Key Highlights

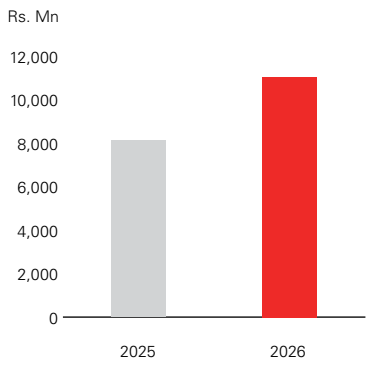
Total Income

37.4%



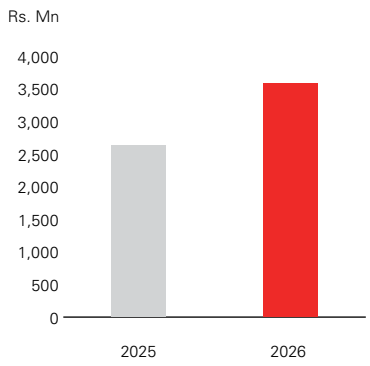
Net Interest Income

36.1%

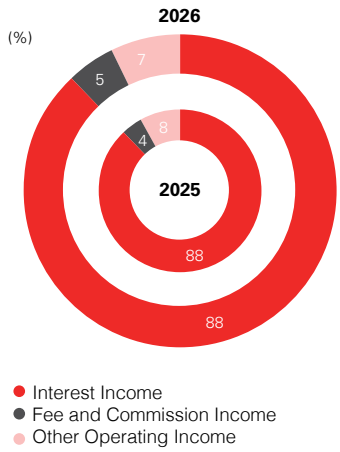


Profit for the Year

36.5%

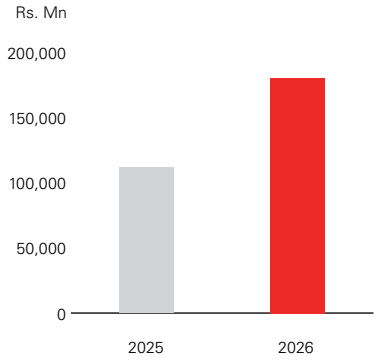


Gross Income - 2026 vs 2025



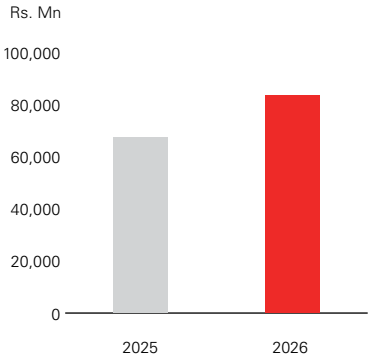
Total Assets

61.4%



Deposits due to Customers

23.7%



Directors' Statement on Internal Control Over Financial Reporting

Responsibility in line with the section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021 – Corporate Governance, the Board of Directors presents this report on Internal Control over Financial Reporting.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at the Vallibel Finance PLC ("the Company"). The system of internal controls is primarily designed to manage the Company's key risk areas within an acceptable risk profile, rather than to eliminate the risk of failing to achieve its policies and business objectives. However, it is important to note that the stipulated system of internal controls can provide reasonable, but not absolute, assurance against material misstatements of financial information, records, or against financial losses and fraud

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board.

The Board is of the view that the system of Internal Control over Financial Reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of Financial Reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in the implementation of the policies and procedures on risk and control, by identifying and assessing the risks faced, and in design, operation and monitoring of suitable internal controls over financial reporting to mitigate and control these risks. Internal controls over financial reporting are checked by the Internal Auditors of the Company to ensure the design and operating effectiveness on an ongoing basis.

CONFIRMATION

Based on the above processes, the Board 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 and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditor, Messrs. Ernst & Young, has reviewed the above Directors' Statement on Internal Control over Financial Reporting and report is included in the Company's Annual Report for the year ended 31st March 2026. They 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. Their report on the statement of internal control over financial reporting is given on page 263 of this annual report.

STATEMENT ON PRUDENTIAL REQUIREMENTS, REGULATIONS AND LAWS

The Board of Vallibel Finance PLC presents this report on compliance with prudential requirements, regulations and laws, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021, Corporate Governance.

The Board has implemented sufficient internal controls to ensure adherence to statutory and regulatory obligations. The Board affirms that the Company complies with all relevant prudential requirements, regulations, and legislation laws.

The Board confirms that there are no significant regulatory and supervisory concerns on lapses in the Company's risk management, or non-compliance with the Act, rules and directions.

By order of the Board.



S B Rangamuwa
Managing Director



M A K B Dodamgoda
Chairman
Audit Committee

28th May 2026

Independent Assurance Report

Shape the future with confidence

Ernst & Young
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TO THE BOARD OF DIRECTORS OF VALLIBEL FINANCE PLC

Report on the Statement on Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Vallibel Finance PLC ("The Company") to provide assurance on the Statement of Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control for the year ended 31 March 2026 ("The Statement") included in the annual report for the year ended 31 March 2026.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the paragraph 16.1 (ix) of Finance Business Act 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 requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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 Charted 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 Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Company.

Ernst & Young

28 May 2026

Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

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Statement of Directors' Responsibilities

The Directors are required by the Companies Act No. 7 of 2007 to prepare financial statements for each financial year, which give a true and fair view of the statement of affairs of the Company as at the end of the financial year and the income and expenditure of the Company for the financial year.

The Directors are also responsible to ensure that the financial statements are prepared in compliance with the required standards and any other requirements which apply to the Company's financial statements under any other law.

The Directors consider that the financial statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the revised Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Lanka Accounting Standards (LKAS), Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Finance Business Act No. 42 of 2011 and the relevant Directions issued in respect of Licensed Finance Companies.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records, which disclose the financial position of the Company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid. They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the Company's Business Plan for the financial year 2025/26, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

By Order of the Board

VALLIBEL FINANCE PLC



Lakmini Kottegoda

Company Secretary
28th May 2026

Independent Auditor's Report

Shape the future with confidence

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TO THE SHAREHOLDERS OF VALLIBEL FINANCE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vallibel Finance PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group 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 opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowances for Expected Credit Losses of Loans & Lease receivables measured at amortised cost Allowances for expected credit losses of Loans & Lease receivables measured at amortised cost as disclosed in Note 29 and 30 respectively, are determined by management based on the accounting policies described in Note 7.1.4.1 and 17 to the financial statements. This was a key audit matter due to ↘ the significant management judgements, assumptions and estimation uncertainty involved in assessing the future recoverability of Loans & Lease receivables; and ↘ the materiality of the reported amount of allowance of expected credit losses.	In addressing the allowances for expected credit losses of Loans & Lease receivables measured at amortised cost, our audit procedures included the following key procedures: ↘ Assessed the alignment of the Company's allowances for expected credit loss computations with the underlying methodology and related accounting policies, based on the best available information up to date of our report. ↘ Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses. ↘ Assessed the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and management. ↘ Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Company.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Key areas of significant judgements, assumptions and estimates used by management in the assessment of the impairment for expected credit losses included determining whether significant increase in credit risk has occurred, use of a broad range of forward-looking macroeconomic inputs and their associated weightages which are subject to inherently heightened levels of estimation uncertainty and subjectivity. Further information on the key estimates, assumptions and judgements is disclosed in Notes 17 and 57 A iii.	↘ Evaluated the reasonableness of qualitative and quantitative factors used in credit quality assessments and related stage classifications. In addition to the above, the following procedures were performed: For Loans & Lease receivables assessed on a collective basis for impairment: ↘ Tested the key inputs and the calculations used in the allowances for expected credit losses. ↘ 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 7.1.4.1, 17, 29, 30 and 57 A iii.
Information Technology (IT) systems related internal controls over financial reporting The Company's financial reporting process is significantly reliant on multiple IT systems with automated processes and 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 and related internal controls over financial reporting were identified as a key audit matter.	Our audit procedures included the following key procedures: ↘ Obtained an understanding of the internal control environment of the processes and tested relevant key controls relating to financial reporting and related disclosures. ↘ Involved our internal specialised resources and; ↘ Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls, including those related 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, including review of the general ledger reconciliations.

Other Information included in the 2026 Annual Report

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 8513.

Ernst & Young

28 May 2026

Colombo

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March	Page No.	Note	Company 2026 Rs.'000	Company 2025 Rs.'000	Company Change %	Group 2026 Rs.'000	Group 2025 Rs.'000	Group Change %
Gross Income	283	11	**26,384,435**	19,200,595	37.4	**26,287,660**	19,072,260	37.8
Interest Income	284	12.1	**23,215,065**	16,913,893	37.3	**23,138,589**	16,841,212	37.4
Interest Expense	285	12.2	**(12,170,227)**	(8,796,402)	38.4	**(12,029,151)**	(8,702,039)	38.2
Net Interest Income	283	12	**11,044,838**	8,117,491	36.1	**11,109,438**	8,139,173	36.5
Fee and Commission Income	285	13	**1,327,144**	785,151	69.0	**1,319,044**	772,284	70.8
Net Fee and Commission Income			**1,327,144**	785,151	69.0	**1,319,044**	772,284	70.8
Net Gain / (Loss) from Trading	285	14	**5,976**	1,460	>100	**5,976**	1,460	>100
Net Gain / (Loss) from other Financial Instruments at FVTPL	286	15	**210**	139	51.1	**466**	396	17.7
Other Operating Income	286	16	**1,836,040**	1,499,952	22.4	**1,823,585**	1,456,908	25.2
Total Operating Income			**14,214,208**	10,404,193	36.6	**14,258,509**	10,370,221	37.5
Impairment (Charges) / Reversals and Other Credit Losses on Financial Assets	287	17	**(640,909)**	(170,781)	>100	**(640,909)**	(170,781)	>100
Net Operating Income			**13,573,299**	10,233,412	32.6	**13,617,600**	10,199,440	33.5
Expenses								
Personnel Expenses	290	18	**(3,236,691)**	(2,487,213)	30.1	**(3,236,645)**	(2,489,037)	30.0
Premises Equipment and Establishment Expenses			**(773,490)**	(713,028)	8.5	**(466,272)**	(390,091)	19.5
Other Operating Expenses			**(1,921,336)**	(1,475,276)	30.2	**(2,115,269)**	(1,660,149)	27.4
Operating Profit Before Taxes on Financial Services	290	19	**7,641,782**	5,557,895	37.5	**7,799,414**	5,660,163	37.8
Taxes on Financial Services	291	20	**(1,771,718)**	(1,320,599)	34.2	**(1,780,295)**	(1,328,315)	34.0
Profit Before Income Tax			**5,870,064**	4,237,296	38.5	**6,019,119**	4,331,848	39.0
Income Tax Expense	292	21	**(2,280,684)**	(1,607,798)	41.9	**(2,346,047)**	(1,635,348)	43.5
Profit for the Year			**3,589,380**	2,629,498	36.5	**3,673,072**	2,696,500	36.2
Profit attributable to:								
Equity holders of the Company			**3,589,380**	2,629,498	36.5	**3,673,072**	2,696,500	36.2
Non - Controlling Interest			**-**	-	-	**-**	-	-
Profit for the Year			**3,589,380**	2,629,498	36.5	**3,673,072**	2,696,500	36.2
Earnings Per Share	293	22						
Basic Earnings Per Share		22.1	**14.77**	10.82	36.5	**15.12**	11.10	36.2
Diluted Earnings Per Share		22.2	**14.77**	10.82	36.5	**15.12**	11.10	36.2

The notes appearing on pages 276 to 374 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

For the Year Ended 31st March	Page No.	Note	Company 2026 Rs.'000	Company 2025 Rs.'000	Company Change %	Group 2026 Rs.'000	Group 2025 Rs.'000	Group Change %
Profit for the Year			**3,589,380**	2,629,498	36.5	**3,673,072**	2,696,500	36.2
Other Comprehensive Income, Net of Tax								
Items that will never be reclassified to Profit or Loss								
Gains / (Losses) on remeasurement of Defined Benefit Liability	342	47.3	**(60,515)**	(26,679)	>100	**(60,515)**	(26,679)	>100
Deferred Tax (Charge) / Reversal on Actuarial Gains / (Losses)			**18,155**	8,004	>100	**18,155**	8,004	>100
Net Actuarial Gains / (Losses) on Defined Benefit Liability			**(42,360)**	(18,675)	>100	**(42,360)**	(18,675)	>100
Revaluation of Land & Buildings			**14,684**	14,267	2.9	**323,198**	320,938	0.7
Deferred Tax (Charge) / Reversal on Revaluation of Land & Buildings	345	50.1	**(4,405)**	(4,280)	2.9	**(96,959)**	(96,281)	0.7
Net Change in Revaluation of Land & Buildings			**10,279**	9,987	2.9	**226,239**	224,657	0.7
Other Comprehensive Income for the Year, Net of Tax			**(32,081)**	(8,688)	>100	**183,879**	205,982	(10.7)
Total Comprehensive Income for the Year			**3,557,299**	2,620,810	35.7	**3,856,951**	2,902,482	32.9
Attributable to:								
Equity holders of the Company			**3,557,299**	2,620,810	35.7	**3,856,951**	2,902,482	32.9
Non - Controlling Interest			**-**	-	-	**-**	-	-
Total Comprehensive Income for the Year			**3,557,299**	2,620,810	35.7	**3,856,951**	2,902,482	32.9

The notes appearing on pages 276 to 374 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

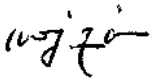
Statement of Financial Position

As at 31st March	Page No.	Note	Company 2026 Rs.'000	Company 2025 Rs.'000	Company Change %	Group 2026 Rs.'000	Group 2025 Rs.'000	Group Change %
Assets								
Cash and Cash Equivalents	310	26.1	**3,098,330**	1,982,202	56.3	**3,100,731**	1,999,887	55.0
Placements with Banks and Other Finance Companies	310	27	**4,810,549**	570,007	>100	**4,810,549**	570,007	>100
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	311	28	**703,824**	133,889	>100	**786,876**	209,882	>100
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	313	29	**137,248,200**	78,402,912	75.1	**137,248,200**	78,402,912	75.1
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	315	30	**19,294,598**	13,745,290	40.4	**19,294,598**	13,745,290	40.4
Financial Investments Measured at Fair Value Through Other Comprehensive Income	318	31	**204**	204	-	**204**	204	-
Financial Assets at Amortised Cost - Debt and other Financial Instruments	319	32	**6,597,124**	8,850,863	(25.5)	**6,597,124**	8,850,863	(25.5)
Financial Assets at Amortised Cost - Other Financial Assets	320	33	**51,319**	42,074	22.0	**51,319**	42,074	22.0
Investment in a Subsidiary	320	34	**0**	0	-	**-**	-	-
Investment Property	321	35	**1,327,000**	1,242,000	6.8	**1,101,500**	1,072,000	2.8
Property, Plant and Equipment	324	36	**1,369,028**	1,094,181	25.1	**5,155,343**	4,745,053	8.6
Right-of-use Lease Assets	331	37	**3,293,300**	3,473,889	(5.2)	**920,890**	801,828	14.8
Intangible Assets	332	38	**24,635**	13,357	84.4	**25,010**	14,108	77.3
Deferred Tax Assets	340	45.4	**1,475,249**	1,236,213	19.3	**731,893**	457,708	59.9
Other Assets	333	39	**992,746**	895,497	10.9	**402,653**	351,097	14.7
Total Assets			**180,286,106**	111,682,578	61.4	**180,226,890**	111,262,913	62.0
Liabilities								
Bank Overdrafts	310	26.2	**3,169,281**	1,828,680	73.3	**3,169,281**	1,828,680	73.3
Rental Received in Advance			**455,190**	306,105	48.7	**475,579**	313,485	51.7
Financial Liabilities at Amortised Cost - Deposits due to Customers	334	40	**83,459,182**	67,480,200	23.7	**83,459,182**	67,480,200	23.7
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	335	41	**57,147,742**	12,650,533	>100	**57,786,449**	13,461,095	>100
Subordinated Term Debt	337	42	**10,148,342**	6,690,647	51.7	**10,148,342**	6,690,647	51.7
Lease Liabilities	338	43	**2,799,206**	2,721,617	2.9	**1,165,826**	1,031,339	13.0
Current Tax Liabilities	339	44	**1,462,113**	919,107	59.1	**1,462,113**	919,107	59.1
Deferred Tax Liabilities	340	45.3	**1,202,211**	1,234,806	(2.6)	**1,148,165**	988,372	16.2
Other Liabilities	341	46	**2,087,050**	2,507,119	(16.8)	**2,187,307**	2,637,019	(17.1)
Retirement Benefit Obligations	342	47.1	**321,559**	219,680	46.4	**321,559**	219,680	46.4
Total Liabilities			**162,251,876**	96,558,494	68.0	**161,323,803**	95,569,624	68.8

As at 31st March	Page No.	Note	Company 2026 Rs.'000	Company 2025 Rs.'000	Company Change %	Group 2026 Rs.'000	Group 2025 Rs.'000	Group Change %
Equity								
Stated Capital	344	48	**1,325,918**	1,325,918	-	**1,325,918**	1,325,918	-
Statutory Reserve Fund	345	49	**2,184,795**	2,005,326	8.9	**2,184,795**	2,005,326	8.9
Other Reserves	345	50	**204,301**	194,022	5.3	**1,093,976**	867,737	26.1
Retained Earnings	346	51	**14,319,216**	11,598,818	23.5	**14,298,398**	11,494,308	24.4
Total Equity attributable to Equity holders of the Company			**18,034,230**	15,124,084	19.2	**18,903,087**	15,693,289	20.5
Non - Controlling Interest			**-**	-	-	**-**	-	-
Total Equity			**18,034,230**	15,124,084	19.2	**18,903,087**	15,693,289	20.5
Total Liabilities and Equity			**180,286,106**	111,682,578	61.4	**180,226,890**	111,262,913	62.0
Net Assets Value Per Share (Rs.'000)			**76.59**	64.23	19.2	**80.28**	66.65	20.5

The notes appearing on pages 276 to 374 are an integral part of these Financial Statements.

Certification
These Financial Statements have been prepared in compliance with the requirements of the Companies Act, No.07 of 2007.



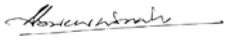
K.D. Menaka Sameera
General Manager - Finance & Administration

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements.

Approved and signed for and on behalf of the Board ;



S.B. Rangamuwa
Managing Director



S.S. Weerabahu
Executive Director

28th May 2026
Colombo

Statement of Changes in Equity - Company

	Note	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	Retained Earnings	Total Equity
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2024		1,325,918	1,873,851	176,535	7,500	9,589,989	12,973,793
Total Comprehensive Income for the Year							
Profit for the Year		-	-	-	-	2,629,498	2,629,498
Other Comprehensive Income, net of Tax							
Net Actuarial Gains / (Losses) on Defined Benefit Liability, net of tax		-	-	-	-	(18,675)	(18,675)
Net Change in Revaluation of Land & Buildings, net of tax		-	-	9,987	-	-	9,987
Total Comprehensive Income for the Year		-	-	9,987	-	2,610,823	2,620,810
Transactions with owners of the Company							
Contributions and distributions							
Dividends to equity holders							
Dividend Paid Share for the Financial Year 2023/24		-	-	-	-	(470,907)	(470,907)
Unclaimed Dividend Adjustments		-	-	-	-	388	388
Statutory Reserve Transfer		-	131,475	-	-	(131,475)	-
Total Transactions with Equity Holders		-	131,475	-	-	(601,994)	(470,519)
Balance as at 31st March 2025		**1,325,918**	**2,005,326**	**186,522**	**7,500**	**11,598,818**	**15,124,084**
Total Comprehensive Income for the Year							
Profit for the Year		**-**	**-**	**-**	**-**	**3,589,380**	**3,589,380**
Other Comprehensive Income, net of Tax							
Net Actuarial Gains / (Losses) on Defined Benefit Liability, net of tax		**-**	**-**	**-**	**-**	**(42,360)**	**(42,360)**
Net Change in Revaluation of Land & Buildings, net of tax	50.1	**-**	**-**	**10,279**	**-**	**-**	**10,279**
Total Comprehensive Income for the Year		**-**	**-**	**10,279**	**-**	**3,547,020**	**3,557,299**
Transactions with owners of the Company							
Contributions and distributions							
Dividends to equity holders							
Dividend Paid Share for the Financial Year 2024/25		**-**	**-**	**-**	**-**	**(647,497)**	**(647,497)**
Unclaimed Dividend Adjustments		**-**	**-**	**-**	**-**	**344**	**344**
Statutory Reserve Transfer	49.1	**-**	**179,469**	**-**	**-**	**(179,469)**	**-**
Total Transactions with Equity Holders		**-**	**179,469**	**-**	**-**	**(826,622)**	**(647,153)**
Balance as at 31st March 2026		**1,325,918**	**2,184,795**	**196,801**	**7,500**	**14,319,216**	**18,034,230**

The notes appearing on pages 276 to 374 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity - Group

	Note	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	Retained Earnings	Non - Controlling Interest	Total Equity
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2024		1,325,918	1,873,851	635,580	7,500	9,418,477	-	13,261,326
Total Comprehensive Income for the Year								
Profit for the Year		-	-	-	-	2,696,500	-	2,696,500
Other Comprehensive Income, net of Tax								
Net Actuarial Gains / (Losses) on Defined Benefit Liability		-	-	-	-	(18,675)	-	(18,675)
Net Change in Revaluation of Land & Buildings, net of tax		-	-	224,657		-	-	224,657
Total Comprehensive Income for the Year		-	-	224,657	-	2,677,825	-	2,902,482
Transactions with owners of the Company								
Contributions and distributions								
Dividends to equity holders								
Dividend Paid Share for the Financial Year 2023/24		-	-	-	-	(470,907)	-	(470,907)
Unclaimed Dividend Adjustments		-	-	-	-	388	-	388
Statutory Reserve Transfer		-	131,475	-	-	(131,475)	-	-
Total Transactions with Equity Holders		-	131,475	-	-	(601,994)	-	(470,519)
Balance as at 31st March 2025		1,325,918	2,005,326	860,237	7,500	11,494,308	-	15,693,289
Total Comprehensive Income for the Year								
Profit for the Year		-	-	-	-	3,673,072	-	3,673,072
Other Comprehensive Income, net of Tax								
Net Actuarial Gains / (Losses) on Defined Benefit Liability		-	-	-	-	(42,360)	-	(42,360)
Net Change in Revaluation of Land & Buildings, net of tax	50.1	-	-	226,239		-	-	226,239
Total Comprehensive Income for the Year		-	-	226,239	-	3,630,712	-	3,856,951
Transactions with owners of the Company								
Contributions and distributions								
Dividends to equity holders								
Dividend Paid Share for the Financial Year 2024/25		-	-	-	-	(647,497)	-	(647,497)
Unclaimed Dividend Adjustments		-	-	-	-	344	-	344
Statutory Reserve Transfer	49.1	-	179,469	-	-	(179,469)	-	-
Total Transactions with Equity Holders		-	179,469	-	-	(826,622)	-	(647,153)
Balance as at 31st March 2026		1,325,918	2,184,795	1,086,476	7,500	14,298,398	-	18,903,087

The notes appearing on pages 276 to 374 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

Accounting Policy

The Statement of Cash Flows has been prepared using the "Direct Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard LKAS- 07 "Cash Flow Statements". Cash and cash equivalents comprise 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. The cash and cash equivalent include cash in hand and favourable balances with banks.

For the Year Ended 31st March	Note	Company		Group	
		2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Cash Flow from Operating Activities					
Interest and Commission Receipts		**24,560,950**	18,265,025	**24,557,503**	18,277,408
Interest Payments		**(9,958,639)**	(7,932,764)	**(10,028,492)**	(8,073,948)
Cash Receipts from Customers		**1,706,711**	1,393,766	**1,754,103**	1,434,744
Cash Payments to Employees and Suppliers		**(7,571,289)**	(5,987,061)	**(7,330,760)**	(5,762,532)
Operating Profit Before Changes in Operating Assets and Liabilities (Note A)		**8,737,733**	5,738,966	**8,952,354**	5,875,672
(Increase) / Decrease in Operating Assets					
Short Term Funds		**(372,977)**	94,417	**(447,280)**	635,061
Deposits held for Regulatory or Monetary Control Purposes		**2,753,739**	(3,802,760)	**2,753,739**	(3,802,760)
Financial assets at amortised cost – Loans and advances / Lease rental & Hire purchase receivables		**(64,895,305)**	(23,975,525)	**(64,895,305)**	(23,975,525)
Other Short Term Negotiable Securities		**(5,251,827)**	10,808,300	**(5,258,630)**	11,261,892
Increase / (Decrease) in Operating Liabilities					
Financial liabilities at amortised cost – Due to depositors		**14,894,868**	8,642,519	**14,894,868**	8,642,519
Deposits and Trade payables		**-**	-	**23,937**	-
Net Cash Generated from / (Used in) Operating Activities before Income Tax		**(44,133,769)**	(2,494,083)	**(43,976,317)**	(1,363,141)
Current Taxes Paid	44	**(1,995,559)**	(1,424,600)	**(1,995,559)**	(1,424,600)
Gratuity Paid	47.1	**(23,688)**	(13,367)	**(23,688)**	(13,367)
Net Cash Generated from / (Used in) Operating Activities		**(46,153,016)**	(3,932,050)	**(45,995,564)**	(2,801,108)
Cash Flows from Investing Activities					
Dividends Received		**-**	102	**-**	102
Proceed from sale of dealing securities / (Purchase of dealing securities)		**8,984**	-	**8,984**	-
Proceed from Sale of Property , Plant and Equipment		**13,107**	5,576	**13,107**	5,576
Purchase of Property, Plant and Equipment	36.1	**(591,270)**	(375,558)	**(591,270)**	(377,422)
Purchase of Intangible Assets	38.1	**(19,022)**	(2,973)	**(19,022)**	(2,974)
Net Cash Generated from / (Used in) Investing Activities		**(588,201)**	(372,853)	**(588,201)**	(374,718)
Cash Flows from Financing Activities					
Cash in flows from Interest Bearing Borrowings		**60,939,000**	18,646,000	**61,639,000**	18,646,000
Repayments of Interest Bearing Borrowings		**(13,774,759)**	(13,755,081)	**(14,647,495)**	(14,873,077)
Dividend Paid		**(647,497)**	(470,907)	**(647,497)**	(470,907)
Net Cash Generated from / (Used in) Financing Activities		**46,516,744**	4,420,012	**46,344,008**	3,302,016
Net Increase / (Decrease) in Cash & Cash Equivalents		**(224,473)**	115,109	**(239,757)**	126,190
Cash & Cash Equivalents at the Beginning of the Year		**153,522**	38,413	**171,207**	45,017
Cash & Cash Equivalents at end of the Year (Note B)		**(70,951)**	153,522	**(68,550)**	171,207

For the Year Ended 31st March	Note	Company 2026 Rs.'000	Company 2025 Rs.'000	Group 2026 Rs.'000	Group 2025 Rs.'000
Note A					
Reconciliation of Operating Profit Before Changes in Operating Assets and Liabilities					
Profit Before Income Tax		**5,870,064**	4,237,296	**6,019,119**	4,331,848
Amortisation of Intangible Assets	38.1	**7,745**	9,941	**8,120**	10,316
Accrual for Interest Expense / (Income)		**(61,640)**	464,363	**(61,640)**	464,363
Accrual for Interest Income / (Expense)		**1,871,377**	542,092	**1,754,804**	388,099
Accrual for Other Payable		**52,562**	9,116	**55,195**	9,998
Retirement Benefit Cost	47.2	**65,052**	49,032	**65,052**	49,032
Depreciation of Property, Plant and Equipment	36	**330,964**	262,512	**504,034**	429,356
Impairment Charges and Other Credit Losses on Financial Assets	17	**640,909**	170,781	**640,909**	170,781
Dividend Income		**-**	(102)	**-**	(102)
Unrealised Fair Value (gains) / losses on Financial Instruments measured at FVTPL		**(5,225)**	(1,460)	**(5,225)**	(1,460)
Unrealised Fair Value (gains) / losses on Other Financial Instruments measured at FVTPL	15	**(210)**	(139)	**(466)**	(396)
Gain / (Loss) on Disposal of Property, Plant & Equipment		**(12,964)**	(4,388)	**(12,964)**	(4,388)
Income from Sales of Shares		**(751)**	-	**(751)**	-
Charge for Security Deposit - IFRS		**49,183**	63,922	**-**	-
Fair value change in Investment Property		**(85,000)**	(64,000)	**(29,500)**	28,225
Operational Losses		**15,667**	-	**15,667**	-
		8,737,733	5,738,966	**8,952,354**	5,875,672
Note B					
Cash & Cash Equivalents at the end of the Year					
Cash in Hand and at Banks		**3,098,330**	1,982,202	**3,100,731**	1,999,887
Bank Overdrafts		**(3,169,281)**	(1,828,680)	**(3,169,281)**	(1,828,680)
		(70,951)	153,522	**(68,550)**	171,207

The notes appearing on pages 276 to 374 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY GRI 2-1

1.1 Corporate Information

Vallibel Finance PLC (the 'Company'), regulated under the Finance Business Act No. 42 of 2011, was incorporated on 5th September 1974 as a Public Limited Liability Company 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 under the Company Registration No. PB 526/PQ.

The registered office of the Company is situated at No. 310, Galle Road, Colombo 03 and the principal place of business is situated at the same place.

The Company was listed on the Main Board of the Colombo Stock Exchange (CSE) on 4th May 2010.

The Staff strength of the Company and the Group was as follows.

As at 31st March	2026	2025
Company	2,175	1,763
Group	2,175	1,763

Corporate information is presented in the page 400 of this Annual Report.

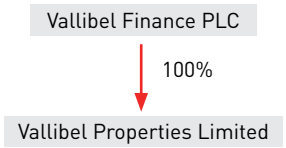
1.2 Consolidated Financial Statements

The Consolidated Financial Statements as at and for the year ended 31st March 2026 comprise the Vallibel Finance PLC (Parent Company) and its subsidiary (together referred to as the "Group" and individually as "Group entities").

In the opinion of Directors, the Company's immediate and ultimate parent undertaking and controlling party is Vallibel Investments (Private) Limited, which is incorporated in Sri Lanka.

1.3 Principal Business Activities, Nature of Operations of the Group and Ownership by the Company

Group Structure



A Company under the name of "Vallibel Properties Ltd" was incorporated on 5th March 2020, as a fully owned subsidiary of Vallibel Finance PLC (Parent).

Principal Business Activities, Nature of Operations of the Group

Entity	Principal Business Activities
Vallibel Finance PLC	Accepting deposits, granting finance leases, granting mortgage loans, granting vehicle loans, granting personal loans, gold loans and other credit facilities
Subsidiary	
Vallibel Properties Limited	Engage in administration, development and maintenance of the Corporate Office Complex for Vallibel Finance PLC. The company commenced its commercial operations on 09th November 2023.

2. BASIS OF ACCOUNTING

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and separate Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011 and amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the CSE. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

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 Director's Responsibilities" and the Certification on the Statement of Financial Position.

These Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review.
- Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.
- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.
- Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows.
- Notes to the Financial Statements comprising Material Accounting Policies and other explanatory information.

2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended 31st March 2026 (including comparatives for 2025) were approved and authorised for issue by the Board of Directors in accordance with Resolution of the Directors on 28th May 2026.

2.4 Basis of Measurement

The Financial Statements of the Group and the Company have been prepared on the historical cost basis except for the following material items stated in the Statement of Financial Position.

- Financial assets measured at fair value through profit or loss is measured at fair value.

- Financial assets measured at fair value through other comprehensive income measured at fair value.
- Land and buildings measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation.
- Investment property measured at cost at the time of acquisition and subsequently at fair value.
- Defined Benefit Obligation is recognised as the present value of the defined benefit obligation.

2.5 Functional and Presentation Currency

Items included in these Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the Functional Currency).

There was no change in the Group's Presentation and Functional Currency during the year under review.

These Financial Statements are presented in Sri Lankan Rupees, the Group's Functional and Presentation Currency.

2.6 Presentation of Financial Statements

The assets and liabilities of the Group presented 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.

2.7 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" and amendments to the LKAS 01 on "Disclosure initiative".

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group.

3. GOING CONCERN BASIS FOR ACCOUNTING

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. The Management have considered the impact of the current macro-economic conditions on the business operations of the Group. Furthermore, the Board is not aware of any material doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis.

4. OFFSETTING

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 settle the liabilities simultaneously.

Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretation Committee) and as specifically disclosed in the Material Accounting Policies of the Group and the Company.

5. ROUNDING

The amounts in the Financial Statements have been rounded-off to the nearest Rupees thousands (Rs."000), except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on "Presentation of Financial Statements".

