



Lanka Rating Agency

Rating Report

WealthTrust Securities PLC

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Rating History table with columns: Dissemination Date, Long Term Rating, Outlook, Action, Rating Watch. Rows include dates from 2024 to 2026.

Rating Rationale and Key Rating Drivers

WealthTrust Securities PLC ("WTS" or "the Company") operates as an authorized standalone Primary Dealer (PD) in Sri Lanka. The Company primarily underwrites and trades government securities (treasury bills and bonds) in both the primary and secondary markets. Additionally, WTS functions as a licensed debt stockbroker/dealer under the authorization of the Securities and Exchange Commission of Sri Lanka. As at end-FY26, WTS accounted for ~12.1% of total assets within the standalone primary dealer segment, reflecting a relatively modest position among the 5 licensed standalone PDs. The rating reflects WTS' strong liquidity profile, underpinned by the high share of liquid G-Secs in its asset base, strong capitalization and access to repo-based market borrowings. The rating also incorporates inherent exposure to interest rate fluctuations that impact performance. In January FY26, WTS was listed on the Colombo Stock Exchange, raising fresh equity capital of LKR ~500Mn. This is considered a positive development, as it is expected to strengthen the Company's capital base and further enhance its governance framework over time. During FY26, WTS posted a net profit of LKR ~541Mn, a decline of ~55% YoY (FY25: LKR ~1.2Bn). The contraction was primarily driven by a sharp reduction in mark-to-market (MTM) gains which fell to LKR ~155Mn (FY25: LKR ~1.2Bn) as interest rates normalized during the period. This was partially offset by an increase in Net Interest Income to LKR ~1.4Bn (FY25: LKR ~1.3Bn). Consequently, profitability indicators weakened, with ROE and ROA recorded at ~8.5% and ~1.6%, respectively, for FY26, both remaining below peers. The recent policy rate hike of 1% is expected to exert pressure on profitability in the near term, as the resultant rise in secondary market yields triggers MTM losses. However, secondary market yields have eased following the recent geopolitical developments. This will lessen the impact and support a gradual recovery in profitability for remaining FY27. As at end-FY26, the Company held ~92% (FY25: ~94%) of total assets in the form of G-Secs, providing a substantial buffer of readily marketable instruments. The investment portfolio remained concentrated in medium-duration T-Bonds, which, while supporting yield, heightens the portfolio's sensitivity to movements in interest rates. The Company also undertakes spread transactions, including reverse repos, to supplement its income base. Capitalization remained at comfortable level, with the Capital Adequacy Ratio (CAR) recorded at ~21.9% as at end-FY26 (FY25: ~37.9%), well above the ~10% regulatory minimum. This provides adequate cushion to absorb potential shocks arising from interest rate volatility. However, the CAR contracted materially on a YoY basis despite the share issue, primarily reflecting growth in the market risk-weighted asset base, outpacing the Company's internal capital generation. Funding is primarily sourced through repurchase agreements, which accounted for ~95.0% of total liabilities as at end-FY26 (FY26: LKR ~35.3Bn; FY25: LKR ~15.6Bn). This funding structure is consistent with the primary dealer model. Credit risk is assessed as minimal, given the near-total concentration of assets in sovereign instruments, while residual reverse repo exposure is mitigated by G-Sec collateral held under appropriate haircuts.
The rating remains contingent upon WTS sustaining its capital levels, improving profitability metrics, managing interest rate risk through the cycle, and deploying leverage prudently relative to its duration-extended portfolio. An adverse and sustained movement in interest rates that results in material MTM losses, or a deterioration in the capital adequacy position, would exert downward pressure on the rating. Conversely, consistent earnings supported by disciplined portfolio and duration management, together with the build-up of additional capitalization buffers, would provide positive impetus over the medium term.

Disclosure

Disclosure table with rows: Name of Rated Entity (WealthTrust Securities PLC), Type of Relationship (Solicited), Purpose of the Rating (Entity Rating), Applicable Criteria (Methodology | Non-Banking Financial Institution Rating(Jul-24)), Related Research (Sector Study | Primary Dealer(Mar-26)), Rating Analysts (Ruwanthi Sylva | ruwanthi@lra.com.lk | +94 114 500099)



Primary Dealers

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Profile

Structure WealthTrust Securities PLC (WTS) was incorporated on 01 February 2010 under the Companies Act No. 07 of 2007, registered at No. 102/1, Dr. N.M. Perera Mawatha, Colombo 08. In December 2025, WTS completed its IPO on the Diri Savi Board of the CSE, raising LKR ~500.8mn through the issuance of 71,548,244 ordinary shares at LKR ~7.00 per share.

