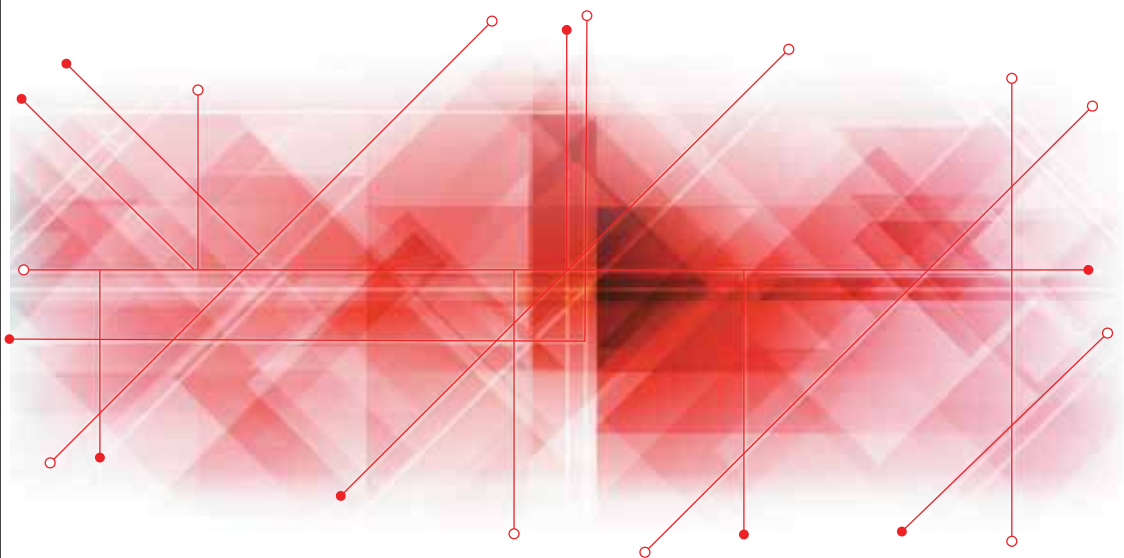


Shaping Digital Finance

EMPOWERING TOMORROW



ANNUAL REPORT 2024

Contents

Our Vision, Our Mission, Our Core Values and About Us	02
Financial Highlights	03
Chairperson's Message	04
Chief Executive Officer's Review	10
Board of Directors	15
Management Discussion and Analysis	19
Corporate Governance	32
Risk Management	90
Audit Committee Report	99
Nominations and Governance Committee Report	103
Related Party Transactions Review Committee Report	106
Integrated Risk Management Committee Report	108
Annual Report of the Board of Directors for the Year ended 31 December 2024	110
Directors' Responsibility for Financial Reporting	115
Directors' Statement on Internal Controls over Financial Reporting	116
Independent Assurance Report on the Directors' Statement on Internal Control over Financial Reporting	119
Independent Auditors' Report to the Shareholders	121
Statement of Profit or Loss and Other Comprehensive Income	125
Statement of Financial Position	126
Statement of Changes in Equity	127
Statement of Cash Flows	128
Notes to the Financial Statements	129
Five Year Summary	194
Share Information	195
Related Party Transactions	198
Value Added Statement	199
Glossary of Financial Terms	200
Notice of Annual General Meeting	209
Administrative Details for the 44 th Annual General Meeting	210
Notes	212
Form of Proxy	215
Corporate Information	IBC

Our Vision

To be Sri Lanka's No.1 Fintech Company

Our Mission

To provide innovative, cutting-edge and technologically driven financial solutions to all segments of society, creating long-term value for all stakeholders – from shareholders and partners to customers, employees and the entire economic and social fabric of the country, while upholding the high standards we have set for service excellence.

Our Core Values

- Create the Future
- Exceptional Performance
- Uncompromising Integrity
- One Team
- Champions of Change
- Service from the Heart

About Us

Dialog Finance PLC, is a subsidiary of Dialog Axiata PLC.

Registered by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011, Dialog Finance PLC offers an array of financial products tailored to meet the needs of diverse customer segments, including consumers, retailers & merchants, and SMEs.

Fitch Ratings Lanka has rated Dialog Finance PLC a national long-term rating of 'AA(lka)' with a stable outlook; the highest rating thus far assigned in the industry.

Dialog Finance PLC is setting itself to be at the forefront of innovation in the finance industry in Sri Lanka and has a vision to propel the nation's finance technology to a level of advancement on par with the developed world. Dialog Finance PLC recognises the need to deliver convenient, accessible, and affordable financial tools to the unbanked and underbanked segments of society and continues steadfast with its unifying mission in introducing cutting edge technology to launch industry-leading products and services.

Financial Highlights

	Year ended 31 December 2024	Year ended 31 December 2023	Change (%)
Operating results for the year (Rs. '000)			
Gross income	1,641,040	1,161,153	41
Total operating income	1,145,467	756,674	51
Impairment charges for loans and advances	114,248	21,816	424
Operating expenses	987,170	631,969	56
Operating profit before taxes on financial services	44,049	102,889	-57
Profit / (loss) for the year	(41,083)	39,438	-204
Assets and liabilities (Rs. '000)			
Customer deposits	4,044,853	2,616,766	55
Loans and receivables	5,171,335	3,042,903	70
Total assets	7,385,099	5,953,048	24
Total liabilities	4,782,156	3,308,283	45
Shareholders' funds	2,602,943	2,644,765	-2
Profitability ratios (%)			
Net interest margin	12.90	12.68	0.22
Return on assets (ROA)	-0.65	0.78	-1.43
Return on equity (ROE)	-1.58	1.49	-3.07
Investors' information (Rs.)			
Market price	47.80	53.20	-10
Net assets per share	22.17	22.53	-2
Earnings per share	-0.35	0.34	-204
Regulatory ratios (%)			
Capital adequacy ratios			
Tier I (minimum ratio – 31 December 2023 – 8.5%, 31 December 2022 – 8.5%)	28.47	40.30	-11.83
Tier I + Tier II (minimum ratio – 31 December 2023 – 12.5%, 31 December 2022 – 12.5%)	28.47	40.30	-11.83
Other key indicators (%)			
Non performing loan ratio (gross)	5.21	5.37	-0.16
Cost to income ratio	86.18	83.52	2.66
Fitch rating	AA(lka)	AA(lka)	



Chairperson's Message



My Dear Shareholders,

I am pleased to present the Annual Report for the year ended 31 December 2024 of Dialog Finance PLC. As our nation continued its journey of economic recovery defined by resilience, recalibration and renewal following one of the most challenging periods in recent history, Dialog Finance effectively leveraged this momentum to expand and consolidate its business operations. While the road to full recovery continues to unfold, the foundations for sustained growth have been firmly established. As confidence returns and opportunities emerge, Sri Lanka is embarking on a new economic chapter, one that is stable, inclusive and forward-looking.

Dialog Finance remains aligned with this national transformation, reinforcing stability through strategic investments in the expansion of our digital product portfolio, coupled with an unwavering commitment to value creation for all stakeholders. At this pivotal juncture, where recovery, innovation, and inclusive progress converge, our business is firmly anchored in its purpose to enable equitable access to financial services for both consumers and MSMEs (Micro, Small and Medium Enterprises) across the country.

Context to our Operations

As Sri Lanka made meaningful strides towards economic recovery, the year under review witnessed the gradual easing of inflationary pressures, a more stable currency and improved fiscal discipline. Key policy interventions by the Central Bank of Sri Lanka (CBSL), alongside decisive steps towards debt restructuring, were successful in restoring investor confidence and creating economic momentum. These measures not only helped to contain macroeconomic volatility but also laid the groundwork for long-term financial sustainability.

The government's engagement with multilateral partners, including the International Monetary Fund (IMF), has been pivotal in securing much-needed support and oversight, driving critical reforms across public finance, state-owned enterprises and governance frameworks. These efforts have yielded positive outcomes, including stabilised foreign reserves and improved credit ratings. The revival of key sectors such as tourism, remittances and exports has further strengthened the external sector. At the same time, a growing focus on local value creation, the empowerment of SMEs (Small and Medium Enterprises), and digitalisation is gradually transforming the economic landscape from the grassroots level upward.

"In 2024, we accelerated our commitment to digital innovation, reinforcing our relevance and value proposition across our core customer segments, consumers and MSMEs. Evolving financial behaviors among consumers and businesses revealed a growing demand for more inclusive, affordable and relevant financial solutions."

In this context, Dialog Finance was well-positioned to align with the national priorities for digital transformation in financial services, aligning with the Government's broader digital agenda as an enabler and accelerator of this transformative journey. Our deep integration with Sri Lanka's payment and banking infrastructure coupled with our robust technology backbone empowered us to deliver seamless, secure and scalable solutions to a wide range of users.

Driven by our clear strategic focus on digital payments and inclusive access to finance, we aim to be at the forefront of this national transformation. We take pride in our role as a catalyst in Sri Lanka's digital financial evolution, empowering individuals, businesses, and communities with the tools and platforms they need to thrive in a connected, future-ready economy.

Market Relevance and Strategic Positioning

In 2024, we accelerated our commitment to digital innovation, reinforcing our relevance and value proposition across our core customer segments, consumers and MSMEs. Evolving financial behaviours among consumers and businesses revealed a growing demand for more inclusive, affordable and relevant financial solutions.

Amidst this shift, we identified a growing demand for small-ticket credit tailored to individual cash flow cycles. In response, we intensified our focus on microfinance while we also introduced 'Lesi Pay', our device financing solution. These two offerings were designed, not only to bridge financial gaps and promote digital participation, but also to be practical, relevant and impactful to the consumer segments we served.

To ensure the responsible scaling of small-ticket lending, we strengthened our credit risk management framework by implementing enhanced, data-driven underwriting models and dynamic risk calibration. These capabilities enabled us to strike a healthy balance between access and asset quality, ensuring the responsible expansion of our credit portfolio without compromising credit quality.

Simultaneously, we observed a growing appetite, particularly among emerging segments for savings and investment products tailored to their specific needs and levels of affordability. Many sought simple, low-cost tools to grow funds while retaining flexible access to their funds in times of need. In response, we enhanced our digital savings and investment offerings, including the launch of digital loans against fixed deposits (FDs) which provided customers with immediate liquidity to meet urgent needs. These innovative products encouraged stronger savings habit among this segment while safeguarding their financial goals and building stronger financial discipline.

In supporting the Colombo Stock Exchange's strategic imperative towards greater retail participation in the capital markets, we launched real-time digital access for our margin trading customers – a first in Sri Lanka. This pioneering initiative enables customers to view their margin trading portfolios and buying positions in real time, empowering them to make timely and informed trading decisions with ease.

On the MSME side, Genie Business introduced innovative "tap-to-pay" solutions, allowing micro and small merchants to accept digital and card payments through their mobile phones. This was a major step

"Operating income improved significantly by 51.4% YoY to record Rs. 1,145.5 Mn for FY 2024, primarily driven by growth in fee-based income and improved net interest income. This was supported by the continued expansion of our asset base and the strong performance of our digital payment services."

toward helping small businesses join the digital economy. However, the introduction of VAT on mobile devices in 2024 made it harder for merchants to adopt this solution. In response, we quickly restructured our offering by introducing a more affordable mini POS (Point of Sale) device. Although this caused a delay in scaling up, the updated solution was launched in early 2025 and has already seen strong early interest from merchants.

Meanwhile, Genie Business continued to gain traction in the corporate and e-commerce spaces, delivering tailored digital payment solutions to meet the evolving needs of these dynamic sectors. As the economic environment stabilised and business confidence improved, we observed increased demand from merchants, retailers, and SMEs for financing. In response, we enhanced our working capital offerings, supported by robust credit assessments and disciplined collection systems.

Throughout the year, we focused on strengthening the connections between our services for consumers and MSMEs. This integrated approach allowed us to build a more cohesive and synergistic ecosystem, where growth in one segment actively supported the other. It is a model that has enabled us to grow in a more balanced, inclusive and sustainable manner.

A Resilient Financial Performance

The financial year 2024 was marked by strategic investments focusing on technology, regulatory compliance and hiring expertise across key functions, including risk management, analytics and payments. These initiatives, coupled with focused execution of strategic priorities amidst a gradually recovering economy, contributed to robust growth in both our balance sheet and payment services during the year under review.

Operating income improved significantly by 51.4% YoY to record Rs. 1,145.5 Mn for FY 2024., primarily driven by growth in fee-based income and improved net interest income. This was supported by the continued expansion of our asset base and the strong performance of our digital payment services.

The lending book recorded an impressive growth of 69.7% YoY to record gross loan and advances at Rs. 5.4 Bn as of 31 December 2024. This growth was driven by strong contributions from both consumer and retail/merchant lending activities. The Company continued to maintain a strong risk management framework, a moderate risk appetite, and efficient recovery strategies. As a result, Non-Performing Advances (NPAs) at levels well within its defined risk appetite of the Company.

On the liabilities side, the deposit base expanded by 54.6%, reaching Rs. 4.0 Bn as at 31 December 2024, reflecting robust growth in both savings and fixed deposits. During the year, the company maintained healthy capital and liquidity levels, well above the statutory minimum requirements.

While overall revenue performance was strong, operating expenses increased during the year, primarily due to planned strategic investments and the launch of the new merchant acquiring business. Consequently, the Company recorded a net loss of Rs. 41.1 Mn for the year ended 31 December 2024, compared to a net profit of Rs. 39.4 Mn in the previous financial year.

Chairperson's Message

Despite the short-term impact on profitability, core operations demonstrated underlying resilience and continued to reflect the long-term strength of our business model. The Company achieved monthly core profitability in the second half of the year, reflecting the strength and scalability of its operations. This performance was driven by strategic investments, effective execution of key initiatives, and ongoing improvements in operational efficiency and disciplined cost management.

Innovation and Digital-first Transformation

During the year, we continued to advance our strategic commitment to innovation and a digital-first transformation as integral pillars of our long-term growth strategy. Our primary focus was on enhancing customer experiences by reducing friction across all digital touchpoints, investing in seamless straight-through processing capabilities, and promoting financial literacy through accessible and user-centric digital education platforms. These initiatives have not only improved customer accessibility but also reinforced our commitment to delivering inclusive, forward-looking financial solutions that meet the evolving needs of our diverse customer base.

As digital adoption accelerated, we made significant and strategic investments to strengthen our transaction infrastructure, fortify cybersecurity frameworks, and enhance fraud risk management systems. These investments were vital in ensuring the scalability of our operations, while preserving the trust and security that our customers rely on.

Acknowledging the transformative potential of data and Artificial Intelligence (AI) in driving sustainable growth, we established a new Enterprise Data Division to develop an integrated, comprehensive data infrastructure and foster data and AI literacy across the organisation. The division will play a central role in embedding data-driven decision-making across all areas of operations, including business development, customer engagement, risk management and operational excellence. Furthermore, it will enable our teams to harness the rapidly evolving capabilities of AI tools to enhance productivity, streamline processes, and elevate our organisational effectiveness.

"In 2024, we refined our strategic focus to effectively navigate a complex and rapidly evolving risk environment, driven by enhanced regulatory oversight and a stronger emphasis on operational resilience. Key initiatives included the strengthening of internal controls, the modernisation of our Enterprise Risk Management (ERM) strategy, and the introduction of enhanced monitoring systems, early warning indicators, and real-time reporting tools to increase visibility and responsiveness."

Risk Management and Governance

In 2024, we refined our strategic focus to effectively navigate a complex and rapidly evolving risk environment, driven by enhanced regulatory oversight and a stronger emphasis on operational resilience. Thus, we proactively enhanced our compliance and risk management frameworks to align with evolving requirements from the regulatory authorities. Key initiatives included the strengthening of internal controls, the modernisation of our Enterprise Risk Management (ERM) strategy, and the introduction of enhanced monitoring systems, early warning indicators, and real-time reporting tools to increase visibility and responsiveness.

We reinforced our KYC (Know Your Customer), AML (Anti Money Laundering) and customer protection practices through improved policies, employee training and technology integration, ensuring compliance readiness and ethical conduct at every level. In credit risk, we adopted a Champion-Challenger model to test and refine our underwriting strategies, leveraging analytics to optimise risk segmentation, customer

"During the year, we deepened our commitment to inclusive growth by designing financial products and services that are accessible, affordable and tailored to the needs of underserved and emerging communities. By focusing on inclusive product design, digital access and financial education, we actively enabled greater participation and financial well being within micro and small enterprises, and emerging mass consumers."

verification, and collections performance. This data-led approach enabled us to maintain portfolio quality while gradually shifting from a conservative lending posture in the first half of the year to a more confident expansion in the latter half, underpinned by maturing credit models and improving economic signals.

We strictly adhere to all regulatory requirements set forth by esteemed bodies including the Central Bank of Sri Lanka (CBSL), the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission (SEC). I am pleased to confirm that there have been no violations of the Company's code of conduct by either our directors or employees throughout the year. This adherence to ethical standards underscores our commitment to integrity and transparency in all our operations.

Our governance structures were further strengthened through increased engagement from the Board of Directors. Collectively, these efforts reflect our deep commitment to building an institution that is not only

resilient in the face of uncertainty but also trusted, transparent, and forward-looking in how we manage risk and create sustainable value.

Sustainability and Purpose

At Dialog Finance, we strongly believe that sustainability is not a standalone initiative, it is embedded in the very fabric of our core strategy, guiding how we create value for all stakeholders. During the year, we deepened our commitment to inclusive growth by designing financial products and services that are accessible, affordable and tailored to the needs of underserved and emerging communities. By focusing on inclusive product design, digital access and financial education, we actively enabled greater participation and financial well being within micro and small enterprises, and emerging mass consumers. These efforts not only support national development goals but also promote economic resilience at the grassroots level.

Our approach to sustainability extends beyond customer inclusion to cultivating an internal culture that reflects our purpose. We aim to attract, develop and retain individuals who are driven by passion, empathy and believe in the transformative power of financial inclusivity. This purpose-led mindset, combined with a strong foundation in digital financial services, defines the ethos of our workforce. It is through this convergence of values and capabilities that we continue to build a future-ready company, one that is both commercially successful and socially impactful. Our long-term success is rooted in our ability to deliver meaningful change, enabling more Sri Lankans to access opportunities, build resilience and thrive in an increasingly digital economy.

The Way Forward

With macroeconomic conditions showing signs of stability and our robust digital infrastructure now fully operational, Dialog Finance is poised for a transformative year of growth and sustainable profitability in 2025. Our strategic roadmap is focused on three core pillars; scaling our lending portfolio, expanding our digital payments footprint and

Chairperson's Message

deepening our role in Sri Lanka's digital commerce ecosystem. These priorities are underpinned by our strong partnership with our parent company, enabling us to harness the power of telco-led distribution and customer engagement at scale.

Our technology-driven approach combined with deep customer insights and operational discipline, empowers us to deliver seamless, accessible, and secure financial solutions to a broader spectrum of Sri Lankans.

In 2025, we aim to accelerate digital adoption among individuals and businesses and contribute meaningfully to the country's digital economy. By championing innovation and responsible finance, Dialog Finance is committed to shaping a more inclusive, resilient, and digitally empowered financial future for Sri Lanka.

A Note of Appreciation

As we look ahead to a promising year in 2025, I want to extend my heartfelt appreciation to all our valued customers and business partners who have placed their trust in the Company and contributed to its success.

I would also like to extend our sincere gratitude to our regulators — the Central Bank of Sri Lanka, the Securities and Exchange Commission, and the Colombo Stock Exchange. Your continued guidance, support and oversight have been instrumental in creating a stable and enabling environment that encourages responsible innovation.

To my colleagues on the Board, your vision, counsel and steadfast support have been critical in steering our strategic direction. I also take this opportunity to place my sincere appreciation to our parent company, Dialog Axiata PLC, for extending their expertise especially in areas of evolving technology such as IT security, AI and data science, which has been invaluable.

"In 2025, we aim to accelerate digital adoption among individuals and businesses, and contribute meaningfully to the country's digital economy. By championing innovation and responsible finance, Dialog Finance is committed to shaping a more inclusive, resilient, and digitally empowered financial future for Sri Lanka."

Finally, I wish to place on record a deep appreciation to our dedicated team led by the Chief Executive Officer for their unwavering commitment, agility and belief in our purpose. Your hard work and passion have been the driving force behind the successful implementation of our digital infrastructure and the innovative solutions we continue to deliver to our customers.

Together, we move forward with confidence, committed to shaping a more inclusive and digitally empowered financial future for Sri Lanka.



Ms. Renuka Fernando
Chairperson

05 May 2025



Chief Executive Officer's Review



Dear Shareholders,

As we reflect the year under review, our focus has remained unwavering, delivering sustainable value to our shareholders, customers, employees and the wider communities we are privileged to serve. This past year has been marked by both opportunities and challenges and within this report, you will find a detailed overview of our strategic initiatives, operational performance and the progress we have made in building a resilient and future-ready organisation.

Our nation marked a crucial phase in its ongoing path to recovery whilst navigating through the complex process of economic rebuilding. The stability provided by the continued implementation of the International Monetary Fund (IMF) programme along with significant progress in restructuring the International Sovereign Bonds, played a pivotal role in restoring macroeconomic stability and investor confidence. The Government's sustained efforts to implement structural reforms, stabilise fiscal policies and support recovery are ongoing.

Alongside this, the Government's digital agenda is a central pillar of its vision for long-term recovery, aiming to foster economic growth through digital innovation, enhance financial inclusion and provide greater

access to services for all Sri Lankans. This digital-first approach is an integral part of the nation's blueprint for resilience and revitalisation.

Dialog Finance is strategically positioned to be a catalyst as a digitally native, agile, and responsible financial services provider, fully aligned with the Government's digital transformation goals. Our robust infrastructure, digital distribution channels and commitment to innovative, customer-centric financial solutions make us well-equipped to support Sri Lanka's recovery and help drive the digital economy forward.

Driving Financial Inclusion at Scale

Our journey in 2024 has been defined by strategic clarity and operational agility. We have remained steadfast in our vision to become Sri Lanka's most trusted, digitally driven financial services partner delivering value to our stakeholders while empowering consumers and MSMEs (Micro, Small, Medium Enterprises) across the country. Through our innovative digital platforms, we have introduced products that are accessible, relevant, and aligned with the evolving needs of consumers and MSMEs, offering a broad spectrum of digitally enabled financial solutions.

"Dialog Finance is strategically positioned to be a catalyst as a digitally native, agile, and responsible financial services provider, fully aligned with the Government's digital transformation goals. Our robust infrastructure, digital distribution channels and commitment to innovative, customer-centric financial solutions make us well-equipped to support Sri Lanka's recovery and help drive the digital economy forward."

We continue to serve the consumer segment with a wide array of products, including digital micro-lending, digital micro-savings, loans secured against fixed deposits and digitally enabled margin trading services. A notable highlight during the year was the launch of 'Lesi Pay', our device financing solution. This initiative reflects our ongoing commitment to customer-centric innovation, offering affordable and flexible access to technology in an increasingly digital world. Within just nine months of launch, 'Lesi Pay' recorded significant growth underlining the relevance of the solution and the strength of our execution.

We continue to leverage data-driven insights and advanced credit assessment models to make informed and responsible lending decisions. Our aim is to balance growth with sustainability, empowering customers without overextending their financial capacity.

After obtaining a license from the Central Bank of Sri Lanka (CBSL) to operate as a Financial Acquirer of Payment Cards, we launched the Genie Business

platform during the year under review. This strategic development significantly expanded our product portfolio, enabling us to offer a comprehensive suite of financial solutions to MSMEs. These include Tap-to-Pay functionality, mini point-of-sale (POS) facilities, the conversion of NFC-enabled smartphones into POS devices, payment links, e-store solutions, internet payment gateways, multi-currency pricing capabilities, QR code-based transactions, and integrated billing services.

These solutions have played a pivotal role in integrating MSMEs into a broader digital ecosystem by expanding their reach to new customer segments and providing access to much-needed working capital through our platform. Genie Business has demonstrated strong traction during the year, with growing adoption across a diverse spectrum of businesses from MSMEs to larger corporates, underscoring the market's appetite for efficient digital financial tools.

During the year, we strengthened our strategic collaboration with Dialog Axiata PLC, the largest merchant in Sri Lanka with a substantial retail footprint by extending value-added facilities to Dialog retailers. This partnership has accelerated digital adoption levels and enhanced the reach of our solutions across key retail segments.

This convergence of financial service products positions us uniquely to address the specific needs of MSMEs, entrepreneurs and underserved consumers, many of whom continue to face barriers in accessing traditional financial services. By bridging this gap, we are not only driving financial inclusion but also reinforcing our role as a trusted enabler of growth and resilience across the business landscape.

To support our broader objective of increasing engagement and transaction volumes, we invested in strengthening our marketing team. These efforts focused on sharpening our market presence and accelerating product uptake through more targeted and impactful outreach.

"Expansion of the asset book coupled with robust performance in our digital payment services, contributed to a 51.4% year-on-year (YoY) increase in total operating income, reaching Rs. 1,145.5 Mn for the year ended 31 December 2024."

Delivering Resilient Financial Performance

In an environment defined by volatility, resilience is the truest measure of long-term success. Dialog Finance's financial performance during the year under review reflects our disciplined execution, strategic foresight, and a commitment to delivering sustainable growth.

Expansion of the asset book coupled with robust performance in our digital payment services, contributed to a 51.4% year-on-year (YoY) increase in total operating income, reaching Rs. 1,145.5 Mn for the year ended 31 December 2024.

The lending portfolio demonstrated robust growth driven by increased lending activities in both consumer and retail/merchant lending. This resulted in a 69.7% YoY increase in gross loans and advances, reaching Rs. 5.4 Bn as of 31 December 2024. At the same time, we maintained a strong focus on asset quality, emphasising portfolio diversification and robust collection management strategies to mitigate credit risks. The Gross Non-Performing Advances (NPA) ratio recorded at 5.21% as at end of December 2024 which is significantly lower than the industry benchmark and well within the risk appetite of the Company.

The deposit base grew by 54.6% YoY, reaching Rs. 4.0 Bn within one line as of 31 December 2024, reflecting robust growth in both savings and fixed deposits. This enabled us to optimise our funding structure with over 25% of funds sourced from

savings deposits. This shift towards a more stable and lower-cost funding base enhances our financial flexibility needed to sustain growth while maintaining healthy margins.

Despite strong growth in both the balance sheet and income performance, the Company's bottom-line performance was impacted by higher operating expenses during the year. These increases were primarily due to planned strategic investments and the launch of a new merchant business line. Key strategic investments in technology, regulatory compliance and the recruitment of expertise across critical functions such as risk management, analytics and payments, contributed to the increase in expenses. As a result, the Company recorded a net loss of Rs. 41.1 Mn for the year ended 31 December 2024, compared to a net profit of Rs. 39.4 Mn in the previous year.

The Company's core operations demonstrated underlying resilience, reflecting long-term robustness of our business model. Our unwavering focus on strategic investments, effective execution of key initiatives, and continuous enhancements in operational efficiency and cost management has positioned us for sustainable growth and a forward-looking business strategy. As a result, the Company achieved monthly core profitability in the latter half of the year, demonstrating the strength and scalability of our operations.

As of 31 December 2024, both the Tier I capital adequacy ratio (CAR) and total CAR stood at 28.47%, significantly exceeding the minimum statutory requirements of 8.5% for Tier I CAR and 12.5% for total CAR. Throughout the year, the Company maintained excess liquidity, while ensuring compliance with the statutory liquid asset requirements and ratios set by CBSL. The Company's core capital at year-end amounted to Rs. 2.6 Bn, well above regulatory minimum threshold of Rs. 2.5 Bn.

Dialog Finance has achieved a national long-term rating of 'AA(Ika)' with a Stable Outlook, from Fitch Ratings Lanka marking the highest rating awarded in the industry to date.

"Dialog Finance was honoured with multiple industry accolades for 2024, recognising our leadership in digital innovation, customer service excellence, and financial inclusion. These awards reflect the passion, dedication, and ingenuity of our team, while reaffirming our position at the forefront of the digital financial services sector."

Recognition of Excellence

Dialog Finance was honoured with multiple industry accolades for 2024, recognising our leadership in digital innovation, customer service excellence, and financial inclusion. These awards reflect the passion, dedication, and ingenuity of our team, while reaffirming our position at the forefront of the digital financial services sector.

At the recent LankaPay Technnovation Awards 2025, the Company received multiple recognitions, including the Silver Award for Excellence in Digital Payments, the Silver Award for Excellence in Customer Convenience, the Silver Award for Best Lanka QR Enabler and the Merit Award for Financial Inclusivity.

We view these accolades not as an endpoint, but as validation that we are on the right path. Our commitment to setting new industry benchmarks and pioneering solutions that enrich lives and transform communities remains unwavering.

Building a Future-fit Team

Transformation is driven by the strength of the right people. At Dialog Finance, we see our employees not merely as staff, but as co-creators of our vision. We

continue to invest in developing a future-fit workforce equipped with the skills, agility and mindset to thrive in an ever-evolving environment.

Our talent development initiatives have prioritised upskilling, digital literacy, leadership development and fostering a culture of innovation. We also take pride in cultivating a workplace that values diversity, collaboration and continuous learning. As we look ahead, we know our greatest asset will continue to be the collective wisdom, creativity and dedication of our people.

A Bold Vision for the Future

Looking forward, we remain steadfast in our ambition to becoming Sri Lanka's most digitally integrated financial services provider. In the near term, we will focus on scaling our lending portfolio, expanding digital customer acquisition channels and strengthening merchant partnerships to unlock new revenue streams.

We will also increase our investment in data analytics and AI-driven credit modeling to enhance our responsiveness and improve the quality of our credit decisions. Opportunities for strategic partnerships, both within and beyond the financial services sector will be critical in accelerating our reach and impact.

At the same time, we will continue to invest in marketing and customer education, helping build digital confidence among traditionally underserved segments. Our long-term aspiration is to support Sri Lanka's economic resilience, foster entrepreneurship and enable upward mobility through transformative financial solutions.

A Note of Appreciation

I wish to express my sincere gratitude to our Chairperson and the Board of Directors for their strategic direction, wisdom and guidance. I also extend my heartfelt appreciation to the dedicated Dialog Finance team for their unwavering passion, commitment, and relentless pursuit of excellence.

Chief Executive Officer's Review

We are deeply grateful to our customers for their continued trust and to our regulators for their ongoing support and constructive engagement. I extend my sincere appreciation to the Government of Sri Lanka, the Governor and staff of the CBSL, the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange for their invaluable support and cooperation.

I would like to extend my heartfelt thanks to our business partners and stakeholders for their unwavering loyalty. Our achievements are the result of shared effort and collective ambition. Every stakeholder, whether a shareholder, employee, partner, or customer has played a crucial role in advancing our mission and for that, I am truly grateful.

Building a Future, We Can Shape Together

We now stand at the threshold of a new chapter, defined by both responsibility and opportunity. With the strategic clarity we have established, the digital foundations we have laid, and the talent we continue to cultivate, I am confident that Dialog Finance is well-positioned not only to navigate complexity but also to lead with purpose and make a meaningful impact.

Our vision remains clear, to redefine financial services in Sri Lanka by leveraging the power of technology, innovation and human potential. As we move forward, I invite all stakeholders to join us in this journey to shape a future of resilience, inclusivity and shared prosperity.

"Looking forward, we remain steadfast in our ambition to becoming Sri Lanka's most digitally integrated financial services provider. In the near term, we will focus on scaling our lending portfolio, expanding digital customer acquisition channels and strengthening merchant partnerships to unlock new revenue streams. At the same time, we will continue to invest in marketing and customer education, helping build digital confidence among traditionally underserved segments."

We are fully committed to collaborating with the Government, businesses, and communities to shape a brighter and more inclusive financial future for Sri Lanka, empowering every Sri Lankan to thrive in an increasingly digitally connected economy.



Mr. Nazeem Mohamed
Director / Chief Executive Officer

05 May 2025

Board of Directors



Ms. Renuka Fernando

Chairperson / Non-Independent,
Non-Executive Director



Mr. Supun Weerasinghe

Non-Independent,
Non-Executive Director



Ms. Lim Li San

Non-Independent,
Non-Executive Director



Mr. Alexander Löwbäck

Independent,
Non-Executive Director



Mr. Shivaan Kanag-Isvaran

Independent,
Non-Executive Director



Mr. Uditha Jayasinghe

Independent,
Non-Executive Director



Mr. Nazeem Mohamed

Chief Executive Officer
Non-Independent, Executive Director

Board of Directors

Ms. Renuka Fernando

Chairperson / Non-Independent, Non-Executive Director

Ms. Renuka Fernando was appointed as the Chairperson and a member of the Board of the Company on 22 May 2020.

Ms. Fernando who currently serves as the Group Chief Digital Services Officer of Dialog Axiata PLC (Dialog), is a highly experienced, successful and well-regarded business leader who has very significant business experience spanning 40 years in the banking sector and vast expertise in growing and developing banking with a special focus on Digital Banking.

Prior to joining Dialog in April 2020, she headed Nations Trust Bank PLC (NTB) as the Director/Chief Executive Officer from 2012 and has played a pivotal role in bringing the organization to where it is today. During her stint with NTB she played many senior leadership roles including Deputy Chief Executive Officer, DGM – Retail & Consumer Banking and AGM – Corporate Financial Solutions. Prior to joining NTB, Renuka held the positions of Vice President / Head Global Transactional Services and Head of Consumer Banking at ABN AMRO Bank N.V, Sri Lanka. She has also worked at Banque Indosuez, Sri Lanka as Manager Corporate Banking and at Nederlandsche Middenstands Bank - Hong Kong.

In addition to playing key leadership roles in the corporate sector, Ms Fernando has also functioned as the Vice President – American Chamber of Commerce and has previously served as Director of Lanka Clear (Pvt) Ltd and Chairperson of the Sri Lanka Bankers Association.

Ms. Fernando is an Associate of the Chartered Institute of Bankers, UK. She is also an Alumni of the Advanced Management Program at Harvard Business School.

Mr. Supun Weerasinghe

Non-Independent, Non-Executive Director

Mr. Supun Weerasinghe is the Executive Director and Group Chief Executive at Dialog Axiata PLC (Dialog), a position he holds since 2017.

His career in telecommunications began with Dialog in 1999, where he progressed through various key roles, including Head of Strategy, CEO of the Mobile Business and Group Chief Operating Officer.

In 2013, Mr. Weerasinghe functioned as the Group Chief Strategy Officer at Axiata Group Berhad in Malaysia. He then led Robi Axiata Limited in Bangladesh as the CEO and Managing Director from 2014 to 2016. Mr. Weerasinghe serves on the Board of The Ceylon Chamber of Commerce and UNGC Network, Sri Lanka.

He is a Fellow Certified Management Accountant, Sri Lanka, Fellow Member of the Chartered Institute of Management Accountants, UK, and holds a Bachelor of Science in Accountancy and Financial Management from the University of Sri Jayewardenepura, Sri Lanka. Mr. Weerasinghe also holds an MBA from the University of Western Sydney, Australia, and is an alumnus of the Harvard Business School.

Ms. Lim Li San

Non-Independent, Non-Executive Director

Ms. Lim Li San currently serves as the Group Chief Operating Officer of Dialog Axiata PLC (“Dialog”).

Ms. Li San has been with Dialog’s parent company, the Axiata Group of Companies since 2015. Before joining Dialog, Ms. Li San was the Group Head of Business Operations of Axiata Group Berhad (“Axiata”), where she was responsible for portfolio performance management and board governance of all its operating companies. Prior to this stint,

Board of Directors

Ms. Li San headed the Axiata Group CEO's Office where she supported the President & Group CEO in strategy development, target setting for senior leaders, stakeholder engagement and strategic project management. Preceding that, she spent three years in Group Strategy where she led Group Research and spearheaded the annual long-term strategy exercise, competitive analyses, strategic projects and M&A evaluation. She was also a Non-Executive Director and Board Audit Committee Member at Smart Axiata Co. Ltd., the leading mobile service provider in Cambodia. Before joining Axiata, Ms. Li San spent the formative years of her career with British American Tobacco where she took on various roles within finance.

Ms. Li San graduated from the university of South Australia with a Bachelor of Commerce and Applied Finance. She is a Certified Practicing Accountant through CPA Australia and has completed her executive education with Harvard, INSEAD and IMD as part of the Axiata talent development programme.

Mr. Alexander Löwbäck Independent, Non-Executive Director

Mr. Alexander Löwbäck is the Co-Founder and Chairman of Lucytech (Pvt) Ltd. which provides Software Engineers for European Clients.

Prior to this Alexander functioned as the CEO of ikman.lk – Sri Lanka's Largest Marketplace. He was instrumental in building the organization from scratch and established all necessary functions, employing +350. Prior to this he worked at ScandCap, Stockholm, Sweden Corporate as a finance associate and the Royal Bank of Scotland, Stockholm, Sweden as a Nordic Investment Banking analyst with focus on M&A

Mr. Alexander holds a Masters in Business and Administration (MBA) from the University of Cambridge, Cambridge, United Kingdom, B.Sc in Business and Economics, specialized in Management / Accounting & Financial Management from Stockholm School of Economics, Stockholm, Sweden.

Mr. Shivaan Kanag-Isvaran Independent, Non-Executive Director

Mr. Shivaan Kanag-Isvaran is a Barrister-at-Law of Lincoln's Inn (2000), a graduate in Law from the University of Warwick (1998), holds a Masters in Law in International Business Law from the London School of Economic and Political Science (1999) and is an Attorney-at-Law of the Supreme Court of Sri Lanka (2002).

Mr. Kanag-Isvaran has over 22 years of extensive practice on the civil side in both the original and appellate courts and specialized in several areas of law including Constitutional law, Corporate Law, Intellectual Property Law, Banking and Finance Law, Telecommunication and Tax Law.

Specializing in International Commercial Arbitration, Mr. Kanag-Isvaran represented clients both locally and internationally and is experienced in advising in connection with infrastructure and construction projects.

Mr. Kanag-Isvaran is an Accredited Mediator of the Singapore International Mediation Institute as well as the International Alternative Dispute Resolution Centre, Sri Lanka.

Mr. Kanag-Isvaran served as a member of the Special Committee of the Bar Association of Sri Lanka appointed to examine matters related to the Winding-Up Rules and its implementation.

He is a member of the Academic & Governing Council of the Bandaranayake Academy for Leadership & Public Policy and currently serves as a Lecturer for the Diploma Course in Arbitration conducted by the Institute for the Development of Commercial Law and Practice.

At present Mr. Kanag-Isvaran serves on the Board of Directors of Ceylon Cold Stores PLC as an Independent Non-Executive Director.

Board of Directors

Mr. Uditha Jayasinghe

Independent, Non-Executive Director

Mr. Uditha Jayasinghe is a Chartered Accountant with over 20 years of experience, having held key financial leadership roles, including Finance Manager, Financial Controller, Head of Finance, Group Finance Manager, and Chief Operating Officer. His expertise in financial reporting and accounting spans multiple industries, including telecommunications, industrial manufacturing, apparel, and travel & tourism.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and an Associate Member of the Society of Certified Management Accountants of Sri Lanka (ACMA). Additionally, he is a Fellow Member of the Sri Lanka Institute of Credit Management (FICM) and a Life Member of the Association of Accounting Technicians of Sri Lanka (MAAT).

Mr. Jayasinghe holds a Second Upper Bachelor's Degree in Accountancy & Financial Management (BSc) from the University of Sri Jayewardenepura. He also earned his Master of Business Administration (MBA) with distinction from the University of West London, United Kingdom.

Uditha is a committed lecturer with over a decade of experience teaching undergraduate, postgraduate, and professional exam students. He currently holds visiting lecturer positions at several leading private universities and institutes.

Mr. Nazeem Mohamed

Chief Executive Officer / Non-Independent, Executive Director

Mr. Nazeem Mohamed is a seasoned fintech leader with over 25 years of experience in senior management roles spanning banking, financial services, startups, and fintech industries. He has a proven track record in business development, transformation, and innovation, with strong expertise in business strategy, delivery, partnerships, and financial product innovation.

Since February 2021, Mr. Mohamed serves as the CEO and Executive Director of Dialog Finance PLC. Prior to this role, he led Frimi by Nations Trust Bank PLC (NTB) as Senior Vice President, where he played a pivotal role in establishing Sri Lanka's first digital bank. Mr. Mohamed has also held key leadership positions, including CEO at UPay, Director and Country Head at Global Payments for Sri Lanka & Maldives, and Head of Cards Acceptance at HSBC Sri Lanka & Maldives.

Mr. Mohamed holds an MBA from Cardiff Metropolitan University, UK.

Management Discussion and Analysis

OPERATING ENVIRONMENT

Global Economy

In 2024, the global economy exhibited steady, albeit moderate growth with notable variations across different regions. According to the International Monetary Fund's (IMF) World Economic Outlook Update published in January 2025, global economic growth was estimated to have moderated from 3.3% in 2023 to 3.2% in 2024.

Advanced economies showed mixed performances, with the United States showing relative resilience, while the Eurozone faced economic headwinds. Emerging markets remain crucial drivers of global growth, though their trajectories diverge, factors such as moderating inflation present opportunities for adjustments in monetary policies. However, persistent geopolitical tensions and the risk of renewed trade conflicts introduce significant uncertainties into the economic outlook.

Sri Lankan Economy

Sri Lanka's economy staged a notable recovery in 2024 following the severe economic crisis of 2022. This rebound was largely underpinned by the IMF-supported Extended Fund Facility (EFF), progress in external debt restructuring, and the revitalization of key economic sectors. While meaningful progress has been made, sustained commitment to structural reforms remains critical to securing long-term economic stability and growth.

Economic Growth: The Sri Lankan economy recorded an annual growth rate of 5.0% in 2024, marking a turnaround after two consecutive years of annual contraction. Growth was consistently positive across all four quarters, having resumed from the third quarter of 2023. The recovery was bolstered by structural reforms and a resurgence in key sectors.

Inflation: After an initial increase, inflation exhibited a declining trend during 2024 and reached deflationary levels from September 2024. The increase in Value Added Tax (VAT), removal of VAT exemptions from several expenditure items in the consumer basket and notable food inflation led to an increase in inflation

in early 2024. However, the increase in inflation did not persist due to the reduction in electricity tariffs in March 2024 and the impact of the statistical base. The decline in inflation was primarily driven by reductions in utility costs, alongside moderating global commodity prices, an appreciating Rupee, improved domestic supply conditions, subdued demand and the gradual elimination of monetary financing. As a result, the Headline Inflation, measured by the year-on-year change in the Colombo Consumer Price Index was recorded at -1.7% by the end of 2024 compared to 4.0% by the end of 2023. The National Consumer Price Index based on year-on-year Headline Inflation also followed a similar path, declining to -2.0% by the end of 2024, compared to 4.2% recorded at the end of 2023.

Interest Rate: Market interest rates continued their downward trend in 2024 driven by accommodative monetary policy measures implemented by the Central Bank of Sri Lanka (CBSL) since June 2023. In addition to the easing of monetary policy, subdued inflation, moderate inflation expectations and reduced risk premia following the near finalisation of the debt restructuring process supported the overall decline in market interest rates in 2024. In November 2024, CBSL transitioned to a single policy interest rate framework by introducing the Overnight Policy Rate (OPR), set at 8.0%, which now serves as the primary monetary policy tool of the CBSL to signal and operationalise its monetary policy stance.