6. COMPARATIVE INFORMATION

Comparative information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

7. USE OF JUDGMENTS AND ESTIMATES

In preparing the Financial Statements of the Group 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. Due to the inherent uncertainty involved with estimates, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Further, changes to estimates were made in the measurement of Group's assets where applicable.

Significant areas of estimation uncertainty, assumptions and critical judgments in applying Accounting Policies that have most significant effects on amounts recognised in the Financial Statements of the Group are as follows:

7.1 Significant Accounting Judgments

Information about judgments made in applying Accounting Policies for that have the most significant effects on the amounts recognised in these Financial Statements is included in the following notes.

7.1.1 Classification of Financial Assets and Liabilities

Material Accounting Policies of the Group provides scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortised Cost (AC), Fair Value Through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL) based on the following criteria;

Notes to the Financial Statements

- The entity's business model for managing the financial assets as set out in Note 24
- The contractual cash flow characteristics of the financial assets as set out in Note 24

7.1.2 Classification of Investment Property

Management uses its judgment to determine whether a property qualifies as an investment property. A property that is held either to earn rental income or for capital appreciation or both and thus generates cash flows largely independently of the other assets held by the Group are classified as investment property. On the other hand, a property used in production or supply of goods and services or administrative purposes and thus generates cash flows that are attributable not only to property but also to other assets used in the production or supply process are classified as property, plant & equipment. The Group assesses on an annual basis, the accounting classification of its investment properties, taking into consideration the current use of such properties.

7.1.3 Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities recognised on 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 Group measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements.

7.1.4 Impairment

7.1.4.1 Impairment on Financial Assets

The measurement of impairment losses across the categories of financial assets under Sri Lanka Accounting Standard – SLFRS 9 on "Financial Instruments" (SLFRS 9) requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

Accordingly, the Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the Income Statement. In particular, the Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Management makes judgements about a borrower's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable. These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made.

A collective impairment provision is established for:

- groups of homogeneous loans and advances that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

As per SLFRS 9, the Group's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for qualitatively assessing whether there has been a significant increase in credit risk and if so allowances for financial assets measured on a Life time expected credit loss (LTECL) basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various statistical formulas and the choice of inputs;
- Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates and the effect on Probability of Default (PDs), Exposure At Default (EAD) and Loss Given Default (LGD);
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The accuracy of the provision depends on the model assumptions and parameters used in determining the ECL calculations.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The key assumptions used in the Group's calculation of ECL have been revised to reflect the changes in the macro-economic conditions during the year. As at the reporting date, the expected impacts of the present macro-economic conditions have been captured via the modelled outcome as well as separate management overlays reflecting the considerable uncertainty still remaining in the modelled outcome.

Although the credit model inputs and assumptions, including forward-looking macroeconomic assumptions were revised in response to the current economic conditions, the fundamental credit model mechanics and methodology underpinning the Group's calculation of ECL have remained consistent with prior periods.

Further during 2025/26, the Group decided to decrease the weightings assigned for worst case scenario while increasing the weightings assigned for base case scenario when assessing the probability weighted forward looking macro-economic indicators along with management overlays to qualitative indicators relating to forward looking macro-economic environment with the objective of capturing the impact of economic uncertainties and volatilities in future outlook on the ECL computation.

7.1.4.2 Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for an asset or a Cash-Generating Unit (CGU) at each Reporting date or more frequently, if events or changes in circumstances necessitate doing so. This requires the estimation of the 'Value in use' of such individual assets or the CGUs. Estimating 'Value in use' requires management to make an estimate

of the expected future cash flows from the asset or the CGU and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Group to make estimates about expected future cash flows and discount rate, and hence, they are subject to uncertainty.

At each Reporting date, the Group reviews the carrying amounts of its non – financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating unit (CGU) exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a prorata basis.

For assets other than goodwill an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7.1.5 Defined Benefit Obligation

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions determining the discount rates, future salary increases, mortality rates etc. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

7.1.6 Revaluation of Property, Plant and Equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). The Group engages independent professional valuers to assess fair value of land and buildings in terms of Sri Lanka Accounting Standard – SLFRS 13 on "Fair Value Measurement".

The key assumptions used to determine the fair value of the land and building and sensitivity analysis are provided in notes to the financial statements.

7.1.7 SLFRS 16 – Leases

7.1.7.1 Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

7.1.7.2 Estimating the Incremental Borrowing Rate

As the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease).The Group estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

7.1.8 Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available and can be utilised against such tax losses. Judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax planning strategies.

7.1.9 Useful Life time of the Property, Plant & Equipment

The Group reviews the residual values, useful lives and methods of depreciation of Property, Plant & Equipment at each Reporting date. Judgment of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

7.1.10 Provisions for Liabilities, Commitments and Contingencies

Notes to the Financial Statements

The Group receives legal claims in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due processes in respective legal jurisdictions.

7.1.11 Fair Valuation of Investment Property

Fair valuation of the investment property is ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties at similar locations and categories. They have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The key assumptions used to determine the fair value of investment property are provided in notes to financial statements.

7.2 Events after the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, that occur between the Reporting date and the date when the Financial Statements are authorised for issue.

In this regard, all material and important events that occurred after the Reporting Period have been considered and appropriate disclosures are made in the Financial Statements where necessary.

8. CHANGES IN ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these Financial Statements.

There were no new or amended standards and interpretations that were required to be incorporated in to the financial statements with effect from April 01, 2025.

The Material Accounting Policy Information set out below have been applied consistently to all periods presented in the Financial Statements of the Group except if mentioned otherwise.

8.1 Material Accounting Policies – General

8.1.1 Basis of Consolidation

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiary in terms of the Sri Lanka Accounting Standard – SLFRS 10 on "Consolidated Financial Statements" (SLFRS 10).

8.1.2 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. As required by SLFRS 3 - Business Combinations and amendments to SLFRS 3, when the Group acquires a business, it assesses the financial assets and liabilities assumed under classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions that exist as at the acquisition date. The Group applies the amendments to SLFRS 3 Definition of a Business for acquisitions occurring on or after 1 January 2020 when assessing whether an acquisition should be accounted for as a business combination or as an acquisition of assets.

The Group measures goodwill at the acquisition date, as excess of the aggregate of the fair value of the consideration transferred; the recognised amount of any non-controlling interests in the acquiree; the fair value of the pre-existing interest in the acquiree if the business combination is achieved in stages; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed; measured at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity, or else subsequent changes in the fair value of the contingent consideration is recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually as at 31st March or when circumstances indicate that the carrying value of the goodwill may be impaired. For the purpose of impairment testing, from the acquisition date, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

8.1.3 Non-Controlling Interests (NCI)

Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

8.1.4 Subsidiary

Subsidiary is an investee controlled by the Group. The Group "controls" an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The Financial Statements of subsidiary included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

8.1.5 Transactions Eliminated on Consolidation

Intra-group balances, transactions and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

8.1.6 Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently, it is accounted for as an Associate or in accordance with the Group's Accounting Policy for financial instruments depending on the level of influence retained.

9 MATERIAL ACCOUNTING POLICIES – SPECIFIC

Accounting Policy	Pages	Note
Material Accounting Policy Information - Recognition of Income and Expenses		
Gross Income	283	11
Net Interest Income	283	12
Fee and Commission Income	285	13
Net Gain / (Loss) from Trading	285	14
Net Gain / (Loss) from other Financial Instruments at FVTPL	286	15
Other Operating Income	286	16
Impairment Charges / (Reversals) and Other Credit Losses on Financial Assets	287	17
Personnel Expenses	290	18
Operating Profit Before Taxes on Financial Services	290	19
Taxes on Financial Services	291	20
Income Tax Expense	292	21
Material Accounting Policy Information - Recognition of Assets and Liabilities		
Earnings Per Share	293	22
Dividends on Ordinary Shares	295	23
Financial Assets and Financial Liabilities	295	24
Fair Value of Assets and Liabilities	305	25
Cash and Cash Equivalents	310	26
Placements with Banks and Other Finance Companies	310	27
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	311	28
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	313	29
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	315	30
Financial Investments Measured at Fair Value Through Other Comprehensive Income	318	31
Financial Assets at Amortised Cost - Debt and other Financial Instruments	319	32
Investment in a Subsidiary	320	34
Investment Property	321	35
Property, Plant and Equipment	324	36
Right-of-Use Lease Assets	331	37
Intangible Assets	332	38
Financial Liabilities at Amortised Cost - Deposits due to Customers	334	40
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	335	41
Lease Liabilities	338	43
Current Tax Liabilities	339	44
Deferred Tax Liabilities	339	45
Other Liabilities	341	46
Retirement Benefit Obligations	342	47
Segment Reporting	352	55

Notes to the Financial Statements

10. AMENDMENTS TO ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended accounting standards issued up to the date these financial statements are authorised for issue, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, if applicable, when they become effective.

10.1 SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts including life, non-life, direct insurance, reinsurance as well as certain guarantees and financial instruments with discretionary participation features.

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

10.2 SLFRS 18 - Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organised and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

10.3 SLFRS 19 - Subsidiaries Without Public Accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 19 is currently being identified and evaluated.

10.4 Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

10.5 Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

11 GROSS INCOME

Accounting Policy

The Gross Income represents the Interest Income and the Non-Interest Income earned by the Group during the year. Gross Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The specific recognition criteria, for each type of Gross Income are given under the respective notes.

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income (Note 12.1)	**23,215,065**	16,913,893	**23,138,589**	16,841,212
Fee and Commission Income (Note 13)	**1,327,144**	785,151	**1,319,044**	772,284
Net Gain / (Loss) from Trading (Note 14)	**5,976**	1,460	**5,976**	1,460
Net Gain / (Loss) from other Financial Instruments at FVTPL (Note 15)	**210**	139	**466**	396
Other Operating Income (Note 16)	**1,836,040**	1,499,952	**1,823,585**	1,456,908
	26,384,435	19,200,595	**26,287,660**	19,072,260

12 NET INTEREST INCOME

Accounting Policy

The Effective Interest Rate (EIR) method is used for recognising the interest income and interest expenses of Financial Assets and Financial Liabilities that are measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income under SLFRS 9- Financial Instruments.

The EIR 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 credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. For financial assets that become credit-impaired after initial recognition, interest income is recognised by applying the effective interest rate to the amortised cost of the asset. Where the asset subsequently ceases to be credit-impaired, interest income is recognised on the gross carrying amount.

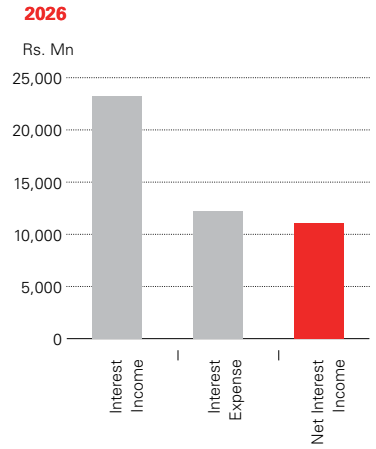
The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

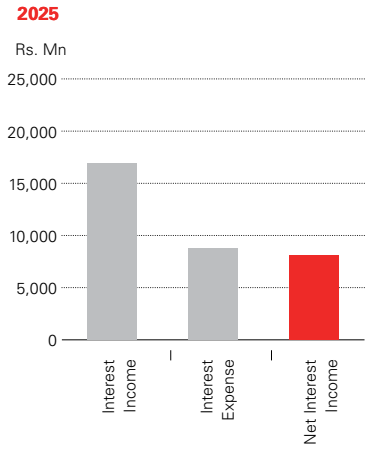
The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

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.

Notes to the Financial Statements

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income (Note 12.1)	**23,215,065**	16,913,893	**23,138,589**	16,841,212
Interest Expense (Note 12.2)	**(12,170,227)**	(8,796,402)	**(12,029,151)**	(8,702,039)
	11,044,838	8,117,491	**11,109,438**	8,139,173





12.1 Interest Income

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and Cash Equivalents	**17,006**	18,144	**17,006**	18,144
Placements with Banks and Other Finance Companies	**219,864**	196,298	**219,864**	196,298
Loans and Receivables to Other Customers (Note 12.1.1)	**18,543,313**	12,934,183	**18,543,313**	12,934,183
Lease Rental and Hire Purchase Receivables (Note 12.1.2)	**3,622,719**	2,728,406	**3,622,719**	2,728,406
Sri Lanka Government Securities	**726,087**	953,953	**726,087**	953,953
Other Financial Assets	**86,076**	82,909	**9,600**	10,228
	23,215,065	16,913,893	**23,138,589**	16,841,212

12.1.1 Loans and Receivables to Other Customers

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Loans and Advances	**13,206,129**	9,174,110	**13,206,129**	9,174,110
Loans against Fixed Deposits	**226,140**	172,685	**226,140**	172,685
Gold Loans	**5,111,044**	3,587,388	**5,111,044**	3,587,388
	18,543,313	12,934,183	**18,543,313**	12,934,183

12.1.2 Lease Rental and Hire Purchase Receivables

Hire Purchase	**-**	226	**-**	226
Lease	**3,622,719**	2,728,180	**3,622,719**	2,728,180
	3,622,719	2,728,406	**3,622,719**	2,728,406

12.2 Interest Expense

For the Year Ended 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Financial Liabilities at Amortised Cost - Deposits due to Customers	**7,500,320**	6,869,275	**7,500,320**	6,869,275
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	**3,188,677**	888,339	**3,256,459**	985,252
Securities Sold Under Repurchase Agreements	**-**	11,849	**-**	11,849
Bank Overdrafts	**38,919**	55,543	**38,919**	55,543
Subordinated Term Debts	**699,966**	505,296	**699,966**	505,296
Commercial Papers	**-**	4,923	**2,951**	17,285
Debentures	**402,134**	139,631	**402,134**	139,631
Interest Expense on Lease Liabilities (Note 43)	**340,211**	321,546	**128,402**	117,908
	12,170,227	8,796,402	**12,029,151**	8,702,039

13 FEE AND COMMISSION INCOME

Accounting Policy

The Group recognises the fee and commission earned from the loans and receivables related services as per the requirements of SLFRS 9 - Financial Instruments. Fees and commission income and expense that are integral to the EIR of a financial asset or liability are capitalised and included in the measurement of the EIR. Other fees and commission income are recognised as the related services are performed.

For the Year Ended 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Loans and Receivables Related Services	**1,327,144**	785,151	**1,319,044**	772,284
	1,327,144	785,151	**1,319,044**	772,284

14 NET GAIN / (LOSS) FROM TRADING

Accounting Policy

'Net gain / (loss) from trading' comprise gains less losses related to trading assets and liabilities, and include all realised and unrealised fair value changes and dividends.

For the Year Ended 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Equities				
Net mark- to- market Gain/ (Loss) (Note 28.1)	**5,225**	1,460	**5,225**	1,460
Income from sales of shares	**751**	-	**751**	-
	5,976	1,460	**5,976**	1,460

Notes to the Financial Statements

15 NET GAIN / (LOSS) FROM OTHER FINANCIAL INSTRUMENTS AT FVTPL

Accounting Policy

Net gains/ (losses) from financial assets at fair value through Profit or Loss comprises all unrealised fair value changes, related capital gains and losses derived from the financial assets classified as financial assets recognised through profit or loss measured at fair value.

For the Year Ended 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Unit Trusts				
Net mark- to- market Gain/ (Loss) (Note 28.2)	**210**	139	**466**	396
	210	139	**466**	396

16 OTHER OPERATING INCOME

Accounting Policy

Income earned on other sources, which are not directly related to the normal operations of the Group is recognised as Other Operating Income on an accrual basis.

Dividend income received from financial assets measured at fair value through other comprehensive income is recognised when the Group's right to receive the payment is established.

Fair value changes in Investment Property arise from the changes in the fair values of investment properties and are included in the Statement of Profit or Loss, in the year in which they arise.

Gain/ (Loss) on disposal of property, plant and equipment represent the difference between the sales proceeds and the net book value of property, plant & equipment that are disposed during the year.

Rental Income: As per SLFRS 16, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The Group recognises lease payments from operating leases as income on straight line basis as part of other Operating Income.

For the Year Ended 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Dividend Income - Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	102	-	102
Redemption Income - Unit Trusts	**28,612**	35,897	**33,266**	61,146
Early Termination Income	**1,590,481**	1,289,120	**1,590,481**	1,289,120
Fair value change in Investment Property	**85,000**	64,000	**29,500**	(28,225)
Gain / (Loss) on Disposal of Property, Plant & Equipment	**12,964**	4,388	**12,964**	4,388
Service Charges Income	**75,418**	66,595	**82,949**	71,578
Rent Income	**6,355**	6,355	**38,854**	27,033
Other Income	**37,210**	33,495	**35,571**	31,766
	1,836,040	1,499,952	**1,823,585**	1,456,908

17 IMPAIRMENT CHARGES / (REVERSALS) AND OTHER CREDIT LOSSES ON FINANCIAL ASSETS

Accounting Policy

The Group recognises the impairment (Expected Credit Loss) on financial instruments assessed as per SLFRS 9 - Financial Instruments. Further, the Group also recognises an impairment loss when the carrying amount of a non-financial asset exceeds the estimated recoverable amount from that asset.

Overview of the ECL principles

The Group records an allowance for expected credit losses for lease rental and hire purchase receivables, loans and receivables to other customers, debt and other financial instruments measured at amortised cost.

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 Group records an allowance for LTECL.

Stage 3 - If a financial asset is credit-impaired, it is moved to Stage 3 and the Group recognises an allowance for LTECL, with probability of default at 100%.

Purchased or originated credit impaired (POCI) financial assets: POCI financial assets are those that are credit-impaired at initial recognition. These assets are recognised using a credit-adjusted effective interest rate, with lifetime expected credit losses incorporated into their initial measurement. Subsequent changes in lifetime ECL are recognised in profit or loss. The Group does not have POCI loans as at the reporting date.

Measurement of ECL

The Group recognises loss allowances for Expected Credit Losses (ECL) on financial investments that are not measured at FVTPL.

No impairment loss is recognised on equity investments.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

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. Where it is available, market data may also be used to derive the PD for large corporate counterparties.

Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Group 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, product category 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.

Notes to the Financial Statements

Exposure At Default (EAD)

EAD represents the expected exposure in the event of a default. The Group 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. For some financial assets, EAD is determined by considering contractual cash flows, prepayments and other factors.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The groupings are subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous.

The key judgments and assumptions adopted by the Group in addressing the requirements of SLFRS 9 are discussed below:

Significant Increase in Credit Risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and expert credit assessment and including forward looking information.

The Group considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9.

Definition of Default and Credit Impaired Assets

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) ; or
- the borrower is past due more than 90 days on any material credit obligation to the Group. In determination of default the Group largely aligns with the regulatory definition of default which is 90 days above.

Movement Between the Stages

Financial assets can be transferred between the different categories (other than POCI) 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.

Grouping Financial Assets Measured on Collective Basis

Those financial assets for which, the Group determines that no provision is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to other customers are grouped into homogeneous portfolios, based on product and underlying security characteristics.

Incorporating Forward Looking Information

The Group 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 variety of external actual and forecasted information, the Group 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 and is aligned with information used by the Group for other purposes. Such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group 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 and credit risk and credit losses. The economic variables used by the Group based on the statistical significance include the followings:

↘ Interest Rate	Base case scenario along with two other scenarios has been used (Best Case and Worst Case)
↘ GDP Growth Rate	
↘ Inflation Rate	

Write-off of Financial Assets

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

For the Year Ended 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Placements with Banks and Other Finance Companies (Note 27.1)	**194**	(288)	**194**	(288)
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers (Note 17.1)	**612,616**	231,249	**612,616**	231,249
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables (Note 17.2)	**28,001**	(59,631)	**28,001**	(59,631)
Financial Assets at Amortised Cost - Other Financial Assets (Note 33.2)	**98**	(549)	**98**	(549)
	640,909	170,781	**640,909**	170,781

17.1 Financial Assets at Amortised Cost - Loans and Receivables to Other Customers

Impairment Charges - Stage 1	**703,582**	136,434	**703,582**	136,434
Impairment Charges - Stage 2	**(135,293)**	69,203	**(135,293)**	69,203
Impairment Charges - Stage 3	**44,327**	25,612	**44,327**	25,612
	612,616	231,249	**612,616**	231,249

17.2 Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables

Impairment Charges - Stage 1	**124,442**	47,726	**124,442**	47,726
Impairment Charges - Stage 2	**(63,456)**	(50,820)	**(63,456)**	(50,820)
Impairment Charges - Stage 3	**(32,985)**	(56,537)	**(32,985)**	(56,537)
	28,001	(59,631)	**28,001**	(59,631)

Notes to the Financial Statements

18 PERSONNEL EXPENSES

Accounting Policy

Personnel expenses include salaries and bonus, terminal benefit charges and other related expenses. The provisions for bonus is recognised when it is probable that an outflow of resources, embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Defined Contribution Plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions, in accordance with the respective statutes and regulations. The Company and employees contribute to Employee's Provident Fund at 12% and 8% respectively, on the gross salaries of each employee. Other entity of the Group and its employees contribute at the same percentages as above to the Employees' Provident Fund managed by the Central Bank of Sri Lanka. The Company and other entity of the Group contribute at the rate of 3% of the gross salaries of each employee to the Employees' Trust Fund.

The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in the Sri Lanka Accounting Standard - LKAS 19.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity was considered as defined benefit plans as per Sri Lanka Accounting Standard - LKAS 19, Employee Benefits. The contributions to the defined benefit plans are recognised in the Statement of Profit or Loss, based on an actuarial valuation carried out for the gratuity liability in accordance with LKAS 19. Actuarial gains and losses in the period in which they occur have been recognise in the other Comprehensive income (OCI).

The basis of measurement, assumptions used in actuarial valuations are given in detail in Note 47 to these Financial Statements.

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Salary & Bonus	**2,698,924**	2,046,729	**2,698,878**	2,048,426
Retirement Benefit Costs (Note 47.2)	**65,052**	49,032	**65,052**	49,032
Employer's Contribution to Employee's Provident Fund	**188,783**	148,440	**188,783**	148,530
Employer's Contribution to Employee's Trust Fund	**46,807**	36,763	**46,807**	36,786
Staff Welfare Expenses	**237,125**	206,249	**237,125**	206,263
	3,236,691	2,487,213	**3,236,645**	2,489,037

19 OPERATING PROFIT BEFORE TAXES ON FINANCIAL SERVICES

Accounting Policy

Other operating expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earnings of the specific items of the income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement in arriving at the profit for the year.

Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 01 April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

Operating Profit Before Taxes on Financial Services is stated after charging all the expenses including the following:

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Professional Fees	**13,050**	12,828	**13,400**	13,622
Auditors Remuneration - Statutory Audit and Audit Related Services	**4,543**	4,225	**5,711**	5,263
- Non Audit Services	**2,451**	1,671	**2,451**	1,671
Directors Fees and Expenses	**13,377**	11,135	**13,377**	11,135
Depreciation of Property, Plant and Equipment	**330,964**	262,512	**504,034**	429,356
Amortisation of Intangible Assets	**7,744**	9,941	**8,120**	10,316
Amortisation of Right of Use Asset	**490,923**	466,541	**191,272**	167,804
Advertising & Related Expenses	**128,461**	87,046	**128,461**	87,082
Business Promotion Expenses	**168,279**	105,447	**168,279**	105,447
Donations	**-**	28	**-**	28
Deposit Insurance Premium	**111,500**	91,932	**111,500**	91,932
Crop Insurance Levy	**35,295**	27,416	**35,295**	27,416
Personnel Expenses (Note 18)	**3,236,691**	2,487,213	**3,236,645**	2,489,037

20 TAXES ON FINANCIAL SERVICES

Accounting Policy

Tax on Financial Services includes Value Added Tax and Social Security Contribution Levy on financial services.

Value Added Tax (VAT) on Financial Services

Value Added Tax (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 Value Added Tax on Financial Services is the accounting profit before income tax and emoluments payable to employees, which is adjusted for the depreciation of property, plant & equipment computed at the prescribed rates. The emoluments payable include aggregate of both benefits in money and benefits not in money payable to the employees and any contribution or provision in relating to terminal benefits. The regulatory tax rate applicable for the current year was 18%.

Social Security Contribution Levy (SSCL) on Financial Services

SSCL on Financial Services is calculated in accordance with Social Security Contribution Levy Act, No. 25 of 2022 and subsequent amendments thereto. The base applicable for Value Added Tax on Financial Services as explain above is applied for the computation of the SSCL on Financial Services and the regulatory tax rate applicable for the current year was 2.5%.

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Value Added Tax on Financial Services	**1,553,597**	1,152,268	**1,553,597**	1,152,268
Social Security Contribution Levy	**218,121**	168,331	**226,698**	176,047
	1,771,718	1,320,599	**1,780,295**	1,328,315

Notes to the Financial Statements

21 INCOME TAX EXPENSE

Accounting Policy

As per Sri Lanka Accounting Standard - LKAS 12, Income Taxes, income tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Statement of Profit or Loss, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income.

Current Tax

Current tax consists of the expected tax payable to or receivable from the taxation authorities for the year and any adjustment to the tax payable or receivable in respect of previous years. The tax rates and tax laws used to compute the charge are those that are enacted or substantively enacted on the reporting date. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments there to. Notes to Financial Statements include the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'. Income Tax rate of 30% is applied on the taxable income of the group for the financial year ended 31 March 2026.

Deferred Tax

Deferred tax is recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting 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 it is probable that they will not reverse in the foreseeable future; and
- temporary differences in relation to a right – of – use asset and a lease liability for leases are regarded as a net package (Right – of – use Leased asset) for the purpose of recognising deferred tax.

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. Deferred tax assets are reviewed at each Reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the Reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities as at 31 March 2026, will be assessed based on the income tax rate of 30%.

For the Year Ended 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Current Income Tax Expense on Profits for the Year (Note 21.1)	**2,516,051**	1,706,145	**2,516,051**	1,706,145
(Over)/under provision in respect of previous year	**22,514**	(4,742)	**22,514**	(4,742)
	2,538,565	1,701,403	**2,538,565**	1,701,403
Deferred Tax (Reversal) / Charge for the Year (Note 45.2)	**(257,881)**	(93,605)	**(192,518)**	(66,055)
	2,280,684	1,607,798	**2,346,047**	1,635,348

21.1 Reconciliation of Accounting Profit to Income Tax Expense

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit Before Income Tax	**5,870,065**	4,237,296	**6,019,119**	4,331,848
Add : Non deductible Expenses	**4,035,074**	2,825,373	**4,060,033**	3,602,169
Less : Tax Deductible Expenses	**(1,518,302)**	(1,375,520)	**(1,692,315)**	(2,246,867)
Assessable Income	**8,386,837**	5,687,149	**8,386,837**	5,687,150
Less : Qualifying Payments	**-**	-	**-**	-
Taxable Income	**8,386,837**	5,687,149	**8,386,837**	5,687,150
Current Income Tax Expense @ 30%	**2,516,051**	1,706,145	**2,516,051**	1,706,145
	2,516,051	1,706,145	**2,516,051**	1,706,145

21.2 Reconciliation of Effective Tax Rate

For the Year Ended 31st March	Company				Group			
		2026		2025		2026		2025
	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000
Profit Before Income Tax		**5,870,065**		4,237,296		**6,019,119**		4,331,848
Taxable Income		**1,761,020**		1,271,189		**1,805,736**		1,299,554
Non - Deductible Expenses		**1,210,522**		847,612		**1,218,009**		1,080,651
Tax Deductible Expenses		**(455,491)**		(412,656)		**(507,694)**		(674,060)
Allowable Credits		**-**		-		**-**		-
Effects on Qualifying Payments		**-**		-		**-**		-
Effects on Deferred Taxation		**(257,881)**		(93,605)		**(192,518)**		(66,055)
Effects on (Over) / under provision		**22,514**		(4,742)		**22,514**		(4,742)
Total Income Tax Expense	**38.9%**	**2,280,684**	38%	1,607,798	**39.0%**	**2,346,047**	43%	1,635,348

21.3 Income Tax Rate

The Group applied the rate of 30% to calculate the income tax and deferred tax assets/ liabilities as at 31st March 2026. (2024/25 - 30%)

22 EARNINGS PER SHARE

Accounting Policy

The Group computes basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated 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.

22.1 Basic Earnings per Share

For the Year Ended 31st March	Company		Group	
	2026	2025	2026	2025
Amount used as the Numerator				
Profit for the Year attributable to Equity holders (Rs.'000)	**3,589,380**	2,629,498	**3,673,072**	2,696,500
Number of Ordinary Shares used as the Denominator				
Adjusted weighted average ordinary shares (Note 22.1.1)	**242,953,468**	242,953,468	**242,953,468**	242,953,468
Basic Earnings Per Share (Rs.)	**14.77**	10.82	**15.12**	11.10

Notes to the Financial Statements

22.1.1 Adjusted Weighted Average Number of Ordinary Shares

Basic Earnings per Share is calculated by dividing the profit attributable to ordinary shareholders of the Company/Group by the weighted average number of ordinary shares outstanding during the year, adjusted for the bonus element arising from the rights issue in accordance with LKAS 33.

The Company had 235,453,400 ordinary shares in issue at the beginning of the year. The shareholders approved the Rights Issue at the Extraordinary General Meeting held on 26 March 2026 to issue 29,431,675 ordinary shares at an issue price of Rs. 72/- per share. The allotment of shares was completed on 8 May 2026, subsequent to the reporting date.

As the rights issue price was below the market price of Rs. 99.70 per share immediately prior to the ex-rights date, the Rights Issue contained a bonus element in terms of LKAS 33. Accordingly, the weighted average number of ordinary shares used for Earnings Per Share computation has been retrospectively adjusted using the theoretical ex-rights price of Rs. 96.62 and the resulting bonus adjustment factor of 1.032. Comparative Earnings Per Share figures have also been retrospectively adjusted accordingly.

22.2 Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, Diluted Earnings Per Share is same as Basic Earnings Per Share shown above.

22.3 Basic Earnings per Share (without adjusting for the Bonus element)

Basic and Diluted Earnings per Share calculated based on the actual number of ordinary shares outstanding during the year, without adjusting for the bonus element of the Rights Issue are as follows.

	Company		Group	
For the Year Ended 31st March	2026	2025	2026	2025
Amount used as the Numerator				
Profit for the Year attributable to Equity holders (Rs.'000)	**3,589,380**	2,629,498	**3,673,072**	2,696,500
Number of Ordinary Shares used as the Denominator				
Weighted average number of ordinary shares (Note 22.3.1)	**235,453,400**	235,453,400	**235,453,400**	235,453,400
Basic Earnings Per Share (Rs.)	**15.24**	11.17	**15.60**	11.45
Diluted Earnings Per Share (Rs.)	**15.24**	11.17	**15.60**	11.45

22.3.1 Weighted Average Number of Ordinary Shares

	Outstanding Number of Shares		Weighted Average Number of Shares	
For the Year Ended 31st March	2026	2025	2026	2025
Number of shares in issue as at beginning of the year	**235,453,400**	235,453,400	**235,453,400**	235,453,400
Ordinary shares issued in the year	**-**	-	**-**	-
Number of shares in issue as at end of the year	**235,453,400**	235,453,400	**235,453,400**	235,453,400

23 DIVIDENDS ON ORDINARY SHARES

Accounting Policy

Dividends on ordinary shares are recognised as a liability and deducted from equity when the dividends are recommended and declared by the Board of Directors in accordance with the Companies Act No. 7 of 2007. Interim dividends are deducted from equity when they are declared by the Board of Directors.

Dividends for the year, that are approved after the Reporting date and not provided for, are disclosed as an event after the reporting period in accordance with the Sri Lanka Accounting Standard – LKAS 10 on "Events after the reporting period".

	Company		Group	
For the Year Ended 31st March	2026	2025	2026	2025
Gross Dividend Paid for the Financial Year 2024/25 & 2023/24	**647,497**	470,907	**647,497**	470,907
Dividend Paid Per Share for the Financial Year 2024/25 & 2023/24 (Rs.)	**2.75**	2.00	**2.75**	2.00

24 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Accounting Policy

Date of Recognition of Financial Instruments

The Group initially recognises Lease and Hire Purchase receivables, loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Initial Classification and Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments.

A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss as per SLFRS 9 and trade receivables that do not have a significant financing component as defined by SLFRS 15. Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Income Statement. Trade receivables that do not have significant financing component are measured at their transaction price at initial recognition as defined in SLFRS 15.

