



Growing Beyond Expectation

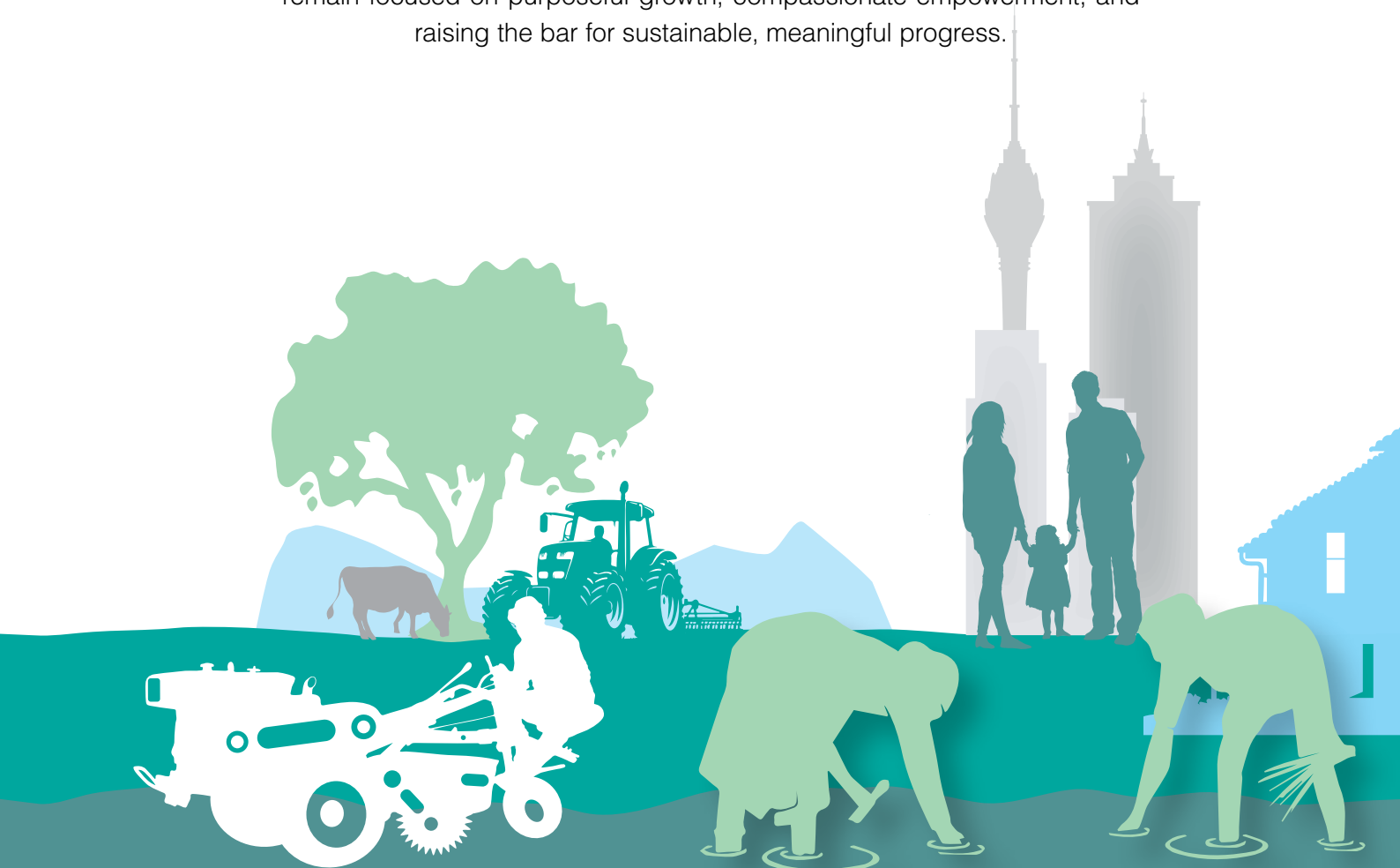
BERENDINA MICRO INVESTMENTS COMPANY LIMITED
Annual Report 2024

Growing Beyond Expectation

The year 2024 marked a pivotal chapter in BMIC's journey, where ambition translated into achievement and growth surpassed the expectations of both our customers and our organization. Against a backdrop of economic shifts and cautious optimism, we redoubled our efforts to deliver exceptional results. Our success stems from a resilient strategy, unwavering client trust, and a steadfast commitment to inclusive development.

BMIC has carved a unique niche in the industry by empowering thousands of NMSMEs (Nano, Micro, Small, and Medium Enterprises) with not only financial assistance but also credit-plus solutions and value-added services equipping them to thrive. This year, we transitioned from recovery to renewal, scaling our services, extending our reach to underserved communities, and deepening our impact.

Each milestone in 2024 reflects the resilience of our clients and the dedication of our team, united by a shared mission. As we look ahead, we remain focused on purposeful growth, compassionate empowerment, and raising the bar for sustainable, meaningful progress.



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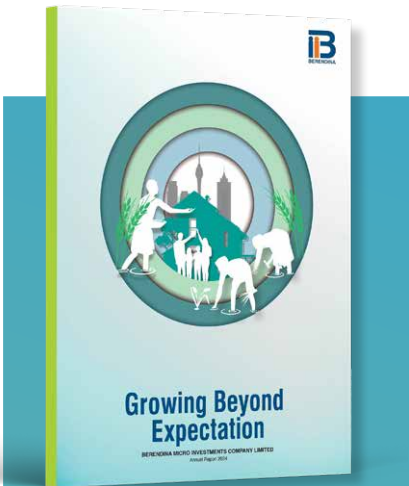
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ABOUT THIS REPORT



We are pleased to present the 8th Integrated Annual Report of Berendina Micro Investments Company Limited (BMIC) for the reporting period ending 31st December 2024.

This report is structured according to the six-capital model and adheres to the guidelines set out in the International Integrated Reporting Council (IIRC) Integrated Reporting (<IR>) Framework. It aims to provide a balanced, transparent, and objective overview of our value creation activities during the period, enabling stakeholders to make informed decisions.

Despite navigating an operating environment marked by unprecedented challenges, BMIC remained steadfast in pursuing its vision of creating an empowered and equitable society free from poverty, through the delivery of innovative and responsible financial solutions designed to uplift underserved communities.



SCOPE AND BOUNDARY

This report covers BMIC's operations from 1st January 2024 to 31st December 2024, and includes comprehensive disclosures on:

- Strategic direction and actions
- Operational and financial performance
- Corporate governance
- Risk management
- Future prospects

For reference, the most recent previous report (for the year ending 31st December 2023) is available for download at www.berendina.org.

COMPLIANCE FRAMEWORK

Financial Reporting

This report complies with the following financial regulations and standards:

- Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs) issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 7 of 2007
- Microfinance Act No. 6 of 2016

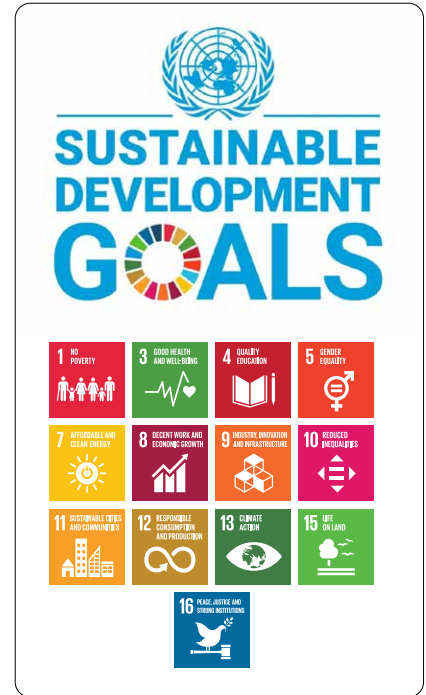
Corporate Governance Reporting

- Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka
- Corporate Governance Reporting
- Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka

Assurance

- Sri Lanka Auditing Standards (SLAuSs)

Additionally, as a mission-driven LMFC, we have voluntarily adopted the United Nations SDG Reporting Guidelines in addition to the statutory reporting requirements mentioned above.



TARGET AUDIENCE

This report is prepared for all our stakeholders and contains information relevant to investors, employees, customers, regulators, and communities. It focuses on aspects material to our value creation, with the process for determining these material topics detailed on pages 46 to 47 of the report.

REPORTING ENHANCEMENTS

Each year, we strive to improve the readability, meaningfulness, and relevance of our report. We aim to clearly illustrate the various factors contributing to the value creation process and their interconnections across the six capitals.

RESTATEMENT OF INFORMATION

There has been no restatement of any information from our previous annual report.

ABOUT THIS REPORT

EXTERNAL ASSURANCE

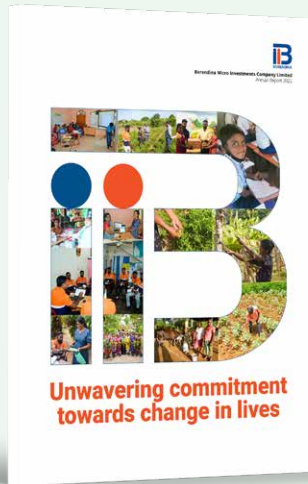
The financial statements and related notes included in this report have been externally assured by Messrs. Deloitte Associates (Chartered Accountants). Their assurance statement on the financial statements is presented on pages 131 to 132 of this report.

This report is also available for download at: www.berendina.org

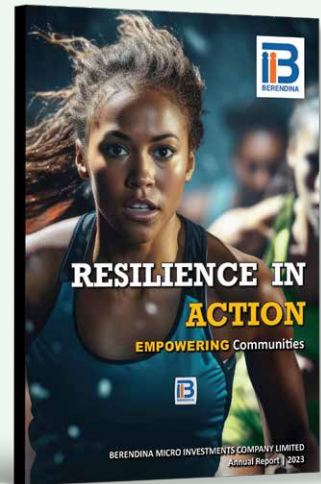
Our Previous Reports



Annual Report 2021



Annual Report 2022



Annual Report 2023

WE VALUE YOUR FEEDBACK

We welcome your comments and inquiries regarding this Annual Report. Please address them to:

Name:

Ms. K.K. Shanika Maduwanthi

Position:

Manager – Compliance, Corporate Relationship & Risk Management

Address:

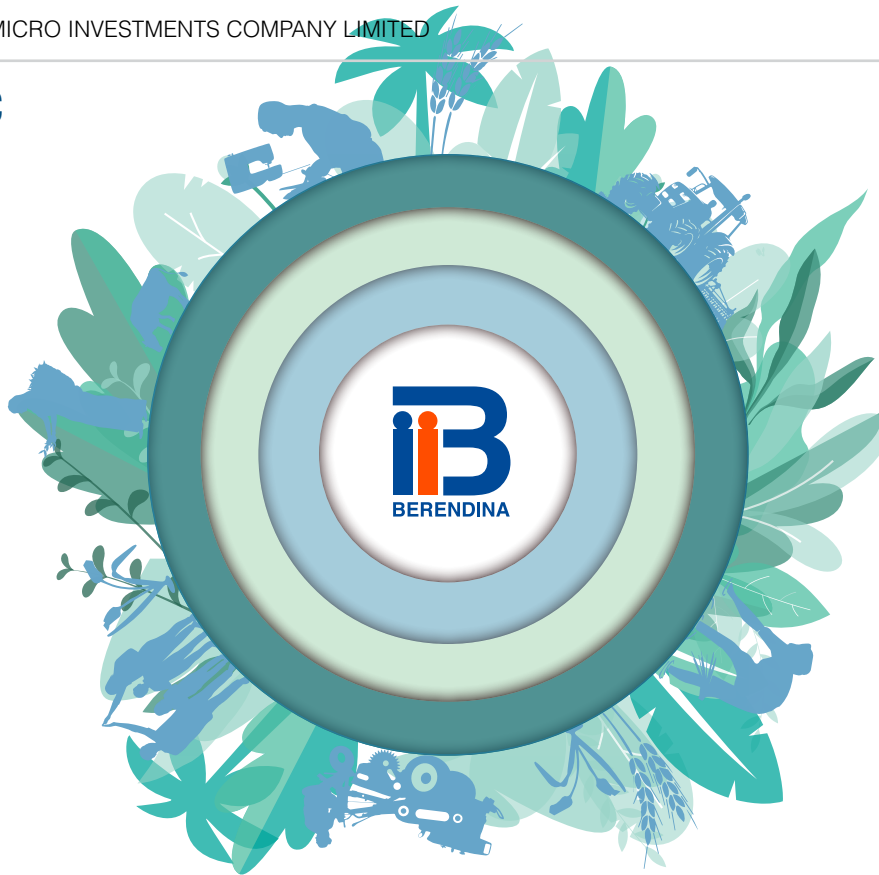
No. 44/3, 3rd Floor, Nawala Road, Narahenpita, Sri Lanka

Email: manager.ccr@berendina.lk



About Us

ABOUT BMIC



Berendina Micro Investments Company Limited (BMIC)

is a public limited company incorporated in Sri Lanka under the Companies Act No. 7 of 2007. It is a licensed microfinance company regulated by the Monetary Board of the Central Bank of Sri Lanka under the Microfinance Act No. 6 of 2016.

Berendina began its microfinance operations prior to 2007 as part of the Berendina Foundation, a charitable organization established in 1992. Initially, microloans were provided as interest-free loans to entrepreneurs. To comply with emerging legal requirements, the microfinance activities were separated from the foundation and transferred to a newly formed legal entity, Berendina Microfinance Institute Guarantee Limited (BMI), in 2007. This non-profit organization was established under the Companies Act No. 7 of 2007.

In 2014, Berendina Micro Investments Company Limited (BMIC) was incorporated as a public company to complement BMI. The primary purpose of establishing BMIC was to overcome legal constraints faced by BMI (as a guarantee company) in accessing offshore borrowing facilities. Consequently, both BMI and BMIC operated in parallel.

In 2017, BMIC was relaunched as the sole microfinance arm of Berendina and the successor to BMI's operations. This move enabled BMIC to provide enhanced client services and meet the licensing criteria under the Microfinance Act No. 6 of 2016. In 2019, BMIC became the first Licensed Microfinance Company (LMFC) regulated by the Central Bank of Sri Lanka.

The rationale for establishing BMIC was threefold

1 Client Empowerment
To expand client benefits by promoting meaningful and responsible micro-investments.

2 Positive Rebranding
To shift the focus from the negative perceptions of "microfinance" to the more empowering and investment-oriented concept of "micro investments."

3 Regulatory Compliance
To align with the Central Bank of Sri Lanka's requirements for microfinance institutions to operate as public companies and corporate entities.



BMIC is committed to uplifting underprivileged communities through financial inclusion and employment creation, offering Microfinance Services alongside Enterprise Development Services (EDS). Through a dual approach financial and non-financial BMIC supports low-income communities via:

- a) Microcredit and Microsavings, and
- b) Enterprise Development Services, including:
 - ➔ Advisory and Enabling Services for Micro enterprise Development
 - ➔ Incubation of Scalable Community-Based Enterprise Models
 - ➔ Agricultural and non-agricultural technical training
 - ➔ Financial literacy and “Improve Your Business (IYB)” training
 - ➔ Exposure visits to agricultural farms
 - ➔ Motivational programs and business counselling
 - ➔ Market development initiatives

To further its values of sustainable development, inclusive finance, and responsible lending, BMIC also offers value-added services, such as:

- ➔ Scholarships for A/L students
- ➔ Financial assistance for medical and funeral expenses under the Berendina Suwasahana Scheme
- ➔ Loan settlements through the Loan Risk Fund in the event of borrower/ spouse death, disability, or long-term illness
- ➔ Emergency and disaster response programs

What We Do

BMIC provides a comprehensive range of services designed to empower clients and promote sustainable livelihoods:

Microcredit for

- ➔ Business Start-Up & Development
- ➔ Agriculture & Dairy Enterprises
- ➔ Senior Citizen Businesses
- ➔ Asset Building & Household Asset Acquisition

Collateral Savings

- ➔ Monthly savings and initial deposits linked to specific loan products

Enterprise Development Services (EDS):

- ➔ Entrepreneurial Skills Training
- ➔ Technical Skills Development
- ➔ Soft Skills Enhancement
- ➔ Financial Literacy Programs
- ➔ Business Counselling
- ➔ Exposure Visits
- ➔ Product Marketing Support
- ➔ Environmental Protection Programs

Value-Added Services:

- ➔ Student Scholarships for G.C.E. Advanced Level students
- ➔ Financial Assistance for medical and funeral needs through the Berendina Suwasahana Scheme
- ➔ Loan Settlements via the Loan Risk Fund in cases of borrower or spouse’s death, disability, or critical illness
- ➔ Disaster and Crisis Response Initiatives



Recognition for Corporate Excellence

BMIC’s commitment to Transparency, Accountability, Governance, and Sustainability has been recognized through multiple accolades at the TAGS Awards organized by CA Sri Lanka, including:

- ➔ Gold Award
- ➔ Silver Award
- ➔ Compliance Award

These achievements reflect BMIC’s leadership in ethical and transparent corporate reporting.

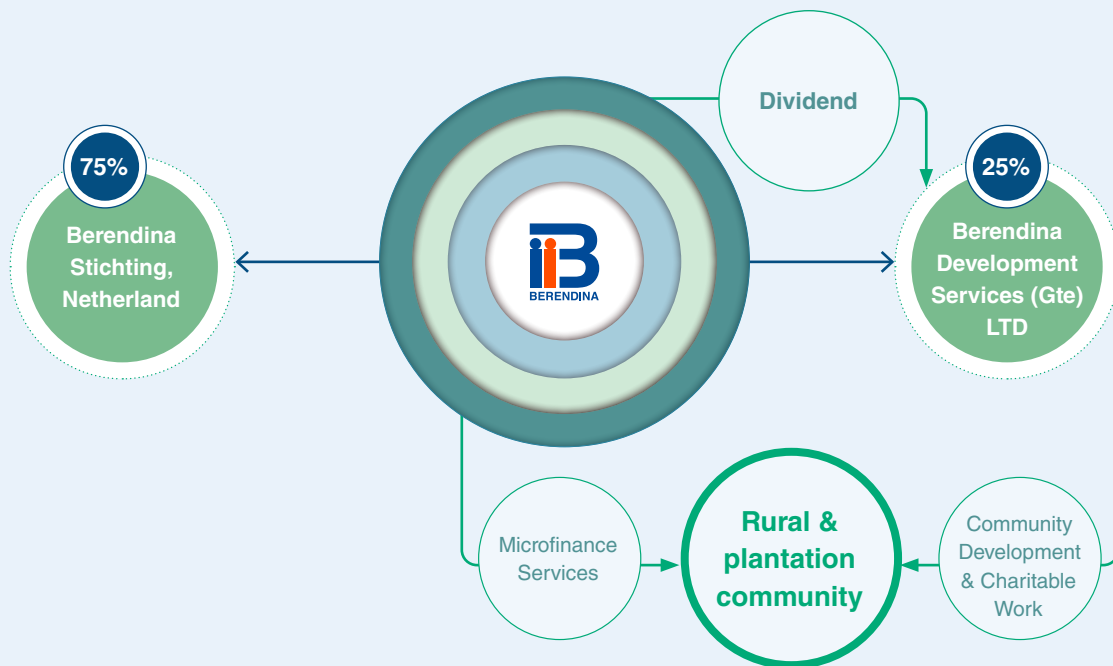


ABOUT BMIC

Sustainable Business Module

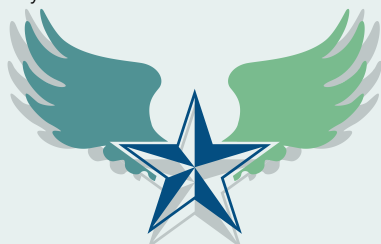
For decades, our founding partner Berendina Stichting (Netherlands) has remained the principal funder of BMIC, holding 75% of Class A shares. These shares carry no dividend rights, underscoring their commitment to social impact over profit.

The remaining 25% of ordinary shares are held by our sister organization in Sri Lanka, Berendina Development Services (Gte) Ltd, further strengthening our local operational foundation and sustainability mission.