External Sector: Sri Lanka's external sector showed positive momentum in 2024, with the current account recording a surplus. Merchandise trade deficit widened in 2024 compared to 2023 due to the larger expansion in import expenditure outpacing the expansion in export earnings. Yet, constrained demand for imports due to low purchasing power and restrictions on vehicle imports prevented excessive expansion in imports. The deficit in merchandise trade was offset by notable improvements in trade in services, especially in the tourism sector and an increase in the surplus of secondary income account. The deficit in the primary income account remained broadly unchanged in 2024 compared to 2023. Accordingly, the current account surplus amounted to USD 1.2 Bn (1.2% of GDP) in 2024 compared to USD 1.4 Bn (1.7% of GDP) in 2023.

Management Discussion and Analysis

Exchange Rates: The Sri Lankan Rupee appreciated for the second consecutive year in 2024, supported by the current account surplus and stable foreign currency inflows. Despite the overall appreciation in 2024, the Sri Lanka rupee remained volatile in some parts of the year. The Sri Lanka rupee ended the year at Rs. 292.58 per USD, recording an annual appreciation of 10.7%. The CBSL maintained a market-based exchange rate policy, intervening in the foreign exchange market primarily to manage excessive intraday volatility and to build official reserves.

Source: Annual Economic Review 2024 – CBSL, IMF

Performance of Finance Companies (FC) Sector

The Finance Companies (FCs) sector recorded strong performance and resilience in 2024, maintaining capital and liquidity buffers well above regulatory minimum requirements. The sector comprised 32 FCs accounting for 5.4% of the total financial sector assets as at the end of 2024. In December 2024, the CBSL introduced the revised framework for Phase II of the Masterplan for Consolidation of FCs sector which aims to develop a more resilient FCs sector in the medium to long term, that includes a three-year execution plan commencing 31 March 2025.

Asset base: The asset base of the sector increased by Rs. 235.2 Bn to reach Rs. 1,930.7 Bn as at the end of 2024, reflecting a YoY growth of 13.9%, compared to a 5.7% growth in 2023. The asset growth was mainly driven by the significant expansion of the loans and advances portfolio. Net loans and advances accounted for 74.1% of the total assets of the sector. During 2024, the loans and advances portfolio of the sector increased by Rs. 265.4 Bn and reached Rs. 1,430.2 Bn, indicating a growth of 22.8% as at the end of 2024 compared to a 2.6% contraction in 2023.

Asset quality: Gross NPL (Non-Performing Loan) Ratio of the FCs sector declined to 11.3% as at the end of December 2024 compared to 18.0% as at the end of December 2023, indicating an improvement in credit quality. Meanwhile, the sector reported an Impairment Coverage Ratio of 41.9% for NPL as at the end of 2024, compared to 32.6% reported as at the end of 2023. Accordingly, the net NPL Ratio improved to 6.6% at the end of 2024 from 12.1% at the end of 2023.

Profitability: The sector's Profit After Tax (PAT) increased by 20.9% YoY to record LKR 59.7 Bn for the year ended 2024, mainly driven by the increase in net interest income. The increase in profitability was reflected in the rise of ROA and ROE to 6.1% and 13.5%, respectively, in 2024 compared to 5.2% and 12.7% in 2023. The efficiency of the sector improved as reflected by the decline in the cost-to-income ratio from 52.8% in 2023 to 50.8% in 2024.

Capital: The capital base of FCs sector improved by Rs. 28.3 Bn to record Rs. 357.4 Bn as at the end of 2024, recording a YoY growth of 8.6% in 2024. Except for two FCs, all other FCs complied with the minimum core capital requirement and capital adequacy requirements. The sector's core capital and total capital ratios marginally declined to 20.4% and 21.2%, respectively, as at the end of 2024, compared to those of 21.1% and 22.3%, respectively, as at the end of 2023, but remained well above the minimum regulatory requirement.

Liquidity: The FCs sector maintained liquidity well above the minimum required level during 2024. At the end of 2024, the overall regulatory liquid assets available in the sector were Rs. 220.9 Bn, against the stipulated minimum requirement of Rs. 115.8 Bn recording a liquidity surplus of Rs. 105.1 Bn as at end of 2024, compared to Rs. 151.5 Bn recorded as at end of 2023.

Source: Annual Economic Review 2024 – CBSL

Looking Ahead

With the restoration of macroeconomic stability, the Sri Lankan economy which experienced a significant turnaround in 2024 is expected to maintain its growth momentum in the coming years. Continued economic and political stability, a low interest rate and inflation environment and improving investor sentiment are anticipated to support this positive growth trajectory.

With this backdrop, the resilience of the financial sector is expected to strengthen further in 2025, supported by the ongoing macroeconomic recovery, policy actions, and reforms. The favourable macroeconomic outlook and low interest rates are

Management Discussion and Analysis

expected to continue supporting the expansion of private sector credit and sustaining the expansionary phase of the credit cycle.

Digital transformation remains a key strategic priority within the financial sector. Over the medium to long term, a significant increase in digital transactions and a gradual decline in cash and cheque usage are expected. However, the increasing risks associated with global interconnectedness, including cyber threats and online frauds, pose challenges to the stability of the financial system. To mitigate these technology-related risks, it will be crucial to continuously enhance payment and information infrastructure, foster coordinated efforts among stakeholders and strengthen customer awareness.

Looking ahead, while the outlook for Sri Lanka's financial sector remains positive, it is essential to proactively address emerging risks and continue strengthening resilience. Through these efforts, the sector can secure long-term growth and stability, while meeting customer needs, enhancing customer satisfaction and effectively adapting to evolving market dynamics.

OUR PRODUCT PORTFOLIO

During the year under review, Dialog Finance continued its mission to transform Sri Lanka's digital finance landscape, with a strong strategic focus on driving financial inclusion and accelerating digital adoption. By delivering accessible, user-friendly financial solutions through its digital platforms, the Company expanded its reach among consumers and MSMEs across the country.

Driven by innovation and a deep understanding of customer needs, Dialog Finance introduced a range of cutting-edge solutions aimed at empowering both the Consumer and MSME (Micro, Small and Medium Enterprises) segments. The Company's robust digital ecosystem comprising Genie, Genie Business, and Sahasra, remained at the core of its strategy to deliver seamless, secure and scalable digital financial experiences.

Consumer Proposition via Genie: Advancing Financial Inclusion through Digital Banking

Genie, owned and operated by Dialog Axiata PLC, continued to serve as the primary digital platform for engaging with the Company's consumer customer base. It played a pivotal role in enhancing financial access for a broad spectrum of customers, including the unbanked, underbanked, and mass-affluent segments. By offering a comprehensive suite of digital financial services, Genie enabled customers to manage their finances entirely through an intuitive mobile application, eliminating the need for branch visits.

Key Consumer Offerings by the Company on Genie include:

- **Savings Accounts:** A fully digital onboarding process allows customers to open savings accounts quickly and securely.
- **Savings Pockets:** Users can create up to five individual savings pockets within the app, each earning interest while maintaining the flexibility to transfer funds as needed.
- **Fixed Deposits:** Customers can open fixed deposits with as little as Rs. 5,000 via Genie using a seamless digital KYC process. Loans against deposits are also available, broadening access to credit for financially excluded segments.
- **Goal-Based Fixed Deposits:** This feature promotes financial discipline by enabling users to save toward specific goals, fostering a long-term savings culture.
- **Loan Against Fixed Deposit:** Launched in 2024, this offers instant loans against fixed deposits, enabling disbursement in under six seconds, significantly improving customer convenience.
- **Quick Loans:** First introduced in 2022, this short-term digital loan product has been further enhanced to provide faster processing and improved customer experience through digital KYC.
- **Lesi Pay:** A milestone initiative that was introduced under Dialog Finance in 2024. This financing solution enables customers to obtain loans for the purchase of mobile devices, making smart technology more accessible.

Management Discussion and Analysis

Genie Business: Empowering MSMEs with Integrated Digital Payment Solutions

Responding to the evolving needs of the MSME segment, Genie Business continued to strengthen its role as an all-in-one digital payment acceptance platform. By providing MSMEs with advanced tools for managing transactions, collections and payments, Genie Business empowers small businesses to improve operational efficiency and financial management.

Key features of Genie Business include:

- **Tap-to-Pay:** A contactless payment solution enabling card acceptance via NFC-enabled devices, ideal for small retailers.
- **QR Code Payments:** Integrated with LankaPay's QR system, ensuring seamless and secure transactions.
- **Payment Links & Internet Payment Gateway (IPG):** Facilitates domestic and international card payments with ease.
- **Multi-Currency Pricing:** Supports transactions in foreign currencies, helping businesses expand market reach.
- **E-Store:** Enables SMEs to create digital storefronts and share them via messaging platforms such as WhatsApp, enhancing their online presence without the need for a traditional website.

In addition to payment processing, Genie Business also provides tailored financing solutions including invoice factoring, supply chain financing and cash flow-based lending. By leveraging digital transaction data and behavioural insights, these offerings promote financial inclusion and sustainable growth for enterprises underserved by traditional financial institutions.

Sahasra: Tailored Digital Banking Solutions for SMEs

Sahasra, Dialog Finance's SME internet banking platform, continued to offer secure and efficient digital banking services tailored to the needs of SMEs seeking seamless and secure digital banking services. This platform enables real-time execution of bulk transactions, including salary payments and vendor settlements, facilitating smoother financial operations.

By simplifying cash management and enhancing convenience, Sahasra supports the growth of SMEs, contributing to economic development across Sri Lanka.

Recognition and Accolades

Dialog Finance's ongoing commitment to advancing financial inclusion and digital innovation received national recognition for the second consecutive year at the Lanka Pay Technovation Awards 2025. The Company was honoured for its excellence in delivering impactful digital financial services that expand access for underserved communities.

Awards received:

- **Silver Award** – Excellence in Digital Payments
- **Silver Award** – Excellence in Customer Convenience
- **Silver Award** – Best Lanka QR Enabler
- **Merit Award** – Financial Inclusivity

Looking Ahead

With a comprehensive suite of digital financial solutions, Dialog Finance is well-positioned to deepen its market presence and drive the financial empowerment of unbanked and underbanked segments. Looking ahead, the Company aims to play a pivotal role in the revival and growth of Sri Lanka's economy by delivering inclusive, technology-driven banking solutions that support consumer and MSME customers. Through continuing innovation and customer-centricity, Dialog Finance is committed to building a resilient, digitally enabled financial future for all Sri Lankans.

CUSTOMER-CENTRICITY

At Dialog Finance, customer-centricity is not merely a strategic focus, it is embedded in every aspect of our operations. We are committed to understanding and responding to the evolving needs and expectations of our customers, ensuring that our products, services, and interactions are designed to deliver exceptional value.

Management Discussion and Analysis

In an increasingly dynamic and competitive fintech landscape, our commitment to customer-centricity continues to be a key differentiator. It enables us to foster long-term relationships, build loyalty and establish ourselves as a trusted provider of digital financial services.

Expanding Value Propositions

In our continued pursuit of financial inclusivity, we expanded our product portfolio to reach a wider customer base, including consumer customers and MSMEs across Sri Lanka. The Company introduced an enhanced suite of digital financial solutions designed to address diverse personal and business finance needs. These carefully curated offerings simplify financial transactions and empower customers through seamless digital experiences, reinforcing our role as a partner in growth and financial well-being.

The Company remains committed to promoting digital inclusivity through its comprehensive range of financial solutions for both consumer and MSME segments.

Consumer Segment	MSME Segment
Digital Lending – Quick Loans, Loan against FD, “Lesi Pay” Device financing	Digital Payment Services
Liability Products – Digital Savings, Digital FD, Savings Pockets, Goal Based FD	Working Capital Funding
Margin trading	Liability Products – Digital Savings, Digital FD, Savings Pockets, Goal Based FD
Payment services including debit card	Payment & settlement services

Enhancing Customer Experience

Delivering an exceptional customer experience remained a top priority during the year under review. Our 24x7x365 customer service centre continued to provide prompt and effective support, guided by clear service protocols and service standards. We

also strengthened our social media presence using them not only for engagement but also for grievance resolution and brand advocacy.

To enhance the overall customer experience, several initiatives were introduced during the year, resulting in greater usage and engagement across the Company’s consumer platform. The Genie app interface was redesigned offering a more intuitive, personalised user experience based on customer behaviour.

These initiatives have driven increased customer adoption and usage, reinforcing our reputation as a digitally agile and customer-focused financial services provider.

Commitment to Transparency and Integrity

Maintaining trust and transparency remains fundamental to sustaining strong customer relationships. Dialog Finance upholds the highest standards of ethical conduct and regulatory compliance, ensuring all financial products are responsibly developed and communicated.

Comprehensive information on product features, fees, terms and conditions is made readily accessible through our corporate website and official communication channels. This approach reinforces our commitment to delivering transparent, responsible, and customer-centric financial services.

Optimising Digital Platforms for Seamless Service

As part of our digital-first strategy, we continued to enhance our core service platforms, Genie, Genie Business, and Sahasra, the Company’s SME internet banking solution. These platforms play a pivotal role in delivering a seamless and intuitive user experience across all customer segments.

Focused enhancements in UI/UX design helped streamline navigation, simplify transactions and ensure an intuitive, user-friendly interface. These advancements reinforce our commitment to providing seamless, efficient and customer-centric digital financial solutions.

Management Discussion and Analysis

By prioritising innovation, engagement and service excellence, Dialog Finance continues to redefine the digital financial experience, strengthen customer trust and support broader financial empowerment across Sri Lanka.

Creating Greater Engagement with Customers

Customer engagement was significantly enhanced during the year through a series of targeted initiatives aimed at strengthening relationships and encouraging greater platform usage. Key activities included:

- Targeted digital campaigns to expand customer outreach and engagement.
- Incentivising digital transactions through cashback offers.
- Cross-platform promotions in collaboration with Dialog's digital services and external partners such as WOW App, MyDialog App (MDA).
- Lead generation campaigns to drive traffic to the Genie app and corporate websites.
- Enhanced onboarding through Digital KYC (eKYC), enabling a seamless and efficient account opening process.
- Improved complaint resolution mechanisms, including:
 - o Faster service via digital customer support channels.
 - o In-app complaint management and chat support.

Looking Ahead

Dialog Finance will continue to strengthen its digital platforms, enhance customer experience and expand financial inclusion across key segments. Through continued innovation, service excellence and data-driven customer engagement, the Company is well-positioned to deliver long-term value and build enduring relationships with its customers.

Information Technology

At Dialog Finance, technology forms the foundation of our vision to become Sri Lanka's leading Fintech service provider. During the financial year 2024, we made strategic advancements across our digital infrastructure, operations and product innovation to deliver seamless, secure and resilient financial services to our growing customer base.

With a firm focus on customer-centricity and operational efficiency, the Company accelerated its digital transformation agenda, enhancing user experiences, optimising backend systems and strengthening security frameworks. These efforts were instrumental in supporting business scalability, ensuring regulatory compliance and building long-term stakeholder trust.

Key Highlights for FY 2024

1. Enabling Business Growth through Digital Platforms

Dialog Finance continued to expand its digital product portfolio, supporting business growth through robust IT enablement and agile development. Key achievements include:

- **Launch of 'Lesi Pay', Device lending product:** A major milestone that introduced a fully integrated digital lending platform, allowing customers to access loans securely and seamlessly. Within just nine months of its launch, 'Lesi Pay' recorded strong traction, demonstrating significant growth and adoption across the consumer base.
- **Loan Against Fixed Deposit via Genie:** Enhanced the Genie platform to offer instant loans against fixed deposits, enabling disbursement in under six seconds, significantly improving customer convenience.

Management Discussion and Analysis

- **Margin Trading Integration:** Dialog Finance became the first in the market to integrate a margin trading interface with Genie, incorporating API integration, UI/UX development and robust testing to provide clear customer visibility to their margin trading accounts.

2. Enhancing System Stability and Regulatory Compliance

System resilience and compliance were prioritised to ensure uninterrupted service and risk mitigation. Major milestones included:

- **Disaster Recovery Readiness:** Established a disaster recovery site covering the core system, digital layers and the payment switch meeting CBSL's Risk Resilience requirements.
- **Security Operations Centre (SOC):** Implemented a centralised SOC to monitor critical infrastructure and respond proactively to threats.
- **Real-Time Monitoring:** Introduced live dashboards for both transaction and system performance monitoring to detect anomalies and pre-empt system downtime.
- **Optimised Core Banking Operations:** Improved Finacle Core Banking System's end-of-day processing to reduce time and minimise operational disruption.
- **Security and Compliance Testing:** Conducted penetration testing, vulnerability assessment and gap analyses against ISO and CBSL benchmarks, ensuring robust compliance and enhanced system integrity.
- **Disaster Recovery Readiness:** Established a disaster recovery site covering the core system, digital layers, and the payment switch.

3. Cybersecurity Enhancements

With the rise of digital threats, Dialog Finance intensified its cybersecurity initiatives to protect sensitive data and infrastructure:

- **Endpoint Protection:** Transitioned to advanced endpoint detection and response (EDR) systems for better threat identification and ransomware mitigation.
- **Firewall Upgrades:** Strengthened perimeter defences to safeguard against external cyber threats.

Awards and Recognition

In recognition of our commitment to innovation and excellence in financial technology, Dialog Finance was honoured with the Gold Award for the Most Innovative Product in the Fintech Category by Infosys, in recognition of our core banking transformation and fintech innovation capabilities.

Looking Ahead

Dialog Finance remains committed to leveraging technology as a strategic enabler for sustainable growth, operational excellence and superior customer experiences. Key focus areas for the coming year include:

- **Cybersecurity Maturity:** Strengthening platforms with enhanced privileged access controls, two-factor authentication and web application firewalls.
- **Automation and Efficiency:** Expanding business process automation to streamline operations and reduce manual intervention.
- **Product Evolution:** Continuously enhancing digital journeys on the Genie platform to meet evolving customer expectations.
- **Next-Generation Platforms:** Evaluating advanced card management systems and credit card technologies to diversify future offerings.
- **Core Banking Enhancements:** Upgrading the Finacle core banking system (application and database versions) to improve performance and maintain regulatory readiness.

Management Discussion and Analysis

- **Backup and Resilience Improvements:** Upgrading backup infrastructure to support increased transaction volumes and minimise downtime in disaster scenarios.

As we look ahead, Dialog Finance remains committed to leading with innovation, resilience, and security to deliver the next generation of digital financial services in Sri Lanka.

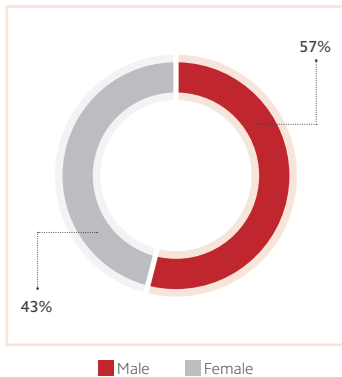
NURTURING TALENT

At Dialog Finance, human capital is the foundation of sustainable growth and innovation. In 2024, we strengthened a progressive, inclusive and performance-driven culture focused on continuous learning, merit based advancement and diversity, ensuring our people remain the core driver of competitive advantage.

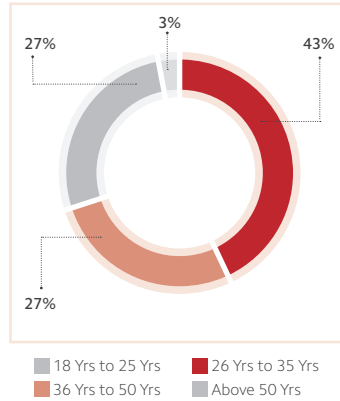
Talent Strength

Our talent strength reflects our strategic commitment to quality recruitment and professional excellence. With a workforce of 168, comprising both permanent and contract-based employees, Dialog Finance thrives on a diverse mix of skills, experiences and expertise. In 2024, we onboarded 134 new talents, blending experience with fresh perspectives to drive growth, creativity and continuous development.

Employee Composition by Gender



Employee Composition by Age



Life at Dialog Finance

Dialog Finance prioritizes a positive employee experience built on trust, transparency and shared purpose. Through open communication, team-building events and regular engagement initiatives, we strengthened a connected, motivated workforce, enhancing satisfaction, adaptability and innovation.

Talent Development

In 2024, Dialog Finance strengthened its commitment to employee development by expanding training programmes, engaging over 194 participants across key areas and increasing training investment by 77.5% year-on-year. Customized learning initiatives were introduced to align development with role-specific needs, preparing the workforce for future industry trends and technological advancements.

Talent Engagement

Employee engagement continues to play a vital role in fostering innovation and sustaining high performance across the Company. In 2024, we further strengthened our engagement strategies through targeted initiatives designed to promote collaboration, enhance communication and recognise achievement.

Management Discussion and Analysis

Key initiatives included:

- **Regular Engagement Activities:** Monthly themed events and interactive team sessions provided employees with opportunities to connect, recharge and strengthen team cohesion.
- **Ongoing Feedback Mechanisms:** The annual employee satisfaction survey, along with continuous feedback channels, enabled us to identify areas for improvement and celebrate success, ensuring employees remain active contributors to our Company goals.

These initiatives have helped cultivate a workplace culture where employees are not only engaged but also motivated to contribute meaningfully to the Company's progress.

Gender Parity and Diversity

We remain committed to building an inclusive workplace where all employees are respected, empowered and given equal opportunities. In 2024, women comprised 43% of our workforce, with six holding senior management roles as of 31st December 2024.

We continued to implement inclusive hiring practices that minimise bias and ensure equal opportunity for all candidates. Diversity and inclusion principles are embedded in our policies, fostering a culture that values diverse perspectives and supports innovation-led growth.

Performance Management

The Company's performance management system promotes fairness, accountability and growth. In 2024, structured scorecard-based assessments, transparent reward linkages and continuous feedback empowered employees to drive their development and contributed to building a high-performance culture.

Grievance Handling and Whistle Blowing

We prioritise a culture of openness and trust, where every employee feels secure in voicing their concerns. Our grievance handling and whistleblowing frameworks in 2024 are characterised by,

- **Transparent Processes:** An open-door policy ensures that all concerns are addressed promptly and fairly.
- **Robust Whistleblowing Protocols:** Confidential channels are in place to report unethical behaviour, with assurances of protection and swift corrective actions.
- **Employee Feedback:** Regular surveys and feedback sessions enable us to monitor the effectiveness of these processes and continuously improve our work environment.

These measures create a safe space for dialogue, enhancing trust and reinforcing our commitment to ethical practices and accountability.

Compensation & Benefits

In 2024, the Company maintained a competitive and equitable compensation strategy, offering comprehensive packages that support both financial stability and employee well-being. Periodic salary reviews ensure alignment with industry standards, while benefits such as medical coverage, loan schemes and well-being support enhance employee satisfaction. This holistic approach to compensation plays a vital role in attracting, retaining, and motivating high-performing talent, supporting our broader organisational goals.

Looking Ahead

During the year, the Company strengthened its human capital strategy to meet evolving industry demands, focusing on building a future-ready workforce, expanding leadership development and succession planning, and enhancing employee well-being. Through these initiatives, Dialog Finance is well-positioned to remain at the forefront of innovation, driven by a diverse, engaged and future-ready team committed to shaping the future of financial services.

Management Discussion and Analysis

VALUE CREATED FOR OUR INVESTORS

In 2024, Dialog Finance delivered strong balance sheet growth and income performance, supported by the focused execution of its strategic priorities amidst a recovering economic environment. The Company experienced notable growth in operating income, driven by a significant increase in fee-based revenue and improved net interest income. The Company's disciplined cost management and targeted investments in technology and talent further supported business expansion and operational efficiency. However, higher operating expenses, primarily related to the new merchant business line and strategic investments resulted in a decline in profitability and the recording of a net loss for the year.

Looking ahead, despite the short-term impact on profitability, the Company remains well-positioned to leverage its investments and strategic initiatives to drive sustainable growth, improve operational efficiency and capitalise on emerging market opportunities.

Income statement analysis

Gross income

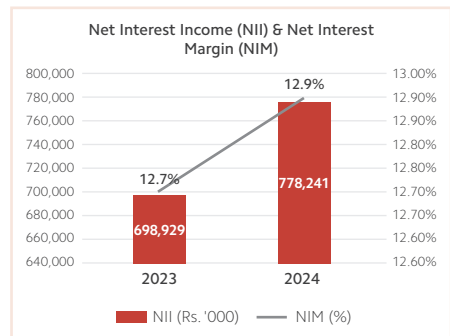
The Company recorded a total gross income of Rs. 1,641.0 Mn for the year ended 31 December 2024, reflecting a growth of 41.3% compared to Rs. 1,161.2 Mn recorded for the year ended 31 December 2023, primarily driven by the contribution made by fee-based income.

Interest income and net interest income (NII)

Despite an increase in interest-earning assets during the year, total interest income declined by 5.0% year-on-year (YoY) to record Rs. 1,038.2 Mn for the year ended 31 December 2024. This decrease was primarily due to a 2.6% YoY reduction in the average yield on interest-earning assets, reflecting the repricing of assets in line with the decline in market interest rates. Furthermore, interest income for 2023 included earnings from the reinvestment of a significant fixed deposit of Rs. 2.2 Bn, placed by a related party in 2022, which was withdrawn in 2023.

Interest expense, which accounted for 25.0% of interest income during the year under review (2023 – 36.1%), declined by 34.1% to record Rs. 259.9 Mn for 2024, compared to Rs. 394.2 Mn recorded for 2023. This reduction was largely driven by a 6.7% decrease in the cost of funds, resulting from the mobilisation of low-cost customer deposits and the repricing of existing deposits in line with the decline in market interest rates.

As a result, net interest income increased by 11.3% YoY to record Rs. 778.2 Mn in 2024. This growth was underpinned by an improvement in the net interest margin, which increased to 12.9% in 2024 from 12.7% in 2023.



Fee based income

Total fee and commission income increased significantly to Rs. 586.5 Mn for 2024 compared to Rs. 60.8 Mn recorded for 2023, recording an increase of 864.5% YoY. This increase was mainly driven by higher income from merchant payments, savings and debit card-related services and loan fees.

Fee and commission expenses, mainly related to merchant payments, savings and debit card services, increased to Rs. 235.6 Mn for the year ended 31 December 2024, up from Rs. 10.3 Mn in the previous year.

Consequently, net fee and commission income grew to Rs. 350.8 Mn in 2024, compared to Rs. 50.6 Mn in 2023. This represented 30.6% of total operating income for the year, contributing to an increase of 23.9% YoY.

Management Discussion and Analysis

Other income

Total other income, comprising net gains and losses from trading and other operating income, amounted to Rs. 16.4 Mn in 2024, compared to Rs. 7.2 Mn in 2023. The increase in other operating income was driven by penal charges related to lending activities.

Total operating income

Driven by the growth in net interest income and fee-based income, total operating income grew by 51.4% YoY to reach Rs. 1,145.5 Mn for the year ended 31 December 2024, compared to total operating income of Rs. 756.7 Mn recorded in the previous year.

Impairment charges

Impairment charges for the year ended 31 December 2024 increased by Rs. 92.4 Mn to reach Rs. 114.2 Mn for 2024 compared to Rs. 21.8 Mn for 2023. This increase was primarily attributable to higher impairment provisions on loans and advances in line with the expansion of the loan portfolio. Furthermore, the previous year included a reversal of an impairment provision amounting to Rs. 20.2 Mn relating to the investment portfolio. This provision had originally been recognised in 2022 by way of management overlays as a prudent measure.

Operating expenses

Total operating expenses amounted to Rs. 987.2 Mn for the year ended 31 December 2024, reflecting a 56.2% YoY increase compared to Rs. 632.0 Mn recorded in 2023. This increase was driven by both personnel expenses and other operating expenses.

Personnel expenses increased by 34.3% to record Rs. 337.3 Mn for 2024 from Rs. 251.2 Mn for 2023 due to salary increments, other staff-related costs, and an expansion of the workforce to support business growth.

Other operating expenses recorded an increase of 70.7%, to reach Rs. 649.9 Mn for 2024 from Rs. 380.7 Mn for 2023, contributed by increased cost stemming from the launch and scaling of "Genie Business", the merchant and acquiring business proposition of the Company, following the receipt of the Payment Acquiring License from the CBSL. Furthermore, this

increase in cost was contributed by investments in human capital, technology and customer experience to support business strategies and business growth. Other operating expenses also included a provision of Rs. 25.7 Mn for operational risk losses, relating to an external fraud incident disclosed under Note 25.1 in the financial statements of this annual report.

As a result, the cost-to-income ratio rose to 86.2% in 2024 from 83.5% in 2023. Nevertheless, the Company continued to implement aggressive cost management and rationalisation initiatives, including process streamlining aimed at delivering service excellence and achieving a leaner cost structure. Going forward, anticipated income growth is expected to support a further reduction in the cost-to-income ratio.

Operating profit before taxes on Financial Services and taxes of Financial Services

Due to the increase in operating expenses, outpacing operating income growth, operating profit before tax on financial services declined by 57.2% YoY to reach Rs. 44.0 Mn for the year ended 31 December 2024 (2023 – Rs. 102.9 Mn).

Taxes on financial services which include Value Added Tax (VAT) and Social Security Contribution Levy (SSCL) amounted to Rs. 60.0 Mn for 2024, reflecting a YoY increase of 3.2%. The increase was mainly attributed to higher value addition from the supply of financial services, which is subject to these levies.

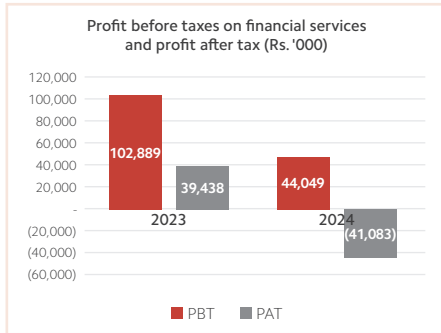
Profit before and after taxes

Due to the increase in operating expenses and taxes of financial services outpacing the growth in operating income, the Company recorded a loss before tax of Rs. 15.9 Mn for the year ended 31 December 2024, compared to the profit before taxes of Rs. 44.7 Mn recorded for 2023.

Further, the Company recorded a deferred tax asset reversal of Rs. 25.1 Mn for 2024. This reversal was attributed to the decrease in deferred tax asset due to the reduction of carried forward tax losses with the set off against taxable profit generated for the year under review.

Management Discussion and Analysis

Accordingly, the Company recorded a net loss of Rs. 41.1 Mn for the year ended 31 December 2024 relative to the net profit of Rs. 39.4 Mn recorded for the previous financial year.



Return on Assets (ROA) and Return on Equity (ROE)

Reflecting the decline in profitability during the year, both Return on Assets (ROA) and Return on Equity (ROE) recorded negative at 0.65% (negative) and 1.58% (negative) respectively, compared to the Return on Assets (ROA) and Return on Equity (ROE) of 0.78% and 1.49% reported respectively in 2023.

Analysis of Statement of Financial Position

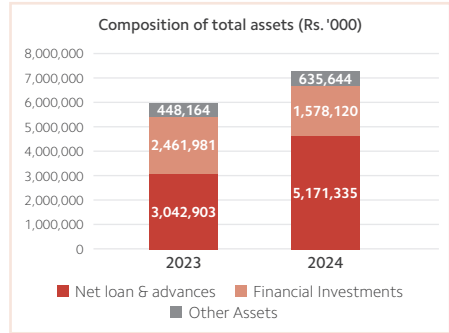
Total assets

The total asset base of the Company grew by 24.1%, reaching Rs. 7.4 Bn as at 31 December 2024, primarily driven by an expansion in the lending portfolio.

Loans and advances

The lending book recorded a notable growth of 69.7% YoY to record gross loan and advances at Rs. 5.4 Bn as at 31 December 2024, compared to Rs. 3.2 Bn as at 31 December 2023. This growth was driven by strong performance in both consumer and retail/merchant lending activities. As a result, the net loans and advances stood at Rs. 5.2 Bn as at 31 December 2024, reflecting a significant growth of 69.9% YoY.

The net loans and advances portfolio represented 70.0% of the total assets as at 31 December 2024, marking a notable improvement of 18.9% YoY compared to 51.1% as at 31 December 2023.



Asset quality

Amid improved macroeconomic stability in Sri Lanka, the Company continued to maintain a strong risk management framework, a moderate risk appetite and efficient recovery strategies. These efforts enabled the Company to maintain Non-Performing Advances (NPAs) at levels well within its defined risk appetite of the Company.

Gross Non-Performing Advances (NPA) ratio declined marginally to 5.21% as at the end of December 2024, from 5.37% recorded at the end of 2023. This remained significantly below industry benchmarks and within the Company's risk appetite.

The Net NPA ratio also improved to 1.43% as at the end 2024, compared to 1.61% at the end of the previous year.

The total impairment coverage ratio (cumulative impairment provision for loans and advances as a percentage of the gross loan portfolio) stood at 4.35% as at 31 December 2024 (2023 – 4.48%). Notably, the Stage 3 Impairment Coverage Ratio (cumulative impairment provision for stage 3 loans and advances as a percentage of stage 3 loans and advances) significantly improved to 68.5% as at end 2024, from 47.2% as at end 2023, reflecting overall improvement in the quality of the loan book of the Company.

Customer deposits & Borrowings

The deposit base increased significantly by 54.6%, reaching Rs. 4.0 Bn as at 31 December 2024, compared to Rs. 2.6 Bn recorded as at 31 December

Management Discussion and Analysis

2023. Deposits accounted for 54.8% of the total asset base as at 31 December 2024 compared to 44.0% as at 31 December 2023. This growth was driven by strong performance in both savings deposits and fixed deposits.

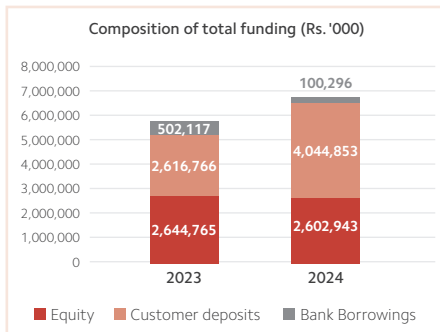
During the year, the Company carried out deposit mobilisation mainly through digital channels, supported by a comprehensive funding strategy aimed at addressing both short-term and long-term liquidity and funding requirements.

The Company maintained short-term bank funding lines from Banks totalling to LKR 1.0 Bn during the year. These funding lines were utilised to meet short-term working capital requirements, including lending and investment needs, as required. As at 31 December 2024, bank borrowings stood at LKR 100.3 Mn, compared to LKR 502.1 Mn as at the end of 2023.

Shareholders' funds

The equity base of the Company decreased by 1.6% YoY, to reach Rs. 2,602.9 Mn as at 31 December 2024 with the net loss of the year. The Tier I capital adequacy ratio (CAR) and Total CAR stood at 28.47% as at 31 December 2024, which were well above the CBSL's prescribed minimum thresholds of 8.5% for Tier I CAR and 12.5% for Total CAR.

The Company's core capital, represented by its total equity, amounted to Rs. 2,602.9 Mn as at 31 December 2024 which was well above the CBSL's prescribed minimum threshold of Rs. 2,500 Mn.



Liquidity

During the year, the Company consistently maintained its statutory liquid asset requirements and ratios well above the minimum levels prescribed by the Central Bank of Sri Lanka. The Company ensured adequate liquidity in high-quality liquid assets was always maintained to address foreseeable events, while also carefully managing any adverse effects on profitability arising from excess liquidity.

	At 31 December 2024		At 31 December 2023	
	Actual	CBSL minimum requirement	Actual	CBSL minimum requirement
Total liquid assets	1,263,426	496,487	1,444,062	346,142
Approved government securities	898,649	253,784	1,254,388	242,515

Net asset value per share and earnings per share

With the recording of a net loss of Rs. 41.1 Mn for the year ended 31 December 2024, both net asset value per share and earnings per share performance declined YoY. Net assets per share decreased to Rs. 22.17 as at 31 December 2024, compared to Rs. 22.53 as at 31 December 2023. Earnings per share recorded a negative Rs. 0.35 for the year ended 31 December 2024 compared to a positive Rs. 0.34 reported for the year ended 31 December 2023.

Performance of the share

As at 31 December 2024, the Company's share price stood at Rs. 47.80, reflecting a decrease of 10.2% compared to the closing price of Rs. 53.20 as at 31 December 2023. Throughout the year under review, the share price fluctuated between a high of Rs. 56.00 and a low of Rs. 35.0.

Corporate Governance

Introduction

Corporate Governance refers to the framework of rules, practices, and processes by which the Company is directed and controlled. The framework ensures the Company's accountability, transparency, and fairness to all stakeholders, including shareholders, employees, customers and the community.

The Board of Directors (Board) play a pivotal role in ensuring robust corporate governance within an organisation. Tasked with oversight and strategic direction, they serve as custodians of the Company's values and interests.

The Corporate Governance Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka (CBSL) as well as Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) are key regulations which strengthen the Corporate Governance practices within the Company.

The following report sets out the extent of which the Company has complied with the minimum requirements set out in the aforementioned regulations during the year under review whereas the Board has obtained an assurance statement from the external auditors of the Company of the compliance with the said Direction.

Board of Directors

The Board holds a critical responsibility in upholding and advancing Corporate Governance within the Company. They establish the ethical tone, governance structures, and oversight mechanisms necessary for fostering integrity and transparency throughout the Company. Responsibilities include appointing and monitoring management, overseeing risk and financial matters, engaging with stakeholders, and ensuring compliance with laws and ethical standards, continuously evaluating their own performance and governance practices to drive ongoing improvement.

In summary, the Board of Directors serves as the guardian of Corporate Governance, overseeing strategic direction, risk management, stakeholder

engagement, and ethical conduct within the Company. Through their leadership, diligence, and commitment to best practices, Board Members safeguard the interests of stakeholders and contribute to the long-term success and sustainability of the Company.

Composition

The composition of the Board of Directors as at 31 December 2024 was as follows:

Name of Director	Position	Date of Appointment
Renuka Nandini Kurukulasuriya Fernando (Chairperson)	Non-Independent, Non-Executive	22 May 2020
Wewage Viranga Supun Dep Weerasinghe	Non-Independent, Non-Executive	9 November 2017
Patrick Priyan Edirisinghe*	Independent Non- Executive	19 January 2016
Lakshman Dileep Roshaan Hettiaratchi*	Independent, Non-Executive	9 February 2016
Lim Li San**	Non-Independent, Non-Executive	11 October 2024
Alexander Löwbäck**	Independent, Non-Executive	11 October 2024
Mohamed Hassen Nazeem Mohamed	Non-Independent, Executive	24 June 2022

* Mr. Priyan Edirisinghe and Mr. Roshaan Hettiaratchi having completed nine (09) years of service on the Board, retired from the Board of Directors of the Company effective 19 January 2025 and 09 February 2025 respectively.

** Mr. Alexander Löwbäck and Ms. Lim Li San were appointed as Independent, Non-Executive Director and Non-Independent, Non-Executive Director of the Company effective 11 October 2024.

Corporate Governance

The current composition of the Board of Directors is as follows.

Name of Director	Position	Date of Appointment
Renuka Nandini Kurukulasuriya Fernando (Chairperson)	Non-Independent, Non-Executive	22 May 2020
Wewage Viranga Supun Dep Weerasinghe	Non-Independent, Non-Executive	9 November 2017
Lim Li San	Non-Independent, Non-Executive	11 October 2024
Alexander Löwbäck	Independent, Non-Executive	11 October 2024
Shivaan Kanag-Isvaran	Independent, Non-Executive	5 March 2025
Uditha Chinthana Jayasinghe	Independent, Non-Executive	11 Apr 2025
Mohamed Hassen Nazeem Mohamed	Non-Independent, Executive	24 June 2022

The profiles of each Director are given on pages 15 to 18.

The Board comprised of Seven (7) Directors, 6 of which were Non-Executive Directors and 1 Executive Director. The Non-Executive Directors possess industry knowledge, financial expertise, and governance experience. They maintain integrity while communicating effectively and promoting ethical leadership. These skills enable them to provide unbiased oversight and strategic guidance within the organization.

The Board has determined that three (3) of the Non-Executive Directors are 'independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the Corporate Governance Directions issued by CBSL. The other three (3) Non-Executive Directors are considered Non-Independent as they are nominees of Dialog Axiata PLC, the major shareholder of the Company.

Board Meeting and Attendance

The Board meets once a month unless the business exigencies demand the convening of special board meetings. Accordingly, Twelve (12) Board meetings were held during the year under review. Members of the management and external advisors were invited as and when required to attend Board meetings to present papers and provide further clarity to the Board.

The attendance of Directors at the aforesaid meetings is set out in the table below:

Name of Director	Attendance
Ms. Renuka Fernando	11/12
Mr. Supun Weerasinghe	11/12
Mr. Roshan Hettiaratchi	12/12*
Mr. Priyan Edirisinghe	12/12*
Ms. Lim Li San	2/12**
Mr. Alexander Löwbäck	2/12**
Mr. Nazeem Mohamed	12/12

Delegation of Authority and Board Committees

The Board has delegated authority to its Board Committees and Management.

In compliance with the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 by the Central Bank of Sri Lanka and the Listing Rules of the CSE, the Board is supported by the following Board Committees:

- Audit Committee
- Related Party Transactions Review Committee
- Integrated Risk Management Committee
- Nominations and Governance Committee
- Remuneration Committee

All Board Committees have written Terms of Reference approved by the Board, and the Board receives reports of their proceedings and deliberations. Matters which Committees have no authority to decide on, are reserved for the Board and recommendations are made to the Board for deliberation and approval.

Corporate Governance

The reports of the above Committees for the year under review are set out in pages 99 to 109.

The Company has also established several Management Committees for Information Technology, Information Security, Recoveries, Credit, Assets and Liability Management and Customer Experience to oversee the specific areas and thereby ensuring that decision-making is on a participatory basis.

The Senior Management

The Senior Management led by the Chief Executive Officer, is responsible for executing the Company's strategic vision, overseeing day-to-day operations, and ensuring efficient resource allocation. They provide leadership, mentorship, and direction to teams, manage financial resources, and cultivate relationships with stakeholders. Additionally, they mitigate risks, foster innovation, and uphold ethical standards within the organisation. In summary, senior management plays a critical role in driving the Company's success and sustainability across various fronts.

Access to Information

Access to information is paramount for the Board in the decision-making processes. It enables them to gain insights, assess risks, and make informed strategic choices. By having comprehensive information, the Board can effectively fulfill their oversight responsibilities, enhance transparency, and steer the Company toward sustainable growth and success.

All Board Members have access to the advice and services of the Company Secretary. Furthermore, should the need arise, the members of the Board have access to independent professional advice at any juncture during the course of fulfilling their responsibilities, at the expense of the Company.

Financial Disclosure and Transparency

The Company prepares its Financial Statements in accordance with the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007, the Finance Business Act No. 42 of 2011 and the directions and rules issued thereunder. The unaudited provisional quarterly

statements of accounts are released to the CSE in compliance with the Listing Rules of the CSE. Messrs. Deloitte Partners served as the External Auditors of the Company for the year under review.

The external auditors act independently without intervention from the Management or the Board of the Company with regard to the financial statements of the Company. All the required information is provided for examination to the auditors.