When the fair value of financial instruments (except trade receivables that do not have significant financing component) at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

Notes to the Financial Statements

"Day 1" Profit or Loss

When the transaction price of the instrument differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Group recognises the difference between the transaction price and fair value as a 'Day 1' profit or loss. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or Loss when the inputs become observable, or when the instrument is derecognised. The 'Day 1 loss' arising in the case of loans granted to employees at concessionary rates under uniformly applicable schemes is deferred and amortised using Effective Interest Rates (EIR) over the remaining service period of the employees or tenure of the loan whichever is shorter.

Classification and Subsequent Measurement of Financial Assets

As per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms measured at either;

- Amortised Cost (AC)
- Fair Value Through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit or Loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by- instrument basis 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 Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and 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 Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI test)

As the second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount). "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, as well as profit margin. In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group 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
- features that modify consideration of the time value of money

Classification and Subsequent Measurement of Financial Liabilities

The Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- Financial Liabilities at fair value through profit or loss, and within this category as:
  - Held for trading; or
  - Designated at fair value through profit or loss
- Financial Liabilities at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading, if they are acquired principally for the purpose of repurchasing in the near term or held as a part of a portfolio that is managed together for short-term profit or position taking. Changes in fair value are recorded in "Net fair value gains/ (losses) from financial instruments at fair value through profit or loss" with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the own credit reserve through OCI and do not get recycled to profit or loss. Interest paid/payable is accrued in "Interest expense", using the EIR.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Notes to the Financial Statements

Financial Liabilities at Amortised Cost

Financial instruments issued by the Group that are not designated at fair value through profit or loss, are classified as liabilities under 'Deposits Due to Customers', 'Interest Bearing Borrowings'and'Subordinated Term Debts' as appropriate, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in 'Interest Expense' in the Income Statement. Gains and losses are recognised in Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

Timing of Reclassification of Financial Assets

Consequent to the change in the business model, the Group reclassifies all affected assets prospectively from the first day of the first reporting period following the change in the business model (the reclassification date). Accordingly, prior periods are not restated.

Measurement of Reclassification of Financial Assets

Reclassification of Financial Instruments - Fair Value Through Profit or Loss

- To Fair value through other comprehensive income
  The fair value on reclassification date becomes the new gross carrying amount. The EIR is calculated based on the new gross carrying amount. Subsequent changes in the fair value are recognised in OCI.
- To Amortised Cost
  The fair value on reclassification date becomes the new carrying amount. The EIR is calculated based on the new gross carrying amount.

Reclassification of Financial Instruments - Fair Value Through Other Comprehensive Income

- To Fair value through profit or loss
  The accumulated balance in OCI is reclassified to profit and loss on the reclassification date.
- To Amortised Cost
  The financial asset is reclassified at fair value. The cumulative balance in OCI is removed and is used to adjust fair value on the reclassification date. The adjusted amount becomes the amortised cost.

EIR determined at initial recognition and gross carrying amount are not adjusted as a result of reclassification.

Reclassification of Financial Instruments - Amortised Cost

- To Fair value through other comprehensive income
  The asset is remeasured to fair value, with any difference recognised in OCI. EIR determined at initial recognition is not adjusted as a result of reclassification.
- To Fair value through profit or loss
  The fair value on the reclassification date becomes the new carrying amount. The difference between amortised cost and fair value is recognised in profit and loss.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

The Group derecognises a financial asset (or where applicable a part of thereof) when the contractual rights to the cashflows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all 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 the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

However, 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 Group enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

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 Group retains all or substantially all risks and rewards of ownership of such assets.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on the basis that reflected the rights and obligations that the Group has retained.

Notes to the Financial Statements

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Modification of Financial Assets and Financial Liabilities

Modification of Financial Assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. Subsequently the Group recognises the interest income on recalculated gross carrying amount based on the Original EIR from the commencement of terms modification date to the end of the lifetime of the instrument.

Modification of Financial Liabilities

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. 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 extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.
Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Amortised Cost and Gross Carrying Amount

An 'Amortised Cost' of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the initial amount and the maturity amount, and for financial assets, adjusted for any ECL allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any ECL allowance.

24.1 Classification of Financial Assets and Financial Liabilities As at 31st March 2026 - Company

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Financial Assets recognised through Profit or Loss (FVTPL)	Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Financial Assets at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Cash and Cash Equivalents	-	-	3,098,330	**3,098,330**
Placements with Banks and Other Finance Companies	-	-	4,810,549	**4,810,549**
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	703,824	-	-	**703,824**
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	-	-	137,248,200	**137,248,200**
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	-	-	19,294,598	**19,294,598**
Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	204	-	**204**
Financial Assets at Amortised Cost - Debt and other Financial Instruments	-	-	6,597,124	**6,597,124**
Financial Assets at Amortised Cost - Other Financial Assets	-	-	51,319	**51,319**
Total Financial Assets	703,824	204	171,100,120	**171,804,148**

	Financial Liabilities at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000
Financial Liabilities		
Bank Overdrafts	3,169,281	**3,169,281**
Financial Liabilities at Amortised Cost - Deposits due to Customers	83,459,182	**83,459,182**
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	57,147,742	**57,147,742**
Subordinated Term Debt	10,148,342	**10,148,342**
Lease Liabilities	2,799,206	**2,799,206**
Total Financial Liabilities	156,723,753	**156,723,753**

There were no reclassifications or transfers of Financial Assets during the year.

Notes to the Financial Statements

24.2 Classification of Financial Assets and Financial Liabilities As at 31st March 2026 - Group

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Financial Assets recognised through Profit or Loss (FVTPL)	Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Financial Assets at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Cash and Cash Equivalents	-	-	3,100,731	**3,100,731**
Placements with Banks and Other Finance Companies	-	-	4,810,549	**4,810,549**
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	786,876	-	-	**786,876**
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	-	-	137,248,200	**137,248,200**
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	-	-	19,294,598	**19,294,598**
Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	204	-	**204**
Financial Assets at Amortised Cost - Debt and other Financial Instruments	-	-	6,597,124	**6,597,124**
Financial Assets at Amortised Cost - Other Financial Assets	-	-	51,319	**51,319**
Total Financial Assets	786,876	204	171,102,521	**171,889,601**

	Financial Liabilities at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000
Financial Liabilities		
Bank Overdrafts	3,169,281	**3,169,281**
Financial Liabilities at Amortised Cost - Deposits due to Customers	83,459,182	**83,459,182**
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	57,786,449	**57,786,449**
Subordinated Term Debt	10,148,342	**10,148,342**
Lease Liabilities	1,165,826	**1,165,826**
Total Financial Liabilities	155,729,080	**155,729,080**

There were no reclassifications or transfers of Financial Assets during the year.

24.3 Classification of Financial Assets and Financial Liabilities As at 31st March 2025 - Company

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Financial Assets recognised through Profit or Loss (FVTPL)	Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Financial Assets at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Cash and Cash Equivalents	-	-	1,982,202	**1,982,202**
Placements with Banks and Other Finance Companies	-	-	570,007	**570,007**
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	-	-	**133,889**
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	-	-	78,402,912	**78,402,912**
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	-	-	13,745,290	**13,745,290**
Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	204	-	**204**
Financial Assets at Amortised Cost - Debt and other Financial Instruments	-	-	8,850,863	**8,850,863**
Financial Assets at Amortised Cost - Other Financial Assets	-	-	42,074	**42,074**
Total Financial Assets	133,889	204	103,593,348	**103,727,441**

	Financial Liabilities at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000
Financial Liabilities		
Bank Overdrafts	1,828,680	**1,828,680**
Financial Liabilities at Amortised Cost - Deposits due to Customers	67,480,200	**67,480,200**
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	12,650,533	**12,650,533**
Subordinated Term Debt	6,690,647	**6,690,647**
Lease Liabilities	2,721,617	**2,721,617**
Total Financial Liabilities	91,371,677	**91,371,677**

There were no reclassifications or transfers of Financial Assets during the year.

Notes to the Financial Statements

24.4 Classification of Financial Assets and Financial Liabilities As at 31st March 2025 - Group

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Financial Assets recognised through Profit or Loss (FVTPL)	Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Financial Assets at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Cash and Cash Equivalents	-	-	1,999,887	**1,999,887**
Placements with Banks and Other Finance Companies	-	-	570,007	**570,007**
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	209,882	-		**209,882**
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	-	-	78,402,912	**78,402,912**
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	-	-	13,745,290	**13,745,290**
Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	204	-	**204**
Financial Assets at Amortised Cost - Debt and other Financial Instruments	-	-	8,850,863	**8,850,863**
Financial Assets at Amortised Cost - Other Financial Assets	-	-	42,074	**42,074**
Total Financial Assets	209,882	204	103,611,033	**103,821,119**

	Financial Liabilities at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000
Financial Liabilities		
Bank Overdrafts	1,828,680	**1,828,680**
Financial Liabilities at Amortised Cost - Deposits due to Customers	67,480,200	**67,480,200**
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	13,461,095	**13,461,095**
Subordinated Term Debt	6,690,647	**6,690,647**
Lease Liabilities	1,031,339	**1,031,339**
Total Financial Liabilities	90,491,961	**90,491,961**

There were no reclassifications or transfers of Financial Assets during the year.

25 FAIR VALUE OF ASSETS AND LIABILITIES

Accounting Policy

"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 the absence, in the most advantageous market to which the Group has the access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1

Inputs that are quoted (unadjusted) market prices in active markets for identical assets or liabilities.

When available, the Group 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 asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

This category includes instruments valued using;

- ↘ quoted prices in active markets for similar instruments,
- ↘ quoted prices for identical or similar instruments in markets that are considered to be less active, or
- ↘ other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices of similar instruments for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and Government Securities such as Treasury Bills and Treasury Bonds. Availability of observable prices and model inputs reduces the need for Management judgement and estimation while reducing uncertainty associated in determining the fair values.

Notes to the Financial Statements

25.1 Assets and Liabilities Measured at Fair Value and Fair Value Hierarchy

The following table provides an analysis of assets and liabilities measured at fair value as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position.

	Company				Group			
As at 31st March 2026	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Non-Financial Assets								
Property, Plant and Equipment								
Land & Buildings	-	-	426,000	**426,000**	-	-	4,187,000	**4,187,000**
Investment Properties	-	-	1,327,000	**1,327,000**	-	-	1,101,500	**1,101,500**
Total Non - Financial Assets at Fair Value	-	-	1,753,000	**1,753,000**	-	-	5,288,500	**5,288,500**
Financial Assets								
Financial Assets recognised through profit or loss - Measured at fair value								
Equity Shares - Quoted	-	-	-	**-**	-	-	-	**-**
Unit Trusts	-	703,824	-	**703,824**	-	786,876	-	**786,876**
Total Financial Assets at Fair Value	-	703,824	-	**703,824**	-	786,876	-	**786,876**
Total Assets at Fair Value	-	703,824	1,753,000	**2,456,824**	-	786,876	5,288,500	**6,075,376**

	Company				Group			
As at 31st March 2025	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Non-Financial Assets								
Property, Plant and Equipment								
Land & Buildings	-	-	418,500	**418,500**	-	-	4,028,500	**4,028,500**
Investment Properties	-	-	1,242,000	**1,242,000**	-	-	1,072,000	**1,072,000**
Total Non - Financial Assets at Fair Value	-	-	1,660,500	**1,660,500**	-	-	5,100,500	**5,100,500**
Financial Assets	-	-	-	**-**	-	-	-	**-**
Financial Assets recognised through profit or loss - Measured at fair value	-	-	-	**-**	-	-	-	**-**
Equity Shares - Quoted	3,008	-	-	**3,008**	3,008	-	-	**3,008**
Unit Trusts	-	130,881	-	**130,881**	-	206,874	-	**206,874**
Total Financial Assets at Fair Value	3,008	130,881	-	**133,889**	3,008	206,874	-	**209,882**
Total Assets at Fair Value	3,008	130,881	1,660,500	**1,794,389**	3,008	206,874	5,100,500	**5,310,382**

There were no transfer between levels in Fair Value Hierarchy during the year.

25.2 Level 3 Fair Value Measurement

Property, Plant and Equipment

Reconciliation from the beginning balance to the ending balance for the Land and Buildings in the Level 3 of the fair value hierarchy is given in Note 36 of the Financial Statements.

Reconciliation of Revaluation Reserve pertaining to the Land and Buildings in the Level 3 of the fair value hierarchy is given in Statement of Changes in Equity.

Note 36 provides information on significant unobservable inputs / valuation techniques and sensitivity for fair value measurement of Land and Buildings categorised as Level 3 in the fair value hierarchy.

Investment Properties

Reconciliation from the beginning balance to the ending balance for the Investment Properties in the Level 3 of the fair value hierarchy is given in Note 35 of the Financial Statements.

Note 35 provides information on significant unobservable inputs / valuation techniques and sensitivity for fair value measurement of Investment Properties categorised as Level 3 in the fair value hierarchy.

25.3 Financial Instruments not measured at Fair Value and Fair Value Hierarchy

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Fixed rate Financial Instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost (eg. fixed rate loans and receivables , deposits due to customers and borrowings) are estimated based on the Discounted Cash Flow approach. This approach employs observable current market interest rates of similar financial instruments as inputs in measuring the fair value and hence it is categorised under Level 2 in the fair value hierarchy.

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities with short-term maturities, with short -term re-pricing intervals , it is assumed that the carrying amounts approximate to their fair value.

Sensitivity of Significant Unobservable Inputs used to Measure Fair Value of Fixed Rate Financial Instruments

A significant increase/(decrease) in the market interest rate would result in lower/(higher) fair value being disclosed.

The following table summarises the carrying amounts and the Company's / Group's estimate of fair values of those financial assets and liabilities not presented in the Statement of Financial Position at fair value. The fair values in the table below may be different from the actual amounts that will be received / paid on the settlement or maturity of the financial instrument.

As at 31st March 2026	Company					Group				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets										
Cash and Cash Equivalents	**3,098,330**	3,098,330	-	-	3,098,330	**3,100,731**	3,100,731	-	-	3,100,731
Placements with Banks and Other Finance Companies	**4,810,549**	-	4,810,549	-	4,810,549	**4,810,549**	-	4,810,549	-	4,810,549
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	**137,248,200**	-	133,598,599	-	133,598,599	**137,248,200**	-	133,598,599	-	133,598,599
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	**19,294,598**	-	19,277,605	-	19,277,605	**19,294,598**	-	19,277,605	-	19,277,605
Financial Assets at Amortised Cost - Debt and other Financial Instruments	**6,597,124**	-	6,712,590	-	6,712,590	**6,597,124**	-	6,712,590	-	6,712,590
Financial Assets at Amortised Cost - Other Financial Assets	**51,319**	-	51,319	-	51,319	**51,319**	-	51,319	-	51,319
	171,100,120	3,098,330	164,450,662	-	167,548,992	**171,102,521**	3,100,731	164,450,662	-	167,551,393
Financial Liabilities										
Bank Overdrafts	**3,169,281**	3,169,281	-	-	3,169,281	**3,169,281**	3,169,281	-	-	3,169,281
Rental Received in Advance	**455,190**	-	455,190	-	455,190	**475,579**	-	313,485	-	313,485
Financial Liabilities at Amortised Cost - Deposits due to Customers	**83,459,182**	-	79,484,593	-	79,484,593	**83,459,182**	-	-	-	-
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	**57,147,742**	-	55,581,084	-	55,581,084	**57,786,449**	-	56,221,556	-	56,221,556
Subordinated Term Debt	**10,148,342**	-	11,801,542	-	11,801,542	**10,148,342**	-	11,801,542	-	11,801,542
Lease Liabilities	**2,799,206**	-	2,799,206	-	2,799,206	**1,165,826**	-	1,031,339	-	1,031,339
	157,178,943	3,169,281	150,121,615	-	153,290,896	**156,204,659**	3,169,281	69,367,922	-	72,537,203

As at 31st March 2025	Company					Group				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets										
Cash and Cash Equivalents	**1,982,202**	1,982,202	-	-	1,982,202	**1,999,887**	1,999,887	-	-	1,999,887
Placements with Banks and Other Finance Companies	**570,007**	-	570,007	-	570,007	**570,007**	-	570,007	-	570,007
Reverse Repurchase Agreements	**-**	-	-	-	-	**-**	-	-	-	-
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	**78,402,912**	-	78,482,070	-	78,482,070	**78,402,912**	-	78,482,070	-	78,482,070
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	**13,745,290**	-	13,929,560	-	13,929,560	**13,745,290**	-	13,929,560	-	13,929,560
Financial Assets at Amortised Cost - Debt and other Financial Instruments	**8,850,863**	-	8,949,770	-	8,949,770	**8,850,863**	-	8,949,770	-	8,949,770
Financial Assets at Amortised Cost - Other Financial Assets	**42,074**	-	42,074	-	42,074	**42,074**	-	42,074	-	42,074
	103,593,348	1,982,202	101,973,481	-	103,955,683	**103,611,033**	1,999,887	101,973,481	-	103,973,368
Financial Liabilities										
Bank Overdrafts	**1,828,680**	1,828,680	-	-	1,828,680	**1,828,680**	1,828,680	-	-	1,828,680
Rental Received in Advance	**306,105**	-	306,105	-	306,105	**313,485**	-	313,485	-	313,485
Financial Liabilities at Amortised Cost - Deposits due to Customers	**67,480,200**	-	77,575,115	-	77,575,115	**67,480,200**	-	-	-	-
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	**12,650,533**	-	12,648,882	-	12,648,882	**13,461,095**	-	13,484,911	-	13,484,911
Subordinated Term Debt	**6,690,647**	-	7,338,660	-	7,338,660	**6,690,647**	-	6,690,647	-	6,690,647
Lease Liabilities	**2,721,617**	-	2,721,617	-	2,721,617	**1,031,339**	-	1,031,339	-	1,031,339
	91,677,782	1,828,680	100,590,379	-	102,419,059	**90,805,446**	1,828,680	21,520,382	-	23,349,062

Notes to the Financial Statements

26 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include of cash in hand and balance at banks and other highly liquid financial assets which are held for the purpose of meeting short-term commitments with original maturities of less than three months which are subject to an insignificant risk of changes in their fair value. There were no cash and cash equivalents held by the Group that were not available for use by the Group.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

As at 31st March	Company		Group	
	2026	2025	**2026**	2025
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Cash & Cash equivalents (Note 26.1)	**3,098,330**	1,982,202	**3,100,731**	1,999,887
Bank Overdrafts (Note 26.2)	**(3,169,281)**	(1,828,680)	**(3,169,281)**	(1,828,680)
Net cash and Cash Equivalents	**(70,951)**	153,522	**(68,550)**	171,207
26.1 Cash at Bank	**2,398,577**	1,395,329	**2,400,958**	1,412,994
Cash in Hand	**699,753**	586,873	**699,773**	586,893
	3,098,330	1,982,202	**3,100,731**	1,999,887
26.2 Bank Overdrafts	**(3,169,281)**	(1,828,680)	**(3,169,281)**	(1,828,680)

27 PLACEMENTS WITH BANKS AND OTHER FINANCE COMPANIES

Accounting Policy

Placements with Banks and Other Finance Companies include short-term deposits placed in banks and other finance companies and are subjected to insignificant risk of changes in fair value, and are used by the Group in the management of its short-term commitments. These are recorded in the Financial Statements at the face values or the gross values, where appropriate, net of impairment charges.

As at 31st March	Company		Group	
	2026	2025	**2026**	2025
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Placements with Banks and Other Finance Companies	**4,810,788**	570,052	**4,810,788**	570,052
Allowance for Impairment (Note 27.1)	**(239)**	(45)	**(239)**	(45)
	4,810,549	570,007	**4,810,549**	570,007

27.1 Movement in Stage 1 Impairment

Balance as at the beginning of the year	**45**	333	**45**	333
Net impairment charge / (reverse) for the year	**194**	(288)	**194**	(288)
Balance at the End of the year	**239**	45	**239**	45

28 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Accounting Policy

The Group classifies financial assets as financial assets recognised through profit or loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit making. Financial assets recognised through profit or loss are recorded and measured in the Statement of Financial Position at fair value. The changes in fair value are recognised in the Statement of Profit or Loss under Net gains/(losses) from financial assets at fair value through profit or loss.

As at 31st March	Company		Group	
	2026	2025	**2026**	2025
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Quoted Equities (Note 28.1)	**-**	3,008	**-**	3,008
Unquoted Units in Unit Trusts (Note 28.2)	**703,824**	130,881	**786,876**	206,874
	703,824	133,889	**786,876**	209,882

28.1 Investments in Quoted Equities

Balance at the Beginning of the year	**3,008**	1,548	**3,008**	1,548
Sale of shares	**(8,233)**	-	**(8,233)**	-
Gain / (Loss) from marked to market valuation	**5,225**	1,460	**5,225**	1,460
Balance at the End of the year	**-**	3,008	**-**	3,008

As at 31st March	Company						Group					
	2026			2025			2026			2025		
	No of Ordinary shares	**Cost**	**Fair Value**	No of Ordinary shares	Cost	Fair Value	**No of Ordinary shares**	**Cost**	**Fair Value**	No of Ordinary shares	Cost	Fair Value
		Rs.'000	**Rs.'000**		Rs.'000	Rs.'000		**Rs.'000**	**Rs.'000**		Rs.'000	Rs.'000
Bank , Finance & Insurance												
Singer Finance (Lanka) PLC	-	-	-	125,888	2,262	3,008	-	-	-	125,888	2,262	3,008
Total Quoted Equities	-	-	-	125,888	2,262	3,008	-	-	-	125,888	2,262	3,008

28.2 Unquoted Units in Unit Trusts

	Company		Group	
	2026	2025	**2026**	2025
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Balance at the Beginning of the year	**130,881**	3,650,604	**206,874**	4,179,932
Movement during the year	**544,121**	(3,555,759)	**546,270**	(4,034,600)
Gain / (Loss) from marked to market valuation	**210**	139	**466**	396
Redemption Income - Unit Trusts	**28,612**	35,897	**33,266**	61,146
Balance at the End of the year	**703,824**	130,881	**786,876**	206,874

As at 31st March	Company						Group					
	2026			2025			2026			2025		
	No of Units	**Cost**	**Fair Value**	No of Units	Cost	Fair Value	**No of Units**	**Cost**	**Fair Value**	No of Units	Cost	Fair Value
		Rs.'000	**Rs.'000**		Rs.'000	Rs.'000		**Rs.'000**	**Rs.'000**		Rs.'000	Rs.'000
NDB Wealth Money Fund	**936**	**36**	**36**	3,651,611	99,747	130,881	**1,940**	**38,632**	**38,760**	5,771,836	175,483	206,874
NDB Wealth Money Plus Fund	**11,835,832**	**503,404**	**503,521**	-	-	-	**11,836,874**	**547,604**	**547,849**	-	-	-
First Capital	**55,086**	**200,174**	**200,267**	-	-	-	**55,086**	**200,174**	**200,267**	-	-	-
	11,891,854	**703,614**	**703,824**	3,651,611	99,747	130,881	**11,893,900**	**786,410**	**786,876**	5,771,836	175,483	206,874

29 FINANCIAL ASSETS AT AMORTISED COST - LOANS AND RECEIVABLES TO OTHER CUSTOMERS

Accounting Policy

As per SLFRS 9, "Loans and advances to other customers and Lease Rental and Hire Purchase Receivables" are assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows and the contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

When the Group is the lessor in a lease agreement that transfers substantially all the risks and rewards associated with ownership other than legal title, are classified as finance leases. Amounts receivable under finance leases, net of initial rentals received, unearned lease income and provision for impairment are classified as "Lease Rental Receivable" in the Statement of Financial Position.

Assets sold to customers under fixed rate hire agreements, which transfer all risk and rewards as well as the legal title at the end of such contractual period are classified as 'Hire Purchase Receivable'. Such assets are accounted for in a similar manner as finance leases.

After initial measurement, financial assets measured at amortised cost are subsequently measured at gross carrying amount using the Effective Interest Rate (EIR), less provision for impairment, except when the Group designates at fair value through profit or loss. EIR is calculated by taking into account any discount or premium on acquisition and fees and costs. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "Impairment charges and other losses" in the Income Statement.

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Gross Loans and Receivables to Other Customers	**140,429,083**	80,943,003	**140,429,083**	80,943,003
Allowance for Impairment	**(3,180,883)**	(2,540,091)	**(3,180,883)**	(2,540,091)
Net Loans and Receivables to Other Customers (Note 29.1)	**137,248,200**	78,402,912	**137,248,200**	78,402,912

29.1 Loans and Receivables to Other Customers

As at 31st March	Company						Group					
	2026			2025			2026			2025		
	Gross Carrying Amount Rs.'000	ECL Allowance Rs.'000	Carrying Amount Rs.'000	Gross Carrying Amount Rs.'000	ECL Allowance Rs.'000	Carrying Amount Rs.'000	Gross Carrying Amount Rs.'000	ECL Allowance Rs.'000	Carrying Amount Rs.'000	Gross Carrying Amount Rs.'000	ECL Allowance Rs.'000	Carrying Amount Rs.'000
Receivable on Loans and advances	**103,359,640**	**(2,841,362)**	**100,518,278**	58,792,416	(2,341,387)	56,451,029	**103,359,640**	**(2,841,362)**	**100,518,278**	58,792,416	(2,341,387)	56,451,029
Receivable on Loans against fixed deposits	**2,205,728**	**-**	**2,205,728**	1,545,670	-	1,545,670	**2,205,728**	**-**	**2,205,728**	1,545,670	-	1,545,670
Receivable on Micro Finance Loans	**5,330**	**(5,330)**	**-**	5,430	(5,430)	-	**5,330**	**(5,330)**	**-**	5,430	(5,430)	-
Receivable on Gold Loans	**34,858,385**	**(334,191)**	**34,524,194**	20,599,487	(193,274)	20,406,213	**34,858,385**	**(334,191)**	**34,524,194**	20,599,487	(193,274)	20,406,213
	140,429,083	**(3,180,883)**	**137,248,200**	80,943,003	(2,540,091)	78,402,912	**140,429,083**	**(3,180,883)**	**137,248,200**	80,943,003	(2,540,091)	78,402,912

Notes to the Financial Statements

29.2 Movement in Provision for Impairment During the Year

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	**2,540,091**	2,300,028	**2,540,091**	2,300,028
Net impairment charge /(reversal) for the year	**640,792**	240,063	**640,792**	240,063
Balance as at the end of the year	**3,180,883**	2,540,091	**3,180,883**	2,540,091

29.3 Movement in Allowance for Expected Credit Losses (Stage Transition)

As at 31st March	Company							
	2026				2025			
	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.000	Rs.'000	Rs.'000
Balance as at the beginning of the year	**583,887**	**526,369**	**1,429,835**	**2,540,091**	447,453	457,166	1,395,408	2,300,027
Changes due to loans and receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	**(68,061)**	**60,240**	**7,821**	**-**	(34,710)	33,347	1,363	-
Transferred from Lifetime ECL not-credit impaired	**113,357**	**(136,688)**	**23,331**	**-**	91,457	(106,085)	14,628	-
Transferred from Lifetime ECL credit impaired	**10,672**	**5,927**	**(16,599)**	**-**	1,919	5,348	(7,267)	-
Interest accrued / (reversals) on impaired loans and advances	**-**	**-**	**28,176**	**28,176**	-	-	8,815	8,815
Net remeasurement of loss allowance	**647,614**	**(64,772)**	**29,774**	**612,616**	77,768	136,593	16,888	231,249
Balance as at the end of the year	**1,287,469**	**391,076**	**1,502,338**	**3,180,883**	583,887	526,369	1,429,835	2,540,091

As at 31st March	Group							
	2026				2025			
	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.000.	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	**583,887**	**526,369**	**1,429,835**	**2,540,091**	447,453	457,166	1,395,408	2,300,027
Changes due to loans and receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	**(68,061)**	**60,240**	**7,821**	**-**	(34,710)	33,347	1,363	-
Transferred from Lifetime ECL not-credit impaired	**113,357**	**(136,688)**	**23,331**	**-**	91,457	(106,085)	14,628	-
Transferred from Lifetime ECL credit impaired	**10,672**	**5,927**	**(16,599)**	**-**	1,919	5,348	(7,267)	-
Interest accrued / (reversals) on impaired loans and advances	**-**	**-**	**28,176**	**28,176**	-	-	8,815	8,815
Net remeasurement of loss allowance	**647,614**	**(64,772)**	**29,774**	**612,616**	77,768	136,593	16,888	231,249
Balance as at the end of the year	**1,287,469**	**391,076**	**1,502,338**	**3,180,883**	583,887	526,369	1,429,835	2,540,091

30 FINANCIAL ASSETS AT AMORTISED COST - LEASE RENTAL AND HIRE PURCHASE RECEIVABLES

	As at 31st March	Company		Group	
		2026	2025	2026	2025
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
30.1	Hire Purchase Receivable (Note 30.1.1)	-	-	-	-
30.2	Lease Rental Receivable (Note 30.2.1)	**19,294,598**	13,745,290	**19,294,598**	13,745,290
		19,294,598	13,745,290	**19,294,598**	13,745,290

30.1.1 Hire Purchase Receivable

Hire purchase receivables within one year	**104,234**	104,162	**104,234**	104,162
Hire purchase receivables after one year but before five years	-	-	-	-
Hire purchase receivables after five years	-	-	-	-
Total Hire Purchase Receivable	**104,234**	104,162	**104,234**	104,162
Unearned Income	-	-	-	-
Gross Hire Purchase Receivable	**104,234**	104,162	**104,234**	104,162
Allowance for Impairment	**(104,234)**	(104,162)	**(104,234)**	(104,162)
Net Hire Purchase Receivable	-	-	-	-

30.1.2 Movement in Provision for Impairment During the Year

Balance as at the beginning of the year	**104,162**	105,272	**104,162**	105,272
Net impairment charge /(reversal) for the year	**72**	(1,110)	**72**	(1,110)
Balance as at the end of the year	**104,234**	104,162	**104,234**	104,162

Notes to the Financial Statements

30.1.3 Movement in Allowance for Expected Credit Losses (Stage Transition)

As at 31st March	Company							
	2026				2025			
	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000.	Rs.'000	Rs.'000
Balance as at the beginning of the year	-	-	104,162	104,162	-	-	105,272	105,272
Changes due to Hire Purchase Receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	-	-	-	-	-	-	-	-
Transferred from Lifetime ECL not-credit impaired	-	-	-	-	-	-	-	-
Transferred from Lifetime ECL credit impaired	-	-	-	-	-	-	-	-
Interest accrued / (reversals) on impaired loans and advances	-	-	-	-	-	-	(78)	(78)
Net remeasurement of loss allowance	-	-	72	72	-	-	(1,032)	(1,032)
Balance as at the end of the year	-	-	104,234	104,234	-	-	104,162	104,162

As at 31st March	Group							
	2026				2025			
	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000.	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	-	-	104,162	104,162	-	-	105,272	105,272
Changes due to Hire Purchase Receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	-	-	-	-	-	-	-	-
Transferred from Lifetime ECL not-credit impaired	-	-	-	-	-	-	-	-
Transferred from Lifetime ECL credit impaired	-	-	-	-	-	-	-	-
Interest accrued / (reversals) on impaired loans and advances	-	-	-	-	-	-	(78)	(78)
Net remeasurement of loss allowance	-	-	72	72	-	-	(1,032)	(1,032)
Balance as at the end of the year	-	-	104,234	104,234	-	-	104,162	104,162

30.2.1 Lease Rental Receivable

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lease Rental receivable within one year	**11,482,385**	8,953,796	**11,482,385**	8,953,796
Lease Rental receivable after one year but before five years	**15,184,392**	10,192,973	**15,184,392**	10,192,973
Lease Rental receivable after five years	**-**	-	**-**	-
Total Lease Rental receivable	**26,666,777**	19,146,769	**26,666,777**	19,146,769
Unearned Income	**(6,215,721)**	(4,276,440)	**(6,215,721)**	(4,276,440)
Gross Lease Rental receivable	**20,451,056**	14,870,329	**20,451,056**	14,870,329
Allowance for Impairment	**(1,156,458)**	(1,125,039)	**(1,156,458)**	(1,125,039)
Net Lease Rental receivable	**19,294,598**	13,745,290	**19,294,598**	13,745,290

30.2.2 Movement in Provision for Impairment During the Year

Balance as at the beginning of the year	**1,125,039**	1,186,814	**1,125,039**	1,186,814
Net impairment charge /(reversal) for the year	**31,419**	(61,775)	**31,419**	(61,775)
Balance as at the end of the year	**1,156,458**	1,125,039	**1,156,458**	1,125,039

30.2.3 Movement in Allowance for Expected Credit Losses (Stage Transition)

As at 31st March	Company							
	2026				2025			
	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	**162,143**	**179,811**	**783,085**	**1,125,039**	114,416	230,632	841,766	1,186,814
Changes due to Lease Rental Receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	**(31,870)**	**29,516**	**2,354**	**-**	(21,961)	19,992	1,969	-
Transferred from Lifetime ECL not-credit impaired	**44,847**	**(54,463)**	**9,616**	**-**	61,814	(73,852)	12,038	-
Transferred from Lifetime ECL credit impaired	**2,624**	**4,336**	**(6,960)**	**-**	8,470	8,152	(16,622)	-
Interest accrued / (reversals) on impaired loans and advances	**-**	**-**	**3,490**	**3,490**	-	-	(3,175)	(3,175)
Net remeasurement of loss allowance	**108,841**	**(42,845)**	**(38,067)**	**27,929**	(596)	(5,113)	(52,891)	(58,600)
Balance as at the end of the year	**286,585**	**116,355**	**753,518**	**1,156,458**	162,143	179,811	783,085	1,125,039

Notes to the Financial Statements

As at 31st March	Group							
	2026				2025			
	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: Life Time ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	**162,143**	**179,811**	**783,085**	**1,125,039**	114,416	230,632	841,766	1,186,814
Changes due to Lease Rental Receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	**(31,870)**	**29,516**	**2,354**	**-**	(21,961)	19,992	1,969	-
Transferred from Lifetime ECL not-credit impaired	**44,847**	**(54,463)**	**9,616**	**-**	61,814	(73,852)	12,038	-
Transferred from Lifetime ECL credit impaired	**2,624**	**4,336**	**(6,960)**	**-**	8,470	8,152	(16,622)	-
Interest accrued / (reversals) on impaired loans and advances	**-**	**-**	**3,490**	**3,490**	-	-	(3,175)	(3,175)
Net remeasurement of loss allowance	**108,841**	**(42,845)**	**(38,067)**	**27,929**	(596)	(5,113)	(52,891)	(58,600)
Balance as at the end of the year	**286,585**	**116,355**	**753,518**	**1,156,458**	162,143	179,811	783,085	1,125,039

31 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting Policy

As per SLFRS 9, Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) comprises debt instruments measured at FVOCI and equity instruments designated at FVOCI.