We Are Unique

- ➔ **Sustainable Business Model** with a proven track record of social impact
- ➔ **Widespread Reach** through 5,122 community groups (clusters) and 51 estate plantations
- ➔ **Innovative Credit-Plus Approach** via our EDS Coupon System, combining finance with development support
- ➔ **Lowest Lending Rate** in Sri Lanka's microfinance industry



Our Memberships

Lanka Microfinance Practitioners' Association (LMFPA)



Start and Improve Your Business (SIYB) Association



Sri Lanka Evaluation Association (SLEVA)

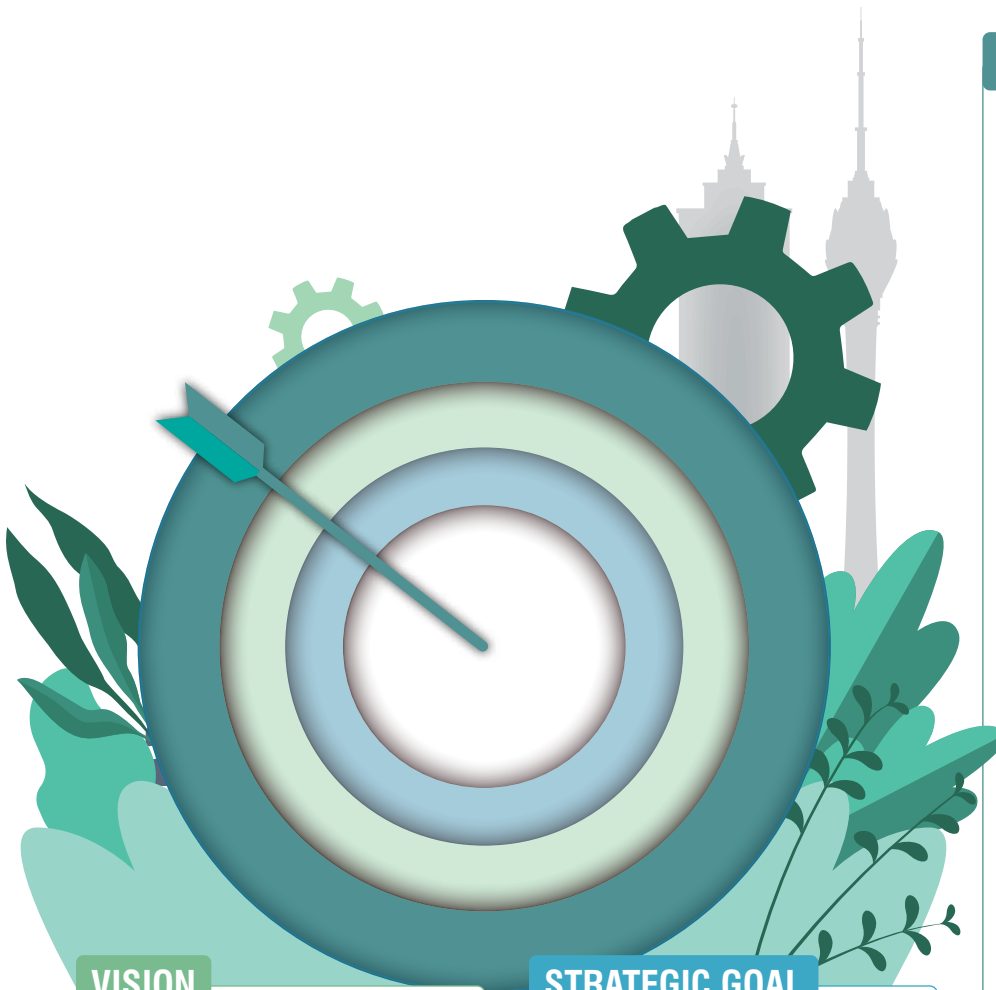


Sri Lanka Evaluation Association

Endorser of the Smart Campaign for Client Protection



VISION, MISSION, STRATEGIC GOAL & OBJECTIVES



VISION

Create an empowered, equitable society where poverty does not exist.

MISSION

Ensure poor have access to quality, responsible and innovative microfinance and enterprise development services at lowest possible cost in ensuring a prosperous future for this segment of society in a financially sustainable manner with a motivated team while educating the general public on positive impact of microfinance.

STRATEGIC GOAL

- Increase the outreach to a minimum of 104,075 low income and marginalized families by providing at least 80% of loans to female clients, introducing savings to a minimum of 90% of the clients, and providing dedicated EDS to all required clients, and thereby increase the income, employment and living standards of the family members of the clients.
- Increase digitalization of BMIC and digital integration of clients in the transactions with BMIC.
- Increasing client protection, personal data protection measures in line with new laws and regulations.

OBJECTIVES

- Further growing the organization by increasing active borrowers and deposit holders by introducing customer-centric financial services.
- Using new technology to optimize operational efficiency and customer satisfaction and to measure the impact of the services.
- Strengthening HR policies and practices to ensure continuous career advancement towards employee satisfaction to retain committed and talented staff.
- Improving impact-oriented EDS services along with credit offered by BMIC.
- Increasing the greener practices and occupational health and safety by BMIC and its clients.
- Minimizing unsatisfied client dropouts and ensuring all existing clients are satisfied with BMIC services.
- Continue to be the number one brand in the microfinance sector with the highest level of social acceptance.
- Developing a comprehensive and fully-fledged audit procedure and process in order to improve compliance, operational effectiveness, efficiency, and transparency in all aspects.
- Establishing Good Governance Structure and Compliance Policy in order to act as a responsible organization.
- Assessing the positive and negative outcomes of the BMIC services among its clientele in a scientific manner in order to further improve BMIC services.
- Ensuring efficient fund management and financial sustainability

OUR JOURNEY - MILESTONES

2007

Incorporated BMI under The Companies Act No. 17 of 1982.

Bulathkohupitiya, Ginigathhena and Thirappane Branches were opened under BMI.

2008

Re-registered BMI under The Companies Act No. 7 of 2007.

2009

Dickoya, Galigamuwa and Dehiowita branches were opened under BMI.

2010

Mawanella, Ipalogama, Serunuwara and Trincomalee Branches were opened under BMI.

2011

Manupa, Kahatagasdigiliya and Kuchchaweli branches were opened under BMI.

2012

Kotmale, Thambalagamuwa and Ragala branches were opened under BMI.

2013

Valachchenai branch was opened under BMI.

2014

Incorporated BMIC under The Companies Act No. 7 of 2007.

Started using PPI to assess poverty level of clients.

2015

Chenkalady, Horowpothana, Aryampathy and Kaluwanchikudy branches were opened under BMIC.

Compliance Certificate at CA Annual Report Awards 2015.

A Finalist of WPF Asia Pacific Field Officer Appreciation Award.

2016

Reached 100,000 client base.

Akkaraipattu, Kalmunai, Mullaitivu, Kilinochchi, Vavuniya, Warakapola and Gampola branches were opened under BMIC.

Initiated Environmental Protection Program.

Silver Award at CA Annual Report Awards - 2016.

A Finalist of WPF Asia Pacific Field Officer Appreciation Award.

2017

Transfer of Total Assets & Liabilities from BMI to BMIC.

Applying for Central Bank License under Microfinance Act No. 6 of 2016.

Gold Award at CA Annual Report Awards 2017.

Appreciation Award from SIYB Association.

Commencement of Impact Research Unit.



2018

Conducting ITOT Program on EDS to RDRS, Bangladesh.

Official Launch of BMIC after amalgamation.

Initiated Clients' Product Market Development Program.

Merit Award for Compliance at CA Annual Report Awards - 2018.

2019

BMIC received the Microfinance License under the Microfinance Act No. 6 of 2016.

Nuwara Eliya and Welimada Branches were opened.

2020

72% of the client base of BMIC received a debt moratorium during the first wave of COVID 19.

2021

Awarded as the Best Microfinance Company Sri Lanka 2021 by Global Banking and Finance Review Awards 2021.

Awarded as the Best Agricultural Lending Company Sri Lanka 2021 by Global Banking and Finance Review Awards 2021.

Silver Award at CA Annual Report Awards 2020.

'Donors Choice Award' at the International Competition conducted by SCALE Green Creative Adaptation Awards 2021 in USA.

2022

Hali Ela & Chunnakkam Branches were opened under BMIC

Compliance Award for 2021 Annual Report at the CA Annual Report Awards 2022 (TAGS Award).

2023

Received Great place at Work Certification.

Ibbagamuwa, Pannala, & Polpithigama branches in Kurunegala District were opened.

2024

Equity expanded by 3.5% through the issuance of new shares.

Launch mobile app for EDS Operation.



CULTURE, ETHICS AND VALUES

CULTURE

- ⇒ Stakeholder engagement
- ⇒ Non-discrimination based on religion, race and ethnicity
- ⇒ Respect gender equality
- ⇒ Participatory decision making
- ⇒ Zero tolerance on mismanagement and frauds
- ⇒ Minimum organizational cost to deliver better service to client
- ⇒ Minimum inefficiencies
- ⇒ Seniority recognition
- ⇒ Learning culture
- ⇒ Open door policy

ETHICS

- ⇒ Be honest and truthful in our dealings
- ⇒ Uniform treatment to all our employees
- ⇒ Respect the environment



VALUES

- ⇒ Integrity
- ⇒ Accountability
- ⇒ Innovativeness
- ⇒ Inclusiveness
- ⇒ Respectfulness
- ⇒ Empowerment
- ⇒ Transparency

TIMELINE OF ACTIVITIES – 2024

JANUARY



Cricket Match – Nuwara Eliya Region

On 13th January 2024, a friendly cricket tournament was held at Cinecittà Grounds, Nuwara Eliya, with participation from staff across the Nuwara Eliya and Badulla regions. The event aimed to strengthen inter-branch relationships, foster unity, relieve work-related stress, and encourage sportsmanship among staff.

Eight teams competed, each including three female staff members. Staff families and local community members also attended. After a series of competitive matches, the Nuwara Eliya Branch emerged victorious. Trophies for the winners, runners-up, and best player were awarded during an evening ceremony attended by both regional managers.



FEBRUARY



Blood Donation Campaign – Galigamuwa Branch

In February 2024, the BMIC Galigamuwa Branch, in collaboration with the Kegalle Red Cross, organized a blood donation campaign at the branch premises. The initiative aimed to meet the urgent regional demand for blood and promote community health. Medical staff from Kegalle Hospital ensured professional coordination, while a significant number of BMIC staff, volunteers, and local community members participated demonstrating strong support for local healthcare efforts.

MARCH



Best Staff Exposure Visit – India

As part of the Annual Best Staff Selection for 2022, the top 15 staff members were rewarded with an exposure visit to Cashpor Micro Credit in Varanasi, India. This visit offered valuable learning opportunities, providing direct insights into the operational strategies and innovative practices of a renowned microfinance institution. The experience broadened their professional understanding and motivated them to implement new ideas and techniques within their roles.

TIMELINE OF ACTIVITIES – 2024

MARCH



International Women's Day Celebrations

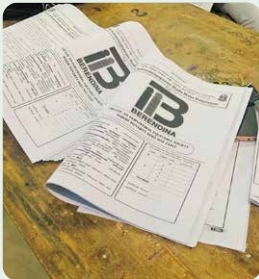
Under the theme "She is the Pride of Berendina," BMIC celebrated International Women's Day across all branches, recognizing the essential contributions of female staff. The day featured gestures of appreciation from male colleagues including flowers, gifts, and tokens of gratitude highlighting the vital roles women play in daily operations. A central ceremony, livestreamed from the Head Office, allowed participation from all 13 districts. Custom souvenirs and personalized letters were presented to all female staff in appreciation of their service.

APRIL



Mathematics Seminar – Trincomalee Branch

On 25th April 2024, BMIC's Trincomalee branch organized a successful Mathematics Seminar at Selvanayagapuram Hindu Maha Vidyalayam to support students preparing for the G.C.E. (O/L) exams in May. Led by resource person Mr. John Kenady, the session was attended by 80 enthusiastic students and honored by the presence of the school's Vice Principal Mrs. Arulanantham, Senior Area Manager Mr. Thiruchelvam, Branch Manager Mr. Gajaroban, and BMIC Trincomalee staff.



MAY



Staff Collaboration Event – Head Office

The Head Office hosted a vibrant Paan Party as a Staff Collaboration Event to foster team bonding and inter-departmental collaboration. The relaxed, fun-filled setting enabled staff to connect, share ideas, and strengthen working relationships.

JUNE



Shramadana and Dengue Prevention Campaign – Vavuniya Branch

On 22nd June 2024, the BMIC Northern regional team, in collaboration with the Vavuniya Urban Council and local police, conducted a Shramadana and dengue prevention campaign across key locations in Vavuniya Town from the Clock Tower to the District General Hospital and bus terminal. BMIC also installed three dustbins at the bus terminal to encourage cleanliness and proper waste disposal.



JULY



Berendina Bright Student Scholarship (BSS) Program

BMIC continues to uplift education through its flagship BSS Program, which supports academically promising yet economically disadvantaged students from BMIC client families.

In 2024, a total of 432 students received financial aid of LKR 4,500 quarterly for two years leading up to their G.C.E. A/L exams. Overall, 810 students benefited from the program, with BMIC investing LKR 9.9 Mn during the year helping reduce the financial burden on families and empowering students to pursue their educational goals.

TIMELINE OF ACTIVITIES – 2024

AUGUST



Credit Appraisal Training for Field Staff

In August and September 2024, BMIC conducted Credit Appraisal Training across Kurunegala, Anuradhapura, Kegalle, and Nuwara Eliya to build the skills of 35 new field staff. The sessions covered the full credit appraisal process, ensuring staff are equipped to provide responsible, high-quality financial services supporting BMIC's goal of maintaining a strong loan portfolio and delivering sustainable value to clients.

SEPTEMBER



Executive Development Training Program

From September to December 2024, BMIC implemented a region-wide Executive Development Training Program for frontline staff, including Field Officers, Enterprise Development Officers, AAOs, and AAAOs. The training focused on enhancing soft skills such as communication, leadership, customer service, time management, and teamwork empowering staff to deliver more effective and engaging services to communities.

OCTOBER



Deepawali Trade Fair – Kaluwanchikudi Branch

On 30th October 2024, the Kaluwanchikudi Branch hosted a trade fair themed "Let's Empower Small Entrepreneurs" to promote local products in celebration of Deepawali. The event, held from 9:00 a.m., was graced by Area Manager Mr. P. Prathilipan as chief guest, with active participation from Branch Manager Ms. V. Vithursana and staff.

NOVEMBER

**KPI Training for Department Heads – Head Office**

In November 2024, BMIC organized a KPI Setting and Evaluation Training for managerial staff at the Head Office to enhance performance management practices. Led by industry expert Mr. Amitha Kumara, the session focused on defining SMART KPIs, aligning individual goals with organizational objectives, and promoting consistent, fair evaluations strengthening the leadership team's ability to drive results effectively.

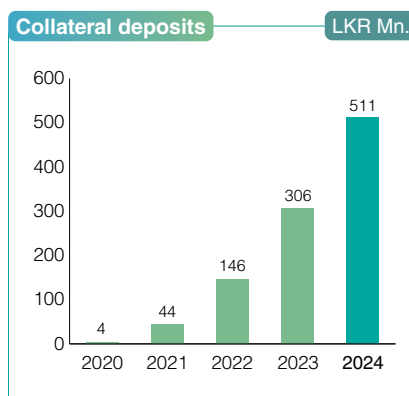
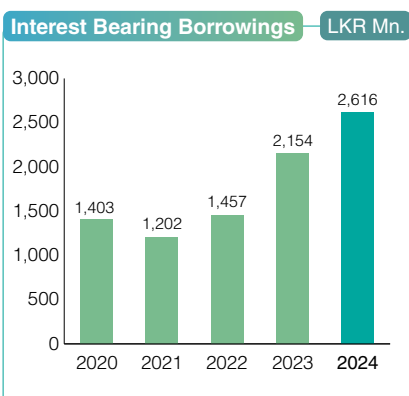
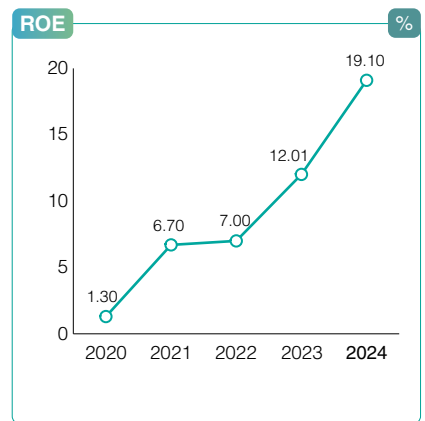
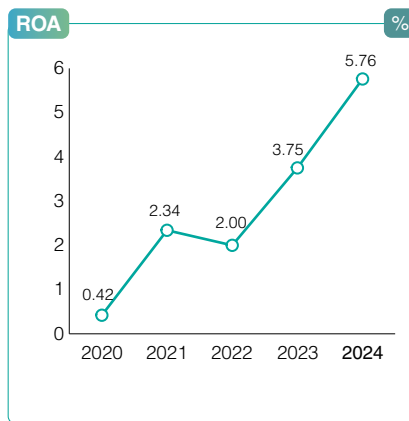
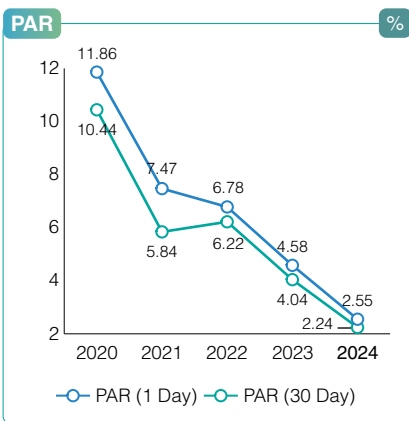
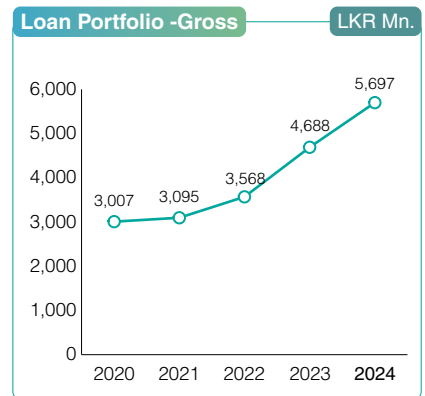
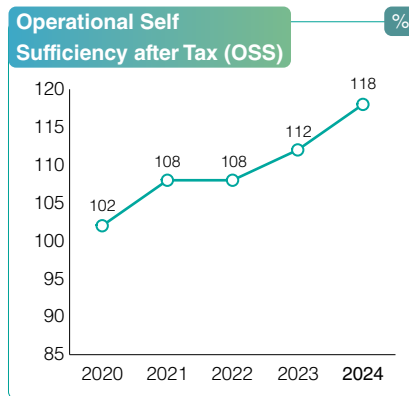
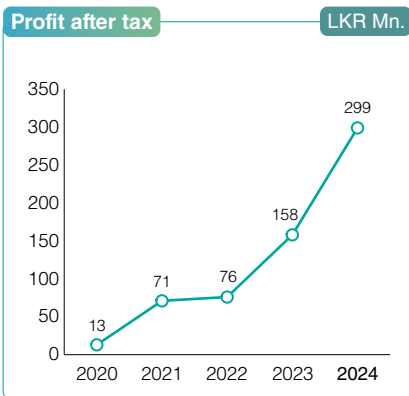
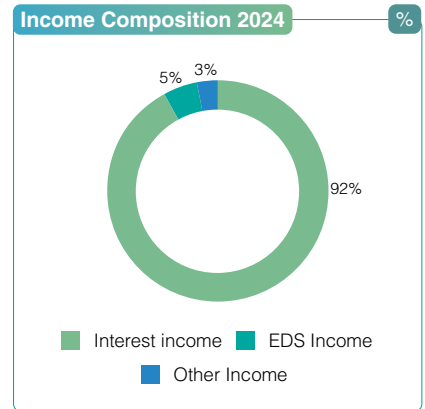
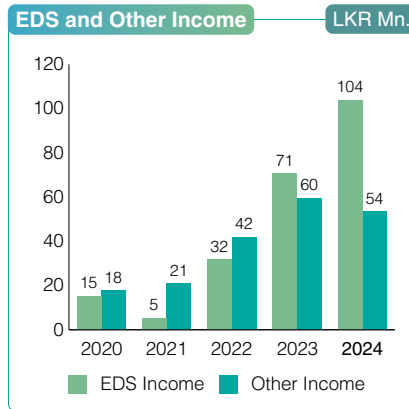
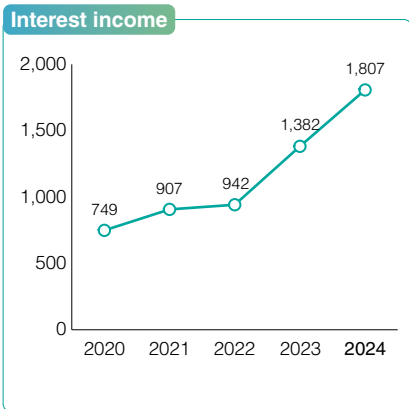
DECEMBER

**Cluster Leaders' Program – Warakapola Branch**

On 6th December 2024, the Warakapola Branch held a Cluster Leaders' Program at Sisila Hotel, Ambepussa, with 82 Cluster Leaders in attendance. The event was graced by Head of Operations Mr. Amal Dissanayake, Assistant Manager – Operations Ms. Sashini Ranasinghe, and Area Manager – Kegalle Region Mr. Indika Weerasooriya. The program served as a forum to discuss organizational updates, industry trends, and strategic directions. All participants received a Berendina-branded souvenir in recognition of their commitment.