Ethical Standards

Ensuring compliance with ethical standards is essential for the Company to maintain trust, reputation, and sustainability. Key strategies deployed by the Company in achieving ethical compliance include establishing a robust Code of Conduct that outlines expected behavior, implementing comprehensive training programs to educate employees on ethical practices, fostering a culture of accountability and transparency, conducting regular audits and assessments to identify and address ethical risks, and empowering employees to report unethical behavior through confidential channels as set out in the Company's Whistle Blowing Policy and Procedure.

The Company has further adopted and implemented the Dialog Axiata Group Policy on Anti-Bribery and Anti-Corruption ("ABAC Policy"). The objective of the ABAC Policy is to ensure that the Company conducts business with zero tolerance of any forms of bribery and corruption in line with the Company's core value of Uncompromising Integrity.

By prioritizing ethics and integrity in all aspects of operations, the Company demonstrate its commitment to ethical standards which foster stakeholder trust.

Remuneration

The remuneration of non-executive directors comprises a monthly fixed allowance and meeting allowances paid in accordance with the number of meetings attended during the period.

Corporate Governance

Statutory Payments

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments due to the government, other regulatory institutions and in relation to the employees have been made.

Compliance with Central Bank Regulations

To the best of the knowledge and belief of the Directors, the Company has not engaged in any activity contravening applicable laws and regulations.

Except as set out in the corporate governance checklist, the Compliance Officer of the Company ensures that the Company is in compliance with the Directions, Rules, Determination, Notices and Guidelines issued to the Licensed Finance Companies, Public Listed Companies and generally in business activities undertaken by the Company.

Accountability and Disclosure

In the year under review, the members of the Board of Directors have reviewed in detail the Annual Financial Statements in order to satisfy themselves that they present a true and fair view of the affairs of the Company. A summary of Directors' Responsibilities in respect of the Annual Finance Statements are given on page 115.

Respect for the Rights of Shareholders

The Company recognizes that safeguarding and respecting the rights of shareholders is crucial for maintaining trust, transparency, and accountability within a Company. Key steps taken by the Company to achieve this includes providing timely and accurate information to shareholders, ensuring equitable treatment of all shareholders regardless of size or ownership percentage, facilitating shareholder engagement through annual meetings and other communication channels, implementing effective corporate governance structures and practices, including independent Board oversight and shareholder voting rights, and adhering to regulatory requirements related to shareholder rights and protections. By prioritizing shareholder rights and

actively involving them in the decision-making processes, the Company fosters a culture of trust and accountability while enhancing long-term shareholder value.

The Company communicates with the shareholders through the following means of communication:-

1. Annual General Meeting (AGM)

The AGM is a key event where shareholders gather to discuss Company performance, vote on important matters such as Board elections and executive compensation, and receive updates on financial results and strategic plans. It provides an opportunity for shareholders to engage with company management, ask questions, and voice concerns. The AGM is essential for transparency, accountability, and shareholder participation in corporate decision-making. The AGM is also attended by the External Auditors of the Company.

2. Announcements to the Colombo Stock Exchange (CSE)

Announcements of quarterly interim financial results and various announcements on corporate actions are disclosed to the CSE in a prompt and timely manner in compliance with the Listing Rules of the CSE.

3. Company Website

Information on the Company's performance, financial information, latest news, and other corporate information is made available on the Company's website at <https://www.dialogfinance.lk>

Major Transactions

There were no transactions during the year under review, deemed as a "major transaction" in terms of the definition stipulated in the Companies Act, No. 7 of 2007 which required shareholder approval.

Corporate Governance

The Compliance Report on the adherence with the requirements of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 (the 'Direction') are tabulated below.

Section	Requirement	Status of Compliance	Comments
1. Board's Overall Responsibilities			
1.1	The Board shall have overall responsibility and accountability for the Finance Company (FC), including approving and overseeing management's implementation of the FCs corporate strategy, setting up the governance framework, establishing corporate culture and ensuring compliance with regulatory requirements.	Complied	
1.2 Business Strategy and Governance Framework			
1.2.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 business environment	Complied	
1.2.b	Approving and implementing the Company's governance framework commensurate with the Company's size complexity, business strategy and regulatory requirements	Complied	
1.2.c	Assessing the effectiveness of the Company's governance framework periodically	Complied	
1.2.d	Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibility	Complied	
1.3 Corporate Culture and Values			
1.3.a	Ensuring that there is a sound corporate culture within the Company, which reinforces ethical, prudent and professional behavior	Complied	
1.3.b	Playing a lead role in establishing the Company's corporate culture and values, including developing a code of conduct and managing conflicts of interest	Complied	
1.3.c	Promoting sustainable finance through appropriate environmental, social and governance considerations in the Company's business strategies	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
1.3.d	Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers and other creditors, in the view of projecting a balanced view of the Company's performance, position and prospects in public and regulators	Complied	
1.4 Risk Appetite, Risk Management and Internal Controls			
1.4.a	Establishing and reviewing the Risk Appetite Statement (RAS) in line with the Company's business strategy and governance framework	Complied	
1.4.b	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently	Complied	
1.4.c	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically	Complied	
1.4.d	Approving and overseeing business continuity and disaster recovery plan for the Company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances	Complied	
1.5 Board Commitment and Competency			
1.5.a	All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the Company	Complied	
1.5.b	All members of the Board shall possess necessary qualifications, adequate skills, knowledge and experience	Complied	
1.5.c	The Board shall regularly review and agree the training and development needs of all the members	Complied	
1.5.d	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Board as a whole and that of its committees and maintain records of such assessments	Complied	
1.5.e	The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the Company	N/A	No such circumstances arose during the period under review

Corporate Governance

Section	Requirement	Status of Compliance	Comments
1.6 Oversight of Senior Management			
1.6.a	Identifying and designating senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management	Complied	
1.6.b	Defining the areas of authority and key responsibilities for the senior management	Complied	
1.6.c	Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the Company's strategic objectives	Complied	
1.6.d	Ensuring there is an appropriate oversight of the affairs of the Company by senior management	Complied	
1.6.e	Ensuring the Company has an appropriate succession plan for senior management	Complied	
1.6.f	Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives	Complied	
1.7 Adherence to the Existing Legal Framework			
1.7.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	
1.7.b	Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards	Complied	
1.7.c	Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently	Complied	
2. Governance Framework			
2.1	Board shall develop and implement a governance framework in line with the Direction	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
3. Composition of the Board			
3.1	The Board's composition shall ensure a balance of skills and expertise as maybe deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the Company	Complied	
3.2	The number of directors of the Board shall not be less than 07 and not more than 13.	Complied	The Company was not in Compliance with this requirement from 1st July 2024 to 11th October 2024.
3.3	The total period of service of a director other than a director who holds the position of CEO/executive director shall not exceed nine years	Complied	
3.4	Non-executive directors are eligible to hold office exceeding 9 years of service with prior approval of the Director of Supervision of Non-Bank Financial Institutions (DSNBF1) subject to the provisions of the Direction provided that the non-executive directors eligible to exceed 9 years are limited to ¼ of the total number of directors on the Board.	N/A	
3.5 Executive Directors			
3.5.a	Only an employee of the Company shall be nominated, elected and appointed as an executive director of the Company, provided that the number of executive directors shall not exceed 1/3 of the total number of directors of the Board	Complied	
3.5.b	A shareholder who directly or indirectly holds more than 10% shares of the Company shall not be appointed as an executive director or as senior management. Provided however that existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the Company and maybe appointed as a non executive director subject to the provisions of the Direction.	N/A	The executive director or any of the members of the senior management are not shareholders who directly or indirectly hold more than 10% shares of the Company
3.5.c	In the event of presence of the executive directors, CEO shall be one of the executive directors and maybe designated as the managing director of the Company	Complied	The CEO is appointed as an executive director to the Board

Corporate Governance

Section	Requirement	Status of Compliance	Comments
3.5.d	All executive directors shall have a functional reporting line in the organization structure of the Company.	Complied	
3.5.e	The executive directors are required to report to the Board through CEO.	N/A	
3.5.f	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity	Complied	
3.6 Non-executive Directors			
3.6.a	Non-executive directors shall possess credible track records, and have necessary skills, competency and experience to bring independent judgement on the issues of strategy, performance, resources and standards of business conduct	Complied	
3.6.b	A non-executive director cannot be appointed or function as the CEO/executive director of the Company	Complied	
3.7 Independent Directors			
3.7.a	The number of independent directors of the Board shall be at least 3 or 1/3 of the total number of directors of the Board, whichever is higher.	Complied	
3.7.b	Independent directors appointed shall be of highest caliber, with professional track record and sufficient experience	Complied	
3.7.c	Instances wherein a non-independent director shall not be considered independent.	N/A	
3.7.d	The nomination committee of the Board should determine whether there is circumstance or relationship, which is not listed in the Directions which might impact a director's independence, or the perception of independence.	Complied	
3.7.e	An independent director shall immediately disclose to the Board any change in circumstances that may affect the status as an independent director.	N/A	No such circumstances have arisen during the period under review

Corporate Governance

Section	Requirement	Status of Compliance	Comments
3.8 Alternate Directors			
3.8.a	Instances under which representation through an alternate director is permitted under the Direction	N/A	No alternate directors have been appointed to the Board
3.8.b	The existing directors of the Company cannot be appointed as an alternate director to another existing director of the Company	N/A	No alternate directors have been appointed to the Board
3.8.c	A person appointed as an alternate director to one of the directors cannot extend the role as an alternate director to another director in the same Board	N/A	No alternate directors have been appointed to the Board
3.8.d	An alternate director cannot be appointed to represent an executive director	N/A	No alternate directors have been appointed to the Board
3.8.e	In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that apply to an independent director	N/A	No alternate directors have been appointed to the Board
3.9 Cooling off Period			
3.9.a	There shall be a cooling off period of 6 months prior to an appointment of any person as a director, CEO of the Company, who was previously employed as a CEO or director of another LFC.	N/A	No such circumstances have arisen during the period under review
3.9.b	A director who fulfills the criteria to become an independent director shall only be considered for such appointment after a cooling off period of 1 year if such director has been previously considered as non-independent under the provisions of the Direction	N/A	No such circumstances have arisen during the period under review

Corporate Governance

Section	Requirement	Status of Compliance	Comments
3.10 Common Directorships			
	Director or senior management of the Company shall not be nominated, elected or appointed as a director of another LFC except where such LFC is a parent company, subsidiary company or an associate company or has a joint arrangement with the first mentioned LFC subject to conditions stipulated in the Directions.	N/A	No such circumstances have arisen during the period under review
3.11	The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of the Company shall not hold office as a director or any other equivalent position (including alternate directors) in more than 20 companies/ societies/ bodies, including subsidiaries and associates of the Company.	N/A	No such circumstances have arisen during the period under review
4. Assessment of Fitness and Propriety Criteria			
4.1	No person shall be nominated, elected or appointed as a director of the Company or continue as a Director of the Company unless that person is a fit and proper person to hold office as a director of the Company in accordance with the Finance Business Act (assessment of Fitness and Propriety of Key Responsible Persons) direction as amended.	Complied	
4.2	A person over the age of 70 years shall not serve as a director of the Company	N/A	No directors in the Board have reached the age of 70
4.3	A director who is already holding office at the effective date of the Direction, who attains the age of 70 on or before 31st March 2025, is permitted to continue in office as a director, exceeding 70 years of age up to maximum of 75 years of age subject to the provisions of the Direction.	N/A	No directors in the Board have reached the age of 70
5. Appointment and resignations of directors and senior management			
5.1	The appointments, resignations or removals shall be made in accordance with the provisions of the Finance Business Act (assessment of Fitness and Propriety of Key Responsible Persons) direction	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
6. The Chairperson and CEO			
6.1	There shall be a clear division of responsibilities between the chairperson and CEO and responsibilities of each person shall be set out in writing.	Complied	
6.2	The chairperson shall be an independent director subject to 6.3	Complied	The chairperson is a Non-Independent, Non-Executive director and as such Mr. Priyan Edirisinghe who is an Independent Non Executive director has been appointed as a Senior Director.
6.3	In case where the chairperson is not independent, the Board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as a intermediary for other directors and shareholders. Non-executive directors including senior director shall assess the chairperson's performance at least annually.	Complied	The chairperson is a Non-Independent, Non-Executive director and as such Mr. Priyan Edirisinghe who is an Independent Non Executive director has been appointed as a Senior Director.
6.4 Responsibilities of the Chairperson			
6.4.a	Provide leadership to the Board	Complied	
6.4.b	Maintain and ensure a balance of power between executive and non-executive directors	Complied	
6.4.c	Secure effective participation of both executive and non-executive directors	Complied	
6.4.d	Ensure the Board works effectively and discharges its responsibilities	Complied	
6.4.e	Ensure all key issues are discussed by the Board in a timely manner	Complied	
6.4.f	Implement decisions / directions of the regulator	Complied	
6.4.g	Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary	Complied	The Chairperson has delegated the function of preparing the agenda to the Company Secretary who carried out the function in consultation with the CEO and the Chairperson.

Corporate Governance

Section	Requirement	Status of Compliance	Comments
6.4.h	Not engage in activities involving direct supervision of senior management or any other day to day operational activities	Complied	
6.4.i	Ensure appropriate steps are taken to maintain effective communication with shareholders and that views of the shareholders are communicated to the Board	Complied	
6.4.j	Annual assessment on the performance and the contribution during the past 12 months of the Board and the CEO	Complied	
6.5 Responsibilities of the CEO			
6.5.a	Implementing business risk strategies in order to achieve the Company's strategic objectives	Complied	
6.5.b	Establishing a management structure that promotes accountability and transparency through the Company's operations and preserves the effectiveness and independence of control functions	Complied	
6.5.c	Promoting, together with the Board, a sound corporate culture and being accountable for accurate submission of information to the regulator	Complied	
6.5.d	Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator	Complied	
6.5.e	Strengthening the regulatory and supervisory compliance framework	Complied	
6.5.f	Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner	Complied	
6.5.g	CEO must devote the whole of the professional time to the service of the Company and shall not carry on any other business, except as a non-executive director of another company, subject to the provisions of the Direction.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
7. Meetings of the Board			
7.1	The Board shall meet at least 12 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	
7.2	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the Board to be represented in the agenda for scheduled Board meetings	Complied	
7.3	A notice of at least 3 days shall be given for scheduled Board meeting. For all other Board meetings, a reasonable notice shall be given	Complied	
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions	Complied	
7.5	A meeting of Board shall not be constituted, although the number of directors required to constitute the quorum at such meeting is present unless at least ¼ of the number of directors that constitute the quorum at such meeting are independent directors	Complied	
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	Non-Complied	Only one such meeting was held during the period under review.
7.7	A director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested, and he shall not be counted in the quorum for the relevant agenda item in the Board meeting	N/A	No such circumstance has arisen during the period under review.
7.8	A director who has not attended at least 2/3 of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the director's meetings through an alternate director shall be acceptable as attendance, subject to applicable provisions of the Direction	N/A	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
7.9	For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where director cannot attend on short notice, participation through electronic means is acceptable	Complied	
8. Company Secretary			
8.1			
8.1.a	The Board shall appoint a company secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings, and to carry out other functions specified in the statutes and other regulations	Complied	
8.1.b	The Board shall appoint its company secretary, subject to transitional provisions in the Directions, a person who possesses such qualifications as may be prescribed for a secretary of a company under section 222 of the Companies Act, No7 of 2007 on being appointed the company secretary, such person shall become an employee of the Company and shall not be an employee of any other institution	Complied	
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	
8.3	The company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function	Complied	
8.4	The company secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings for a minimum period of 6 years	Complied	
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.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
8.6	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of the Board Meeting shall clearly include the information stipulated in the Directions.	Complied	
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice any director.	Complied	
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	
9.2	In the absence of any of the sub-committees mentioned in the Directions, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	N/A	The sub-committees stipulated in the Directions have been established by the Board
9.3	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions	Complied	
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	
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	

Corporate Governance

Section	Requirement	Status of Compliance	Comments									
10. Board Sub-Committees												
10.1												
10.1.a	For the purpose of specifying the requirements for Board Committees, the LFCs are divided into two categories based on the asset base as per the latest audited statement of financial position as LFCs with asset base more than 20Bn and LFCs with asset base of less than 20Bn subject to the transitional provisions of the Direction.	Complied										
	<table border="1"> <thead> <tr> <th></th> <th>Asset base more than 20Bn</th> <th>Asset base less than 20Bn</th> </tr> </thead> <tbody> <tr> <td>Board Sub Committee</td> <td>Board Audit Committee (BAC) Board Integrated Risk Management Committee (BIRMC) Nomination Committee Human Resource and Remuneration Committee Related Party Transactions Review Committee (RPTRC)</td> <td>BAC BIRMC RPTRC</td> </tr> <tr> <td>Meetings</td> <td>BAC and BIRMC – once in 2 months Other committees – annually</td> <td>BAC and BIRMC – quarterly Other committees - annually</td> </tr> </tbody> </table>		Asset base more than 20Bn	Asset base less than 20Bn	Board Sub Committee	Board Audit Committee (BAC) Board Integrated Risk Management Committee (BIRMC) Nomination Committee Human Resource and Remuneration Committee Related Party Transactions Review Committee (RPTRC)	BAC BIRMC RPTRC	Meetings	BAC and BIRMC – once in 2 months Other committees – annually	BAC and BIRMC – quarterly Other committees - annually		
	Asset base more than 20Bn	Asset base less than 20Bn										
Board Sub Committee	Board Audit Committee (BAC) Board Integrated Risk Management Committee (BIRMC) Nomination Committee Human Resource and Remuneration Committee Related Party Transactions Review Committee (RPTRC)	BAC BIRMC RPTRC										
Meetings	BAC and BIRMC – once in 2 months Other committees – annually	BAC and BIRMC – quarterly Other committees - annually										
10.1.b	Each Board sub-committee shall have a board approved written terms of reference specifying clearly its authority and duties	Complied										
10.1.c	The Board shall present a report on the performance of duties and functions of each Board sub-committee, at the annual general meeting of the Company.	Complied	A report on the performance of duties and functions of each Board sub-committee is included in the Annual Report of the Company.									

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.1.d	Each sub-committee shall appoint a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee.	Complied	
10.1.e	Each Board sub-committee shall consist of at least 3 Board members and shall only consist of members of the Board, who have the skills, knowledge and experience relevant to the responsibilities of the committee	Complied	
10.1.f	The Board may consider occasional rotation of members and of the chairperson of Board sub-committees, as to avoid undue concentration of power and promote new perspectives	N/A	
10.2 Board Audit Committee (BAC)			
10.2.a	The chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/or audit	Complied	
10.2.b	The Board members appointed to the BAC shall be non-executive directors and majority shall be independent directors with necessary qualifications and experience relevant to the scope of the BAC	Complied	
10.2.c	The secretary to the BAC shall preferably be the Chief Internal Auditor (CIA)	N/A	The Company secretary functions as the secretary of BAC.
10.2.d External Audit Function			
10.2.d.i	The BAC shall make recommendations on matters in connection with the appointment of the auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the auditor	Complied	
10.2.d.ii	Engagement of an audit partner shall not exceed 5 years, and that the particular audit partner is not re-engaged for the audit before the expiry of 3 years from the date of the completion of the previous term. Further, the Company shall not use the service of the same external audit firm for not more than 10 years consecutively.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.2.d.iii	Audit partner of the Company shall not be a substantial shareholder, director, senior management or employee of the Company	Complied	
10.2.d.iv	The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	Complied	
10.2.d.v	Audit partner shall not be assigned with any non-audit services with the Company during the same year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity	Complied	
10.2.d.vi	The BAC shall before the audit commences discuss and finalize with the external auditors the nature and scope of the audit, including the matters set out in the Direction.	Complied	
10.2.d.vii	The BAC shall review the financial information of the Company, in order to monitor the integrity of the financial statements of the Company in its annual report, accounts and periodic reports prepared for disclosure, and the significant financial reporting judgements contained therein. In reviewing the Company's annual report and accounts and periodical reports before submission to the Board, the committee shall focus primarily on the matters set out in the Direction.	Complied	
10.2.d.viii	The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.2.d.ix	The BAC shall review the external auditor's management letter and the management's response thereto within 3 months of submission of such, and report to the Board.	Complied	
10.2.e	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	Complied	
10.2.f	The BAC shall ensure that the senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to internal audit function of the Company	Complied	
10.2.g Internal Audit Function			
10.2.g.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 FC's internal control, risk management, governance systems and processes	Complied	
10.2.g.ii	The internal audit function shall have a clear mandate, be accountable to the BAC, and be independent and shall have sufficient expertise and authority within the FC to carry out their assignments effectively and objectively.	Complied	
10.2.g.iii	The BAC shall take the steps morefully detailed in the Direction with regard to the internal audit function of the Company.	Complied	
10.2.h	The BAC shall review the statutory examination reports of the CBSL and ensure necessary corrective actions are taken on a timely manner and monitor the progress of implementing the time bound action plan quarterly.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.2.i Meetings of the Committee			
10.2.i.i	The BAC shall meet as specified in the Directions with due notice of its issues to be discussed and shall record its conclusions in discharging its duties and responsibilities	Complied	
10.2.i.ii	Other Board members, senior management or any other employee may attend Board meetings upon the invitation of the committee when discussing matters under their purview	Complied	
10.2.i.iii	BAC shall meet at least twice a year with the external auditors without any other directors/ senior management/ employees being present	Complied	
10.3 Board Integrated Risk Management Committee			
10.3.a	The BIRMC 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 to closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	Complied	
10.3.b	The secretary to the committee may preferably be the CRO	N/A	Company Secretary functions as the Secretary for IRMC
10.3.c	The committee shall assess the impact of risks, including credit, market, liquidity, operational, strategic, compliance and technology, to the Company at least 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	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.3.d	Developing the Company's risk appetite through the Risk Appetite Statement (RAS) which articulates the individual and aggregate level and types of risk that a Company will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include the relevant matters as provided in the Direction.	Complied	
10.3.e	The BIRMC shall review the Company's risk policies including RAS at least annually	Complied	
10.3.f	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity, investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Complied	Below management level committee decisions are briefed at BIRMC Meetings, - Asset and Liability Committee - Credit Committee - Information Technology and Security Steering Committee
10.3.g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans	Complied	
10.3.h	BIRMC shall annually assess the performance of the compliance officer and the CRO	Non-Compliant	
10.3.h.i Compliance Function			
10.3.h.i.i	BIRMC shall establish an independent compliance function to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.3.h.i.ii	For LFCs with asset base of more than Rs. 20 bn, a dedicated compliance officer considered to be senior management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	N/A	Company asset base is below Rs.20Bn, Compliance Officer of the Company also functions as the Head of Risk Management.
10.3.h.i.iii	For LFCs with asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	Complied	
10.3.h.i.iv	The BIRMC shall ensure responsibilities of a compliance officer would broadly encompass the requirements as provided in the Direction.	Complied	
10.3.j Risk Management Function			
10.3.j.i	BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the Company.	Complied	
10.3.j.ii	For LFCs 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.	N/A	Company's assets are less than 20Bn.
10.3.j.iii	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the Company's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.3.j.iv	The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers the relevant aspects of the Direction.	Complied	
10.3.j.v	The CRO 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	
10.3.j.vi	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	Complied	
10.3.j.vii	The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	Complied	
10.4 Nomination Committee			
10.4.a	The committee shall be constituted with non-executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	Complied.	The Nominating and Remuneration Committee of the Company consists of 3 Non-Executive Directors out of which 2 are Independent Directors. The Chairman is an Independent, Non-Executive director.
10.4.b	Secretary to the nomination committee may preferably be the company secretary.	Complied	
10.4.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	
10.4.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	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.4.e	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	Complied	
10.4.f	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the Company as a whole.	Complied	
10.4.g	The committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.	Complied	
10.4.h	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	Complied	The Company has provided the relevant information as required under this Rule to the CSE at the time of appointing the relevant director.
10.4.i	The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the Company and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	Complied	
10.4.j	The committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.4.k	A member of the nomination committee shall not participate in decision making relating to own appointment/ reappointment and the Chairperson of the board should not chair the committee when it is dealing with the appointment of the successor.	Complied	
10.5 Human Resource and Remuneration Committee			
10.5.a	The committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors.	Complied	The Nominating and Remuneration Committee of the Company consists of 3 Non-Executive Directors out of which 2 are Independent Directors. The Chairman is an Independent, Non-Executive director.
10.5.b	The secretary to the human resource and remuneration committee may preferably be the company secretary.	Complied	
10.5.c	The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to executive directors and senior management of the Company and fees and allowances structure for non-executive directors.	Complied	
10.5.d	There shall be a formal and transparent procedure in developing the remuneration policy.	Complied	
10.5.e	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the FC. The policy shall be subject to periodic review of the Board, including when material changes are made.	Complied	
10.5.f	The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the FC. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
10.5.g	The committee shall review the performance of the senior management (excluding chief internal auditor, compliance officer, chief risk officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	Complied	
10.5.h	The committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed.	Complied	
11. Internal Controls			
11.1	The Company shall adopt well-established internal control systems, which include the Controls organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.	Complied	
11.2	A proper internal control system shall: (a) promote effective and efficient operations; (b) provide reliable financial information; (c) safeguard assets; (d) minimize the operating risk of losses from irregularities, fraud and errors; (e) ensure effective risk management systems; and (f) ensure compliance with relevant laws, regulations, directions and internal policies.	Complied	
11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	Complied	
12. Related Party Transactions			
12.1	Board shall establish a policy and procedures for related party transactions	Complied	
12.1.a	All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director and the members shall consist of non-executive directors.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
12.1.b	All related party transactions shall be prior reviewed and recommended by the RPTRC.	Complied	
12.1.c	The business transactions with a related party that are covered shall be i. Granting accommodation. ii. Creating liabilities to the Company in the form of deposits, borrowings and any other payable. iii. Providing financial or non-financial services to the FC or obtaining those services from the Company. iv. Creating or maintaining reporting lines and information flows between the Company and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	Complied	
12.2	The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the categories of persons who shall be considered as "related parties" in the Direction. In this regard, there shall be a named list of natural persons/ institutions identified as related parties, which is subject to periodic review as and when the need arises.	Complied	
12.3	The committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the Company.	Complied	
13. Group Governance			
13.1	Responsibilities of the Company as a Holding Company	N/A	The Company is not a holding company
13.1.a	The FC is responsible for exercising adequate oversight over its subsidiaries and associates while complying with the independent legal, regulatory and governance responsibilities that apply to them.	N/A	The Company is not a holding company

Corporate Governance

Section	Requirement	Status of Compliance	Comments
13.1.b	<p>The Board of the FC shall ensure that the</p> <p>i) Ensure that the group governance framework clearly defines the roles and responsibilities for the oversight and implementation of group-wide policies. ii) Ensure that the differences in the operating environment, including the legal and regulatory requirements for each company, are properly understood and reflected in the group governance framework. iii) Have in place reporting arrangements that promote the understanding and management of material risks and developments that may affect the holding FC and its subsidiaries. iv) Assess whether the internal control framework of the group adequately addresses risks across the group, including those arising from intra-group transactions; and v) Ensure that there are adequate resources to effectively monitor compliance of the FC and its subsidiaries with all applicable legal and regulatory requirements.</p>	N/A	The Company is not a holding company
13.1.c	<p>The Company, as the apex entity, shall ensure that the group structure does not undermine its ability to exercise effective oversight. The Board shall establish a clearly defined process of approving the creation of new legal entities under its management and identifying and managing all material group-wide risks through adequate and effective policies and controls.</p>	N/A	The Company is not a holding company
13.1.d	<p>The Board and senior management of the Company shall validate that the objectives, strategies, policies and governance framework set at the group level are fully consistent with the regulatory obligations of the Company and ensure that company-specific risks are adequately addressed.</p>	N/A	The Company is not a holding company

Corporate Governance

Section	Requirement	Status of Compliance	Comments
13.1.e	The Company shall avoid setting up complicated structures that lack economic substance or business purpose that can considerably increase the complexity of the operations.	N/A	The Company is not a holding company
13.2	If the LFC is a subsidiary of another financial institution subject to prudential regulation, LFC shall discharge its own legal and governance responsibilities	N/A	The Company is not a subsidiary of another financial institution
14. Corporate Culture			
14.1	The Company shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of company assets and fair treatment of customers.	Complied	
14.2	The Company shall maintain records of breaches of code of conduct and address such breaches in a manner that upholds high standards of integrity.	Complied	No such circumstances have arisen during the period of review
14.3	The Company shall establish a Whistleblowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confidence manner and without the risk of reprisal. The BAC shall review the policy periodically.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
15. Conflicts of Interest			
15.1			
15.1.a	Relationships between the directors shall not exercise undue influence or Interest coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied	
15.1.b	The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall include the relevant matters required by the Direction	Complied	
16. Disclosures			
16.1	The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that the disclosures as required in the Direction are made in the Annual Report;	Complied	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 such statements are published in the newspapers in Sinhala, Tamil and English.
16.1.i	<p>Financial Statements</p> <p>In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include;</p> <ul style="list-style-type: none"> • 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	This is disclosed in the 'Annual Report of the Board of Directors' and 'Directors' Responsibility for Financial Reporting' in pages 110 to 115 of the Annual Report.

Section	Requirement	Status of Compliance	Comments
16.1.ii	<p>Chairperson, CEO and Board related disclosures</p> <ul style="list-style-type: none"> • Name, qualification, and a brief profile. • Whether executive, non-executive and/or independent director. • Details of the director who is serving as the senior director, if any. • The nature of expertise in relevant functional areas. • Relatives and/or any business transaction relationships with other directors of the company. • Names of other companies in which the Director/CEO concerned serves as a director and whether in an executive or non-executive capacity. • Number/percentage of board meetings of the FC attended during the year; and Names of board committees in which the director serves as the chairperson or a member. 	Complied	<p>Please refer profiles of the Board of Directors in pages 15 to 18 which discloses the names, qualifications, brief profiles including the nature of expertise in relevant function areas. The profiles of the Board of Directors also specifies whether the board member is an executive/non executive and/or independent director.</p> <p>The names of other companies in which the Director/CEO concerned serves as a director and whether in an executive or non-executive capacity has also been disclosed in the profiles of the Board of Directors.</p> <p>Details of the director serving as a Senior Director is disclosed under sections 6.2 and 6.3 of this report.</p> <p>The Board members have declared in their annual self-assessments that they have no relatives and/ or any business transaction relationships with other directors of the company.</p> <p>Please refer page 33 of this report which specifies the Number/ percentage of board meetings of the Company attended during the year; and refer committee reports in pages 99 to 109 where names of board committees in which the director serves as the chairperson or a member has been duly disclosed.</p>

Corporate Governance

Section	Requirement	Status of Compliance	Comments
16.1.iii	<p>Appraisal of Board Performance</p> <ul style="list-style-type: none"> An overview of how the performance evaluations of the Board and its committees have been conducted 	Complied	A process is in place to conduct annual self-assessments by each director on individual performance, of its Board as a whole and that of its committees and the records of such assessments are maintained by the Company Secretary.
16.1.iv	<p>Remuneration</p> <ul style="list-style-type: none"> A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non- financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation) The aggregate values of remuneration paid by the Company to its directors and senior management. 	Complied	<p>The procedure for setting the remuneration at all levels is based on individual achievement, performance level against the set Key Performance Indicators during the performance year which are deriving from Annual Business Strategy, budgeting process and company scorecard. The procedure for remuneration for the Board, Senior Management and employees shall also be in relation with the long-term strategic focus, performance objectives, values and cost structure of the organization while following a market-based approach to ensure equitable and fair pay for everyone.</p> <p>The aggregate values of remuneration paid by the Company to the Board of Directors are disclosed in financial Note 41.</p> <p>The aggregate values of remuneration paid by the Company to the Senior Management is Rs. 54.14Mn</p>

Corporate Governance

Section	Requirement	Status of Compliance	Comments
16.1.v	<p>Related Party Transactions</p> <ul style="list-style-type: none"> 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 Company. 	Complied	<p>Declaration was obtained from the Board of Directors of the Company that there is no relationships with other Directors of the Company.</p> <p>Please refer Note 41 for 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.</p> <p>The aggregate values of the transactions of the Company with its senior management during the financial year provided below.</p> <p>Net accommodation granted – Nil Deposits – Rs.13.46Mn Investments - Nil</p> <p>The aggregate values of remuneration paid by the Company – Rs. 51.54Mn</p> <p>The aggregate values of interest by the Company for Deposits – Rs.1.15Mn</p>
16.1.vi	<p>Board appointed committees</p> <ul style="list-style-type: none"> The details of the chairperson and members of the board committees and attendance at such meetings. 	Complied	Please refer committee reports in pages 99 to 109.
16.1.vii	<p>Group Structure</p> <ul style="list-style-type: none"> The group structure of the Company within which it operates. The group governance framework. 	Complied	<p>The Company is 99.05% owned subsidiary of Dialog Axiata PLC.</p> <p>The Company fulfills its own governing obligations.</p>

Corporate Governance

Section	Requirement	Status of Compliance	Comments
16.1.viii	<p>Director's report</p> <p>A report, which shall contain the following declarations by the Board:</p> <ul style="list-style-type: none"> • 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 endeavors to ensure the fair treatment for all stakeholders, in particular the depositors. • The business is a going concern with supporting assumptions; and • The Board has conducted a review of internal controls covering material risks to the Company and have obtained reasonable assurance of their effectiveness. 	Complied	Disclosed in the "Annual Report of the Board of Directors" in pages 110 to 114 in the Annual Report.
16.1.ix	<p>Statement on Internal Control</p> <ul style="list-style-type: none"> • 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	Disclosed in the "Directors' Statement on Internal Controls over Financial Reporting" in 116 to 118 in the Annual Report.

Corporate Governance

Section	Requirement	Status of Compliance	Comments
16.1.x	<p>Corporate Governance report</p> <ul style="list-style-type: none"> • 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	This report covers this requirement.
16.1.xi	<p>Code of Conduct</p> <ul style="list-style-type: none"> • 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	<p>A Board approved Code of Conduct for directors and for all employees are in place.</p> <p>Please refer the Chairperson's message on pages 4 to 9 which certify that the company has no violations of any of the provisions of this code.</p>
16.1.xii	<p>Management Report</p> <ul style="list-style-type: none"> • Industry structure and developments • Opportunities and threats • Risks and concerns • Sustainable finance activities carried out by the Company • Prospects for the future 	Complied	Please refer the Management Discussion and Analysis in pages 19 to 31.
16.1.xiii	<p>Communication with Stakeholders</p> <ul style="list-style-type: none"> • The policy and methodology for communication with shareholders. • The contact person for such communication. 	Complied	<p>The key communication method and general policy with regard to communication with shareholders are disclosed in this report.</p> <p>Ms. Nipuni Fernando, the Company Secretary of the Company is the contact person for shareholder communications.</p>

Corporate Governance

The Compliance Report on the adherence with the requirements of the Listing Rules of the Colombo Stock Exchange (the 'Listing Rules') effective 01st October 2023, are tabulated below.

Section	Requirement	Status of Compliance	Comments
9.2	Policies		
9.2.1	<p>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;</p> <p>(a) Policy on the matters relating to the Board of Directors</p> <p>(b) Policy on Board Committees</p> <p>(c) Policy on Corporate Governance, Nominations and Re-election</p> <p>(d) Policy on Remuneration</p> <p>(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</p> <p>(f) Policy on Risk management and Internal controls</p> <p>(g) Policy on Relations with Shareholders and Investors</p> <p>(h) Policy on Environmental, Social and Governance Sustainability</p> <p>(i) Policy on Control and Management of Company Assets and Shareholder Investments</p> <p>(j) Policy on Corporate Disclosures</p> <p>(k) Policy on Whistleblowing</p> <p>(l) Policy on Anti-Bribery and Corruption</p>	Complied	
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Company shall be fully disclosed in the Annual Report.	Complied	No such waivers or exemptions granted during the period under review.
9.2.3	<p>The Company shall disclose in its Annual Report:</p> <p>(i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website.</p> <p>(ii) details pertaining to any changes to policies adopted by the Company in compliance with Rule 9.2 above</p>	Complied	
9.2.4	The Company shall make available all such policies to shareholders upon a written request being made for any such Policy	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
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; <ul style="list-style-type: none"> (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee. 	Complied	
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	
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	
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 Company. The Company shall provide copies of the same at the request of the Exchange and/or the SEC. <ul style="list-style-type: none"> (a) The number of shares in respect of which proxy appointments have been validly made (b) The number of votes in favour of the resolution (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained 	Complied	
9.4.2	Communication and relations with shareholders and investors		
9.4.2(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	Complied	
9.4.2(b)	Listed Entities shall disclose the contact person for such communication	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.4.2(c)	The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Company in the Annual Report and the website of the Company.	Complied	
9.4.2(d)	If the Company conducts any shareholder meetings through virtual or hybrid means the Company shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Complied	
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 covers the requirements detailed in the rules (a) through (j).	Complied	
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	
9.6	Chairperson and CEO		
9.6.1	The Chairperson of the Company shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	Complied	
9.6.2	If the Company unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules). Such Market Announcement shall include the following: (a) The reasons for non-compliance (b) The rationale for combining the positions of the Chairperson and CEO	N/A	
9.6.3	The Requirement for a Senior Independent Director ('SID')	N/A	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.6.3(a)	<p>The Company shall appoint an Independent Director as the SID in the following instances:</p> <ul style="list-style-type: none"> i. The Chairperson and CEO are the same person ii. The Chairperson and CEO are Close Family Members or Related Parties <p>Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement</p>	N/A	
9.6.3(b)	<p>The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Company and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members</p>	N/A	
9.6.3(c)	<p>The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate</p>	N/A	
9.6.3(d)	<p>The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3.(b) and (c) above</p>	N/A	
9.6.3(e)	<p>The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.</p>		
9.6.4	<p>Until the Company comply with Rule 9.6.1 above, such Entities shall be required to explain the reasons for non-compliance with Rule 9.6.1 in the Annual Report.</p>	N/A	
9.7	Fitness of Directors and CEOs		
9.7.1	<p>The Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:</p> <p>In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3</p>	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.7.2	The Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Complied	
9.7.3	Fit and Proper Assessment Criteria		
9.7.4	The Company shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	Complied	
9.7.5	Disclosures in the Annual Report of the Company The Company shall include the following disclosures/reports in the Annual Report;	Complied	
9.7.5(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	Complied	Directors and CEO of the Company satisfied the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange during the year under review
9.7.5(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 Company to rectify such non-compliance/s	N/A	
9.8	Board Composition		
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Complied	
9.8.2	Minimum Number of Independent Directors; (a) The Board of Directors of the Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.8.3	Criteria for determining independence in terms of rules 9.8.3 (i) through (ix).	Complied	
9.8.4	Definitions applied for the purposes of Rule 9.8.3.	N/A	
9.8.5	The Board of Directors of Listed Entities shall require: <ul style="list-style-type: none"> (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	
9.9	Alternate Directors <p>If the Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements in rules 9.9 (a) through (f) and such requirements shall also be incorporated into the Articles of Association of the Company.</p>	N/A	No Alternate Directors have been appointed
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 Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.10.2	<p>The Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following;</p> <ul style="list-style-type: none"> i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company. 	Complied	
9.10.3	<p>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</p>	Complied	
9.10.4	<p>The Company shall disclose the requirements of rules (a) through (i) in relation to the Directors in the Annual Report.</p>	Complied	
9.11	Nominations and Governance Committee		
9.11.1	<p>The Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.</p>	Complied	
9.11.2	<p>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 Nominations and Governance Committee.</p>	Complied	
9.11.3	<p>The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.</p>	Complied	
9.11.4	Composition		
9.11.4.1	<p>The members of the Nominations and Governance Committee shall;</p> <ul style="list-style-type: none"> (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Listed Company. (b) not comprise of Executive Directors of the Listed Company 	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.11.4.2	An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors	Complied	
9.11.4.3	The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	Complied	
9.11.5	The functions of the Nominations and Governance Committee shall include the requirements of rules (i) through (x).	Complied	
9.11.6	The Annual Report of the Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson. The said report shall include the requirements of rules (a) through (m).	Complied	
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.	Complied	
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	
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	
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	Complied	
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Complied	
9.12.6	Composition		

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.12.6.1	The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Listed Company. (b) not comprise of Executive Directors of the Listed Company.	Complied	
9.12.6.2	In a situation where both the parent company and the subsidiary are 'the Company', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary	N/A	
9.12.6.3	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors	Complied	
9.12.7	Functions		
9.12.7.1	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Company and/ or equivalent position thereof to the Board of the Listed Company which will make the final determination upon consideration of such recommendations	Complied	
9.12.7.2	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	
9.12.8	The Annual Report should set out the following:		
9.12.8(a)	Such members (or persons in the parent company's Remuneration Committee in the case of a group company);	Complied	
9.12.8(b)	A statement regarding the remuneration policy; and	Complied	
9.12.8(c)	The aggregate remuneration of the Executive and Non-Executive Directors	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
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 the Company shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules	N/A	The Company has a separate Board Integrated Risk Committee which has oversight of the risk function
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Complied	
9.13.3	Composition		
9.13.3.1	The members of the Audit Committee shall <ul style="list-style-type: none"> (a) comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Company. 	Complied	
9.13.3.2	The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	Complied	
9.13.3.3	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	
9.13.3.4	If both, the Parent Company and the subsidiary are 'the Company', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary..	N/A	
9.13.3.5	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.13.3.6	<p>Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Company shall attend the Audit Committee meetings by invitation.</p> <p>Provided however where the Listed Company maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.</p>	Complied	
9.13.3.7	<p>The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.</p> <p>Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Company maintains a separate Risk Committee and Audit Committee.</p>	Complied	
9.13.4	Functions		
9.13.4.1	The functions of the Audit Committee shall include the requirements of rules (i) through (xiii).	Complied	
9.13.4.2	Where the Company maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above.	Complied	
9.13.5	Disclosures in Annual Report		
9.13.5.1	The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Company. The Audit Committee Report shall set out the manner in which the Company has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates	Complied	Audit Committee report is provided in the annual report
9.13.5.2	The Audit Committee Report shall contain the following disclosures;		
9.13.5.2(a)	the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company);	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.13.5.2(b)	The status of risk management and internal control of the Listed Company and as a Group (where applicable).	Complied	
9.13.5.2(c)	A statement that it has received assurance from the CEO and the CFO of the Company's operations and finances.	Complied	
9.13.5.2(d)	An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	Complied	
9.13.5.2(e)	whether the Listed Company has a formal Audit Charter;	Complied	
9.13.5.2(f)	the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;	Complied	
9.13.5.2(g)	Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Company;	Complied	
9.13.5.2(h)	a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and	Complied	
9.13.5.2(i)	a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
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 of these Rules	Complied	
9.14.2	Composition	Complied	
9.14.2.1	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Company, out of which two (02) members shall be Independent Directors of the Listed Company. It may also include executive directors, at the option of the Listed Company. An Independent Director shall be appointed as the Chairperson of the Committee.	Complied	
9.14.2.2	If a parent company and the subsidiary are the Company, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	N/A	
9.14.2	Functions		
9.14.2.1	the Company shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as set out herein.	Complied	
9.14.2.2	The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by a Listed Company when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions.	Complied	
9.14.2.3	When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality.	Complied	
9.14.2.4	The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Company's operations	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.14.4	General Requirements		
9.14.4.1	The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	N/A	
9.14.4.2	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.	Complied	
9.14.4	Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Complied	
9.14.4	If a Director of the Listed 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: <ul style="list-style-type: none"> (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter. 	Complied	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied	
9.14.5.1	Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.	Complied	
9.14.5.2	In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) above, such proposed material changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.14.5.3	The Related Party Transactions Review Committee shall be provided with all the facts and circumstances of the proposed Related Party Transaction by the senior management to facilitate the review of a Related Party Transaction. Such information shall include the requirements set out in rules (i) through (v).	Complied	
9.14.5.4	In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Related Party Transactions Review Committee shall take into account the requirements set out in rules (i) through (iii), among other factors it deems appropriate.	Complied	
9.14.5.5	No Director shall participate in any discussion of a proposed Related Party Transaction in which he or she is a Related Party, except that the Director, at the request of the Committee, may participate in discussions for the express purpose of providing information concerning the Related Party Transaction to the Committee. Where deemed necessary considering the issues of potential conflict, which were presented to the Committee, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction	Complied	
9.14.5.6	If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate	Complied	
9.14.6	Shareholder Approval		
9.14.6.1	the Company shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transactions	N/A	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.14.6.1(a)	<p>If a non-recurrent transaction;</p> <ul style="list-style-type: none"> i. Any Related Party Transaction of a value equal to, or more than: <ul style="list-style-type: none"> a. one third (1/3) of the Total Assets of the Company as per the latest Audited Financial Statements of the Company; or b. one third (1/3) of the Total Assets of the Company as per the latest Audited Financial Statements of the Company, when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year. ii. If the Company acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company or its associates 	N/A	No such Non-Recurrent Related Party Transactions were entered into by the company
9.14.6.1(b)	<p>If a recurrent transaction,</p> <p>Any recurrent Related Party Transaction of a value equal to, or more than:</p> <ul style="list-style-type: none"> i. one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Company as per the latest Audited Financial Statements of the Company; or ii. one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Company as per the latest Audited Financial Statements of the Company, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year, And; iii. the transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favorable to the Related Party than those generally available to the public 	N/A	No such Recurrent Related Party Transactions were entered into by the company
9.14.6.2	In relation to Rules 9.14.6 (1) (A) (i) (b) and 9.14.6 (1)(B) (ii) above, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation	N/A	No Related Party Transactions that require shareholder approval were entered into by the company