Debt instruments measured at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated 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 solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and ECL and reversals are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic purpose and regulatory purposes, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss in "Other Operating Income" when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

For the Year Ended 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Unquoted Equities - (Note 31.1)	**204**	204	**204**	204
	204	204	**204**	204

31.1 Unquoted Equities

As at 31st March	No of Ordinary shares	Cost of investment Rs.'000	Company Market Value as at 31/03/2026 Rs.'000	Company Market Value as at 31/03/2025 Rs.'000	Group Market Value as at 31/03/2026 Rs.'000	Group Market Value as at 31/03/2025 Rs.'000
Credit Information Bureau of Sri Lanka	38	4	**4**	4	**4**	4
Finance House Association	20,000	200	**200**	200	**200**	200
		204	**204**	204	**204**	204

31.1.1 The Group designated the investments shown above as equity securities of FVOCI because these equity securities represent investments that Group intend to hold for the long term strategic purpose.

32 FINANCIAL ASSETS AT AMORTISED COST - DEBT AND OTHER FINANCIAL INSTRUMENTS

Accounting Policy

In line with the requirements of SLFRS 9, the Group applies the amortised cost method to measure financial instruments for which an entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as "SPPI").

- Principle is the fair value of the instrument at initial recognition.
- Interest is the return within a basic lending arrangement and typically consists of consideration for the time value of money, and credit risk. It may also include consideration for other basic lending risks such as liquidity risk as well as a profit margin.

These financial assets include Reverse Repurchase Agreements where the Group purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date and accounted as a financial asset in the Statement of Financial Position reflecting the transaction's economic substance as a loan granted by the Group. Subsequent to initial recognition, these securities issued are measured at amortised cost using the EIR with the corresponding interest income/ receivable being recognised as interest income in profit or loss.

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Government of Sri Lanka Treasury Bills	**340,039**	3,097,677	**340,039**	3,097,677
Government of Sri Lanka Treasury Bond (Note 32.1)	**1,696,163**	1,785,518	**1,696,163**	1,785,518
Securities Under Reverse Repurchase Agreements (Note 32.2)	**4,560,922**	3,967,668	**4,560,922**	3,967,668
	6,597,124	8,850,863	**6,597,124**	8,850,863

Notes to the Financial Statements

32.1 Reclassification of Government of Sri Lanka Treasury Bonds

Considering the unprecedented changes in the macro-economic conditions and resulted changes to the business model of managing the assets, the Company reclassified its investment in treasury bonds issued by the Government of Sri Lanka amounting to Rs. 1,999.76 Mn from Fair Value through Other Comprehensive Income (FVOCI) to Amortised Cost with effect from 1st April 2022, in accordance with the "Statement of Alternative Treatment (SoAT) on Re-classification of Debt Portfolio" issued by the Institute of Chartered Accountants of Sri Lanka. There was no change to the effective interest rate used and interest income recognised on account of reclassified treasury bond portfolio for the period under review.

Had these investments continued to be carried at Fair Value through Other Comprehensive Income, the fair value of the remaining portfolio as at 31st March 2026 would have amounted to Rs.1,784.96 Mn (Amortised Cost of the remaining portfolio as at 31.03.2026 is Rs. 1,669.49 Mn) and would have resulted in a cumulative mark to market gain of LKR 115.47 Mn as at the reporting date.

32.2 Securities Under Reverse Repurchase Agreements

The collateral value of Securities Under Reverse Repurchase Agreements as at 31st March 2026 for the Company was Rs. 4,584.43 Mn & for the Group was Rs. 4,584.43 Mn.

33 FINANCIAL ASSETS AT AMORTISED COST - OTHER FINANCIAL ASSETS

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Staff Loans (Note 33.1)	**52,617**	43,274	**52,617**	43,274
Allowance for Impairment (Note 33.2)	**(1,298)**	(1,200)	**(1,298)**	(1,200)
Net Staff Loans	**51,319**	42,074	**51,319**	42,074

33.1 Gross Staff Loans

Balance at the beginning of the year	**43,274**	36,068	**43,274**	36,068
Granted during the year	**74,268**	70,866	**74,268**	70,866
Recovered during the year	**(64,758)**	(62,444)	**(64,758)**	(62,444)
Net change in Prepaid Staff Cost during the year	**(167)**	(1,216)	**(167)**	(1,216)
Balance at the end of the year	**52,617**	43,274	**52,617**	43,274

33.2 Allowance for Impairment

Balance at the beginning of the year	**1,200**	1,749	**1,200**	1,749
Net Impairment charge during the year	**98**	(549)	**98**	(549)
Balance at the end of the year	**1,298**	1,200	**1,298**	1,200

34 INVESTMENT IN A SUBSIDIARY

Accounting Policy

Subsidiary is an investee controlled by the Group. The Group "controls" an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The Financial Statements of subsidiary included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

As at 31st March	Company 2026 Rs.'000	2025 Rs.'000
Vallibel Properties Limited (Note 34.1)	**0.02**	0.02
	0.02	0.02

34.1 Vallibel Properties Limited

A Company under the name "Vallibel Properties Ltd" was incorporated as a fully owned subsidiary of Vallibel Finance PLC, to engage in administration of development and maintenance of the Corporate office complex for Vallibel Finance PLC.

Cost of Rs. 20 is assumed to be the best approximation for the market value of the investment as at 31st March 2026. There were no any restriction on its ability to access or use assets and settlement of liabilities of the Group.

35 INVESTMENT PROPERTY

Accounting Policy

Investment Properties are those which are held either to earn rental income or for capital appreciation or for both.

Investment properties are initially measured at cost, including transaction costs. The Group subsequently measures investment properties under fair value model. Any gain or loss arising from a change in fair value and the rental income from the investment property is recognised under other operating income.

When the portion of the property is held to earn rentals or for capital appreciation and another portion is held for use in the production or supply of goods or services for the portions separately if these portions could be sold separately (or leased out separately under a finance lease), the group accounts for the portions separately. If the portions could not be sold separately, the property is treated as investments property , only if an insignificant portions is held for use in the production of supply of goods or service or for administrative purposes.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the other operating income.

As at 31st March	Company 2026 Rs.'000	2025 Rs.'000	Group 2026 Rs.'000	2025 Rs.'000
Cost / Valuation				
As at beginning of the year	**1,242,000**	1,178,000	**1,072,000**	1,100,225
Transfers from Property, Plant and Equipment	**-**	-	**-**	-
Fair value gains during the year	**85,000**	64,000	**29,500**	(28,225)
Disposals during the year	**-**	-	**-**	-
As at end of the year	**1,327,000**	1,242,000	**1,101,500**	1,072,000

35.1 The Company leased a bare land situated at Galle road, Colombo 03 extent of 42.12 perch for its fully owned subsidiary Vallibel Properties Ltd.

Lease Term - 30 years

Payment Term -The monthly rental amount is Rs. 250,000 for the first two years, with a 10% increase every two years thereafter

Notes to the Financial Statements

35.2 Income Earned from and Direct Operating Expenses of Investment Properties are as below.

As at 31st March	2026		2025	
	Company	Group	Company	Group
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rental Income Derived from Investment Properties	6,355	46,384	6,355	32,015
Direct Operating Expenses	-	(5,294)	-	(1,380)

35.3 Land is not depreciated under normal circumstances.

35.4 The above property is pledged as security for borrowing obtained amounting to Rs. 700 Mn from Commercial Bank of Ceylon, which outstanding balance amounting Rs. 637.3 Mn as at 31st March 2026 (2024/25-Rs.810 Mn).

35.5 The Company charge a fee for providing a corporate guarantee for above Rs.700 Mn loan obtained by Vallibel Properties Limited . The Company earned Rs.8,100,000/- (2024/25 - Rs.12,866,666.68/-) during the year as a guarantee commission from the Vallibel Properties Limited.

35.6 The Investment Property in the group includes the fair value of four floors of the Corporate Office Complex which are not occupied by the Company. One and half floors have been leased out to First Capital Equities Pvt Ltd and Grandspace Colombo Pvt Ltd as at 31st March 2026.
Lease Term - 10 years , 3 Years
Payment Terms - The monthly rental amount is Rs. 1,800,000 for the first two years, with a 10% increase every two years thereafter
- The monthly rental amount is Rs. 1,116,000 for the first two years, with a 10% increase for final year

35.7 Maturity analysis of future lease income receipts (gross) are as follows.

As at 31st March	Year 1	Year 2	Year 3	Year 4	Year 5	More Than 5 Years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company - Leased Land	3,872	3,993	4,259	4,392	4,685	150,784	171,985
Group - Leased floors of Corporate Office Complex	45,288	47,607	34,983	33,084	35,218	100,959	297,139

35.8 Details of Investment Property of the Company and group is given below.

Investment Property - Extent and Location

Location and Address of the Property	Number of Buildings	Buildings	Extent (Perches)	Fair Value of the Investment Property	Carrying Value of the Investment Property Before Fair Valuation
		Sq.ft.		Rs.'000	Rs.'000
Company					
No.480, Galle Road, Colombo 03	-	-	42.12	1,327,000	1,242,000
Group					
Corporate Office Complex	04 Floors	29,711	-	1,101,500	1,072,000

Investment Property - Valuation

Date of Valuation : 31st March 2026

Name of Professional Valuer / Location and Address of the Property	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Carrying Value of the Investment Property Before Fair Valuation	Fair Value of the Investment Property	Fair Value Gain /(Loss) Recognised in Income Statement
			Rs.'000	Rs.'000	Rs.'000
J.M. Senanayaka Bandara					
No.480, Galle Road, Colombo 03	Market Comparable & DRC Method				
Company	Price per perch for land	Rs.31,505,223 p.p appox.	1,242,000	1,327,000	85,000
Group	Value per sq.ft for building	Rs.37,079 p.sq.ft approx.	1,072,000	1,101,500	29,500

Valuation Techniques and Sensitivity of the Fair Value Measurement of the Investment Property of the Company & Group

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below:

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land	Estimated fair value would increase/ (decrease) if; Price per perch would increase/ (decrease)
Depreciated Replacement Cost (DRC) Method		
This method has been used to estimate the value of buildings. This method is primarily applied to assets that are unique in nature and not frequently traded. Replacement cost refers to the estimated amount required to replace and asset with a new one of similar utility and function at current prices. This includes direct costs such as materials, labour and related expenses necessary to bring the asset to operational condition. Depreciation considers the reduction in value due to physical deterioration, functional and economic obsolescence.	Replacement costs : Estimated based on current market conditions and recent construction costs. Depreciation rates : Reflecting the physical, functional, and economic depreciation of the assets.	Replacement cost would increase / (decrease) Depreciation rate for building would decrease / (increase)

Notes to the Financial Statements

36 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of Recognition

Property, plant & equipment are recognised, if it is probable that future economic benefits associated with the asset will flow to the Group and the cost or the fair value of the asset can be reliably measured.

Basis of Measurement

An item of property, plant & 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 assets and subsequent cost as explained below. The cost of self constructed assets includes the cost of the materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for its intended use and cost of dismantling and removing the old items and restoring the site on which they are located. Purchased software which is integral to the functionality of the related equipment is capitalised as part of computer equipment.

Cost Model

The Group applies the 'Cost Model' to all property, plant & equipment other than freehold land and buildings and record at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Group applies the revaluation model for the entire class of freehold land and buildings. Such properties are carried at revalued amounts, being their fair value at the reporting date, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of the valuation.
Freehold land and buildings of the Group are revalued by independent professional valuers every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised in Revaluation Reserve in Equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the income statement. In this circumstance, the increase is recognised as income only to the extent of the amounts written down previously. Any decrease in the carrying amount is recognised as an expense in the income statement or charged to Revaluation Reserve in Equity through OCI, only to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset. Any balance remaining in the Revaluation Reserve in respect of an asset, is transferred directly to Retained Earnings on retirement or disposal of the asset.

The Group revalued all its freehold land and buildings as at 31st March 2026. Methods and significant assumptions including unobservable market inputs employed in estimating the fair value together with the sensitivity of same are given in notes to Financial Statements.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation and Amortisation

Depreciation is calculated on a straight-line basis over the useful life of the assets, commencing from the date when the assets are available for use, since this method closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The Group does not charge depreciation on freehold land. The depreciation rates are determined separately for each significant part of the assets.

The Group reviews the residual values, useful lives and methods of depreciation of property, plant & equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

The estimated useful lives for the current and comparative years are as follows:

Class of Asset	Period (Years)
Freehold Buildings	15
Buildings on Leasehold Land	10
Computer Equipment	4
Furniture & Fittings	4
Office Equipment	4
Motor Vehicles	4

The above rates are compatible with the rates used by all Group entities, and these rates have not been changed during the year.

Derecognition
An item of Property, Plant & Equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognised in 'Other Operating Income' in profit or loss in the year the asset is derecognised.

When replacement costs are recognised in the carrying amount of an item of Property, Plant & Equipment, the remaining carrying amount of the replaced part is derecognised as required by Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment'.

Capital Work-in-Progress
These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, which will be capitalised with the completion of the project and when the asset is ready to be used. Capital work-in-progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by management (i.e. available for use).

Transfers
When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised in profit or loss immediately. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

36.1 Property, Plant and Equipment - Company

As at 31st March	Freehold Land	Freehold Building	Building on Leasehold Land	Computer Equipment	Furniture & Fittings	Office Equipment	Freehold Motor Vehicles	Capital WIP	Total 2026	Total 2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost / Valuation										
As at 01st April	310,500	108,000	1,950	358,620	1,014,971	406,929	76,953	-	**2,277,923**	1,923,594
Additions during the year	-	-	-	103,877	257,204	100,489	129,700	-	**591,270**	375,558
Transfer during the year	-	-	-	-	-	-	-	-	**-**	-
Transfer of accumulated depreciation on assets revalued	-	(7,184)	-	-	-	-	-	-	**(7,184)**	(7,267)
Surplus on Revaluation of property	10,500	4,184	-	-	-	-	-	-	**14,684**	14,267
Disposals during the year	-	-	-	(4,922)	(5,016)	(5,774)	(21,250)	-	**(36,962)**	(28,229)
As at 31st March	321,000	105,000	1,950	457,575	1,267,159	501,644	185,403	-	**2,839,731**	2,277,923
Accumulated Depreciation										
As at 01st April	-	-	1,787	236,656	633,418	243,851	68,030	-	**1,183,742**	955,538
Depreciation for the year	-	7,184	163	58,755	177,580	72,408	14,874	-	**330,964**	262,512
Transfer of accumulated depreciation on assets revalued	-	(7,184)	-	-	-	-	-	-	**(7,184)**	(7,267)
Disposals during the year	-	-	-	(4,922)	(4,879)	(5,768)	(21,250)	-	**(36,819)**	(27,041)
As at 31st March	-	-	1,950	290,489	806,119	310,491	61,654	-	**1,470,703**	1,183,742
Carrying Amount										
As at 31st March 2026	321,000	105,000	-	167,086	461,040	191,153	123,749	-	**1,369,028**	-
As at 31st March 2025	310,500	108,000	163	121,964	381,554	163,077	8,923	-	**-**	1,094,181

36.2 Property, Plant and Equipment - Group

As at 31st March	Freehold Land	Freehold Building	Building on Leasehold Land	Computer Equipment	Furniture & Fittings	Office Equipment	Freehold Motor Vehicles	Capital WIP	Total 2026	Total 2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost / Valuation										
As at 01st April	1,552,500	2,476,000	1,950	358,620	1,036,496	447,627	76,953	-	**5,950,146**	5,438,728
Additions during the year	-	-	-	103,877	257,204	100,489	129,700	-	**591,270**	377,422
Transfer during the year	-	-	-	-	-	-	-	-	**-**	-
Transfer of accumulated depreciation on assets revalued	-	(164,698)	-	-	-	-	-	-	**(164,698)**	(158,713)
Surplus on Revaluation of property	95,500	227,698	-	-	-	-	-	-	**323,198**	320,938
Disposals during the year	-	-	-	(4,922)	(5,016)	(5,774)	(21,250)	-	**(36,962)**	(28,229)
As at 31st March	1,648,000	2,539,000	1,950	457,575	1,288,684	542,342	185,403	-	**6,662,954**	5,950,146
Accumulated Depreciation										
As at 01st April	-	-	1,787	236,656	640,592	258,029	68,030	-	**1,205,094**	961,491
Depreciation for the year	-	164,698	163	58,755	182,961	82,583	14,874	-	**504,034**	429,356
Transfer of accumulated depreciation on assets revalued	-	(164,698)	-	-	-	-	-	-	**(164,698)**	(158,713)
Disposals during the year	-	-	-	(4,922)	(4,879)	(5,768)	(21,250)	-	**(36,819)**	(27,041)
As at 31st March	-	-	1,950	290,489	818,674	334,844	61,654	-	**1,507,611**	1,205,093
Carrying Amount										
As at 31st March 2026	1,648,000	2,539,000	-	167,086	470,010	207,498	123,749	-	**5,155,343**	-
As at 31st March 2025	1,552,500	2,476,000	163	121,964	395,904	189,599	8,923	-	**-**	**4,745,053**

36.3 The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows:

As at 31st March	Company						Group					
	2026			2025			2026			2025		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Class of Asset												
Freehold Land	152,219	-	152,219	152,219	-	152,219	1,248,088	-	1,248,088	1,248,088	-	1,248,088
Freehold Building	56,377	34,390	21,987	56,377	30,757	25,619	1,794,659	310,943	1,483,716	1,794,659	191,684	1,602,975
	208,596	34,390	174,206	208,596	30,757	177,838	3,042,747	310,943	2,731,804	3,866,275	191,684	3,707,562

36.4 Details of freehold properties of the Company & Group are given below.

Freehold land & buildings - Extent and Locations

Location and address of the Property	Extent (Perches)	Buildings Sq.ft.	Number of Buildings	Revalued Amounts-Land Rs.'000	Revalued Amounts-Buildings Rs.'000	Net Book Value / Revalued Amount Rs.'000	Net Book Value Before Revaluation Rs.'000
Maharagama Branch	15.2			116,000	-	116,000	114,000
No. 126, Highlevel Road, Maharagama		12,240	1	-	57,000	57,000	54,142
				-	-		
Kiribathgoda Branch	10.0			75,000	-	75,000	73,500
No. 376, Kandy Road, Kiribathgoda		2,626	1	-	12,000	12,000	11,669
				-	-		
Galle Branch	5.70			85,500	-	85,500	82,500
No. 128, Main Street , Galle		2,812	1	-	10,500	10,500	10,268
				-	-		
Chilaw Branch	10.00			22,500	-	22,500	21,000
No. 84, Kurunegala Road, Chilaw		2,144	1	-	8,500	8,500	8,401
				-	-		
Embilipitiya Branch	9.77			22,000	-	22,000	19,500
No. 103, New Town Road, Embilipitiya		3,776	1	-	17,000	17,000	16,336
Corporate Office Complex	42.12			1,327,000		1,327,000	1,242,000
No.480, Galle Road , Colombo 03		65,643	10/14 Floors		2,434,000	2,434,000	2,210,486

Freehold Land & Buildings - Valuations

Date of Valuation : 31st March 2026

Name of Independent Professional Valuer / Location and Address of the Property	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Net Book Value Before Revaluation		Revalued Amount		Revaluation Gain / (Loss) Recognised	
			Land	Building	Land	Building	Land	Building
			Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
H.B. Manjula Basnayaka								
Maharagama Branch	Market Comparable & DRC Method							
No. 126, Highlevel Road, Maharagama	- Price per perch for land	Rs.7,631,579 p.p	114,000		116,000		2,000	
	- Value per sq.ft for building	Rs.4,657 p.sq.ft		54,142		57,000		2,858
Kiribathgoda Branch	Market Comparable & DRC Method							
No. 376, Kandy Road, Kiribathgoda	- Price per perch for land	Rs.7,500,000 p.p	73,500		75,000		1,500	
	- Value per sq.ft for building	Rs.4,570 p.sq.ft		11,669		12,000		331
Galle Branch	Market Comparable & DRC Method							
No. 128, Main Street , Galle	- Price per perch for land	Rs.15,000,000 p.p	82,500		85,500		3,000	
	- Value per sq.ft for building	Rs.3,734 p.sq.ft		10,268		10,500		232
Chilaw Branch	Market Comparable & DRC Method							
No. 84, Kurunegala Road, Chilaw	- Price per perch for land	Rs.2,250,000 p.p	21,000		22,500		1,500	
	- Value per sq.ft for building	Rs.3,965 p.sq.ft		8,401		8,500		99
Embilipitiya Branch	Market Comparable & DRC Method							
No. 103, New Town Road, Embilipitiya	- Price per perch for land	Rs.2,251,791 p.p	19,500		22,000		2,500	
	- Value per sq.ft for building	Rs.4,502 p.sq.ft		16,336		17,000		664
J. M. Senanayaka Bandara								
Corporate Office Complex	Market Comparable & DRC Method							
No. 480, Galle Road , Colombo 03	- Price per perch for land	Rs.31,505,223 p.p appox.	1,242,000		1,327,000		85,000	
	- Value per sq.ft for building	Rs.37,079 p.sq.ft approx.		2,210,486		2,434,000		223,514

Notes to the Financial Statements

Valuation Techniques and Sensitivity of the Fair Value Measurement of the Freehold Land and Buildings of the Company & Group

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below:

Valuation Technique	Significant Unobservable Valuation Inputs (ranges of each property are given in the table above)	Sensitivity of the Fair Value Measurement to Inputs
		Estimated fair value would increase/(decrease) if;
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land	Price per perch would increase/ (decrease)
	Price per square foot for building	Price per square foot would increase/(decrease) Price per square foot would increase/ (decrease)
	Depreciation rate for building	Depreciation rate for building would decrease/ (increase)
Depreciated Replacement Cost (DRC) Method		
This method has been used to estimate the value of buildings. This method is primarily applied to assets that are unique in nature and not frequently traded. Replacement cost refers to the estimated amount required to replace and asset with a new one of similar utility and function at current prices. This includes direct costs such as materials, labour and related expenses necessary to bring the asset to operational condition. Depreciation considers the reduction in value due to physical deterioration, functional and economic obsolescence.	Replacement costs : Estimated based on current market conditions and recent construction costs.	Replacement cost would increase / (decrease)
	Depreciation rates : Reflecting the physical, functional, and economic depreciation of the assets.	Depreciation rate for building would decrease / (increase)

36.5 Property, Plant & Equipment included fully depreciated assets having a gross amount of Rs.872,242,342.27/- as at 31st March 2026 (2024/25 Rs.712,701,993/-).

36.6 There were no restrictions on the title of the Property, Plant & Equipment as at 31st March 2026 other than property mentioned under Note 36.7.

36.7 Property bearing assessment No. 480, Galle road, Colombo 03 pledged as security for borrowing obtained from Commercial Bank of Ceylon as at 31st March 2026.

36.8 There were no items of Property, Plant & Equipments retired from the active use as at 31st March 2026.

36.9 There were no temporary idle items of Property, Plant & Equipment as at 31st March 2026.

37 RIGHT-OF-USE LEASE ASSETS

Accounting Policy

Basis of Recognition

The Group applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for short term leases, which are held for use in the provision of services.

Basis of Measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of- use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re- measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortised on a straight line basis over the term of the lease.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Right-of-Use Assets (Note 37.1)	**3,293,300**	3,473,889	**920,890**	801,828
	3,293,300	3,473,889	**920,890**	801,828

37.1 Right-of-Use Assets

Cost				
Balance as at the beginning of the year	**4,646,803**	2,453,268	**1,650,294**	1,424,816
Additions during the year	**315,957**	2,193,535	**315,957**	225,478
Terminations during the year	**(5,623)**	-	**(5,623)**	-
Balance as at the end of the year	**4,957,137**	4,646,803	**1,960,628**	1,650,294
Accumulated Depreciation				
Balance as at the beginning of the year	**1,172,914**	706,373	**848,466**	680,662
Charge for the year	**490,923**	466,541	**191,272**	167,804
Balance as at the end of the year	**1,663,837**	1,172,914	**1,039,738**	848,466
Carrying Amount				
As at 31st March 2026	**3,293,300**		**920,890**	
As at 31st March 2025		3,473,889		801,828

Notes to the Financial Statements

38 INTANGIBLE ASSETS

Accounting Policy

The Group's intangible assets include the value of Computer Software.

Basis of Recognition

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard – LKAS 38 on 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortisation and accumulated impairment losses, if any.

Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation of Intangible Assets

Intangible assets are amortised using the straight line method to write down the cost over its estimated useful economic lives specified below:

Class of Asset	Period (Years)
Computer Software	04

Derecognition of Intangible Assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Computer Software (Note 38.1)	**24,635**	13,357	**25,010**	14,108
	24,635	13,357	**25,010**	14,108

38.1 Computer Software

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
Balance as at the beginning of the year	**86,776**	83,803	**88,277**	85,303
Additions during the year	**19,022**	2,973	**19,022**	2,974
Balance as at the end of the year	**105,798**	86,776	**107,299**	88,277
Accumulated Amortisation				
Balance as at the beginning of the year	**73,419**	63,478	**74,169**	63,853
Charge for the year	**7,744**	9,941	**8,120**	10,316
Balance as at the end of the year	**81,163**	73,419	**82,289**	74,169
Carrying Amount				
As at 31st March 2026	**24,635**	-	**25,010**	-
As at 31st March 2025		13,357		14,108

38.2 Intangible Assets of the Company included fully amortised assets having a gross amount of Rs. 68,208,058.31/- as at 31st March 2026 (2024/25 Rs.44,189,506/-).

39 OTHER ASSETS

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Refundable Deposits	**712,897**	626,166	**70,922**	60,667
Prepaid Expenses	**81,133**	79,369	**84,432**	81,913
Prepaid Staff Cost	**27**	193	**27**	193
Advance Payments	**48,999**	32,037	**48,999**	32,037
Related Party Receivable	**1,429**	1,685	**-**	-
Other Receivables	**148,261**	156,047	**198,273**	176,287
	992,746	895,497	**402,653**	351,097

Notes to the Financial Statements

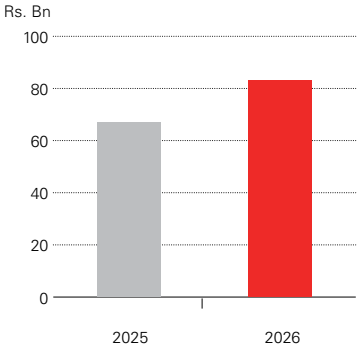
40 FINANCIAL LIABILITIES AT AMORTISED COST - DEPOSITS DUE TO CUSTOMERS

Accounting Policy

These include term deposits, savings deposits and certificates of deposits. Subsequent to initial recognition, deposits are measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. "Interest expense" on these deposits recognised in profit or loss.

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Fixed Deposits	**83,456,932**	67,477,313	**83,456,932**	67,477,313
Savings Deposits	**2,250**	2,887	**2,250**	2,887
	83,459,182	67,480,200	**83,459,182**	67,480,200

Financial Liabilities at Amortised Cost - Deposits due to Customers



40.1 Analysis of Deposits due to Customers by Maturity Date

As at 31st March 2026	1 to 90 days Rs.'000	91 to 365 days Rs.'000	More than 365 days Rs.'000	Total Rs.'000
Fixed Deposits	21,376,192	37,543,037	24,537,703	**83,456,932**
Savings Deposits	2,250	-	-	**2,250**
	21,378,442	37,543,037	24,537,703	**83,459,182**

As at 31st March 2025	1 to 90 days Rs.'000	91 to 365 days Rs.'000	More than 365 days Rs.'000	Total Rs.'000
Fixed Deposits	31,794,340	18,576,860	17,106,113	**67,477,313**
Savings Deposits	2,887	-	-	**2,887**
	31,797,227	18,576,860	17,106,113	**67,480,200**

41 FINANCIAL LIABILITIES AT AMORTISED COST - INTEREST BEARING BORROWINGS

Accounting Policy

These represent the funds borrowed by the Group for long-term funding requirements. Subsequent to initial recognition debt securities issued are measured at their amortised cost using the effective interest method, except where the Group designates debt securities issued at fair value through profit or loss. Interest paid/payable is recognised in profit or loss.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Institutional Borrowings (Note 41.1)	**57,147,742**	12,650,533	**57,786,449**	13,461,095
Commercial Papers	**-**	-	**-**	-
	57,147,742	12,650,533	**57,786,449**	13,461,095

41.1 Institutional Borrowings - Company

	As at 31/03/2025	Facility Obtained	Interest Recognised	Repayments		As at 31/03/2026	Tenure of Loan	Security Offered
				Capital	Interest			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
PABC Bank	125,442	-	2,692	125,000	3,134	**-**	4 Years	Mortgage Bond over Receivables
Seylan Bank	1,394,108	2,000,000	200,899	1,691,460	195,906	**1,707,641**	5 Years	Mortgage Bond over Receivables
NDB Bank	524,837	-	34,637	150,000	34,306	**375,168**	4 Years	Mortgage Bond over Receivables
Hatton National Bank	2,600,925	10,439,000	654,279	2,898,400	399,867	**10,395,938**	2 to 5 Years	Mortgage Bond over Receivables
DFCC Bank	144,353	-	1,817	143,800	2,370	**-**	4 Years	Mortgage Bond over Receivables
MCB Bank	281,487	-	19,361	116,667	19,164	**165,018**	3 Years	Mortgage Bond over Receivables
Sampath Bank	3,493,596	7,500,000	492,328	2,875,000	511,475	**8,099,449**	1 Month to 4 Years	Mortgage Bond over Receivables
Commercial Bank of Ceylon	3,885,939	8,000,000	615,980	3,248,500	621,997	**8,631,422**	4 Years	Mortgage Bond over Receivables
People's Bank	-	30,000,000	1,156,212	2,340,000	1,057,174	**27,759,038**	4 Years	Mortgage Bond over Receivables
Cargills Bank	199,846	-	10,472	185,932	10,318	**14,068**	4 Years	Mortgage Bond over Receivables
	12,650,533	57,939,000	3,188,677	13,774,759	2,855,711	**57,147,742**		

Notes to the Financial Statements

41.2 Institutional Borrowings - Group

	As at 31/03/2025	Facility Obtained	Interest Recognised	Repayments		As at 31/03/2026	Tenure of Loan	Security Offered
				Capital	Interest			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
PABC Bank	125,442	-	2,692	125,000	3,134	-	4 Years	Mortgage Bond over Receivables
Seylan Bank	1,394,108	2,000,000	200,899	1,691,460	195,906	1,707,641	5 Years	Mortgage Bond over Receivables
NDB Bank	524,837	-	34,637	150,000	34,306	375,168	4 Years	Mortgage Bond over Receivables
Hatton National Bank	2,600,925	10,439,000	654,279	2,898,400	399,867	10,395,938	2 to 5 Years	Mortgage Bond over Receivables
DFCC Bank	144,353	-	1,817	143,800	2,370	-	4 Years	Mortgage Bond over Receivables
MCB Bank	281,487	-	19,361	116,667	19,164	165,018	3 Years	Mortgage Bond over Receivables
Sampath Bank	3,493,596	7,500,000	492,328	2,875,000	511,475	8,099,449	1 Month to 4 Years	Mortgage Bond over Receivables
Commercial Bank of Ceylon	4,696,501	8,700,000	683,762	4,121,236	688,898	9,270,129	4 Years	Mortgage Bond over Receivables & Performance Bond over property at No. 480, Galle Road, Colombo 03 & Corporate Guarantee from Vallibel Finance PLC amounting to Rs. 700 Mn
People's Bank	-	30,000,000	1,156,212	2,340,000	1,057,174	27,759,038	4 Years	Mortgage Bond over Receivables
Cargills Bank	199,846	-	10,472	185,932	10,318	14,068	4 Years	Mortgage Bond over Receivables
	13,461,095	58,639,000	3,256,459	14,647,495	2,922,612	57,786,449		

41.3 There were no any defaults of principal or interest during the year.

42 SUBORDINATED TERM LOANS - COMPANY / GROUP

	As at 31/03/2025 Rs.'000	Amount borrowed during the year Rs.'000	Interest Recognised Rs.'000	Repayments Rs.'000	As at 31/03/2026 Rs.'000
Subordinated Term Loans	3,568,425	3,000,000	699,966	244,237	7,024,154
Debentures (Note 42.1)	3,122,222	-	402,134	400,169	3,124,188
	6,690,647	3,000,000	1,102,100	644,406	10,148,342

42.1 Debentures

The Company declared an initial issue of 20,000,000 listed, rated, unsecured, subordinated, redeemable debentures of Rs. 100/- each with an option to issue up to a 10,000,000 of said debentures at the discretion of the Company in the event of an oversubscription of the initial tranche to raise up to a maximum amount of Rs. 3,000,000,000. This debenture issue was opened for investors on 20th November 2024 and oversubscribed on the same day. The allotment and the listing of debentures were concluded on 22nd November 2024 and 6th December 2024, respectively.