FINANCIAL HIGHLIGHTS

For the Year Ended 31st December	2024	2023	Change
	LKR	LKR	%
Profitability (LKR)			
Gross Income	1,964,616,201	1,512,687,416	29.88%
Interest Income	1,806,940,859	1,382,453,470	30.71%
Net Interest Income	1,390,467,504	1,027,540,858	35.32%
Operating Expenses	857,642,772	714,608,015	20.02%
Impairment Charges	4,022,276	35,641,828	-88.71%
Profit Before Taxation	497,354,495	277,748,701	79.07%
Income Tax	198,542,308	119,859,238	65.65%
Profit for the Year	298,812,187	157,889,463	89.25%
Assets & Liability (LKR)			
Loans and Receivables (net)	5,565,569,862	4,453,247,952	24.98%
Total Assets	5,938,897,766	4,750,701,779	25.01%
Borrowings	2,616,086,428	2,154,117,231	21.45%
Collateral deposits	511,489,313	305,950,674	67.18%
Total Equity	1,717,213,458	1,395,893,315	23.02%
Investor Information (LKR)			
Net Assets Value per Share	19.01	14.99	26.84%
Earnings per Share - Basic	3.88	2.07	87.42%
Key Performance Indicators (%)			
Portfolio at Risk (1 Day)	2.55%	4.58%	-44.32%
Portfolio at Risk (30 Days)	2.24%	4.04%	-44.49%
Gross Interest Margin (%)	33.75%	33.25%	1.49%
Net Interest Margin (%)	26.80%	24.00%	11.66%
Return on Assets (%)	5.76%	3.75%	53.73%
Return on Equity (%)	17.40%	11.31%	53.84%
Interest Cover (Times)	2.45	1.93	27.26%
Debt : Equity Ratio (Times)	1.52	1.54	-1.28%
Capital Adequacy Ratios			
Core Capital (Minimum 150 Mn)	1,465,597,467	1,144,277,324	28.08%
Liquidity Ratio (%)	54%	58%	-6.90%
Operational Achievements of the Year (LKR)			
New Advances Disbursed	5,882,602,944	4,800,758,535	22.53%
Borrowing Obtained	1,375,000,000	1,792,000,000	-23.27%
Operational Self Sufficiency After Tax (OSS) - %	118%	112%	5.63%
Financial Self sufficiency (FSS) - %	116%	105%	10.86%
Capital Expenditure Incurred	18,616,820	20,522,035	-9.28%



NON-FINANCIAL HIGHLIGHTS - 2024

MANUFACTURED CAPITAL



Operating Districts	No. of Branches	Operating Estates
13	35	51

INTELLECTUAL CAPITAL



Investment in Training & development	Loan repayment rate	Customer Retention
LKR 14.7 Mn	97.5%	85%
	Investment in Brand Image Building	
	LKR 8.2 Mn	

HUMAN CAPITAL



Equal Opportunity Employees	Employees Completed 10 Years	
444, Male 70% & Female 30%	50	
No of New Recruiters	Average Training Hours per Employee	No. of Staff Participants
138	11	1,453

SOCIAL AND RELATIONSHIP CAPITAL



No of Customers	Poverty Outreach	CSR Activities
Active Borrowers : 92,803, (Female 91% & Male 9%), EDS Training Participation: 54,363 - (No. of trainings 2,576) & No. of Savers: 94,733	46.7%	148 Projects, LKR 31 Mn investment & 612 Staff Voluntary Hours

NATURAL CAPITAL



Water Consumption	CO2 Emissions	Compost fertilizer production
63,862 m3	209 tones	150 tones from 26 producers
Energy Consumption	Recycling of Papers	Training on organic farming and efficient irrigation
7,537 GJ	300 Kg	132 training for 2,463 participants



Building a Stable Home and a Brighter Future: The Journey of A. Jenifer from Dickoya



“BMIC helped us fix our house, and now my children have a safe and comfortable place to live. It’s easier for them to study and grow. Life was hard before, but now we feel hopeful and more secure.”

Building a Stable Home and a Brighter Future: The Journey of A. Jenifer from Dickoya



At 48 years old, A. Jenifer, a client of Berendina Micro Investments Company (BMIC) from the Dickoya branch, exemplifies how microfinance combined with capacity building can transform businesses and improve the quality of life. Jenifer lived with her husband, S. Anthony Das, who, like her, worked as a laborer. Together with their two children, she faced significant challenges before joining BMIC.

When she joined the BMIC cluster in 2013, the family's combined monthly income was around LKR. 33,000, contributed by both Jenifer and her husband. Despite their hard work, managing finances was difficult, and they lived in an unsafe, unsuitable home that compromised their children's education and well-being.

Jenifer's journey with BMIC began in 2013 with a house loan of LKR. 30,000, marking the start of a gradual yet determined effort to improve her family's living conditions. In 2016, she received LKR. 50,000, followed by LKR. 75,000 in 2017, LKR. 100,000 in 2019, and LKR. 200,000 in 2023, which she used to renovate and expand her home, building a proper roof, developing a garden, and transforming an unstable shelter into a safe, comfortable house.

Alongside financial support, Jenifer actively engaged in BMIC's Entrepreneurial Development Services (EDS), completing SIM training (2013), Financial Literacy (2015), and cultivation training (2023). The SIM training helped her gain success in money management, while other programs equipped her with essential skills for efficient business management and effective household planning.

She also invested in installing a water tank, significantly improving access to clean water and enhancing her family's health and daily living.

“BMIC helped us fix our house, and now my children have a safe and comfortable place to live. It's easier for them to study and grow. Life was hard before, but now we feel hopeful and more secure.”

Thanks to BMIC's steady support, Jenifer's family now enjoys a fully renovated home that provides a nurturing and secure environment for her children. This improved setting has enabled her children to focus on their education and development, building a stronger foundation for their future. Jenifer's story highlights how access to finance, paired with training and perseverance, can break cycles of poverty and foster sustainable improvements in living standards. Through BMIC's continued support, she has turned past hardships into a hopeful and stable future for her family.





Leadership

CHAIRPERSON'S MESSAGE



BMIC operates a network of 35 branches serving 92,803 active members across 5,122 clusters in 13 districts, including 51 plantation estates in the Nuwara Eliya and Badulla districts. As of 31 December 2024, our loan portfolio stood at LKR. 5,697 Mn. By the end of 2024, a total of 94,733 clients had collectively saved LKR. 511 Mn.

We measure poverty impact using the Poverty Probability Index (PPI), collecting data at each loan cycle. In 2024, poverty outreach at 200% NPL was 46.7%, which is 4.5% up from 2023, partly due to onboarding 27,288 new clients, many from higher poverty levels.

BMIC is committed to further digitizing operations to enhance efficiency, customer service, transparency, and accountability

Mr. Godakandage Jagath Chandana
Chairperson

It is with great pleasure that I present to you the Annual Report and Audited Financial Statements of Berendina Micro Investments Company (BMIC) for the year 2024. The economic crisis that began in 2022 continued to affect the country's economy throughout the year. Despite signs of macroeconomic stability such as the rupee appreciating against the dollar and inflation declining sharply increased poverty, malnutrition, and unemployment continued to affect the population, especially the poor and marginalized.

The government's biggest challenge was to address public dissatisfaction over the high cost of living, increased taxes, and growth-oriented structural adjustments. Key priorities included reducing budget deficits, creating jobs, maintaining welfare programs for the poor, the elderly, and persons with disabilities, restructuring debt, and achieving GDP growth from negative to positive territory.

Amidst this backdrop, BMIC achieved significant progress during the year through strategic interventions, rigorous follow-up, and teamwork driven by energy and vitality. The people of Sri Lanka have placed renewed hope in the newly elected government, trusting it will prioritize the nation's well-being. After enduring numerous crises and overcoming significant challenges, citizens are looking forward to meaningful change and a brighter future.

MICROFINANCE ENVIRONMENT

The economy grew by over 5% in 2024, particularly in the latter part of the year, with notable recovery in agriculture, industry, and services. Many of these expansions directly impacted the micro economy. According to the CBSL Annual Economic Review 2024, the Licensed Microfinance Companies (LMFCs) sector, consisting of four companies, recorded 27.0% growth in its asset base, reaching LKR. 14.8 billion by the end of 2024. Microloans accounted for the largest share of total assets LKR. 11.4 billion by end-2024 compared to LKR. 7.6 billion in 2023 reflecting 49.9% growth.

The drafting of the Microfinance and Credit Regulatory Authority Bill is a positive step toward addressing key issues in the sector. However, as the bill was challenged in the Supreme Court, the government appointed a committee to incorporate the court's determinations. Their recommendations have been submitted to the new government, and the industry is awaiting approval of this regulatory framework.

BMIC PERFORMANCE

BMIC operates a network of 35 branches serving 92,803 active members across 5,122 clusters in 13 districts, including 51 plantation estates in the Nuwara Eliya and Badulla districts.

We are gradually moving away from the standard branch model which consists of five Field Officers, one Enterprise Development Officer (EDO), two Accounts and Administrative Officers (AAOs), one Office Assistant, and a Branch Manager by adding additional Field Officers and an Assistant Branch Manager where market demand and micro-investment opportunities warrant expansion.

BMIC's product portfolio includes loans, savings, and enterprise development services. As of 31 December 2024, our loan portfolio stood at LKR. 5,697 Mn. Since obtaining a microfinance license from the Central Bank in 2019, BMIC has prioritized promoting savings to enhance client financial stability. By the end of 2024, a total of 94,733 clients had collectively saved LKR. 511 Mn a 16% increase in savers and a 67% increase in total savings compared to last year.

In addition to credit, clients benefit from Enterprise Development Services (EDS), which provide training in agriculture, animal husbandry, manufacturing, and financial literacy. The EDS unit also organizes exposure visits to demonstration farms and model businesses, offers business counseling, and assists clients in obtaining livestock insurance and business registration.

In financial performance, BMIC's total comprehensive income for 2024 reached LKR. 1,964 Mn, up from LKR. 1,512 Mn in 2023 a 30% year-over-year increase. Profit before tax rose to LKR. 497 Mn, up nearly 79% from the previous year. Operational self-sufficiency (OSS) was maintained at 118% and financial self-sufficiency (FSS) at 116%, supported by special funding from DFCC Bank and Hatton National Bank.

Four branches were relocated to better serve clients, and operations in the Welimada branch expanded into Diyatalawa, reaching more divisional secretariat areas.

FOCUS ON POVERTY ALLEVIATION

The poverty rate, which rose to 30% in 2023 following the economic crisis, fell to 24.5% in 2024.

BMIC's vision is to create an empowered, equitable society where poverty no longer exists. By providing quality microfinance and enterprise development services at affordable costs, we aim to create sustainable futures for households affected by poverty. Our credit-plus approach offers clients a comprehensive package of technical, entrepreneurial, managerial, and financial skills, coupled with improved market access.

The "Suwasahana" program supports clients during illnesses or bereavements by providing daily allowances for hospitalization and death allowances for clients or immediate family members. This helps ease financial burdens during crises while strengthening client relationships.

In November and December 2024, Sri Lanka experienced one of the most devastating floods in recent history, displacing thousands. BMIC provided a cash grant of LKR. 5,000 per affected family to 3,495 client families, totaling LKR. 17 Mn.

CHAIRPERSON'S MESSAGE

BMIC measures poverty impact using the Poverty Probability Index (PPI), collecting data each loan cycle. In 2024, poverty outreach at 200% NPL was 46.7%, up 4.5% from 2023, partly due to onboarding 27,288 new clients, many from higher poverty levels.

CHALLENGES

One of the most immediate effects of the economic crisis was the sharp rise in fuel prices and related logistics costs. For MFIs, which rely on field visits and community engagement, this significantly increased outreach and monitoring costs, limiting the frequency and reach of operations and affecting loan recovery. Although official inflation decreased, the cost of living remained significantly higher than in 2022.

GOVERNANCE

BMIC operates within a strong governance framework guided by laws, regulations, policies, and procedures that ensure transparency, integrity, and value creation for stakeholders. We maintain healthy stakeholder relationships, with transparency and accountability as our key strengths.

WAY FORWARD

BMIC is committed to further digitizing operations to enhance efficiency, customer service, transparency, and accountability. We plan to strengthen our EDS program, particularly in financial literacy education, and continue advocating through the Lanka Micro Finance Practitioners' Association (LMFPA) for stronger lending regulations. Our goal is to expand rural access to affordable credit-plus services.

APPRECIATION

I extend my sincere gratitude to our shareholders Berendina Stichting (BS) and Berendina Development Services (BDS) for their unwavering guidance and support. My deepest appreciation goes to our Board of Directors for their active engagement in guiding BMIC toward efficient service delivery. I also thank all BMIC staff for their dedication despite challenging macroeconomic conditions, and most importantly, our customers for their trust as we work together toward socioeconomic empowerment.



Mr. Godakandage Jagath Chandana

Chairperson

21 March 2025

MANAGING DIRECTOR'S REVIEW



Risk in microfinance lending in the market continued to reduce, indicated by lower PAR, although lending interest rates remained unchanged despite the overall decline in market rates. In contrast to industry trends, BMIC reduced its loan interest rate from 35% to 30% in 2024.

A key obstacle to poverty alleviation is the lack of comprehensive programs offering both financial and non-financial services to entrepreneurs willing to start or expand micro and small businesses. Since its inception, BMIC has adopted a customer-centric approach, offering “credit plus” services that include training, financial literacy education and entrepreneurship development.

Mr. H. Athapaththuge Anura
Managing Director

MANAGING DIRECTOR'S REVIEW

It is my pleasure to present the Annual Report and the Audited Financial Statements of Berendina Micro Investments Company Limited (BMIC) for the financial year ending 31 December 2024.

In line with our vision of achieving an empowered and equitable society where poverty does not exist, BMIC expanded its outreach through our branch network, offering a diversified portfolio of financial and non-financial services.

SOCIO-POLITICAL AND MACROECONOMIC OVERVIEW

The economy of Sri Lanka grew by 5% in 2024, compared to global economic growth of 1.8%. This is a very positive and encouraging achievement, largely due to the reforms that took place during 2022–2023. Political stability was strengthened by a two-thirds majority government controlling both the Executive Presidency and Parliament something the country had not seen in many years.

At the macro policy level, the continuation of the IMF program by the new government was considered positive for economic development. In 2024, Sri Lanka rebuilt its foreign exchange reserves to USD 6.0 billion a remarkable achievement in economic stability. According to the World Bank, the poverty rate in 2024 was estimated at 24.5% of the population, living below the poverty line of USD 3.65 per day. While the economy showed signs of recovery, poverty remains a significant challenge, with millions still struggling. The World Bank projects that poverty will gradually decline but remain above 20% until 2026, with a potential drop to 22.7% in 2025.

Inflation followed a downward trend, reaching -1.7% year-on-year in December 2024, compared to 69.8% in September 2022. Market interest rates also declined and stabilized, with AWPLR ranging from 9% to 12% during the year.

MICROFINANCE INDUSTRY OVERVIEW

The microfinance industry began to grow again in 2024. Licensed Microfinance Companies (LMFCs) regulated by the CBSL remained at four in number. Unregulated companies, cooperative societies, NGOs, limited finance companies, and banks also operated in the sector, although the market share of finance companies and banks declined in 2024.

CBSL reported growth in all facets of LMFC operations, including credit and savings. LMFPA also reported growth in lending by its members in 2023, though data for 2024 was unavailable at the time of this report. Risk in microfinance lending continued to reduce, indicated by lower PAR, although lending interest rates remained unchanged despite the overall decline in market rates.

Due to limitations in the regulatory framework under the Microfinance Act No. 6 of 2016, microcredit and lending at various levels remain outside the regulatory net in Sri Lanka. Both unregulated and some regulated lenders have contributed to lending practices that have become a social concern, underscoring the urgent need for credit regulation. The proposed Microfinance and Credit Regulatory Authority Act, aimed at addressing these issues, was tabled in Parliament in 2024. However, following a Supreme Court challenge, the government decided to withdraw the Act. A committee appointed to incorporate the Court's recommendations has submitted its proposals to the new government, and the industry is now awaiting the revised regulatory framework.

EFFECTING MEANINGFUL CHANGE

A key obstacle to poverty alleviation is the lack of comprehensive programs offering both financial and non-financial services to entrepreneurs willing to start or expand micro and small businesses. Since its inception, BMIC has adopted a customer-centric approach, offering "credit plus" services that include training, enterprise development, and financial literacy.

Our Enterprise Development Services (EDS) provide knowledge and skills in production, marketing, and business management. Savings promotion programs help entrepreneurs achieve financial stability. Additionally, enhanced training and credit facilities support entrepreneurs in scaling their microenterprises, making them more profitable and sustainable.

PERFORMANCE

BMIC made significant progress in 2024, reaching over 92,000 clients, with 91% female representation. More than 94,000 clients maintained savings accounts, and over 54,000 clients (some counted across multiple programs) received skills development training under EDS. Compared to 2023, the number of clients increased by 5%, savers by 16%, and training participants by 25%.

Our total gross income for the year was LKR 1,964 Mn, an increase of 30% over the previous year. Profit before tax was LKR 497.35 Mn, while total comprehensive income was LKR 294 Mn representing a 91% increase over 2023. This reflects our commitment to improving efficiency despite the challenges highlighted earlier.

In contrast to industry trends, BMIC reduced its loan interest rate from 35% to 30% in 2024. We secured two major loans from DFCC and HNB totaling over LKR 1 billion. Staff remuneration was increased to match market levels while maintaining profitability. Operational self-sufficiency (OSS) stood at 118% and financial self-sufficiency (FSS) at 116%, up from 112% and 105% in 2023, respectively. ROA improved from 3.75% to 5.76%, and ROE rose from 12.01% to 19.1%. Earnings per share increased from 2.07 in 2023 to 3.88 in 2024.

The value-added benefits to clients in 2024 were also substantial. Under the Suwasahana Scheme, BMIC provided LKR 20.75 Mn to 5,327 clients. Loan set-off benefits worth LKR 41 Mn were provided to 557 clients through the Loan Risk Fund. Under the Bright Student Scholarship Program, 810

students received scholarships worth LKR 9.9 Mn, and 277 students received book packs valued at LKR 1.12 Mn.

In November and December 2024, Sri Lanka experienced one of its most devastating floods in recent history. In response, BMIC mobilized its network to identify 3,495 affected client families, providing each with a LKR 5,000 cash grant, totaling LKR 17 Mn.

SIGNIFICANT MILESTONES

One major milestone was securing LKR 1.04 billion in loans from DFCC and HNB in mid-2024, significantly contributing to the year's strong performance.

BMIC also advanced its digitalization efforts, upgrading our communication platform to Microsoft 365 and launching other initiatives to improve efficiency and client service.

Through funding from Berendina Stichting and BMIC, 51 staff training programs were delivered at a total investment of LKR 14.73 Mn. Beneficiaries included staff pursuing diploma, degree, and master's programs under individual scholarships for 56 staff.

THE FUTURE AHEAD

Since inception, BMIC has built a solid institution with 35 branches, delivering tailored services to low-income populations in agriculture, livestock, manufacturing, and services. Our work has helped create wealth, strengthen community cohesion, and promote environmental protection.

We plan to further diversify our product and service portfolio to meet clients' evolving needs, continue advocating for a robust regulatory framework, and accelerate digital adoption to enhance efficiency, reduce costs, and improve client and staff experiences.

APPRECIATION

I extend my sincere gratitude to our Chairman, Mr. Jagath Chandana Godakandage, for his 32 years of exemplary service to Berendina. I thank our Board of Directors for their guidance, and our shareholders Berendina Stichting (BS) and Berendina Development Services (BDS) for their unwavering support. I also thank our funding partners (WPF and HelpAge), technical assistance providers (USAID Catalyze Sri Lanka), and network partners (LMFPA, SIYB, SLEvA) for their invaluable contributions.

My heartfelt appreciation goes to BMIC staff for their dedication, and to the Governor of the Central Bank of Sri Lanka and officials of the Department of Supervision of Non-Bank Financial Institutions for their continued support. Finally, I thank our valued clients for trusting us to support their financial and social well-being, and for working with us to lift themselves out of poverty.



Mr. H. Athapaththuge Anura

Managing Director

21 March 2025

BOARD OF DIRECTORS



Godakandage Jagath Chandana
Chairman

Skills & Experience

Mr. Jagath holds a B.Sc. in Agriculture (Special), Sri Lanka, and a Postgraduate Diploma in Business Management from the National Institute of Business Management, Sri Lanka. He worked as an Independent Consultant for local and international organizations in enterprise development. He has more than 36 years of experience in microfinance, enterprise development, and related activities.