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.14.6.3	If a transaction requires shareholder approval as set out in the Rules above, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction	N/A	No Related Party Transactions that require shareholder approval were entered into by the company
9.14.7	Disclosures		
9.14.7.1	<p>Immediate Disclosures</p> <p>i. A Listed Company shall make an immediate Market Announcement to the Exchange;</p> <p>a. of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Company as per the latest Audited Financial Statements; or</p> <p>b. of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Company as per the latest Audited Financial Statements. the Company shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Company, entered into with the same Related Party during the financial year.</p> <p>The Market Announcement to the Exchange shall include the requirements set out in rules (i) through (vii).</p>	N/A	No Related Party Transactions that require an immediate Market Announcement were entered into by the company
9.14.8	Disclosures in the Annual Report		
9.14.8.1	In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Company, whichever is lower, as per the latest Audited Financial Statements the information set out in the rule must be presented in the Annual Report in the tabular format set out in the rule.	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.14.8.2	<p>In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Company must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report.</p> <p>The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the tabular format provided in the rule.</p>	Complied	
9.14.8.3	<p>The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following;</p> <ol style="list-style-type: none"> i. The names of the Directors comprising the Committee; ii. A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors. iii. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions 	Complied	
9.14.8.4	<p>An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Company has not entered into any Related Party Transaction/s a negative statement to that effect</p>	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.14.9	Acquisition and Disposal of Assets from/to Related Parties		
9.14.9.1	<p>Except for transactions set out in Rule 9.14.10, the Company shall ensure that neither the Listed Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution.</p> <p>An asset is substantial if its value or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets of the Company as per the latest Audited Financial Statements</p>	Complied	
9.14.9.2	If a transaction requires shareholder approval as set out in Rule 9.14.9(1) above, such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction	N/A	
9.14.9.3	<p>Rule 9.14.9(1) does not apply to:</p> <ul style="list-style-type: none"> i. a transaction between the Listed Company and a wholly owned subsidiary. ii. a transaction between wholly owned subsidiaries of the Listed Company. iii. a takeover offer made by the Listed Company in accordance with Takeovers and Mergers Code 1995 (as amended). iv. any transaction entered into by the Listed Company with a Bank as principal, on arm's length terms and in the ordinary course of its banking business 	N/A	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.14.9.4	<p>The members of the Related Party Transactions Review Committee should obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. A person who is in the same group of the Listed Company or who has a Significant Interest in or Financial Connection with the Listed Company or the relevant Related Party shall not be eligible to give such advice.</p> <p>For the purpose of this Rule;</p> <p>"Significant Interest" means a shareholding carrying not less than 10% of the voting rights of the Listed Company.</p> <p>"Financial Connection" means a relationship resulting in transaction value equivalent to 10% of the turnover of the Listed Company or business</p>	N/A	
9.14.9.5	The competent independent advice obtained in terms of Rule 9.14.9 (4) above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.14.9 (1) above.	N/A	
9.14.9.6	The competent independent advice required in terms of Rule 9.14.9 (4) shall include the requirements listed in the rules (a) through (f).	N/A	
9.14.10	The Related Party Transactions listed through (a) through (f) shall not fall within the ambit of these Rules;	Complied	
9.15	Definitions applied for the purposes of Section 9.14;	Complied	
9.16	The following additional declarations by the Board of Directors to be included in the Annual Report;		
9.16.i	They have declared all material interests in contracts involving in the Company and whether they have refrained from voting on matters in which they were materially interested;	Complied	

Corporate Governance

Section	Requirement	Status of Compliance	Comments
9.16.ii	they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so;	Complied	
9.16.iii	they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	Complied	
9.16.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 Company has operations	Complied	

Corporate Governance

Disclosures as per Section 168 issued by the Companies Act No.07 of 2007

Section	Rule	Reference
168.1(a)	any change to the Company during the accounting period in the nature of the business of the company or any of its subsidiaries or the classes of business in which the company has an interest, whether as a shareholder of another company or otherwise	N/A
168.1(b)	include financial statements for the accounting period completed and signed in accordance with section 151	Refer pages 125 to 193.
168.1(c)	where an auditor has been appointed by the Company, include that auditor's report on the financial statements and any group financial statements	Refer pages 121 to 124.
168.1(d)	describe any change in accounting policies made during the accounting period	Refer Note 4 to the Financial Statements given pages 132 to 135.
168.1(e)	state particulars of entries in the interests register made during the accounting period	<p>The Company maintains the Directors' Interest Register as required under the provisions of Section 168 (1) (e) of the Companies Act No.7 of 2007.</p> <p>These interests have been recorded in the Interest Register which is available for inspection in terms of the Act. The Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed.</p>
168.1(f)	state the remuneration and other benefits of directors during the accounting period	Refer Note 41 to the Financial Statements.
168.1(g)	state the total amount of donations made by the Company during the accounting period	Refer page 113.
168.1(h)	state the names of the persons holding office as directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as directors of the Company during the accounting period	Refer page 112.
168.1(i)	state the amounts payable by the Company to the person or firm holding office as auditor of the company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Refer page 114.
168.1(j)	state the particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the proposed company or any of its subsidiaries	Refer page 114.
168.1(k)	The disclosure required by 168.1(j) be signed on behalf of the Board by two directors of the Company	Refer page 126 of Balance Sheet.

Risk Management

1. Overview

The Sri Lankan economy continued its recovery trend in 2024, demonstrating positive developments throughout the year. This progress was largely supported by the successful implementation of reform measures under the International Monetary Fund (IMF) program and the receipt of support through the Extended Fund Facility. The overall stabilisation and gradual improvement of domestic macro financial conditions eased the pressure on balance sheets of households and institutions, thereby reducing risks to the financial sector (Source: CBSL Financial Stability Report 2024). The economy had seen growth in all 4 quarters of 2024. Increase in tax income, Tourism and remittance from migrant workers also contributed to the economy growth in 2024. The foreign reserves of the country increased to USD 6.1 Bn at end of 2024 and the country's economic growth exceeded projections, recording annual growth rate of 5.0% compared to the forecasted annual growth rate of 4.4%.

Headline Inflation in the country measured by Colombo Consumer Price Index (CCPI) remained negative recording a deflation of 1.7% in December 2024. Inflation has been negative (deflation) for continuous 4 months period since September 2024.

On the global front, the economic growth indicated signs of stability in 2024 notwithstanding disinflation losing momentum and increasing policy uncertainty. According to the International Monetary Fund's (IMF) World Economic Outlook Update published in January 2025, global economic growth was estimated to have moderated from 3.3% in 2023 to 3.2% in 2024.

The global commodity prices surged due to the war in Ukraine, however the impact was negated due to the slowish economic activity.

Global Commodity Prices

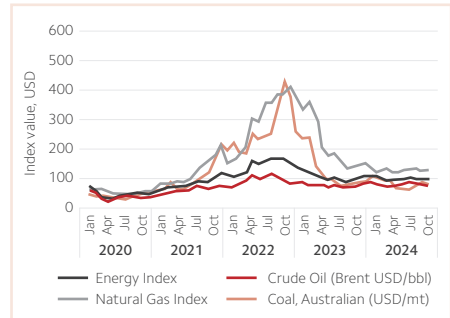


Figure 1.0
Sources: World Bank FAO

In 2024

- The Sri Lankan Economy recorded an Annual Growth Rate of 5.0%.
- Headline Inflation in the country measured by Colombo Consumer Price Index (CCPI) remained negative recording a deflation of 1.7% in December 2024.
- Global Economy Growth of 3.2%.

License Finance Companies (LFCs) performance

The year under review witnessed a significant expansion of LFCs growth in Credit, following a significant contraction in 2023 reflecting improved macroeconomic conditions and demand for credit. This was a result of reducing interest rates on loans enabling business to recover. In 2024, total assets of the LFCs grew to Rs. 1930.7 Bn, reflecting a YoY growth of 13.9%. This asset growth was due to the significant expansion on Loans and Advances which amounted to 74.1% of the total assets of the sector (CBSL, Annual Economic Review 2024). Further, the FC sector maintained both Capital and Liquidity buffers above the required level during the year.

The Gross and Net Non-Performing Loans (NPL) Ratios recorded at 11.3% and 6.6% respectively as at end of December 2024 compared to 18.0% and 12.1% recorded respectively as at end of December 2023.

Risk Management

Asset quality indicators

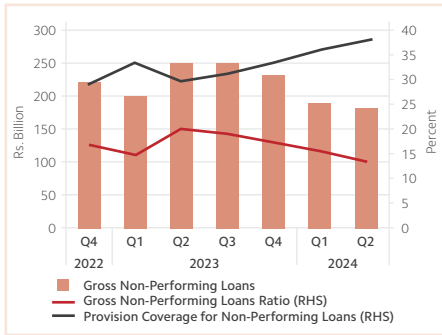


Figure 1.1

Source: Financial system stability review 2024 by CBSL

1.2 Managing the Macro Economic conditions

The Company supported by its effective risk management was able to support the economic recovery by introducing innovative digital products during the year under review. Effective risk management embedded on the Company's strategy decisions and risk management framework implemented across the Company whilst providing seamless fintech solutions in the country.

The Business strategy of the Company is developed and implemented taking into consideration the risk impact and mitigation actions for each strategy.

The Risk Management Framework is implemented based on the "three lines of defence" model. It is also important to take note that risk incidents can provide opportunity for the Company which is considered a positive impact.

2. Risk Governance

2.1 Risk Governance Structure

The following diagram stipulates the Risk Governance structure in the Company.

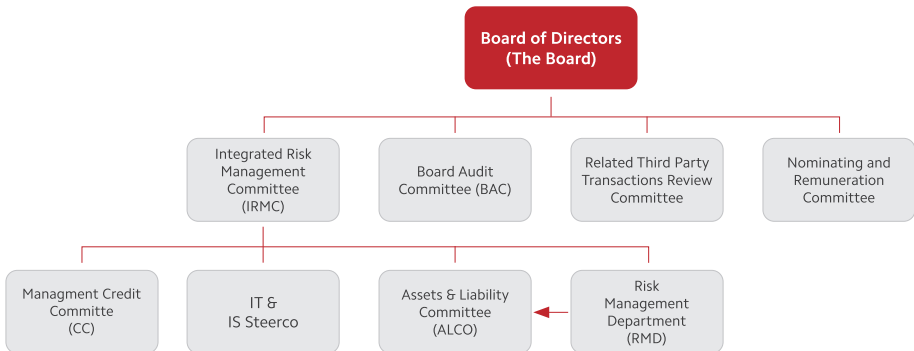


Figure 2.0

As stipulated in the Finance Business Act (Corporate Governance) Direction No 5 of 2021, The Board of Directors (Board) is responsible for the implementation of an effective Risk Management mechanism in the Company. The Board ensures that the Company implements a Risk Management framework to identify risks and mitigate the impact from such risks affecting the organisation. The Board has delegated this oversight responsibility to the Integrated Risk Management Committee (IRMC).

Risk Management

2.2 Integrated Risk Management Committee (IRMC)

The composition of IRMC currently consists of 3 Non-Executive Directors (appointed by the Board), Chief Executive Officer and Head of Risk and Compliance attend the meetings on invitation. One of the 3 Non-Executive Directors will be appointed chairman of the Committee. The IRMC meets every quarter and there were 6 meetings held during the period under review. The IRMC ensures that the Company implements a system by which treatment is carried out on identified risks and that risk impact is maintained within the risk appetite of the Company.

The IRMC reviewed the updates on decisions made by the Asset and Liability Committee, Credit Committee and the Information Technology and Information Security Steering Committee whilst providing guidance to the Company on risk mitigating initiatives.

2.3 Asset and Liability Committee (ALCO)

ALCO is a management committee established under the IRMC. It reviews and manages all risk related to assets and liability of the Company including liquidity risks. In the year under review, ALCO had 12 meetings. The Chief Executive Officer is the Chairman of the ALCO which comprises 5 members of the Senior Management of the Company. Decisions made at ALCO meetings are apprised to the IRMC through the Head of Risk and Compliance.

Managing the interest rate risk with rate reductions, meeting funding requirements and reviewing and updating the pricing of lending products are key decisions taken by ALCO during the period under review.

2.4 Credit Committee

The Credit Committee is a management level committee established under the IRMC and is chaired by the Chief Executive Officer of the Company whilst the Head of Credit, Head of Business Development and Head of Recoveries were members of the Committee. The Committee is responsible for the following:

- a) Acts as the first line of defence in credit.
- b) Carries delegated power to assess and approve credit within the Board approved Credit Policy of the Company.
- c) Approves and monitors all credit products and programs and ensures that credit risk is managed within the risk appetite and business objectives of the Company.

Key decisions made by the Credit Committee were apprised to the IRMC during the period under review on a quarterly basis.

2.5 Information Technology and Information Security Steering Committee

The above management level Committee is chaired by the Chief Executive Officer and consists of Chief Information Officer, Head of Risk and Compliance, Head of Consumer products and Head of Finance as its members. Key personnel from the IT division and other Heads of Departments are invited to meetings of the IT SteerCo if required. There were 12 meetings held during the year 2024.

Key IT decisions and projects status are apprised to the IRMC on a quarterly basis. The IRMC directed the Committee to ensure that key projects undertaken in terms of Disaster Recovery and Information security were completed in 2024.

Risk Management

2.6 Risk Management Department (RMD)

The RMD functions independently and drives the risk management framework throughout the Company. It reports to the IRMC and ensures that identified risks are within the risk appetite of the Company and risk treatment is applied to mitigate the impact of risks. The Business Continuity plan is implemented by RMD, and the Company disaster recovery drill was carried out in latter part of 2024 .

2.7 Risk Appetite

The Risk Appetite is set by the Board in line with the business objectives of the Company. The Risk Appetite will provide the acceptable level of risk that the Company is willing to take to achieve its business objectives and quantifiably expressed.

The performance of the risk limits set in the Risk Appetite is monitored by the RMD and reported to the Board via the risk assessment report monthly.

3. Risk Management Framework and Principles

3.1 The Three Lines of Defence Model

The Company adopts the three lines of defence model in governing the responsibilities for managing risk incidents as outlined below in table 1.

Lines of Defence	Risk Control Function	Responsible person / Function
1 st Line of Defence	Each department within the Company will ensure that identifying, assessing, monitoring & reporting all risks associated within their respective area of responsibility	• Department Heads / Internal Business functions
2 nd Line of Defence	Developing, implementing risk framework and monitoring activity will be carried out by Risk Management and Compliance Departments	• Head of Risk & Compliance • RMD • IRMC
3 rd Line of Defence	Ensuring that all internal controls implemented to mitigate risks are functioning accordingly by Internal Audit Function	• Head - Internal Audit • Audit Committee

Table 1

3.2 Risk Policy and Risk Management Framework

The Risk policy and Risk Management framework is implemented by the RMD.

The policy and framework are developed in line with the guidelines provided by ISO 31000 – Risk Management.

3.2.1 Overview of the Risk Management Framework

The Risk Management framework involves a system of identifying risks, analysis of the risk in relation to its impact and likelihood, evaluating the risk, to identify and implement appropriate risk treatment and carrying out continuous follow up.

Risk Management

All risk incidents are recorded in the risk registers, monitored and reviewed on a continuous basis. The Company uses the Risk Register and the Risk Matrix as tools to implement its Risk Management Framework. The RMD carries out the Risk Assessment of the Company on a periodical basis which includes the review of internal controls.

Figure 3 - provides an overview of the Risk Management Framework adopted by the Company.

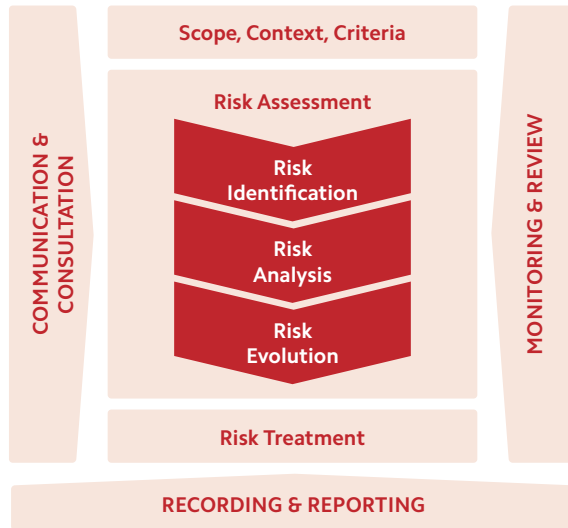


Figure 3

Key risks managed by the Company during the period under review are outlined below.

4. Credit Risk

The risk of financial loss arising due to the borrower or the counter party not meeting their financial commitments to the Company is known as Credit Risk.

The Gross Loans & Advances portfolio of the Company increased to Rs. 5.4 Bn as at end of 31 December 2024, compared to Rs. 3.2 Bn as of 31 December 2023. This growth was mainly driven by consumer and retail/merchant loan segments.

During the year, The Company ensured strict evaluation process for approval of credit facilities for both consumer and MSME segments. By implementing stringent credit risk management techniques that includes providing of a risk score on the borrower, the Company's Non-Performing Loans and Advances (NPL) ratio was at 5.21% in December 2024 whilst the industry NPL was at 11.3% for December 2024. Figure 4 outlines the NPL performance during the period under review.

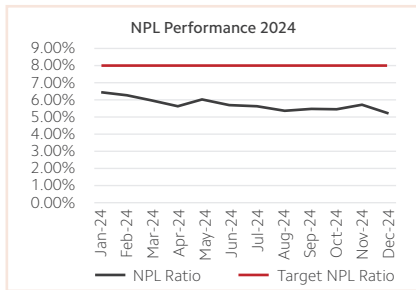


Figure 4

NPL was below the budgeted plan of 8% during the year under review and declined to 5.2% in December 2024.

In April 2024, the Company launched the consumer lending product to facilitate purchase of mobile devices to consumers, stringent controls were embedded to block devices in the event of default. This action has attributed to keep the NPLs at lower levels for this product segment.

The Company uses an inhouse developed business model for lending for its Corporate and SME segment which is developed using stringent selection criteria. The Company has implemented FICO scoring model for its consumer segment to ensure that the lending is made with minimum exposure to the NPL of the Company. In addition, the Company uses advance data analytics to actively manage the credit portfolio and to identify trends.

The Company has developed and implemented a process for early warning signals to identify possible customer defaults well in advance and to prevent the borrower from becoming default by taking proactive action and engaging with customer.

4.1 Impairment Charges

The Company adopts the SLFRS guidelines for impairments charges and are calculated based on individual significant loans and collectively by grouping the loans. The individual loans are reviewed based on objective evidence and impairment is calculated based on the discounted cash flow model. Collective impairment charges are calculated by grouping the loans with similar loan characteristics.

Further information is available under Notes to the Financial Statements Note 43.2 – Credit Risk on the process of Impairment and ECL calculations.

5. Operational Risk

The losses arising due to the risk of failures of internal processes/systems and human errors, or any external events is known as Operational Risk. In addition to financial losses, Operational Risk can result in reputational damage to the Company. Operational Risk can be controlled through effective internal controls and adequate training.

The Company has developed and implemented the Business Continuity Plan and an effective process of backing up of critical systems is in place and backup servers are located at different locations. The Company carried out a complete DR drill in November 2024.

The Company has engaged Messrs Ernst and Young, Chartered Accountants as their internal auditors, and have also established an Internal audit function in the latter part of 2024. They provide an independent assurance on the effectiveness of the internal controls in the Company to the Audit Committee. This is in addition to the external audits carried out by Messrs. Deloitte Partners, Chartered Accountants on quarterly and annual basis.

Risk Management

6. Cybersecurity Risk

The Company's Information Security Policy updated in 2023 and implemented by the Information Technology Department giving importance to customer data protection. Firewalls are in place and are being monitored for security threats. This is in addition to the security awareness training provided to staff of the Company by the Risk Management team and similar mandatory computer-based trainings on Information security and data privacy. Further, phishing emails drills were conducted during the year with the assistance of Group Information Security team and identified staff were trained on Information Security.

A gap analysis was performed by an independent vendor on the Cybersecurity exposure during the December 2024.

7. Market Risk – Interest Rate Risk

Interest Rate risk is the financial loss incurred by the Company, due to interest rate gap between the interest rate paid to depositors and lenders of the Company and the interest rate earned by the Company from its borrowers.

During the year under review, Interest rates continued to decline due to the monetary policy measures taken by the CBSL to reduce inflation. In line with the policy rates and market interest rates, the Company reduced the lending and deposits rates while achieving the target Net Interest Margin (NIM) for the year.

The ALCO monitors the fluctuation in market rates and recommends pricing changes accordingly.

As the Company does not deal with foreign currency transactions, the changes in foreign exchange rates did not have any significant impact. The Company does not have significant investments in equity.

Stress testing on Interest rates are carried out monthly and discussed at ALCO meetings.

Further information is available under Notes to the Financial Statements Note 42.3 – Market risk on the analysis of Interest Rate Risk.

8. Liquidity Risk

Liquidity Risk is the risk associated with maintaining adequate levels of funding at reasonable cost for the Company.

The funding requirements and the liquidity position of the Company is managed through the ALCO.

The Company adheres to the Asset and Liability Management (ALM) policy to manage the Liquidity Risk.

During the period under review, to manage short term funding requirements the company obtained an overdraft and invested its excess liquid funds in long term investments.

The funding mix of the Company as of 31 December 2024 is given in figure 5 below.

Funding Mix as at 31 December 2024

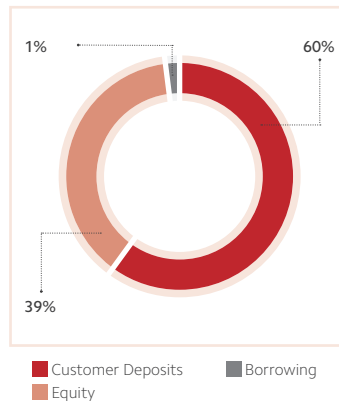


Figure 5

Risk Management

During the period under review, the Company's cost of funds continued decline due to interest rate reduction in the Market. Company was able to manage the Liquidity risk effectively through pricing of its products through periodic reviews and investments based on directions provided by ALCO and IRMC.

ALCO provides the approval for the appropriate funding mix to be maintained and the Company had not encountered funding related issues in the given period.

The Company maintained the liquid assets above the minimum requirement of the CBSL.

Further information is available under Notes to the Financial Statements Note 42.4 – Liquidity Risk for further analysis on managing the Liquidity Risk of the Company.

9. Compliance Risk

Risk arising from non-compliance to statutes, rules and/or regulations specifically relevant to the industry in which Company operates and/or non-adherence to the Company's internal policies is referred to as Compliance Risk.

During the period under review, the Company complied with all CBSL, Securities and Exchange Commission (SEC) and Colombo Stock Exchange (CSE) requirements.

Employees of the Company were trained on Compliance covering the Code of Conduct, the Anti-Bribery and Anti-Corruption Policy (ABAC), the Whistle blower Policy and Anti-Money Laundering measures adopted by the Company including the Customer Due Diligence requirements during the year.

Senior Management and the Board of Directors attended the annual mandatory training session on Anti Money Laundering, ABAC and Whistle blower policies of the Company.

In addition, the Compliance Officer of the Company updates the Board on compliance with Anti Money Laundering and Terrorist Financing (AML/TF) regulations and provides a summary of the Company risk status on ML/TF risks.

10. Environment, Social and Governance Risk (ESG)

Environment, Social Governance (ESG) risk encapsulates the potential negative repercussions that environmental, social and governance factors can impose on the Company and its reputation. Environmental concerns span issues like climate change and resource depletion, social factors encompass Labour practices and community relations, while governance entails transparency and board oversight. Managing ESG risks is integral to securing shareholder trust, mitigating regulatory scrutiny and sustaining a positive corporate image.

The Company's primary objective is to drive seamless and paperless financing/ payment fintech solutions that supports Company's sustainable finance initiatives. In addition to providing its fintech solutions to the financial inclusive segment in the Country.

The ESG risk management is embedded to the risk management policy and framework of the Company.

Risk Management

The table 2 below provides a snapshot of the Company's exposure to ESG risks and mitigation activities.

Risk	Mitigation Activity
Environmental Risk	<ol style="list-style-type: none"> 1. Careful consideration and evaluation of environmental risk factors of customer is assessed prior to lending.
Social Risk	<ol style="list-style-type: none"> 1. Adopts diversity, good work conditions, training and maintaining employee code of ethics that foster good employee relations. 2. Selective and stringent vendor procurement process prevents the Company from sourcing vendors with poor labour practices or human rights violations which can result in reputational damage to the Company.
Governance Risk	<ol style="list-style-type: none"> 1. Complies with Corporate Governance requirements of CBSL and CSE Listing rules. We monitor and report to the Board on Compliance to these rules. 2. This Compliance requirement is set out in pages 32 to 89 of this Annual Report.

Tabl2

The Company had launched the product to facilitate solar energy solution to retailers partnering with a leading Solar solution provided in 2024 whilst mitigating the ESG risks through stringent evaluation and in line with the risk appetite of the Company.

Audit Committee Report

The Audit Committee (Committee) is a formally constituted sub-committee of the Board of Directors (Board). The Committee reports to and is accountable to the Board.

Composition of the Committee

The Committee during the year under review, comprised of the following three (3) Non-Executive Directors, of whom two (2) are Independent Directors in compliant with the provisions of the Rules and the Direction regarding the composition of the Committee.

1. Mr. Priyan Edirisinghe – Independent, Non-Executive Director (Chairman)
2. Mr. Roshan Hettiaratchi – Independent, Non-Executive Director
3. Mr. Supun Weerasinghe – Non-Independent, Non- Executive Director

The Chairman of the Committee, Mr. Priyan Edirisinghe, is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Mr. Priyan Edirisinghe and Mr. Roshan Hettiaratchi having completed nine (09) years of service on the Board, retired from the Board of Directors of the Company effective 19 January 2025 and 09 February 2025 respectively.

Pursuant to the above, the Board has reconstituted the Committee and the current composition of the Committee composed of the following Board members.

1. Mr. Uditha Jayasinghe - Independent, Non-Executive Director (Chairman)
2. Mr. Alexander Löwbäck - Independent, Non- Executive Director
3. Ms. Renuka Fernando - Non-Independent, Non- Executive Director

The current Chairman of the Committee, Mr. Uditha Jayasinghe, is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

The profiles of the current members are given on pages 15 to 18 of the Annual Report.

The Company Secretary functions as the Secretary to the Committee.

The Committee wishes to place on record its sincere appreciation to Mr. Priyan Edirisinghe and Mr. Roshan Hettiaratchi for their invaluable contribution and counsel to the committee during their tenure.

Meetings

The Committee held seven (07) meetings during the year ended 31 December 2024. The details of the attendance of the committee members at these meetings are given below.

Name of Member	Attendance
Mr. Priyan Edirisinghe – Chairman	7/7
Mr. Roshan Hettiaratchi	7/7
Mr. Supun Weerasinghe	0/7

The representatives of the Company's External Auditors, Messrs.Deloitte Partners and the representatives of Messrs. Ernst and Young, Chartered Accountants, Internal Auditors of the Company participated in two (02) and four (04) meetings respectively by invitation during the year ended 31 December 2024. The Chief Executive Officer, Head of Finance, Lead Operational Internal Auditor attended the meetings by invitation. The Senior Management of the Company too participated in the meetings from time to time on need basis.

During the year ended 31 December 2024, the Audit Committee and the External Auditors met twice without the Key Management Personnel of the Company, in order to facilitate confidential discussions between the two parties.

Audit Committee Report

The Terms of Reference

The Committee has written Terms of Reference (TOR) and is empowered to examine any matters relating to the financial affairs of the Company and its internal and external audits. The TOR is reviewed annually to ensure new developments relating to Committee functions are addressed. The TOR of the Committee was reviewed and approved by the Board at its meeting held on 19 December 2024.

Functions of the Committee

The composition, roles and functions of the Committee are regulated by the Finance Business Act (Corporate Governance) Direction No. 5 of 2021, Directions, Rules, Determinations, Notices and Guidelines applicable to Licensed Finance Companies issued by the Central Bank of Sri Lanka and the Listing Rules issued by the Colombo Stock Exchange.

The Committee assists the Board in the general oversight of financial reporting, internal controls, functions relating to internal and external audits including follow up actions by the Management and periodically appraises the Board on matters relating to the above.

Activities for the year ended 31 December 2024

1. Financial Reporting

- The Committee assisted the Board to effectively carry out its supervisory responsibilities by reviewing accounting and financial information of the Company, in order to monitor the integrity of its financial statements, annual report, accounts and periodical reports prepared for disclosure requirements.
- The Committee reviewed the interim and annual financial statements including the acceptability and appropriateness of accounting policies, reasonableness of significant estimates and judgements.
- The Committee reviewed the policy decisions relating to the adoption of Sri Lanka Accounting Standards (SLFRSs / LKASs) applicable to the Company and will continue to monitor the compliance with relevant accounting standards.

- The Committee reviewed the adequacy of provision for Expected Credit Loss (ECL) recognized in the financial statements by factoring the potential impacts of current macro-economic situation of the country, and the moratorium schemes introduced by the government, the adjustments made to the economic factors in line with the adverse macro-economic.
- The Committee obtained assurances from the Director/ Chief Executive Officer and Head of Finance, confirming that the financial statements provided a true and fair view of the operations and financial position of the Company.

2. Internal Controls over Financial Reporting

The Company is required to comply with section 10 (2) (e) of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 and assess the effectiveness of internal control over financial reporting as at 31 December 2024.

The Statement of Internal Controls over Financial Reporting is reviewed by the Committee prior to endorsement by the Board.

The Committee is satisfied that the financial reporting system is effectively designed to provide accurate, appropriate and timely information to the Board, regulatory authorities and management and the adequacy, efficiency and effectiveness of risk management measures, internal controls and governance processes are adequate to avoid, mitigate and transfer current and evolving risks.

3. Internal Audit

The committee provides oversight of the internal audit function, ensuring its independence, effectiveness, and alignment with the Company's strategic objectives. During the year, the Company established an in-house audit function. In addition, the Company engaged Messrs. Ernst & Young, Chartered Accountants to obtain outsourced internal audit services, ensuring a comprehensive review of internal controls and risk management.

Audit Committee Report

The Committee continued to fulfill its mandate as per the TOR which is to review the adequacy of the scope and functions of the internal audit prior to commencement of the annual audit plan. The 2024 annual audit plan was reviewed and approved by the committee. Based on the recommendations of the Committee, the management established an independent internal audit function within the Company and recruited Lead Operations Auditor to head the internal audit function in September 2024, who directly reports to the Committee.

The Committee reviewed the significant audit findings and management action plan for the audit recommendations and evaluated the effectiveness of the management action plan in terms of timely implementation of the action plan and repetitive of audit issues.

4. External Audit

Overseeing the appointment, compensation, resignation and dismissal of the External Auditors is vested with the Committee. The functions are inclusive of the review of the external audit function, its costs and effectiveness and monitoring the External Auditors' independence to ensure that the engagement of the Audit Partner shall 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.

The following were among the activities carried out by the Committee during the year ended 31 December 2024.

- Discussion with the External Auditors on the scope of the audit, audit approach and procedures including the scope of work and fees related for the annual audit for the year ended 31 December 2024.
- Review of the Management Letter issued at the conclusion of the audit for the year ended 31 December 2023, along with the responses provided.
- Review of the External Auditor's declaration regarding their independence, confirming compliance with the Code of Conduct and Ethics of the CA Sri Lanka.

- Evaluation of the External Auditor based on the audit deliverables and the quality assurance initiatives and recommendations.
- Review of the Letter of Representation provided by the Management to the External Auditor.

Messrs.Deloitte Partners, Chartered Accountants were re-appointed as the External Auditors of the Company at the Annual General Meeting held on 11 June 2024.

The independence and objectivity of the External Auditors were reviewed by the Committee, which held the view that the services outside the scope of the statutory audit provided by the External Auditors have not impaired their independence. The Committee received confirmation from the Auditors that they adhere to the independence guidelines in the Code of Ethics of CA Sri Lanka. The Committee is content that no conflicts of interest exist between the Company and the Auditor, which might undermine the Auditor's independence and objectivity.

In line with corporate governance best practices, the total fees paid to the external auditors, including those for audit and non-audit services, are disclosed in Note 13 of the financial statements.

Having reviewed the effectiveness of the External Auditors, the Committee has recommended to the Board, the re-appointment of Messrs.Deloitte Partners as the External Auditors of the Company for the financial year ending 31 December 2024, subject to the approval of the Shareholders at the Annual General Meeting.

5. Annual Corporate Governance Report

The Company is required to comply with Section 16 (1) of the Finance Companies (Corporate Governance) Direction No. 5 of 2021 and publish the Annual Corporate Governance Report for the year ended 31 December 2024.

The findings of the Corporate Governance Report were reviewed by the Committee and were consistent with the matters disclosed in the report on pages 32 to 89.

Audit Committee Report

Reporting to the Board

The proceedings of the meetings of the Committee with adequate details of matters discussed are regularly reported to the Board.

Conduct, Ethics and Good Governance

The Committee is consistently apprised on maintaining ethical values of the staff. In this regard, the Company has a Code of Ethics, a Whistleblower's Policy and an Anti-Bribery and Anti-Corruption Policy in place which encourage all staff members to be ethical, transparent and accountable in their practices and resort to whistleblowing if they suspect any wrongdoings or other improprieties.

Highest standards of corporate governance and adherence to the Company's Code of Ethics are ensured and the Whistleblower Policy assures the maintenance of strict confidentiality of the identity of the whistleblowers.

All appropriate practices were in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means.


Professional Advice

The Committee has the authority to seek external professional advice on matters within its purview and from time to time.

Conclusion

The Committee is satisfied that the Company's accounting policies, internal controls and risk management processes are adequate to provide reasonable assurance that the financial affairs of the Company are managed in accordance with accepted accounting standards.

On behalf of the Audit Committee.



Mr. Uditha Jayasinghe*

Chairman – Audit Committee

05 May 2025

Note

**Chairman of the committee with effect from 23 April 2025*

Nominations and Governance Committee Report

Role of the Committee

The Board Nominations and Governance Committee (NGC) is a formally constituted sub-committee of the Board of Directors (Board), established on 1 October 2024 in compliance with the requirements of the Colombo Stock Exchange (CSE), following the dissolution of the Nominating and Remuneration Committee on 30 September 2024. The NGC reports to the Board and is accountable to the Board.

The primary role of the NGC is to establish and maintain a formal and transparent process for appointing new Directors, ensuring that the composition of the Board and its committees aligns with the entity's strategic objectives and governance requirements. The NGC is also responsible for evaluating and recommending the corporate governance framework, ensuring compliance with the Listing Rules, regulatory requirements, and applicable best practices, as well as providing oversight on matters related to Board composition, succession planning, Board evaluation and corporate governance practices.

Composition

The NGC comprises of three (3) Non-Executive Directors, two (2) of whom are independent. They were appointed to the NGC upon the Committee's formation on 1 October 2024. The Committee is chaired Roshaan Hettiaratchi, and the Company Secretary functions as the Secretary to the Committee.

The members of the Committee as of 31 December 2024 were as follows:

1. Mr. Roshaan Hettiaratchi – Independent, Non- Executive Director (Chairman)
2. Mr. Priyan Edirisinghe – Independent, Non-Executive Director
3. Mr. Supun Weerasinghe – Non-Independent, Non- Executive Director

Mr. Priyan Edirisinghe and Mr. Roshaan Hettiaratchi having completed nine (09) years of service on the Board, retired from the Board of Directors of the Company effective 19 January 2025 and 09 February 2025 respectively.

Pursuant to the above, the Board reconstituted the Committee, and the current composition of the Committee composed of the following Board members.

1. Mr. Shivaan Kanag-Isvaran - Independent, Non- Executive Director (Chairman)
2. Mr. Alexander Löwbäck - Independent, Non- Executive Director
3. Ms. Lim Li San – Non-Independent, Non-Executive Director

The profiles of the current members are given on pages 15 to 18 of the Annual Report.

The Committee wishes to place on record its sincere appreciation to Mr. Priyan Edirisinghe and Mr. Roshaan Hettiaratchi for their invaluable contribution and counsel to the committee and to the Nominating and Remuneration Committee during their tenure.

Policy And Processes for Director Nominations

The NGC operates under a documented policy and defined processes for the nomination of Directors. These include.

- Overseeing the identification, evaluation and recommendation of candidates for appointment to the Board. The NGC strives to ensure that the candidate pool reflects a diversity of experience, skills, gender, ethnicity and perspectives that align with the Company's strategic goals and governance standards.
- Ensuring that candidates possess the required expertise, experience, integrity and independence necessary to fulfill the responsibilities of a board member.
- Emphasizing the need for candidates to possess key qualifications, including relevant industry knowledge, financial literacy or expertise, leadership experience, the ability to contribute to the Company's long-term strategy and adherence to the Company's ethical standards.

Nominating and Governance Committee Report

Re-election of Directors

In accordance with the Company's Articles of Association, directors who were appointed during the year must submit themselves to the shareholders for re-election at the first AGM following their appointment.

Board Diversity

The Company considers Board diversity a critical factor in ensuring the Board's effective performance. It is committed to maintaining a diverse Board across the following dimensions that align with its strategic goals.

- Experience: Representation of varied professional backgrounds and industry expertise.
- Skills: Inclusion of technical, financial and leadership competencies.
- Age: Balanced distribution across different age groups.
- Gender: Commitment to gender diversity, with female representation on the Board.

The following Directors are proposed for re-elected at the forthcoming 44th Annual General Meeting of the Company in accordance with the provisions stipulated in the Articles of Association of the Company and the Companies Act No. 07 of 2007.

Effective Implementation of Policies and Processes

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by:

- Comprehensive due diligence is conducted on all prospective candidates, which may include interviews, reference checks and reviews of their past performance, particularly if the candidate has prior board experience.
- Structured evaluations of Board members' performance, including attendance, engagement and contributions to the Board's work, are carried out to ensure the director continues to bring value to the Company and aligns with its objectives before the re-election of a sitting director.
- Regular reviews of Board composition are undertaken to address skill and diversity gaps.
- Engagement with external advisors, where appropriate, is used to identify and assess potential candidates.

	Board Committees served on	Date of first appointment as a Director	Date of last re-appointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholding more than ten per-centum (10%) of the shares of the Listed Entity
Alexander Löwbäck	BIRMC* BAC RPTRC BNGC BRC	11 October 2024	-	Lucytech (Pvt) Ltd	-
Lim Li San	BNGC BIRMC	11 October 2024	-	-	Nominee Director of Dialog Axiata PLC
Shivaan Kanag-Isvaran	RPTRC BNGC* BRC	5 March 2025	-	Ceylon Cold Stores PLC	-
Uditha Jayasinghe	BIRMC BAC* RPTRC*	11 April 2025	-	-	-

Table 2 – Proposed Re-election of Directors at the forthcoming Annual General Meeting

Nominating and Governance Committee Report

BIRMC - Board Integrated Risk Management Committee

BAC - Board Audit Committee

RPTRC - Related Party Transactions Review Committee

BNGC - Board Nominations & Governance Committee

BRC - Board Remuneration Committee

**Denotes Chairperson*

Periodic Review of the Board and the CEO

The NGC confirms that the annual evaluation of the performance of the Board of Directors and the CEO has been conducted. This assessment ensures alignment with the organization's strategic objectives and supports continuous improvement in governance and leadership effectiveness.

Process on the flow of Information to Independent Directors on Major Issues

The Company ensures Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agendas and relevant documents shared in advance. Directors receive periodic updates on key financial, operational and strategic matters, with direct access to senior management. Special briefings address critical issues, and a secure online portal provides ongoing access to important updates. Strategy sessions, orientation and training programs keep Directors informed on industry trends and governance. Crisis communication protocols ensure timely updates during significant events, supporting effective oversight and contribution to the Company's objectives.

Induction and Orientation Programs

The Company provides induction programs for newly appointed directors, covering operations, governance, regulations, strategic objectives, financial performance and key policies. Continuous development is

encouraged to keep directors informed of industry trends and regulatory changes. Updates are also provided to the Board on corporate governance, regulatory developments, and relevant laws, ensuring compliance, effective risk management and alignment with legislative amendments to protect shareholder interests.

The NGC confirms that the Independent Directors meet the criteria for independence as stipulated in the CSE Rules.

Conclusion

The Committee is satisfied that the Company has fully complied the corporate governance requirements outlined in the CSE Listing Rules and and Central Bank of Sri Lanka regulations.

On behalf of the Nominations and Governance Committee.



Mr. Shivaan Kanag-Isvaran*

Chairman - Nominations and Governance Committee

05 May 2025

Note

**Chairman of the committee with effect from 23 April 2025*

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (Committee) was established by the Board of Directors (Board) in terms of the Listing Rules of the Colombo Stock Exchange (Rules), the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (Code) and the Finance Business Act Direction No 5 of 2021 issued by Central Bank of Sri Lanka (Direction). The Committee is a formally constituted sub-committee of the Board and reports to the Board.