Background WTS was founded in 2010 by Dr. Wickrema Weerasooria, Dr. S A B Ekanayake, Mr. E M M Boyagoda, Mr. D.H.B. Ranawana and Mr. M R C Cooray, with Dr. Ekanayake serving as Chairman from 2011 to 2019. The Company commenced commercial operations on 21 September 2011.

Operations WTS operates primarily as a CBSL-designated Primary Dealer in government securities, and additionally holds licenses from the Securities and Exchange Commission of Sri Lanka as a stock dealer (debt) and stockbroker (debt).

Ownership

Ownership Structure WTS's ownership is predominantly corporate, with the five major shareholders collectively holding ~63.7% as of FY26. The Company has consistently maintained capital levels above regulatory minimums, with shareholders remaining willing to provide support if required.

Stability WTS benefits from a stable ownership structure, with most shareholders having maintained their stakes since inception. While capital levels have consistently exceeded minimum regulatory requirements, shareholders remain willing to provide financial support if required.

Business Acumen Both sponsoring entities bring relevant experience to WTS; FINCO, founded in 1963, operates across manufacturing, travel, IT, aviation, and real estate, while SAFE functions as a boutique investment bank with a track record in listed debentures, trust issues, and commercial papers.

Financial Strength WTS benefits from the robust financial backing and diverse strengths of Finco Holdings, positioning it for sustained growth and stability in the market. Finco's extensive portfolio across multiple sectors provides stability and a consistent revenue stream, helping to shield WTS.

Governance

Board Structure The Board of Directors comprises seven members, including six Non-Executive Directors and one Executive Director serving as MD/CEO, with three classified as independent. Ms. Sharmalie Jayatunga was appointed as an Independent Non-Executive Director with effect from 01 March 2026, bringing the total number of independent directors to three.

Members' Profile The Board collectively brings expertise spanning investment banking, treasury management, information technology, cross-border transactions, and financial management. Mr. Romesh Roch Gomez, MD/CEO, has been instrumental in the establishment of WTS since inception, having previously held roles at other primary dealer entities in Sri Lanka.

Board Effectiveness The Board is organised into five key committees: the Remuneration Committee, Nomination & Governance Committee, RMC, Audit Committee, and RPTRC. Mr. Timothy Allan Brent Speldewinde chairs both the Audit Committee and Nomination & Governance Committee.

Financial Transparency For FY25, WTS received an unqualified audit opinion from its external auditors, Ernst & Young Chartered Accountants.

Management

Organizational Structure WTS operates through two primary divisions, the Front Office and Finance & Operations, both reporting directly to the CEO, with ultimate oversight retained by the Board of Directors.

Management Team The senior management team, several of whom have been with the Company since inception, collectively brings over two decades of experience across trading, finance, risk, and compliance functions.

Effectiveness WTS has established an ALCO comprising the MD/CEO, General Manager of Finance & Planning/Business Processing, Chief Dealer, and Risk Officer, reporting to the RRMC and convening monthly, alongside an IT Steering Committee overseeing the alignment of technology strategy with broader business objectives.

MIS Monthly MIS reports analyze the financial performance, product compositions, and maturity mismatch of the Company. Policies established by the MIS department include remote access, password, server room, and media handling, with restrictions and a business continuity plan in consultation with CBSL.

Risk Management Framework The Company has formulated a comprehensive risk management policy defining the limits for acceptable risk. Daily control measures are in place to ensure a smooth flow of operations and risk mitigation. In addition, required approvals are obtained while providing justification for the non-conformity if the limitations are ever exceeded.

Business Risk

Industry Dynamics The CBSL oversees ~13 registered PDs, of which three are suspended, leaving five licensed commercial banks and five stand-alone PDs in operation. In CY25, stand-alone PD assets grew ~13.9% to LKR ~338.5bn, with the government securities portfolio expanding ~11.6% to LKR ~309.9bn, while PAT declined to LKR ~8.2bn (CY24: LKR ~13.7bn) on lower trading gains and higher revaluation losses, compressing ROA and ROE to ~4.0% and ~17.8% respectively, with RWCAR moderating to ~16.8% from ~18.7%.

Relative Position As of 9MFY26, WTS holds ~12.1% of stand-alone PD industry assets at LKR ~40.9bn (FY25: LKR ~26.9bn), up from ~9.9% in 9MFY25, and represents ~16.4% of estimated industry equity at LKR ~5.3bn. WTS lags peers on profitability, recording ROE of ~10.99% and ROA of ~1.7%, against First Capital Treasuries at ~28.39% and ~3.4%, and Capital Alliance at ~26.37% and ~3.3% respectively, with the underperformance attributable to a lower scale of treasury investments relative to equity and a compressed core spread.