Other Current Appointments

- ➔ Director Berendina Development Services (Guarantee) Limited
- ➔ Director Berendina Employment Center (Guarantee) Limited
- ➔ Director Berendina Microcredit Institute (Guarantee) Limited



H Athapaththuge Anura
Managing Director

Skills & Experience

Mr. Anura holds a Master in Business Administration from the University of Lincoln, UK, a Postgraduate Diploma in Economic Development, Certificate in Agriculture Extension and Rural Development from the University of Reading, UK and a B.Sc. in Agriculture (Special) Degree from the University of Ruhuna, Sri Lanka. He has over 36 years of extensive management and consultancy experience in microfinance and enterprise development services, in local and international organizations including the World Bank, Asian Development Bank, United Nations Development Program, Women's World Banking, and Mix Market. Mr. Anura has been the president (for 4 years) and a Director (for several years) of LMFPA.

Other Current Appointments

- ➔ Chairman Berendina Development Services (Guarantee) Limited
- ➔ Chairman Berendina Employment Center (Guarantee) Limited
- ➔ Chairman Berendina Microcredit Institute (Guarantee) Limited
- ➔ Vice President South Asian Micro Entrepreneurs Network



T D Charith Fernando
Deputy Managing Director

Skills & Experience

Mr. Charith holds a Masters in Business Administration from Cardiff Metropolitan University, UK and a B.Sc. in Public Management (Special) Degree from the University of Sri Jayewardenepura. He is also a Certified Microfinance Management Professional at the Boulder Institute of Microfinance, USA. Further, he is at the final stage of Chartered Accountancy at the Institute of Chartered Accountants of Sri Lanka (ICASL). Apart from being a Founding Director of BMIC, he also serves as the General Manager of Berendina Microcredit Institute (Guarantee) Limited, and the General Manager - Finance & Administration for Berendina Group, prior to assuming his present position. He had been a Board Member and the Treasurer of the Lanka Microfinance Practitioners' Association for the years 2014/15 and 2015/16, further he is holding the same position for the year 2024/25. He has experience in the field of Auditing, Accounting & Finance and Microfinance in the private and 'NGO' sector establishments for over 24 years and has attended many national & international microfinance conferences and events.



J G Vinodini Shankar
Independent Non-Executive Director

Skills & Experience

Ms. Vinodini brings with her over 21 years of extensive experience in finance, procurement, compliance monitoring, and the successful implementation of integrated business ERP systems in both Sri Lanka and Myanmar. Her expertise and knowledge in these areas have been honed through her various roles and responsibilities. Ms. Vinodini is an esteemed Associate Member of the Chartered Institute of Management Accountants, UK (ACMA UK), as well as an Associate Member of the Institute of Certified Management Accountants of Sri Lanka (ACMA). Ms. Vinodini holds an MBA from university of Bradford UK. Additionally, she holds a Certificate in Taxation from the Institute of Chartered Accountants of Sri Lanka and a Certificate in Intelligent Investing from the prestigious University of California Berkeley. Prior to assuming her current position as a Director at BMIC, Ms. Vinodini served as the General Manager – Finance, Admin, and HR for the esteemed Berendina Group. She also held the esteemed position of CFO at Early Dawn microfinance in Myanmar. Furthermore, she has garnered invaluable experience as a Finance Manager for a multinational company for a remarkable 11 years. It is worth noting that Ms. Vinodini's association with BMIC began as a part time consultant, a role she fulfilled with utmost dedication and expertise before being appointed as a Director.



Deshamanya, Deshabandu Sarath C Fernando
Independent Non-Executive Director

Skills & Experience

Mr. Fernando has 39 years of experience in the banking sector including HNB, NTB, PAB and RDB. He has been awarded three fellowships from IBSL, SLIM and the Australian Sales and Marketing Institute. He holds a MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura. He also has a Postgraduate Diploma in Marketing (SLIM/SLIDA), Diploma in Banking (IBSL), Diploma in Bank Management (IBSL). He is a member of the Sri Lanka Institute of Marketing's elite panel of lecturers for developing Sri Lankan entrepreneurs. He was the former President of Sri Lanka Institute of Marketing (SLIM), in 2017 and the Secretary-General of Asia Pacific Marketing Federation in 2006, committee member of World Marketing Federation in 2006 and 2007 and the chief examiner of the Institute of Bankers' Sri Lanka for Marketing from 1999 to 2009. Mr. Fernando is also a lecturer and a presenter for Banking, Marketing, and Management subjects in Sri Lanka and in foreign countries.



Therese Priyana Gunesekera
Independent Non-Executive Director

Skills & Experience

Ms. Priyana Gunesekera has demonstrated her skills for over 40 years in the specialized fields of finance, internal audit, treasury management, business development, planning, taxation and systems and controls, and staff training and development. She honed in these extensive specializations with her performed roles as Director- Internal Audit Services at PricewaterhouseCoopers, Head of Listings and Corporate Affairs at the Colombo Stock Exchange, General Manager Finance at Hutch, and other roles of, DGM Finance, DGM Treasury & Planning, AGM/Manager- Internal audit, Senior AGM Finance at two leading Finance Companies and Manager – Audit & training at Ernst & Young.

Ms. Priyana is an esteemed Fellow Member of the Institute of Chartered Accountants of Sri Lanka, and a Fellow Member of the Chartered Institute of Management Accountants CIMA(UK) & a member of the Institute of Internal Auditors. Further she holds a Masters in Business Administration from Sikkim Manipal University – India. Additionally, she is a Certified Fraud Examiner.

CORPORATE MANAGEMENT TEAM



Amal Dissanayake
Head of Operations



Saman Manathunga
Head of Finance



Chandana Jayasingha
Head of Human Resources,
Administration and
Corporate Image Building



Maneka Peiris
Head of IT



R. Rajeshkanna
Senior Manager -
Enterprise Development Services



Vasanthakumar Sangeeth
Manager -
Branch IT Services



Udeshika Weerapura
Finance Manager



Sirajul Anam
Manager - Communications & Media



Sashini Ranasinghe
Assistant Manager -
Operations



Nandana Bandara
Assistant Manager -
Administration



Keshani Perera
Assistant Manager -
Human Resources



Tharindu Prasanga
Assistant Manager -
Internal Audit



Saranya Gurusamy
Project Analyst -
ERP



Dumith Prasanna
Acting Accountant



Anuradha M Perera
Senior Accounts Executive



Charith Kahawearachchi
Senior Procurement Executive



Lavindi Dilhara
Senior Executive -
Human Resources

CORPORATE MANAGEMENT TEAM



K.P.S. Dhammika
Manager -
Field Staff Training & Development



W.A.P.D.K. Wanigasundara
Manager -
Field Staff Training



T.G.E Sarathchandra
Senior Executive -
Internal Audit



Sarbdeen Viswaj
Senior Executive -
Internal Audit



Tharindu Gunarathne
Senior Executive -
Internal Audit



Travin Smith
Senior Executive -
Internal Audit



A. Vinojkan
Executive -
Internal Audit



Chamara J Bandara
Executive -
Internal Audit

REGIONAL MANAGEMENT TEAM

Anuradhapura Region



L.A.S.P. Wijesundara
Senior Area Manager
Anuradhapura Region

T.M.A.P. Jayathilaka
Branch Manager
Thirappane

K.D.N. Karunarathna
Acting Branch Manager
Manupa

N.S.A. Hettiarachchi
Branch Manager
Kahatagasdigiliya

J.M.B. Wijesingha
Branch Manager
Ipologama

K.H.P. Karunarathne
Acting Branch Manager
Horowpathana

Trincomalee Region



E. Thiruchelvam
Senior Area Manager
Trincomalee Region

G. Gajarooban
Branch Manager
Trincomalee

J.R. Costa
Senior Branch Manager
Valaichchenai

P. Vathanan
Branch Manager
Serunuwara

S. Nirushan
Branch Manager
Thambalagamuwa

D.E.R. Reagan
Branch Manager
Kuchchaweli

REGIONAL MANAGEMENT TEAM

Kegalle Region



W.M.U.I.B. Weerasooriya
Area Manager
Kegalle Region

A.R.R.L. Gnanarathna
Branch Manager
Bulathkohupitiya

J.A.P.R. Kumara
Branch Manager
Mawanella

U.D.G.D. Nanayakkara
Senior Branch Manager
Dehiowita

A.A. Berman
Branch Manager
Galigamuwa

K.A.P.P. Kulathunga
Assistant Branch Manager
Warakapola

Nuwara Eliya Region



N.M.C.D. Nawarathna
Area Manager
Nuwara Eliya Region

M.P.D.D.K. Wijesinghe
Senior Branch Manager
Kotmale

M. Pradeep
Assistant Branch Manager
Ragala

D.G.S. Jayalath
Senior Branch Manager
Dickoya

W.N.M.N.T. Bandara
Branch Manager
Ginigathena

M.A.N.J. Bandara
Assistant Branch Manager
Gampola

Batticaloa Region



B. Prathileepan
Area Manager
Batticaloa Region

B. Thileepan
Senior Branch Manager
Akaraipattu

S. Manikkarajah
Branch Manager
Arayampathy

B. Vithurshana
Senior Branch Manager
Kaluwanchikudy

S. Senthuran
Senior Branch Manager
Chenkalady

K. Kopikaran
Assistant Branch Manager
Kalmunai

Northern Region



R. Rajeswaran
Area Manager
Northern Region

K. Rupesan
Branch Manager
Mullaithivu

A. Tharshikarupan
Acting Assistant Branch Manager
Chunnakam

A.C. Jansz
Branch Manager
Kilinochchi

S. Kamalanathan
Acting Assistant Branch Manager
Vavuniya

REGIONAL MANAGEMENT TEAM

Badulla Region



G.D. Liyanage
Area Manager
Badulla Region

P. A. U. P.I. Premarathne
Branch Manager
Haliela

P. A. Swarnathilake
Senior Branch Manager
Welimada

T. Dhanushan
Assistant Branch Manager
Nuwara eliya

Kurunegala Region



A.E.L.D. Amarasinghe
Area Manager
Kurunegala Region

R.P.M.R.N. Rajapaksha
Branch Manager
Pannala

Harshajith Liyanage
Branch Manager
Polpithigama

S.C. Ranasinghe
Assistant Branch Manager
Ibbagamuwa



Cultivating Success:

The Journey of Ajenthani from Vavuniya



“When I began cultivation, our income was too small to cover both household and farming needs. With BMIC’s loans and trainings, I was able to buy seeds, tools, and fertilizers while also learning how to manage the business wisely. Step by step, I’ve seen real improvement in our family’s life.”

Cultivating Success: The Journey of Ajenthani from Vavuniya



At 44 years old, Ajenthani, a client of Berendina Micro Investments Company's (BMIC) Vavuniya branch, exemplifies how persistence, knowledge, and timely financial support can transform challenges into opportunity. Living with her husband, a three-wheeler driver, and their three children, she has steadily built a commercial cultivation business that is reshaping her family's economic future.

Before joining BMIC, the family's total monthly income was approximately LKR. 65,000, but irregular earnings and limited access to essential gardening resources posed ongoing difficulties. Ajenthani's personal income stood at LKR. 35,000.

Starting in 2018, she accessed a series of cultivation loans from BMIC that became instrumental in her journey: LKR. 30,000 in 2018, LKR. 50,000 in 2019, LKR. 100,000 in 2021, LKR. 200,000 in 2023, and LKR. 250,000 in 2024.

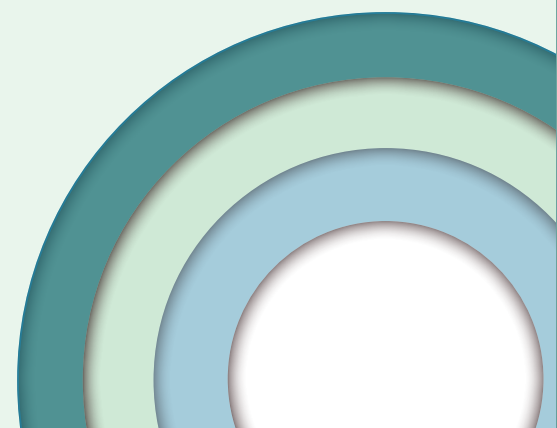
She is involved in cultivation on a 2-acre land extent and faced difficulties in buying seeds for crops like papaya and chillies, tools, fertilizers, and other farming essentials. BMIC loans supported her needs, enabling her to run a successful farm.

Alongside financial support, Ajenthani enhanced her skills through BMIC's Entrepreneurial Development Services (EDS) by completing programs such as the Success in Money (SIM) course, agriculture-focused trainings, and the Vyapara Jaya (VJ) program. These capacity-building initiatives strengthened her technical knowledge, business management, and market awareness, enabling informed decision-making and sustainable growth.

While her monthly income of LKR. 100,000 and profit of LKR. 50,000 have positively impacted her lifestyle and business capacity, what began as a struggle to meet basic needs is gradually evolving into a more secure and hopeful livelihood.

“When I began cultivation, our income was too small to cover both household and farming needs. With BMIC's loans and trainings, I was able to buy seeds, tools, and fertilizers while also learning how to manage the business wisely. Step by step, I've seen real improvement in our family's life.”

Ajenthani's story stands as a testament to the transformative power of microfinance combined with education and perseverance. With BMIC's ongoing support, she is well positioned to further expand her cultivation business, ensuring a stable future for her family and inspiring others in her community.





Strategy Review

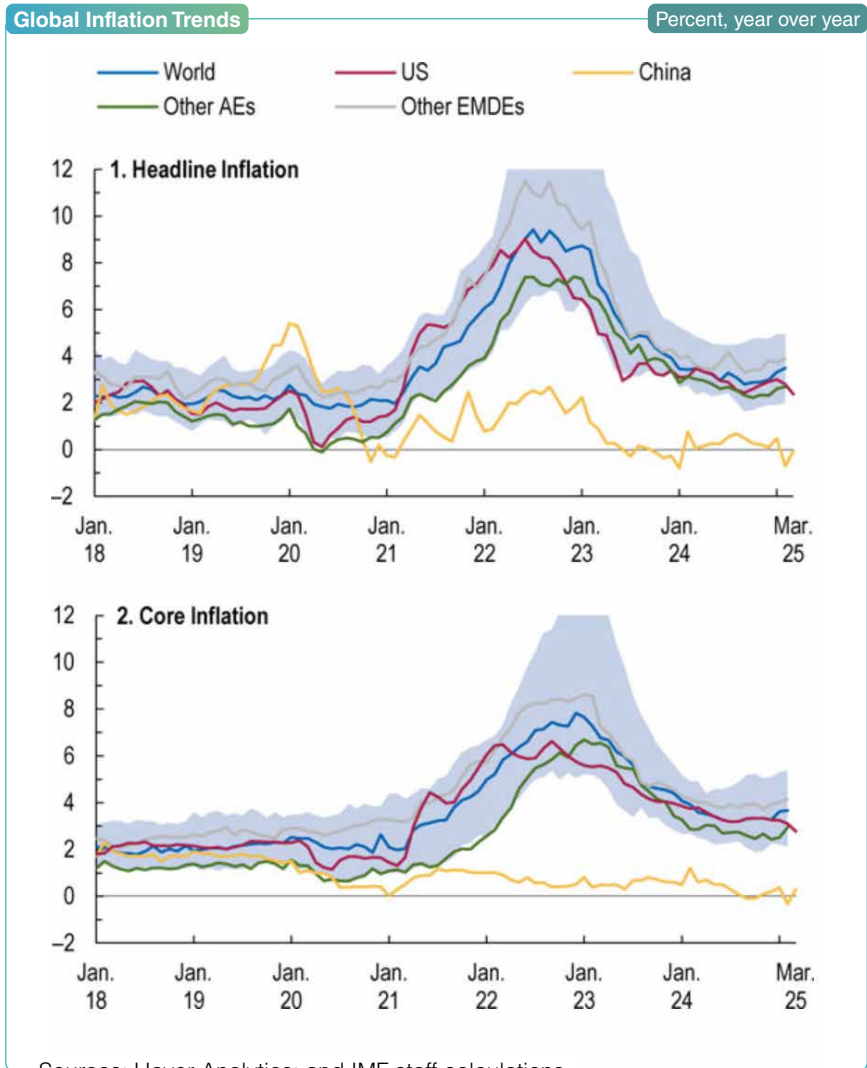
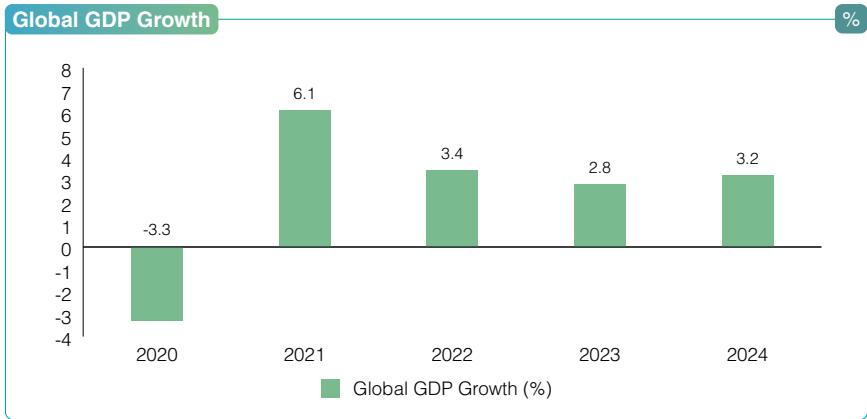
OPERATING ENVIRONMENT

GLOBAL ECONOMY

GROWTH & INFLATION TRENDS

At the time of writing this report, the global outlook remains gloomy, with heightened uncertainties surrounding global trade activities, escalating geopolitical tensions, and overall policy uncertainty posing risks to a positive global economic trajectory. According to the IMF's April forecast, global economic growth is projected to slow to 2.8 percent in 2025 from 3.2 percent in 2024. This economic slowdown is expected to have adverse ripple effects, particularly on import-dependent developing countries such as Sri Lanka, challenging their export bases, depressing commodity prices, reducing investments, and tightening financial conditions, all of which threaten to derail long-term economic growth prospects.

Advanced economies grew by 1.8 percent, aligning closely with the anticipated growth of 1.7 percent. This modest performance can be attributed to factors such as high real interest rates, diminishing fiscal support, and structural challenges including aging populations and sluggish productivity growth. In contrast, emerging markets and developing economies (EMDEs) expanded by 4.3 percent, driven by resilient domestic demand, improving labor markets, and strong investment flows particularly in Asia and parts of Sub-Saharan Africa. The United States maintained moderate growth at 2.8 percent in 2024, primarily supported by robust consumer spending and a rebound in private investment amid easing financial conditions. China recorded a growth rate of 5.0 percent, bolstered by government stimulus measures aimed at countering weaknesses in the property sector. Meanwhile, Europe faced stagnation risks due to elevated energy costs and tight credit conditions, resulting in a slower growth rate of 0.9 percent in 2024.



LOCAL ECONOMY

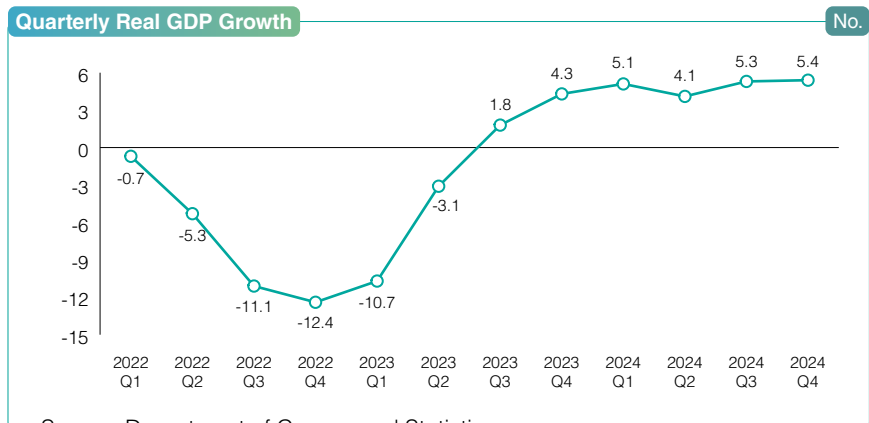


Sri Lanka's economy has shown signs of stabilization following a period of significant domestic and external challenges. The economy expanded by over 5 percent, particularly in the latter part of 2024, supported by a notable revival across the agriculture, industry, and services sectors. A strong recovery is anticipated to continue into 2025 and beyond.

Inflation declined into negative territory during the latter part of 2024, a sharp turnaround from the peak of nearly 70 percent recorded in September 2022. Inflation is expected to remain at a mid-single-digit level in 2025. Gross official reserves reached USD 6.1 billion by end-2024, while the external sector's current account is projected to record a surplus of 1.4 percent of GDP, driven by strong performance in tourism and workers' remittances.

Tax revenue increased to 12.4 percent of GDP in 2024, reflecting the success of newly implemented revenue measures. This ratio is expected to rise further to 13.9 percent in 2025, supported by additional fiscal reforms and strengthened tax administration.

The finalization of the debt restructuring process is expected to ensure long-term debt sustainability. The maintenance of financial stability has contributed to strengthened capital buffers within the banking sector. Investor confidence has improved, as evidenced by the country's CCC+ credit rating. Crucially, the government has begun implementing long-overdue anti-corruption and growth-enhancing reforms aimed at restoring investor trust and promoting inclusive economic growth.