Composition

The Committee during the year under review, comprised of the following three (3) Non-Executive Directors, of whom two (2) are Independent Directors in compliant with the provisions of the Rules and the Direction regarding the composition of the Committee.

1. Mr. Priyan Edirisinghe – Independent, Non-Executive Director (Chairman)
2. Mr. Roshaan Hettiaratchi –Independent, Non-Executive Director
3. Mr. Supun Weerasinghe - Non-Independent, Non-Executive Director

Mr. Priyan Edirisinghe and Mr. Roshaan Hettiaratchi having completed nine (09) years of service on the Board, retired from the Board of Directors of the Company effective 19 January 2025 and 09 February 2025 respectively.

Pursuant to the above, the Board has reconstituted the Committee, and the current composition of the Committee composed of the following Board members.

1. Mr. Uditha Jayasinghe - Independent, Non-Executive Director (Chairman)
2. Mr. Alexander Löwbäck - Independent, Non- Executive Director
3. Mr. Supun Weerasinghe - Non-Independent, Non- Executive Director

The profiles of the current members are given on pages 15 to 18 of the Annual Report.

The Company Secretary functions as the Secretary to the Committee.

The Committee wishes to place on record its sincere appreciation to Mr. Priyan Edirisinghe and Mr. Roshaan Hettiaratchi for their invaluable contribution and counsel to the committee during their tenure.

Meetings

The Committee had six (06) meetings during the year 2024. The meeting attendance of the members is set out in the table below.

Name of Member	Attendance
Mr. Priyan Edirisinghe – Chairman	6/6
Mr. Roshaan Hettiaratchi	6/6
Mr. Supun Weerasinghe	0/6

Terms of Reference

The role and functions of the Committee are regulated by the Code and the Rules. The Terms of Reference TOR of the Committee was formulated and approved by the Board on 16 June 2016. The TOR is regularly reviewed to ensure new developments relating to Committee functions are addressed.

The Chief Executive Officer and Head of Finance attended the Committee meetings by invitation. The Senior Management of the Company too participated in the meetings from time to time on need basis.

Role and Responsibilities

The mandate of the Committee is derived from the Code and the Rules and includes mainly the following:

1. Formulate and review that the Related Party Transactions (RPTs) Policy is consistent with the provisions of the Code and the Rules for adoption by the Board.
2. Review all proposed and executed RPTs in compliance with the provisions of the Code and the Rules.

Related Party Transactions Review Committee Report

3. Updating the Board on the RPTs of the Company as and when required.
4. Advise the Board on making immediate market disclosures and disclosures in the Annual Report where necessary, in respect of RPTs, in compliance with the provisions of the Code, the Rules, Procedures and Directives/ Guidelines adopted.
5. Ensure that Procedures/ Directives/ Guidelines are issued to compel all RPTs to be referred to the Committee for review.

The primary objective of the Committee is to ensure good corporate governance within the Company through;

- Avoiding favorable treatments to Related Parties in granting credit facilities, offering interest rates for deposits, providing and obtaining financial and non-financial services.
- Implementing regulations relating to RPTs issued by the CSE, Central Bank of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.
- Ensuring that the interests of shareholders are considered by a listed entity when entering RPTs.
- Ensuring that there are appropriate safeguards in place to prevent the Directors, the Chief Executive Officer or substantial shareholders taking unfair advantage of their positions.

Activities carried out during the year under review

The Committee reviewed all RPTs carried out during the year on a quarterly basis. Further, the Committee reviewed recurrent and non-recurrent RPTs prior to the transaction being entered into or if the transaction was expressed to be conditional on such review, prior to the completion of the transaction and the recommendation communicated to the Board for consideration.

Declaration obtained from each Director of the Company for the purpose of identifying parties related to them.

RPTs for the year ended 31 December 2024 (as defined in LKAS 24 - 'Related parties Disclosures') are set out in Note 41 to the financial statements.

Reporting to the Board

The proceedings of the meetings of the Committee with adequate details of matters discussed are regularly reported to the Board.

Conclusion

The Committee is satisfied that all RPTs of the Company during the year under review were in compliance with the Rules, the Code and Direction and were at arm's length terms and not prejudicial to the interests of the Company and its minority shareholders and the observations of the Committee have been duly communicated to the Board.

On behalf of the Related Party Transactions Review Committee.



Mr. Uditha Jayasinghe*

Chairman – Related Party Transactions Review Committee

05 May 2025

Note

**Chairman of the committee with effect from 23 April 2025*

Integrated Risk Management Committee Report

Role of the Committee

The Board of Directors of the Company have delegated their responsibility of the oversight function of Risk Management in the Company to the Integrated Risk Management Committee (Committee), a formally constituted sub-committee of the Board of Directors (Board). It reports to and is accountable to the Board.

The primary role of the Committee is to assess all risks, i.e., credit, market, liquidity, operational and strategic risks of the Company on a quarterly basis through appropriate risk indicators and management information. The Committee reviews the adequacy of management-level committees such as the Asset and Liability Committee (ALCO), the Credit Committee and the Information Technology and Security Steering Committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the Committee.

The Terms of Reference of the Committee is periodically reviewed and revised when necessary.

Composition

The Committee comprises of three (03) Non-Executive Directors, of whom two (2) are Independent Directors. The composition meets the requirements stipulated in the financial regulations issued by the Central Bank of Sri Lanka. The Committee is chaired by Roshaan Hettiaratchi, and the Company Secretary functions as the Secretary to the Committee.

The Members of the Committee as of 31 December 2024 were as follows:

1. Mr. Roshaan Hettiaratchi – Independent, Non-Executive Director (Chairman)
2. Mr. Priyan Edirisinghe – Independent, Non-Executive Director
3. Mr. Supun Weerasinghe – Non-Independent, Non-Executive Director

Mr. Roshaan Hettiaratchi and Mr. Priyan Edirisinghe having completed nine (09) years of service on the Board, retired from the Board of Directors of the Company effective 19 January 2025 and 09 February 2025 respectively.

Pursuant to the above, the Board has reconstituted the Committee, and the current composition of the Committee composed of the following Board members.

1. Mr. Alexander Löwbäck – Independent, Non- Executive Director (Chairman)
2. Mr. Uditha Jayasinghe – Independent, Non-Executive Director
3. Ms. Lim Li San – Non-Independent, Non- Executive Director

The profiles of the current members are given on pages 15 to 18 of the Annual Report.

The Committee wishes to place on record its sincere appreciation to Mr. Roshaan Hettiaratchi and Mr. Priyan Edirisinghe for their invaluable contribution and counsel to the committee during their tenure.

Meetings

The Committee held 4 meetings (4 quarterly meetings) during the financial year under review. The meeting attendance of the members are set out in the table below:

Name of Member	Attendance
Mr. Roshaan Hettiaratchi	4/4
Mr. Priyan Edirisinghe	4/4
Mr. Supun Weerasinghe	0/4

The Chief Executive Officer and Head of Risk and Compliance attended the meetings by invitation. The Senior Management of the Company also participated in the meetings from time to time on a need basis.

Integrated Risk Management Committee Report

The Board is apprised by the Chairman of the Committee of the significant issues deliberated, considered and the recommendations made by the Committee during its meeting.

Summary of Principal Activities of the Committee during the Year

During the year under review, the Committee attended to the following principal activities:

1. Approval of the Merchant Acquiring Policy in January 2024.
2. Review of all the risk assessments of the Company and provision of advice to the Head of Risk and Compliance and to the management.
3. Provision of guidance to the management of the Company on decisions made by the Credit Committee.
4. Advised on action to be followed up with Legal and Law enforcement authorities relating to the fraud incident that occurred in June 2024.
5. Reviewed decisions taken by the Asset and Liability Committee (ALCO).
6. Followed up on Information Technology Risk related to Disaster Recovery and the Company successfully completed a full DR drill in November 2024.
7. Reviewed and advised the management on the Anti-Money Laundering (AML) controls initiated by the Company.
8. Review of the Company's Risk risk exposure to Money Laundering.
9. Address the management on the steps to resolve Cybersecurity risks.
10. Reviewed the financials of the Company and provided valuable feedback.

Conclusion

The Committee is satisfied that the overall Enterprise Risk Management framework adopted by the Company, and it is in line with the Risk Policy of the Company and the regulations issued by the CBSL.

On behalf of the Integrated Risk Management Committee.



Mr. Alexander Löwbäck*

Chairman – Integrated Risk Management Committee

05 May 2025

Note

**Chairman of the committee with effect from 21 March 2025*

Annual Report of the Board of Directors for the Year ended 31 December 2024

The Board of Directors of Dialog Finance PLC (‘the Company’) is pleased to present its Annual Report on the State of Affairs of the Company for the year ended 31 December 2024, together with the audited financial statements of the Company.

This report contains the information required in terms of the Companies Act, No. 07 of 2007, Finance Business Act, No. 42 of 2011 and Directions issued there under and the Listing Rules of the Colombo Stock Exchange.

The Company

The Company bearing the registration No. PB 765 PQ, is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 475, Union Place, Colombo 02 and the principal place of business is located at No. 57, Srimath Anagarika Dharmapala Mawatha, Colombo 03.

The Company was incorporated on 25 November 1981, under the Companies Ordinance (Chapter 145), bearing the name Silvereen Finance Company Limited. The Company changed its name to People’s Merchant Finance Company Limited on 30 September 2009 and Capital Alliance Finance Limited on 16 September 2011. The Company was re-registered under the provisions of the Companies Act, No. 07 of 2007 on 21 November 2011 and was accordingly renamed as Capital Alliance Finance PLC. On 22 December 2015, the Company changed its name to Colombo Trust Finance PLC and following the acquisition by Dialog Axiata PLC, the Company changed its name to Dialog Finance PLC on 15 September 2018.

The Company is a Licensed Finance Company under the Finance Business Act, No. 42 of 2011 and the ordinary shares of the Company were listed on the Colombo Stock Exchange (“CSE”) on 4 October 2011.

Principal Business Activities

The Company offers a comprehensive range of financial services which include fixed and savings deposits, margin trading facilities, revolving loans, debt factoring, payment services and other financial facilities.

Financial Statements

The financial statements of the Company as set out on pages 125 to 193, comprise of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements of the Company. They have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs & LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka, in compliance with the requirements of the Companies Act, No. 07 of 2007 (“the Companies Act”) and the Finance Business Act, No. 42 of 2011.

The aforementioned financial statements for the year ended 31 December 2024 are duly signed by the Chief Executive Officer, Head of Finance and two other Directors of the Company.

Independent Auditor’s Report

The Independent Auditors of the Company are Messrs. Deloitte Partners (“Deloitte”), Chartered Accountants. Deloitte carried out the audit on the financial statements of the Company for the year ended 31 December 2024 and their report on the financial statements, is set out on pages 121 to 124.

Material Accounting Policies

The significant accounting policies adopted in the preparation of the financial statements are given on pages 130 to 150.

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 its state of affairs. The Directors are of the view that these financial statements appearing on pages 125 to 193 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, the Finance Business Act, No.42 of 2011 and amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The detailed Statement of Directors’ Responsibility for Financial Reporting is set out on page 115.

Annual Report of the Board of Directors for the Year ended 31 December 2024

Property, Plant and Equipment

The details of property, plant & equipment are given on Note 27 to the financial statements.

[A]. Capital Expenditure

The total capital expenditure made on acquiring property, plant and equipment and intangible assets of the Company amounted to Rs. 61.69Mn (For the year ended 31 December 2023 – Rs. 54.70Mn) and the details are given in Notes 27 and 28 to the financial statements.

[B]. Capital Commitments

The capital expenditure approved and contracted for, as at the reporting date is given in Note 38 to the financial statements.

Reserves

The aggregate value of reserves and their composition are set out in the Statement of Changes in Equity of the Company on page 127 to the financial statements.

[A] Statutory reserve fund

The statutory reserve fund is a capital reserve which consists of profits transferred as required by section 3 (b) (ii) of Central Bank Direction No. 1 of 2003.

Stated Capital

The Stated Capital of the Company as at 31 December 2024 amounted to Rs. 2,934,582,100 consisting of 117,399,866 ordinary shares (31 December 2023 – Rs. 2,934,582,100 consisting of 117,399,866 ordinary shares).

[A]. Shareholdings of the Company

The parent company, Dialog Axiata PLC, held 99.05% of the Ordinary shares in issue of the Company as at 31 December 2024. The main shareholders of the Company and corresponding holding percentages are set out below.

Name of Shareholder	31 December 2024	
	No of Shares	% Holding
1. Dialog Axiata PLC	116,290,376	99.05%
2. Mr. R.C.J. Goonewardene	129,630	0.11%
3. Mr. P.S. Goonewardene JNR	127,913	0.11%
4. Mr. D.M.H.B. Dasanayake	30,000	0.03%
5. Mr. M.A.T. Raaymakers	27,307	0.02%
6. Mr.S.R.S. De Saram/ Mrs.S.T.T. Jayasundera (Joint)	25,000	0.02%
7. Hatton National Bank PLC/ Dawi Investment Trust (Pvt) Ltd	24,719	0.02%
8. Mr. P. Poongunaseelan	24,419	0.02%
9. Mr. P.S.M. Fernando	24,282	0.02%
10. Mr. M.F. Cader	24,221	0.02%
11. Mr. W.C. Madhushanka	22,795	0.02%
12. People's Leasing & Finance PLC/ C.D.Kohombanwickramage	18,152	0.02%
13. Mrs. R. Ameen UR Rahman/ Mr. K.R. Ameen UR Rahman (Joint)	17,875	0.02%
14. Mr. V. Rajakulasekaran	17,500	0.01%
15. Mr.M.K. Gunawardena/ Mr. M.K. Gunawardena (Joint)	16,190	0.01%
16. Mr. G.D.M. Ranasinghe/ Mrs. O.R.K. Ranasinghe (Joint)	14,029	0.01%
17. Mrs. S. Suwandaratne	13,346	0.01%
18. Miss. T.K. Hulugalle	12,865	0.01%
19. Mr. D.W.K. David	12,643	0.01%
20. Senkadagala Finance PLC / G.B.R.P. Gunawardana	11,191	0.01%
Others	515,413	0.45%
Total	117,399,866	100.0%

[B]. Minimum Public Holding Requirement

The percentage of shares held by the public as at 31 December 2024 was 0.95%, in the hands of 848 public shareholders (31 December 2023 – 0.95% in the hands of 747 public shareholders)

The Company is not compliant with the Minimum Public Holding requirement under section 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock

Annual Report of the Board of Directors for the Year ended 31 December 2024

Exchange (“CSE”). Accordingly, the Company was transferred to the Second Board on 10 February 2020.

[C]. Equitable Treatment to Shareholders

The Company has at all times ensured that all shareholders treated equitably.

Board of Directors

The Board of Directors of the Company comprise of 7 Directors (31 December 2023- 5) with wide financial and commercial knowledge and experience.

The classification of Directors into Executive (ED), Non-Executive (NED), Independent (IND) and Non-Independent Directors (NID) is given against the names as per Listing Rules and Corporate Governance Rules of the CSE and the Finance Business Act Direction No 05 of 2021 and subsequent amendments thereto issued by the Central Bank of Sri Lanka.

The Directors of the Company as at 31 December 2024 were;

Name	Classification (NED/NID/ED)	Remarks (Appointed date, change of directorate to chairman etc)
Ms. Renuka Fernando (Chairperson)	NID/NED	22 May 2020
Mr. Supun Weerasinghe	NID/NED	09 November 2017
Ms. Lim Li San	NID/NED	11 October 2024
Mr. Priyan Edirisinghe*	IND/NED	19 January 2016
Mr. Roshan Hettiaratchi*	IND/NED	09 February 2016
Mr. Alexander Löwbäck	IND/NED	11 October 2024
Mr. Nazeem Mohamed	NID/ED	24 June 2022

*Mr. Priyan Edirisinghe and Mr. Roshan Hettiaratchi having completed nine (09) years of service on the Board, retired from the Board of Directors of the Company effective 19 January 2025 and 09 February 2025 respectively. Mr. Ajith Akmeemana has been appointed as an Independent and Non-Executive Director, effective 07 February 2025

Board Subcommittees

The Board, while assuming the overall responsibility and accountability for the management oversight of the Company, has also appointed Board Sub Committees to ensure that the activities of the Company are conducted with the highest ethical standards and the best interest of its stakeholders at all times. The Board has formed many sub committees including the following.

- Audit Committee
- Nominations and Governance Committee
- Remuneration Committee
- Integrated Risk Management Committee
- Related Party Transactions Review Committee

Directors’ Interest in Contracts and Proposed Contracts

Directors of the Company have made necessary declarations of their interest in contracts or proposed contracts, in terms of the Section 192(1) and 192(2) of the Companies Act. These interests have been recorded in the interest register which is available for inspection in terms of the Companies Act. The Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed.

[A]. Directors’ Interest in Shares of the Company

None of the Directors and their close family members directly held any shares in the Company as at 31 December 2024. (As at 31 December 2023 – Nil).

Directors’ Remuneration

The details of Directors’ emoluments and other benefits paid in respect of the Company during the year under review are given in Note 41 to the financial statements.

Related Party Transactions

The Directors have disclosed transactions if, any that could be classified as related party transactions in terms of Sri Lanka Accounting Standards – LKAS 24 (Related Party Disclosure) which is adopted in the preparation of the financial statements. The details of all related party transactions carried out during the period are disclosed in Note 41 to the financial statements.

Annual Report of the Board of Directors for the Year ended 31 December 2024

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 2024 and that such transactions with the Company if any, have been disclosed while abstaining from voting on any matters of material interest.

Outstanding Litigation

In the opinion of the Directors and in consultation with the Company lawyers, there were no pending litigations against the Company as at 31 December 2024 which would have a material impact on the reported financial results, or future operations, of the Company.

Statutory Payments

The Directors, to the best of their knowledge and having made adequate inquiries from management, confirm that all taxes, duties, levies and statutory payments payable by the Company on behalf of and in respect of the employees of the Company as at the date of the statement of financial position have been duly paid, or where relevant, have been provided for, except as disclosed in Note 38 to the financial statements.

Risk Management and Internal Control

[A]. Internal Controls

The Directors of the Company have taken reasonable steps to safeguard the financial operations of the Company to prevent and detect fraud and any other irregularities. For this purpose, the Directors consider that the system of internal controls is appropriately designed for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the period and it is being regularly reviewed by the Board of Directors. The Directors further confirm that this is an on-going process to identify, evaluate and manage significant business risk.

[B]. Corporate governance and compliance with laws and regulations

The Directors of the Company are committed towards maintaining an effective Corporate Governance Framework and implementing processes with respect to the management and operations of the Company in order to develop and nurture sustainable growth and long-term relationships with key stakeholders. The Directors confirm that the Company is compliant with Section 7.10 of the Listing Rules of the CSE and

the Directions on Corporate Governance issued by the Central Bank of Sri Lanka (CBSL) except below.

• Non-Compliance with the Board Committee Composition

Pursuant to the retirement of Mr Priyan Edirisinghe and Mr Roshan Hettiaratchi, Independent, Non-Executive Directors of Dialog Finance PLC from the Board of Directors of the Company effective 19 January 2025 and 09 February 2025 respectively, the Company is, as at 14 February 2025, non-compliance with the Corporate Governance Requirements set out in Rules 9.11.4(1)(a), 9.11.4(2), 9.12.6(1)(a), 9.12.6(2), 9.13.3(1)(a), 9.13.3(4), 9.13.3(6) and 9.14.2(1) of the Listing Rules. The steps are being taken by the Company to comply with the above requirements.

The Company has not engaged in any activity that contravenes any applicable law or regulation, and to the best of the knowledge of the Directors the Company has been in compliance with all prudential requirements, regulations and laws.

Environmental Protection

The Company makes every endeavour to comply with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company operates in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on customers and the communities within which the Company operates.

To the best of the knowledge of the Board of Directors, the Company has not engaged in any activity which is harmful or hazardous to the environment and complies with the relevant environmental laws and regulations.

Donations

The Company has not made any donations during the year ended 31 December 2024. (For the year ended 31 December 2023 – Nil).

Taxation

Provision for taxation has been computed in accordance with income tax legislations and applicable tax rates are given in Note 15 to the financial statements.

Annual Report of the Board of Directors for the Year ended 31 December 2024

Dividends

The Directors have not recommended a dividend for the year ended 31 December 2024. (For the year ended 31 December 2023 – Nil).

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.

Auditors

The Independent Auditors of the Company during the year were Messrs. Deloitte Partners, Chartered Accountants.

The audit fees to the Auditors Messrs. Deloitte Partners for the year ended 31 December 2024 amounted to Rs. 1,843,000 (For the year ended 31 December 2023 – Rs. 1,536,000). In addition to the above, Rs. 1,171,000 was payable for the year ended 31 December 2024 (For the year ended 31 December 2023 – Rs. 990,000) for other permitted services.

Based on the declaration provided by Messrs. Deloitte Partners, and as far as the Directors are aware, the Independent Auditors do not have any relationship or interest with the Company that would impair their independence and objectivity.

Messrs. Deloitte Partners have expressed their willingness to continue as the Independent Auditors of the Company and a resolution proposing their re-appointment, as Auditors will be proposed at the forthcoming Annual General Meeting.

Employment Policy

The Company believes that its potential rests on the skilled & competent workforce in the rapidly changing environment. As at 31 December 2024, the number of employees on the payroll of the Company was 169 (31 December 2023 – 97).

Modern Human Resources Management practices are adopted respecting each and every individual and providing equitable opportunities for career advancement for all employees. The Company complies with its policy of non-discrimination in terms of gender, race or religion in the matter of employment.

Fair Treatment to Stakeholders

The Board of Directors declare that the Company has taken necessary measures to ensure the fair and equitable treatment of all stakeholders, including its shareholders and depositors.

Events after the Reporting Period

No circumstances have arisen since the Statement of Financial Position date which would require adjustments to, or disclosure in the financial statements other than those disclosed in Note 39 to the financial statements.

By order of the Board



Ms. Renuka Fernando
Chairperson



Mr. Nazeem Mohamed
Director / Chief Executive Officer



Ms. Nipuni Fernando
Company Secretary

Colombo
14 February 2025

The Statement of Directors' Responsibility

The responsibility of Directors in relation to the financial statements of Dialog Finance PLC ("the Company") is set out in the following statements. The responsibility of the Independent Auditor in relation to the financial statements prepared in accordance with the Companies Act, No.07 of 2007 ("the Companies Act"), is set out in the Independent Auditor's Report on pages 121 to 124.

The financial statements comprise of the following :

- the statement of financial position, which presents a true and fair view of the state of affairs of the Company as at 31 December 2024,
- the statement of profit or loss and other comprehensive income, which present a true and fair view of the profit or loss and other comprehensive income of the Company for the year ended 31 December 2024;
- Statement of changes in equity, Statement of cash flow and Notes to the financial statements.

In preparing these financial statements, the Directors are required to ensure that:

- Appropriate accounting policies have been selected and applied in consistent manner and material departures, if any, have been disclosed and explained.
- All applicable accounting standards, as relevant, have been followed.
- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected.
- Information required by the Companies Act, Finance Business Act No. 42 of 2011 and the Continuing Listing Rules of the Colombo Stock Exchange has been disclosed.

The Directors are satisfied that the Company has adequate resources to continue in operation and justify applying going concern principle in the preparation of the financial statements.

The financial statements of the Company have been certified by Head of Finance, the officer responsible for the preparation and the Chief Executive Officer and have been signed by two Directors on 14 February 2025 in conformity with the requirements of the Companies Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view of preventing and detecting fraud and other irregularities.

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the date of the statement of financial position have been paid, or where relevant provided for, except as disclosed in Note 38 to the Financial Statements covering contingent liabilities.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board



Ms. Nipuni Fernando
Company Secretary

Colombo
14 February 2025

Directors' Statement on Internal Controls Over Financial Reporting

1. Purpose

The Board of Directors ('the Board') of Dialog Finance PLC ('the Company') presents this report on Internal Controls over Financial Reporting in compliance with the Finance Business Act (Corporate Governance) Direction No. 5 of 2021 issued by the Central Bank of Sri Lanka (CBSL).

2. Responsibility

The Board is responsible for the implementation of an adequate and effective internal control mechanism and the continuous reviewing of its design and effectiveness. An ongoing process has been established within the Company to identify, evaluate and manage the significant risks faced by the Company which is inclusive of enhancing the system of internal controls over financial reporting as and when there are changes to the business environment or regulatory guidelines. These processes are regularly reviewed by the Board and Board appointed sub committees.

The said design and effectiveness of internal control processes are to maintain proper accounting records and generate reliable financial information, safeguard the assets of the Company, eliminate the risk of failure to achieve business goals and objectives of the Company. Such processes can only provide reasonable but not absolute assurance against errors and material misstatement of management and financial information and records or against financial losses or fraud.

The Board is satisfied that the system of internal controls over financial reporting which is in place is sound and adequate to obtain 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 principles. Such systems are designed to manage, rather than eliminate, the risks identified to acceptable levels. The management of the Company implements the Board approved policies on risk and control to identify and assess risks faced, and in the design, operation and monitoring of suitable internal control to mitigate and control these risks.

3. Key Features of the Process Adopted in Applying and Reviewing the Design and Effectiveness of the Internal Control System over Financial Reporting

- **Scope of Board Appointed Sub Committees** - Board sub committees assist the board in evaluating the effectiveness of the Company's daily operations in conformity with corporate objectives, strategies and annual budgets as well as with the policies and directions approved by the Company.
- **Role of the Board Audit Committee**
 - Reviews the significant audit findings by internal and external auditors and regulatory authorities of the Company. The comments made by the external auditors in connection with the internal control system over financial reporting in previous years through issue of management letters were reviewed during the period and appropriate steps were taken to address and rectify the concerns raised. The recommendation which will be made by the external auditors for the period ended 31 December 2024, in connection with internal control over financial reporting will be dealt with in the future.
 - Reviews of whether appropriate infrastructure is placed within the Company and senior officers have been made responsible for collating procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Company.
 - Ensures the adequacy and effectiveness of internal audit functions of the Company referring to the scope and required quality. Activities carried out by the Audit Committee are set out in the Audit Committee Report on pages 99 to 102.

Directors' Statement on Internal Controls Over Financial Reporting

- **Internal Audit Function** - During the year, the Company established an in-house audit function. In addition, the Company engaged Messrs. Ernst & Young Chartered Accountants to obtain outsourced internal audit services, ensuring a comprehensive review of internal controls and risk management. The annual internal audit plan is reviewed and approved by the Audit Committee. The audit procedures are designed in such a way to ensure compliance with policies and procedures using samples and rotational procedures. The internal auditors provide independent and objective audit reports, highlighting significant findings on non-compliance. The frequency of such audits is determined based on the level of risk assessment.

- **Implementation of Accounting Standards and Other Regulatory Changes**

- The Company adopted the new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2012. Based on the feedback received from the external auditors, internal auditors, regulators and the Audit Committee, the processes to comply with requirements of recognition, measurement, classification and disclosure were further strengthened during the year.
- Since the implementation of SLFRS 09 "Financial Instruments" which became effective from 1st January 2018, the Company implemented and continued to improve the processes which are required to comply with the requirements of recognition, measurement, presentation and disclosures under the above accounting standard. The Company continuously refined the Expected Credit Loss (ECL) models while validating the appropriateness of the underlying assumptions, adjustments made to the micro economic factors and forward-looking statements and incorporating the potential impacts of the current macro-economic situation of the country. The Board Audit Committee continually advises the management on the strengthening of processes and controls required in management information systems to maintain the level of compliance with SLFRS 9 and related disclosures.

4. 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 the financial reporting system of the Company and the financial statements for the year ended 31st December 2024, are prepared and presented in conformity with the requirements of the following.

- Sri Lanka Accounting Standards
- Companies Act No. 07 of 2007 (Companies Act)
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Finance Business Act No. 42 of 2011 and amendments thereto
- Listing Rules of the Colombo Stock Exchange (CSE)
- Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

5. Statement on Prudential Requirements, Regulations and Laws

There is no material non-compliance with prudential requirements, regulations, laws and internal controls affecting the Company except the Minimum Public Holding requirement under option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange (CSE). Accordingly, the Company was transferred to the Second Board on 10 February 2020.

There were no lapses which caused supervisory concern on the Company's Risk Management Systems or non-compliance with these directions which led to them being pointed out by the Director of Non-Bank Supervision of the Central Bank of Sri Lanka and which have caused the Monetary Board to give directions that they be disclosed to the public. Since there have been no such lapses or instances of non-compliance and since no such directions have been given by the Monetary Board, the issue of measures to be taken does not arise and there is nothing to disclose in this regard.

Directors' Statement on Internal Controls Over Financial Reporting

The recommendations made in the Statutory Examination Reports by the CBSL were continuously reviewed and necessary steps were taken to address them with regular reports from the management and updates to the Audit Committee and the Board, where appropriate.

6. Review of the Statement by External Auditors

The external auditors, Messrs. Deloitte Partners has reviewed the above Directors' Statement of Internal Controls over Financial Reporting included in the Annual Report for the year ended 31 December 2024 and reported to the Board that nothing has come to their attention that causes the Board to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in the design and effectiveness of the Internal Control over Financial Reporting of the Company.

By order of the Board



Ms. Renuka Fernando

Chairperson



Mr. Uditha Jayasinghe

Chairman – Audit Committee

Colombo

05 May 2025

Independent Assurance Report on the Directors' Statement on Internal Control Over Financial Reporting

Deloitte.

Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

Tel: +94 11 771 9700,
+94 11 771 9838
Fax: +94 11 230 7237
www.deloitte.com

To the Board of Directors of Dialog Finance PLC

Report on the Directors' Statement on Internal Control over Financial Reporting

We were engaged by the Board of Directors of Dialog Finance PLC ("Licensed Finance Company") to provide assurance on the Directors' Statement on Internal Control over Financial Reporting ("Statement") included in the annual report for the period ended 31 December 2024.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of Licensed Finance Company/ Finance Leasing Company on the Directors' Statement on Internal Control" issued in compliance with the section 16.1 (ix) of the Finance Business Act (Corporate Governance) Directions No. 05 of 2021, by the Institute of Chartered Accountants of Sri Lanka.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement, and operate a system of quality management including 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 Licensed Finance Company. We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3051, Assurance Report for Licensed Finance Company/ Finance Leasing Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This standard requires 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 purposes 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.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, W D A S U Perera ACA, L A C Tillekeratne ACA, D C A J Yapa ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

Independent Assurance Report on the Directors' Statement on Internal Control Over Financial Reporting

To the Board of Directors of Dialog Finance PLC (Contd.)

Report on the Directors' Statement on Internal Control over Financial Reporting (Contd.)

Summary of work performed

Our engagement has been conducted to assess whether the Statement is both supported by the documentation prepared by or for the Board of Directors and appropriately reflects the process the management have adopted in reviewing the system of internal control for the Licensed Finance Company.

To achieve this objective, appropriate evidence had been obtained by performing the following procedures.

- (a) Enquired from the Board of Directors and the management and obtained an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the statement made by the management.
- (b) Reviewed the documentation prepared by the management to support their Statement made.
- (c) Related the Statement made by the Board of Directors to the auditor's knowledge of the Company obtained during the audit of the financial statements.
- (d) Reviewed the minutes of the meetings of the Executive Committee and of relevant other Management Committees of the Company.
- (e) Considered whether the Director's Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.
- (f) Obtained written representations from the Board of Directors and the management on matters material to the Statement on Internal Control when other sufficient appropriate audit evidence cannot reasonably be expected to exist.
- (g) Discussed with the Directors whether the steps have been taken by them to determine what process it has applied to deal with material internal control aspects of any significant problems.

- (h) Obtained an understanding from the Board of Directors as to whether there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, whether it has been in place for year ender review, whether it is regularly reviewed and whether the explanations are consistent with auditor's understanding.

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 License Finance Company/ Finance Leasing 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 the our judgement, having regard to the our understanding of the nature of the Licensed Finance 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 have adopted in the review of the design and effectiveness of internal control over financial reporting of Dialog Finance PLC.

Deloitte Partners.

CHARTERED ACCOUNTANTS

Colombo
05 May 2025

Independent Auditor's Report to the Shareholders



Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

Tel: +94 11 771 9700,
+94 11 771 9838
Fax: +94 11 230 7237
www.deloitte.com

To the Shareholders of Dialog Finance PLC

Report on the audit of the financial statements

Our Opinion

We have audited the financial statements of Dialog Finance PLC (the Company) which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent

of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, W D A S U Perera ACA, L A C Tillekeratne ACA, D C A J Yapa ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

Independent Auditor's Report to the Shareholders

To the Shareholders of Dialog Finance PLC (Contd.)

Report on the Audit of the Financial Statements (Contd.)

Key Audit Matters (Contd.)

Key audit matter	How our audit addressed the Key audit matter
<p>Impairment of loans and advances</p> <p>Refer to the accounting policy Section 5.3: Impairment of financial assets and Notes 10 and 22 to the financial statements.</p> <p>As at 31 December 2024, total gross amount of loans and advances amounted to LKR 5,407 million, with a total allowance for impairment of LKR 235 million. Total net amount of loans and advances contribute 70% to the total assets.</p> <p>Management assesses whether the credit risk of loans and advances to customers have increased significantly since their initial recognition and applies a three-stage impairment model to calculate their ECL. ECL is calculated on either an individual basis or a collective basis. Collective impairment is calculated incorporating key parameters, including probability of default, loss given default, exposure at default and discount rates. Individual impairment is determined using discounted cash flows:</p> <p>The impairment of loans and advances using the ECL model was considered as a key audit matter due to factors such as:</p> <ul style="list-style-type: none"> • The ECL model involves complex calculations with key variables used in the model requiring significant management judgment and use of assumptions. • The magnitude of the reported amounts of loans and advances to customers and the impairment allowances thereof. • The determination of expected loss rates in an uncertain economic environment. 	<p>The audit procedures performed to assess the adequacy of the impairment allowance for credit losses on loans and advances to customers in line with SLFRS 9 adopted, included the following:</p> <ul style="list-style-type: none"> • Understanding, evaluating and testing the design and operating effectiveness of key controls in the lending and credit risk mitigation process including information systems; • Assessing the appropriateness of the criteria used by management to determine whether customer credit facilities are impaired; • Assessing the appropriateness of the design and implementation of the ECL model, including the reasonableness of significant judgement made and assumptions used by management; • Checking the reasonability of the macro-economic and other forward-looking information used by management, by comparing them against reliable publicly available information; • For loans and advances individually impaired, assessing the reasonability on a sample basis, future cash flows forecasted by management and the discount rates supporting the loss allowance computation; • Checking the mathematical accuracy of the model and inputs used in the model on a sample basis; • Assessing the accuracy and sufficiency of related disclosures.

Independent Auditor's Report to the Shareholders

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Board of Directors for the year ended 31 December 2024, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report of the Company, which is expected to make 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report of the Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism 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.

Independent Auditor's Report to the Shareholders

To the Shareholders of Dialog Finance PLC (Contd.)

Auditor's Responsibilities for the Audit of the Financial Statements (Contd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act, No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

Deloitte partners.

CHARTERED ACCOUNTANTS
COLOMBO

CA Sri Lanka membership number: 4414
14 February 2025

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December, (All amounts in Sri Lanka Rupees thousands)	Note	2024	2023
Interest income	6.1	1,038,173	1,093,157
Less: Interest expense	6.2	(259,932)	(394,228)
Net interest income	6	778,241	698,929
Fee and commission income	7.1	586,450	60,805
Less: Fee and commission expenses	7.2	(235,641)	(10,251)
Net fee and commission income	7	350,809	50,554
Net gains / (losses) from trading	8	759	(399)
Other operating income	9	15,658	7,590
Total operating income		1,145,467	756,674
Less: Impairment charges and other losses	10	(114,248)	(21,816)
Net operating income		1,031,219	734,858
Less: Operating expenses			
Personnel expenses	11	(337,319)	(251,231)
Depreciation and amortisation	12	(62,890)	(52,042)
Other expenses	13	(586,961)	(328,696)
Operating profit before taxes on financial services		44,049	102,889
Less: Taxes on financial services	14	(59,984)	(58,147)
(Loss) / Profit before tax for the year		(15,935)	44,742
Deferred tax asset reversal	15	(25,148)	(5,304)
(Loss) / Profit for the year		(41,083)	39,438
Basic / diluted (loss) / profit per share for losses attributable to the ordinary equity holders of the Company (Rs.)	16.1	(0.35)	0.34
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- changes in the fair value of equity investments at fair value through other comprehensive income (Note 23)		173	65
- remeasurement of defined benefit obligations (Note 32.1 a)		(1,265)	2,146
- deferred tax effect on other comprehensive income (Note 15.1)		353	(653)
Other comprehensive income, net of tax		(739)	1,558
Total comprehensive (loss) / income for the year, net of tax		(41,822)	40,996

The notes on pages 129 to 193 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December, (All amounts in Sri Lanka Rupees thousands)	Note	2024	2023
Assets			
Cash and cash equivalents	18	252,167	33,917
Placements with financial Institutions	19	168,488	54,068
Securities purchased under repurchase agreements	20	509,924	-
Financial assets at fair value through profit or loss	21	257,224	1,121,790
Financial assets at amortised cost - loans and advances	22	5,171,335	3,042,903
Financial assets at fair value through other comprehensive income	23	2,358	2,185
Financial investments at amortised cost	24	387,959	1,250,021
Other assets	25	249,528	68,125
Current tax receivable		6,255	6,255
Right-of-use assets	26	36,308	18,708
Property, plant and equipment	27	53,518	47,189
Intangible assets	28	197,337	190,394
Deferred tax asset	29	92,698	117,493
Total assets		7,385,099	5,953,048
Liabilities			
Financial liabilities at amortised cost – due to customers	30	4,044,853	2,616,766
Financial liabilities at amortised cost - due to banks	31	100,296	502,117
Lease liabilities	26	40,286	20,025
Retirement benefit obligations	32	11,759	9,133
Other liabilities	33	584,962	160,242
Total liabilities		4,782,156	3,308,283
Equity			
Stated capital	34	2,934,582	2,934,582
Statutory reserve fund	35	16,688	16,688
Fair value through other comprehensive income	36	3,301	3,154
Accumulated losses	36	(351,628)	(309,659)
Total equity		2,602,943	2,644,765
Total equity and liabilities		7,385,099	5,953,048
Net asset per share (Rs.)	16.4	22.17	22.53
Commitments and contingencies	38	458,542	497,339

We certify that these Financial Statements have been presented in compliance with the requirements of the Companies Act, No. 07 of 2007.



Head of Finance

Ms. Yasoda Sewwandi

The Board of Directors is responsible for the preparation and presentation of these Financial statements. Approved and signed for and on behalf of the Board of Directors.



Director / Chief Executive Officer

Mr. Nazeem Mohamed

Colombo

14 February 2025



Chairperson

Ms. Renuka Fernando

The notes on pages 129 to 193 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December,	Note	Stated capital	Statutory reserve fund	Retained earnings / (accumulated losses)	Fair value through OCI reserve	Total
<i>(All amounts in Sri Lanka Rupees thousands)</i>						
Balance at 1 January 2024		2,934,582	16,688	(309,659)	3,154	2,644,765
Profit for the year		-	-	(41,083)	-	(41,083)
Other comprehensive income, net of tax		-	-	(886)	147	(739)
Total comprehensive income for the year		-	-	(41,969)	147	(41,822)
Transferred to statutory reserve fund	35	-	-	-	-	-
Balance at 31 December 2024		2,934,582	16,688	(351,628)	3,301	2,602,943
Balance at 1 January 2023		2,934,582	14,716	(347,125)	1,596	2,603,769
Profit for the year		-	-	39,438	-	39,438
Other comprehensive income, net of tax		-	-	-	1,558	1,558
Total comprehensive income for the year		-	-	39,438	1,558	40,996
Transferred to statutory reserve fund	35	-	1,972	(1,972)	-	-
Balance at 31 December 2023		2,934,582	16,688	(309,659)	3,154	2,644,765

The notes on pages 129 to 193 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December, (All amounts in Sri Lanka Rupees thousands)	Note	2024	2023
Cash flows from operating activities			
Profit / (Loss) before income tax		(15,935)	44,742
Adjustment for,			
Interest expenses	6.2	259,932	394,228
Impairment charges and other losses	10	114,248	21,816
Provision for retirement benefits obligation	11	3,969	4,207
Depreciation of property plant and equipment	12	14,097	17,477
Depreciation of right-of-use assets	12	14,472	7,781
Amortisation of intangible assets	12	34,321	26,784
Interest on lease liabilities	26.2	2,609	1,425
Net losses / (gains) on financial assets at fair value through profit or loss	8	(759)	399
Cash generated from operations before changes in operating assets and liabilities		426,954	518,859
Increase in loans and advances	22	(2,242,813)	(28,496)
Increase in other assets	25	(181,404)	(21,395)
Increase / (decrease) in amounts due to customers	30	1,428,087	(1,170,156)
(Decrease) / increase in amounts due to banks	31	(401,821)	502,117
Increase in other liabilities	33	456,792	4,516
Cash used in operations		(514,205)	(194,555)
Interest paid		(346,106)	(409,615)
Retirement benefits paid	32.1	(2,607)	(1,917)
Net cash used in operating activities		(862,918)	(606,087)
Cash flows from investing activities			
Acquisition of property plant and equipment and intangible assets		(61,690)	(54,693)
Net investment in treasury bills	24	862,062	(1,016,192)
Net placements with financial institutions	19	(55,099)	-
Net investment in unit trust	21.2	865,746	(1,119,839)
Net cash flows from securities purchased under repurchased agreement	20	(510,114)	296,315
Net cash generated from / (used in) investing activities		1,100,905	(1,894,409)
Cash flows from financing activities			
Principle element of lease payment	26.3	(14,420)	(10,620)
Net cash used in financing activities		(14,420)	(10,620)
Net increase / (decrease) in cash and cash equivalents		223,567	(2,511,116)
Cash and cash equivalents at the beginning of the year		88,003	2,599,119
Cash and cash equivalents at the end of the year		311,570	88,003
Analysis of cash and cash equivalents at the end of the year			
Cash and bank balances	18	252,249	33,922
Placements with financial institutions (less than 90 days)	19	59,321	54,081
		311,570	88,003
Less: Impairment provision		(116)	(18)
		311,454	87,985

The notes on pages 129 to 193 form an integral part of these financial statements.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

1. Corporate information

1.1 General

Dialog Finance PLC ('the Company'), is a public limited liability company incorporated and domiciled in Sri Lanka, incorporated under the Companies Ordinance (Chapter 145), and was re-registered with the Registrar General of Companies as per the requirements of the Companies Act No. 07 of 2007. It is a Licensed Finance Company under the Finance Business Act No. 42 of 2011 and amendments thereto.

The Company is listed on the Colombo Stock Exchange since 4 October 2011.

The registered office of the Company is located at No. 475, Union Place, Colombo 02. The principal place of business is located at No. 57, Srimath Anagarika Dharmapala Mawatha, Colombo 03.

1.2 Principal activities

The Company provides a comprehensive range of financial services encompassing accepting deposits, margin trading facilities, debt factoring, business and consumer loans.

1.3 Parent entity and ultimate parent entity

The Company's immediate parent is Dialog Axiata PLC and the Company's ultimate parent undertaking and controlling party is Axiata Group Berhad, a company incorporated in Malaysia.

1.4 Number of employees

The staff strength of the Company as at 31 December 2024 is 169 (31 December 2023 - 97).