The quantum of funds raised through the above Debenture Issue was utilised to achieve the following objectives as stipulated in the prospectus.

a) Expand the Tier II capital base thus, increasing the Capital Adequacy Ratio (CAR)

b) Expand the lending portfolio

42.1.1 Information on Debentures - Company / Group

Description	Interest Payable Frequency	Allotment Date	Maturity Date	Coupon Rate (%)	Interest Rate of Comparable Security (%)	Market value (Rs.) Highest	Lowest	Period End	Interest Yield (%)	Rs.'000
2024/2029 - Type A	Semi-annual	22.11.2024	21.11.2029	12.95	10.68	Not traded			N/A	482,240
2024/2029 - Type B	Annual	22.11.2024	21.11.2029	13.37	10.68	Not traded			N/A	2,517,760
										3,000,000

Notes to the Financial Statements

43 LEASE LIABILITIES

Accounting Policy

At the commencement date of the lease, the Group recognises lease liabilities, measured at present value of lease payments to be made over the lease term. The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating lease liabilities.

The interest expense on the lease liabilities and the depreciation expense on the right of use assets are recognised separately in the Statement of Profit or Loss in line with the requirements of SLFRS 16-Leases. Further the lease liabilities will be remeasured upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The Group will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Balance as at beginning of the year	**2,721,617**	1,989,370	**1,031,339**	967,092
Additions during the year	**289,027**	899,913	**289,027**	188,443
Terminations during the year	**(6,640)**	-	**(6,641)**	-
Interest Expense on Lease Liabilities	**340,211**	321,546	**128,402**	117,908
Payments	**(545,009)**	(489,212)	**(276,301)**	(242,104)
Balance as at end of the year	**2,799,206**	2,721,617	**1,165,826**	1,031,339

43.1 Undiscounted Maturity Analysis of Lease Liability

As at 31st March	2026				2025			
	Within One Year Rs.'000	1-5 Years Rs.'000	Over 5 Years Rs.'000	Total Rs.'000	Within One Year Rs.'000	1-5 Years Rs.'000	Over 5 Years Rs.'000	Total Rs.'000
Company								
Lease Liability	541,357	2,052,285	1,811,292	4,404,934	506,604	1,891,126	1,907,126	4,304,856
Group								
Lease Liability	276,442	886,109	806,240	1,968,791	260,669	766,693	581,527	1,608,889

43.2 Sensitivity Analysis of Lease Liability

The Following table illustrates the impact arising from possible changes in the incremental borrowing rate on the lease liability of the Company and Group.

As at 31st March	Increase / (Decrease)	2026		2025	
		Sensitivity Effect on Lease liability Increase / (Decrease) in the liability Rs.'000	Sensitivity effect on interest Expense Increase / (Decrease) in profits for the Year Rs.'000	Sensitivity Effect on Lease liability Increase / (Decrease) in the liability Rs.'000	Sensitivity effect on interest Expense Increase / (Decrease) in profits for the Year Rs.'000
Company	1 bp Up	(1,259,882)	156,734	(1,259,882)	156,734
	1 bp Down	1,260,772	(156,917)	1,260,772	(156,917)
Group	1 bp Up	(414,110)	60,143	(414,110)	60,143
	1 bp Down	828,505	(120,337)	828,505	(120,337)

44 CURRENT TAX LIABILITIES

Accounting Policy

The accounting policy on current tax (receivable)/ liabilities for the group is included in note 21 on page 292.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at Beginning of the Year	**919,107**	642,304	**919,107**	642,304
Income Tax Provision on Current Year Profits	**2,516,051**	1,706,145	**2,516,051**	1,706,145
(Over) / under provision in respect of previous year	**22,514**	(4,742)	**22,514**	(4,742)
Paid and Set off During the Year	**(1,995,559)**	(1,424,600)	**(1,995,559)**	(1,424,600)
Balance as at end of the Year	**1,462,113**	919,107	**1,462,113**	919,107

45 DEFERRED TAX LIABILITIES

Accounting Policy

The accounting policy on deferred tax (assets)/ liabilities for the group is included in note 21 on page 292.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred Tax Liabilities (Note 45.3)	**1,202,211**	1,234,806	**1,148,165**	988,372
Deferred Tax Assets (Note 45.4)	**(1,475,249)**	(1,236,213)	**(731,893)**	(457,708)
Net Deferred Tax Liabilities (Note 45.1)	**(273,038)**	(1,407)	**416,272**	530,664

45.1 Recognised Deferred Tax Assets & Liabilities

Deferred tax assets and liabilities are attributable to the following originations of temporary differences.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Taxable / (Deductible) Temporary Differences				
Property, Plant & Equipment	**165,088**	129,552	**1,116,130**	930,706
Right of Use Lease Asset	**3,293,300**	3,473,889	**920,889**	801,828
Legal Termination receivables	**40,839**	104,118	**40,839**	104,118
Due to the changes in deductable loan loss provision method	**-**	-	**-**	-
Revaluation Surplus on Freehold Land & Buildings	**281,144**	266,460	**1,549,848**	1,228,910
Investment Property fair valuation	**227,000**	142,000	**199,512**	229,012
Taxable Temporary Differences	**4,007,371**	4,116,019	**3,827,218**	3,294,574
Retirement Benefit Obligation	**(321,559)**	(219,680)	**(321,559)**	(219,680)
Security Deposit	**(994,326)**	(1,119,985)	**-**	-
Due to the changes in deductable loan loss provision method	**(688,894)**	(59,425)	**(688,894)**	(59,425)
Lease Liability	**(2,799,206)**	(2,721,617)	**(1,165,826)**	(1,031,339)
Tax Loss on Subsidiary	**-**	-	**(149,856)**	(215,250)
Accruals	**(113,509)**		**(113,509)**	
Deductible Temporary Differences	**(4,917,494)**	(4,120,707)	**(2,439,644)**	(1,525,694)
Total Taxable Temporary Differences (net)	**(910,123)**	(4,688)	**1,387,574**	1,768,880
Applicable Tax Rate	**30%**	30%	**30%**	30%
Net Deferred Tax Liabilities / (Assets)	**(273,038)**	(1,406)	**416,272**	530,664

Notes to the Financial Statements

45.2 Deferred Tax Expense

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Origination of Deferred tax				
Liability (Note 45.3)	**(32,595)**	494,872	**159,793**	106,649
Asset (Note 45.4)	**(239,036)**	(592,201)	**(274,185)**	(84,426)
	(271,631)	(97,329)	**(114,392)**	22,223
Total expense charged / (reversed) to Income Statement	**(257,881)**	(93,605)	**(192,518)**	(66,055)
Total expense charged / (reversed) to OCI	**(13,750)**	(3,724)	**88,278**	88,278

45.3 Deferred Tax Liabilities

As at 31st March	Company				Group			
	2026		2025		2026		2025	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Balance as at beginning of the year	**4,116,019**	**1,234,806**	2,466,445	739,934	**3,294,574**	**988,372**	2,939,078	881,723
Originating / (reversing) during the year	**(108,649)**	**(32,595)**	1,649,574	494,872	**532,644**	**159,793**	355,496	106,649
Balance as at end of the year	**4,007,370**	**1,202,211**	4,116,019	1,234,806	**3,827,218**	**1,148,165**	3,294,574	988,372

45.4 Deferred Tax Assets

As at 31st March	Company				Group			
	2026		2025		2026		2025	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Balance as at beginning of the year	**4,120,708**	**1,236,213**	2,146,706	644,012	**1,525,694**	**457,708**	1,244,273	373,282
Originating / (reversing) during the year	**796,788**	**239,036**	1,974,002	592,201	**913,950**	**274,185**	281,421	84,426
Balance as at end of the year	**4,917,496**	**1,475,249**	4,120,708	1,236,213	**2,439,644**	**731,893**	1,525,694	457,708

46 OTHER LIABILITIES

Accounting Policy

Other liabilities are recorded at amounts expected to be payable at the Reporting date.

Provisions

Provisions are recognised when the Group 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 a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

Provisions for operational risk events are recognised for losses incurred by the Group which do not relate directly to amounts of principal outstanding for loans and advances. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Provisions & Payables (Note 46.1)	**1,743,348**	2,351,430	**1,841,013**	2,479,426
Accrued Expenses	**343,702**	155,689	**346,294**	157,593
	2,087,050	2,507,119	**2,187,307**	2,637,019

46.1 Other Provisions & Payables

RMV Payable	**10,435**	15,452	**10,435**	15,452
Insurance Payable	**224,116**	154,976	**224,116**	154,976
Taxes Payable	**464,531**	560,950	**377,331**	515,498
Supplier Payables	**864,649**	1,518,061	**864,649**	1,518,061
Other Payables	**179,617**	101,991	**364,482**	275,439
	1,743,348	2,351,430	**1,841,013**	2,479,426

Notes to the Financial Statements

47 RETIREMENT BENEFIT OBLIGATIONS

GRI 201-3

Accounting Policy

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Statement of Financial Position in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value.

The defined benefits obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS-19, "employee benefits".

Actuarial gains and losses in the period in which they occur have been recognise in the Other Comprehensive Income (OCI).

The assumptions based on which the results of actuarial valuation was determined, are included in note number 47.5 to the financial statements.

Gratuity liability was computed from the first year of service for all employees in conformity with LKAS 19 - "Employee Benefits". However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continual service. The Group is liable to pay gratuity in terms of the relevant statute.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains & losses on the settlement of a defined benefit plan when a settlement occurs. The gratuity liability is not externally funded.

47.1 Retirement Benefit Liability Recognised in Statement of Financial Position

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Balance as at 1st April	**219,680**	157,336	**219,680**	157,336
Amounts Recognised in Income Statement (Note 47.2)	**65,052**	49,032	**65,052**	49,032
Amounts Recognised in OCI (Note 47.3)	**60,515**	26,679	**60,515**	26,679
Payments during the Year	**(23,688)**	(13,367)	**(23,688)**	(13,367)
Balance as at 31st March	**321,559**	219,680	**321,559**	219,680

47.2 Amounts Recognised in Income Statement

Service cost	**38,690**	28,578	**38,690**	28,578
Net Interest on the net defined benefit obligation	**26,362**	20,454	**26,362**	20,454
	65,052	49,032	**65,052**	49,032

47.3 Amounts Recognised in OCI

Remeasurement of retirement benefit obligation arising from changes in assumptions	**35,788**	23,546	**35,788**	23,546
Remeasurement of retirement benefit obligation arising from experience adjustments	**24,727**	3,133	**24,727**	3,133
	60,515	26,679	**60,515**	26,679

47.4 Defined Benefit Obligation Reconciliation

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Benefit obligation at end of prior year	**219,680**	157,336	**219,680**	157,336
Company service cost	**38,690**	28,578	**38,690**	28,578
Past Service Cost	**-**	-	**-**	-
Interest cost	**26,362**	20,454	**26,362**	20,454
Payments made during the year	**(23,688)**	(13,367)	**(23,688)**	(13,367)
Remeasurement of retirement benefit obligation arising from changes in assumptions	**35,788**	23,546	**35,788**	23,546
Remeasurement of retirement benefit obligation arising from experience adjustments	**24,727**	3,133	**24,727**	3,133
Benefit obligation at end of year	**321,559**	219,680	**321,559**	219,680

47.4.1 An actuarial valuation of the employee benefit liability as at 31st March 2026 was carried out by Mr. Piyal S Goonetilleke, FIA , of Messers Piyal S Goonetilleke and Associates, a firm of professional actuaries.

47.4.2 The valuation has been done using the "Projected Unit Credit Method", which is recommended in the Sri Lanka Accounting Standard - LKAS 19 "Employee Benefits".

47.5 Assumptions

	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Discount Rate	**11.00%**	12.00%	**11.00%**	12.00%
Salary increment	**10.00%**	10.00%	**10.00%**	10.00%
Staff Turnover				
20 years	**15.00%**	15.00%	**15.00%**	15.00%
25 years	**15.00%**	15.00%	**15.00%**	15.00%
30 years	**9.00%**	9.00%	**9.00%**	9.00%
35 years	**6.00%**	6.00%	**6.00%**	6.00%
40 years	**1.00%**	1.00%	**1.00%**	1.00%
45 years	**1.00%**	1.00%	**1.00%**	1.00%
50 years	**1.00%**	1.00%	**1.00%**	1.00%
55 years	**1.00%**	1.00%	**1.00%**	1.00%
59 years	**1.00%**	1.00%	**1.00%**	1.00%
Mortality - GA 1983 mortality Table				
Retirement age	**60 Years**	60 Years	**60 Years**	60 Years

47.5.1 In absence of a deep market in long term bonds in Sri Lanka, a long -term interest rate of 11% p.a (2024/2025 - 12% p.a) has been used to discount future retirement benefit liabilities.

Notes to the Financial Statements

47.6 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table illustrates the impact of the possible changes in the discount rate and salary increment rate on the gratuity valuation of the Company as at 31st March 2026.

	Sensitivity effect on Statement of Financial Position (Benefit Obligation) Rs.'000
1% increase in discount rate	285,772
1% decrease in discount rate	364,665
1% increase in salary increment rate	363,916
1% decrease in salary increment rate	285,723

There were no changes in the methods and assumptions used in preparing sensitivity analysis.

47.7 Maturity Analysis of the Payments

The following Gross payments are expected on defined benefit obligation in future 10 years.

	2026	
	Company Rs.'000	Group Rs.'000
Next 12 months	**23,826**	23,826
Between 1 - 2 years	**27,110**	27,110
Between 2 - 5 years	**77,616**	77,616
Between 5 - 10 years	**187,537**	187,537
	316,089	316,089

The weighted average duration of the defined benefit obligation is 13.9 Years.

48 STATED CAPITAL

As at 31st March	Company		Group	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Ordinary Shares (Note 48.1)	**1,325,918**	1,325,918	**1,325,918**	1,325,918
No. of shares (Note 48.2)	**235,453**	235,453	**235,453**	235,453

48.1 Movement of Stated Capital

At the Beginning of the Year	**1,325,918**	1,325,918	**1,325,918**	1,325,918
Movement during the Year	**-**	-	**-**	-
As at the End of the Year	**1,325,918**	1,325,918	**1,325,918**	1,325,918

48.2 Movement of no. of Shares

At the Beginning of the Year	**235,453**	235,453	**235,453**	235,453
Movement during the Year	**-**	-	**-**	-
As at the End of the Year	**235,453**	235,453	**235,453**	235,453

48.3 There were no shares held by the Vallibel Finance PLC or Vallibel Properties Limited in the Company as at 31st March 2026.

48.4 The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

49 STATUTORY RESERVE FUND

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Statutory Reserve Fund (Note 49.1)	**2,184,795**	2,005,326	**2,184,795**	2,005,326
	2,184,795	2,005,326	**2,184,795**	2,005,326

49.1 Statutory Reserve Fund

Statutory Reserve Fund is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No. 1 of 2003.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the Beginning of the Year	**2,005,326**	1,873,851	**2,005,326**	1,873,851
Transfers during the Year (Note 49.1.1)	**179,469**	131,475	**179,469**	131,475
As at the End of the Year	**2,184,795**	2,005,326	**2,184,795**	2,005,326

49.1.1 The Company has transferred 5% of net profit to the fund since the capital funds exceeds 25% of total deposit liabilities in the current year.

50 OTHER RESERVES

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revaluation Reserve (Note 50.1)	**196,801**	186,522	**1,086,477**	860,238
General Reserve (Note 50.2)	**7,500**	7,500	**7,500**	7,500
	204,301	194,022	**1,093,977**	867,738

50.1 Revaluation Reserve

The revaluation reserve relates to revaluation of freehold land and buildings and represents the fair value changes of the land and buildings, as at the date of revaluation.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the Beginning of the Year	**186,522**	176,535	**860,238**	635,581
Surplus on Revaluation of Freehold Land & Buildings	**14,684**	14,267	**323,198**	320,938
Deferred Tax (Charge) / Reversal on Revaluation of Land & Buildings	**(4,405)**	(4,280)	**(96,959)**	(96,281)
As at the End of the Year	**196,801**	186,522	**1,086,477**	860,238

50.2 General Reserve

General reserve comprises the amounts appropriated by the Board of Directors as a General Reserve. The purpose of setting up the General Reserve is to meet potential future unknown liabilities.

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
General Reserve	**7,500**	7,500	**7,500**	7,500
	7,500	7,500	**7,500**	7,500

Notes to the Financial Statements

51 RETAINED EARNINGS

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the Beginning of the Year	**11,598,818**	9,589,989	**11,494,308**	9,418,477
Profit for the Year	**3,589,380**	2,629,498	**3,673,072**	2,696,500
Other Comprehensive Income	**(42,360)**	(18,675)	**(42,360)**	(18,675)
Statutory Reserve Transfer	**(179,469)**	(131,475)	**(179,469)**	(131,475)
Dividend Paid	**(647,497)**	(470,907)	**(647,497)**	(470,907)
Unclaimed Dividend Adjustments	**344**	388	**344**	388
Deferred Tax impact on Right of Use Asset	**-**	-	**-**	-
At the End of the Year	**14,319,216**	11,598,818	**14,298,398**	11,494,308

52 RELATED PARTY DISCLOSURES

Vallibel Finance PLC (the Company) carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the Sri Lanka Accounting Standard - LKAS 24 "Related Party Disclosures".

52.1 Parent and Ultimate Controlling Party

In the opinion of Directors, the Company's immediate and ultimate parent undertaking and controlling party is Vallibel Investments (Private) Limited.

52.2 Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company

The Board of Directors (including executive and non-executive Directors) of both the Company and Parent and selected key employees who meet the above criteria have been classified as KMP of the Company.

KMP of the Group

As the Company is the parent of the Group, the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. Accordingly, the Board of Directors of the Company is also KMP of the Group.

52.2.1 Transactions with KMP

52.2.1.1 Compensation of KMP

For the year ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short term employment benefits	**174,169**	164,724	**174,169**	164,724
Director fees and expenses	**13,377**	11,135	**13,377**	11,135
Post-employment benefits	**3,729**	3,654	**3,729**	3,654
	191,275	179,513	**191,275**	179,513

52.2.2 Transactions, Arrangements and Agreements involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence or be influenced by that KMP in their dealings with the entity. They may include KMP's domestic partner and children of the KMPs domestic partner and dependants of the KMPs domestic partner. CFM too have been identified as related parties of the Company / Group.

52.2.2.1 Statement of Financial Position

As at 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Liabilities				
Financial Liabilities at Amortised Cost - Deposits due to Customers	**1,895,650**	1,664,807	**1,895,650**	1,664,807
	1,895,650	1,664,807	**1,895,650**	1,664,807

52.2.2.2 Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Expense	**252,928**	225,176	**252,928**	225,176
Compensation to KMP	**191,275**	179,513	**191,275**	179,513
	444,203	404,689	**444,203**	404,689

52.2.2.3 Share based transactions of KMP

For the year ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividends paid	**37,909**	25,009	**37,909**	25,009
	37,909	25,009	**37,909**	25,009

52.2.3 Transactions, Arrangements and Agreements involving Entities which are controlled or jointly controlled and / or significantly influenced by the KMP or their CFM

52.2.3.1 Statement of Financial Position

As at 31st March	Company		Group		Company Amount Received / (Paid)		Group Amount Received / (Paid)	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2025/2026 Rs.'000	2024/2025 Rs.'000	2025/2026 Rs.'000	2024/2025 Rs.'000
Assets								
Cash and Cash Equivalents	**5,256**	1,150	**1,250**	1,250	**(4,106)**	125,920	**(4,154)**	(125,921)
Placements with Banks and Other Finance Companies	**1,447,602**	419,254	**1,447,602**	419,254	**(988,434)**	(383,667)	**(988,434)**	(383,667)
Financial Assets at Amortised Cost - Debt and other Financial Instruments	**-**	1,605,418	**-**	1,605,418	**1,652,404**	(1,562,996)	**1,652,404**	(1,562,996)
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	**-**	3,008	**-**	3,008	**8,984**	-	**8,984**	-
	1,452,858	2,028,830	**1,448,852**	2,028,930	**668,848**	(1,820,743)	**668,800**	(2,072,584)
Liabilities								
Bank Overdrafts	**910,851**	530,732	**910,851**	530,732	**380,119**	524,815	**380,119**	524,815
Financial Liabilities at Amortised Cost - Deposits due to Customers	**2,402,846**	5,312,393	**2,402,846**	5,312,393	**(3,188,310)**	(231,687)	**(3,188,310)**	(231,687)
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	**-**	125,442	**-**	125,442	**(128,134)**	(578,653)	**(128,134)**	(578,653)
Subordinated Term Debt	**1,830,483**	1,548,632	**1,830,483**	1,548,632	**-**	-	**-**	-
	5,144,180	7,517,199	**5,144,180**	7,517,199	**(2,936,325)**	(285,525)	**(2,936,325)**	(285,525)

52.2.3.2 Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	**87,651**	67,178	**87,651**	67,178
Interest Expense	**590,204**	702,305	**590,204**	702,305
Net Gain / (Loss) from Trading	**5,976**	1,460	**5,976**	1,460
Other Operating Income	**1,948**	1,920	**1,948**	1,920

52.3 Transactions with the Parent

52.3.1 Share based transactions with Parent

For the year ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividends paid	**333,047**	205,884	**333,047**	205,884
	333,047	205,884	**333,047**	205,884

52.4 Transactions with Group Entity

The Group entity includes the Vallibel Properties Limited.

52.4.1 Statement of Financial Position

As at 31st March	2026	Amount Received/ (Paid) 2025/2026	2025	Amount Received/ (Paid) 2024/2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets				
Investment in a Subsidiary	0	-	0	-
Right-of-use Lease Assets (Note 52.4.1.1)	2,372,410	-	2,672,061	-
Other Assets (Note 52.4.1.1)	662,381	**3,886**	583,437	(697,667)
	3,034,791	**3,886**	3,255,498	(697,667)
Liabilities				
Lease Creditor	1,633,380	**(245,936)**	1,690,278	(226,166)
Other Liabilities	1,502	**(17,625)**	1,122	(11,550)
	1,634,882	**(263,561)**	1,691,400	(237,716)

52.4.1.1 Other Assets include a refundable security deposit of Rs. 1,751,025,600 paid to Vallibel Properties Ltd, a subsidiary of the Company, in connection with the lease arrangement for the occupied office floors.

In accordance with SLFRS 9 – Financial Instruments and SLFRS 16 – Leases, the security deposit has been measured at its present value, which amounts to Rs. 643,593,074 as at 31 March 2026.

The difference between the deposit paid and its present value has been recognised as part of the Right-of-Use Asset and is being amortised over the lease term. The carrying value of the ROU asset component related to this deposit as at 31 March 2026 is Rs. 994,326,418.

Notes to the Financial Statements

52.4.2 Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	2026 Rs.'000	2025 Rs.'000
Interest Expense	**211,809**	203,638
Other Operating Income (Note 52.4.2.3)	**16,094**	20,951
Other Operating Expense (Note 52.4.2.4)	**344,526**	198,142

52.4.2.1 The Company leased a bare land situated at Galle road, Colombo 03 extent of 42.12 perch for the subsidiary and it is pledged as security for borrowing obtained by the subsidiary amounting to Rs. 700 Mn from Commercial Bank of Ceylon, which outstanding balance amounting Rs. 637.3 Mn as at 31st March 2026. (2024/25 - Rs. 810 Mn)

52.4.2.2 The Company charge a fee for providing corporate guarantee for above 700 Mn loan obtained by the subsidiary. The Company earned Rs.8,100,000/- (2024/25- Rs.12,866,667/-) during the year as a guarantee commission from the Vallibel Properties Limited.

52.4.2.3 Other Operating Income includes Corporate Guarantee Commission, Management Fee, Current Account Interest and the Rental Income from the Land.

52.4.2.4 Other Operating Expense includes Service Charge Expense, Electricity and charges as per the lease agreement and the depreciation of Right of Use Asset.

52.4.3 Commitments & Contingent Liabilities

Refer the Note 53.3 for details.

52.5 Terms and conditions on the transactions entered by the Directors of the Company / Group

From time to time directors of the Company / Group, or their related entities, may transact with the Company. These transactions are on the same terms and conditions as those entered into by other customers.

53 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting Policy

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured as defined in the Sri Lanka Accounting Standard – LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets". Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

Pending legal claims against the Group form part of contingencies.

53.1 Capital Commitments

No Capital expenditure approved by the Board of Directors for which provision has not been made in these Financial Statements.

53.2 Litigations against the Company

Litigation is a common occurrence in the industry due to the nature of the business undertaken.

The Company has formal controls and policies in place for managing legal claims. Once professional advice has been obtained and the amount of loss is reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing. The Company confirms that there is no case filed against the Company which is not disclosed which would have a material Impact on the financial position of the Company.

There were no cases filed against the Vallibel Properties Limited.

53.3 Contingent Liabilities

Following Corporate Guarantee has been issued by the Company,

A Corporate Guarantee amounting to Rs.700 Mn provided by the Company for Commercial Bank Ceylon PLC for a borrowing obtained by Vallibel Properties Limited to construct the Corporate Office Complex. During the year capital repayment amounted to Rs.172.7 Mn.

54 ASSETS PLEDGED

The following financial assets have been pledged as securities against the long-term and short- term borrowings that have been disclosed under the Note 26.2 & 41 to the Financial Statements.

Funding Institute	Nature of Assets	Nature of Liability	Value of Assets Pledged (Rs.'000)	Included Under
Pan Asia Banking Corporation PLC	Lending Portfolio	Long-term Borrowings & Overdraft	**3,000,000**	Gross Receivable
Seylan Bank PLC	Lending Portfolio	Long-term Borrowings & Overdraft	**6,753,844**	Gross Receivable
Hatton National Bank	Lending Portfolio	Long-term Borrowings & Overdraft	**14,279,212**	Gross Receivable
Peoples Bank	Lending Portfolio	Long-term Borrowings	**35,054,200**	Gross Receivable
Sampath Bank	Lending Portfolio	Long-term Borrowings & Overdraft	**15,558,125**	Gross Receivable
NDB Bank	Lending Portfolio	Short-term & Long term Borrowings	**562,742**	Gross Receivable
Union Bank	Lending Portfolio	Overdraft	**25,518**	Gross Receivable
Commercial Bank	Lending Portfolio	Long-term Borrowings & Overdraft	**16,338,475**	Gross Receivable
Cargills Bank	Lending Portfolio	Long-term Borrowings	**114,217**	Gross Receivable
MCB Bank	Lending Portfolio	Long-term Borrowings	**181,806**	Gross Receivable

In the ordinary course of business the Group enters into transaction that result in the transfer of financial assets to third parties. The information above sets out the extent of such transfers and retained interest in transferred assets.

The lending portfolio is pledged against the borrowings made. The lender has the right to the receivables in the event of non payment. As the Group retains substantially all the risks and rewards associated with these assets, they continue to be recognised within the lending portfolio.

Notes to the Financial Statements

55 SEGMENT REPORTING

Accounting Policy

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Detailed information on the results of each reportable segment as required by the Sri Lanka Accounting Standard – SLFRS 8 "Operating Segments" is provided in Notes to the Financial Statements.

The Group has four reportable segments, as described below, which are the Group's strategic business lines. The strategic business lines offer different products and services, and are managed and monitored separately based on the Group's management and internal reporting structure. For each of the strategic business line, the Group Management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Reportable Segments	Operations
Finance Lease	Granting Finance Leases and related recovery operations
Hire Purchase	Granting Hire Purchase and related recovery operations
Loans and advances	Granting vehicle loans, mortgage loans, gold loans and related recovery operations
Investments	Managing funding, investing and liquidity operations

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue, as included in the internal management reports that are reviewed by the Group Management. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

55.1 Business Segments

For the year ended 31 March	Finance Lease & Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Income From External Operations										
Interest	**3,622,719**	2,728,406	**18,468,881**	12,944,412	**962,958**	1,168,394	**84,031**	-	**23,138,589**	16,841,212
Fee & Commission Income	**56,770**	51,437	**862,943**	441,727	**-**	-	**399,331**	279,120	**1,319,044**	772,284
Dividends	**-**	-	**-**	-	**-**	102	**-**	-	**-**	102
Other	**461,273**	308,693	**1,208,921**	1,046,594	**34,798**	37,497	**125,035**	65,878	**1,830,027**	1,458,662
Total Revenue	**4,140,762**	3,088,536	**20,540,745**	14,432,733	**997,756**	1,205,993	**608,397**	344,998	**26,287,660**	19,072,260
Other Material Non-Cash Items										
Impairment losses on Financial Assets	**28,001**	(59,631)	**612,616**	231,248	**194**	(288)	**98**	(549)	**(640,909)**	(170,781)
Impairment losses on Non Financial Assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Profit Before Income Tax		-		-		-		-	**6,019,119**	4,331,848
Income Tax Expense		-		-		-		-	**2,346,047**	1,635,348
Profit After Tax		-		-		-		-	**3,673,072**	2,696,500
Other Information										
As at 31 March										
Segment Assets	**19,294,598**	13,745,290	**137,248,200**	78,402,912	**12,194,753**	9,630,956	**11,489,339**	9,483,755	**180,226,890**	111,262,913
Segment Liabilities	**17,270,885**	11,806,559	**122,852,930**	67,344,424	**10,915,707**	8,272,540	**10,284,281**	8,146,101	**161,323,803**	95,569,624
Net Assets	**2,023,713**	1,938,731	**14,395,270**	11,058,488	**1,279,046**	1,358,416	**1,205,058**	1,337,654	**18,903,087**	15,693,289

Notes to the Financial Statements

56 CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

56.1 Current and Non-current Assets and Liabilities as at 31st March 2026

The table below summarises the expected utilisation or settlement of assets and liabilities.