Revenues In FY26, total interest income recovered to LKR ~4.1bn (FY25: LKR ~3.3bn), though rising interest expenses of LKR ~2.7bn compressed NIM to ~34.8% (FY25: ~40.6%), yielding net markup income of LKR ~1.4bn. Interest income was almost entirely derived from outright government securities holdings (LKR ~3.6bn) and reverse repurchase agreements (LKR ~456mn), while non-markup income declined sharply to ~9.0% of total income from ~69.4% in FY24.

Performance WTS recorded a further moderation in profitability in FY26, with PAT declining ~55% to LKR ~0.54bn (FY25: LKR ~1.19bn; FY24: LKR ~4.9bn), while ROE and ROA compressed to ~8.4% and ~1.6% (FY25: ~19.2% and ~4.8%), reflecting dual compression of core spread and trading income as interest rates normalized.

Sustainability The Company plans to diversify revenue through portfolio management, fee-based services, and technology platforms, while exploring overseas expansion.

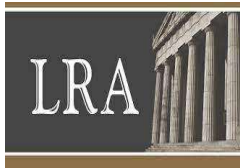
Financial Risk

Credit Risk Credit risk remains minimal, with ~91.9% of total assets allocated to government securities as of FY26 (FY25: ~93.9%), further mitigated by collateral in the form of government securities held against repurchase obligations at adequate haircuts.

Market Risk WTS's investment portfolio remains highly concentrated in government securities, exposing the Company to interest rate risk. Total government securities holdings grew to LKR ~40.1bn in FY26 from LKR ~21.2bn in FY25, driven predominantly by T-bonds (LKR ~40.0bn), with T-bill holdings declining sharply to LKR ~89mn from LKR ~3.0bn over the same period, reflecting a deliberate extension of portfolio duration.

Liquidity And Funding Repurchase agreements comprise ~95.2% of total liabilities at LKR ~35.3bn in FY26 (FY25: LKR ~15.6bn), with liquidity supported by a government securities-concentrated asset base. WTS maintains aggregate overdraft facilities of LKR ~2.5bn across five banking counterparties, of which LKR ~937mn was utilized, leaving LKR ~1.6bn available.

Capitalization WTS maintained a CAR of ~21.90% in FY26 (FY25: ~37.88%), above the CBSL minimum of ~10% but below its budget target of ~35.09%, reflecting higher market risk capital charges from a shift toward longer-dated T-bonds (modified duration: ~3.3 years). The debt-to-equity ratio deteriorated from ~2.8x to ~5.3x, driven by a near-doubling of repurchase agreements to LKR ~35.3bn, notwithstanding total equity of LKR ~6.86bn.



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WealthTrust Securities PLC
Public Limited Company

Mar-26	Mar-25	Mar-24
12M	12M	12M

A BALANCE SHEET

1 Total Finance-net	-	-	-
2 Investments	40,395	21,562	23,898
3 Other Earning Assets	3,320	1,195	2,472
4 Non-Earning Assets	224	190	187
5 Non-Performing Finances-net	-	-	-
Total Assets	43,939	22,946	26,557
6 Funding	36,674	16,268	16,261
7 Other Liabilities	402	859	3,670
Total Liabilities	37,076	17,127	19,931
Equity	6,862	5,819	6,626

B INCOME STATEMENT

1 Mark Up Earned	4,063	3,295	6,118
2 Mark Up Expensed	(2,676)	(1,969)	(3,002)
3 Non Mark Up Income	159	1,267	7,054
Total Income	1,546	2,592	10,170
4 Non-Mark Up Expenses	(511)	(618)	(1,869)
5 Provisions/Write offs/Reversals	-	-	-
Pre-Tax Profit	1,034	1,975	8,301
6 Taxes on Financial Services	(186)	(190)	(927)
Profit Before Income Taxes	849	1,785	7,373
6 Income Taxes	(308)	(592)	(2,467)
Profit After Tax	541	1,194	4,907

C RATIO ANALYSIS

1 PERFORMANCE			
a Non-Mark Up Expenses / Total Income	33.1%	23.8%	18.4%
b ROE	8.5%	19.2%	88.4%
2 FUNDING & LIQUIDITY			
a Liquid Assets / Funding	119.2%	139.9%	162.1%
b Borrowings from Repurchase Agreement Borrowings / Funding	96.3%	96.2%	91.0%
3 MARKET RISK			
a Investments / Equity	588.6%	370.5%	360.7%
b (Equity Investments + Related Party) / Equity	0.0%	0.0%	0.0%
4 CAPITALIZATION			
a Equity / Total Assets (D+E+F)	15.6%	25.4%	25.0%
b Capital formation rate (Profit After Tax - Cash Dividend) / Equity	9.3%	-12.2%	48.2%

Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-Term Rating
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA AA-	Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+ A A-	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
BBB+ BBB BBB-	Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BB+ BB BB-	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
B+ B B-	High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
CCC CC C	Very high credit risk. Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
D	Obligations are currently in default.