The Sri Lankan economy expanded by 5.2 percent during the first nine months of 2024, in contrast to a contraction of 4.5 percent in the same period of 2023. All three major sectors of the economy recorded positive growth.

The agriculture sector grew by 1.9 percent, primarily driven by positive performance in sub-sectors such as the cultivation of cereals (excluding rice), animal production, marine fishing, and marine aquaculture.

The industry sector experienced a significant expansion of 11.2 percent during the same period, compared to a contraction of 13.3 percent in the first nine months of 2023. This growth was largely attributed to notable increases in construction, as well as mining and quarrying activities.

The services sector also recorded growth of 2.6 percent, recovering from a contraction of 1.3 percent in the corresponding period of 2023. This improvement was mainly due to the expansion of tourism-related activities and insurance services.

	Growth %			
	2023	2024	Q4 2023	Q4 2024
GDP	-2.3	5.0	4.3	5.4
Agriculture	1.6	1.2	-1.2	-2.2
Industry	-9.2	11.0	7.7	13.1
Services	-0.2	2.4	2.8	2.5
Taxes Less Subsidies	2.6	10.6	14.5	15.7

OPERATING ENVIRONMENT

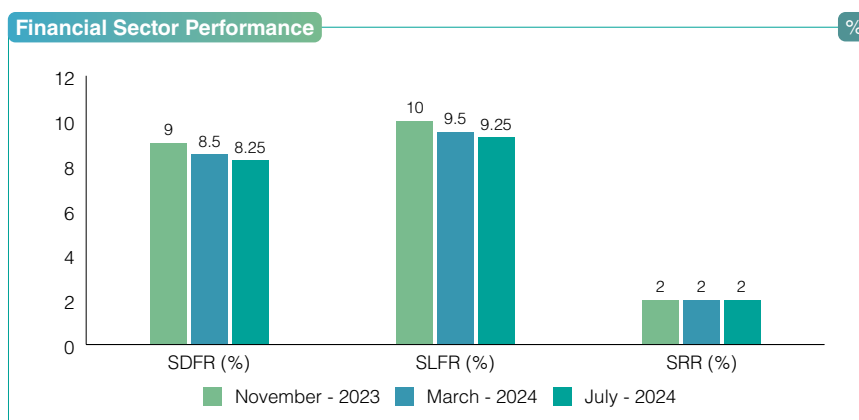
LOCAL ECONOMY

FINANCIAL SECTOR PERFORMANCE

In 2024, the Central Bank of Sri Lanka (CBSL) adopted an accommodative monetary policy stance to support the country's economic recovery following the crisis of 2022–2023. Reflecting improvements in macroeconomic conditions such as declining inflation and a strengthening external sector the CBSL streamlined its monetary policy framework by introducing a single policy rate.

According to the CBSL's Monetary Sector Developments, in January 2024, the CBSL continued to maintain the Standing Deposit Facility Rate (SDFR), Standing Lending Facility Rate (SLFR), and Statutory Reserve Ratio (SRR) at 9.00 percent, 10.00 percent, and 2.00 percent, respectively, levels held since November 2023.

In March 2024, both the SDFR and SLFR were reduced by 50 basis points, bringing them down to 8.50 percent and 9.50 percent, respectively. This was followed by a further reduction in July 2024, when the SDFR and SLFR were cut by another 25 basis points each, to 8.25 percent and 9.25 percent, respectively. The SRR remained unchanged at 2.00 percent.



MICROFINANCE SECTOR PERFORMANCE

According to the CBSL Annual Economic Review 2024, the Licensed Microfinance Companies (LMFCs) sector comprising four companies recorded a 27.0% growth in its asset base, reaching LKR. 14.8 billion by the end of 2024. Microloans represented the largest share of total assets, amounting to LKR. 11.4 billion by end-2024, up from LKR. 7.6 billion in 2023 reflecting a 49.9% increase.

The sector's total deposit base also saw significant growth of 35.7%, rising from LKR. 828.9 Mn in 2023 to LKR. 1,124.4 Mn in 2024. The core capital level of the sector stood at LKR. 3.3 billion by end-2024, with all LMFCs remaining compliant with the minimum prudential regulations on core capital.

In addition to the four licensed microfinance companies, the sector also includes 32 active NGOs registered with the NGO Secretariat, along with numerous non-regulated entities such as other NGOs, cooperative societies, and the Samurdhi program.

The Lanka Microfinance Practitioners' Association (LMFPA) is a network formed by several microfinance practitioners including banks and finance companies aimed at enhancing the quality of financial services delivered to grassroots communities.

Microfinance Sector Key Indicators (2018–2023)

Indicator	2018	2019	2020	2021	2022	2023
Loan Portfolio (LKR Billion)	84	78	63	56	49	58
Number of Borrowers (Year-end)	2,588,365	2,337,433	1,467,368	1,542,008	682,085	793,714
Number of Depositors	448,139	576,989	900,140	496,587	745,751	505,357
Value of Deposits (LKR Billion)	3	3	3	4	4	4
Number of Branches	294	426	1,010	934	881	878



According to the 2023 Annual Report published by the Lanka Microfinance Practitioners' Association (LMFPA), based on data from 30 member organizations (as shown above), there has been a reversal of the declining trend in loan portfolios observed between 2018 and 2022. The loan portfolio of the surveyed Microfinance Institutions (MFIs) had declined from LKR. 84 billion in 2018 to LKR. 49 billion in 2022, but increased again to LKR. 58 billion by the end of 2023 marking an 18 percent growth.

Similarly, the number of borrowers, which had dropped significantly between 2018 and 2022, increased by 16 percent in 2023 compared to 2022. This progress is largely attributed to improved political and economic stability, which fostered a relatively favorable business environment.



Despite these positive developments, MFIs were unable to expand their loan operations to expected levels due to limited access to funding, which in turn affected loan disbursements. The poor performance especially of loss-making MFIs during 2022 and the COVID-19 period was due to a reduced capacity and diminished eligibility to borrow from banks and international lenders.





The number of depositors showed high volatility over the six-year period up to 2023. While depositor numbers steadily increased from 2018 to 2020 despite the COVID-19 pandemic, the number rose again in 2022 but declined in 2023. However, the total value of deposits remained relatively static throughout the six-year reference period.

Due to the economic crisis experienced during this time, the number of MFI branches, which had increased rapidly between 2018 and 2020, gradually declined through to 2023.

Looking ahead, the outlook for MFIs appears more optimistic, as microenterprises are seeking to improve their businesses, and demand for microloans is expected to grow in the coming years.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder	Purpose of Engagement	Mode of Engagement	Frequency of Engagement	Stakeholder Concerns and Expectations	Company Response
Employees 	Engaging in the value creation process.	Management meeting physically & online, employee surveys, performance review, open door culture, whistle blowing policy and process, Gender and Anti-harassment policy, Child protection policy and exit interviews.	On a regular basis as well as annually.	Attractive remuneration, a conducive environment to maintain work- life balance, career growth opportunities, opportunities for direct communication with the management, job security, ethical work practices, expressing their concerns and satisfaction.	Salaries on par with industry, providing training opportunities, raise concerns and implement necessary actions, sharing employee feedback with top management, opening up two- way communication channels to offer opportunities for growth in performance and remuneration, life and health insurance.
	Maintaining a high level workforce morale and efficiency.	Intra-net/Regular staff meetings, staff capacity development.	On a regular basis.	Attractive remuneration, opportunities lean and career development, staff recognition and appreciation.	Salaries in par with industry, provision of other allowances and best staff selection and rewarding, scholarships for further education, staff get together, staff trips and appreciation of longer period of service.
Customers 	Create product awareness, Creation of new products, make changes in the existing product portfolio in accordance with customer needs.	Village level discussions, cluster meetings, Berendina website, and print media / videos.	As necessary.	Innovative and beneficial products and services compared to competitors, better understanding of the product to make most appropriate credit decisions.	Continuous product development based on market insights/ customer insights, coupon based enterprise training.
	Identify loan/ credit, EDS & saving needs and provide a high level of service.	Branch network.	On a regular basis.	Improved product portfolio.	The branch network across 13high poverty district districts to improve convenience and better service delivery.
	Obtaining customer feedback (customer complaints/ suggestions).	Direct customer feedback, customer surveys on product impact, customer hotline.	On a regular basis	Effective complaint handling and mitigating issues, obtaining information on products and services, customized products to suit customer needs.	Efficient customer assistance/ helplines at the branch level and at the Head Office level, complaint handling mechanism.
	Maintain customer interaction (customer relations).	Interaction at cluster meetings as well as individually at village level, cluster leader program, customer perception surveys on product impact.	Monthly as well as when necessary.	Easy access to information & officials, Company developing products and services aligned with customer needs.	Enhanced service delivery to the customer by incorporating customer suggestions into strategy Development.

Stakeholder	Purpose of Engagement	Mode of Engagement	Frequency of Engagement	Stakeholder Concerns and Expectations	Company Response
Shareholders 	Reaching the Vision & Mission of BMIC and reasonable return to sustain the charitable activity of sister organization (Berendina Development Service).	Shareholders' meeting and field visits.	Quarterly, biannual, annually as well as when necessary.	Positive impact on client life, proper governance and sustainability of the organization.	Strategy formulation and implementation in line with vision & mission.
Funding Partners 	Maintaining cordial and effective relations with the funding partners, creating opportunities for future funding.	Dissemination of information on our achievements and strategies, invitation for award ceremonies and events.	As necessary as well as annually.	Positive impact on client life, compliance with Governance and community and on time servicing to lenders.	Assessment of poverty reduction among clients using the Poverty Probability Index (PPI), impact assessment survey, adhering to Governance and on time repayments and reporting.
Regulators and the Government 	Maintaining compliance & reporting requirements.	Submission of information, documentation and payments as per regulators' stipulations.	On a regular basis	Maintaining liquidity, solvency and capital adequacy. On time payment of statutory obligations.	Submission of statutory returns on time and on time payments of statutory payments.
Community 	Executing social responsibility.	Maintaining a dialogue with community.	On a regular basis.	Contribution to community welfare, wellbeing and environment protection.	Maintaining a clear line of communications and implementation of student scholarships programs, community projects and disaster/ crisis response activities in fulfilling Company social responsibilities as a responsible corporate citizen.

VALUE CREATION MODEL

VISION

MISSION

INPUTS

PROCESS

FINANCIAL CAPITAL

- ➔ Net borrowing increase 698 Mn
- 📄 Refer Page No. 58 to 60

MANUFACTURED CAPITAL

- ➔ Investment in assets 80 Mn
- ➔ Investment in IT 14.6 Mn
- 📄 Refer Page No. 61 to 67

INTELLECTUAL CAPITAL

- ➔ 8.2 Mn invested in branding
- ➔ 14.7 Mn investment in training and development
- 📄 Refer Page No. 68 to 74

HUMAN CAPITAL

- ➔ 444 motivated employees
- ➔ 142 new employees
- ➔ 14.7 Mn investment in training and development
- ➔ Retention strategy
- 📄 Refer Page No. 75 to 85

SOCIAL AND RELATIONSHIP CAPITAL

- ➔ 148 CSR Projects
- ➔ 31 Mn Investment in CSR projects
- ➔ 612 Staff Voluntary Hours for CSR
- ➔ 46.7% poverty outreach
- ➔ 20.7 Mn Suwasahan cash grants
- 📄 Refer Page No. 86 to 100

NATURAL CAPITAL

- ➔ Paper recycle of 300 Kg
- ➔ E-waste management 470 Kg
- ➔ 36,186 trees planted
- 📄 Refer Page No. 101 to 109

BUSINESS CONTEXT

EXTERNAL VARIABLES IMPACTING VALUES

- ➔ Instability
- ➔ Natural calamities
- ➔ Global rebound in trade
- ➔ Investment recoveries in advanced economies
- ➔ Unemployment and decent work deficits
- ➔ Regularity changes in the local front
- 📄 Refer Page No. 42

PURPOSE

- ➔ Alleviation of poverty
- ➔ Improvement of financial literacy among rural community
- ➔ Generation of employment
- ➔ Increasing entrepreneurship
- ➔ Improvement of client saving habits
- ➔ Reducing vulnerability of poor people for uncertainties
- ➔ Education for children
- ➔ Environmental sustainability
- 📄 Refer Page No. 9

OUR PROFIT FORMULA

REVENUE

- ➔ Interest income
- ➔ EDS income
- ➔ Investment income
- ➔ Miscellaneous income
- 📄 Refer Page No. 133

EXPENSES

- ➔ Interest and similar expenses
- ➔ Personnel expenses
- ➔ Other operating expenses
- ➔ Taxes
- 📄 Refer Page No. 133

VALUE PROPOSITION

CLIENT

Ensure that client has access to quality micro finance and EDS at the lowest possible cost

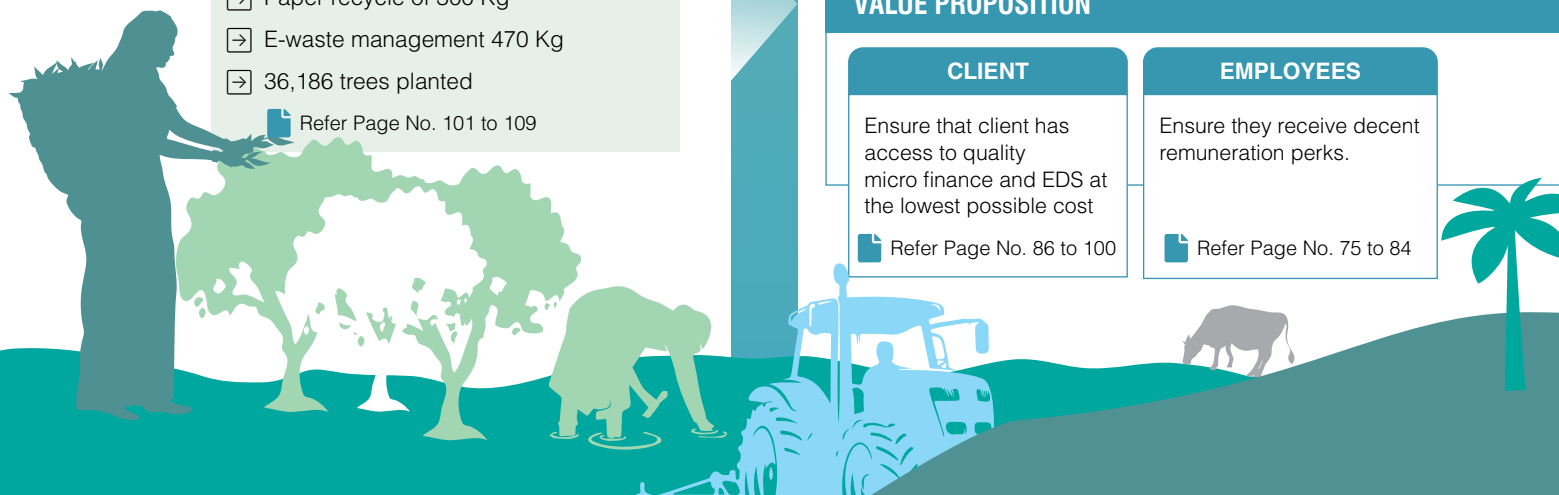
📄 Refer Page No. 86 to 100

EMPLOYEES

Ensure they receive decent remuneration perks.

📄 Refer Page No. 75 to 84

VALUE PROPOSITION IN



CORPORATE GOVERNANCE

RISK MANAGEMENT

OUR MATERIAL RISKS

- Increase taxes
- Natural disasters
- Competition and existence of unethical microfinance entities
- Exchange rate volatility
- Unhealthy Government policy decisions
- Reduction in staff retention

Refer Page No. 117 to 120

STRATEGIC PRIORITIES

- Serving high poverty segments in the community
- Client convenience
- Client protection from unethical microfinance practices
- Sustainability
- Lobbying for prudential regulation
- Establishing best practices for the industry
- Environment protection

Refer Page No. 46 to 50

OUR PRODUCTS

PRODUCTS

- Micro Credit
- Enterprise Development Services (EDS)
- Micro Saving

Refer Page No. 65 to 70

COMMUNITY

- Education scholarship
- Community wellbeing projects
- Disaster response activity

Refer Page No. 93 to 99

FUNDING PARTNERS

- Partners ontime repayments and reporting
- Transparency in governance

Refer Page No. 92 to 93

OUTPUTS

FINANCIAL CAPITAL

- Revenue growth 30%
- Profitability 299 Mn

MANUFACTURED CAPITAL

- 35 branches
- 4 branch relocation
- Office 365 rollout
- EDS Mobile App development

INTELLECTUAL CAPITAL

- 1,406 training program delivered
- Customer Retention 85%
- 19 branches branded
- Produced 200 trainers among staff

HUMAN CAPITAL

- 51 Training programs
- 1,453 training participants
- Improved staff retention by 3%
- 36 employees promotion

SOCIAL AND RELATIONSHIP CAPITAL

- 92,803 loan customers
- 94,733 savers
- 54,363 EDS training participants
- Poverty reduction in loan graduation
- PAR at 2.24% (30 day)

NATURAL CAPITAL

- Water usage reduction per staff 5.2%
- Emission reduction per staff 7.6%

VALUE OUT

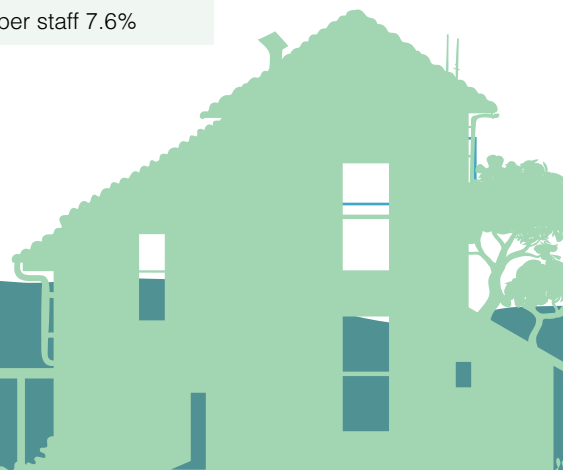
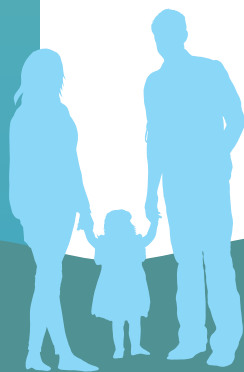
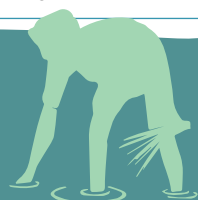
FUNDING PARTNERS

CLIENTS

EMPLOYEES

COMMUNITY

ENVIRONMENT



SUSTAINABILITY REVIEW

OUR VISION AND SUSTAINABLE JOURNEY

Since its inception, Berendina Micro Investments Company Limited (BMIC) has been driven by the vision of “creating an empowered, equitable society where poverty doesn’t exist.” Guided by this vision, our mission is to ensure that underserved communities have access to quality, responsible, and innovative microfinance and enterprise development services at the lowest possible cost paving the way toward a more prosperous future. We pursue this mission in a financially sustainable manner, powered by a highly motivated team, while also raising public awareness on the positive impact of microfinance, economic upliftment, and environmental conservation.

From the outset, BMIC recognized that responsible financial inclusion is a powerful tool for transformational change. This is why sustainability lies at the heart of all our efforts, enabling us to uplift lives, protect the environment, and remain financially resilient. Our work is guided by the Triple Bottom Line approach People, Planet, and Prosperity ensuring that sustainability is embedded into every facet of our operations.

This commitment is further strengthened by our Environmental, Social, and Governance (ESG) framework, which upholds accountability, transparency, and meaningful impact. We align our local initiatives with the United Nations Sustainable Development Goals (SDGs) to ensure our work contributes to global sustainability priorities.

Our Environmental and Social Policy reinforces this approach by drawing on internationally recognized standards, including:

- ➔ The Universal Standards for Social and Environmental Performance Management (USSEPM)
- ➔ The Client Protection Principles
- ➔ The Central Bank of Sri Lanka’s regulatory guidelines for microfinance institutions.

Together, these foundations empower BMIC to deliver inclusive, responsible, and sustainable financial services that drive long-term, positive change.

BMIC SUSTAINABILITY MODEL

BMIC’s Sustainability Model demonstrates how our vision translates into tangible impact. It integrates the Triple Bottom Line with our ESG framework, and is operationalized through six key capitals:



BMIC SUSTAINABILITY MODEL

VISION Create an empowered, equitable society where poverty doesn’t exist.

MISION Ensure poor have access to quality, responsible and innovative microfinance and enterprise development services at the lowest possible cost in ensuring prosperous future for this segment of society in a financially sustainable manner with a motivated team while educating the general public on positive impact of microfinance.