As at 31st March	Company 2026			Group 2026		
	Within 12 Months	More than 12 Months	Total	Within 12 Months	More than 12 Months	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets						
Cash and Cash Equivalents	3,098,330	-	3,098,330	3,100,731	-	3,100,731
Placements with Banks and Other Finance Companies	4,809,444	1,105	4,810,549	4,809,444	1,105	4,810,549
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	703,824	-	703,824	786,876	-	786,876
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	97,270,349	39,977,851	137,248,200	97,270,349	39,977,852	137,248,201
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	8,432,403	10,862,195	19,294,598	8,432,403	10,862,196	19,294,599
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	204	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	4,927,631	1,669,493	6,597,124	4,927,631	1,669,493	6,597,124
Financial Assets at Amortised Cost - Other Financial Assets	32,853	18,466	51,319	32,853	18,439	51,292
Investment Property	-	1,327,000	1,327,000	-	1,101,500	1,101,500
Property, Plant and Equipment	-	1,369,028	1,369,028	-	5,155,343	5,155,343
Right-of-use Lease Assets	-	3,293,300	3,293,300	-	920,890	920,890
Intangible Assets	-	24,635	24,635	-	25,010	25,010
Deferred Tax Assets	-	1,475,249	1,475,249	-	731,893	731,893
Other Assets	25,176	967,570	992,746	23,748	378,906	402,654
Total Assets	119,300,214	60,985,892	180,286,106	119,384,239	60,842,627	180,226,866
Liabilities						
Bank Overdrafts	3,169,281	-	3,169,281	3,169,281	-	3,169,281
Rental Received in Advance	455,190	-	455,190	475,579	-	475,579
Financial Liabilities at Amortised Cost - Deposits due to Customers	58,921,479	24,537,703	83,459,182	58,921,480	24,537,703	83,459,183
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	18,812,555	38,335,187	57,147,742	18,969,965	38,816,484	57,786,449
Subordinated Term Debt	2,454,983	7,693,359	10,148,342	2,454,983	7,693,359	10,148,342
Lease Liabilities	228,533	2,570,673	2,799,206	141,859	1,023,966	1,165,825
Current Tax Liabilities	1,462,113	-	1,462,113	1,462,113	-	1,462,113
Deferred Tax Liabilities	-	1,202,211	1,202,211	1,148,165	-	1,148,165
Other Liabilities	-	2,087,050	2,087,050	2,187,307	-	2,187,307
Retirement Benefit Obligations	-	321,559	321,559	-	321,559	321,559
Total Liabilities	85,504,134	76,747,742	162,251,876	88,930,732	72,393,071	161,323,803

56.2 Current and Non-current Assets and Liabilities as at 31st March 2025

The table below summarises the expected utilisation or settlement of assets and liabilities.

As at 31st March	Company 2025			Group 2025		
	Within 12 Months	More than 12 Months	Total	Within 12 Months	More than 12 Months	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets						
Cash and Cash Equivalents	1,982,202	-	1,982,202	1,999,887	-	1,999,887
Placements with Banks and Other Finance Companies	565,045	4,962	570,007	565,045	4,962	570,007
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	-	133,889	209,882	-	209,882
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	56,064,733	22,338,179	78,402,912	56,064,733	22,338,179	78,402,912
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	6,774,065	6,971,225	13,745,290	6,774,065	6,971,225	13,745,290
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	204	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	7,067,093	1,783,770	8,850,863	7,067,093	1,783,770	8,850,863
Financial Assets at Amortised Cost - Other Financial Assets	32,735	9,339	42,074	31,605	10,469	42,074
Investment Property	-	1,242,000	1,242,000	-	1,072,000	1,072,000
Property, Plant and Equipment	-	1,094,181	1,094,181	-	4,745,053	4,745,053
Right-of-use Lease Assets	-	3,473,889	3,473,889	-	801,828	801,828
Intangible Assets	-	13,357	13,357	-	14,108	14,108
Deferred Tax Assets	-	1,236,213	1,236,213	-	457,708	457,708
Other Assets	25,166	870,331	895,497	23,481	327,616	351,097
Total Assets	72,645,132	39,037,446	111,682,578	72,735,995	38,526,918	111,262,913
Liabilities						
Bank Overdrafts	1,828,680	-	1,828,680	1,828,680	-	1,828,680
Rental Received in Advance	306,105	-	306,105	313,485	-	313,485
Financial Liabilities at Amortised Cost - Deposits due to Customers	50,398,642	17,081,558	67,480,200	50,398,642	17,081,558	67,480,200
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	7,329,757	5,320,776	12,650,533	7,690,846	5,770,249	13,461,095
Subordinated Term Debt	156,843	6,533,804	6,690,647	156,842	6,533,805	6,690,647
Lease Liabilities	206,351	2,515,266	2,721,617	149,454	881,885	1,031,339
Current Tax Liabilities	919,107	-	919,107	919,107	-	919,107
Deferred Tax Liabilities	-	1,234,806	1,234,806	988,372	-	988,372
Other Liabilities	-	2,507,119	2,507,119	2,637,019	-	2,637,019
Retirement Benefit Obligations	-	219,680	219,680	-	219,680	219,680
Total Liabilities	61,145,485	35,413,009	96,558,494	65,082,447	30,487,177	95,569,624

Notes to the Financial Statements

57 FINANCIAL RISK MANAGEMENT

(A) Introduction and Overview

The Company has exposure to following risks from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

(i) Risk Management Framework

The Board of Directors possess overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has delegated this responsibility to two sub committees of the Board.

The Audit Committee is responsible for monitoring and reviewing risk management policies and procedures and reviewing the adequacy of risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in these functions 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 Audit Committee. The Audit Committee presents vital matters to the Board whenever required and seeks for review and approval of the Board.

The Board has established the Integrated Risk Management Committee (IRMC) which is responsible for developing and monitoring risk management policies and procedures in specified risk areas. With the cooperation of the management, the committees make decisions on behalf of the Board. Senior Management is responsible for implementing the risk management framework by identifying risks and managing those risks with appropriate risk mitigation strategies. Monthly risk review reports are submitted by the respective Deputy General Manager who supervises each major category of risk.

(B) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For risk management reporting purposes the Company considers and consolidates all elements of credit risk exposure such as individual obligations or default risk and sector risk.

(i) Settlement Risk

The Company's activities may give rise to risk at the time of settlement of transactions and trades. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transaction, the Company mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(ii) Management of Credit Risk

The Board of Directors has delegated responsibility for the overseeing of credit risk to its Company Credit Committee. A separate Company Credit department, reporting to the Company Credit Committee is responsible for management of the Company's credit risk, including:

- Formulating credit policies in consultation with business lines, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities:
  Authorisation limits are allocated to business line Credit Officers. Larger facilities require approval by the Board of Directors as appropriate.
- Reviewing and assessing credit risk.
- Company's Credit Department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business line concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counter parties, geographies and industries (for loans and advances) , and by issuer and market liquidity.
- Developing and maintaining the Company's processes for measuring ECL.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

Regular audits of business units and Company Credit processes are undertaken by Internal Audit.

(C) Liquidity Risk

Liquidity risk is that which the Company will encounter in terms of difficulties in meeting obligations associated with its financial liabilities which are settled by delivering cash or other financial assets.

Management of Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions,without incurring unacceptable losses or risking damage to the Company's reputation. Finance Division receives information from other business lines regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Finance Division then maintains a portfolio of short-term liquid assets, largely made up of cash and cash equivalents, fixed and call deposits and short term government securities, to ensure that sufficient liquidity maintained within the Company as a whole. All liquidity policies and procedures are subject to review and approval by Integrated Risk Management Committee. Daily reports cover the liquidity position of the Company. A summary report, including any exceptions and remedial action taken, is submitted regularly to Integrated Risk Management Committee. The Company relies on deposits from customers and borrowing liabilities as its primary sources of funding. While the Company's borrowing liabilities have maturities of over one year, deposits from customers generally have shorter maturities. The short-term nature of these deposits increases the Company's liquidity risk and the Company actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

(D) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of Market Risk

Overall authority for market risk is vested in ALCO. ALCO sets up limits for each type of risk in aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios. The ALCO is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

(E) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls is to address operational risk assigned to senior management within each business line. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial actions.
- Development of contingency plans.
- Training and professional development.
- Risk mitigation, including insurance where it is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business line to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

Notes to the Financial Statements

Financial Risk Review of the Company

This note presents information about the Company's exposure to financial risks and the Company's management of capital.

		Page
A. Credit Risk		
i	Analysis of Credit Risk Exposure	359
ii	Credit Quality Analysis - Stage Wise	359
iii	Amounts Arising from ECL	361
iv	Concentration of Credit Risk	365
v	Credit Quality Analysis of Placements with Banks and other Finance Companies	367
B. Liquidity Risk		
i	Exposure to Liquidity Risk	367
ii	Maturity Analysis for Financial Assets and Financial Liabilities	368
C . Market Risk		
i	Exposure to Market Risk - Trading and Non-trading Portfolios	372
ii	Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL)	372
iii	Cash Flow Sensitivity Analysis for Variable Rate Financial Instruments	373
iv	Equity Based Investment Portfolio Risk Analysis	373
v	Currency Risk	373
D. Operational Risk		
i	Regulatory Capital Adequacy	374

A. CREDIT RISK

A. i Analysis of Credit Risk Exposure

The following tables shows the maximum exposure to credit risk by class of financial asset.

As at 31st March	Company Maximum Exposure to Credit Risk 2026 Rs.'000	2025 Rs.'000	Group Maximum Exposure to Credit Risk 2026 Rs.'000	2025 Rs.'000
Assets				
Cash and Cash Equivalents	**3,098,330**	1,982,202	**3,100,731**	1,999,887
Placements with Banks and Other Finance Companies (Gross)	**4,810,788**	570,052	**4,810,788**	570,052
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	**703,824**	133,889	**786,876**	209,882
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers (Gross)	**140,429,083**	80,943,003	**140,429,083**	80,943,003
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables (Gross)	**20,555,290**	14,974,491	**20,555,290**	14,974,491
Financial Investments Measured at Fair Value Through Other Comprehensive Income	**204**	204	**204**	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	**6,597,124**	8,850,863	**6,597,124**	8,850,863
Financial Assets at Amortised Cost - Other Financial Assets	**52,617**	43,274	**52,617**	43,274
Total Financial Assets	**176,247,260**	107,497,978	**176,332,713**	107,591,656

A. ii Credit Quality Analysis Stage-wise

The following table sets out information about the credit quality of financial assets measured at amortised cost, financial assets measured at FVTPL, Financial Investments Measured at Fair Value Through Other Comprehensive Income of the company.

With the adoption of SLFRS 9 (01st April 2018) - "Financial Instruments" the Company manages credit quality based on three stage approach.

Stage 1 - 12 Month Expected Credit Losses

Stage 2 - Life Time Expected Credit Losses - Not Credit Impaired

Stage 3 - Life Time Expected Credit Losses - Credit Impaired

Notes to the Financial Statements

The following table shows the classification of Financial Assets based on the three stage approach.

As at 31st March 2026	12 Month Expected Credit Losses Rs.'000	Life Time Expected Credit Losses - Not Credit Impaired Rs.'000	Life Time Expected Credit Losses - Credit Impaired Rs.'000	Unclassified Rs.'000	Total Rs.'000
Cash and Cash Equivalents	3,098,330	-	-	-	**3,098,330**
Placements with Banks and Other Finance Companies	4,810,788	-	-	-	**4,810,788**
Less : ECL Allowance	(239)	-	-	-	**(239)**
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	703,824	-	-	-	**703,824**
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	118,247,445	19,268,267	2,913,371	-	**140,429,083**
Less : ECL Allowance	(1,287,470)	(391,075)	(1,502,338)	-	**(3,180,883)**
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	15,951,306	3,441,034	1,162,950	-	**20,555,290**
Less : ECL Allowance	(286,585)	(116,355)	(857,752)	-	**(1,260,692)**
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	-	-	**204**
Financial Assets at Amortised Cost - Debt and other Financial Instruments	6,597,124	-	-	-	**6,597,124**
Financial Assets at Amortised Cost - Other Financial Assets	51,319	-	1,298	-	**52,617**
Less : Impairment	-	-	(1,298)	-	**(1,298)**
	147,886,046	22,201,871	1,716,231	-	**171,804,148**

As at 31st March 2025	12 Month Expected Credit Losses Rs.'000	Life Time Expected Credit Losses - Not Credit Impaired Rs.'000	Life Time Expected Credit Losses - Credit Impaired Rs.'000	Unclassified Rs.'000	Total Rs.'000
Cash and Cash Equivalents	1,982,202	-	-	-	**1,982,202**
Placements with Banks and Other Finance Companies	570,052	-	-	-	**570,052**
Less : ECL Allowance	(45)	-	-	-	**(45)**
Reverse Repurchase Agreements	-	-	-	-	**-**
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	-	-	-	**133,889**
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	68,572,546	10,213,839	2,156,618	-	**80,943,003**
Less : ECL Allowance	(583,888)	(526,368)	(1,429,835)	-	**(2,540,091)**
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	11,403,873	2,309,894	1,260,724	-	**14,974,491**
Less : ECL Allowance	(162,142)	(179,812)	(887,247)	-	**(1,229,201)**
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	-	-	**204**
Financial Assets at Amortised Cost - Debt and other Financial Instruments	8,850,863	-	-	-	**8,850,863**
Financial Assets at Amortised Cost - Other Financial Assets	42,074	-	1,200	-	**43,274**
Less : Impairment	-	-	(1,200)	-	**(1,200)**
	90,809,628	11,817,553	1,100,260	-	**103,727,441**

A. iii Amounts Arising from ECL

This note highlights inputs, assumptions and techniques used for estimating Expected Credit Losses (ECL) as per SLFRS 9 - "Financial Instruments".

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.

Credit Risk Grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the information following data.

- Payment record – this includes overdue status as well as a range of variables about payment ratios
- External data from credit reference agencies, including industry-standard credit scores
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities

Generating the Term Structure of Probability of Default (PD)

Past Due date is a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product and type of underlying security. For some portfolios, information gathered from external credit agencies is also used.

The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

LTV Ratio Details

Adequate precautions were taken to maintain exposures by ensuring Loan-to-Value (LTV) ratios were maintained in compliance with the applicable CBSL Directions as at 31.03.2026.

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 realising security (if any is held) ; or the borrower is past due more than 90 days on any material credit obligation to the Company. In determination of default the Company largely aligns with the regulatory definition of default which is 90 days above.

Notes to the Financial Statements

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 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 economic variables used by the Company based on the statistical significance include the followings.

1. Interest rate
2. GDP Growth rate
3. Inflation rate

Weightages assigned for each scenario for the year 2026 are ;

- Weightage Best case Scenario 10% , Base case Scenario 30%, Worst case Scenario 60%

As at 31.03.2026 the base case assumptions have been updated to reflect the rapidly evolving situation with respect to current economic condition of the country by using the economic forecast. In addition to the base case forecast which reflects the negative economic consequences, greater weighting has been applied to the worst scenario given the Company's assessment of downside risks. The assigned probability weightings are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

ECL Allowance

Sensitivity Analysis of Allowance for Impairment

The Following table illustrates the impact arising from possible changes in Probability of Default (PD) and (Loss Given Default) LGD on the Expected Credit Loss (ECL) Allowance as at 31.03.2026.

Assumption	Increase by	Increase in ECL Allowance	
		2026 Rs.'000	2025 Rs.'000
LGD	10%	**185,513**	155,581
PD	1%	**17,660**	119,608

Movement in Allowance for Expected Credit Losses (Stage Transition)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of Loan portfolio.

As at 31st March	2026 Stage 1: 12-Month ECL Rs.'000	Stage 2: Life Time ECL not-credit impaired Rs.'000	Stage 3: Life Time ECL credit impaired Rs.'000	Total ECL Rs.'000
Balance as at the beginning of the year	**746,031**	**706,179**	**2,317,083**	**3,769,293**
Changes due to Lending Portfolio recognised in opening balance that have:				-
Transferred from 12 Month ECL	**(99,930)**	**89,755**	**10,175**	-
Transferred from LifeTime ECL not-credit impaired	**158,203**	**(191,150)**	**32,947**	-
Transferred from LifeTime ECL credit impaired	**13,296**	**10,264**	**(23,560)**	-
Interest accrued / (reversals) on impaired loans and advances	-	-	**31,666**	**31,666**
Net remeasurement of loss allowance	**756,455**	**(107,618)**	**(8,221)**	**640,616**
Balance as at the end of the year	**1,574,055**	**507,430**	**2,360,090**	**4,441,575**

As at 31st March	2025 Stage 1: 12-Month ECL Rs.'000	Stage 2: Life Time ECL not-credit impaired Rs.'000	Stage 3: Life Time ECL credit impaired Rs.'000	Total ECL Rs.'000
Balance as at the beginning of the year	561,869	687,798	2,342,446	3,592,113
Changes due to Lending Portfolio recognised in opening balance that have:				-
Transferred from 12 Month ECL	(56,670)	53,338	3,332	-
Transferred from LifeTime ECL not-credit impaired	153,271	(179,937)	26,666	-
Transferred from LifeTime ECL credit impaired	10,389	13,500	(23,889)	-
Interest accrued / (reversals) on impaired loans and advances	-	-	5,562	5,562
Net remeasurement of loss allowance	77,172	131,480	(37,034)	171,618
Balance as at the end of the year	746,031	706,179	2,317,083	3,769,293

Notes to the Financial Statements

Stage Transition on Lending Portfolio

The following tables show reconciliations from the opening to the closing balance of the lending portfolio (gross) based on three stage approach.

As at 31st March	2026 Stage 1: 12-Month ECL Rs.'000	Stage 2: Life Time ECL not-credit impaired Rs.'000	Stage 3: Life Time ECL credit impaired Rs.'000	Total ECL Rs.'000
Balance as at the beginning of the year	**79,976,419**	**12,523,732**	**3,417,343**	**95,917,494**
Changes due to Lending Portfolio recognised in opening balance that have:				
Transferred from 12 Month ECL	**(8,476,904)**	**7,476,742**	**1,000,162**	**-**
Transferred from LifeTime ECL not-credit impaired	**2,184,569**	**(2,597,966)**	**413,397**	**-**
Transferred from LifeTime ECL credit impaired	**33,160**	**42,051**	**(75,211)**	**-**
Financial Assets that have been de-recognised	**(45,009,688)**	**(7,555,918)**	**(1,141,107)**	**(53,706,713)**
Other Changes in the portfolio	**105,491,195**	**12,820,660**	**461,737**	**118,773,592**
Balance as at the end of the year	**134,198,751**	**22,709,301**	**4,076,321**	**160,984,373**

As at 31st March	2025 Stage 1: 12-Month ECL Rs.'000	Stage 2: Life Time ECL not-credit impaired Rs.'000	Stage 3: Life Time ECL credit impaired Rs.'000	Total ECL Rs.'000
Balance as at the beginning of the year	55,892,173	11,714,748	4,227,159	71,834,080
Changes due to Lending Portfolio recognised in opening balance that have:				
Transferred from 12 Month ECL	(4,020,807)	3,826,638	194,169	-
Transferred from LifeTime ECL not-credit impaired	1,903,821	(2,174,632)	270,811	-
Transferred from LifeTime ECL credit impaired	39,067	48,493	(87,560)	-
Financial Assets that have been de-recognised	(36,648,022)	(7,737,283)	(1,599,108)	(45,984,413)
Other Changes in the portfolio	62,810,187	6,845,768	411,872	70,067,827
Balance as at the end of the year	79,976,419	12,523,732	3,417,343	95,917,494

Collateral Held as Security and Other Credit Enhancements

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types financial assets.

Type of Credit Exposure	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	31st March 2026	31st March 2025	
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers			
Loans and Advances	100	100	Property and Equipment
Loans against Fixed Deposits	100	100	Fixed Deposits
Micro Finance Loans	100	100	Personal Guarantees
Gold Loans	100	100	Gold Articles
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables			
Lease Rental Receivables	100	100	Property and Equipment
Hire Purchase Receivables	100	100	Property and Equipment

Collateral and Other Credit Enhancements - Lending Portfolio

The below tables provide an analysis of the current fair values of collateral held for stage 3 lending portfolio.

For the year ended 31st March	Company		Group	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Maximum Exposure to Credit Risk	**4,076,321**	3,417,343	**4,076,321**	3,417,343
Less - Collateral				
Movable Securities	**4,840,114**	2,813,788	**4,840,114**	2,813,788
Immovable Securities	**684,750**	849,200	**684,750**	849,200
Total Collateral	**5,524,864**	3,662,988	**5,524,864**	3,662,988
Net Exposure	**(1,448,543)**	(245,645)	**(1,448,543)**	(245,645)
Associated ECL	**2,360,090**	2,317,083	**2,360,090**	2,317,083

A. iv Concentration of Credit Risk

The following tables show the concentration of net lending portfolio based on the type of product and geographical region.

Product Concentration of Net Lending Portfolio - Company

For the year ended 31st March	2026		2025	
	Rs.'000	%	Rs.'000	%
Lease Rental Receivable	**19,294,598**	12.3	**13,745,290**	14.9
Loans and Advances	**100,518,278**	64.2	**56,451,029**	61.3
Loans against Fixed Deposits	**2,205,728**	1.4	**1,545,670**	1.7
Gold Loans	**34,524,194**	22.1	**20,406,213**	22.1
	156,542,798	100.0	**92,148,202**	100.0

Notes to the Financial Statements

Product Concentration of Net Lending Portfolio - Group

For the year ended 31st March	2026 Rs.'000	2026 %	2025 Rs.'000	2025 %
Lease Rental Receivable	**19,294,598**	12.3	**13,745,290**	14.9
Loans and Advances	**100,518,278**	64.2	**56,451,029**	61.3
Loans against Fixed Deposits	**2,205,728**	1.4	**1,545,670**	1.7
Gold Loans	**34,524,194**	22.1	**20,406,213**	22.1
	156,542,798	100.0	**92,148,202**	100.0

Geographical Concentration of Gross Lending Portfolio

Province	Company			
	Lease Rental & Hire Purchase Receivables		Loans and Receivables to Other Customers	
As at 31st March	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Western	**8,638,187**	6,488,768	**80,795,301**	48,893,512
Southern	**2,266,858**	1,644,492	**12,930,525**	7,165,586
Sabaragamuwa	**1,775,777**	1,438,954	**8,135,245**	5,050,989
Central	**2,109,083**	1,493,498	**9,639,409**	4,613,972
Uva	**1,195,942**	854,745	**6,061,753**	3,194,736
Eastern	**273,540**	38,877	**1,314,102**	154,296
North Western	**2,701,778**	2,073,294	**12,664,497**	7,128,153
North Central	**1,402,579**	833,320	**7,225,157**	3,987,355
Northern	**191,546**	108,543	**1,663,094**	754,404
	20,555,290	14,974,491	**140,429,083**	80,943,003

Province	Group			
	Lease Rental & Hire Purchase Receivables		Loans and Receivables to Other Customers	
As at 31st March	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Western	**8,638,187**	6,488,768	**80,795,301**	48,893,512
Southern	**2,266,858**	1,644,492	**12,930,525**	7,165,586
Sabaragamuwa	**1,775,777**	1,438,954	**8,135,245**	5,050,989
Central	**2,109,083**	1,493,498	**9,639,409**	4,613,972
Uva	**1,195,942**	854,745	**6,061,753**	3,194,736
Eastern	**273,540**	38,877	**1,314,102**	154,296
North Western	**2,701,778**	2,073,294	**12,664,497**	7,128,153
North Central	**1,402,579**	833,320	**7,225,157**	3,987,355
Northern	**191,546**	108,543	**1,663,094**	754,404
	20,555,290	14,974,491	**140,429,083**	80,943,003

A. v Credit Quality Analysis of Cash and Cash Equivalents and Placements with Banks and other Finance Companies

The following table sets out the credit quality of Placements with Banks and other Finance Companies. The analysis is based on Fitch and ICRA Lanka ratings.

Placements with Banks and other Finance Companies	As at 31st March 2026 Rs.'000	As at 31st March 2025 Rs.'000
Rated AAA	-	-
Rated AA- to AA+	-	150,799
Rated A- to A+	**2,717,851**	-
Rated BBB + and below	**2,092,938**	419,253
	4,810,788	570,052

The Company held Cash and Cash Equivalents of Rs.3,098,330,198 as at 31st March 2026 (2025- Rs.1,982,202,482). These balances are held with banks which are rated from A to BBB+.

B. LIQUIDITY RISK

B. i Exposure to Liquidity Risk

Exposure to Liquidity Risk is monitored through the Liquid Asset Ratio (LAR) of the Company.

As at 31st March	Company 2026	2025
Liquid Asset Ratio (LAR)		
Average for the year	**15.28%**	18.71%
Maximum for the year	**21.73%**	23.06%
Minimum for the year	**12.10%**	13.88%

Components of the Company's liquid assets used for the purpose of calculating the Statutory Liquid Asset Ratio as at 31st March is given below.

As at 31st March	Company 2026 Rs.'000	2025 Rs.'000
Cash in Hand	**698,221**	585,248
Balances in Current Accounts free from lien	**892,845**	559,175
Deposits in Commercial Banks free from lien	**4,725,000**	550,000
Sri Lanka Government Treasury Bills and Treasury Bonds, maturing within one year, free from any lien or charge	**340,227**	3,107,119
Any other Approved Securities	**6,345,772**	5,824,082
Total liquid assets	**13,002,065**	10,625,624

Notes to the Financial Statements

B. ii Maturity Analysis for Financial Assets and Financial Liabilities

An analysis of the financial assets and financial liabilities employed by the company as at 31st March 2026, based on the remaining period at the Statement of Financial Position date to the respective contractual maturity date is given below;

a) Remaining Contractual Period to Maturity – Company

Remaining contractual period to maturity of the Financial Assets and Financial Liabilities employed by the Company as at the date of Statement of Financial Position is detailed below:

As at 31st March 2026	Up to 3 months Rs.'000	3 to 12 months Rs.'000	1 to 3 years Rs.'000	3 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Assets						
Cash and Cash Equivalents	3,098,330	-	-	-	-	3,098,330
Placements with Banks and Other Finance Companies	4,797,393	12,051	1,344	-	-	4,810,788
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	703,824	-	-	-	-	703,824
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	46,384,637	50,885,712	30,291,972	12,793,989	72,773	140,429,083
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	3,203,538	5,228,865	9,414,468	2,701,088	7,331	20,555,290
Financial Assets at Amortised Cost - Debt and other Financial Instruments	4,765,647	161,984	395,444	-	1,274,049	6,597,124
Financial Assets at Amortised Cost - Other Financial Assets	9,442	23,410	17,415	1,019	1,331	52,617
Other Assets	3,269	21,908	10,935	8,505	669,709	714,326
Total Financial Assets	62,966,080	56,333,930	40,131,578	15,504,601	2,025,193	176,961,382
Percentage 2026	36%	32%	23%	9%	1%	
Percentage 2025	35%	32%	23%	8%	2%	
Financial Liabilities						
Bank Overdrafts	3,169,281	-	-	-	-	3,169,281
Financial Liabilities at Amortised Cost - Deposits due to Customers	21,378,443	37,543,037	23,058,418	1,479,284	-	83,459,182
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	6,104,423	12,708,132	29,211,728	9,123,459	-	57,147,742
Subordinated Term Debt	63,350	2,391,633	4,699,008	2,994,351	-	10,148,342
Lease Liabilities	59,035	169,498	492,554	612,866	1,465,253	2,799,206
Total Financial Liabilities	30,774,532	52,812,300	57,461,708	14,209,960	1,465,253	156,723,753
Percentage 2026	20%	34%	37%	9%	1%	
Percentage 2025	41%	24%	26%	7%	2%	

Loans and Receivables to Other Customers and Lease Rental & Hire Purchase Receivables are reported in gross terms.

Remaining Contractual Period to Maturity – Group

Remaining contractual period to maturity of the financial assets and financial liabilities employed by the Company as at the date of Statement of Financial Position is detailed below:

As at 31st March 2026	Up to 3 months Rs.'000	3 to 12 months Rs.'000	1 to 3 years Rs.'000	3 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Assets						
Cash and Cash Equivalents	3,100,731	-	-	-	-	3,100,731
Placements with Banks and Other Finance Companies	4,797,393	12,051	1,344	-	-	4,810,788
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	786,876	-	-	-	-	786,876
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	46,384,637	50,885,712	30,291,972	12,793,989	72,773	140,429,083
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	3,203,538	5,228,865	9,414,468	2,701,088	7,331	20,555,290
Financial Assets at Amortised Cost - Debt and other Financial Instruments	4,765,647	161,984	395,444	-	1,274,049	6,597,124
Financial Assets at Amortised Cost - Other Financial Assets	9,442	23,410	17,415	1,019	1,331	52,617
Other Assets	1,840	21,908	10,935	8,505	27,735	70,923
Total Financial Assets	63,050,104	56,333,930	40,131,578	15,504,601	1,383,219	176,403,432
Percentage 2026	36%	32%	23%	9%	1%	
Percentage 2025	36%	32%	23%	8%	1%	
Financial Liabilities						
Bank Overdrafts	3,169,281	-	-	-	-	3,169,281
Financial Liabilities at Amortised Cost - Deposits due to Customers	21,378,443	37,543,037	23,058,418	1,479,284	-	83,459,182
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	6,143,657	12,826,308	29,575,290	9,241,193	-	57,786,449
Subordinated Term Debt	63,350	2,391,633	4,699,008	2,994,351	-	10,148,342
Lease Liabilities	39,706	102,154	244,610	224,151	555,205	1,165,826
Total Financial Liabilities	30,794,437	52,863,132	57,577,326	13,938,979	555,205	155,729,080
Percentage 2026	20%	34%	37%	9%	0%	
Percentage 2025	42%	25%	26%	7%	0%	

Loans and Receivables to Other Customers and Lease Rental & Hire Purchase Receivables are reported in gross terms.

Notes to the Financial Statements

b) *Undiscounted Cash Flow of Financial Assets and Financial Liabilities - Company*

The following table shows the expected undiscounted cash flows for financial assets and financial liabilities as at 31st March 2026.

As at 31st March 2026	Up to 3 months Rs.'000	3 to 12 months Rs.'000	1 to 3 years Rs.'000	3 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Assets						
Cash and Cash Equivalents	3,098,330	-	-	-	-	3,098,330
Placements with Banks and Other Finance Companies	4,831,474	12,527	1,590	-	-	4,845,591
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	703,824	-	-	-	-	703,824
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	51,399,688	59,265,029	38,465,645	14,243,992	74,290	163,448,644
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	4,158,176	7,519,978	12,141,721	3,035,328	7,331	26,862,534
Financial Assets at Amortised Cost - Debt and other Financial Instruments	4,776,429	150,000	400,000	624,372	700,000	6,650,801
Financial Assets at Amortised Cost - Other Financial Assets	13,190	27,975	19,568	1,169	-	61,902
Total Financial Assets	68,981,111	66,975,509	51,028,524	17,904,861	781,621	205,671,626
Financial Liabilities						
Bank Overdrafts	911,458	-	-	-	-	911,458
Financial Liabilities at Amortised Cost - Deposits due to Customers	22,713,965	40,215,042	26,429,891	1,726,745	-	91,085,643
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	7,286,055	15,796,205	33,061,986	10,765,116	-	66,909,362
Subordinated Term Debt	95,166	3,344,108	7,505,250	4,086,075	-	15,030,599
Lease Liabilities	140,705	400,652	1,030,528	1,021,757	1,811,292	4,404,934
Total Financial Liabilities	31,147,349	59,756,007	68,027,655	17,599,693	1,811,292	178,341,996

Undiscounted Cash Flow of Financial Assets and Financial Liabilities - Group

The following table shows the expected undiscounted cash flows for financial assets and financial liabilities as at 31st March 2026.