1.5 Approval of financial statements by directors

The financial statements of the Company, for the year ended 31 December 2024, were authorised for issue by the Board of Directors on 14 February 2025. The Directors have the power to amend and reissue the financial statements.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company, which comprise of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements are prepared in accordance with the Sri Lanka Accounting Standards (LKAs and SLFRSs) laid down by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Companies Act, No. 7 of 2007, and provide appropriate disclosures as required by the Central Bank of Sri Lanka and Listing Rules of the Colombo Stock Exchange.

2.2 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company as per the provisions of the Companies Act No. 07 of 2007, the Sri Lanka Accounting Standards and provide appropriate disclosures as required by the Central Bank of Sri Lanka and the listing rules of the Colombo Stock Exchange. The responsibility of the Directors in relation to the financial statements is set out in detail in the statement of Directors' responsibility report in the annual report.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for following material items in the statement of financial position;

- Financial assets at fair value through other comprehensive income [Note 23];
- Financial assets at fair value through profit or loss [Note 21];
- Liabilities for defined benefit obligations are recognised at the present value of defined benefit obligation based on actuarial valuation [Note 32].

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

2. Basis of preparation (Contd.)

2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Financial statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

2.5 Presentation of financial statements

The assets and liabilities of the Company presented in the statement of financial position are grouped by nature and listed in order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the financial statements. An analysis on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non – current) is presented in Note 44.

The amounts in the financial statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by LKAS 1 "Presentation of Financial Statements".

2.6 Materiality and aggregation

In compliance with LKAS 01 'Presentation of Financial Statements', each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are present separately, unless they are immaterial.

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 liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by an accounting standard.

2.7 Statement of cash flows

The cash flow statement has been prepared using the indirect method of preparing cash flows in accordance with LKAS 7 'Statement of Cash Flows', whereby operating, investing and financial activities have been separately recognised.

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 equivalents include cash in-hand, balances with banks and short-term deposits with banks (less than 3 months).

3. Significant accounting judgements, estimates and assumptions

In preparing the financial statements of the Company in conformity with SLFRSs and LKASs, the management has made judgements, estimates and assumptions which affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Significant areas of critical judgements, assumptions and estimation uncertainty, in applying Accounting Policies that have most significant effects on the amounts recognised in the Financial Statements of the Company are as follows:

3.1 Going concern

The Directors have made an assessment of the Company's ability to continue a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and does not intend either to liquidate or to cease operations. Therefore, the financial statements continue to be prepared on a going concern basis.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

3.2 Impairment losses on loans and advances

The measurement of impairment losses under SLFRS 9 'financial instruments' across all categories of financial assets require judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss (ECL) calculations are output of complex models with a number of underlying assumptions regarding the choice of variable inputs and their independencies. The elements of the ECL models that are considered accounting judgements and estimates include,

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss (LTECL) basis and the qualitative assessment.
- The segmentation of financial assets of their fair values when their ECL is assessed on a collective basis.
- Development of ECLs, models including various formulas and choice of inputs, such as multiple economic scenarios and collateral values and the effect on the probability of default (PDs), Exposure at Default (EADs) and loss given default (LGDs).

3.3 Fair value of financial instruments

The determination of fair value of financial assets and financial liabilities recorded on the statement of financial position for which there is no observable market price are determined using a variety of valuation techniques that includes the use of mathematical models. The valuation of financial instrument is described in Note 37 to the financial statements. The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is also given in Note 37.3 to the financial statements.

3.4 Financial assets and financial liabilities classification

The Company's accounting policies provide scope for assets and liabilities to be classified, at the inception into different accounting categories. The classification of financial instrument is disclosed in Note 17.

3.5 Taxation

(a) Income taxes

Judgment is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognise liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred income tax provisions in the period in which such determination is made.

(b) Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgment regarding future financial performance of a particular entity in which the deferred income tax asset has been recognised.

3.6 Defined benefit obligation

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The Company determine the appropriate discount rate at the end of each financial reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate,

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

3. Significant accounting judgements, estimates and assumptions (Contd.)

3.6 Defined benefit obligation (Contd.)

the Company considers the interest yield of long-term Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions as disclosed in Note 32 to the financial statements.

3.7 Estimated useful lives of property, plant and equipment (PPE) and intangible assets

The Company reviews annually the estimated useful lives of PPE and intangible assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE and intangible assets would increase the recorded depreciation charge and decrease the carrying value of PPE and intangible assets.

3.8 Commitment and contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency. The Company consults with legal counsel on matters related to litigation and other experts both within and outside the Company with respect to matters in the ordinary course of business.

4. Changes in accounting policies

4.1 New standards and amendments – applicable after 1 January 2024

The Company has applied the following amendments for the first time for their reporting period commencing 1 January 2024:

(a) Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements

The amendments add a disclosure objective to LKAS 7 stating that an entity is required to disclose

information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, SLFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

(b) Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

(c) Amendments to LKAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

It also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

(d) Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SLFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SLFRS 16.

4.2 New standards, amendments and interpretations issued but not yet adopted in 2024 by the Company

The Company has not applied the following new and revised accounting standards that have been issued but are not yet effective for annual reporting period ending 31 December 2024.

(a) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

4. Changes in accounting policies (Contd.)

4.2 New standards, amendments and interpretations issued but not yet adopted in 2024 by the Company (Contd.)

the specific transition provisions included in the amendments.

The Company anticipate that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

(b) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The Company anticipate that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

(c) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Company anticipate that the application of these amendments may have/not have an impact on the Company's financial statements in future periods

(d) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

its consolidated financial statement may do so in its separate financial statements. The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The Company anticipate that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

(e) Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards.

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

The Company anticipate that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

5. Summary of material accounting policies

The accounting policies set out below have been consistently applied the accounting policies to all periods presented in these financial statements.

5.1 Financial instruments – initial recognition, classification and subsequent measurement

(a) Date of recognition

All financial assets and liabilities are initially recognised when and only when the company becomes a party to the contractual provisions of the instrument. This includes “regular way trades”: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

(b) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value plus or minus in the cost of financial asset not at fair value through profit and loss (FVTPL), the transaction costs that are directly attributable to the acquisition of the financial assets. Transaction cost of financial assets at FVTPL are expensed in the profit and loss.

(c) Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories;

- Amortised cost,
- Fair value through other comprehensive income (FVOCI) or
- Fair value through profit or loss. (FVTPL)

(i) Financial assets at amortised cost:

The Company only measures loans, receivables, and other financial investments, at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal.

Loans and receivables consist of cash and bank balances, securities purchased under repurchase agreements, revolving and factoring receivables, lease receivables, hire purchase receivables, loan receivables and other assets.

The details of the above conditions are outlined below.

Business model assessment

The Company determines its business model at the level that best reflect how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5. Summary of material accounting policies (Contd.)

5.1 Financial instruments – initial recognition, classification and subsequent measurement (Contd.)

(c) Classification and subsequent measurement of financial assets (Contd.)

factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair values of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

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 Company's original expectations, the Company 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.

The SPPI test

As a second step of its classification process, the Company assesses the contractual terms of the financial assets to identify whether they meet the SPPI test.

For the purpose of this test,

'Principal' is defined as the fair value of the financial asset at 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.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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 amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(ii) Financial assets at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments 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. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Currently, the Company has recorded its non-quoted equity investments FVOCI at fair value. The details of equity instruments at FVOCI are given in Note 23 to the financial statements.

(iii) Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

Currently, the Company has recorded its quoted equity investments at fair value through profit or loss. The details of quoted equity instruments are given in Note 21 to the financial statements.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in liabilities in the statement of financial position.

Details of cash and cash equivalents are given in Note 18 to the financial statements.

(e) Classification and subsequent measurement of financial liabilities

Financial instruments issued by the Company, that are not designated at fair value through profit or loss, are classified as liabilities under 'Due to customers (Deposits from customers) and other borrowings', 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.

After initial measurement, debt issued, and other borrowings are subsequently measured at amortised cost using the Effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

(f) Reclassifications of financial assets and financial liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Classification of financial liabilities is changed where the business model is changed. The Company did not reclassify any of its financial assets or liabilities in for the financial year ended 31 December 2024.

(g) Derecognition of financial assets and financial liabilities.

(i) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset, if and only if, either:

- the Company has transferred its contractual rights to receive cash flows from the financial asset or,
- it retains the rights to cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5. Summary of material accounting policies (Contd.)

5.1 Financial instruments – initial recognition, classification and subsequent measurement (Contd.)

(g) Derecognition of financial assets and financial liabilities. (Contd.)

(i) Derecognition of financial assets (Contd.)

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset or,
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

On derecognition of a financial asset other than an equity instrument designated as fair value through other comprehensive income, 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 other comprehensive income is recognised in profit or loss.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises as associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

5.2 Determination of fair value

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 - The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter securities) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The disclosure of fair value of financial instruments is disclosed in Note 37 to the financial statements.

5.3 Impairment of financial assets

(i) Overview of the expected credit loss (ECL) principles

The Company recognises expected credit losses for all loans and other debt financial assets not held at fair value through profit or loss, together with loan commitments, financial guarantee contracts, placements with financial institutions and cash and cash equivalents. Equity instruments are not subject to impairment under SLFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 42.2.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12m ECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments. Asset classes where the Company calculates ECL on individual basis include credit impaired facilities of individually significant customers. Those financial assets for which, the Company determines that no provision is required under individual impairment are then collectively assessed for ECL. Financial assets are grouped based on similar risk characteristics for the purpose of ECL calculation on collective basis. Loans and advances to other customers are grouped into homogeneous portfolios, based on a combination of product and customer characteristics.

The Company established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5. Summary of material accounting policies (Contd.)

5.3 Impairment of financial assets (Contd.)

(ii) The calculation of expected credit loss (ECL) (Contd.)

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI), as described below.

Stage 1 - When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2 - When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3 - Loans considered credit-impaired. The Company records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

(ii) The calculation of expected credit loss (ECL)

The key elements used in the ECL calculations are outlined below;

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at default (EAD): The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities and accrued interest from missed payments.

Loss given default (LGD): The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanism of the ECL method are summarised below.

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation of the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments:

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For factoring receivables and revolving loans that include both a loan and an undrawn commitment. ECLs are calculated and presented with the loan.

(iii) Financial Guarantee contracts:

The Company's liability under each guarantee is measured at the higher of the initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within provisions.

(iv) Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to statement of profit or loss. The accumulated loss recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

(v) Debt factoring and revolving loans

The Company's product offering includes debt factoring and revolving loan facilities, in which the Company has the right to cancel and/or reduce the facilities within a short notice. The Company does not limit its exposure to credit losses to the contractual notice period, but instead calculates ECL over a period that reflects the Company's expectations of the customer behaviour, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the

facilities. Based on past experience and the Company's expectations, the period over which the Company calculates ECLs for these products, is limited to 12 months.

(vi) Forward looking information

In the models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product growth in the principal market for the asset or liability;
- Unemployment rates published by Central Bank of Sri Lanka;
- Central Bank rates such as exchange rates, interest rates; and
- Inflation rates published by Central Bank of Sri Lanka.

The input and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustment or overlays are occasionally made as temporary adjustment when such differences are significantly material are stated at historical cost less accumulated depreciation and impairment losses.

5.4 Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a new Effective Interest Rate asset at fair value and recalculates a new (EIR) for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5. Summary of material accounting policies (Contd.)

5.4 Modification of loans (Contd.)

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit impaired financial assets).

5.5 Write-off of loans and advances

Loans and advances are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5.6 Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements; therefore, the related assets and liabilities are presented as gross in the statement of financial position.

5.7 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Company retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within 'repurchase agreements', reflecting the transaction's economic

substance as a loan to the Company. The difference between the sale and re-purchase price is treated as interest expense and is accrued over the life of agreement using the EIR.

When the counter party has the right to sell or repledge the securities, the Company reclassifies those securities in its statement of financial position to 'Financial investments at amortised cost'. Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within 'reverse repurchase agreements', reflecting the transaction's economic substance as a loan by the Company.

5.8 Accounting for leases where the Company is the lessee

Leases are recognised as a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(a) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

(b) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in comprehensive income.

(c) Remeasurement of lease liabilities

The Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

In determining the lease term, the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

(d) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in comprehensive income.

5.9 Property, plant and equipment (PPE)

(a) Measurement

PPE are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of PPE comprises expenditure directly attributable to the acquisition of the item. These costs include the costs of dismantling, removal and restoration, and the obligation for which an

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5. Summary of material accounting policies (Contd.)

5.9 Property, plant and equipment (PPE) (Contd.)

(a) Measurement (Contd.)

entity incurs either when the item is acquired or as a consequence of having used the item during a particular period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to comprehensive income during the reporting period in which they are incurred.

Borrowing costs directly incurred to finance the construction of PPE that takes more than twelve (12) months are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the qualified asset for its intended use.

Depreciation of asset begins when it is available for use. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to residual values over the estimated useful lives, in years as follows:

	Years
Buildings	40
Computer equipment	5
Office furniture	5
Office equipment	5
Mobile Point of Sales equipment (mPOS) & phones	2
Motor vehicles	5

Depreciation on assets under construction or capital work-in-progress commence when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income' in the comprehensive income.

(b) Asset exchange transaction

PPE may be acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets and is measured at fair value unless;

- the exchange transaction lacks commercial substance; or
- the fair value of neither the assets received nor the assets given up can be measured reliably.

The acquired item is measured in this way even if the Company cannot immediately derecognise the assets given up. If the acquired item cannot be reliably measured at fair value, its cost is measured at the carrying amount of the asset given up.

(c) Repairs and maintenance

Repairs and maintenance are charged to the comprehensive income during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. This cost is depreciated over the remaining useful life of the related asset.

(d) Derecognition

Property, plant and equipment is derecognised on 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' or 'Other operating expenses' in the statement of profit or loss as appropriate in the year the asset is derecognised.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5.10 Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of four (4) to eight (8) years.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Costs recognised as intangible assets are amortised using the straight-line method over their estimated useful lives, which do not exceed 8 years. An intangible asset which is not yet available for use is tested for impairment annually irrespective of whether there is any indication of impairment.

5.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that

the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The impairment loss is charged to comprehensive income. Any subsequent increase in recoverable amount is recognised in comprehensive income.

5.12 Stated capital

(a) Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity or liability according to the economic substance of the particular instrument. Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

Where the Company purchases the Company's, equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently re issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(b) Share issue expenses

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(c) Dividends on ordinary shares

Dividends distribution is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5. Summary of material accounting policies (Contd.)

5.13 Employee benefits (Contd.)

5.13 Employee benefits

(a) Short term employee benefits

Wages and salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(b) Defined contribution plans

For defined contribution plans, such as the Employees' Provident Fund and Employees' Trust Fund, the Company contribute 12% and 3% respectively, of basic or consolidated wage or salary of each eligible employee. The contributions are recognised as employee benefit expense when they are due. The Company have no further payment obligation once the contributions have been paid. The Company and the employees are members of these defined contribution plans.

(c) Defined benefit plan - gratuity

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan comprises the gratuity provided under the payment of Gratuity Act, No.12 of 1983.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield rate of long-term government bonds that have terms to maturity approximating to the terms of the related defined benefit obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligations and included in employee benefit expense in the comprehensive income. The current service cost

of the defined benefit plan reflects the increase in the defined benefit obligations resulting from employee service in the current year. It is recognised in the comprehensive income in employee benefit expense, except where included in the cost of an asset. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in comprehensive income as past service costs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position. The assumptions based on which the results of the actuarial valuation were determined, are included in Note 32 to the financial statements.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of LKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

5.14 Statutory reserve fund

The reserves recorded in the equity on the Company's statement of financial position includes the 'Statutory reserve fund' which has been created in accordance with the Finance Companies (Capital Funds) Direction No.1 of 2003 issued by Central Bank of Sri Lanka.

5.15 Provisions

Provisions are recognised when the Company have a present legal or constructive obligation as a result of

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

5.16 Recognition of income and expenses

(a) Interest income and interest expense

Interest income and interest expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at fair value through other comprehensive income (FVTOCI) is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The EIR (and therefore, the amortised cost of the asset / liability) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset / liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income / interest expense. The adjustment is subsequently amortised through Interest income / Interest expense in the statement of profit or loss.

When a financial asset become credit - impaired (as set out in Note 42.2. (a)) and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit - impaired, the company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at fair value through profit or loss FVTPL is recognised using the contractual interest rate under net interest income.

(b) Fees and commission income and expenses

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income – including account servicing fees, transaction fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Company's financial statements may be partially in the scope of SLFRS 9 and partially in the scope of SLFRS 15. If this is the case, then the Company first applies SLFRS 9 to separate and measure the part of the contract that is in the scope of SLFRS 9 and then applies SLFRS 15 to the residual.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5. Summary of material accounting policies (Contd.)

5.16 Recognition of income and expenses (Contd.)

(b) Fees and commission income and expenses (Contd.)

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

The Company earns a fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided in to two categories.

(i) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period.

(ii) Fee expense incurred from services that are provided over a certain period of time

Fees arising from negotiating or participating in the negotiation of a transaction for a third party.

(c) Other operating income

(i) Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at FVTPL or other revenue based on the underlying classification of the equity investment.

(ii) Recovery of bad debts written off

Recovery of amounts written off as bad and doubtful debts is recognised when received.

(iii) Other income

Other income is recognised on an accrual basis.

(d) Expenditure recognition

Expenses are recognised in the statement of profit or loss and other comprehensive income on the basis of a direct association between the cost incurred and the

earning of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

(e) Personnel expenses

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay all employee benefits relating to employee services in the current and prior periods and the obligation can be estimated reliably.

5.17 Taxes

(a) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable comprehensive income. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(b) Value Added Tax (VAT) on financial services

VAT on financial services is calculated in accordance with the Value Added Tax (VAT) Act No.14 of 2002 and subsequent amendments thereto. The base for the computation of value added tax on financial services is the accounting profit before VAT, SSCL and income tax, adjusted for the economic depreciation and emoluments payable to employees including cash, non-cash benefits and provisions relating to terminal benefits.

The VAT on Financial service is recognised as expense in the period it becomes due.

(c) Social Security Contribution Levy (SSCL) on financial services

SSCL on financial services is calculated in accordance with the Social Security Contribution Levy Act No.25 of 2002. The base for the computation of value added tax on financial services is the accounting profit before VAT, SSCL and income tax, adjusted for the economic

depreciation and emoluments payable to employees including cash, non-cash benefits and provisions relating to terminal benefits.

The SSCL on Financial service is recognised as expense in the period it becomes due.

(d) Withholding tax on dividends

Withholding Tax on Dividends Distributed by the Company that arises from the distribution of dividends by the Company is recognised at the time the liability to pay the related dividend is recognised. At present, the rate of 15% is deducted at source.

(e) Crop Insurance Levy (CIL)

In terms of the Finance Act No. 12 of 2013, all institutions under the purview of Banking Act No.30 of 1988, Finance Business Act No.42 of 2011 and Regulation of Insurance Industry Act No. 43 of 2000 are required to pay 1% of the profit after tax as Crop Insurance Levy to the National Insurance Trust Fund effective from 01 April 2013.

5.18 Deposit insurance and liquidity support scheme

In terms of sections 38, 39 and 41 of the Finance Business Act, No. 42 of 2011, all finance companies are required to insure their deposit liabilities under the deposit insurance scheme or under a body corporate authorised by the Monetary Board. Accordingly, all Finance Companies are required to insure their deposit liabilities in the "Sri Lanka Deposit Insurance and Liquidity Support Scheme" operated in Sri Lanka.

Deposit Insurance and Liquidity Support Scheme Regulations, No.02 of 2021 issued under the section 32E of the Monetary Law Act with effect from 6 August 2021.

The deposits to be insured shall include eligible demand, time and savings deposit liabilities as defined in the Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulations, No.02 of 2021

Registered finance companies are required to pay a premium of 0.15% on total amount of eligible deposits as at end of the month within a period of 15 days from the end of the respective month.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

5. Summary of material accounting policies (Contd.)

5.19 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

5.20 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The Company has three reportable segments, consumer segment, MSME (Micro, Small and Medium Enterprises) segment and treasury which are the Company's strategic products / divisions. In line with the changes made to the reported segment during the year, the company has restated its segmental financials for the year ended 31 December 2023. Those offer different products and services and are managed separately based on the Company's management and internal reporting structure. For each of the strategic divisions, the Company's Board of Directors reviews internal management reports on a monthly basis.

Information regarding the results of each reportable segment is included in Note 45. Performance is measured based on segment profit before tax. Segment profit 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.

5.21 Commitments and contingencies

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

The Company recognises separately the contingent liabilities of the acquirers as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions. Subsequent to the initial recognition, the Company measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of LKAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less, when appropriate, cumulative amortisation

Undrawn loan commitment

Undrawn loan commitments are commitments under which, are over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirement.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

6. Net interest income

6.1 Interest income

	Year ended 31 December	
	2024	2023
Placements with banks and financial institutions	85,744	304,416
Securities purchased under repurchase agreements	11,241	23,694
Sri Lanka government securities	90,886	106,685
Lease/hire purchase receivable	77,197	41,525
Factoring and revolving loans	49,897	157,296
Margin trading receivables	107,645	172,112
Term loans	615,563	287,429
Total interest income	1,038,173	1,093,157

6.2 Interest expense

	Year ended 31 December	
	2024	2023
Deposits from customers	249,567	373,215
Bank borrowings	10,365	21,013
Total interest expense	259,932	394,228
Net interest income	778,241	698,929

7. Net fee and commission income

7.1 Fee and commission income

	Year ended 31 December	
	2024	2023
Loans & advances related services	206,881	15,679
Savings & debit card related services	85,222	40,748
Other financial services	294,347	4,378
Total fee and commission income	586,450	60,805

7.2 Fee and commission expenses

	Year ended 31 December	
	2024	2023
Other financial services	235,641	10,251
Total fee and commission expenses	235,641	10,251
Net fee and commission income	350,809	50,554

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

8. Net gains/ (losses) from trading

	Year ended 31 December	
	2024	2023
Equities		
Net (losses)/gains on financial assets at fair value through profit or loss (Note 21.2)	759	(399)
	759	(399)

9. Other operating income

	Year ended 31 December	
	2024	2023
Default charges	12,943	5,951
Recovery of bad debt written off	1,484	398
Dividend income (Note 23)	229	180
Other income	1,002	1,061
	15,658	7,590

10. Credit loss expense on financial assets and other losses

The table below shows the expected credit loss (ECL) charges/ (reversals) for financial assets for the year ended 31 December 2024 and for the year ended 31 December 2023 recorded in the income statement.

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents (Note 18.1)	77	-	-	77
Placement with financial institutions (Note 19.1)	21	-	-	21
Securities purchased under repurchase agreements (Note 20.1)	190	-	-	190
Financial assets at fair value through profit or loss (Note 21.2.1)	(421)	-	-	(421)
Financial investments at amortised cost (Note 24.1)	-	-	-	-
Lease/hire purchase receivables (Note 22.1.c)	(4,262)	(4,984)	(5,435)	(14,681)
Factoring and revolving loans (Note 22.2.b)	(2,900)	(1)	13,344	10,443
Margin trading receivables (Note 22.3.b)	(921)	-	-	(921)
Term loans (Note 22.4.b)	26,614	(16,341)	109,267	119,540
	18,398	(21,326)	117,176	114,248

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents (Note 18.1)	(36)	-	-	(36)
Placement with financial institutions (Note 19.1)	(685)	-	-	(685)
Securities purchased under repurchase agreements (Note 20.1)	(7,520)	-	-	(7,520)
Financial assets at fair value through profit or loss (Note 21.2.1)	516	-	-	516
Financial investments at amortised cost (Note 24.1)	(12,500)	-	-	(12,500)
Lease/hire purchase receivables (Note 22.1.c)	(5,019)	(3,859)	13,757	4,879
Factoring and revolving loans (Note 22.2.b)	(6,009)	(192)	369	(5,832)
Margin trading receivables (Note 22.3.b)	(1,454)	-	-	(1,454)
Term Loans (Note 22.4.b)	(5,870)	2,259	48,059	44,448
	(38,577)	(1,792)	62,185	21,816

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

11. Personnel expenses

	Year ended 31 December	
	2024	2023
Wages, salaries and others	265,217	203,123
staff allowances and benefits	38,124	23,395
Contributions to defined contribution plans	30,009	20,506
Contributions to defined benefit plans (Note 32.1.(a))	3,969	4,207
	337,319	251,231

12. Depreciation and amortisation

	Year ended 31 December	
	2024	2023
Depreciation of property, plant and equipment (Note 27)	14,097	17,477
Amortisation of intangible assets (Note 28)	34,321	26,784
Depreciation of right-of-use assets (Note 26.2)	14,472	7,781
	62,890	52,042

13. Other Expenses

Profit / (loss) from operations is stated after charging the following expenses,

	Year ended 31 December	
	2024	2023
Directors' emoluments	4,385	5,600
Independence auditor remuneration		
- Audit fees	1,843	1,536
- Non-audit and other services	1,171	990
Professional and legal expenses	22,662	17,160
Deposit insurance premium	4,091	2,681
Donations	-	-
Interest on lease liability (Note 26.2)	2,609	1,425
IT related expenses	178,718	138,846
Savings & payment services operating expenses	190,296	64,534
Advertising & sales promotion expenses	24,443	28,413
Unrecoverable VAT expenses	44,667	23,506
Office administration expenses	31,001	20,250
Operational risk loss provision (Note 25.1)	25,691	-
Other expenses	55,384	23,755
	586,961	328,696

14. Taxes on financial services

	Year ended 31 December	
	2024	2023
Value added tax on financial services	52,689	51,443
Social Security levy on financial services	7,295	6,704
	59,984	58,147

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

15. Income tax (reversal) / expense

15.1 The major components of income tax expense for the year ended 31 December 2024 and for the year ended 31 December 2023 are as follows:

	Year ended 31 December	
	2024	2023
Current tax expense		
Current tax expense for the year	-	-
Under / (over) provision of current taxes in respect of previous years	-	-
	-	-
Deferred tax reversal		
Deferred tax reversal for the year (Note 29)	25,148	5,304
	25,148	5,304
Deferred tax reversal / (charge) on other comprehensive income	353	(653)
Effective tax rate	-115.82%	11.85%

15.2 Reconciliation of effective tax rate

Reconciliation of the accounting loss to current tax expense is as follows.

	Year ended 31 December	
	2024	2023
Profit / (Loss) before tax	(15,935)	44,742
At the statutory income tax rate of 30%	(4,780)	13,423
Tax effect of non-deductible expenses	71,475	42,305
Tax effect of other allowable credits	(62,519)	(36,817)
Tax effect of losses claimed	(4,176)	(18,911)
Deferred tax reversal / (expense) not recognised	-	-
	-	-

The Company's profit is subjected to a corporate tax of 30% during the year ended 31 December 2024 and during the year ended 31 December 2023.

16. Profit/(loss) per share – basic

16.1 Profit/(loss) per share

	Year ended 31 December	
	2024	2023
Profit / (loss) attributable to the equity holders of the Company	(41,083)	39,438
Weighted average number of ordinary shares during the year (Note 16.2)	117,399,866	117,399,866
Basic profit/loss per share (Rs.)	(0.35)	0.34

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

16.2 Weighted average number of ordinary shares

	Number of shares		Weighted average number of shares	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Number of ordinary shares in issue as at 1 January	117,399,866	117,399,866	117,399,866	117,399,866
Number of shares in issue / weighted average number of ordinary shares as at 31 December	117,399,866	117,399,866	117,399,866	117,399,866

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements, which would require the restatement of EPS.

16.3 Diluted earnings per share

There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earnings per share as shown above.

16.4 Net assets per share

	31 December	
	2024	2023
Total net assets	2,602,943	2,644,765
Weighted average number of ordinary shares during the year (Note 16.2)	117,399,866	117,399,866
Net assets per share (Rs.)	22.17	22.53

17. Analysis of financial instruments by measurement basis

As at 31 December 2024	Amortised cost	Equity instrument - FVTPL	Equity instrument - FVTOCI	Total
Financial assets				
Cash and cash equivalents	252,167	-	-	252,167
Placements with banks and financial institutions	168,488	-	-	168,488
Securities purchased under repurchase agreements	509,924	-	-	509,924
Financial assets at fair value through profit or loss	-	257,224	-	257,224
Financial assets at amortised cost - loans and advances	5,171,335	-	-	5,171,335
Financial assets at fair value through other comprehensive income	-	-	2,358	2,358
Financial investments at amortised cost	387,959	-	-	387,959
Other assets	249,528	-	-	249,528
Total financial assets	6,739,401	257,224	2,358	6,998,983
Financial liabilities				
Financial liabilities at amortised cost - due to customers	4,044,853	-	-	4,044,853
Financial liabilities at amortised cost - due to banks	100,296	-	-	100,296
Lease liabilities	40,286	-	-	40,286
Other liabilities	584,962	-	-	584,962
Total financial liabilities	4,770,397	-	-	4,770,397

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

17. Analysis of financial instruments by measurement basis (Contd.)

As at 31 December 2023	Amortised cost	Equity instrument - FVTPL	Equity instrument - FVTOCI	Total
Financial assets				
Cash and cash equivalents	33,917	-	-	33,917
Placements with banks and financial institutions	54,068	-	-	54,068
Securities purchased under repurchase agreements	-	-	-	-
Financial assets at fair value through profit or loss	-	1,121,790	-	1,121,790
Financial assets at amortised cost - loans and advances	3,042,903	-	-	3,042,903
Financial assets at fair value through other comprehensive income	-	-	2,185	2,185
Financial investments at amortised cost	1,250,021	-	-	1,250,021
Other assets	66,125	-	-	66,125
Total financial assets	4,447,034	1,121,790	2,185	5,571,009
Financial liabilities				
Financial liabilities at amortised cost – due to customers	2,616,766	-	-	2,616,766
Financial liabilities at amortised cost - due to banks	502,117	-	-	502,117
Lease liabilities	20,025	-	-	20,025
Other liabilities	160,242	-	-	160,242
Total financial liabilities	3,299,150	-	-	3,299,150

18. Cash and cash equivalents

	31 December	
	2024	2023
Cash in hand	20	18
Cash in eZ cash wallet	57,295	49,289
Balances with banks	194,934	(15,385)
	252,249	33,922
Less: Allowance for expected credit loss (Note 18.1)	(82)	(5)
	252,167	33,917

18.1 The movement in provision for stage 1 expected credit losses are as follows;

	2024	2023
Balance as at 1 January	5	41
(Reversal) / Charge for the year	77	(36)
Balance as at 31 December	82	5

18.2 Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2024	2023
Cash and cash equivalents as at 31 December	252,167	33,917
Placement with financial institutions (less than 3 months) (Note 19)	59,287	54,068
Cash and cash equivalents as at 31 December as per Cash Flow Statement	311,454	87,985

There were no cash and cash equivalents held by the Company that were not available for use by the Company.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

19. Placements with financial institutions

	31 December	
	2024	2023
Placement with financial institutions (less than 3 months)	59,321	54,081
Placement with financial institutions (more than 3 months)	109,201	-
Less: Allowance for expected credit losses (Note 19.1)	(34)	(13)
	168,488	54,068

19.1 The movement in provision for stage 1 expected credit losses are as follows;

	2024	2023
Balance as at 1 January	13	698
(Reversal)/ charge for the year	21	(685)
Balance as at 31 December	34	13

20. Securities purchased under repurchase agreements

	31 December	
	2024	2023
Repos	510,114	-
Less: allowance for expected credit loss (Note 20.1)	(190)	-
	509,924	-

20.1 The movement in provision for stage 1 expected credit losses are as follows;

	2024	2023
Balance as at 1 January	-	7,520
(Reversal) / charge for the year	190	(7,520)
Balance as at 31 December	190	-

21. Financial assets at fair value through profit or loss

	31 December	
	2024	2023
Quoted equity shares (Note 21.1)	3,226	2,467
Investment in unit trust (Note 21.2)	253,998	1,119,323
	257,224	1,121,790

21.1 Quoted equity shares

	31 December 2024		31 December 2023	
	No of Shares	Carrying / Fair value	No of Shares	Carrying / Fair value
Balangoda Plantations PLC	22,000	1,567	22,000	1,117
Tokyo Cement Company (Lanka) PLC	8,972	628	8,972	413
The Kingsbury PLC	30,000	360	30,000	324
John Keells Hotels PLC	32,584	671	32,584	613
Total market value		3,226		2,467

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

21. Financial assets at fair value through profit or loss (Contd.)

21.1.1 The amount of investment in quoted equity shares is as follows

	31 December	
	2024	2023
Balance at the beginning of the year	2,467	2,866
Fair value (loss) / gain (Note 8)	759	(399)
Disposals	-	-
Balance at the end of the year	3,226	2,467

21.2 The amount of Investment in unit trust is as follows

	31 December	
	2024	2023
Balance at the beginning of the year	1,119,839	-
Net investment during the year	(865,746)	1,119,839
	254,093	1,119,839
Less: Allowances for expected credit loss (Note 21.2.1)	(95)	(516)
Balance at the end of the year	253,998	1,119,323

21.2.1 The movement in provision for stage 1 expected credit losses are as follows;

	31 December	
	2024	2023
Balance as at 1 January	516	-
(Reversal) / Charge for the year	(421)	516
Balance as at 31 December	95	516

22. Loans and advances

	31 December	
	2024	2023
Gross loans and advances	5,406,695	3,185,636
Less: provision for impairment	(235,360)	(142,733)
	5,171,335	3,042,903

	Notes	31 December	
		2024	2023
Lease/hire purchase receivable	22.1	341,806	250,614
Factoring and revolving loans	22.2	130,636	437,932
Margin trading receivables	22.3	632,682	720,932
Term loans	22.4	4,066,211	1,633,425
		5,171,335	3,042,903

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

22.1 Lease / hire purchase receivable

	31 December	
	2024	2023
At amortised cost		
Total rental receivable		
Within one year	161,425	128,038
From one to five years	312,968	262,430
More than five years	-	-
	474,393	390,468
Less: Unearned interest income	(114,683)	(107,269)
Less: Prepaid rentals	-	-
Gross receivable	359,710	283,199
Less: Provision for impairment		
Stage 1	(3,388)	(7,650)
Stage 2	(3,956)	(8,940)
Stage 3	(10,560)	(15,995)
Net receivable	341,806	250,614

The Company provides finance leasing facilities. No lease receivables as at 31 December 2024 have been assigned for funding arrangements. (31 December 2023 - Nil).

(a) Maturity analysis of net receivable

As at 31 December 2024	1 Year	1 - 5 Years	More than 5 Years	Total
Total rental receivable	161,425	312,968	-	474,393
Less: Unearned interest income	(48,086)	(66,597)	-	(114,683)
Gross receivable	113,339	246,371	-	359,710
Less: Allowance for expected credit losses	(1,681)	(16,223)	-	(17,904)
Net receivable	111,658	230,148	-	341,806

As at 31 December 2023	1 Year	1 - 5 Years	More than 5 Years	Total
Total rental receivable	128,038	262,430	-	390,468
Less: Unearned lease interest income	(46,038)	(61,231)	-	(107,269)
Gross receivable	82,000	201,199	-	283,199
Less: Allowance for expected credit losses	(2,949)	(29,636)	-	(32,585)
Net receivable	79,051	171,563	-	250,614

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

(b) Analysis of receivable on maximum exposure to credit risk

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Individually impaired receivable	-	-	11,520	11,520
Receivable - subject to collective impairment	292,276	47,045	8,869	348,190
Allowance for expected credit losses	(3,388)	(3,956)	(10,560)	(17,904)
	288,888	43,089	9,829	341,806

As at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Individually impaired lease receivable	-	-	37,705	37,705
Receivable - subject to collective impairment	174,141	55,231	16,122	245,494
Allowance for expected credit losses	(7,650)	(8,940)	(15,995)	(32,585)
	166,491	46,291	37,832	250,614

(c) Movement in allowance for expected credit losses

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	7,650	8,940	15,995	32,585
(Reversal) / Charge to income statement (Note 10)	(4,262)	(4,984)	(5,435)	(14,681)
Write off of receivables	-	-	-	-
Balance as at 31 December 2024	3,388	3,956	10,560	17,904

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	12,669	12,799	2,420	27,888
(Reversal) / Charge to income statement (Note 10)	(5,019)	(3,859)	13,757	4,879
Write off of receivables	-	-	(182)	(182)
Balance as at 31 December 2023	7,650	8,940	15,995	32,585

(d) Lease income from lease / hire purchase contracts

The Company has earned following lease income from the lease contracts which the company acts as the lessor

	31 December	
	2024	2023
Interest income from leases the company acts as the lessor	77,197	41,525
	77,197	41,525

22.2 Factoring & revolving loans

	31 December	
	2024	2023
Gross factoring & revolving loan receivable	144,283	441,136
Less: Provision for impairment		
Stage 1	(285)	(3,185)
Stage 2	-	(1)
Stage 3	(13,362)	(18)
	130,636	437,932

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

(a) Analysis of factoring & revolving loan receivable on maximum exposure to credit risk

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Individually impaired receivable	-	-	29,040	29,040
Receivable - subject to collective impairment	111,690	-	3,553	115,243
Allowance for expected credit losses (ECL)	(285)	-	(13,362)	(13,647)
	111,405	-	19,231	130,636

As at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Individually impaired receivable	-	-	-	-
Receivable - subject to collective impairment	441,071	12	53	441,136
Allowance for expected credit losses (ECL)	(3,185)	(1)	(18)	(3,204)
	437,886	11	35	437,932

(b) Movement in allowance for expected credit losses

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	3,185	1	18	3,204
(Reversal) / charge to statement of profit or loss and other comprehensive income (Note 10)	(2,900)	(1)	13,344	10,443
Write off impact	-	-	-	-
Balance as at 31 December 2024	285	-	13,362	13,647

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	9,194	193	3,411	12,798
(Reversal) / charge to statement of profit or loss and other comprehensive income (Note 10)	(6,009)	(192)	369	(5,832)
Write off impact	-	-	(3,762)	(3,762)
Balance as at 31 December 2023	3,185	1	18	3,204

22.3 Margin trading receivables

	31 December	
	2024	2023
Opening balance	724,350	653,797
Net payment and receipts	(89,171)	70,553
Margin trading receivable	635,179	724,350
Less: Provision for impairment		
Stage 1	(2,497)	(3,418)
Margin trading receivable (net of provisions)	632,682	720,932

(a) Analysis of Factoring receivable on maximum exposure to credit risk

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Individually impaired receivable	-	-	-	-
Receivable - subject to collective impairment	635,179	-	-	635,179
Allowance for expected credit losses (ECL)	(2,497)	-	-	(2,497)
	632,682	-	-	632,682

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

22. Loans and advances (Contd.)

22.3 Margin trading receivables (Contd.)

As at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Individually impaired receivable	-	-	-	-
Receivable - subject to collective impairment	724,350	-	-	724,350
Allowance for expected credit losses (ECL)	(3,418)	-	-	(3,418)
	720,932	-	-	720,932

(b) Movement in allowance for expected credit losses

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	3,418	-	-	3,418
(Reversal) / charge to statement of profit or loss and other comprehensive income (Note 10)	(921)	-	-	(921)
Write off	-	-	-	-
Balance as at 31 December 2024	2,497	-	-	2,497

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	4,872	-	-	4,872
(Reversal) / charge to statement of profit or loss and other comprehensive income (Note 10)	(1,454)	-	-	(1,454)
Write off	-	-	-	-
Balance as at 31 December 2023	3,418	-	-	3,418

22.4 Term Loans

	31 December	
	2024	2023
Gross investment in term loans	4,892,536	2,164,671
Term loans in arrears	277,580	100,094
	5,170,116	2,264,765
Unearned loan income	(902,593)	(527,814)
Net investment in term loans	4,267,523	1,736,951
Less: Provision for impairment		
Stage 1	(39,333)	(12,719)
Stage 2	(19,277)	(35,618)
Stage 3	(142,702)	(55,189)
Net investment in term loans after impairment	4,066,211	1,633,425

(a) Analysis of term loan receivable on maximum exposure to credit risk

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Individually impaired loan receivable	-	12,355	72,884	85,239
Loan receivable - subject to collective impairment	3,895,560	168,990	117,734	4,182,284
Allowance for expected credit losses (ECL)	(39,333)	(19,277)	(142,702)	(201,312)
	3,856,227	162,068	47,916	4,066,211

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

As at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Individually impaired loan receivable	-	28,924	16,204	45,128
Loan receivable - subject to collective impairment	1,506,784	103,556	81,483	1,691,823
Allowance for expected credit losses (ECL)	(12,719)	(35,618)	(55,189)	(103,526)
	1,494,065	96,862	42,498	1,633,425

(b) Movement in allowance for expected credit losses

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	12,719	35,618	55,189	103,526
(Reversal) / charge to statement of profit or loss and Other [Note 10]	26,614	(16,341)	109,267	119,540
Write off	-	-	(21,754)	(21,754)
Balance as at 31 December 2024	39,333	19,277	142,702	201,312

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	18,589	33,359	27,650	79,598
(Reversal) / charge to statement of profit or loss and other comprehensive income (Note 10)	(5,870)	2,259	48,059	44,448
Write off	-	-	(20,520)	(20,520)
Balance as at 31 December 2023	12,719	35,618	55,189	103,526

During the year loans and advances written-off amounting to Rs. 24.27Mn. (Loans and advances written-off during the year ended 31 December 2023 amounted Rs. 30.90Mn).

23. Financial assets fair value through other comprehensive income

	31 December	
	2024	2023
Financial assets at fair value through other comprehensive income (FVOCI)	2,358	2,185
	2,358	2,185

(a) Financial assets at fair value through other comprehensive income consist of 100 shares invested in unquoted shares of Credit Information Bureau of Sri Lanka.

(b) During the year ended 31 December 2024, the Company received dividend of Rs. 228,565 from unquoted equity investments and recognized as other operating income (Dividend income for the year ended 31 December 2023 - Rs. 179,520).

24. Financial investments at amortised cost

	31 December	
	2024	2023
Financial investments at amortised cost	387,959	1,250,021
Less: allowance for expected credit loss (Note 24.1)	-	-
Total other assets	387,959	1,250,021

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

24. Financial investments at amortised cost (Contd.)

24.1 The movement in provision for stage 1 expected credit losses are as follows;

	31 December	
	2024	2023
Balance as at 1 January	-	12,500
(Reversal) / charge for the year	-	(12,500)
Balance as at 31 December	-	-

25. Other assets

	31 December	
	2024	2023
Amounts due from related companies (Note 41)	55,141	12,613
Deposits and prepayments	144,510	19,850
WHT receivables	20,152	18,826
Debit card inventory	3,260	4,722
Other receivable	26,465	12,314
Total other assets	249,528	68,125

Note 25.1

The Company has identified a case of external financial fraud in June 2024 and steps were taken to immediately recover a portion of funds. As at the reporting date, the gross outstanding amount to be recovered was LKR 41.4Mn and based on an assessment of recoverability, the Company has recognized a provision for loss of LKR 25.7Mn in the statement of profit or loss. Consequently, the net amount outstanding to be recovered as of the reporting date is LKR 15.7Mn, which is reported under "other assets" in the statement of financial position.