TRIPLE BOTTOM LINE APPROACH

People Planet Prosperity

ESG FRAMEWORK

Environmental Social Governance

BMIC CAPITALS

Financial Manufactured Intellectual
Human Social & Relationship Natural

BMIC CAPITALS

OUR CORE VALUES

Our core values guide how we make decisions and reflect our commitment to responsible microfinance and our vision of building an empowered, equitable society. At BMIC, these values are embedded in every aspect of our operations shaping how we serve clients, support our staff, and engage with communities. They inspire us to act responsibly, inclusively, and sustainably, while fostering trust, accountability, and long-term empowerment.

Core Value	What It Means for BMIC	What It Means for Clients
Integrity	Operating with transparency and fairness	Clients can trust that they are treated honestly and fairly.
Accountability	Taking responsibility for our actions with clients, staff, and regulators	Clients know BMIC stands by its commitments and is accountable for its actions.
Innovativeness	Leveraging technology and creativity to enhance impact	Clients receive modern, practical solutions that address their real needs.
Inclusiveness	Ensuring equal access regardless of gender, ethnicity, or background	Every client has an equal opportunity to benefit from BMIC's services.
Respectfulness	Treating all clients, staff, and stakeholders with dignity and care	Clients feel valued and respected in every interaction.
Empowerment	Promoting self-reliance among clients and staff	Clients gain the skills, confidence, and opportunities to build better futures.
Transparency	Being clear in all aspects transactions, reporting, communication, and processes	Clients fully understand the services, terms, and decisions that affect them.

ESG FRAMEWORK AT BMIC



ENVIRONMENTAL STEWARDSHIP (NATURAL CAPITAL – PLANET)

At BMIC, we recognize that the well-being of our clients is closely linked to the sustainability of natural resources. Many of our clients rely on agriculture, making them especially vulnerable to climate-related risks. As such, Natural Capital forms a core pillar of our sustainability strategy.

In 2024, BMIC strengthened its commitment to environmental stewardship by expanding support for biogas units, organic fertilizer production, and wastewater treatment systems. These initiatives helped clients reduce costs, enhance productivity, and adopt environmentally responsible practices. We also conducted environmental and hazard awareness programs to promote climate-smart agriculture and disaster preparedness.

Within our own operations, we focused on minimizing our environmental footprint through digitization, paper reduction, and energy-efficient infrastructure. The implementation of high-speed fiber connectivity further reduced our need for inter-branch travel, contributing to lower emissions.

Key Highlights:

- ➔ Biogas units introduced to reduce reliance on fossil fuels.
- ➔ Support provided for organic fertilizer production and wastewater treatment.
- ➔ Climate awareness and hazard preparedness training delivered to clients.
- ➔ Digitization initiatives reduced paper usage and fuel consumption.
- ➔ High-speed fiber connectivity between branches lowered travel-related emissions.

Linked SDGs:



SUSTAINABILITY REVIEW



SOCIAL IMPACT (PEOPLE)

BMIC is dedicated to promoting inclusive access to finance through its comprehensive Credit Plus model, which combines credit provision with education, welfare, and capacity-building initiatives to drive meaningful empowerment. Through our Enterprise Development Services (EDS), clients receive targeted support and training in life skills, financial literacy, and business development. This holistic approach equips them with the knowledge and practical tools needed for sustainable economic growth.

Beyond our core financial services, we offer a range of value-added services including a scholarship program for clients' children, medical and funeral

cash grants under the Berendina Suwasahana scheme, loan settlements through the Risk Fund, as well as community projects and disaster/crisis response initiatives. These interventions extend our impact beyond financial inclusion to encompass health security, educational support, and other essential social services ultimately enhancing clients' well-being, resilience, and dignity.

Key Highlights:

- ➔ 92,803 loan clients and 94,733 savers supported
- ➔ 2,576 EDS training programs benefiting 54,363 participants
- ➔ 810 students supported through the Bright Student Scholarships
- ➔ Over LKR 20 Mn disbursed under Suwasahana for health and funeral support
- ➔ LKR 17.4 Mn in relief provided to 3,495 flood-affected families
- ➔ LKR 31 Mn in CSR investments in education, health, and community development

Linked SDGs:



GOVERNANCE AND ETHICAL PRACTICES (PROFIT WITH INTEGRITY)



At BMIC, we believe that true financial inclusion can only thrive when institutions operate responsibly and transparently. As a socially responsible organization, we are committed to maintaining the highest standards of accountability, openness, and ethical leadership. Our dedication to good governance is a cornerstone of our sustainability and is clearly reflected in the organization's continued progress.

In 2024, BMIC recorded a Profit After Tax (PAT) of LKR 299 Mn, while maintaining a loan repayment rate of 97.5% a testament to sound financial management and the trust placed in us by our clients. These profits are reinvested in client welfare initiatives and organizational development, reinforcing our mission of profit with purpose.

To safeguard the rights and well-being of both clients and employees, we have implemented robust workplace policies, including a Whistleblower Policy, Gender Equality Policy, Anti-Harassment Policy, and Child Protection Policy. Our secure and transparent grievance mechanism has contributed to a decline in reported issues from 31 in 2023 to 13 in 2024 demonstrating improved workplace trust and fairness.

BMIC also remains fully compliant with the Microfinance Act No. 6 of 2016 and directives issued by the Central Bank of Sri Lanka, and actively participates in national and international microfinance associations to uphold industry best practices and ensure continued accountability.

Key Highlights:

- ➔ Profit After Tax of LKR 299 Mn with a 97.5% loan repayment rate
- ➔ Full compliance with CBSL directives and Microfinance Act requirements
- ➔ Enforcement of key policies: Whistleblower, Gender Equality, Anti-Harassment, and Child Protection
- ➔ Reduction in grievances from 31 (2023) to 13 (2024)
- ➔ Active membership in microfinance industry associations to strengthen accountability

Linked SDGs:



TECHNOLOGY AND INNOVATION FOR SUSTAINABILITY

BMIC has long recognized the transformative power of technology in advancing sustainable finance. For us, innovation goes beyond improving efficiency it's also about reducing costs, minimizing environmental impact, and enhancing client convenience.

In 2024, significant advancements were made to our ERP system, and the rollout of the Field Officer Mobile App was initiated across branches. This digitization effort reduced paper usage and streamlined field operations. Additionally, the Enterprise Development Services (EDS) App, developed using Google AppSheet, enabled Enterprise Development Officers to report services in real time enhancing transparency, accuracy, and monitoring.

A pilot implementation of Microsoft 365 improved internal collaboration and strengthened digital security, with a full-scale launch planned for 2025. At the same time, foundational work began on a client-facing Payment App, which will enable clients to make digital loan repayments directly cutting transaction costs and improving financial accessibility.

Linked SDGs:



INTEGRATING CAPITALS FOR SUSTAINABLE IMPACT




















Together, these six capitals form the foundation of BMIC's sustainability agenda. By embedding Environmental, Social, and Governance (ESG) principles across all areas of our operations, we ensure that our clients, employees, and communities thrive economically, socially, and environmentally while making a meaningful contribution to the achievement of the United Nations Sustainable Development Goals (SDGs).

Enhanced Capitals Table

Capital	ESG Pillar	Axis of Sustainability	Our Approach	Linked SDGs
Financial 	Governance 	Profit 	Responsible lending, sound financial management, reinvestment in social impact	
Manufactured 	Environmental / Social / Governance 	Profit & Planet 	Branch network expansion, ERP system, Microsoft 365, eco-friendly infrastructure	
Intellectual 	Social / Governance 	Profit & People 	Ethical business model, client protection, continuous innovation	
Human 	Social / Governance 	People 	Training programs, scholarships, inclusive HR practices, employee welfare	
Social & Relationship 	Social 	People 	Microfinance outreach, scholarships, welfare programs, disaster response	
Natural 	Environmental 	Planet 	Biogas systems, organic fertilizer, wastewater treatment, climate-smart programs	

SUSTAINABILITY REVIEW

Sustainable Development Goals Coverage by Capital

Sustainable Development Goals		 Financial	 Manufactured	 Intellectual	 Human	 Social & Relationship	 Natural
 1 POVERTY	SDG 1 – No Poverty	☑			☑	☑	
 3 GOOD HEALTH AND WELL-BEING	SDG 3 – Good Health and Well-being					☑	
 4 QUALITY EDUCATION	SDG 4 – Quality Education				☑	☑	
 5 GENDER EQUALITY	SDG 5 – Gender Equality				☑	☑	
 7 AFFORDABLE AND CLEAN ENERGY	SDG 7 – Affordable and Clean Energy		☑				
 8 DECENT WORK AND ECONOMIC GROWTH	SDG 8 – Decent Work and Economic Growth	☑		☑	☑		
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	SDG 9 – Industry, Innovation and Infrastructure		☑	☑			
 10 REDUCED INEQUALITIES	SDG 10 – Reduced Inequalities			☑	☑		
 11 SUSTAINABLE CITIES AND COMMUNITIES	SDG 11 – Sustainable Cities and Communities					☑	
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG 12 – Responsible Consumption and Production		☑				☑
 13 CLIMATE ACTION	SDG 13 – Climate Action						☑
 15 LIFE ON LAND	SDG 15 – Life on Land						☑
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	SDG 16 – Peace, Justice and Strong Institutions	☑		☑			

Growing Together: The Inspiring Journey of Prashanthini and Vimalan Store



“Starting with just a small shop, I never imagined we could grow this much. With the support and training from BMIC, I learned how to manage my business better and make smart decisions. Each loan helped us expand step by step from fertilizer to groceries to even a three-wheeler for deliveries. Today, I’m proud to provide well for my family and build a future we once only dreamed of. This journey has shown me that with hard work and the right support, anything is possible.”

Growing Together: The Inspiring Journey of Prashanthini and Vimalan Store



At 37 years old, Prashanthini has crafted a remarkable entrepreneurial journey marked by perseverance, continuous learning, and strategic financial support. With the backing of Berendina Micro Investment Company (BMIC), she has transformed a modest grocery shop into Vimalan Store, a thriving diversified business that sustains her family and opens new avenues for growth.

Living with her husband, who co-manages the shop, and raising their two sons and daughter, Prashanthini has steadily expanded their family income and assets through thoughtful planning and dedication.

Her business journey began in 2017 when she took a LKR. 60,000 loan from BMIC to start a fertilizer shop, diversifying from the existing grocery business. Recognizing further growth potential, she secured loans of LKR. 75,000 in 2020 and LKR. 100,000 in 2021 to expand operations, followed by a LKR. 200,000 loan in 2022 to support further scaling, including part-financing a three-wheeler to meet transportation needs of both business and family.

Today, Vimalan Store offers a wider range of products, including groceries, fertilizers, and fresh vegetables, catering effectively to the local market. The strategic investments facilitated by BMIC's financial assistance have been pivotal in scaling operations, increasing product variety, and improving customer reach.

Prashanthini's growth is also attributed to her commitment to education. She completed BMIC's Entrepreneurial Development Services (EDS) programs, including Financial Literacy (FL) training in 2019 and the Vyapara Jaya (VJ) course in 2021. These equipped her with vital skills in financial management, inventory control, and customer relations, enabling effective business operations and informed decision-making.

The impact of her efforts is reflected in the doubling of monthly revenue from LKR. 150,000 to LKR. 300,000, with a net profit of LKR. 125,000. This success has empowered Prashanthini and her husband to invest in their family's future building a combined shop and home, purchasing a three-wheeler to enhance logistics, acquiring land for gardening, and improving store facilities with new furniture.

“Starting with just a small shop, I never imagined we could grow this much. With the support and training from BMIC, I learned how to manage my business better and make smart decisions. Each loan helped us expand step by step from fertilizer to groceries to even a three-wheeler for deliveries. Today, I'm proud to provide well for my family and build a future we once only dreamed of. This journey has shown me that with hard work and the right support, anything is possible.”

Prashanthini's journey is a powerful example of how access to microfinance, capacity building, and determination can transform lives and create sustainable livelihoods. She continues to collaborate with her husband to expand Vimalan Store, inspiring others in the community to pursue their aspirations and highlighting BMIC's critical role in fostering economic empowerment.





Management Discussion and Analysis

FINANCIAL CAPITAL



Effective financial management remains a cornerstone of BMIC's strategy to drive profitability and ensure long-term sustainability. Strengthening our financial position enables the strategic allocation of resources across the organization, supporting both operational resilience and future organic growth. The consistent increase in retained earnings has significantly enhanced our financial stability and operational independence, providing a strong foundation for continued development without reliance on external funding.

As revenue and profitability grow, we are increasingly able to reinvest in our people enhancing our employee value proposition through advanced training programs, comprehensive welfare initiatives, and engaging activities that foster a supportive and motivating work environment. These efforts are key to attracting, developing, and retaining top talent.

By managing our finances with discipline and foresight, we not only safeguard BMIC's financial future but also empower the organization to deliver greater value to all stakeholders including employees, clients, and the communities we serve.



Our Financial Capital

Disciplined cost controls with Productive allocation of funds.

Contribution to SDGs



Management Approach

In 2024, BMIC successfully navigated a challenging operating environment characterized by economic volatility and political uncertainty. Despite these external pressures, the Company demonstrated strong resilience and strategic agility, delivering financial results that exceeded those of the previous year.

Through the adoption of prudent financial strategies and a continued focus on operational efficiency, BMIC significantly improved its profitability. The Company's profit after tax (PAT) rose from LKR 157 Mn in 2023 to an impressive LKR 299 Mn in 2024.

This performance highlights BMIC's commitment to sound financial stewardship and its capacity to adapt and thrive amidst evolving economic conditions.

REVENUE GENERATED

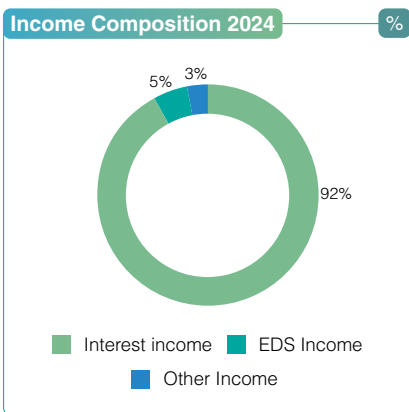
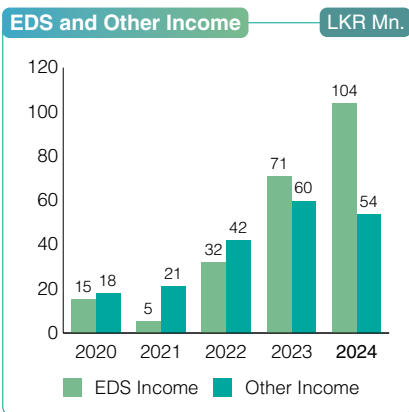
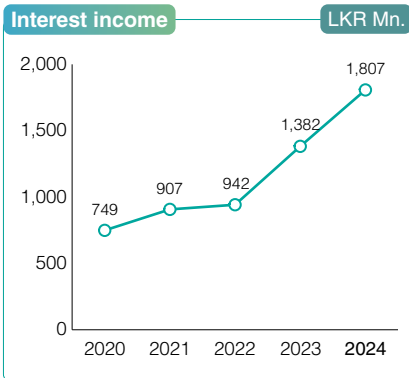
The upward trajectory of income reflects BMIC's prudent financial management and its continued success in maintaining a healthy, expanding loan portfolio. The Company's ability to attract borrowers and effectively manage loan repayments has significantly enhanced revenue and reinforced its competitive position in the microfinance sector.

During the year under review, BMIC achieved a notable 30% increase in gross income, rising from LKR 1,513 Mn in 2023 to LKR 1,965 Mn in 2024. This impressive growth was primarily driven by the expansion of the loan portfolio and increased loan repayments compared to the previous year.

Interest income from loans the core component of BMIC's revenue saw a commendable 31% increase, reaching LKR 1,807 Mn in 2024, up from LKR 1,382 Mn in 2023. This growth highlights the strength of BMIC's lending activities and effective portfolio management.

Additionally, the Company's Enterprise Development Services (EDS) division recorded a remarkable 40% increase in income, rising to LKR 104 Mn in 2024 from LKR 71 Mn in 2023. This reflects the growing demand for EDS programs and their positive impact on enhancing clients' livelihoods and business sustainability.

Conversely, other income decreased by 10%, from LKR 60 Mn in 2023 to LKR 54 Mn in 2024. This LKR 6 Mn decline was primarily due to a one-off grant received in 2023 for staff capacity development, which was not repeated in the reporting year.



OPERATIONAL EXPENDITURE

In 2024, BMIC's total overhead expenditure excluding impairment provisions and all taxes increased by 19%, reaching LKR 1,274 Mn compared to LKR 1,070 Mn in the previous year. Personnel expenses recorded a significant 18% rise, driven by annual salary revisions and the introduction of additional staff allowances aimed at retaining talent and maintaining a motivated workforce aligned with the Company's strategic objectives.

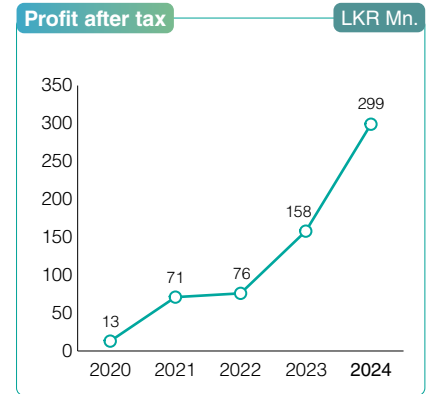
Administrative expenses grew by 25%, primarily due to the expansion of BMIC's operations into new service areas and the enhancement of program delivery mechanisms. This increase reflects the Company's continued investment in operational capacity to support business growth.

Encouragingly, the provision for impairment of loans and receivables declined substantially by 89%, reflecting a notable reduction in non-performing loans (NPLs) compared to the prior year. This improvement highlights enhanced credit quality and more effective portfolio management practices.

The Company's interest and related expenses rose by 17%, increasing from LKR 355 Mn in 2023 to LKR 416 Mn in 2024. This growth is attributed to increased borrowings aligned with the expansion of the loan portfolio.

Regarding government contributions, BMIC's tax-related payments surged by 55%, with total taxes amounting to LKR 388 Mn in 2024, up from LKR 250 Mn in the previous year. This increase demonstrates the Company's expanding role in supporting national revenue generation.

Profitability



During the year under review, BMIC reported a Profit After Tax (PAT) of LKR 299 Mn, marking a substantial increase from LKR 158 Mn in 2023. This strong improvement in profitability reflects the Company's disciplined financial management and strategic emphasis on operational efficiency. The enhanced financial performance strengthens BMIC's foundation for long-term sustainability and reinforces its commitment to delivering value to all stakeholders, while fostering a motivated and empowered workforce.

The Company's Operational Self-Sufficiency (OSS) after taxes rose to 118% in 2024, up from 112% in the previous year. This increase highlights BMIC's improved ability to fully cover its operational expenses through internally generated income, reducing reliance on external funding and ensuring financial resilience.



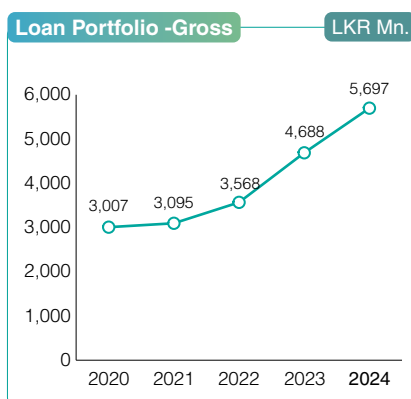
FINANCIAL CAPITAL

LOAN PORTFOLIO

Demonstrating BMIC's continued operational strength and financial resilience, the Company achieved a 22% year-on-year growth in its outstanding loans and receivables portfolio. As of the end of the financial year, the outstanding balance excluding staff loans and interest receivables reached LKR 5,697 Mn, marking a significant milestone in our lending operations.

This growth reflects BMIC's ability to manage and expand its lending activities effectively, even in a challenging macroeconomic environment. It also highlights the dedication and performance of our operations team, whose contributions have been pivotal in driving portfolio expansion.

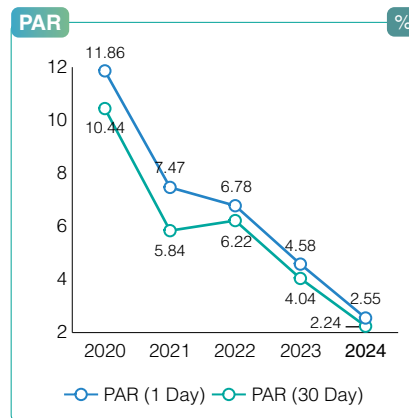
Furthermore, strategic funding partnerships and timely support from shareholders were instrumental in securing the necessary financial resources to sustain operations. These collaborations enabled the Company to meet funding needs efficiently and continue delivering value to clients and stakeholders without interruption.



BMIC maintains a prudent and consistent loan write-off policy, under which loans that remain unpaid for more than 730 days are systematically written off. This policy has been applied consistently in recent years and remained in effect during the reporting period.