As at 31st March 2026	Up to 3 months Rs.'000	3 to 12 months Rs.'000	1 to 3 years Rs.'000	3 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Assets						
Cash and Cash Equivalents	3,100,731	-	-	-	-	3,100,731
Placements with Banks and Other Finance Companies	4,831,474	12,527	1,590	-	-	4,845,591
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	786,876	-	-	-	-	786,876
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	51,399,688	59,265,029	38,465,645	14,243,992	74,290	163,448,644
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	4,158,176	7,519,978	12,141,721	3,035,328	7,331	26,862,534
Financial Assets at Amortised Cost - Debt and other Financial Instruments	4,776,429	150,000	400,000	624,372	700,000	6,650,801
Financial Assets at Amortised Cost - Other Financial Assets	13,190	27,975	19,568	1,169	-	61,902
Total Financial Assets	69,066,564	66,975,509	51,028,524	17,904,861	781,621	205,757,079
Financial Liabilities						
Bank Overdrafts	911,458	-	-	-	-	911,458
Financial Liabilities at Amortised Cost - Deposits due to Customers	22,713,965	40,215,042	26,429,891	1,726,745	-	91,085,643
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	7,339,569	15,956,747	33,614,963	10,765,116	-	67,676,395
Subordinated Term Debt	95,166	3,344,108	7,505,250	4,086,075	-	15,030,599
Lease Liabilities	75,686	200,756	470,320	415,789	806,240	1,968,791
Total Financial Liabilities	31,135,844	59,716,653	68,020,424	16,993,725	806,240	176,672,886

Notes to the Financial Statements

C. MARKET RISK

C. i Exposure to Market Risk - Trading and Non-trading Portfolios

As at 31st March	Carrying Amount	Market Risk Measurement 2026 Trading Portfolios	Non -Trading Portfolios	Carrying Amount	Market Risk Measurement 2025 Trading Portfolios	Non -Trading Portfolios
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets subject to Market Risk						
Cash and Cash Equivalents	**3,098,330**	**-**	**3,098,330**	1,982,202	-	1,982,202
Placements with Banks and Other Finance Companies	**4,810,549**	**-**	**4,810,549**	570,007	-	570,007
Reverse Repurchase Agreements	**-**	**-**	**-**	-	-	-
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	**703,824**	**703,824**	**-**	133,889	133,889	-
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	**137,248,200**	**-**	**137,248,200**	78,402,912	-	78,402,912
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	**19,294,598**	**-**	**19,294,598**	13,745,290	-	13,745,290
Financial Investments Measured at Fair Value Through Other Comprehensive Income	**204**	**-**	**204**	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	**6,597,124**	**-**	**6,597,124**	8,850,863	-	8,850,863
Other Financial Assets	**51,319**	**-**	**51,319**	42,074	-	42,074
	171,804,148	**703,824**	**171,100,324**	103,727,441	133,889	103,593,552
Liabilities subject to Market Risk						
Bank Overdrafts	**3,169,281**	**-**	**3,169,281**	1,828,680	-	1,828,680
Financial Liabilities at Amortised Cost - Deposits due to Customers	**83,459,182**	**-**	**83,459,182**	67,480,200	-	67,480,200
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	**57,147,742**	**-**	**57,147,742**	12,650,533	-	12,650,533
Subordinated Term Debt	**10,148,342**	**-**	**10,148,342**	6,690,647	-	6,690,647
	153,924,547	**-**	**153,924,547**	88,650,060	-	88,650,060

Sensitivity Analysis

Financial Assets recognised through Profit or Loss (FVTPL) which measured based on the market prices includes Equity shares and unit trust investments. Equity share valuations are based on the prices directly obtained from CSE and unit trust valuation is based on the available unit prices. Since these prices are based on the market prices and changes to such is beyond the control of the Company sensitivity analysis has not been prepared.

C. ii Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL)

As at 31st March	Company 2026	2025
	Rs.'000	Rs.'000
Rate Sensitive Assets (RSA)	**176,961,382**	108,125,818
Rate Sensitive Liabilities (RSL)	**156,723,753**	91,371,677
GAP (RSA-RSL)	**20,237,629**	16,754,141

C. iii Cash Flow Sensitivity Analysis for Variable Rate Financial Instruments

A reasonably possible change of AWPLR increase or decrease at the reporting date would give increase (decrease) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

As at 31st March	2026 Interest Expense Rs.'000	2025 Interest Expense Rs.'000
Variable Rate increase 1% (+1 % Increase in AWPLR)	**611,881**	524,700
Variable Rate decrease 1% (-1 % decrease in AWPLR)	**489,972**	416,232
Variable Rate Interest actual interest Cost	**550,926**	470,466
Cash flow sensitivity in Variable Rate increase +1%	**60,954**	54,234
Cash flow sensitivity in Variable Rate decrease -1%	**(60,954)**	(54,234)

C. iv Equity Based Investment Portfolio Risk Analysis

The given below analysis shows the maximum impact of change in the equity prices to the comprehensive income as at 31st March each Financial Year.

	Market Value as at 31st March 2026 Rs.'000	Lowest Market Value Rs.'000	Effect to the Comprehensive Income if the market price drops to the lowest value Rs.'000
Bank, Finance & Insurance	-	**1,158**	**(1,158)**
Total	-	**1,158**	**(1,158)**

	Market Value as at 31st March 2025 Rs.'000	Lowest Market Value Rs.'000	Effect to the Comprehensive Income if the market price drops to the lowest value Rs.'000
Bank, Finance & Insurance	3,009	1,158	1,851
Total	3,009	1,158	1,851

C. v Currency Risk

Currency risk arises as a result of fluctuations in the value of a financial instrument due to changes in foreign exchange rates. As the Company's financial instruments are denominated in Sri Lankan rupees no significant currency risk experienced.

C. vi Commodity Price Risk

Commodity price risk refers to the potential for financial loss due to commodity price fluctuations. Gold price risk is a critical component of market risk for the Company due to its significant gold loan portfolio. Fluctuations in gold prices directly impact the collateral value of gold-backed loans, potentially affecting the loan-to-value ratios and recovery prospects in case of defaults.

The gold loan portfolio is also structured with relatively short tenures, typically ranging from 1 to 12 months, which limits exposure to long-term gold price volatility.

Notes to the Financial Statements

D. OPERATIONAL RISK

Capital Management

The Company is required to manage its capital taking into account the need to meet the regulatory requirements as well as the current and future business needs, stakeholder expectations and available options for raising capital.

Regulatory Capital Adequacy

Capital adequacy is a measure of financial institutions financial strength and stabilibility of a company. This measure has been introduced by Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company.

The Capital Adequacy Ratio (CAR) is calculated based on the CBSL Finance Business Act Direction No. 3 of 2018. The minimum Tier 1 capital ratio and total capital ratio are required to maintain at 10% and 14% respectively with effect from 31st December 2024 since the Company exceeded the total assets of Rs. 100Bn.

Computation of Capital Adequacy Ratios

As at 31st March	Company 2026 Rs.'000	2025 Rs.'000
Tier 1 Capital	**15,439,751**	14,660,551
Total Capital	**21,639,751**	19,059,047
Risk Weighted Amount for Credit Risk	**134,232,263**	79,629,078
Risk Weighted Amount for Operational Risk	**12,092,074**	8,984,118
Total Risk Weighted Amount	**146,324,337**	88,613,196
Core Capital Ratio (TIER 1) (Minimum Requirement 10%)	10.55%	16.54%
Total Risk Weighted Capital Ratio (TIER 11) (Minimum Requirement 14%)	14.79%	21.51%

58 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Board of Directors resolved on 9 January 2026 to undertake a rights issue in the proportion of one (1) new ordinary share for every eight (8) ordinary shares held at a price of Rs. 72/- per share, with the objective of raising Rs. 2,119,080,600/-. The corresponding resolution was approved by the shareholders at the Extraordinary General Meeting held on 26 March 2026. The allotment of shares was completed on 8 May 2026 and listed on 14th May 2026.

Subsequent to the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements other than disclosed above.

Built for Clarity,
Driven by Transparency

Vallibel Finance PLC remains committed to providing clear, comprehensive, and transparent disclosures that support informed stakeholder engagement. This section offers additional insights into our operations, ensuring that all relevant information is communicated with clarity and accountability. Through this approach, we continue to strengthen trust and uphold the highest standards of corporate reporting.



SUPPLEMENTARY INFORMATION

376 GRI Content Index
383 Independent Practitioner's Assurance Report
385 Glossary of Financial Terms
388 Branch Network
390 Sources and Utilisation of Income
392 Information on Ordinary Shares
394 Information on Listed Debentures
395 List of Abbreviations
396 Ten Year Summary
400 Corporate Information
401 Notice of Annual General meeting
403 Form of Proxy
405 Stakeholder Feedback Form

GRI Content Index

Statement of use	Vallibel Finance PLC has reported in accordance with the GRI Standards for the period 1st April 2025 to 31st March 2026.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Location	Omission			
		Page No.	Requirement(s) Omitted	Reason	Explanation	Remarks
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	276				
	2-2 Entities included in the organisation's sustainability reporting	8				
	2-3 Reporting period, frequency and contact point	9				
	2-4 Restatements of information	9				
	2-5 External assurance	9, 383-384				
	2-6 Activities, value chain and other business relationships	9, 14-15, 50-51, 131				
	2-7 Employees	82-83				
	2-8 Workers who are not employees		2-8	Information unavailable/ incomplete	Does not currently collect data on workers who are not employees	
	2-9 Governance structure and composition	36-37,162-164				
	2-10 Nomination and selection of the highest governance body	165-166, 253				
	2-11 Chair of the highest governance body	164				
	2-12 Role of the highest governance body in overseeing the management of impacts	166				
	2-13 Delegation of responsibility for managing impacts	46-49,166				
	2-14 Role of the highest governance body in sustainability reporting	46-49,146-148				
	2-15 Conflicts of interest	172, 257				
	2-16 Communication of critical concerns	129				
	2-17 Collective knowledge of the highest governance body	167				

GRI Standard/ Other Source	Disclosure	Location	Omission			
		Page No	Requirement(s) Omitted	Reason	Explanation	Remarks
	2-18 Evaluation of the performance of the highest governance body	167				
	2-19 Remuneration policies	206-207, 255-256				
	2-20 Process to determine remuneration	206-207				
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	Does not disclose due to confidential reasons	
	2-22 Statement on sustainable development strategy	28-30				
	2-23 Policy commitments	9, 87, 162-163, 175-176, 194, 215				
	2-24 Embedding policy commitments	87, 162-163, 175, 194, 215				
	2-25 Processes to remediate negative impacts	87, 129				
	2-26 Mechanisms for seeking advice and raising concerns	87, 172				
	2-27 Compliance with laws and regulations	130				
	2-28 Membership associations	400				
	2-29 Approach to stakeholder engagement	66-71				
	2-30 Collective bargaining agreements	84				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	72				
	3-2 List of material topics	75				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	103				

GRI Standard/ Other Source	Disclosure	Location	Omission			
		Page No.	Requirement(s) Omitted	Reason	Explanation	Remarks
	201-2 Financial implications and other risks and opportunities due to climate change	142				
	201-3 Defined benefit plan obligations and other retirement plans	342-344				
	201-4 Financial assistance received from government					No exceptional relief was received during the reporting period
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage					All Employees earn above minimum wage with complete gender pay parity
	202-2 Proportion of senior management hired from the local community	82-83				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	108-109, 132				
	203-2 Significant indirect economic impacts	108				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	131				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				

GRI Standard/ Other Source	Disclosure	Location	Omission			
		Page No	Requirement(s) Omitted	Reason	Explanation	Remarks
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	130				
	205-2 Communication and training about anti-corruption policies and procedures	81-82				
	205-3 Confirmed incidents of corruption and actions taken	130				
Anti-competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	130				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	140				
	302-3 Energy intensity	140				
	302-4 Reduction of energy consumption	140				
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	141-142				
	303-5 Water consumption	141-142				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	140-141				
	305-2 Energy indirect (Scope 2) GHG emissions	140-141				
	305-4 GHG emissions intensity	140-141				

GRI Standard/ Other Source	Disclosure	Location	Omission			
		Page No	Requirement(s) Omitted	Reason	Explanation	Remarks
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	84-85				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	87				
	401-3 Parental leave	87				
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	83				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	85	404-1	Information incomplete	Category - wise training hour data not disclosed due to the unavailability of data	
	404-2 Programs for upgrading employee skills and transition assistance programs	85-86				
	404-3 Percentage of employees receiving regular performance and career development reviews	86				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	83, 165				
	405-2 Ratio of basic salary and remuneration of women to men		405-2	Confidentiality constraints	Does not disclose due to confidential reasons	

GRI Standard/ Other Source	Disclosure	Location	Omission			
		Page No.	Requirement(s) Omitted	Reason	Explanation	Remarks
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	83				
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	84, 131-132				
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	84				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	132				
	413-2 Operations with significant actual and potential negative impacts on local communities	132				

GRI Standard/ Other Source	Disclosure	Location	Omission			
		Page No	Requirement(s) Omitted	Reason	Explanation	Remarks
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	130				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	130				
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	129				
	417-2 Incidents of non-compliance concerning product and service information and labelling	130				
	417-3 Incidents of non-compliance concerning marketing communications	130				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	72, 80, 93, 106, 114, 122, 138				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	130				

Independent Practitioner's Assurance Report

Shape the future with confidence

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Independent practitioner's assurance report to the Board of Directors of Vallibel Finance PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2025/26

Scope

We have been engaged by Vallibel Finance PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Vallibel Finance PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Vallibel Finance PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Vallibel Finance PLC

In preparing the Subject Matter, Vallibel Finance PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Vallibel Finance PLC's responsibilities

Vallibel Finance PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Vallibel Finance PLC on 5 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Independent Practitioner's Assurance Report

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

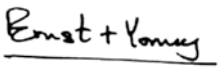
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Vallibel Finance PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



29 May 2026

Colombo

Glossary of Financial Terms

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

Actuarial Assumptions

An entity's unbiased and mutually compatible best estimates of the demographic and financial variables that will determine the ultimate cost of providing post employment benefits.

Actuarial Gains and Losses

Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Actuarial Valuation

Fund value determined by computing its normal cost, actuarial accrued liability, actuarial value of its assets, and other relevant costs and values.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortised Cost

The amount at which a financial asset or liability is measured at initial recognition, minus any repayment of principal, minus any reduction for impairment or uncollectibility and plus or minus the cumulative amortisation using the effective interest method of the difference between that initial amount and maturity amount.

Capital Adequacy Ratio (CAR)

The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka developed by modifying International best practices on maintenance of Capital for financial Institutions, to suit the local requirements.

Cash Equivalents

Short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Generating Unit (CGU)

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Collective Impairment Provisio

Impairment is measured on a collective basis for homogeneous groups of loans that are not considered individually significant.

Contingencies

Conditions or situations at the reporting date, the financial effect of which are to be determined by the future events which may or may not occur.

Contractual Maturity

The final payment date of a loan or other financial instrument, at which point the entire remaining outstanding principal will be repaid and interest is due to be paid.

Corporate Governance

The process by which Corporate Institutions are governed. It involves the way in which authority is exercised over the management and the direction of the company, the supervisions of executive roles and the responsibility and accountability towards owners and other parties.

Cost to Income Ratio

Operating expenses excluding impairment charge as a percentage of total operating income (Net of interest expenses).

Credit Ratings

An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.

Credit Risk

The risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Deferred Tax

Sum set aside in the financial statements for income taxation that would become payable / receivable in a financial year other than the current financial year.

Delinquency

A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

De-recognition

Removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Diluted Earnings Per Share

The earnings per share that would result if all dilutive securities were converted into common shares.

Dividend Pay-Out Ratio

Dividend by profit after tax; indicates the percentage of earnings paid out to shareholders as dividends.

Dividend Per Share (DPS)

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; indicates the proportion of current year's dividend attributable to an ordinary share in issue.

Earnings Per Share (EPS)

Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

Effective Income Tax Rate

Provision for taxation divided by the net profit before taxation.

Glossary of Financial Terms

Effective Interest Rate (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability.

Equity Instrument

Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Expected Credit Losses (ECL)

A probability weighted estimate of credit losses over the expected life of the financial instrument.

12 Month Expected Credit Losses (12MECL)

The portion of life time expected credit losses that represent the expected credit losses resulting from default events of a financial instrument that are possible within 12 months after the reporting date.

Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of reporting period and the date when the financial statements are authorised for issue.

Exposure

A claim, contingent claim or position which carries a risk of financial loss.

Exposure At Default (EAD)

Gross carrying amount of financial instruments subject to impairment calculation.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value through Profit or Loss

A financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as fair value through profit or loss.

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 other entity.

Forward-Looking Information

Incorporation of macroeconomic scenarios into the impairment calculations.

Global Reporting Initiative (GRI)

A leading organisation in the sustainability field which promotes the use of sustainability reporting as a way for organisation to become more sustainable and contribute to sustainable development.

Going Concern

The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially scale of its operation.

Guarantees

An assurance made by a third party (Guarantor) who is not a party to contract between two others, that the guarantor will be liable if the Guarantee fails to fulfil the contractual obligation.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Individually Significant Loans

Exposures which are above a certain threshold decided by the Company's management which should be assessed for objective evidence, measurement, and recognition of impairment on an individual basis.

Individually Significant Loan Impairment Provision

Impairment measured individually for loans that are individually significant to the Company.

Intangible Asset

An identifiable non-monetary asset without physical substance.

Interest Cover

Profits before interest and taxes divided by the interest cost. This ratio measures the number of times Interest is covered by the current year's profits before interest and taxes.

Integrated Reporting

A methodology of reporting an organisation's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long-term in its economic, social and environmental context.

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.

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily.

Life Time Expected Credit Loss (LTECL)

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

Loss Given Default (LGD)

The percentage of an exposure that a lender expects to lose in the event of obligor default.

Market Capitalisation

Number of ordinary shares in issue multiplied by market value of a share and indicates total market value of all ordinary shares in issue.

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 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 statement.

Net Assets Value per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Interest Income

The difference between the amounts a financial institution earns on assets such as loans and securities and what it incurs on liabilities such as deposits and borrowings.

Net Lending Portfolio

Total value of lending products net of unearned income and allowance for impairment.

Non-Performing Loans

Loans advances and hire purchase / lease finance of which interest or capital is in arrears for six months or more.

Non-Performing Ratio

Total non-performing loans expressed as a percentage of the total loans and advances.

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Past Due

A financial asset is past due when a counterparty 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.

Projected Unit Credit Method

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Probability of Default (PD)

An internal estimate for each borrower grade of likelihood that an obligor will default on an obligation.

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.

Related party Transactions

A transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.

Return on Assets (ROA)

Net profit after tax divided by the average assets.

Return on Equity (ROE)

Profit after tax less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Reverse Repurchase Agreement

Transaction involving the purchase of government securities and resale back to the seller at a given price on a specific future date.

Revaluation Reserve

Reserves arising from revaluation of properties owned by the company.

Risk Weighted Assets

Risk weighted assets is the sum of risk weighted asset amount for credit risk and risk weighted asset amount for operational risk.

Rights Issue

Issue of shares to the existing shareholders at an agreed price, generally lower than market price.

Solvency

The availability of cash over the long term to meet financial commitments as they fall due.

Solely Payments of Principal and Interest Test (SPPI)

Classification decision for non-equity financial assets under SLFRS 9.

Tier I Capital

Core Capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

Tier II Capital

Supplementary capital representing revaluation reserves, general provisions and debt instruments such as subordinated term debts and other hybrid capital instruments which combine certain characteristics of equity and debt.

Transaction costs

Incremental costs those are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Unit Trust

An undertaking formed to invest in securities under the terms of a trust deed.

Useful Life

The period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

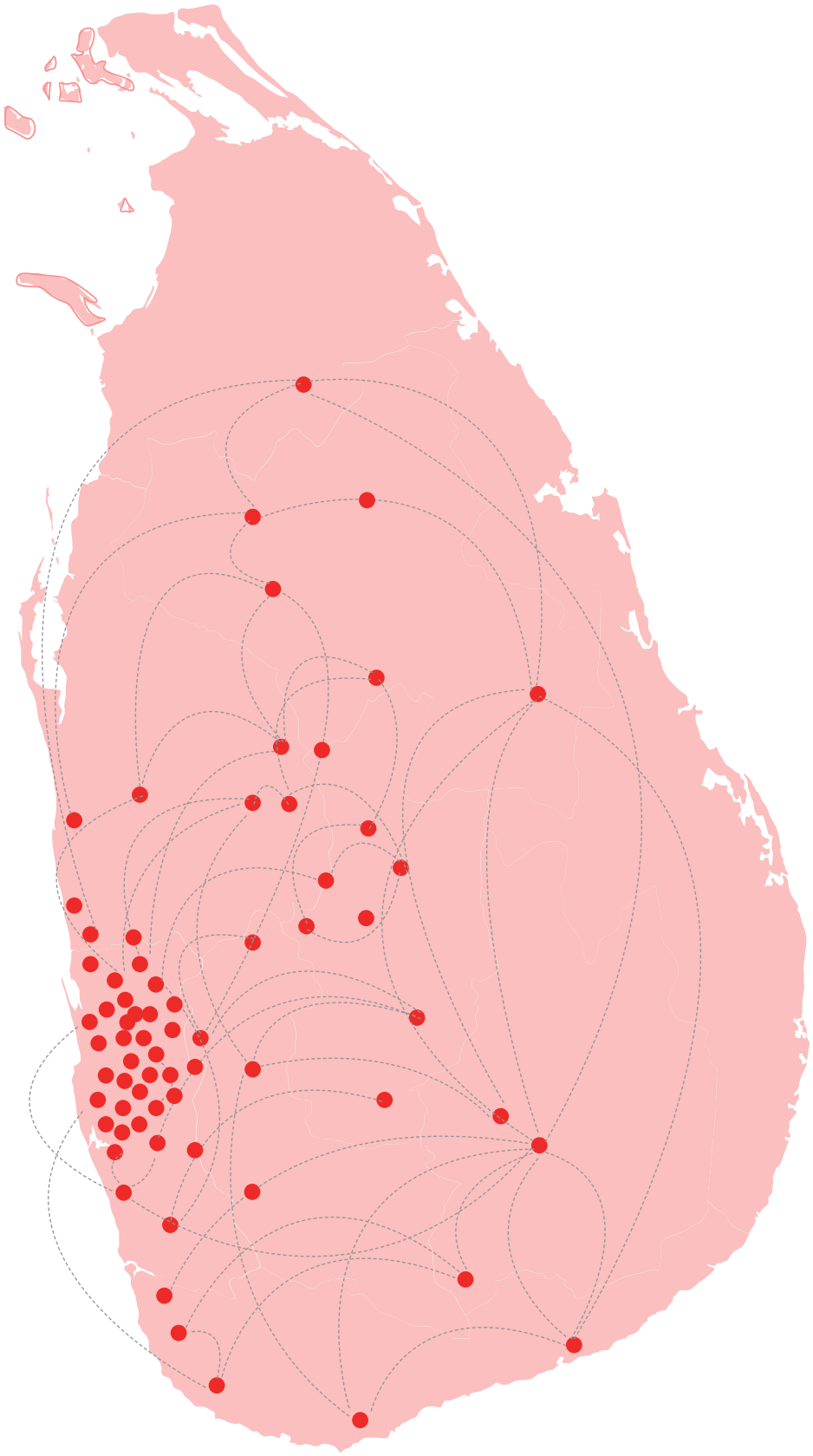
Value Added

Value of wealth created by providing financial and other related services after deducting the cost of providing such services.

Write-off of financial Assets

Loans and debt securities are written off (either partly or in full) when there is no realistic prospective recovery.

Branch Network



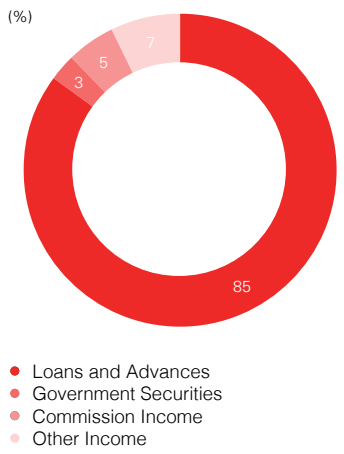
Branch
Akuressa
Aluthgama
Ambalangoda
Ambalanthota
Ampara
Anuradhapura
Athurugiriya
Avissawella
Badulla
Balangoda
Bambalapitiya
Bandarawela
Battaramulla
Batticaloa
Boralesgamuwa
Borella
Chilaw
Corporate Office
Dambulla
Dematagoda
Elpitiya
Embilipitiya
Galewela
Galle
Gampaha
Gampola
Ganemulla
Hanwella
Hatton
Hingurakgoda
Homagama
Horana
Ja-Ela
Kadawatha
Kaduruwela
Kaduwela
Kalutara
Kandy
Kegalle
Kekirawa
Kiribathgoda
Kochchikade
Kohuwala
Kolonnawa
Kuliyapitiya
Kurunegala
Kurunegala Metro
Maharagama
Mahiyanganaya
Malabe
Maradana
Matale
Matara
Mathugama
Mawanella
Medawachchiya
Minuwangoda
Mirigama
Monaragala
Moratuwa
Mount Lavinia
Narammala
Negombo
Nittambuwa
Nugegoda
Nuwara Eliya
Panadura
Pelawatta
Pilimathalawa
Piliyandala
Rajagiriya
Rambukkana
Ratnapura
Senkadagala
Tangalle
Thambuttegama
Trincomalee
Uragasmanhandiya
Valaichchenai
Vavuniya
Warakapola
Wariyapola
Wattala
Weligama
Wellawaya
Wennappuwa

Address	Telephone	Contact Person	District	Province
No.21, Kamburupitiya Road, Akuressa	041-4001000	Suranga Madarasinghe	Matara	Southern
No. 375, Galle Road, Aluthgama	034-7687687	Chithraka Hettiarachchi	Kalutara	Western
No.16,Wickrarnasooriya Road, Ambalangoda	091-7488488	Taxila Zoysa	Galle	Southern
No. 141, Tangalle Road, Ambalanthota	047-7448448	Pramod Ranasinghe	Hambanthota	Southern
No.01, D.S Senanayake Street, Ampara	063-4480480	Chandana Kumara	Ampara	Eastern
No. 521/11, Maithripala Senanayake Mawatha, Anuradhapura	025-7687687	Nuwan Buddhika	Anuradhapura	North Central
No. 115, Main Street,Athurugiriya	011-7387347	Mohan Deegodage	Colombo	Western
No. 19, Colombo Road, Avissawella	036-7867867	Suminda Bandula	Colombo	Western
No.19/B, Bank Road, Badulla	055-7687687	Pavithra Nuwan	Badulla	Uva
No. 86/C, Barnes Rathwaththa Mawatha, Balangoda	045-7857857	Samantha Amarasooriya	Ratnapura	Sabaragamuwa
No. 45, Bauddhaloka Mawatha, Colombo 04	011-7738738	Amal Chaminda	Colombo	Western
No 197, Badulla Road, Bandarawela	057-7687687	Chaminda Attanayake	Badulla	Uva
No. 757, Pannipitiya Road, Battaramulla	011-7281281	Rangana Bandara	Colombo	Western
No.214, Trincomalee Road, Batticaloa	065-4001100	Thevarasa Thevarajan	Batticaloa	Eastern
No.09, Dehiwala Road, Boralesgamuwa	011-7534535	Gihan Buddika	Colombo	Western
No. 58, Castle Street, Borella	011-7876876	Thimuth Thiwanka	Colombo	Western
No. 84, Kurunegala Road, Chilaw	032-7687687	Wasantha Kumara	Putlam	North Western
No. 480, Galle Road, Colombo 03	011-7600000	Bathiya Samaraweera	Colombo	Western
No 722A, Anuradhapura Road,Dambulla	066-7687687	Prabath Darmapriya	Matale	Central
No. 8 Dharmarama Road, Dematagoda	011-7889900	Sineth Senevirathna	Colombo	Western
No. 38, Main Street, Elpitiya	091-7120120	Kavindu Pramuditha	Galle	Southern
No. 103, New Town Road, Embilipitiya	047-7687687	Kankanamge Ranjith	Ratnapura	Sabaragamuwa
No. 21, Kurunegala Road,Galewela	066-7520520	Buddhika Wijebandara	Matale	Central
No. 128, Main Street, Galle	091-7687687	Jagath Mendis	Galle	Southern
No. 55, Yakkala Road, Gampaha	033-7687687	Ajith Rathnamalala	Gampaha	Western
No.14, Nuwaraeliya Road, Gampola	081-7480480	Tharinda Samarawickrama	Kandy	Central
No.367/E, Kadawatha - Ganemulla Road, Ganemulla	033-4388388	Ruwan Chamara	Gampaha	Western
No. 133/C, Avissawella Road, Hanwella	036-7687687	Damith Indimal	Colombo	Western
No.13B, Danbar Road, Hatton	051-4399399	Milanga Kularathna	Nuwara Eliya	Central
No. 58, Main Street, Hingurakgoda	027-7320320	Sameera Malagammana	Polonnaruwa	North Central
No.52A, High-Level Road, Homagama	011-7582592	Kasun Dharmasena	Colombo	Western
No. 101/A, Rathnapura road, Horana	034-7487487	Nilanka Dinesh	Kalutara	Western
No. 150, Negombo Road, Ja-Ela	011-7781881	Shiran Jayasinghe	Gampaha	Western
No.27/A, Kandy Road, Kadawatha	011-7488888	Rajitha Dayananda	Gampaha	Western
No. 292, Batticaloa Road, Kaduruwela	027-7687687	Sumede Kulathilake	Polonnaruwa	North Central
No.438/2, Malabe Road, Kaduwela	011-7655455	Kapila Kumara	Colombo	Western
No. 302, Galle Road, Kalutara South	034-7387387	Prasanna Fernando	Kalutara	Western
177/A, D.S Senanayake Veediya, Kandy	081-7687687	Asela Bandara	Kandy	Central
No. 315, Main Street, Kegalle	035-7687687	Priyankara Gamlath	Kegalle	Sabaragamuwa
No.43, A.M. Dissanayaka Building, Thalawa Road, Kekirawa	025-7123123	Sameera Premasinghe	Anuradhapura	North Central
No. 121, Kandy Road, Gala Junction, Kiribathgoda	011-7787787	Dilshan Rathnayake	Gampaha	Western
No.163, Chilaw Road, Kochchikade	031-7520520	Nadeeka Perera	Gampaha	Western
No. 169, Dutugemunu Street, Kohuwala	011-7677477	Kushan Perera	Colombo	Western
No.369/A, Kolonnawa Road, Kolonnawa	011-4528528	Upul Shantha	Colombo	Western
No. 111, Kurunegala Road, Kuliyapitiya	037-7787787	Chamara Perera	Kurunegala	North Western
No. 62, Colombo Road, Kurunegala	037-7687687	Hasith Gunasekara	Kurunegala	North Western
No. 36, Surathissa Mawatha, Kurunegala	037-7889889	Asinil Perera	Kurunegala	North Western
No.126, Highlevel Road, Maharagama.	011-7487487	Lasantha Kumara	Colombo	Western
No.24, New Town, Mahiyanganaya.	055-7487487	Niroshana Ranasingha	Badulla	Uva
No. 824/C, New Kandy Road, Malabe	011-7387387	Priyantha Rathnayaka	Colombo	Western
No. 74, Deans Road, Maradana	011-7582582	Saman Udawatta	Colombo	Western
No.260, Main Street, Matale	066-7487487	Chaminda Bandara	Matale	Central
No 59,59/1,Anagarika Dharmapala Mawatha, Matara	041-7687687	Janaka Kumara	Matara	Southern
No. 23, Neboda Road, Mathugama	034-7488488	Priyanthasiri Silva	Kalutara	Western
No.232, Main Street, Mawanella	035-7480480	Nuwan Ranasinghe	Kegalle	Sabaragamuwa
No. 98, Jaffna Road, Medawachchiya	025-7320320	Thilina Herath	Anuradhapura	North Central
No. 28/5A, Kurunegala Road, Minuwangoda	011-7587587	Suren Abewickrama	Gampaha	Western
No. 70, Giriulla Road, Mirigama	033-7857857	Malinda Hettiarachchi	Gampaha	Western
No.48, Bus Stand Road, Monaragala	055-4480480	Damith Ranasinghe	Monaragala	Uva
No. 303/A, Galle Road, Rawathawatta, Moratuwa	011-7807807	Dushan Kumarsinghe	Colombo	Western
No 461, Galle Road, Mt. Lavinia	011-7867867	Kumara Thennekumbura	Colombo	Western
No. 93, Kurunegala Road, Narammala	037-7475475	Kanjula Pemarathna	Kurunegala	North Western
No 178, Colombo Road, Negombo	031-7687687	Thusitha Dissanayake	Gampaha	Western
No. 487/1, Kandy Road, Nittambuwa	033-7480480	Anil Gunarathne	Gampaha	Western
No. 213, High Level Road, Nugegoda	011-7517517	Madhura Jayasekara	Colombo	Western
No. 78, Kandy Road, Nuwara Eliya	052-7687687	Tharaka Keerthisinghe	Nuwara Eliya	Central
No. 293/A, Galle Road, Panadura	038-7687687	Ravi Kumara	Kalutara	Western
No. 730/A, Pannipitiya Road, Pelawatte	011-7724824	Manoj Gayan	Colombo	Western
No. 177/B, Colombo Road, Pilimathalawa	081-7520520	Roshan Singhawansha	Kandy	Central
No 32, Colombo Road, Piliyandala	011-7595595	Vishwanath Fernando	Colombo	Western
No. 600/A, Nawala Road, Rajagiriya	011-7489489	Dilhan Liyanage	Colombo	Western
No.79, Kurunegala Road, Rambukkana	035-4480000	Chethiya Senevirathne	Kegalle	Sabaragamuwa
No. 191, Main Street, Ratnapura	045-7687687	Manjula Prabath	Ratnapura	Sabaragamuwa
No,274,Katugastota road,Mahaiyawa	081-7500500	Supun Chamikara	Kandy	Central
No. 54, Beliatta Road,Tangalle	047-7320320	Rukshan Ranaweera	Hambanthota	Southern
No. 156, Anuradhapura Road, Thambuttegama	025-7480480	Dayarathna Thennakoon	Anuradhapura	North Central
No.53, North Coast Road, Trincomalee	026-4001000	Sameera Priyantha	Trincomalee	Eastern
No. 52, Main Street, Uragasmanhandiya	091-7796796	Sameera Chathuranga	Galle	Southern
No.371, Main Street, Valaichchenai	065-4001000	Mohamed Risvi	Batticaloa	Eastern
No,27,2nd cross street,Vavuniya	024-7687687	Kanthasamy Thusiyanthan	Vavuniya	North
No. 95, Colombo-kandy road, Warakapola	035-7689689	Nirmal Jayalath	Kegalle	Sabaragamuwa
No.66,Puttalam Road, Wariyapola	037-7680680	Sujeewa Herath	Kurunegala	North Western
No. 520, Negombo Road, Wattala	011-7523523	Gayan Kumarasinghe	Gampaha	Western
No.321, Old Matara Road, Weligama	041-7480480	Vajira Abeysinghe	Matara	Southern
No.93, Monaragala Road, Wellawaya	055-7500500	Ranjan Bandara	Monaragala	Uva
No. 200, Main Street, Wennappuwa	031-7487487	Tharaka Kumara	Putlam	North Western