The Company has initiated legal action as per the advice of external legal counsel and currently working with law enforcement authorities to recover the remaining funds. In response to this incident, the Company has enhanced its transaction monitoring processes and has implemented measures to educate customers on safeguarding their accounts against unauthorized third-party access.

As of the reporting date, the investigation and recovery efforts are ongoing. The Company will continue to monitor the progress of these actions and will assess the recoverability of the outstanding receivables recognised at each reporting date.

26. Leases

This note provides information for leases where the Company is a lessee.

26.1 Amounts recognised in the statement of financial position

	31 December	
	2024	2023
Right-of-use assets		
Buildings	36,308	18,708
	36,308	18,708
Lease liabilities		
Current	16,942	12,798
Non-current	23,344	7,227
	40,286	20,025

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

26.2 Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December	
	2024	2023
Depreciation charge of right-of-use assets (Note 12)	14,472	7,781
Interest expense (Note 13)	2,609	1,425

26.3 Amounts presented in the statement of cash flows

	Year ended 31 December	
	2024	2023
Total cash outflow for leases	14,420	10,620

26.4 Right-of-use (ROU) assets

	Year ended 31 December	
	2024	2023
At beginning of the year	18,708	11,102
Addition	32,072	15,387
Depreciation during the year	(14,472)	(7,781)
At end of the year	36,308	18,708

26.5 Lease liabilities

	Year ended 31 December	
	2024	2023
At beginning of the year	20,025	13,833
Payments during the year	(14,420)	(10,620)
Addition	32,072	15,387
Interest for the year	2,609	1,425
At end of the year	40,286	20,025

27. Property, plant and equipment

	Land and buildings	Furniture, fittings and other equipment	Computers	Motor vehicles	Total
At 31 December 2024					
Cost	23,835	39,434	113,088	240	176,597
Accumulated depreciation	(8,767)	(31,301)	(82,771)	(240)	(123,079)
Net book amount	15,068	8,133	30,317	-	53,518
Year ended 31 December 2024					
Opening net book amount	15,365	12,114	19,710	-	47,189
Additions	-	2,179	18,247	-	20,426
Disposals - Cost	-	-	-	-	-
Disposals - Accumulated depreciation	-	-	-	-	-
Depreciation charge	(297)	(6,160)	(7,640)	-	(14,097)
Closing net book amount	15,068	8,133	30,317	-	53,518

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

27. Property, plant and equipment (Contd.)

	Land and buildings	Furniture, fittings and other equipment	Computers	Motor vehicles	Total
At 31 December 2023					
Cost	23,835	37,256	94,841	240	156,172
Accumulated depreciation	(8,470)	(25,142)	(75,131)	(240)	(108,983)
Net book amount	15,365	12,114	19,710	-	47,189
Year ended 31 December 2023					
Opening net book amount	15,662	16,632	21,686	-	53,980
Additions	-	1,428	9,258	-	10,686
Disposals - Cost	-	-	-	-	-
Disposals - Accumulated depreciation	-	-	-	-	-
Depreciation charge	(297)	(5,946)	(11,234)	-	(17,477)
Closing net book amount	15,365	12,114	19,710	-	47,189

27.1 Property, plant and equipment acquired during the financial year

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 20.43 Mn (31 December 2023 – Rs. 10.69Mn).

27.2 Fully depreciated property, plant and equipment

Cost of fully depreciated property, plant and equipment, which are still in use as at 31 December 2024 is Rs. 80.42 Mn. (31 December 2023 – Rs. 75.68Mn).

27.3 Property, plant and equipment are not pledged as securities for any financing arrangements or liabilities.

27.4 Information on the freehold land and buildings of the Company

Address	Land extent (A-R-P)	Building extent (Sq.Ft.)	No of buildings	Cost		Carrying amount of land and building	
				Land	Building	31 Dec 2024	31 Dec 2023
No : 21, Kumara Veediya, within Ward No: 19 of Kandy Municipal Council, Kandy District, Central Province	0A-0R-4.75P	3040	1	8,313	15,522	15,068	15,365

28. Intangible assets

	Software	Capital work-in progress (CWIP)	Total
At 31 December 2024			
Cost	317,786	11,142	328,928
Accumulated amortisation	(131,591)	-	(131,591)
Net book amount	186,195	11,142	197,337
Year ended 31 December 2024			
Opening net book amount	164,627	25,767	190,394
Additions	38,319	2,945	41,264
Disposal / transfers	17,570	(17,570)	-
Amortisation charge	(34,321)	-	(34,321)
Closing net book amount	186,195	11,142	197,337

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

	Software	Capital work-in progress (CWIP)	Total
At 31 December 2023			
Cost / valuation	261,896	25,767	287,663
Accumulated depreciation	(97,269)	-	(97,269)
Net book amount	164,627	25,767	190,394
Year ended 31 December 2023			
Opening net book amount	146,428	26,743	173,171
Additions	21,216	22,791	44,007
Disposal / transfers	23,767	(23,767)	-
Amortisation charge	(26,784)	-	(26,784)
Closing net book amount	164,627	25,767	190,394

28.1 Intangible assets acquired during the financial year

During the financial year, the Company acquired intangible assets (computer software) to the aggregate value of Rs. 41.26Mn. (31 December 2023: Rs. 44.01Mn).

28.2 Fully amortised intangible assets

Cost of fully depreciated intangible assets, which are still in use as at 31 December 2024 was Rs. 13.76Mn (31 December 2023: Rs. 12.64Mn).

29. Deferred tax asset

(a) The movement on the deferred income tax asset account is as follows:

	Accelerated depreciation for tax purposes		Equity securities FVOCI	Provision for loan losses	Retirement benefit obligation	Tax on carried forward losses	Total
	Property plant and equipment	Leased assets / liabilities					
Balance as at 1 January 2024	(17,341)	(360)	(276)	24,395	2,741	108,334	117,493
Income statement (Note 15.1)	2,753	1,218		(6,962)	408	(22,565)	(25,148)
Other comprehensive income	-	-	(26)	-	379	-	353
Balance as at 31 December 2024	(14,588)	858	(302)	17,433	3,528	85,769	92,698
Balance as at 1 January 2023	(11,503)	(723)	(248)	30,378	2,698	102,848	123,450
Income statement (Note 15.1)	(5,838)	363	(18)	(5,983)	686	5,486	(5,304)
Other comprehensive income	-	-	(10)	-	(643)	-	(653)
Balance as at 31 December 2023	(17,341)	(360)	(276)	24,395	2,741	108,334	117,493

The total temporary differences of Rs. 379.47Mn arising from tax losses and tax credits has resulted in deferred tax asset amounted to Rs.92.70Mn as at 31 December 2024. Carried forward tax losses resulted from investments and operating performance of the Company over the past years. Inland Revenue Act No.24 of 2017 specifies that tax losses could be carried forward for a period of six years, to claim against taxable profits. Any carried forward tax losses prior to year of assessment 2018/2019 shall be treated as loss incurred in the year of assessment 2018/2019.

Based on the internal assessment carried out by the management, the Company has recognized deferred tax asset amounted to Rs. 92.70Mn as at 31 December 2024.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits based on the future plans of the Company. The Company envisaged to achieve business growth by expanding assets book and fintech products portfolio across the country leveraging on technology platforms, an extensive distribution network, and customer base.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

30. Financial liabilities at amortised cost – due to customers

	31 December	
	2024	2023
Savings deposits	1,639,433	687,691
Time deposits	2,405,420	1,929,075
	4,044,853	2,616,766

31. Financial liabilities at amortised cost – due to banks

	31 December	
	2024	2023
Short-term Bank borrowings		
DFCC Bank PLC	100,296	502,117
	100,296	502,117

32. Retirement benefit obligations

32.1 Defined benefit obligations

(a) The movement in the present value of defined benefit obligation over the year is as follows :

	31 December	
	2024	2023
At 1 January	9,133	8,989
Current service cost	2,781	2,688
Interest expense	1,187	1,519
Total amount recognized in profit and loss	3,968	4,207
Amount recognized in other comprehensive income		
Remeasurement (gain) / losses on defined benefit obligations	1,265	(2,146)
Total amount recognized in other comprehensive income	1,265	(2,146)
Benefits paid	(2,607)	(1,917)
At 31 December	11,759	9,133

This obligation is not externally funded.

An actuarial valuation of the gratuity fund was carried out as at 31 December 2024 by Mr. Poopalanathan, AIA of Messrs Actuarial & Management Consultants (Pvt) Ltd, a firm of professional actuary. The valuation method used by the actuary to value the fund is the "Projected Unit Credit Actuarial Cost Method", recommended by Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

32.2 Key assumptions used in the above valuation are as follows:

	31 December	
	2024	2023
Discount rate per annum	10.00%	13.00%
Future salary increment rate	8.00%	10.00%
Retirement age (years)	60 years	60 years
Mortality	A 1967/70 Mortality Table	A 1967/70 Mortality Table

Expected average future working life of the active participants is 2.9 years (31 December 2023 – 2.6 years).

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

32.3 The sensitivity of the defined benefit obligation to changes in the principal assumptions is as follows:

	Change in assumption	31 December 2024		31 December 2023	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 3.57%	Increase by 3.83%	Decrease by 3.46%	Increase by 3.72%
Future salary growth rate	1.00%	Increase by 4.06%	Decrease by 3.85%	Increase by 3.94%	Increase by 3.72%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

32.4 Maturity profile of defined benefit obligation

The distribution of the timing of undiscounted benefit payments is as follows:

	31 December	
	2024	2023
Within the next 12 months	2,067	2,150
Between 1-2 years	4,531	3,525
Between 3-5 years	4,009	3,530
Between 6-10 years	6,880	4,865
Beyond 10 years	774	2,712
	18,261	16,782
Weighted average duration of defined benefit obligation	4.00 years	4.00 years

33. Other liabilities

	31 December	
	2024	2023
Amounts due to related companies (Note 41)	38,788	27,884
Payable to margin trading customers	79,524	6,783
Accrued expenses	40,509	62,453
Vendor & other payables	394,367	47,906
Other payables	31,774	15,216
Total other liabilities	584,962	160,242

34. Stated capital

	31 December 2024		31 December 2023	
	Number of shares	Amount	Number of shares	Amount
Authorized, Issued and fully paid Ordinary shares				
Ordinary Shares as at 1 January	117,399,866	2,934,582	117,399,866	2,934,582
Ordinary Shares as at 31 December	117,399,866	2,934,582	117,399,866	2,934,582

34.1 The shares of the Company are quoted on the Colombo Stock Exchange. The holders of ordinary shares are entitled to one vote per share at General Meetings of the Company.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

35. Statutory reserve funds

	31 December	
	2024	2023
Balance as at 1 January	16,688	14,716
Transfers during the year	-	1,972
Balance as at 31 December	16,688	16,688

The statutory reserve fund is maintained by Finance Companies (Capital Funds) Direction No. 1 of 2003 as per Finance Companies Act (amended) issued to Registered Finance Companies. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts.

36. Other reserves

The movement of the reserves is as follows:

	Fair value through other comprehensive income	(Accumulated losses)	Total
Balance at 1 January 2024	3,154	(309,659)	(306,505)
Loss for the period	-	(41,083)	(41,083)
Other comprehensive income, net of tax	147	(886)	(739)
Total comprehensive income for the period	147	(41,969)	(41,822)
Rights issue expense	-	-	-
Transferred to retained earnings	-	-	-
Balance as at 31 December 2024	3,301	(351,628)	(348,327)
Balance at 1 January 2023	1,596	(347,125)	(345,529)
Profit for the period	-	39,438	39,438
Other comprehensive income, net of tax	1,558	-	1,558
Total comprehensive income for the period	1,558	39,438	40,996
Rights issue expense	-	-	-
Transferred to retained earnings	-	(1,972)	(1,972)
Balance as at 31 December 2023	3,154	(309,659)	(306,505)

36.1 The changes in fair value of unquoted equity securities are recognised in fair value through other comprehensive income. (Note 23)

37. Fair value of asset and liabilities

The following describes the methodologies and assumptions used to determine fair value of those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than a year) it is assumed that the carrying amounts approximate their fair value.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income primarily consist of unquoted equity securities. Determination of the fair value of unquoted equity is detailed in Note 37.2.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices.

Variable rate financial instruments

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

37.1 Assets and liabilities measured at fair value and fair value hierarchy

The following table represents the fair value level of the financial assets and liabilities that are measured at fair value at the end of the reporting period.

	Level 1		Level 3		Total	
	2024	2023	2024	2023	2024	2023
As at 31 December						
Financial Assets						
Financial assets at FVTPL	257,224	1,121,790	-	-	257,224	1,121,790
Financial assets at FVTOCI	-	-	2,358	2,185	2,358	2,185
	257,224	1,121,790	2,358	2,185	259,582	1,123,975

37.2 Valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value		Unobservable input	Range of inputs		Relationship of unobservable inputs to fair value
	31 Dec 2024	31 Dec 2023		31 Dec 2024	31 Dec 2023	
Unlisted equity securities	2,358	2,185	Adjusted net assets value per share	2,358	2,185	31 December 2024: increasing / decreasing adjusted net assets per share by 5% would change the fair value by Rs 117,900. 31 December 2023: increasing / decreasing adjusted net assets per share by 5% would change the fair value by Rs 109,300.

The following table summarises the movement of recurring FV measurement categorised within level 3.

	31 December	
	2024	2023
Amount as at the beginning of the year	2,185	2,120
Total gain / (loss) included under the other comprehensive income	173	65
Amount as at the end of the year	2,358	2,185

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

37. Fair value of asset and liabilities (Contd.)

37.3 Financial instruments not measured at fair value and fair value hierarchy

The following table sets out the fair values of financial assets and liabilities not measured at fair value and related fair value hierarchy used:

	Carrying value	Quoted prices in active markets	Significant observable input	Significant unobservable inputs	Total
		Level 1	Level 2	Level 3	
As at 31 December 2024					
Financial assets					
Financial assets at amortised cost -					
Loans and advances	5,171,335	-	5,171,335	-	5,171,335
Financial investments at amortised cost (Treasury Bills / Bonds)	387,959	-	387,959	-	387,959
Total financial assets	5,559,294	-	5,559,294	-	5,559,294
Financial liabilities					
Financial liabilities at amortised cost - due to customers	4,044,853	-	4,044,853	-	4,044,853
Financial liabilities at amortised cost - due to banks	100,296	-	100,296	-	100,296
Total financial liabilities	4,145,149	-	4,145,149	-	4,145,149

	Carrying value	Quoted prices in active markets	Significant observable input	Significant unobservable inputs	Total
		Level 1	Level 2	Level 3	
As at 31 December 2023					
Financial assets					
Financial assets at amortised cost -					
Loans and advances	3,042,903	-	3,042,903	-	3,042,903
Financial investments at amortised cost (Treasury Bills / Bonds)	1,250,021	-	1,250,021	-	1,250,021
Total financial assets	4,292,924	-	4,292,924	-	4,292,924
Financial liabilities					
Financial liabilities at amortised cost - due to customers	2,616,766	-	2,616,766	-	2,616,766
Financial liabilities at amortised cost - due to banks	502,117	-	502,117	-	502,117
Total financial liabilities	3,118,883	-	3,118,883	-	3,118,883

The following table lists those financial instruments for which their carrying amounts are a reasonable approximation of fair values since, they are short term in nature or re-priced to current market rates frequently.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

Assets

Cash and bank balances
 Securities purchased under repurchase agreements
 Placements with financial institutions
 Other assets

Liabilities

Other payables

All of the resulting fair value estimates are included in level 2, except for fair value hierarchies disclosed elsewhere in the financial statements, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

38. Commitments and contingencies

	31 December	
	2024	2023
Commitments		
Commitment for unutilised facilities		
- Factoring & revolving loans	425,176	486,267
Capital commitments	33,366	11,072
	458,542	497,339
Contingent liabilities		
Guarantees	-	-
Total commitments and contingencies	458,542	497,339

38.1 Commitment and contingencies

As at 31 December 2024	On demand	Within 01 year	1 - 5 years	More than 5 years	Total
Commitments					
Commitment for unutilised facilities					
- Factoring & revolving loans	425,176	-	-	-	425,176
Capital commitments	-	33,366	-	-	33,366
	425,176	33,366	-	-	458,542
Contingent liabilities					
Guarantees	-	-	-	-	-
Total commitments and contingencies	425,176	33,366	-	-	458,542

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

38. Commitments and contingencies (Contd.)

38.1 Commitment and contingencies (Contd.)

As at 31 December 2023	On demand	Within 01 year	1 - 5 years	More than 5 years	Total
Commitments					
Commitment for unutilised facilities					
- Factoring & revolving loans	486,267	-	-	-	486,267
Capital commitments	-	11,072	-	-	11,072
	486,267	11,072	-	-	497,339
Contingent liabilities					
Guarantees	-	-	-	-	-
Total commitments and contingencies	486,267	11,072	-	-	497,339

38.2 Litigation filed by the Company / against the Company

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Company has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing. There were no pending litigations against the Company as at 31 December 2024 which would have a material impact on the financial statements.

39. Events after the reporting period

No circumstances have arisen since the statement of financial position date which requires adjustments to or disclosures in the financial statements.

40. Comparative information

The comparative information is reclassified wherever necessary to conform to the current period's presentation.

41. Related party transactions

The Company carried out transactions in the normal course of business at prices available at negotiated terms with the parties who are defined as Related Parties as per the LKAS 24. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of LKAS 24: "Related Party Disclosure".

41.1 Parent and ultimate parent

Dialog Axiata PLC owns 99.05% of the total number of shares in issue of the Company. The remaining 0.95% of the shares are widely held. The ultimate parent of the Company is Axiata Group Berhad.

41.2 Transactions with key Management Personnel

According to Sri Lanka Accounting Standard-LKAS 24 (Related Party Disclosures), Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. According to the above definition a person cannot be considered as a KMP unless such person has both the authority and responsibility to carry out all of the three activities mentioned in the above definition (i.e. planning, directing and controlling the activities of the entity). Such KMPs include the Board of Directors of the Company.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

Close Family Members (CFMs) of KMPs are those family members who may be expected to influence or be influenced by that KMP in their dealings with the entity. CFMs may include the domestic partner and children of KMP's domestic partner and dependents of KMP and the KMP's domestic partner.

	31 December	
	2024	2023
Statement of Financial Position		
Assets		
Financial assets at amortised cost - Loans and advances	-	-
Liabilities		
Financial liabilities at amortised cost - Due to depositors	303,740	207,168
Net accommodation as a % of Company's regulatory capital		
Direct accommodation	0.0%	0.0%

	Year ended 31 December	
	2024	2023
Statement of Profit or Loss		
Expenses		
Directors' fees and short-term employee benefits	23,920	22,208
Interest expense	26,792	38,270

41.3 Transactions with related companies

(a) Transactions with the parent company, Dialog Axiata PLC

	31 December	
	2024	2023
Statement of Financial Position		
Assets		
Cash in eZ cash wallet	57,295	49,289
Other assets	55,141	12,507
Liabilities		
Financial liabilities at amortised cost - Due to depositors	1,361,976	754,573
Other liabilities	24,849	13,123

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

41. Related party transactions (Contd.)

	Year ended 31 December	
	2024	2023
Statement of Profit or Loss		
Income		
Fee & commission income	233,453	2,557
Expenses		-
Interest expense	51,112	67,494
Hosting fee	7,474	3,367
Commission expenses	5,055	1,954
Telecommunication services	2,312	1,319

(b) Transactions with the Affiliates

	31 December	
	2024	2023
Statement of Financial Position		
Assets		
Financial assets at amortised cost - loans and advances	-	-
Other assets	-	106
Intangible assets	4,838	19,759
Liabilities		
Financial liabilities at amortised cost - Due to depositors	1,098	24,938
Other liabilities	13,939	14,761
Net accommodation as a % of Company's regulatory capital		
Direct accommodation	0.0%	0.0%

	Year ended 31 December	
	2024	2023
Statement of Profit or Loss		
Income		
Interest & Fee income	117	-
Lease rental	360	720
Expenses		-
Interest expense	454	98,554
Telecommunication Services	93,673	72,361
Maintenance & support services	6,212	2,184

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

42. Risk management

42.1 Introduction

Risk is inherent in all aspects of financial business activities and whilst many of these risks cannot be eliminated, they can however be identified, quantified and controlled. Company had implemented a robust Enterprise Risk Management system for identifying, assessing, monitoring and managing material risk throughout the organisation which includes:

- Oversight of the risk management system.
- Examination of the Company's risk profile which contains a description of the material risks faced by the Company including financial and non-financial matters.
- Mechanism to review, at least annually, the effectiveness of the Company's implementation of the risk management system.

This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

(a) Risk Governance

The Board of Directors have overall responsibility to ensure that an effective Risk Management framework is developed and implemented across the company and the Board have delegated this responsibility to the Board Integrated Risk Management Committee (BIRMC). The BIRMC was set up to fulfil the requirements set out in the Finance companies Direction No.5 of 2021 on Corporate Governance for Finance Companies issued by Central Bank of Sri Lanka (CBSL) under Finance Business Act, No.42 of 2011. This subcommittee will be primarily responsible for the following,

- Assess all credit, market, liquidity, operation and strategic risk.
- Review the adequacy and effectiveness of all management level committees such as Asset and Liability Management Committee (ALCO) and Credit Committee.
- Adequacy of the Company's capital.
- Risk exposures and risk profiles of the company are within the Risk Appetite and to make recommendations to the Board of Directors on any action required.
- Ensure the company is compliant with relevant laws, regulations and standards.

The BIRMC Committee currently consists membership of 3 Directors (appointed by the Board), Chief Executive Officer and key management personnel from Risk Management, Finance and Operations.

The Assets and Liability Committee (ALCO) of the company meets every month to assess and discuss the Risk relating to Market, Liquidity, Assets and Liabilities. Investment related risks are also reviewed. Significant decisions made by ALCO is updated to the BIRMC and to the Board of Directors on a quarterly basis.

Further, Credit Committee decisions and credit related risks are also updated to BIRMC and to the Board of Directors on a quarterly basis.

Board approved Risk management policy provides the guidelines to identify analyse and manage the risks faced by the Company and to ensure the risks are maintained within the risk appetite of the company through necessary controls and setting of limits. The policy also stipulates the process of ongoing monitoring of the identified risks. Risk policy and Risk Management framework are reviewed regularly to reflect changes in the market conditions, products and services offered. Employees of the company are constantly provided with updates and are enlightened of their roles and responsibilities through training, procedures and disciplined control environment maintained by the Company.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

42. Risk management (Contd.)

42.1 Introduction (Contd.)

The Company adopts the Three Lines of Defence model in managing risks. The oversight responsibilities are outlined below,

(i) 1st Line of Defence

Department Head / Manager should identify, assess, monitoring and reporting risks.

(ii) 2nd Line of Defence

BIRMC, ALCO, Head of Risk and Compliance and Head of Legal and Regulatory will develop, implement & monitor effective Enterprise Risk Management Framework to ensure risks are within the risk appetite of the company.

In addition to the BIRM Committee and ALCO, the Enterprise Risk Management function in the company is carried out by Risk Management Department (RMD). RMD is responsible for implementing and maintaining the risk management framework including, implementing the risk policy, maintaining the risk registers and ensuring risk mitigating actions are taken by closely working with the relevant departments in the company. This unit submits a monthly report to Board on identified key risks to the company.

(iii) 3rd Line of Defence

Oversight by Internal Audit and Board Audit Committee.

Based on the above the Company is exposed to Credit Risk, Market Risk- Interest Rate Risk, Liquidity Risk, Regulatory & Compliance Risk, Operations Risk and Reputation Risk.

42.2 Credit Risk

Credit risk, or default risk, is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfil its financial obligations in a timely manner. It is therefore a function of the following: the value of the position exposed to default (the credit or credit risk exposure); the proportion of this value that would be recovered in the event of a default; and the probability of default. The risk is primarily that of the lender and includes lost capital and interest, disruption to cash flows, and results in accelerated recovery costs.

The strategy of Company is not to eliminate credit risk, but to maintain the same within pre-determined acceptance levels. The Company manages and controls credit risk by setting limits on the level of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

Managing Credit Risk

The company manages its credit risk through a robust credit model that considers the behavioral pattern of individual customers. In addition, the company also carries out rigorous screening and review process of facilities granted to corporates and their loan limits are assigned considering the collateral, the repayment ability, Guarantors and financial position of the borrower.

Post disbursement of the facility, ongoing monitoring is carried out by Credit Risk Management Department whilst also carrying out monthly performance review of Corporate clients to identify potential warning signs of default and taking corrective action such as reporting to the relevant relationship managers.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

(a) Impairment Assessment

The model of impairment assessment has been explained in Note 5.3 under Accounting policies. The references below should be read in conjunction with those Accounting policies.

(i) Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal assessment of the borrower indicating default and near-default
- The borrower requesting emergency funding from the Company
- The borrower having past due liabilities to public creditors
- The borrower is deceased
- A material decreases in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decreases in the borrower's turnover or the loss of a major customer
- A covenant breach not waived off by the Company
- The debtor (or any legal entity within debtor's group) filing for bankruptcy
- Debtor's listed debt or equity is suspended at the primary exchange because of rumors or facts about financial difficulties.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

(ii) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. The Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk basing on its age movements and the exposure defaults basing on the objective evidence.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

42. Risk management (Contd.) 42.2 Credit Risk (Contd.)

(b) Credit quality by class of financial assets

Note	At 31 December 2024				At 31 December 2023				
	Neither past due nor impaired	Past due but not individually impaired	Individually impaired	Total	Neither past due nor impaired	Past due but not individually impaired	Individually impaired	Total	%
Assets									
Cash and cash equivalents	252,249	-	-	252,249	33,922	-	-	33,922	0.59%
Placements with banks	168,522	-	-	168,522	54,081	-	-	54,081	0.95%
Securities purchased under repurchase agreements	510,114	-	-	510,114	-	-	-	-	0.00%
Financial assets at fair value through profit or loss	257,319	-	-	257,319	1,122,306	-	-	1,122,306	19.63%
Lease/hire purchase receivable	181,476	166,714	11,520	359,710	106,752	138,742	37,705	283,199	4.95%
Factoring & revolving loans	111,690	3,553	29,040	144,283	419,916	21,220	-	441,136	7.72%
Margin trading receivable	635,179	-	-	635,179	724,350	-	-	724,350	12.67%
Term loans	3,289,461	892,822	85,240	4,267,523	1,051,574	640,249	45,128	1,736,951	30.39%
Financial assets at fair value through other comprehensive income	2,358	-	-	2,358	2,185	-	-	2,185	0.04%
Financial investment at amortised cost	387,959	-	-	387,959	1,250,021	-	-	1,250,021	21.87%
Other financial assets	249,528	-	-	249,528	68,125	-	-	68,125	1.19%
Total financial assets	6,045,855	1,063,089	125,800	7,234,744	4,833,232	800,211	82,833	5,716,276	100.00%

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

(i) Aging analysis of past due (i.e. facilities in arrears of 1 day and above) but not individually impaired loans by class of financial assets.

	31 December 2024					31 December 2023				
	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Lease/hire purchase receivable	110,800	45,641	1,404	8,869	166,714	57,152	46,278	19,190	16,122	138,742
Factoring & revolving loans	-	-	-	3,553	3,553	21,155	-	53	12	21,220
Margin trading receivable	-	-	-	-	-	-	-	-	-	-
Term loans	489,513	242,938	49,961	110,410	892,822	448,690	71,960	38,364	81,235	640,249
Total	600,313	288,579	51,365	122,832	1,063,089	526,997	118,238	57,607	97,369	800,211

(c) Maximum exposure to credit risk

	At 31 December 2024		At 31 December 2023	
	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
Financial assets				
Cash and bank balances	252,249	252,167	33,922	33,917
Placements with banks	168,522	168,488	54,081	54,068
Securities purchased under repurchase agreements	510,114	509,924	-	-
Financial assets at fair value through profit or loss	257,319	257,224	1,122,306	1,121,790
Lease/hire purchase receivable	359,710	341,806	283,199	250,614
Factoring & revolving loans	144,283	130,636	441,136	437,932
Margin trading receivable	635,179	632,682	724,350	720,932
Term loans	4,267,523	4,066,211	1,736,951	1,633,425
Financial assets at fair value through other comprehensive income	2,358	2,358	2,185	2,185
Financial investment at amortised cost	387,959	387,959	1,250,021	1,250,021
Other financial assets	249,528	249,528	68,125	68,125
Total financial assets	7,234,744	6,998,983	5,716,276	5,573,009

99.99% of loans and advances are secured against securities including immovable property, movable property, deposits held within the Company and other securities as at end of 31 December 2024.
(31 December 2023 – 99.65%)

(d) Collateral and other credit enhancements – Stage 3 Loans and advances

	31 December 2024				31 December 2023			
	Vehicles	Land Security	Other Security	Total	Vehicles	Land Security	Other Security	Total
Lease/hire purchase receivable	20,389	-	-	20,389	53,827	-	-	53,827
Factoring & revolving loans	-	186	18,531	18,717	-	-	53	53
Term loans	-	1,175	189,444	190,619	-	12,199	85,488	97,687
Total	20,389	1,361	207,975	229,725	53,827	12,199	85,541	151,567

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

42. Risk management (Contd.)

42.2 Credit Risk (Contd.)

(e) Analysis of risk concentration

The following table shows the risk concentration by sector for the financial assets components of the statement of financial position.

As at 31 December 2024	Manu- facturing	Tourism	Agric- ulture	Trade	Con- struc- tion	Transport	Services	Gover- nment	Financial Institutions	Con- sumption	Others	Total
Cash and bank balances	-	-	-	-	-	-	-	-	252,167	-	-	252,167
Placements with banks	-	-	-	-	-	-	-	-	168,488	-	-	168,488
Securities purchased under repurchase agreements	-	-	-	-	-	-	-	-	509,924	-	-	509,924
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	257,224	257,224
Lease/hire purchase receivable	52,783	-	-	31,349	274	9,119	61,211	-	-	187,070	-	341,806
Factoring & revolving loans	41,207	-	-	37,703	8,252	19,686	23,788	-	-	-	-	130,636
Margin trading receivables	-	-	-	-	-	-	-	-	632,682	-	-	632,682
Term loans	31,058	2,018	14,134	1,655,904	15,534	21,419	663,828	-	-	1,662,316	-	4,066,211
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	2,358	2,358
Financial investments at amortised cost	-	-	-	-	-	-	-	387,959	-	-	-	387,959
Other financial assets	-	-	-	-	-	-	-	-	-	-	249,528	249,528
Total financial assets	125,048	2,018	14,134	1,724,956	24,060	50,224	748,827	387,959	1,563,261	1,849,386	509,110	6,998,983

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

As at 31 December 2023	Manu- facturing	Tourism	Agri- culture	Trade	Con- struction	Transport	Services	Gover- nment	Financial Institutions	Con- sumption	Others	Total
Cash and bank balances	-	-	-	-	-	-	-	-	33,917	-	-	33,917
Placements with banks	-	-	-	-	-	-	-	-	54,068	-	-	54,068
Securities purchased under repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	1,121,790	1,121,790
Lease/hire purchase receivable	64,821	-	-	33,091	1,084	2,211	19,972	-	12,920	116,515	-	250,614
Factoring & revolving loans	1,577	-	-	236,384	48,424	40,674	110,873	-	-	-	-	437,932
Margin trading receivables	-	-	-	-	-	-	-	-	720,932	-	-	720,932
Term loans	1,304	-	-	439,298	36,244	-	448,828	-	8,511	699,240	-	1,633,425
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	2,185	2,185
Financial investments at amortised cost	-	-	-	-	-	-	-	1,250,021	-	-	-	1,250,021
Other financial assets	-	-	-	-	-	-	-	-	-	-	68,125	68,125
Total financial assets	67,702	-	-	708,773	85,752	42,885	579,673	1,250,021	830,348	815,755	1,192,100	5,573,009

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

42. Risk management (Contd.)

42.3 Credit Risk (Contd.)

(f) Credit exposure and provision for impairment movement - Loans & Advances

	Subject to			
	Carrying amount	12 months ECL (Stage 1)	Life-time ECL not credit impaired (Stage 2)	Life-time ECL credit impaired (Stage 3)
As at 31 December 2024				
Financial assets at amortized cost – loans & advances				
Gross carrying amount as at 1 January 2024	3,185,635	2,846,345	187,724	151,566
Transfer to stage 1	-	41,279	(32,839)	(8,440)
Transfer to stage 2	-	(92,757)	98,277	(5,520)
Transfer to stage 3	-	(63,294)	(50,464)	113,758
New assets originated or purchased	8,739,316	8,282,621	221,615	235,080
Financial assets derecognised or repaid (excluding write-offs)	(6,596,489)	(6,169,176)	(200,691)	(226,622)
Write-offs	(21,754)	-	-	(21,754)
Foreign exchange adjustments	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition (Reschedule facilities)	99,987	89,687	4,768	5,532
Gross carrying amount as at 31 December 2024	5,406,695	4,934,705	228,390	243,600

	Subject to			
	Carrying amount	12 months ECL (Stage 1)	Life-time ECL not credit impaired (Stage 2)	Life-time ECL credit impaired (Stage 3)
As at 31 December 2024				
Financial assets at amortized cost – loans & advances				
Provision for impairment as at 1 January 2024	142,733	26,972	44,559	71,202
Transfer to stage 1	-	6,056	(2,915)	(3,141)
Transfer to stage 2	-	(1,137)	3,210	(2,073)
Transfer to stage 3	-	(383)	(30,094)	30,477
New assets originated or purchased	105,164	38,152	17,273	49,739
Net remeasurement of impairment	9,694	(14,012)	1,136	22,570
Financial assets derecognised or repaid (excluding write-offs)	(47,088)	(10,746)	(10,320)	(26,022)
Write-offs	21,754	-	-	21,754
Foreign exchange adjustments	-	-	-	-
Other movements	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition (Reschedule facilities)	3,103	601	384	2,118
Provision for impairment as at 31 December 2024	235,360	45,503	23,233	166,624

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

	Subject to			
	Carrying amount	12 months ECL (Stage 1)	Life-time ECL not credit impaired (Stage 2)	Life-time ECL credit impaired (Stage 3)
As at 31 December 2023				
Financial assets at amortized cost – loans & advances				
Gross carrying amount as at 1 January 2023	3,181,603	3,009,350	122,724	49,529
Transfer to stage 1	-	16,735	(13,499)	(3,236)
Transfer to stage 2	-	(98,457)	100,024	(1,567)
Transfer to stage 3	-	(97,993)	(23,199)	121,192
New assets originated or purchased	8,879,054	8,659,176	158,434	61,444
Financial assets derecognised or repaid (excluding write-offs)	(8,850,558)	(8,642,466)	(156,761)	(51,331)
Write-offs	(24,464)	-	-	(24,464)
Foreign exchange adjustments	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition (Reschedule facilities)	-	-	-	-
Gross carrying amount as at 31 December 2023	3,185,635	2,846,345	187,723	151,567

	Subject to			
	Carrying amount	12 months ECL (Stage 1)	Life-time ECL not credit impaired (Stage 2)	Life-time ECL credit impaired (Stage 3)
As at 31 December 2023				
Financial assets at amortized cost – loans & advances				
Provision for impairment as at 1 January 2023	125,156	45,324	46,351	33,481
Transfer to stage 1	-	3,415	(2,245)	(1,170)
Transfer to stage 2	-	(2,528)	2,578	(50)
Transfer to stage 3	-	(3,073)	(3,687)	6,760
New assets originated or purchased	40,213	17,570	8,255	14,388
Net remeasurement of impairment	6,770	(20,974)	5,115	22,629
Financial assets derecognised or repaid (excluding write-offs)	(53,870)	(12,762)	(11,808)	(29,300)
Write-offs	24,464	-	-	24,464
Foreign exchange adjustments	-	-	-	-
Other movements	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition (Reschedule facilities)	-	-	-	-
Provision for impairment as at 31 December 2023	142,733	26,972	44,559	71,202

42.3 Market Risk

Market risk is the risk that arises from movements in stock prices, interest rates, exchange rates, and commodity prices. The company has identified that Interest Rate Risk as the most critical risk to the organisation.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

42. Risk Management (Contd.)

42.3 Market Risk (Contd.)

(a) Interest Rate Risk (IRR)

Interest Rate Risk (IRR) is the loss of net interest income to the company due to changes in the market interest rates as the company is involved in lending to borrowers from the funds obtained as deposits from customers. It refers to the vulnerability of an institution's financial condition due to the movement in interest rates. Changes in interest rate affect earnings, value of assets, liability, off-balance sheet items and cash flow. Hence, the objective of interest rate risk management is to maintain earnings, improve the capability, ability to absorb potential loss and to ensure the adequacy of the compensation received for the risk taken by the company.

Managing interest rate risk

Interest rate risk is managed principally through interest rate gaps and by having pre-approved limits for re-pricing products. ALCO is the monitoring body for compliance with these limits and assisted by Finance Department. Monitoring includes changes in the Company's interest rate exposures, which include the impact of the Company's outstanding or forecast debt obligations. Management of interest rate risk aims at capturing the risk arising from the maturity and re-pricing.

i. Interest rate risk exposure on non-trading financial assets & liabilities

The table below analyses the Company's interest rate risk exposure on financial assets and liabilities. The Company's assets and liabilities are included at carrying amount and categorised by the earlier of contractual reprising or maturity dates.

As at 31 December 2024	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Non Interest Bearing	Total
Financial assets							
Cash and cash equivalents	252,167	-	-	-	-	-	252,167
Placements with financial institution	59,287	109,201	-	-	-	-	168,488
Securities purchased under repurchase agreements	509,924	-	-	-	-	-	509,924
Financial assets at fair value through profit or loss	-	-	-	-	-	257,224	257,224
Lease/hire purchase receivable	39,014	77,837	134,843	90,112	-	-	341,806
Factoring & revolving loans	101,967	28,669	-	-	-	-	130,636
Margin trading receivables	632,682	-	-	-	-	-	632,682
Term loans	1,200,052	1,475,658	1,285,303	105,198	-	-	4,066,211
Equity instruments at fair value through other comprehensive Income	-	-	-	-	-	2,358	2,358
Financial investments at amortised cost	99,208	288,751	-	-	-	-	387,959
Other financial assets	-	-	-	-	-	249,528	249,528
Total financial assets	2,894,301	1,980,116	1,420,146	195,310	-	509,110	6,998,983
Financial liabilities							
Financial liabilities at amortised cost – due to customers	2,780,512	1,122,658	127,402	14,281	-	-	4,044,853
Financial liabilities at amortised cost – due to banks	100,296	-	-	-	-	-	100,296
Lease liabilities	6,790	10,152	16,730	6,614	-	-	40,286
Other financial liabilities	-	-	-	-	-	584,962	584,962
Total financial liabilities	2,887,598	1,132,810	144,132	20,895	-	584,962	4,770,397
Interest sensitivity gap	6,703	847,306	1,276,014	174,415	-	(75,852)	2,228,586

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

As at 31 December 2023	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Non Interest Bearing	Total
Financial assets							
Cash and cash equivalents	33,917	-	-	-	-	-	33,917
Placements with financial institution	54,068	-	-	-	-	-	54,068
Securities purchased under repurchase agreements	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	1,121,790	1,121,790
Lease/hire purchase receivable	23,550	62,711	131,229	33,124	-	-	250,614
Factoring & revolving loans	181,289	256,643	-	-	-	-	437,932
Margin trading receivables	720,932	-	-	-	-	-	720,932
Term loans	303,878	459,300	616,520	253,727	-	-	1,633,425
Equity instruments at fair value through other comprehensive Income	-	-	-	-	-	2,185	2,185
Financial investments at amortised cost	1,250,021	-	-	-	-	-	1,250,021
Other financial assets	-	-	-	-	-	68,125	68,125
Total financial assets	2,567,655	778,654	747,749	286,851	-	1,192,100	5,573,009
Financial liabilities							
Financial liabilities at amortised cost – due to customers	1,753,159	687,412	102,800	73,395	-	-	2,616,766
Financial liabilities at amortised cost – due to banks	502,117	-	-	-	-	-	502,117
Lease liabilities	3,199	9,599	7,227	-	-	-	20,025
Other financial liabilities	-	-	-	-	-	160,242	160,242
Total financial liabilities	2,258,475	697,011	110,027	73,395	-	160,242	3,299,150
Interest sensitivity gap	309,180	81,643	637,722	213,456	-	1,031,858	2,273,859

ii. Interest rate risk exposure on non-trading financial assets & liabilities

The table below analyses the sensitivity of the Company's Income Statement (net impact) due to change in interest rates by 100 bps on interest bearing non trading financial assets and liabilities with all other variables held constant as at the reporting date.

The impact of changes in interest rates on Net Interest Income (NII) is measured applying interest rate shocks on static balance sheet. In line with the industry practices, interest rate shocks of 100 bps is applied on Rs. denominated assets and liabilities. The potential impact on the Company's profitability due to changes in interest rates is evaluated to ensure that the volatilities are prudently managed within the internal tolerance limits.

	2024		2023	
	Interest rate increase	Interest rate decrease	Interest rate increase	Interest rate decrease
Impact on Net Interest Income				
Average for the period	26,750	(26,750)	25,579	(25,579)

(b) Equity Price risk

Equity price risk arises as a result of any change in market prices and volatilities of individual equities. The Company conducts mark-to-market calculations on a daily, monthly and on a need basis to identify the impact due to changes in equity prices. The table below summarises the impact (both to Income Statement and to equity) due to a change of 10% on equity prices.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

42. Risk Management (Contd.)

42.3 Market Risk (Contd.)

(b) Equity Price risk (Contd.)

Year ended 31 December	2024	2023
	Financial assets recognised through profit or loss	Financial assets recognised through profit or loss
Market value of equity securities	3,226	2,467
Stress Level	Impact	Impact
Shock of 10% on equity prices (upward)	323	247
Shock of 10% on equity prices (downward)	(323)	(247)

42.4 Liquidity risk

The Risk of an organisation not having funds to meet its payment obligations is defined as Liquidity Risk. The company has maintained sufficient levels of liquidity during the financial period.

An institution might lose liquidity if its credit rating falls, it experiences sudden unexpected cash outflows, or some other event causing counterparties to avoid trading with or lending to the institution. A firm is also exposed to liquidity risk if markets on which it depends are subject to loss of liquidity.

Managing liquidity risk

Liquidity Risk is monitored and managed by ALCO and Finance Department. ALCO provides the necessary guidance to ensure that this risk is avoided by the company. The Company ensures that it always manages the liquidity risk by having sufficient liquidity to meet its liability obligations.

The Company has implemented the Asset and Liability Management (ALM) policy, internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required. A key element of these systems is monitoring and assessing the firm's current and future fund requirement including debt obligations and planning for any unexpected funding needs, regardless of whether they arise from firm-specific factors, or from systemic (economy wide) factors.

42.4.1 Liquid Asset

Liquid asset calculation is performed based on the following calculations as prescribed in the sections 2, 3 and 4 of the Finance Companies (liquid assets) Direction No.04 of 2013.

Liquid assets requirement

Every finance company shall maintain a minimum holding of 15% of savings deposit liabilities, 10% of non-transferable certificates and time deposit liabilities and 5.0% of borrowings at the close of the business on any day. (as per the section 2 and 3 of the said direction).