In 2024, the write-off ratio increased to 1.8%, compared to 0.85% in 2023, aligning with regulatory standards and reflecting BMIC's disciplined approach to portfolio management.

Encouragingly, the quality of the loan portfolio has shown notable improvement. The Portfolio at Risk (PAR) over 30 days declined significantly from 4.04% in 2023 to 2.24% in 2024. This reduction highlights the success of enhanced loan recovery efforts, strengthened credit screening procedures, and the overall effectiveness of BMIC's portfolio monitoring framework.

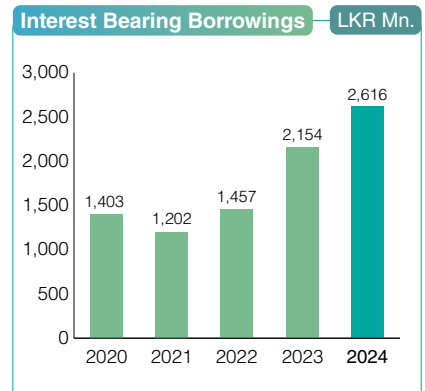


Equity and Liabilities

As at the end of the financial year, BMIC's total equity stood at LKR 1,717 Mn, underscoring the Company's strong capital base and ongoing commitment to financial sustainability.

In 2024, net interest-bearing borrowings rose to LKR 2,616 Mn a 21% increase from LKR 2,154 Mn in the previous year. This growth was primarily driven by a surge in loan disbursements, reflecting the heightened demand for credit throughout the year.

BMIC's prudent use of borrowings to support portfolio expansion demonstrates its effective management of the funding structure, ensuring sufficient liquidity to meet both operational and strategic objectives.



Future Outlook

Looking ahead, BMIC remains committed to maintaining its strong financial position through prudent financial management and strategic foresight. In the coming year, we aim to continue expanding our high-quality loan portfolio while strengthening our equity base to support long-term growth and institutional resilience.

A key strategic initiative planned for the year ahead is the implementation of an upgraded digital platform. This enhanced system is expected to significantly improve operational efficiency and bolster internal controls, laying the groundwork for scalable, technology-driven growth.

In the short term, we will prioritize optimizing cost structures and enhancing the efficiency of working capital management. By closely managing overheads and improving resource allocation, we seek to reinforce financial discipline across the organization.

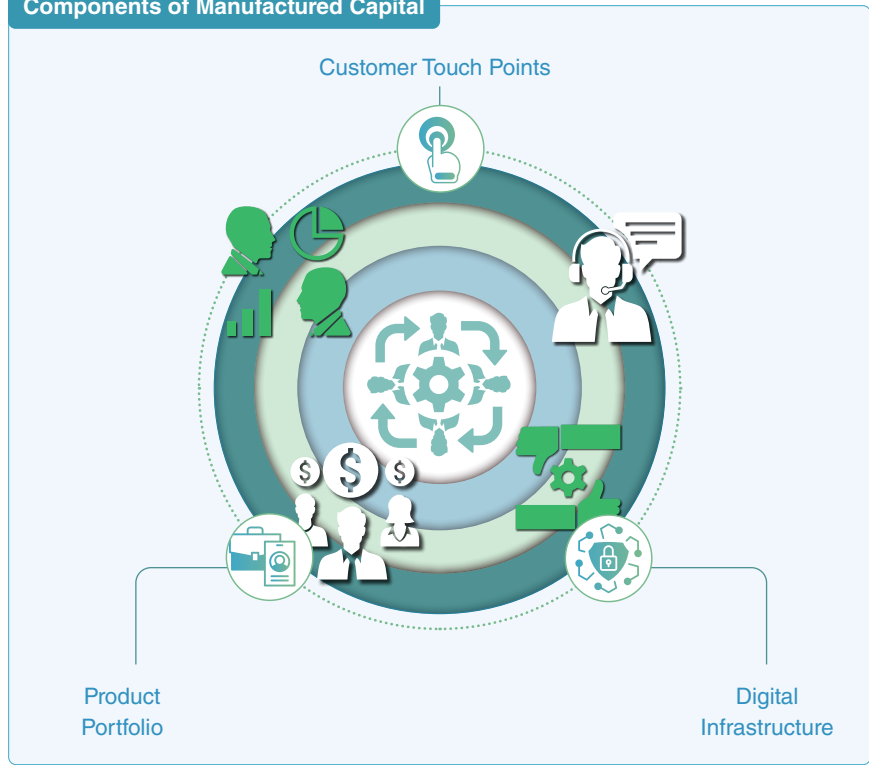
Our long-term strategy emphasizes organic growth by maximizing the use of existing resources and making targeted investments aligned with our mission. These efforts aim to promote sustainable development, enhance stakeholder value, and deliver lasting impact within the communities we serve.

MANUFACTURED CAPITAL



Our manufactured capital includes physical infrastructure across 13 districts, digital systems, and our product portfolio. These assets enable us to efficiently manage day-to-day operations and create value for customers and stakeholders.

Components of Manufactured Capital



Contribution to SDGs



Management Approach

Manufactured capital covers both physical and digital infrastructure, including property, plant, equipment, and right-of-use assets. As of 31 December 2024, the total value of these assets stood at LKR. 88.61 Mn. Continuous investment in manufactured capital reflects our commitment to value delivery, promoting financial inclusion among underserved rural and plantation communities, and advancing BMIC’s transformation into a digitally empowered, customer-centric organization.

INVESTMENTS IN PROPERTY, PLANT & EQUIPMENT AND RIGHT-OF-USE ASSETS – FY 2024

Asset Category	Addition (LKR)
Computer Equipment and Software	14,622,762
Furniture & Fittings	13,477,316
Office Equipment	12,950,034
Right-of-Use Assets	47,560,214
Total	88,610,326



MANUFACTURED CAPITAL



A. CUSTOMER TOUCH POINTS

BMIC maintains an island-wide branch network consisting of 35 branches, delivering services through 5,122 clusters across 13 districts. This coverage spans 165 Divisional Secretariats and 3,142 Grama Niladhari Divisions, including operations in 51 plantation estates located in the Nuwara Eliya and Badulla districts.

The network serves:

Active borrowers
92,803

Savings clients
94,733

Participants in EDS training program
54,363

Services are provided at locations closest to clients' homes, workplaces, or businesses, improving accessibility and convenience.

During the review year, no new branches were opened. However, four branches were relocated to enhance customer service and improve visibility.

Growth of Customer Touch Points

Year	No. of Branches	No. of Clusters	No. of Plantation Estates
2022	32	3,979	51
2023	35	4,541	58
2024	35	5,122	51

Branch Network Developments: Openings and Relocations (2022–2024)

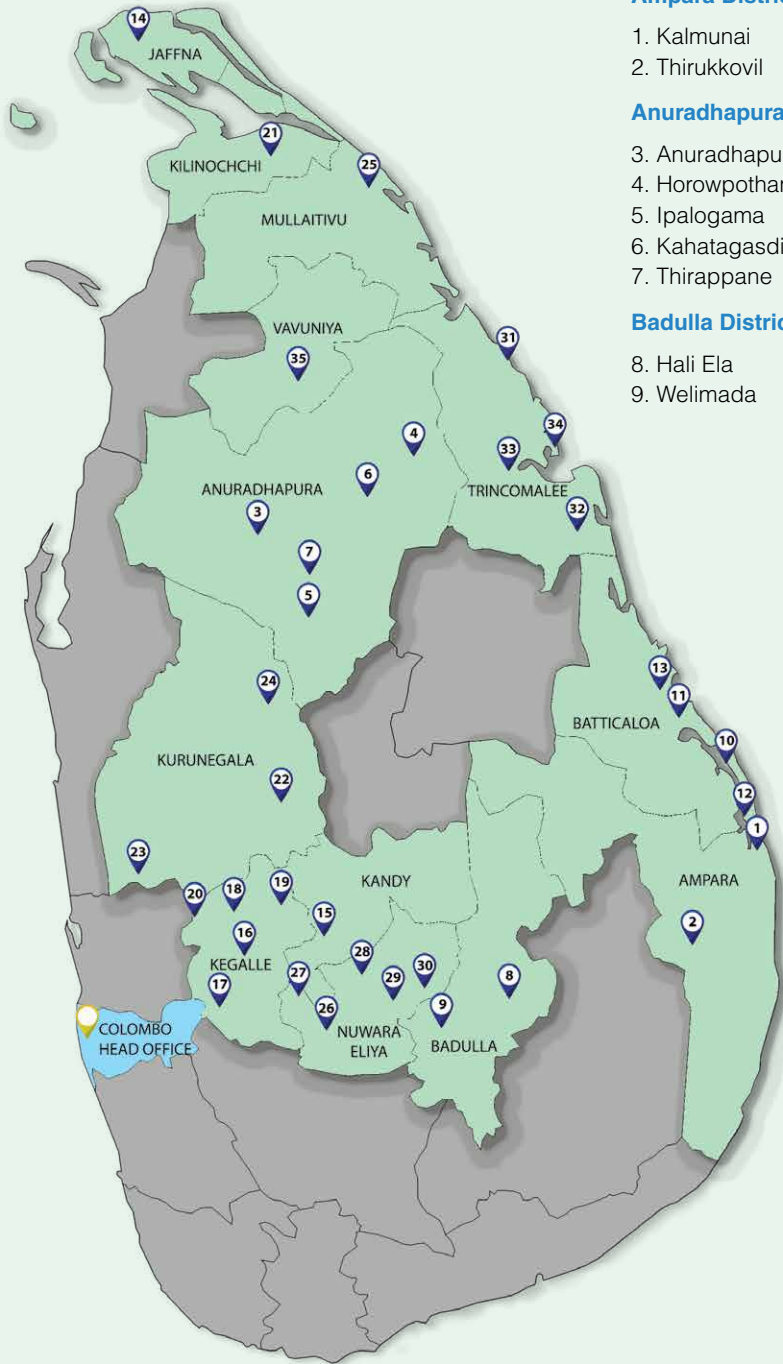
Year	New Branch Open	Branch Relocation
2022	2	1
2023	3	7
2024	0	4

Branch Distribution and Socioeconomic Indicators by Province – 2023

Province	No. of Branches	No. of Employees	Population	Poverty Index 2023
Northern Province	4	45	1,149,240	28%
Eastern Province	10	96	1,782,050	31%
North Central Province	5	60	1,406,890	31%
North Western Province	3	31	2,578,894	23%
Sabaragamuwa Province	5	56	2,015,039	40%
Central Province	6	61	2,712,804	38%
Uva Province	2	30	1,399,049	37%



Our Branch Locations



Ampara District

1. Kalmunai
2. Thirukkivil

Anuradhapura District

3. Anuradhapura Town
4. Horowpothana
5. Ipalogama
6. Kahatagasdigiliya
7. Thirappane

Badulla District

8. Hali Ela
9. Welimada

Batticaloa District

10. Arayampathy
11. Chenkalady
12. Kaluwanchikudy
13. Valaichchenai

Jaffna District

14. Chunnakam

Kandy District

15. Gampola

Kegalle District

16. Bulathkohupitiya
17. Dehiowita
18. Galigamuwa
19. Mawanella
20. Warakapola

Kilinochchi District

21. Kilinochchi

Kurunegala District

22. Ibbagamuwa
23. Pannala
24. Polpithigama

Mullaitivu District

25. Mullaitivu

Nuwara Eliya District

26. Dikoia
27. Ginigathena
28. Kothmale
29. Nuwara Eliya Town
30. Ragala

Trincomalee District

31. Kuchchaveli
32. Serunuwara
33. Thambalagamam
34. Trincomalee Town

Vavuniya District

35. Vavuniya

- Branch locations are strategically selected based on demand for BMIC services, focusing on high-poverty districts and divisions within those districts.
- The branch network is designed to serve borrowers at locations convenient to their homes, workplaces, or businesses.
- All branches are established following the "Standard Branch Model."
- In selected branches, an Assistant Branch Manager has been appointed to expand the loan portfolio by managing additional Field Officers and supporting the Branch Manager with day-to-day operations.

MANUFACTURED CAPITAL



B. DIGITAL INFRASTRUCTURE

In 2024, BMIC advanced its digital transformation agenda, reaffirming its commitment to operational excellence, enhanced customer experience, and long-term sustainability. The strategic deployment of digital tools and infrastructure strengthened efficiency, transparency, and resilience across all levels of the organization from Head Office operations to field-level outreach.

Enterprise Resource Planning (ERP) System

BMIC's digital backbone continues to be its Enterprise Resource Planning (ERP) system, which has been fully implemented across all branches and the Head Office since 2019. This integrated platform supports modules for core banking, accounting, inventory, fixed assets, and enterprise services, with the HR and payroll module currently operating at the Head Office level.

The ERP system has significantly improved business process efficiency, data visibility, and organizational decision-making. It has also ensured operational continuity during periods of economic disruption by enabling remote workflows and reducing reliance on manual processes.

Since 2019, BMIC has extended the ERP solution into the field through a dedicated mobile application for field officers, supported by handheld devices. This innovation later enhanced with an SMS gateway enables real-time transaction and balance updates, eliminating the need for printed slips. As of end-2024, the solution had been deployed in 19 branches, with 90 devices distributed among field staff and Enterprise Development Officers.

Microsoft 365 Rollout

In 2024, BMIC launched the Microsoft 365 (O365) Expansion Project to enhance digital collaboration and communication across the organization. A pilot rollout was conducted for 52 users at the Head Office and two branches Ginihathena and Ippologama. The pilot included hands-on training in key Microsoft 365 tools such as:

- ➔ Outlook for email
- ➔ Teams for communication
- ➔ OneDrive for cloud-based file storage
- ➔ SharePoint for document collaboration

To ensure a smooth transition, BMIC conducted two rounds of user feedback surveys to address challenges and optimize user experience in real time. Positive results from the pilot formed the basis for a full-scale rollout to all 35 branches, scheduled under the 2025 business plan.

The adoption of Microsoft 365 is expected to deliver:

- ➔ Improved collaboration through Teams and SharePoint
- ➔ Centralized and secure file access via OneDrive
- ➔ Integrated communication across departments through Outlook

Preparatory work for this expansion is currently underway to ensure seamless organization-wide implementation in 2025.

Google AppSheet for Enterprise Development Services

In alignment with BMIC's commitment to operational excellence and digital innovation, a dedicated mobile application was developed for the Enterprise Development Services (EDS) division using Google AppSheet. After extensive testing over the past year, the app has significantly transformed how Enterprise Development Officers (EDOs) at branch level record, manage, and report their work.

Accessible on both mobile devices and desktops via authorized Gmail accounts, the application enables real-time data entry and monitoring in key areas, including:

- ➔ Daily Reports
- ➔ Training Updates
- ➔ Value-Added Services
- ➔ Approvals
- ➔ Resource Person Registration
- ➔ C-Type Proposals
- ➔ Leave Records
- ➔ Console Tabs (Menu View)

By replacing traditional paper-based systems, the app enhances data accuracy, operational efficiency, and accountability. One of the platform's core strengths is its tiered access structure: branch-level EDOs can manage live updates, while supervisors and other designated roles retain viewing and approval rights, maintaining data confidentiality and process integrity.

Following its initial launch in 2023, the app was upgraded in 2024 with enhanced functionalities such as accommodation tracking, real-time synchronization, and role-based dashboards for managers and supervisors. These updates improved information flow, streamlined approval processes, and enhanced oversight of EDS activities across the organization.

The EDS mobile app now serves as a cornerstone in BMIC's digital transformation journey, empowering staff with reliable, efficient tools for service delivery and decision-making.

Branch Connectivity Enhancements

Reliable internet connectivity is vital to the success of BMIC's expanding digital infrastructure. In 2024, BMIC completed a major connectivity upgrade by equipping all 34 branches with high-speed fiber-optic internet. Additionally, the Ippologama branch was provided with a dedicated leased line to address previous coverage and stability challenges.

These upgrades have improved system accessibility, ensured seamless communication between branches and the Head Office, and laid a solid foundation for the continued rollout of digital tools and support services.

Future Digital Expansion and Innovation (2025 and Beyond)

Looking ahead, BMIC is committed to deepening its digital transformation through several strategic initiatives:

1. ERP Upgrade for Future Growth

To align with evolving business needs and support long-term growth, BMIC has initiated plans to upgrade its ERP system. The updated system will offer greater flexibility, scalability, and alignment with BMIC's broader digital expansion roadmap.

2. Field Officer Mobile App Rollout

Building on its ERP foundation, BMIC developed a mobile application for field officers, supported by handheld devices and an SMS gateway. The app enables real-time updates on transactions and balances, removing the need for printed slips. By end-2024, the app was operational in 19 branches, with full deployment across all 35 branches scheduled for 2025.

3. HRIS Implementation

BMIC will implement a Human Resources Information System (HRIS) to digitize and streamline key HR functions, including recruitment, attendance tracking, performance appraisals, and payroll management.

4. Departmental Digitalization

Collaborating with the Operations, HR, Administration, and Finance departments, BMIC will identify process gaps and develop customized digital solutions to replace paper-based workflows, reduce delays, and improve transparency.

5. Introduction of a Client Payment App

BMIC has initiated discussions with a banking partner to introduce a client-facing Payment App. This app will allow borrowers to make direct loan payments to BMIC by linking their personal bank accounts. A phased rollout is expected in the coming years.

These digital initiatives are designed not only to enhance operational efficiency but also to build a future-ready organization capable of scaling, innovating, and adapting to the evolving needs of all stakeholders.

By strategically investing in and expanding our digital ecosystem, BMIC is reinforcing its commitment to delivering responsible, inclusive, and technology-driven financial services ensuring agility, resilience, and sustainability in the years ahead.

C. PRODUCT PORTFOLIO



BMIC's product portfolio includes loan products, savings options, and Enterprise Development Services (EDS), all designed to support the financial well-being of our clients. These offerings empower individuals and communities to improve their living standards and achieve sustainable economic growth.

Loan Products

BMIC's loan products are designed with a customer-centric approach and are delivered through three key channels to ensure accessibility and relevance:

1. Clusters/Groups
2. Estate Workers' Housing Cooperative Societies (EWHCS)
3. Individual Clients

MANUFACTURED CAPITAL

Delivery Channel	Type of Loans
Clusters/ Groups	Business Loans: Offered to start or expand micro and small-scale businesses.
	Asset Building Loans: Designed to support home construction and repairs, latrine construction, the purchase of durable assets, and children's educational needs.
	Cultivation Loans: Provided to initiate or expand seasonal agricultural and farming activities.
	Dairy Loans: Offered to launch or grow small-scale dairy businesses.
	Senior Citizen Loans: Tailored for clients over 63 years, supporting income-generating activities.
Estate Workers' Housing Cooperative Societies (EWHCS)	Business Loan: Provided to help initiate or expand enterprises within the estate community.
	Asset Building Loans: Support for constructing or repairing homes, building latrines, acquiring durable assets, and meeting educational expenses.
	Dairy Loans: Offered for starting or expanding dairy-related ventures.
	Sanitary Loans: Focused on improving sanitation by financing the construction of private latrines.
	Household Asset Acquisition Loans: Provided during times of need to help families acquire essential household items.
Individual Basis	Individual Loans: Designed for clients with strong repayment capacity who have exited cluster membership due to inability to attend meetings, or for new clients seeking higher loan limits (up to LKR 300,000).
	Enterprise Development Loan (EDL): Targeted at existing entrepreneurs within BMIC's client base to bridge financing gaps. These loans support working capital, business expansion, or diversification needs and are delivered through the individual loan channel.

Savings Products

Number of Savers

94,733

Total Savings

LKR 511.5 Mn

Since becoming a licensed microfinance company in 2019, BMIC has been offering savings products to foster a culture of saving and enhance the financial security of its clients. These savings are primarily accepted as collateral deposits. Initially piloted in two branches, the savings scheme was later expanded to all BMIC branches island-wide.



Enterprise Development Services (EDS) Products

BMIC offers a diverse portfolio of Enterprise Development Services (EDS) aimed at empowering rural entrepreneurs and strengthening community resilience. These services complement financial offerings by focusing on capacity building, business sustainability, and inclusive economic development.