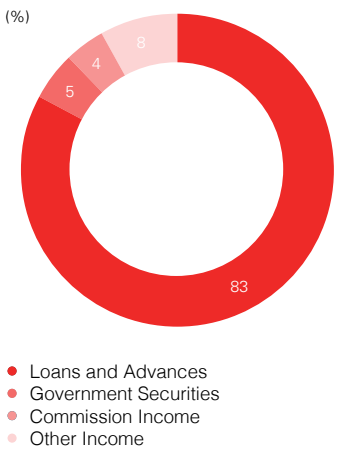
Sources and Utilisation of Income

For the year ended 31st March	2026		2025	
	Rs.'000	%	Rs.	%
SOURCES OF INCOME				
Loans and Advances	22,488,978	85.24	15,959,940	83.12
Government Securities	726,087	2.75	953,953	4.97
Commission Income	1,327,144	5.03	785,151	4.09
Other Income	1,842,226	6.98	1,501,551	7.82
Total	26,384,435	100.00	19,200,595	100.00
UTILISATION OF INCOME				
To Employees				
Personnel Expenses	3,236,691	12.27	2,487,213	12.95
To Suppliers				
Interest Paid	12,170,227	46.13	8,796,402	45.81
Other Expenses	2,356,118	8.93	1,915,851	9.98
Depreciation & Amortisation	338,708	1.28	272,453	1.42
Impairment charge for Loans & other losses	640,909	2.43	170,781	0.89
To Government				
Taxes on Financial Services	1,771,718	6.72	1,320,599	6.88
Income Tax	2,280,684	8.64	1,607,798	8.37
To Shareholders				
Dividends	470,907	1.78	470,907	2.45
Retained Profit	3,118,473	11.82	2,158,591	11.24
Total	26,384,435	100.00	19,200,595	100.00

Sources of Income - 2026

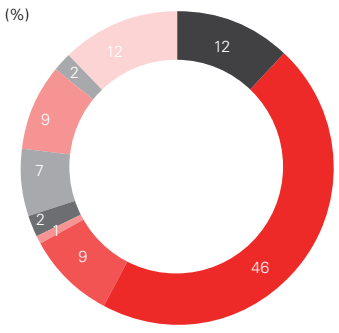


Sources of Income - 2025



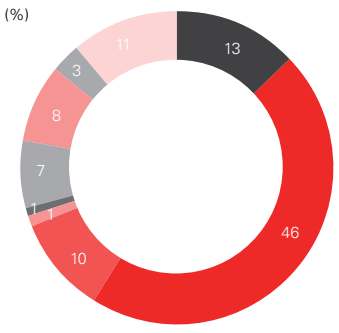
2024		2023		2022	
Rs.	%	Rs.	%	Rs.	%
17,161,292	85.68	14,858,076	88.95	9,766,065	80.94
1,210,344	6.04	817,641	4.89	164,033	1.36
714,346	3.57	511,805	3.06	672,707	5.58
943,657	4.71	516,926	3.09	1,463,406	12.12
20,029,639	100.00	16,704,448	100.00	12,066,211	100.00
1,948,215	9.73	1,552,821	9.30	1,404,670	11.64
-		-		-	
11,365,024	56.74	11,013,954	65.93	4,234,572	35.09
1,432,972	7.15	1,102,725	6.60	914,456	7.58
201,058	1.00	174,773	1.05	142,345	1.18
437,781	2.19	97,575	0.58	592,489	4.91
-		-		-	
1,189,389	5.94	697,120	4.17	783,810	6.50
1,313,647	6.56	725,908	4.35	1,081,971	8.97
-		-		-	
235,453	1.18	470,907	2.82	353,180	2.93
1,906,100	9.52	868,665	5.20	2,558,718	21.21
20,029,639	100.00	16,704,448	100.00	12,066,211	100.00

Utilisation of Income - 2026



- Personnel Expenses
- Interest Paid
- Other Expenses
- Depreciation & Amortisation
- Impairment charge for Loans & other losses
- Value Added Tax and Other Taxes
- Income Tax
- Dividends
- Retained Profit

Utilisation of Income - 2025



- Personnel Expenses
- Interest Paid
- Other Expenses
- Depreciation & Amortisation
- Impairment charge for Loans & other losses
- Value Added Tax and Other Taxes
- Income Tax
- Dividends
- Retained Profit

Information on Ordinary Shares

Stock Exchange Listing

Vallibel Finance PLC is a Public Quoted Company, the ordinary shares of which were listed on the main board of the Colombo Stock Exchange on 4th May 2010.

Shareholder Base

The total number of shareholders as at 31st March 2026 were 6,995.

Distribution of Shareholding

Shares	2026				2025			
As At 31st March	No of Shareholders	%	No of Shares	%	No of Shareholders	%	No of Shares	%
1-1,000	**4,760**	**68.05**	**1,335,864**	**0.57**	2,613	60.33	811,646	0.34
1,001-10,000	**1,744**	**24.93**	**6,056,983**	**2.57**	1,259	29.07	4,525,125	1.92
10,001-100,000	**422**	**6.03**	**11,614,783**	**4.93**	377	8.70	11,366,249	4.83
100,001-1,000,000	**60**	**0.86**	**17,816,082**	**7.57**	71	1.64	20,713,302	8.80
Over 1,000,000	**9**	**0.13**	**198,629,688**	**84.36**	11	0.25	198,037,078	84.11
	6,995	**100.00**	**235,453,400**	**100.00**	4,331	100.00	235,453,400	100.00

Categories of Shareholders

Type of Investor	2026			2025		
As At 31st March	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Local Individuals	**6,697**	**90,201,415**	**38.31**	4,093	90,138,821	38.28
Local Institutions	**278**	**144,141,693**	**61.22**	222	144,101,405	61.20
Foreign Individuals	**20**	**1,110,292**	**0.47**	16	1,213,174	0.52
Foreign Institutions	**-**	**-**	**-**	-	-	-
	6,995	**235,453,400**	**100.00**	4,331	235,453,400	100.00

Public Holding

The percentage of shares held by the public being 21.27% comprising of 6,985 shareholders as at 31st March 2026.

The Float adjusted market capitalisation - Rs. 4,607,451,448/-

The Float adjusted market capitalisation of the Company falls under Option 4 of Rule 7.13.1.i (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said Option.

25 Major Shareholders of the Company

Shareholders	As At 31st March 2026		As At 31st March 2025	
	No of Shares	%	No of Shares	%
Vallibel Investments (Pvt) Limited	**121,108,000**	**51.44**	121,108,000	51.44
Mr. K.A.D.D. Perera	**50,465,064**	**21.43**	50,465,064	21.43
Mr. K.D.A. Perera	**8,532,960**	**3.62**	8,532,960	3.62
Mr. K.D.H. Perera	**7,043,724**	**2.99**	4,084,025	1.74
Seylan Bank PLC/Sarath Bandara Rangamuwa	**5,250,000**	**2.23**	5,250,000	2.23
Sampath Bank PLC/Mr. Abishek Sithampalam	**2,888,844**	**1.23**	449,356	0.19
People's Leasing and Finance PLC/M.E.Amarasinghe	**1,162,930**	**0.49**	NIL	NIL
DFCC Bank PLC A/C No.02	**1,118,948**	**0.48**	1,265,887	0.54
Seylan Bank PLC/A.C.Senanka	**1,064,018**	**0.45**	535,757	0.23
Mr. A. Ragupathy	**990,106**	**0.42**	990,106	0.42
Mss Investments (Private) Limited	**777,111**	**0.33**	580,499	0.25
Mr. A. Sithampalam	**750,000**	**0.32**	900,000	0.38
Seylan Bank PLC./Sarath Kumara Wijekoon	**726,344**	**0.31**	NIL	NIL
Miss. S. Durga	**653,853**	**0.28**	653,853	0.28
DFCC Bank PLC A/C 1	**568,941**	**0.24**	751,937	0.32
Deutsche Bank AG-National Equity Fund	**557,190**	**0.24**	1,361,953	0.58
Mr. N. Balasingam	**539,600**	**0.23**	539,600	0.23
Hatton National Bank PLC- Astrue Alpha Fund	**500,000**	**0.21**	610,000	0.26
People's Leasing & Finance PLC/Mr.D.M.P.Disanayake	**466,841**	**0.20**	NIL	NIL
Mr. U.F. Strunk & Mrs. M.G.De Albuquerque Leinenbach	**456,254**	**0.19**	456,254	0.19
Mrs. S. Umeshwary	**449,917**	**0.19**	449,917	0.19
Mr. J.A.D.P. Tharanga	**431,969**	**0.18**	NIL	NIL
Sampath Bank PLC/Mr. Gerard Shamil Niranjan Peiris & Mrs. Indrani Roshani Peiris	**410,306**	**0.17**	100,000	0.04
Mr. S.R. Lokuge	**410,000**	**0.17**	410,000	0.17
Mrs. D.N. Lokuge	**410,000**	**0.17**	410,000	0.17
	207,732,920	**88.21**	199,905,168	84.90
Others	**27,720,480**	**11.79**	35,548,232	15.10
Total	**235,453,400**	**100.00**	235,453,400	100.00

		Quarter Ended				Year Ended	
Market Prices		30.06.2025	30.09.2025	31.12.2025	31.03.2026	31.03.2026	31.03.2025
Highest	Rs.	109.75	128.75	128.00	**112.00**	**128.75**	60.40
Lowest	Rs.	53.00	100.00	95.00	**83.50**	**53.00**	36.00
Closing	Rs.	103.00	120.75	104.50	**92.00**	**92.00**	54.10

Utilisation of funds raised via Capital Market

The funds raised via Capital Market have been utilised for the respective objectives mentioned in the prospectus / circulars.

Information on Listed Debentures

Market Values of Listed Debentures

Debentures 2024/2029	2025/2026			2024/2025		
	Highest	Lowest	Period End	Highest	Lowest	Period End
Type A		Not traded			Not traded	
Type B		Not traded		110.00	97.36	103.66

Interest Rates

Debentures 2024/2029	2025/2026		2024/2025	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Type A	12.95%	13.37%	12.95%	13.37%
Type B	13.37%	13.37%	13.37%	13.37%

Interest Rates of Comparable Government Securities - Gross Rates

Debentures 2024/2029	2025/2026	2024/2025
5 Year Treasury Bond	10.68%	10.68%

Interest Yield and Yield to Maturity

Debentures 2024/2029	2025/2026		2024/2025	
	Type A	Type B	Type A	Type B
Interest Yield	N/A	N/A	N/A	13.37%
Yield to Maturity of last trade	N/A	N/A	N/A	12.38%

Ratios

Debentures 2024/2029	2025/2026	2024/2025
Debt to Equity Ratio (%)	373.16	127.88
Interest Cover (Times)	1.63	1.63
Liquid Asset Ratio (%)	14.81	15.14

Rating by Lanka Rating Agency Limited

- Issuer Rating of A- (stable)
- Listed Subordinated Unsecured Redeemable Debentures rating of BBB+ (stable)

Utilisation of Funds Raised Via Capital Market

The funds raised via Capital Market have been utilised for the respective objective mentioned in the prospectus / circular.

List of Abbreviations

AC	Amortised Cost
AGM	Annual General Meeting
ALCO	Assets and Liabilities Management Committee
ASPI	All Share Price Index
AWDR	Average Weighted Deposit Rate
AWFDR	Average Weighted Fixed Deposit Rate
AWPLR	Average Weighted Prime Lending Rate
BFI	Banking Finance Insurance
BIRMC	Board Integrated Risk Management Committee
BN	Billion
BOD	Board Of Directors
BOI	Board Of Investment
CAR	Capital Adequacy Ratio
CBSL	Central Bank of Sri Lanka
CCPI	Colombo Consumer Price Index
CDS	Central Depository System
CEO	Chief Executive Officer
CFM	Close Family Members
CGU	Cash Generating Unit
CIL	Crop Insurance Levy
CRM	Customer Relationship Management
CSE	Colombo Stock Exchange
CSR	Corporate Social Responsibility
DBP	Defined Benefit Plan
DCP	Defined Contribution Plan
DGM	Deputy General Manager
DMS	Document Management System
DPS	Dividend Per Share
DR	Disaster Recovery
DRL	Debt Repayment Levy
EAD	Exposure At Default
ECL	Expected Credit Loss
EIR	Effective Interest Rate
EMDE'S	Emerging Markets and Developing Economies
EPF	Employees' Provident Fund
EPS	Earnings Per Share
ESC	Economic Service Charge
ESG	Environmental Social and Governance
ETF	Employees' Trust Fund
FSCMP	Financial Sector Consolidation Master Plan
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
HP	Hire Purchase
HR	Human Resource
ICASL	The Institute of Chartered Accountants of Sri Lanka
IFRS	International Financial Reporting Standard
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
IT	Information Technology
KMP	Key Management Personnel
KPIs	Key Performance Indicators
L & R	Loans And Receivables
LAR	Liquid Asset Ratio
LCB	Licensed Commercial Bank
LFC	Licensed Finance Company
LGD	Loss Given Default
LKAS	Sri Lanka Accounting Standard
LKR	Sri Lankan Rupee
LTECL	Life Time Expected Credit Loss
LTV	Loan To Value
MD	Managing Director
MIS	Management Information System
MN	Million
NBFI	Non-Bank Financial Institution
NBT	Nation Building Tax
NCI	Non-Controlling Interest
NCPI	National Consumer Price Index
NII	Net Interest Income
NIM	Net Interest Margin
NPA	Non Performing Advances
NPL	Non Performing Loans
OCI	Other Comprehensive Income
OPD	Out Patient Department
P.A.	Per Annum
P/E	Price Earnings Ratio
PAT	Profit After Tax
PBT	Profit Before Tax
PAYE	Pay As You Earn
PBV	Price to Book Value
PD	Probability of Default
PLC	Public Limited Company
POCI	Purchased or Originated Credit Impaired
POS	Point Of Sale
PQ	Public Quoted
PUC	Projected Unit Credit
ROA	Return On Assets
ROCE	Return On Capital Employed
ROE	Return On Equity
RSA	Rate Sensitive Assets
RSL	Rate Sensitive Liabilities
RWA	Risk Weighted Assets
SBUs	Strategic Business Units
SEC	Securities and Exchange Commission
SLAS	Sri Lanka Accounting Standard
SLAuS	Sri Lanka Auditing Standard
SLC	Specialised Leasing Company
SLFRS	Sri Lanka Financial Reporting Standard
SLIPS	Sri Lanka Interbank Payment System
SLSAE	Sri Lanka Standard on Assurance Engagement
SME	Small and Medium Enterprises
SPPI	Solely Payments of Principal And Interest
TB	Treasury Bill
VAT	Value Added Tax
WHO	World Health Organisation
WHT	Withholding Tax
WIP	Work In Progress

Ten Year Summary

For the year ended 31st March	2026	2025	2024
	Rs.'000	Rs.'000	Rs.'000
Income Statement			
Gross Income	**26,384,435**	19,200,595	20,029,639
Interest Income	**23,215,065**	16,913,893	18,371,636
Interest Expense	**12,170,227**	8,796,402	11,365,024
Net Interest Income	**11,044,838**	8,117,491	7,006,612
Net Fee and Commission Income	**1,327,144**	785,151	714,346
Other Operating Income	**1,842,226**	1,501,551	943,657
Operating Expenses and provisions	**6,572,426**	4,846,298	4,020,027
Profit Before Taxation	**7,641,782**	5,557,895	4,644,589
Tax Expense	**4,052,402**	2,928,397	2,503,036
Net Profit	**3,589,380**	2,629,498	2,141,553

As at 31st March	2026	2025	2024
	Rs.'000	Rs.'000	Rs.'000
Assets			
Cash and Cash Equivalents	**3,098,330**	1,982,202	1,952,377
Placements with Bank's and Other Finance Companies	**4,810,549**	570,007	8,322,520
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	**703,824**	133,889	3,652,152
Assets Held for Sale	**-**	-	-
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	**137,248,200**	78,402,912	57,895,030
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	**19,294,598**	13,745,290	10,346,937
Financial Investments Measured at Fair Value Through Other Comprehensive Income	**204**	204	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	**6,597,124**	8,850,863	5,048,103
Financial Assets at Amortised Cost - Other Financial Assets	**51,319**	42,074	34,319
Investment in a Subsidiary	**0**	0	0
Investment Property	**1,327,000**	1,242,000	1,178,000
Property, Plant and Equipment	**1,369,028**	1,094,181	968,056
Right-of-use Lease Assets	**3,293,300**	3,473,889	1,746,895
Intangible Assets	**24,635**	13,357	20,325
Deferred Tax Assets	**1,475,249**	1,236,213	644,012
Other Assets	**992,746**	895,497	1,358,620
Total Assets	**180,286,106**	111,682,578	93,167,550

2023	2022	2021	2020	2019	2018	2017
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
16,704,448	12,066,211	9,469,942	9,695,306	8,724,530	6,929,201	5,114,694
15,675,717	9,930,098	8,331,297	8,912,196	7,888,022	6,256,980	4,597,260
11,013,954	4,234,572	4,067,534	4,854,516	4,524,629	3,500,250	2,604,049
4,661,764	5,695,526	4,263,763	4,057,680	3,363,394	2,756,730	1,993,211
511,805	672,707	373,551	350,337	361,072	248,286	189,053
516,926	1,463,406	765,094	432,773	475,436	423,935	328,382
2,927,895	3,053,960	2,543,858	2,398,894	2,256,163	1,534,558	1,186,174
2,762,600	4,777,680	2,858,550	2,441,897	2,285,618	1,894,394	1,324,471
1,423,028	1,865,781	1,130,372	1,188,487	1,156,890	875,756	598,312
1,339,572	2,911,898	1,728,178	1,253,410	1,128,728	1,018,637	726,159

2023	2022	2021	2020	2019	2018	2017
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2,332,724	877,638	1,683,003	2,046,506	1,507,933	1,021,651	806,207
9,860,927	4,167,388	267,312	2,568,898	2,356,359	2,076,192	2,243,113
1,498,553	314,015	1,188,829	1,084,455	812,321	1,939	1,761
-	-	-	-	-	23,919	-
50,581,535	50,691,039	33,660,559	27,625,557	24,332,296	18,073,714	12,466,944
10,789,860	14,973,325	14,085,116	13,493,996	14,624,917	12,753,940	12,311,136
204	1,737,815	204	204	204	208,704	510,085
4,169,489	1,871,036	1,795,353	2,177,796	2,015,846	2,551,008	1,829,477
28,698	13,648	15,162	16,618	15,963	16,972	20,828
0	0	0	-	-	-	-
1,179,500	1,179,500	1,100,000	-	-	-	-
772,846	756,193	614,155	1,762,547	1,719,587	1,445,290	315,104
748,848	781,225	583,945	369,693	-	-	-
18,458	28,672	9,898	17,664	19,648	14,569	10,298
107,520	141,914	80,267	73,780	73,029	16,020	8,525
234,912	156,803	141,235	186,135	181,424	202,359	161,619
82,324,074	77,690,211	55,225,038	51,423,849	47,659,527	38,406,277	30,685,097

Ten Year Summary

As at 31st March	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000
Bank Overdrafts	**3,169,281**	1,828,680	1,913,964
Rental Received in Advance	**455,190**	306,105	197,788
Financial Liabilities at Amortised Cost - Deposits due to Customers	**83,459,182**	67,480,200	58,643,446
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	**57,147,742**	12,650,533	10,786,681
Subordinated Term Debt	**10,148,342**	6,690,647	3,331,609
Lease Liabilities	**2,799,206**	2,721,617	1,989,370
Current Tax Liabilities	**1,462,113**	919,107	642,304
Deferred Tax Liabilities	**1,202,211**	1,234,806	739,934
Other Liabilities	**2,087,050**	2,507,119	1,791,325
Retirement Benefit Obligations	**321,559**	219,680	157,336
Total Liabilities	**162,251,876**	96,558,494	80,193,757
Shareholders' Funds			
Stated Capital	**1,325,918**	1,325,918	1,325,918
Statutory Reserve Fund	**2,184,795**	2,005,326	1,873,851
Revaluation Reserve	**196,801**	186,522	176,535
Available For Sale Reserve / Fair Value Reserve	**-**	-	-
General Reserve	**7,500**	7,500	7,500
Retained Earnings	**14,319,216**	11,598,818	9,589,989
Total Shareholders' Funds	**18,034,230**	15,124,084	12,973,793
Total Shareholders' Funds & Total Liabilities	**180,286,106**	111,682,578	93,167,550

For the year ended 31st March	2026	2025	2024
Information on Ordinary Shares			
Earnings per Share (Rs.)*	**14.77**	10.82	9.10
Net Assets per Share (Rs.)*	**76.59**	64.23	55.10
Interest Cover (Times)	**1.63**	1.63	1.41
Dividend Per Share (Rs.)	**-**	2.75	2.00
Dividend Payout (%)	**-**	24.62	21.98
Market Value Per Share**	**92.00**	54.10	39.00
P/E Ratio (Times)	**6.23**	5.00	4.29
Ratios (%)			
Return on Shareholders Funds (%)	**19.90**	17.39	16.51
Liquid Assets as a % of Deposits (%)	**18.22**	17.10	32.36
Growth in Income (%)	**37.41**	(4.14)	19.91
Growth in Interest Expenses (%)	**38.35**	(22.60)	3.19
Growth in Other Expenses (%)	**35.62**	20.55	37.30
Growth in Profit After Tax (%)	**36.50**	22.78	59.87
Growth in Advances (%)	**69.88**	35.03	11.20
Growth in Deposits (%)	**23.68**	15.07	18.09
Growth on Shareholders' Funds (%)	**19.24**	16.57	17.02

*Ratios of years before 2022 have been restated based on the post sub-division of shares.
**Market price per share of years before 2022 represents the share price before the sub-division.

2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000
1,561,119	1,062,547	983,750	964,530	1,566,069	1,839,145	1,487,194
176,943	227,759	247,761	266,875	324,197	308,688	243,882
49,659,457	41,021,170	32,170,953	29,243,913	25,436,258	22,186,880	17,863,861
13,888,909	20,034,340	11,282,499	12,037,796	12,497,221	8,011,422	6,043,392
3,163,398	2,012,844	-	-	1,031,100	1,550,967	1,700,466
912,495	858,556	599,681	402,519	-	-	-
547,185	604,894	635,606	223,998	509,697	364,888	209,077
284,919	142,581	112,558	260,945	343,734	385,537	270,784
955,905	989,545	841,326	1,442,619	411,166	400,427	279,104
86,818	80,825	162,996	102,642	69,132	57,213	29,717
71,237,148	67,035,061	47,037,130	44,945,837	42,188,574	35,105,167	28,127,477
1,325,918	1,325,918	1,325,918	1,325,918	1,325,918	287,153	287,153
1,766,773	1,699,794	1,554,200	1,208,564	957,882	732,136	528,409
157,386	170,877	131,762	127,146	127,146	-	-
-	(226,311)	-	-	-	-	(6,835)
7,500	7,500	7,500	7,500	7,500	7,500	7,500
7,829,349	7,677,372	5,168,528	3,808,884	3,052,507	2,274,321	1,741,393
11,086,926	10,655,150	8,187,908	6,478,012	5,470,953	3,301,110	2,557,620
82,324,074	77,690,211	55,225,038	51,423,849	47,659,527	38,406,277	30,685,097

2023	2022	2021	2020	2019	2018	2017
5.69	12.37	7.34	5.32	5.09	5.90	4.37
47.09	45.25	34.78	27.51	23.24	19.86	15.39
1.25	2.13	1.70	1.50	1.51	1.54	1.51
1.00	2.00	6.00	-	4.00	6.50	2.50
17.57	16.17	20.44	-	18.79	26.51	14.30
32.90	37.10	105.25	53.60	65.70	67.00	58.50
5.78	3.00	3.58	2.52	3.23	2.84	3.35
12.08	27.33	21.11	19.35	20.63	30.86	28.39
35.97	21.86	15.34	26.94	26.31	26.40	30.17
38.44	27.42	(2.32)	11.13	25.91	35.48	47.47
160.10	4.11	(16.21)	7.29	29.27	34.42	67.07
(4.13)	20.05	6.04	6.33	47.02	29.37	18.87
(54.00)	68.50	37.88	11.05	10.81	40.28	41.48
(6.54)	37.53	16.11	5.55	26.37	24.42	34.08
21.06	27.51	10.01	14.97	14.65	24.20	20.67
4.05	30.13	26.40	18.41	65.73	29.07	32.59

Corporate Information

Name of Company

Vallibel Finance PLC

Legal Form

Public Limited Liability Company incorporated in Sri Lanka. A Finance Company licensed under the Finance Business Act No.42 of 2011. A Registered Finance Leasing Establishment in terms of Finance Leasing Act No.56 of 2000.
An Approved Credit Agency under the Mortgage Act No.6 of 1949 and Trust Receipt Ordinance No.12 of 1947.

Date of Incorporation

5th September 1974

Company Registration Number

PB 526/PQ

Board of Directors

Mr. K D A Perera - Chairman
Mr. S B Rangamuwa - Managing Director
Mr. S S Weerabahu - Executive Director
Mr. J Kumarasinghe
Mrs. C P Malalgoda
Mr. M A K B Dodamgoda
Mr. M P U Perera

Registered Office/Head Office

No. 310, Galle Road, Colombo 03.

VAT Registration No.

104040950 7000

Telephone

(+94) 11-4393100

Website

www.vallibelfinance.com

Company Secretary

Mrs. K G L D Kottegoda
Vallibel Finance PLC,
Corporate Office,
No.480, Galle Road,
Colombo 3.
Telephone: (+94) 11- 7600000
Email: lakminik@vallibelfinance.com

Company Registrars

Central Depository Systems (Pvt) Limited
Ground Floor,
M & M Centre,
341/5, Kotte Road,
Rajagiriya
Telephone: (+94) 11- 2356444
Fax: (+94) 11- 2440396
Email: registrars@cse.lk

External Auditors

Ernst & Young
Rotunda Towers,
No 109, Galle Road,
Colombo 03.
Telephone: (+94) 112- 463 500
Fax: (+94) 112- 697 369

Bankers

Bank of Ceylon
Corporate Branch First Floor
No.1,BOC Square,
Bank of Ceylon Mawatha,
Colombo 01.

People's Bank
Headquarters Branch
No.75, Sir Chittampalam A Gardiner Mawatha,
Colombo 02.

Seylan Bank PLC
Millennium Branch
No. 90, Galle Road,
Colombo 03.

Sampath Bank PLC
Headquarters Branch
No. 110, Sir James Peiris Mawatha,
Colombo 02.

Pan Asia Banking Corporation PLC
Head Office Branch
No. 450, Galle Road,
Colombo 03.

National Development Bank PLC
Head Office Branch
No. 40, Nawam Mawatha,
Colombo 02.

Hatton National Bank PLC
Colpetty Branch
No. 324, Galle Road,
Colombo 03.

Commercial Bank
Colpetty Branch
No. 285, Galle Road,
Colombo 03.

Cargills Bank
Corporate Branch
Cargills Bank Ltd
No. 696,Galle Road,
Colombo 03.

Union Bank
Head Office Branch
No. 64, Galle Road,
Colombo 03.

National Savings Bank
Head Office Branch
No. 255, Savings House,
Galle Road,
Colombo 03.

DFCC Bank
No. 73/5,
Galle Road,
Colombo 03.

MCB Bank
No. 8, Leyden Bastian Road,
Colombo 01.

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Corporate Memberships and Associations

The Finance House Association of Sri Lanka
Leasing Association of Sri Lanka
The Ombudsman Sri Lanka (Guarantee) Limited
Mercantile Cricket Association

Subsidiary Company

Vallibel Properties Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of Vallibel Finance PLC will be held on Friday, the 26th of June 2026 at 10.00 am at the Auditorium of the Corporate Office of the Company No 480, Galle Road, Colombo 03 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of Company and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.

2. To re-elect Mr. M A K B Dodamgoda who retires by rotation in terms of Articles 87 and 88 of the Articles of Association, as a Director.

3. To elect Mr. M P U Perera who retires in terms of Article 94 of the Articles of Association, as a Director.

4. To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and to authorise the Directors to determine their remuneration.

5. To authorise the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By Order of the Board

VALLIBEL FINANCE PLC



Lakmini Kottegoda
Company Secretary

28th May 2026
Colombo

Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/her.

2. A proxy need not be a shareholder of the Company.

3. The Form of Proxy is enclosed for this purpose.

4. The completed Form of Proxy must be deposited at the Registered Office of the Company; No. 310, Galle Road, Colombo 03, not less than forty seven (47) hours prior to the time appointed for the meeting.

Form of Proxy

I/We*.....holder of

(NIC/Passport/Co. Reg. No. .....) of .....

.....being a shareholder / shareholders of Vallibel Finance PLC hereby appoint

.....holder of

(NIC/Passport No. .....) of ..... or failing him/her

Mr. K D A Perera	or failing him*
Mr. S B Rangamuwa	or failing him*
Mr. S S Weerabahu	or failing him*
Mr. J Kumarasinghe	or failing him*
Mrs. C P Malalgoda	or failing her*
Mr. M A K B Dodamgoda	or failing him*
Mr. M P U Perera	

as my/our* proxy to represent me/us*, to speak and to vote as indicated hereunder for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 26th June 2026 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. To re-elect Mr. M A K B Dodamgoda who retires by rotation in terms of Articles 87 and 88 of the Articles of Association, as a Director.	☐	☐
2. To elect Mr. M P U Perera who retires in terms of Article 94 of the Articles of Association, as a Director.	☐	☐
3. To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants as the Company's Auditors and to authorise the Directors to determine their remuneration.	☐	☐
4. To authorise the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.	☐	☐

In witness my/our* hand(s) this ..... day of ..... Two Thousand and Twenty Five.

.....

Signature of Shareholder/s

*Please delete as appropriate

Notes: 1. Instructions as to completion appear on the reverse.

2. A Proxy need not be a shareholder of the Company.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card / Passport / Company Registration No. and signing in the space provided and filling in the date of signature.

2. The completed Form of Proxy should be deposited at the Registered Office of the Company No.310, Galle Road, Colombo 03, Sri Lanka, forty seven (47) hours prior to the time appointed for the Meeting.

3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided (above the names of the Board of Directors) on the Proxy Form.

4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney must be deposited at the Registered Office, No.310, Galle Road, Colombo 03 for registration.

5. If the appointor is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.

Stakeholder Feedback Form

Your relationship with Vallibel Finance PLC (Please tick '✓' the appropriate box):

Shareholder		Employee		Government Institutions / Regulators	
Customer		Business Partner/Supplier		Society/Community	

Share your views about the Integrated Annual Report 2025/2026:

Theme and Layout		Content and Scope		Comprehensive and User Friendly		Openness and Transparency	
Excellent		Excellent		Excellent		Excellent	
Good		Good		Good		Good	
Average		Average		Average		Average	
Poor		Poor		Poor		Poor	

To what extent does the report meet your expectations?

Exceeded expectations		Partially met expectations	
Fully met expectations		Did not meet expectations	

Details of your feedback:

.....

.....

.....

Any queries, suggestions and/or concerns to be addressed:

.....

.....

.....

Your Name : .....

Contact No. : .....

Email : .....

Permanent Mailing Address: .....

.....

Your Organisation & Designation (If Applicable): .....

You can post or Email your feedback to:

General Manager - Finance & Administration
Vallibel Finance PLC

No. 310, Galle Road, Colombo 03.
Tel: 011 - 4393100
Email: tellus@vallibelfinance.com

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