



Lanka Rating Agency

Rating Report

Fixed Income Investment I (Pvt) Ltd - Trust 11 - T Bond Securitization

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Rating History

Dissemination Date	Long Term Rating	Outlook	Action	Rating Watch
21-Aug-2025	AA	Stable	Preliminary	-

Rating Rationale and Key Rating Drivers

Fixed Income Investment I (Pvt) Ltd – Trust 11 is a Special Purpose Vehicle ("SPV") incorporated to securitize Treasury Bonds up to LKR~1.5bn Face Value. The rating reflects the robust securitization structure that ensures regular interest and principal repayments to the investors. The rating incorporates key risk (Interest rate change) being borne by the investors. The credit risk is considered very low as the securitization is for the Government of Sri Lanka's long-term fixed-rate Treasury Bonds (less than 10 years maturity). Interest rate fluctuations, if any, are likely to impact the value of the bond, giving rise to market risk. This risk, along with early repayment, will be undertaken by the investors, as is clearly mentioned in the offering document. Under the current scenario of stabilized interest rates, the bond remains exposed to moderate market risk. However, in case of an increase in interest rates, the value of the bond will be affected. This may also impact the liquidity of the bond. The entire transaction will be routed through a Trustee to ensure timely and secure payments. Furthermore, Lanka Rating also takes into account the financial standing of the Treasury Bond securitization promoter (Capital Alliance Holdings Limited). The promoter's experience in managing funds and Capital Markets is expected to facilitate its smooth execution.

There is a built-in curing period (3 days) in case a payment is missed. The investors will receive fixed returns only if they hold their positions until maturity, and not in the case of early redemption. Every ~90th day, the investors will have the option to roll over or pre-terminate the bond at market value. The average return on the trust certificates offered by the Treasury Bond securitization stands at ~9.08% each, which will be provided only if the instrument is held to maturity. All settlements would be made through the Fixed Income Investment I (Pvt) Ltd – Trust 11 account maintained with the Trustee (People's Bank). All settlements would be made under the direct supervision of the Trustee. Until all of the agreed payments are made to the trust receipt owners, any excess amount will not be withdrawn.

The Trustee will ensure timely payments and other legal aspects of the transaction. The rating of the SPV depends on the timely payments of the interest and principal amount of the Treasury Bond securitization. Going forward, the probability of occurrence of a triggering event that may lead to a risk of non-payment of interest and/or principal to the investors, will be closely surveilled.

Disclosure

Name of Rated Entity	Fixed Income Investment I (Pvt) Ltd - Trust 11 - T Bond Securitization
Type of Relationship	Solicited
Purpose of the Rating	Debt Instrument Rating
Applicable Criteria	Methodology Debt Instrument Rating(Aug-24)
Related Research	Sector Study Capital Markets(Aug-25)
Rating Analysts	Ruwanthi Sylva ruwanthi@lra.com.lk +94 114 500099

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Issuer Profile

Profile Fixed Income Investment I (Pvt) Ltd – Trust 11 (FII I – Trust 11) is the legal entity that will be borrowing funds from the investors by way of trust receipts, which are collateralized with Treasury Bonds. This arrangement is considered a true securitization.

Ownership FII I Trust 11, a Special Purpose Vehicle (SPV), is a ~100% owned subsidiary of Capital Alliance Holdings Limited (CALH).

Governance Mr. Tharindra Kulasinghe has been appointed as the Director by CALH. KPMG will be the External Auditor for the securitization, while Nithya Partners will be the legal advisors. People's Bank will be the Trustee/custodian of the issue.

Management The management of the SPV will be entirely steered by CALH.

Business Risk The risk in this instrument is the interest rate risk. Under the current scenario of stabilized interest rates, the bond remains exposed to moderate market risk. However, in case of an increase in interest rates, the value of the bond will be affected. This may also impact the liquidity of the bond. The trust certificates are 5-year instruments with a YTM of ~9.70%. The coupon rate of the underlying T-bond is ~9.75%. The full capital and interest rate risk is with the investor. Investors would get this return only if the investments are held to maturity.

Financial Risk The SPV bears minimal credit risk as the securitization is for the Government of Sri Lanka's long-term fixed-rate Treasury Bonds, which are less than 10 years of maturity. The interest rate fluctuation can impact the value of the bond and give rise to market risk. The interest rate and market risk will remain with the trust certificate investors in case of early redemption. The tranche's simple annualized return is ~9.08% after deducting the WHT, which can be obtained only if the certificates are held to maturity. The existence of a curing period of 3 days provides support to the structure.

Instrument Rating Considerations

About The Instrument Fixed Income Investment I (Pvt) Ltd – Trust 11 will buy Treasury Bonds and securitize them. The SPV will issue trust receipts to investors against this securitized bond. The total size of the securitization is LKR~1.5bn with annualized returns of ~9.08% on the trust certificates, after deducting the WHT.

Relative Seniority/Subordination Of Instrument The instrument is a secured senior debt.