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and the Central Bank of Sri Lanka Securities requirement

Every finance company shall maintain a minimum holding of 7.5% of average of month end deposit liabilities and borrowings of the twelve months of the preceding financial year (as per the section 4 of the said direction). Liquid assets are maintained in the form of Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and the Central Bank of Sri Lanka Securities which constitutes a part of a liquid asset requirement defined above as per the section 2 and 3 of the said direction.

The Company maintained statutory liquid assets above the level prescribed by the Central Bank of Sri Lanka throughout the year.

	31 December 2024		31 December 2023	
	Actual	CBSL minimum requirement	Actual	CBSL minimum requirement
Total liquid assets	1,263,426	496,487	1,444,062	346,142
Approved government securities	898,649	253,784	1,254,388	242,515

42.4.2 Contractual maturities of undiscounted cash flows of financial assets and financial liabilities

The table below summarises the maturity profile of the undiscounted cash flows of the Companies financial assets and liabilities as at 31 December 2024.

The table below analyses the company's internal interest rate risk exposure on non-trading financial assets & liabilities. The company's assets & liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2024	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Total
Financial assets						
Cash and cash equivalents	252,249	-	-	-	-	252,249
Placements with financial institutions	60,455	111,751	-	-	-	172,206
Securities purchased under repurchase agreements	510,114	-	-	-	-	510,114
Financial assets at fair value through profit or loss	257,319	-	-	-	-	257,319
Lease/hire purchase receivable	53,890	112,729	199,466	108,308	-	474,393
Factoring & revolving loans	115,543	28,740	-	-	-	144,283
Margin trading receivables	635,179	-	-	-	-	635,179
Term loans	1,493,285	1,906,867	1,642,074	127,889	-	5,170,115
Financial assets at fair value through OCI	-	-	-	-	2,358	2,358
Financial investments at amortised cost	100,000	300,000	-	-	-	400,000
Other financial assets	194,388	55,140	-	-	-	249,528
Total financial assets	3,672,422	2,515,227	1,841,540	236,197	2,358	8,267,744
Financial liabilities						
Financial liabilities at amortised cost – due to depositors	2,791,524	1,199,081	168,532	15,643	-	4,174,780
Financial liabilities at amortised cost – due to banks	102,219	-	-	-	-	102,219
Lease liabilities	7,778	12,419	19,993	6872	-	47,062
Other financial liabilities	546,174	38,788	-	-	-	584,962
Total financial liabilities	3,447,695	1,250,288	188,525	22,515	-	4,909,023
Net financial assets / liabilities	224,727	1,264,939	1,653,015	213,682	2,358	3,358,721

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

42. Risk Management (Contd.)

42.4.2 Contractual maturities of undiscounted cash flows of financial assets and financial liabilities (Contd.)

As at 31 December 2023	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Total
Financial assets						
Cash and cash equivalents	33,922	-	-	-	-	33,922
Placements with financial institutions	54,081	-	-	-	-	54,081
Securities purchased under repurchase agreements	-	-	-	-	-	-
Financial assets at fair value through profit or loss	1,122,306	-	-	-	-	1,122,306
Lease/hire purchase receivable	37,950	97,298	186,011	69,209	-	390,468
Factoring & revolving loans	183,702	257,434	-	-	-	441,136
Margin trading receivables	724,350	-	-	-	-	724,350
Term loans	414,358	641,314	903,037	306,056	-	2,264,765
Financial assets at fair value through OCI	-	-	-	-	2,185	2,185
Financial investments at amortised cost	1,299,047	-	-	-	-	1,299,047
Other financial assets	55,512	12,613	-	-	-	68,125
Total financial assets	3,925,228	1,008,659	1,089,048	375,265	2,185	6,400,385
Financial liabilities						
Financial liabilities at amortised cost – due to depositors	1,774,770	740,452	123,060	113,683	-	2,751,965
Financial liabilities at amortised cost – Due to banks	516,686	-	-	-	-	516,686
Lease liabilities	4,290	10,385	7,700	-	-	22,375
Other financial liabilities	132,358	27,884	-	-	-	160,242
Total financial liabilities	2,428,104	778,721	130,760	113,683	-	3,451,268
Net financial assets / liabilities	1,497,124	229,938	958,288	261,582	2,185	2,949,117

43. Capital management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains healthy capital ratios in order to support its business and to maximize shareholders' value. The Company is required to maintain minimum capital requirements as per the guidelines issued by the Central Bank of Sri Lanka (CBSL).

The Company maintained capital and reserves of Rs. 2,602,943,000 as at 31 December 2024 which was above the minimum capital requirement of Rs. 2,500,000,000 as at that date.

Further, the Tier I capital adequacy ratio (CAR) and total CAR of the Company recorded at 28.47% as at 31 December 2024, which were well above the CBSL's prescribed minimum thresholds. The Company is required to maintain Tier I CAR at 8.5% and total CAR at 12.5%.

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

44. Maturity analysis

As at 31 December 2024	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Total
Assets						
Cash and cash equivalents	252,167	-	-	-	-	252,167
Placements with financial institutions	59,287	109,201	-	-	-	168,488
Securities purchased under repurchase agreements	509,924	-	-	-	-	509,924
Financial assets at fair value through profit or loss	257,224	-	-	-	-	257,224
Lease/hire purchase receivable	39,014	77,837	134,843	90,112	-	341,806
Factoring & revolving loans	101,967	28,669	-	-	-	130,636
Margin trading receivables	632,682	-	-	-	-	632,682
Term loans	1,200,052	1,475,658	1,285,303	105,198	-	4,066,211
Financial asset at fair value through OCI	-	-	-	-	2,358	2,358
Financial investments at amortised cost	99,208	288,751	-	-	-	387,959
Other assets	194,388	55,140	-	-	-	249,528
Income tax receivable	6,255	-	-	-	-	6,255
Right-of-use assets	-	-	-	36,308	-	36,308
Property, plant and equipment	-	-	-	30,317	23,201	53,518
Intangible assets	-	-	-	-	197,337	197,337
Deferred tax assets	-	-	92,698	-	-	92,698
Total assets	3,352,168	2,035,256	1,512,844	261,935	222,896	7,385,099
Liabilities						
Financial liabilities at amortised cost—due to customers	2,780,512	1,122,658	127,402	14,281	-	4,044,853
Financial liabilities at amortised cost—due to banks	100,296	-	-	-	-	100,296
Retirement benefit obligations	-	-	-	-	11,759	11,759
Lease liabilities	6,790	10,152	16,730	6,614	-	40,286
Other liabilities	546,174	38,788	-	-	-	584,962
Total liabilities	3,433,772	1,171,598	144,132	20,895	11,759	4,782,156
Equity						
Stated capital	-	-	-	-	2,934,582	2,934,582
Statutory reserve fund	-	-	-	-	16,688	16,688
Fair value through other comprehensive income	-	-	-	-	2,415	2,415
Retained earnings	-	-	-	-	(350,742)	(350,742)
Total equity	-	-	-	-	2,602,943	2,602,943
Total liabilities and equity	3,433,772	1,171,598	144,132	20,895	2,614,702	7,385,099

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

44. Maturity analysis (Contd.)

As at 31 December 2023	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Total
Assets						
Cash and cash equivalents	33,917	-	-	-	-	33,917
Placements with financial institutions	54,068	-	-	-	-	54,068
Securities purchased under repurchase agreements	-	-	-	-	-	-
Financial assets at fair value through profit or loss	1,121,790	-	-	-	-	1,121,790
Lease/hire purchase receivable	23,550	62,711	131,229	33,124	-	250,614
Factoring & revolving loans	181,289	256,643	-	-	-	437,932
Margin trading receivables	720,932	-	-	-	-	720,932
Term loans	303,878	459,300	616,520	253,727	-	1,633,425
Financial asset at value through OCI	-	-	-	-	2,185	2,185
Financial investments at amortised cost	1,250,021	-	-	-	-	1,250,021
Other assets	55,512	12,613	-	-	-	68,125
Income tax receivable	6,255	-	-	-	-	6,255
Right-of-use assets	-	-	-	18,708	-	18,708
Property, plant and equipment	-	-	-	19,710	27,479	47,189
Intangible assets	-	-	-	-	190,394	190,394
Deferred tax assets	-	-	117,493	-	-	117,493
Total assets	3,751,212	791,267	865,242	325,269	220,058	5,953,048
Liabilities						
Financial liabilities at amortised cost—due to customers	1,753,159	687,412	102,800	73,395	-	2,616,766
Financial liabilities at amortised cost—due to banks	502,117	-	-	-	-	502,117
Retirement benefit obligations	-	-	-	-	9,133	9,133
Lease liabilities	3,199	9,599	7,227	-	-	20,025
Other liabilities	132,358	27,884	-	-	-	160,242
Total liabilities	2,390,833	724,895	110,027	73,395	9,133	3,308,283
Equity						
Stated capital	-	-	-	-	2,934,582	2,934,582
Statutory reserve fund	-	-	-	-	16,688	16,688
Fair value through other comprehensive income	-	-	-	-	3,154	3,154
Retained earnings	-	-	-	-	(309,659)	(309,659)
Total equity	-	-	-	-	2,644,765	2,644,765
Total liabilities and equity	2,390,833	724,895	110,027	73,395	2,653,898	5,953,048

Notes to the Financial Statements

(All amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

45. Financial reporting by segment

	Consumer Segment		MSME Segment		Treasury/Investments		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
For the year ended 31 December										
Interest Income	488,414	334,547	361,888	323,815	187,871	434,795	-	-	1,038,173	1,093,157
Interest Expenses	(91,769)	(101,460)	(81,604)	(88,698)	(86,559)	(204,070)	-	-	(259,932)	(394,228)
Net interest income	396,645	233,087	280,284	235,117	101,312	230,725	-	-	778,241	698,929
Net fees and commission income	258,675	41,779	92,134	8,775	-	-	-	-	350,809	50,554
Other income	11,003	5,176	4,705	1,175	709	840	-	-	16,417	7,191
Operating income by segment	666,323	280,042	377,123	245,067	102,021	231,565	-	-	1,145,467	756,674
Impairment (expense) / reversal	(58,410)	(31,992)	(55,971)	(10,048)	133	20,224	-	-	(114,248)	(21,816)
Net operating income	607,913	248,050	321,152	235,019	102,154	251,789	-	-	1,031,219	734,858
Operating expenses	(138,408)	(74,702)	(113,053)	(2,539)	-	-	(335,500)	(251,455)	(586,961)	(328,696)
Segment result	469,505	173,348	208,099	232,480	102,154	251,789	(335,500)	(251,455)	444,258	406,162
Personnel expenses									(337,319)	(251,231)
Depreciation and amortization									(62,890)	(52,042)
Profit from operations									44,049	102,889
VAT on financial services									(59,984)	(58,147)
Income tax expense									(25,148)	(5,304)
(Loss) / profit for the year									(41,083)	39,438
Other information										
Balance at 31 December										
Segment assets	2,631,468	1,653,040	2,539,867	1,389,862	1,578,120	2,461,982	635,644	448,164	7,385,099	5,953,048
Total assets	2,631,468	1,653,040	2,539,867	1,389,862	1,578,120	2,461,982	635,644	448,164	7,385,099	5,953,048
Segment liabilities	2,540,591	1,765,298	2,241,565	1,542,985	-	-	-	-	4,782,156	3,308,283
Total liabilities	2,540,591	1,765,298	2,241,565	1,542,985	-	-	-	-	4,782,156	3,308,283

Five Year Summary

Income Statements

	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Interest income	1,038,173	1,093,157	984,853	261,067	214,700
Interest expense	(259,932)	(394,228)	(359,526)	(56,629)	(67,090)
Net interest income	778,241	698,929	625,327	204,438	147,610
Other income	367,226	57,745	42,253	9,361	21,090
Total operating income	1,145,467	756,674	667,580	213,799	168,700
Impairment charges and other losses	(114,248)	(21,816)	(84,884)	(10,247)	(63,339)
Net operating income	1,031,219	734,858	582,696	203,552	105,361
Operating expenses	(987,170)	(631,969)	(467,423)	(276,104)	(291,660)
Operating profit	44,049	102,889	115,273	(72,552)	(186,299)
Taxes on financial services	(59,984)	(58,147)	(48,177)	(4,689)	-
Profit / (loss) before tax	(15,935)	44,742	67,096	(77,241)	(186,299)
Income tax / Deferred tax reversal / (expense)	(25,148)	(5,304)	-	-	86,780
Profit / (loss) after tax	(41,083)	39,438	67,096	(77,241)	(99,519)

Statements of Financial Position

	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Assets					
Cash and cash equivalents and short-term funds	1,187,803	1,209,775	2,887,175	330,863	1,889,246
Financial assets at amortised cost-loan and advances	5,171,335	3,042,903	3,056,448	2,742,531	806,332
Financial investment at a mortised cost	387,959	1,250,021	221,329	597,106	2,186
Property, plant and equipment and intangible assets	250,855	237,583	227,151	165,630	177,254
Other assets	387,147	212,766	192,523	185,250	352,204
Total assets	7,385,099	5,953,048	6,584,626	4,021,380	3,227,222
Liabilities and shareholders' funds					
Financial liabilities at amortised cost - due to customers	4,044,853	2,616,766	3,786,922	1,323,916	1,064,175
Borrowings	100,296	502,117	-	-	-
Other liabilities	637,007	189,400	193,935	160,669	109,175
Shareholders' funds	2,602,943	2,644,765	2,603,769	2,536,795	2,053,872
Total liabilities and shareholders' funds	7,385,099	5,953,048	6,584,626	4,021,380	3,227,222
Ratios					
Return on average assets	-0.65%	0.78%	1.03%	-2.24%	-6.44%
Return on equity	-1.58%	1.49%	2.61%	-3.52%	-4.83%
Net interest margin	12.90%	12.68%	10.99%	7.31%	5.33%
Profit / (loss) per share (Rs.)	-0.35	0.34	0.57	-0.70	-0.98
Net asset per share (Rs.)	22.17	22.53	22.18	21.61	18.88

Share Information

Information on Ordinary Shares of the Company

Market price per share

For the year ended 31 December	2024 Rs.	2023 Rs.
Highest price	56.00	85.00
Lowest price	35.00	50.00
Last traded price	47.80	53.20

Shareholders' Information

Twenty largest shareholders of the Company

	Name of shareholders	31 December 2024		31 December 2023	
		No. of shares	% Holding	No. of shares	% Holding
1	Dialog Axiata PLC	116,290,376	99.05%	116,290,376	99.05%
2	Mr. R.C.J. Goonewardene	129,630	0.11%	258,363	0.22%
3	Mr. P.S. Goonewardene JNR	127,913	0.11%	N/Q	N/Q
4	Mr. D.M.H.B. Dasanayake	30,000	0.03%	20,000	0.02%
5	Mr. M.A.T. Raaymakers	27,307	0.02%	27,307	0.02%
6	Mr. S.R.S. De Saram/ Mrs. S.T.T. Jayasundera (Joint)	25,000	0.02%	112,000	0.10%
7	Hatton National Bank PLC / Dawi Investment Trust (Pvt) Ltd	24,719	0.02%	24,750	0.02%
8	Mr. P. Poongunaseelan	24,419	0.02%	N/Q	N/Q
9	Mr. P.S.M. Fernando	24,282	0.02%	24,282	0.02%
10	Mr. M.F. Cader	24,221	0.02%	N/Q	N/Q
11	Mr. W.C. Madhushanka	22,795	0.02%	22,000	0.02%
12	People's Leasing & Finance PLC/ C.D.Kohombanwickramage	18,152	0.02%	18,152	0.02%
13	Mrs. R. Ameen UR Rahman/ Mr. K.R. Ameen UR Rahman (Joint)	17,875	0.02%	26,000	0.02%
14	Mr. V. Rajakulasekaran	17,500	0.01%	N/Q	N/Q
15	Mr. M.K. Gunawardena/ Mr. M.K. Gunawardena (Joint)	16,190	0.01%	16,190	0.01%
16	Mr. G.D.M. Ranasinghe/ Mrs. O.R.K. Ranasinghe (Joint)	14,029	0.01%	14,029	0.01%
17	Mrs. S. Suwandaratne	13,346	0.01%	13,346	0.01%
18	Miss. T.K. Hulugalle	12,865	0.01%	12,865	0.01%
19	Mr. D.W.K. David	12,643	0.01%	N/Q	N/Q
20	Senkadagala Finance PLC / G.B.R.P. Gunawardana	11,191	0.01%	N/Q	N/Q
		116,884,453	99.55%	116,879,660	99.55%
	Others	515,413	0.45%	520,206	0.45%
	Total	117,399,866	100.00%	117,399,866	100.00%

N/Q - Not qualify for top 20 shareholders as at 31 December 2024

Share Information

Directors' shareholdings

Directors'/ CEO's Holding in Shares as at 31 December	31 December	
	2024	2023
Ms. Renuka Fernando	Nil	Nil
Mr. Supun Weerasinghe	Nil	Nil
Mr. Priyan Edirisinghe*	Nil	Nil
Mr. Roshaan Hettiaratchi*	Nil	Nil
Ms. Lim Li San	Nil	Nil
Mr. Nazeem Mohamed	Nil	Nil
Mr. Alexander Löwbäck	Nil	Nil

* Mr. Priyan Edirisinghe and Mr. Roshaan Hettiaratchi having completed nine (09) years of service on the Board, retired from the Board of Directors of the Company effective 19 January 2025 and 09 February 2025 respectively.

Public shareholdings

Information pertaining to public shareholding is as follows:

	31 December	
	2024	2023
Public holding percentage	0.95%	0.95%
Number of public shareholders	848	747

- (a) Float adjusted market capitalisation as at 31 December 2024 was Rs. 53,311,279/- (31 December 2023 was Rs. 59,333,892/-)
- (b) The Company is not compliant with the minimum public holding requirement under option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange (CSE). Accordingly, the Company was transferred to the Second Board on 10 February 2020.

Share Information

Distribution of shareholders

Description	Resident			Non Resident			Total		
	Number of shareholders	No. of shares	(%)	Number of shareholders	No. of shares	(%)	Number of shareholders	No. of shares	(%)
1 to 1000 Shares	706	96,028	0.09	2	330	0.00	708	96,358	0.09
1001 to 10000 Shares	115	388,698	0.33	5	19,877	0.02	120	408,575	0.35
10001 to 100000 Shares	16	306,842	0.26	2	40,172	0.03	18	347,014	0.29
100001 to 1000000 Shares	2	257,543	0.22	0	-	0.00	2	257,543	0.22
Over 1000000 Shares	1	116,290,376	99.05	0	-	0.00	1	116,290,376	99.05
Total	840	117,339,487	99.95	9	60,379	0.05	849	117,399,866	100.00

Categories of shareholders	No. of shareholders	No. of shares
Individual	812	990,294
Institutional	37	116,409,572
Total	849	117,399,866

Related Party Transactions

Declaration

The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

Non - Recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total assets of the Company (Disclosure as per section 9 of the CSE Listing Rules)

No Non - Recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total assets of the Company (Disclosure as per section 9 of the CSE Listing Rules) during the year under review.

Recurrent Related Party Transactions exceeding 10% of the Gross Revenue / Income (Disclosure as per section 9 of the CSE Listing Rules)

Name of the related party	Relationship	Nature of the transaction	Value of the Related Party Transactions entered into during the financial year (Rs. '000)	Value of Related Party Transactions as % of the Gross Revenue/ Income	Terms and Conditions of the Related Party Transactions
Dialog Axiata PLC	Parent	Merchant Acquiring Payment Services	Fee & Commission Income - Rs. 228,496	13.92%	Market Terms
		Other Payment Services	Fee Income - Rs. 4,957	0.30%	
		Customer Deposit	Interest accrued - Rs.51,112	3.11%	
		App Hosting Services	Hosting Fee - Rs. 7,474	0.46%	
		Telecommunication Services	Telephone expenses - Rs. 2,312	0.14%	
		Collection Services	Collection commission - Rs. 5,055	0.31%	

Other Disclosures pertaining to Related Party Transactions

Further to the disclosures of RPT made in Note 41 to the Financial Statements,,

- The Company has not obtained from or granted guarantees to Dialog Axiata PLC or any other related Companies within the group of Companies.
- The Company has not made any provision for impairment for the receivable balances from Dialog Axiata PLC or its related companies as there are no balances which are deemed as irrecoverable.

Value Added Statement

(All amounts in Sri Lanka Rupees thousands)

For the year ended 31 December	2024	2023
Direct economic value generated		
Interest income	1,038,173	1,093,157
Fee and commission income	586,450	60,805
Other income	16,417	7,191
	1,641,040	1,161,153
Economic value distributed		
To depositors and lenders		
Interest expense	259,932	394,228
	259,932	394,228
Operating costs		
Depreciation and amortisation	62,890	52,042
Fee and commission expenses	235,641	10,251
Other expenses	586,959	328,292
Impairment charges	114,248	21,816
	999,738	412,401
To employees		
Salary and bonus	265,217	203,123
Other benefits	72,102	48,108
	337,319	251,231
Payments to government		
Income tax (reversal) / expenses	-	-
Taxes on financial services	59,984	58,147
Crop insurance levy	2	404
	59,986	58,551
Payments to providers of capital		
Dividends to shareholders	-	-
	-	-
Economic value distributed	1,656,975	1,116,411
Economic value retained	(15,935)	44,742
	1,641,040	1,161,153

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

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Actuarial assumptions

An entity's unbiased and mutually compatible best estimates of the demographic and financial variable that will determine the ultimate cost of providing post-employment benefits.

Amortisation

The systematic allocation of the depreciable amount of an asset over its useful life.

Amortised cost

The amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Asset and liability committee (ALCO)

A risk-management committee in a finance company that generally comprises the senior-management levels of the institution. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. Among the factors considered are liquidity risk, interest rate risk, operational risk and external events that may affect the finance company's forecast and strategic balance-sheet allocations.

Available-for-sale financial assets

Non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Capital adequacy ratio

The relationship between capital and risk weighted assets as defined in the framework developed by the Bank for International Settlements (BIS) and as modified by the Central Bank of Sri Lanka to suit local requirements.

Cash

Cash on hand and demand deposits.

Cash equivalents

Short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows

Inflows and outflows of cash and cash equivalents.

Capital funds

Capital funds shall have the same meaning as contained in the definition in section 46 of the Finance Companies Act, No. 78 of 1988.

Collectively assessed impairment

Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses which have been incurred but have not yet been identified on loans subject to individual assessment.

Commitments

Credit facilities approved but not yet utilised by the clients as at the Reporting date.

Glossary of Financial Terms

Compounded annual growth rate (CAGR)

The rate at which a variable would have grown if it grew at an even rate compounded annually.

Contingencies

A condition or situation existing at the Balance Sheet date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

Contract

An agreement between two or more parties that creates enforceable rights and obligations.

Control

An investor controls an investee when the investor is exposed, 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.

Corporate governance

The process by which corporate entities are governed, it is concerned with the way in which power is exercised over the management and direction of an entity, the supervision of executive actions and accountability to owners and others.

Cost to income ratio

Operating expenses excluding loan/ lease loss provision as a percentage of total operating income.

Credit ratings

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Credit risk

Credit risk is the potential that a borrower or counter party will fail to meet its obligations in accordance with agreed terms and conditions.

Credit risk mitigation

A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantee and credit protection.

Customer deposits

Money deposited by account holders. Such funds are recorded as liabilities.

Deferred tax

Sum set aside for tax in the Financial Statements that may 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. Also known as 'Arrears'.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful asset.

Derecognition

Removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

Discount rate

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

Dividend cover

Profit after tax divided by gross dividend. This ratio measures the number of times dividend is covered by the current year's distributable profits.

Glossary of Financial Terms

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.

Dividend yield

Dividend earned per share as a percentage of its market value.

Earnings per share (EPS)

Profit attributable to ordinary shareholders divided by the number of ordinary shares in use.

Effective interest rate (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate a shorter period to the net carrying amount of the financial asset or financial liability.

Effective tax rate (EPR)

Provision for taxation expressed as a percentage of Profit Before Tax.

Equity method

A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Events after the reporting period

Events, favourable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Expected credit loss (ECL)

Probability weighted estimate of the present value of cash shortfalls (i.e. the weighted average credit losses, with respective risks of defaults occurring in a given time period use as the weights). ECL measurements are unbiased (i.e. neutral, not conservative and not biased towards optimism or pessimism) and are determined by evaluating a range of possible outcomes.

Exposure at default (EAD)

This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns of committed facilities.

Exposure

A claim, contingent claim or position which carries a risk of financial loss.

Factoring

A time-honored financial tool used by companies worldwide. It is the purchase of account receivables (invoices) for immediate cash.

Fair value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value through profit or loss

A financial asset/liability: Acquired/ incurred principally for the purpose of selling or repurchasing in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or a derivative (except for a derivative that is a financial guarantee contract).

Glossary of Financial Terms

Finance lease

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortize the capital outlay of the lessor. The lessor retains the ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

Financial asset

Any asset that is cash, an equity instrument of "another" entity or a contractual right to receive cash or another financial asset from another entity.

Financial instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability

A contractual obligation to deliver cash or another financial asset to another entity.

Functional and presentation currency

These Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. All financial information has been rounded to the nearest Rupee unless otherwise specifically indicated.

Going concern

An entity shall prepare Financial Statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Group

A parent of all its subsidiaries.

Gearing

Long term borrowings divided by the total funds available for shareholders.

Gross dividend

The portion of profits distributed to the shareholders including the tax withheld.

Guarantees

A promise made by a third party (guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfill the contractual obligations.

Held for trading

Debt and equity investments that are purchased with the intent of selling them within a short period of time.

Hire purchase

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

Held to maturity (HTM)

Investments Held-to-Maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that an entity has the positive intention and ability to hold to maturity.

High quality liquid assets (HQLA)

Assets that can be easily and immediately converted into cash at little or no loss of value that can be readily sold or used as collateral to obtain funds in a range of stress scenarios and are unencumbered, i.e. without legal, regulatory or operational impediments.

International financial reporting standards (IFRS)

set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board (IASB).

Glossary of Financial Terms

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Interest cover

A ratio showing the number of times interest charges is covered by earnings before interest and tax.

Interest margin

Net Interest income expressed as a percentage of average interest earning assets.

Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest spread

Represent the difference between average interest rate earned on interest earning assets and the average interest rate paid on interest bearing liabilities.

Interest in suspense

Interest suspended on non-performing leases, hire purchases and other advances.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impaired loans

Loans where the Group does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

Impairment allowances

Management's best estimate of losses incurred in the loan portfolios at the balance sheet date.

Impairment provisions

Provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss.

Individually assessed impairment

Exposure to loss is assessed on all individually significant accounts and all other accounts that do not qualify for collective assessment.

Individually significant loan impairment provision (Specific impairment provision)

Impairment is measured individually for assets that are individually significant to the Group.

Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Investment properties

Investment property is a property (land or building or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative services; or sale in the ordinary course of business.

Investment securities

Securities acquired and held for yield and capital growth purposes and are usually held to maturity.

Key management personnel

Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

Glossary of Financial Terms

Lending portfolio

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

Lifetime expected credit losses

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

Liquid assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange, treasury bills.

Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Loan/credit losses and provisions

Amount set aside against possible losses on loans, advances and other credit facilities as a result of such facilities becoming partly or wholly uncollected.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those intended to sell immediately or in the near term and designated as fair value through profit or loss or available sale on initial recognition.

Loan to value ratio (LTV)

A mathematical calculation which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

Loss given default (LGD)

The estimated ratio (percentage) of the loss on an exposure to the amount outstanding at default (EAD) upon default of counterparty.

Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

Market capitalisation

The value of a Company obtained by multiplying the number of ordinary shares in issue by its market value as at a date.

Market risk

The possibility of loss arising from changes in a value of financial instrument as a result in changes of market variables such as interest rate, exchange rates, credit spread and other asset prices.

Net assets value per share

Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

Non controlling interest

Non Controlling interest is the equity in a subsidiary not attributable, directly or indirectly to a parent.

Net interest income (NII)

The difference between income earned on interest bearing assets and costs incurred on financial instruments/ facilities used for funding.

Net interest margin (NIM)

Net interest income expressed as a percentage of average interest earning assets.

Glossary of Financial Terms

Non - performing advances

A lease, hire purchase or other advance placed on cash basis (i.e. interest income is only recognised when cash is received), because in the opinion of management, there is a reasonable doubt regarding the collect ability of principal and/ or interest. Rentals receivable in arrears for more than three months have been categorised as non-performing. Nonperforming advances are reclassified as performing when all arrears rentals are settled in full.

NPA ratio

The total non-performing leases hire purchases and other advances expressed as a percentage of total loans and advances portfolio.

Off- balance sheet items

Items that are not recognised as assets or liabilities in the statement of financial position, which give rise to the commitment and contingencies in future.

Offsetting of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settled the liability simultaneously.

Operational risk

Operational risk refers to the losses arising from fraud, negligence, oversight, human error, process errors, system failures, external events, etc.

Parent company

A parent is an entity that has one or more subsidiaries.

Past due

A financial asset is past due when a counter party has failed to make a payment when contractually due.

Power

The existing rights that give the current ability to direct the relevant activities.

Price earnings ratio (P/E ratio)

The current market price of the share is divided by the earnings per share of the Company.

Probability of default (PD)

The probability that an obligor will default within a one-year time horizon.

Projected unit credit method (PUC)

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. (sometimes known as the accrued benefit method pro- rated on service or as the benefit/ years of service method). Prudence Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

Provision cover

Total provision for losses on loans, leases and advances expressed as a percentage of net non-performing loans before discounting for provision on non-performing loans, leases and advances.

Prudence

Inclusion of degree of caution in the exercise of judgment needed in making the estimates required under the conditions of uncertainty, so that asset or income are not overstated and liabilities or expenses are not understated.

Glossary of Financial Terms

Related parties

Parties where one party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Residual value

The estimated amount that is currently realizable from disposal of the asset, after deducting estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Repurchase agreements

This is a contract to sell and subsequently repurchase government securities at a given price on a specified future date.

Return on average assets (ROA)

Profit after tax expressed as a percentage of average assets

Return on equity (ROE)

Net Profit after Tax less dividend on preference shares if any, exercised as a percentage of average ordinary shareholders' equity.

Revenue reserves

Reserves set aside for future distribution and investment.

Reverse repurchase agreements

Transactions involving the purchase of securities by the company and resale back to the seller at a future date and specified price.

Right-of-use asset (ROU asset)

Right-of-use asset is lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payment made to the lessor before the lease commencement date, plus any initial direct cost incurred, minus any lease incentives received.

Rights issue

Issue of shares to the existing shareholders at an agreed price, generally lower than market price.

Risk weighted assets

The sum of on balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

Segment analysis

Analysis of financial information by segments of an enterprise specifically, the different industries and the different geographical areas in which it operates.

Shareholders' funds

The total of stated capital and capital and revenue reserves.

Single borrower limit

Maximum of a single accommodation or the aggregate of accommodations granted to by a finance company and outstanding at any point of time from an individual borrower shall not exceed 15% of the capital funds of such finance company as shown in the last audited balance sheet.

Statutory reserve fund

A capital reserve created as per the provisions of the Finance Companies (Capital Funds) Direction No.1 of 2003.

Sri Lanka financial reporting standards (SLFRSs)

Standards and Interpretations adopted by Institute of Chartered Accountants of Sri Lanka.

They comprise of the followings. Sri Lanka Accounting Standards (SLFRS); Sri Lanka Accounting Standards (LKAS); and Interpretations adopted by the Council of ICASL (IFRIC and SIC).

Glossary of Financial Terms

Stated capital

All amounts received by the Company or due and payable to the Company – (a) in respect of the issue of shares, (b) in respect of calls on shares. Statutory Reserve Fund A capital reserve created as per the provisions of Finance Companies (Capital Funds) Direction No. 1 of 2003.

Substance over form

The consideration that the accounting treatment and the presentation in Financial Statements of transactions and events should be governed by their substance and financial reality and not merely by legal form.

Subsidiary company

An entity, including an unincorporated entity which is controlled by another entity called parent.

Tier I capital (Core capital)

Tier I: 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 general provisions and other capital instruments which combines certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

Total Capital (Capital Base) Capital base is summation of the core capital (Tier I) and the supplementary capital (Tier II).

Transaction costs

Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Twelve month expected credit losses (12m ECL)

The portion of lifetime expected credit losses that represent the expected credit losses that result from default event on a financial instrument that are possible within the 12 months after the reporting date.

Useful life

Useful life is 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

Wealth created by providing financial and other services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

Yield

Return of an investment in percentage terms, taking in to account annual income and any changes in capital value.

Notice of Annual General Meeting

DIALOG FINANCE PLC
(PB 765 PQ)

NOTICE IS HEREBY GIVEN THAT **THE FORTY FOURTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AS A FULLY VIRTUAL MEETING ON MONDAY, 09 JUNE 2025 AT 04:00PM** (IST – INDIA STANDARD TIME) FROM THE BROADCAST VENUE AT THE BOARDROOM, DIALOG AXIATA PLC, 14TH FLOOR, NO. 475, UNION PLACE, COLOMBO 2, SRI LANKA.

1. Ordinary Resolution 1

To receive and adopt the Report of the Directors and the Statement of Accounts for the Financial Year ended 31 December 2024 and the Auditors' Report thereon.

2. Ordinary Resolution 2

To re-elect as a Director, Mr. Alexander Löwbäck, who was appointed to the Board since the last Annual General Meeting pursuant to Article 28(3) of the Articles of Association of the Company.

3. Ordinary Resolution 3

To re-elect as a Director, Ms. Lim Li San, who was appointed to the Board since the last Annual General Meeting pursuant to Article 28(3) of the Articles of Association of the Company.

4. Ordinary Resolution 4

To re-elect as a Director, Mr. Shivan Kanag-Isvaran, who was appointed to the Board since the last Annual General Meeting pursuant to Article 28(3) of the Articles of Association of the Company.

5. Ordinary Resolution 5

To re-elect as a Director, Mr. Uditha Jayasinge, who was appointed to the Board since the last Annual General Meeting pursuant to Article 28(3) of the Articles of Association of the Company.

6. Ordinary Resolution 6

To re-appoint Messrs. Deloitte Partners, Chartered Accountants, as Auditors to the Company and to authorise the Directors to determine their remuneration.

7. Ordinary Resolution 7

To authorise the Directors to determine and make donations.

By Order of the Board



Ms. Nipuni Fernando

Company Secretary

02 May 2025

Colombo

Notes:

- i) *The AGM will be held as a fully virtual meeting, and as such shareholders will only be able to participate in the AGM virtually, via the designated online meeting platform.*
- ii) *Only persons who are shareholders of the Company and whose names appear on the Share Register as at 2 June 2025 will be entitled to participate in the above virtual meeting.*
- iii) *A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.*
- iv) *A proxy need not be a shareholder of the Company. However, the proxy must be above 18 years of age.*
- v) *Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairperson of the Meeting or any other Director of the Company to participate and vote on their behalf.*
- vi) *For more information on how to participate virtually in the above meeting, please refer Administrative Details enclosed herewith.*

Administrative Details for the 44th Annual General Meeting

The 44th Annual General Meeting (AGM) of Dialog Finance PLC (the “Company”) will be held as a fully virtual meeting on Monday, 09 June 2025 at 4:00PM (IST – India Standard Time).

The details regarding the participation and the procedure to be adopted during the AGM are set out below.

Date, Time and Conduct of AGM

- (a) The AGM will be held as a fully virtual meeting on **Monday, 09 June 2025 at 4:00PM (IST – India Standard Time)**.
- (b) Certain members of the Board and other key officials who are essential for the administration of the meeting will be physically present in the Board Room. All others, including shareholders, will participate via a designated online meeting platform.

Notice of AGM and Form of Proxy

The Notice of AGM and accompanying Form of Proxy are attached herewith and will also be published on the corporate website at www.dialogfinance.lk/important-notice.

No Personal Attendance at AGM

The AGM will be held virtually, and as such shareholders will only be able to participate in the AGM virtually, via the designated online meeting platform.

Alternative Arrangements for Participation at the AGM

Shareholders may participate at the AGM by:

- (a) participating in the AGM via the designated online meeting platform;
- (b) submitting questions in advance of the AGM; and/or
- (c) duly appointing a proxy to participate and vote on their behalf at the AGM.

Confirmation of Participation and Pre-Registration

- (a) Shareholders of the Company who wish to participate at the virtual AGM and whose names appear on the Share Register as at 02 June 2025 are required pre-register participation. Registrations that do not meet this requirement will be rejected during the verification stage.
- (b) In order to pre-register participation, shareholders are requested to complete the online pre-registration form available at www.dialogfinance.lk/important-notice on or before 4:00PM on 02 June 2025.
- (c) If your shares are held in joint names, please register both names. However, you only need to enter one email address.
- (d) Upon verification of the registration details, an email of confirmation will be sent to the shareholders followed by an email with the log-in information closer to the AGM. Please note that the log-in information is authorised only for use by shareholders or their duly appointed proxy. The Company shall not be responsible or liable for misuse and /or unauthorised use of the log-in information.

Administrative Details for the 44th Annual General Meeting

Appointment of Proxies

- (a) A shareholder entitled, as set out above, to participate and vote at the meeting but is unable to do so, is entitled to appoint a proxy to virtually participate and vote at the AGM instead of him/her in the manner provided for by completing the Form of Proxy enclosed herewith.
- (b) Shareholders who are unable to participate also have the option of submitting a duly completed Form of Proxy (which, in particular, clearly indicates such shareholder's vote in respect of each of the matters set out in the Form of Proxy), appointing the Chairperson of the Meeting or any one of the Directors of the Company to participate and vote on their behalf such that each shareholder's vote may be identified and recorded as if such shareholder were present at the meeting.
- (c) In order to be valid, the Form of Proxy must be duly completed and forwarded to the Company Secretary or via post to Dialog Finance PLC, 1st Floor, No.57, Srimath Anagarika Dharmapala Mw, Colombo 03 and must be received not later than 48 hours before the time appointed for holding the meeting, i.e. before 4:00PM on 07 June 2025.

Annual Report 2024

The Annual Report 2024 has been published on the corporate website and may be accessed at www.dialogfinance.lk/financial-statements. If a shareholder wishes to receive a printed copy of the Annual Report 2024, please complete the Form of Request and forward it to the Company Secretary in accordance with the instructions given therein.

Meeting Procedure & Voting

- (a) Shareholders who are unable to participate at the virtual AGM may submit their suggestions/questions related to the AGM and the agenda, to the Company Secretary in writing on or before 02 June 2025 via dfp_agm@dialog.lk.
- (b) The procedure on the conduct of the meeting and voting will be explained to shareholders prior to the commencement of the meeting.

Further Information

For more information, shareholders can refer to our corporate website at www.dialogfinance.lk/important-notice or contact Ms. Pasasna Pallegamgoda on +94 773152426 during working hours.

Thank You

Form of Proxy

I/We (name of shareholder/s)
 (Holder of NIC/Passport/Company Registration No./s)
 of (address of shareholder/s).....
 being a shareholder/s of **Dialog Finance PLC**, hereby appoint:

please indicate your preference with a

- Name of proxy holder :
- NIC/Passport No of proxy holder :
- Address of proxy holder :
- Email address of proxy holder :
- Mobile number of proxy holder :

OR failing him/her

- Chairperson of the Meeting, or failing her, any one of the Directors of the Company

as my/our proxy to participate and vote on my/our behalf in accordance with the preference as indicated below at the **Forty Fourth Annual General Meeting of the Company** to be held by virtual means on 09 June 2025 at 4:00PM (IST – India Standard time) and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		

(Please indicate with a 'X' in the space provided how your proxy is to vote on each resolution. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature(s) of Shareholder(s)	Contact No. of Shareholder/s	Email address of Shareholder/s	Date

NOTE:

Instructions as to completion of the Form of Proxy are on the reverse hereof.



Notes and Instructions as to completion of Form of Proxy

1. A shareholder entitled to participate and vote at the virtual meeting but is unable to do so, can appoint not more than one proxy to virtually participate and vote at the AGM instead of him/her, by completing the Form of Proxy. Shareholders who are unable to participate in the above meeting are encouraged to appoint the Chairperson of the Meeting or any other Director of the Company to participate and vote on their behalf.
2. Please complete the Form of Proxy by filling in legibly, your full name, address and contact number and the full name, NIC number, address, contact number and email of the proxyholder and thereafter date and sign in the space provided.
3. In order to be valid, the Form of Proxy must be duly completed and forwarded to the Company Secretary via post to The Company Secretary, Dialog Finance PLC, 1st Floor, No.57, Srimath Anagarika Dharmapala Mw, Colombo 03 and must be received not later than 48 hours before the time appointed for holding the meeting, i.e. before 4:00PM on 07 June 2025.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a Company or Corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the Company or Corporation in accordance with its Articles of Association or Constitution.
6. The Form of Proxy should only be used for the purpose of appointing a proxy to participate and vote on your behalf at the meeting in the event you are unable to participate at the meeting and should not be used to confirm participation at the AGM. If you wish to participate at the meeting via the designated online meeting platform, you must pre-register your participation by completing the online pre-registration form at www.dialogfinance.lk/important-notices.
7. If a shareholder has submitted a Form of Proxy prior to the meeting and subsequently decides to participate at the meeting him/herself, he/she should take immediate steps to revoke the appointment of proxy.

Corporate Information

Name of the Company

Dialog Finance PLC

Company Secretary

Ms. Nipuni Fernando

Company Registration No.

PB 765 PQ

Compliance Officer

Mr. Thisil Vincent

Date of Incorporation

25 November 1981

Registrars

SSP Corporate Services (Private) Limited
No. 101, Inner Flower Road,
Colombo 03.

Registered Address

No. 475, Union Place, Colombo 02.

Tel : + 94 11 2573894

Fax : + 94 11 2573609

Principal Office

1st Floor,

No. 57, Srimath Anagarika Dharmapala Mawatha,
Colombo 03.

Tel : + 94 11 4317317

E-mail : financialservice@dialog.lk

Auditors

Messrs. Deloitte Partners
Chartered Accountants
100, Braybrooke Place,
Colombo 02.

Legal Form

A public quoted company with limited liability.

Bankers

- Seylan Bank PLC
- Commercial Bank of Ceylon PLC
- Nations Trust Bank PLC
- Bank of Ceylon
- Cargills Bank Ltd
- People's Bank
- Hatton National Bank PLC
- National Development Bank PLC
- DFCC Bank PLC
- Sampath Bank PLC

Stock Exchange Listing

The ordinary shares which were listed on the Diri Savi Board of the Colombo Stock Exchange (CSE) on 04 October 2011 and transferred to the Second Board of the CSE on 10 February 2020.

Board of Directors

- Ms. Renuka Fernando - Chairperson
- Mr. Supun Weerasinghe
- Ms. Lim Li San
- Mr. Alexandra Löwbäck
- Mr. Shivaan Kanag-Isvaran
- Mr. Uditha Jayasinghe
- Mr. Nazeem Mohamed

Credit Rating

AA (Ika) was affirmed by Fitch Ratings Lanka Ltd with a Stable Outlook.
(Issued by Fitch Ratings Lanka)

Chief Executive Officer

Mr. Nazeem Mohamed

Designed & Produced by :





1st Floor,
No. 57, Srimath Anagarika Dharmapala Mawatha,
Colombo 03, Sri Lanka.
Tel : 011 4317317 **Fax :** 011 4317335
Email : financialservice@dialog.lk **Web :** www.dialogfinance.lk