Scale	Short-Term Rating
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.

Rating Modifiers | Rating Actions

<p>Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.</p>	<p>Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.</p>	<p>Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p>Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) LRA finds it impractical to surveil the opinion due to lack of requisite information.</p>	<p>Harmonization A change in rating due to revision in applicable methodology or underlying scale.</p>
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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

Note: This scale is applicable to the following methodology(s):

- | | |
|---------------------------------|--------------------------------------|
| a) Broker Entity Rating | e) Holding Company Rating |
| b) Corporate Rating | f) Independent Power Producer Rating |
| c) Debt Instrument Rating | g) Microfinance Institution Rating |
| d) Financial Institution Rating | h) Non-Banking Finance Company |

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Regulatory and Supplementary Disclosure

(Rules applicable to Credit Rating Agencies, No. 19 of 2021 - issued on 15th March 2022)

Rating Team Statements

(1) Credit Rating Agency means a body corporate engaged in the business of assessing and evaluating the credit-worthiness of any issuer or a specific issue of securities. <https://www.sec.gov.lk/credit-rating-agency/>

Conflict of Interest

(2) i. LRA will disclose to the Commission all other business activities it is engaged in at the time of applying for its licence and inform the Commission in writing prior to engaging in any other business activity after obtaining a licence from the Commission. (Section 34 – Rules applicable to Credit Rating Agencies)

(2) ii. LRA will not engage in any other business which in the view of the Commission creates a conflict of interest unless prior written approval of the Commission is obtained. (Section 35 – Rules applicable to Credit Rating Agencies)

(2) iii. In the conduct of any such other business activity, the LRA will ensure that proper processes are in place to have a clear demarcation of the different functions pertaining to such businesses. (Section 36 – Rules applicable to Credit Rating Agencies)

Restrictions

(3) (i) LRA will not be outsource any part of its work, which has a direct bearing on the function of rating. (Section 24 – Rules applicable to Credit Rating Agencies)

(3) (ii) LRA will enter into a written agreement with the party to whom any work is outsourced. Such agreement contains an undertaking from the party to whom any work is outsourced that they shall comply with the laws, rules, and directives that the LRA is bound to follow. (Section 25 – Rules applicable to Credit Rating Agencies)

(4) The LRA will not appoint any individual as a member of the rating committee who:

(a) has a business development function of the Credit Rating Agency; or

(b) who initiates or participates in discussions regarding fees or payments with any Client of the LRA. (Section 28 – Rules applicable to Credit Rating Agencies)

Conduct of Business

(5) Prior to the commencement of a rating or during such process the LRA will not promise, assure or guarantee to a Client that a particular rating will be assigned. (Section 39 – Rules applicable to Credit Rating Agencies)

(6) LRA performs a rigorous and formal periodic review of all its methodologies. Such methodologies will be made available to the Commission for perusal, upon request. (Section 41 – Rules applicable to Credit Rating Agencies)

Independence & Conflict of interest

(7) LRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on LRA's opinions or other analytical processes. In all instances, LRA is committed to preserving the objectivity, integrity, and independence of its ratings.

(8) LRA will not engage in any other business which in the view of the Commission creates a conflict of interest unless prior written approval of the Commission is obtained. (Section 35 – Rules applicable to Credit Rating Agencies)

(9) LRA will structure its rating teams and processes to promote continuity, consistency and avoid bias in the rating process. (Section 47 – Rules applicable to Credit Rating Agencies)

Monitoring and review

(10) For purposes of transparency the LRA will publish sufficient information about an entity/security rated, frequency of default and whether a rating grade assigned has changed over time. The definitions and computation methods for the default rates stated in the default studies shall also be disclosed. (Section 44 – Rules applicable to Credit Rating Agencies)

LRA maintain the following records pertaining to Clients:

(a) all internal records to support its credit rating opinions;

(b) all particulars relating to Clients at its office which shall include the name and registered address and contact numbers of such Client, names and addresses of their directors as at the date of rating, its issued share capital and the nature of business; and

(c) a written record of all complaints received from Clients and action taken thereon by the LRA. (Section 48 – Rules applicable to Credit Rating Agencies)

(11) LRA maintains confidentiality of all non-public information entrusted to it by Clients at all times including such Client's identity and transactions carried out for such Client unless and to the extent such disclosure is required by law, or unless authorised by the Client to disclose such information. (Section 50 – Rules applicable to Credit Rating Agencies)

(12) LRA does not destroy, conceal or alter any records, property or books relating to the business of the Credit Rating Agency which are in its possession or under its control with the intention of defeating, preventing, delaying or obstructing the carrying out of any examination (Section 53 – Rules applicable to Credit Rating Agencies)

Probability of Default

(13) LRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability).

Proprietary Information

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