Credit Enhancement There will be no further credit enhancements as it is an already secured transaction via Treasury Bonds.

Regulatory and Supplementary Disclosure

Nature of Instrument	Size of Issue (LKR)	Tenor	Security	Quantum of Security	Nature of Assets	Trustee	Book Value of Assets (LKR mn)
T-bond + Debenture Securitization	LKR 1,500,000,000	until 01-07-2030 (Maturity of the T-bond)	Treasury bonds (01-07-2030)	LKR 1,500,000,000	Government of Sri Lanka issued treasury bonds	People's Bank	1,525,522,500.00

Name of Issuer	Fixed Income Investment 1 (Pvt) Ltd- Trust 11
Issue Date	August 28, 2025
Maturity	July 1, 2030
Coupon Basis	The papers are in maturity close 90 days. At the end of each paper, the investor has the ability to decide whether to sell the T-bonds and get the repayment (at which it will be sold in the market at market rates and the selling value will be paid to the investors net of any due fees), or the investor has the ability to rollover to the next paper.
Repayment	Either after the maturity of each paper (if the investor opts to sell the asset), or at 01/07/2030
Option	

Fixed Income Investment I (Pvt) Ltd- Trust 11

LKR 1,500,000,000	Maturity: 01 Jul 2030
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Due Date Principal	Opening Principal (LKR)	Coupon Due Date	Gross Rate	LKR					
				Interest earned	Cash inflow from coupons	Costs to be paid out of securitization	Interest earned (to be paid to investors)	Net cashflow	Capital Outstanding at the end of maturity
28-Aug-25	1,525,522,500	27-Oct-25	9.4676%	23,742,000.00					
27-Oct-25	1,549,264,500	1-Jan-26	9.4752%	26,544,000.00			23,742,000.00	(23,742,000.00)	1,549,264,500
1-Jan-26	1,502,683,500	1-Apr-26	9.6637%	35,806,500.00	73,125,000.00		26,544,000.00	46,581,000.00	1,502,683,500
1-Apr-26	1,538,490,000	1-Jul-26	9.6655%	37,074,000.00			35,806,500.00	(35,806,500.00)	1,538,490,000
1-Jul-26	1,502,439,000	29-Sep-26	9.5046%	35,211,000.00	73,125,000.00		37,074,000.00	36,051,000.00	1,502,439,000
29-Sep-26	1,537,650,000	1-Jan-27	9.5092%	37,656,000.00			35,211,000.00	(35,211,000.00)	1,537,650,000
1-Jan-27	1,502,181,000	1-Apr-27	9.6641%	35,796,000.00	73,125,000.00		37,656,000.00	35,469,000.00	1,502,181,000
1-Apr-27	1,537,977,000	1-Jul-27	9.6652%	37,060,500.00			35,796,000.00	(35,796,000.00)	1,537,977,000
1-Jul-27	1,501,912,500	29-Sep-27	9.5046%	35,199,000.00	73,125,000.00		37,060,500.00	36,064,500.00	1,501,912,500
29-Sep-27	1,537,111,500	1-Jan-28	9.5095%	37,644,000.00			35,199,000.00	(35,199,000.00)	1,537,111,500
1-Jan-28	1,501,630,500	31-Mar-28	9.6101%	35,583,000.00	73,125,000.00		37,644,000.00	35,481,000.00	1,501,630,500
31-Mar-28	1,537,213,500	1-Jul-28	9.6129%	37,246,500.00			35,583,000.00	(35,583,000.00)	1,537,213,500
1-Jul-28	1,501,335,000	29-Sep-28	9.5043%	35,184,000.00	73,125,000.00		37,246,500.00	35,878,500.00	1,501,335,000
29-Sep-28	1,536,519,000	1-Jan-29	9.5097%	37,630,500.00			35,184,000.00	(35,184,000.00)	1,536,519,000
1-Jan-29	1,501,024,500	1-Apr-29	9.6639%	35,767,500.00	73,125,000.00		37,630,500.00	35,494,500.00	1,501,024,500
1-Apr-29	1,536,792,000	1-Jul-29	9.6653%	37,032,000.00			35,767,500.00	(35,767,500.00)	1,536,792,000
1-Jul-29	1,500,699,000	29-Sep-29	9.5046%	35,170,500.00	73,125,000.00		37,032,000.00	36,093,000.00	1,500,699,000
29-Sep-29	1,535,869,500	1-Jan-30	9.5092%	37,612,500.00			35,170,500.00	(35,170,500.00)	1,535,869,500
1-Jan-30	1,500,357,000	1-Apr-30	9.5477%	35,322,000.00	73,125,000.00		37,612,500.00	35,512,500.00	1,500,357,000
1-Apr-30	1,535,679,000	1-Jul-30					35,322,000.00	(35,322,000.00)	1,535,679,000
1-Jul-30					1,573,125,000.00			1,573,125,000.00	(37,446,000)



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

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'.	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.	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.	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.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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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):

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|---------------------------------|--------------------------------------|
| 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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