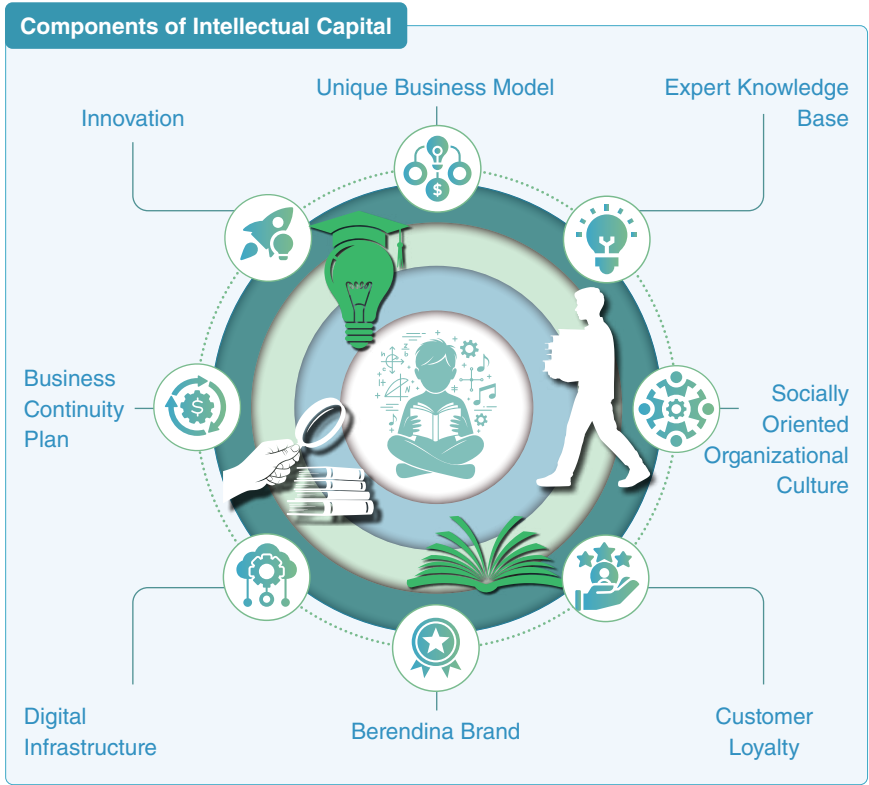
The five main EDS product categories are described below:

Category Title (Service Type)	Category Description	Key Activities / Focus Areas
Empowering Through Skills and Knowledge (Type A)	Fee-based training programs designed to enhance clients' knowledge and practical skills, supporting income-generating activities in agriculture, industry, finance, and entrepreneurship.	<ul style="list-style-type: none"> ➔ Agriculture and livestock training ➔ Industry- and service-related skills ➔ Basic and advanced financial literacy ➔ Entrepreneurial development ➔ Motivational and transformational sessions ➔ Exposure visits
Advisory and Enabling Services for Microenterprise Development (Type B)	Free support services offering guidance, information, and facilitation to help rural entrepreneurs sustain and grow their businesses.	<ul style="list-style-type: none"> ➔ Business follow-up and counselling ➔ Business information services ➔ Facilitation of business registration and livestock insurance ➔ Referral to external training programs ➔ Post-training follow-up support
Incubation of Scalable Community-Based Enterprise Models (Type C)	Special projects that promote local entrepreneurship by launching innovative ventures utilizing new products, technologies, and local resources to create multiple employment opportunities.	<ul style="list-style-type: none"> ➔ Launching community-based projects ➔ Promoting innovation and local resource utilization ➔ Generating 10+ business/employment opportunities ➔ Supporting market-driven, scalable models
Market Access and Value Chain Integration (Type D)	Services that connect rural producers with improved markets, strengthen supply chains, and boost business income through trade fairs and digital platforms such as ekade.lk.	<ul style="list-style-type: none"> ➔ Strengthening producer-market linkages ➔ Participation in trade shows ➔ Mini village-level trade fairs ➔ Online product promotion via ekade.lk
Sustainable Enterprise Transition and Environmental Risk Management (Type E)	Support for environmentally friendly business transitions through the provision of appropriate technologies, safety equipment, and environmental risk awareness to build climate-resilient enterprises.	<ul style="list-style-type: none"> ➔ Installation of biogas units and wastewater treatment systems ➔ Provision of tools for organic fertilizer production ➔ Industrial safety equipment support ➔ Environmental and hazard awareness programs

INTELLECTUAL CAPITAL

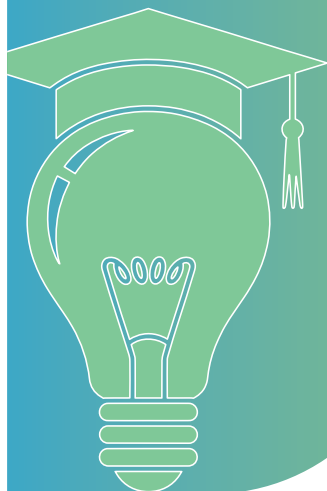


Intellectual capital forms the backbone of BMIC’s operations, enabling us to deliver unique microfinance services in Sri Lanka while ensuring financial access to underserved and underprivileged communities. It includes our distinctive business model, expert knowledge base, socially driven organizational culture, customer loyalty, brand value, and digital infrastructure. These elements collectively strengthen BMIC’s ability to provide impactful services, build stakeholder trust, and ensure long-term sustainability.



Management Approach

We continue to enhance our intellectual capital by adopting globally recognized best practices and investing in our people, brand, operational processes, and digital capabilities strategies that keep BMIC ahead of the competition.



A. UNIQUE BUSINESS MODEL



Berendina Micro Investments Company Limited (BMIC) was founded on ethical business practices aimed at empowering communities and alleviating poverty. Since its inception as part of the Berendina Movement in Sri Lanka, the organization has maintained a strong connection with individuals living below the poverty line. Guided by a “do no harm” policy, BMIC is committed to delivering inclusive and responsible financial services to sustainably uplift its stakeholders.

A unique feature of BMIC’s model is its profit-sharing approach: profits generated through microfinance operations are redirected to its sister organization, Berendina Development Services (Gte) Ltd a registered NGO. This enables continued support for marginalized individuals who are unable to access microloans, allowing them to invest in sustainable livelihoods. This dual-impact model fosters both microfinance growth and charitable development, reinforcing BMIC’s vision of creating an empowered, equitable society where poverty does not exist.

BMIC remains the only Central Bank of Sri Lanka (CBSL)-regulated financial institution with this distinctive, dual-purpose philosophy.

B. EXPERT KNOWLEDGE BASE



BMIC places high value on developing and maintaining expert knowledge in socially driven microfinance practices, spanning microcredit and savings, enterprise development, human resources, and financial management.

With a workforce of 444 employees including many with over a decade of experience BMIC continuously invests in staff development to cultivate in-house specialists and ensure a robust knowledge foundation.

Key achievements in 2024:

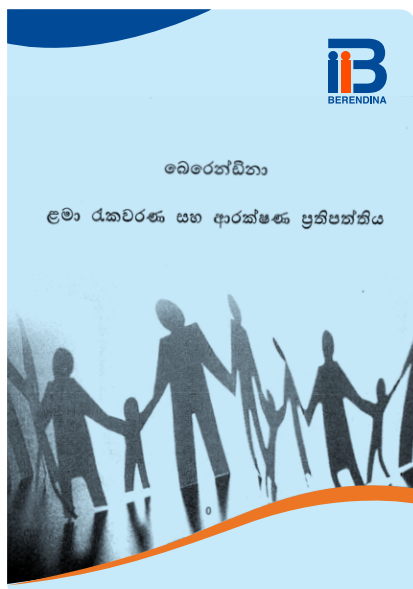
- ➔ 51 training programs conducted for 1,453 staff, totaling 16,074 training hours, with an average of 11 hours per staff member
- ➔ LKR 14.7 Mn invested in training and development
- ➔ 200 internal trainers delivered 1,406 programs to 28,415 clients, focusing on financial literacy and business development

BMIC professionals also contribute to sector leadership through national platforms such as the Lanka Microfinance Practitioners’ Association (LMFPA) and Start and Improve Your Business (SIYB), cementing the organization’s role as a thought leader in inclusive finance in Sri Lanka.

To ensure knowledge retention and institutional continuity, expert insights are systematically documented through internal materials such as:

Key Manuals and Policies

- | | |
|---------------------------------|---|
| ➔ Operations Manual | ➔ Child Safeguarding & Protection Policy |
| ➔ Finance Manual | ➔ Anti-Harassment and Anti-Sexual Harassment Policy |
| ➔ Procurement Policy | ➔ Relatives Employment Policy |
| ➔ IT Policy | ➔ End-User Computing Policy |
| ➔ Social & Environmental Policy | ➔ Policy on Use of Company Mobile Devices and Connections |
| ➔ Client Protection Policy | |
| ➔ Gender Policy | |



C. SOCIALLY ORIENTED ORGANIZATIONAL CULTURE



At Berendina, our organizational culture is firmly rooted in social responsibility, inclusivity, and community empowerment. As a development-focused microfinance institution, BMIC goes beyond financial service provision to act as a catalyst for sustainable social transformation in Sri Lanka.

Our culture prioritizes people over profits, with all strategies and operations aligned with our vision of eradicating poverty and promoting economic justice for underserved communities.

This socially driven ethos is reflected across all areas of our operations:

- ➔ Ethical lending practices
- ➔ Enterprise development support for micro-entrepreneurs
- ➔ Community-based project implementation
- ➔ Engaged stakeholder partnerships

We extend our impact beyond transactional microfinance by integrating development services such as:

- ➔ Entrepreneurship training
- ➔ Financial literacy programs
- ➔ Business development support

These initiatives are especially focused on women and youth in rural areas, promoting inclusive economic participation.

Our Code of Conduct and Ethical Framework reinforce this social orientation by mandating behaviors rooted in compassion, respect, and integrity. Staff are expected to prioritize the best interests of clients, while upholding the dignity and rights of vulnerable populations.

INTELLECTUAL CAPITAL

We have also implemented policies that ensure a safe and inclusive environment:

- ➔ Child Protection Policy
- ➔ Gender Equality Policy
- ➔ Anti-Harassment and Anti-Sexual Harassment Policies

BMIC's decentralized operational model empowers local branches to make context-specific decisions, allowing services to be tailored to ground realities and cultural sensitivities. Our organizational responsiveness is further strengthened through:

- ➔ A structured client complaint mechanism
- ➔ An internal whistleblower system

These systems promote trust, transparency, and accountability both internally and externally.

The strength of BMIC's socially oriented culture is evident in the strong, lasting relationships we build with our clients and the measurable, long-term impact we create in the communities we serve. By embedding social values into our governance, day-to-day operations, and staff behavior, BMIC remains a mission-driven organization that balances financial sustainability with ethical, inclusive, and transformative development.



D. CUSTOMER LOYALTY



Since its inception, BMIC has operated as a socially and mission-oriented microfinance institution, committed not just to individual clients but to the well-being of their entire families. This unique approach has cultivated deep, long-lasting relationships with our customers, growing stronger with time.

Our client-centric model plays a key role in this loyalty. It includes:

- ➔ Low-interest loan products
- ➔ Attractive returns on collateral savings
- ➔ Dedicated enterprise development services a distinguishing feature not commonly offered by other MFIs
- ➔ Transparent dealings and enhanced customer service standards
- ➔ Moreover, our value-added services strengthen this bond:
 - ➔ Bright Student Scholarships for clients' children
 - ➔ Berendina Suwasahana (health and well-being support)
 - ➔ Disaster and crisis response initiatives during times of urgent need

These offerings reflect our commitment to being more than just a financial provider we are a true partner in our clients' journey toward economic empowerment.

Key Highlights:

Total loan customers

92,803

Loan repayment rate

97.5%

Cluster meeting attendance

75%

Customer retention rate

85%

These figures demonstrate the trust and satisfaction clients place in BMIC, reinforcing our reputation as a people-first financial institution that delivers lasting impact.



E. BERENDINA BRAND



The Berendina journey began in 1982, when Madam Berendina Boss initiated operations in Sri Lanka. Over the years, the Berendina initiative has evolved in alignment with the country's legal and regulatory frameworks, giving rise to a transformative force in the development sector. Emerging from the Berendina Movement, Berendina Micro Investments Company (BMIC) has grown into a mission-driven microfinance institution dedicated to changing lives.

Built on trust, inclusivity, and service, BMIC has become a trusted partner to marginalized communities, delivering not just financial solutions, but comprehensive development programs. Our “credit-plus” model goes beyond microloans, offering a suite of value-added services, including:

- ➔ Healthcare support
- ➔ Educational initiatives
- ➔ Environmental conservation
- ➔ Disaster relief

These interventions reflect our commitment to sustainable, community-centered development.

Guided by the Triple Bottom Line People, Planet, Prosperity we uphold a careful balance between social impact and financial sustainability. While our early years emphasized service over visibility, today our growing brand presence reinforces our message of empowerment and hope embodied in our anthem:

“**Berendina will come everywhere, and Berendina will empower everyone.**”

Every step we take is a reaffirmation of our pledge to ethical finance, inclusive growth, and transformative community empowerment, because real progress begins by uplifting those most in need.

Why Berendina Stands Out:

- ➔ Deep roots in community development
- ➔ Unique credit-plus approach addressing diverse client needs
- ➔ Unwavering focus on the most vulnerable populations
- ➔ Sustainable business model backed by measurable social impact
- ➔ Authentic brand built on trust, transparency, and tangible results



Brand Development & Strategic Investments

As BMIC continues to expand, we are investing strategically in brand visibility and institutional image-building. As of 2024, 19 of our 35 branches showcase the distinctive Berendina branding, with the remaining branches slated for upgrades within the coming months. Our logo and visual identity are prominently displayed, reinforcing brand recall and public trust.

One of the defining features of our branch design is the inclusion of dedicated training facilities a strategic and cost-intensive choice that reflects our unwavering commitment to client education and capacity building.

Our brand reputation is further reinforced through:

- ➔ Consistent, high-quality service that keeps “Berendina” top-of-mind
- ➔ Innovative operational models, particularly cluster-based service delivery
- ➔ Strong physical presence that builds trust within local communities
- ➔ Ongoing investment in branding, enhancing professional credibility

In 2024 alone, BMIC invested LKR 8.2 Million in branch development and brand enhancement. This comprehensive branding strategy supports our transformation from a service provider into a nationally recognized leader in inclusive microfinance, while remaining deeply rooted in the community connection that defines the Berendina legacy.



INTELLECTUAL CAPITAL

F. DIGITAL INFRASTRUCTURE



BMIC's intellectual capital is strongly reflected in its commitment to digital transformation and innovation, which continues to drive efficiency, inclusivity, and long-term sustainability across the organization. In 2024, we made significant progress in this area through strategic technology adoption and process modernization, enhancing both internal operations and client-facing services.

Our Enterprise Resource Planning (ERP) system remains the backbone of BMIC's operational architecture, enabling integrated, data-driven decision-making. This is complemented by the use of mobile applications for field officers and real-time SMS alerts, which extend operational agility to the field level.

The organization-wide rollout of Microsoft 365 has transformed our collaboration culture, improving communication, document management, and cross-departmental workflow efficiency. Enhanced branch connectivity through high-speed fiber optic links and leased-line solutions has further strengthened system reliability and digital service delivery.

We also advanced field operations through the Google AppSheet-based Enterprise Development Service (EDS) application, which now enables real-time reporting, streamlined approvals, and layered dashboard access for improved field-level service monitoring.

Looking ahead, BMIC is laying the foundation for future digital innovations, including:

- ➔ Human Resource Information System (HRIS) implementation
- ➔ ERP system upgrades
- ➔ A dedicated payment application to simplify and digitize client transactions

These initiatives, supported by a robust suite of licensed software and cloud-based platforms, demonstrate our commitment to adapting to change, fostering innovation, and creating lasting value.

Key Highlights – 2024

- ➔ **ERP Expansion** – Mobile application extended to 19 branches, enabling real-time transaction updates
- ➔ **Microsoft 365 Rollout** – Pilot implementation for 52 users completed; full deployment scheduled for 2025
- ➔ **Connectivity Upgrade** – All 34 branches now equipped with high-speed fiber; leased-line installed at one branch
- ➔ **EDS Mobile App** – Enhanced with real-time features, dashboards, and secure access control layers
- ➔ **Future Readiness** – Groundwork initiated for HRIS system, ERP upgrades, and client payment application

Licensed Software in Use:

- | | |
|------------------------------------|-------------------------------------|
| ➔ ERP Solution | ➔ OneDrive |
| ➔ Payroll System | ➔ Zoom |
| ➔ Digital Field Mobile Application | ➔ Google One |
| ➔ Microsoft Office | ➔ Windows Operating System Licenses |
| ➔ Microsoft 365 Exchange | ➔ Kaspersky Endpoint Security |
| ➔ Microsoft Teams | ➔ Azure DevOps |
| ➔ SharePoint | |

G. BUSINESS CONTINUITY PLAN



BMIC has established a robust Business Continuity Plan (BCP) to ensure the uninterrupted delivery of services while safeguarding the wellbeing of both clients and employees. Our comprehensive framework integrates regulatory compliance, field-based adaptability, and technological resilience, reflecting our commitment to operational stability under all circumstances.

We strictly comply with CBSL guidelines, and remain agile by adjusting loan sizes and interest rates based on field realities. Essential services are maintained through our cluster-based operational model and strengthened grievance redressal mechanisms, with particular emphasis on protecting vulnerable client groups.

For our staff, we provide ongoing professional development, performance-based incentives, and access to a secure whistleblower mechanism, ensuring a resilient and motivated workforce.

From a technological standpoint, our resilience is supported by:

- ➔ Mobile-enabled field services
- ➔ Google AppSheet-powered applications
- ➔ Real-time data backup systems

These systems have consistently demonstrated their reliability even during national crises. During recent disruptions, BMIC successfully ensured 100% salary continuity and achieved over 90% service uptime, highlighting our strong preparedness and unwavering client support.

Key Strengths:

- ➔ Adaptive financial products tailored to evolving field conditions
- ➔ Continuous service delivery through resilient cluster operations
- ➔ Mobile-enabled infrastructure supporting field functionality
- ➔ Strong employee support through training, incentives, and protection channels
- ➔ Proven performance and service continuity during national emergencies



H. INNOVATION AT BMIC: PIONEERING MICROFINANCE SOLUTIONS

At BMIC, innovation is embedded in our operational DNA driven by grassroots insights, client needs, and a commitment to inclusive development. We have consistently introduced groundbreaking solutions in both microcredit delivery and Enterprise Development Services (EDS), many of which have been replicated across borders for their scalability and effectiveness.

Key Innovations:

1. EDS Coupon System

Integrated within loan products, this system enables clients to access professional training at a subsidized cost. The model's success has led to its adoption by several MFIs in Nepal.

2. Viyapara Jaya (Business Victory Training)

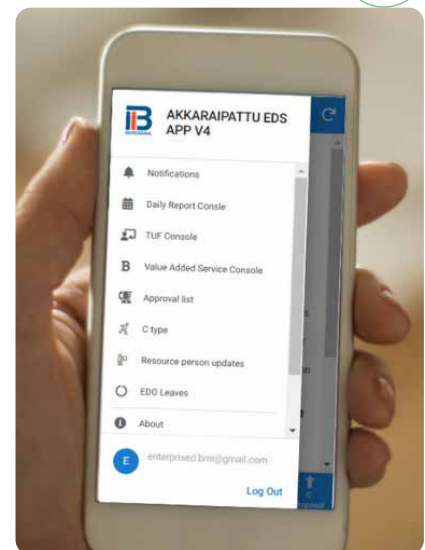
Our flagship entrepreneurial development program equips clients with essential business skills. Its cross-border success is evident in its adoption by RDRS in Bangladesh.

3. Low-Code Mobile Solutions

BMIC pioneered the use of Google AppSheet to create cost-effective, no-code applications that enhance field efficiency and streamline daily operations across branches.

Our Innovation Approach

- ➔ **Client-Centric Design** – Solutions developed in response to real, on-the-ground needs
- ➔ **Scalable Models** – Innovations designed to be replicated and shared
- ➔ **Technological Accessibility** – Affordable digital tools that maximize impact
- ➔ **Knowledge Export** – Sharing successful models with regional and global peers



Our innovations not only strengthen operational efficiency but also position BMIC as both a practitioner and a thought leader in the microfinance sector.

Key Highlights – 2024

- ➔ 90% of clients utilized EDS training through the coupon system
- ➔ 70 internal staff members trained as Viyapara Jaya facilitators
- ➔ 85 employees across 35 branches adopted AppSheet for improved process efficiency

The Journey to Establish a Coastal Tourism Business: The Story of D. Wadhani



At 38 years old, D. Wadhani, an entrepreneur from BMIC's Trincomalee branch, has transformed her life from modest beginnings into a thriving coastal tourism enterprise. Her story exemplifies the transformative power of microfinance combined with dedication, continuous learning, and community spirit.

Wadhani lives with her husband, D. Daniel, a fisherman earning approximately LKR. 60,000 per month, and their three children. Over the years, she received multiple business loans from Berendina Micro Investment Company (BMIC): LKR. 75,000 in 2016, LKR. 150,000 in 2017, LKR. 200,000 in 2020, LKR. 250,000 in 2022, and LKR. 500,000 in 2024 under the Enterprise Development Loan. Each loan enabled strategic growth and diversification.

Her progress has been strengthened through active participation in BMIC's Entrepreneurial Development Services (EDS). She took part in an Exposure Visit (2018), Success in Money Management (SIM) training (2019), dried fish production training (2022), and mango cultivation training (2024). These programs provided her with critical knowledge in market trends, business planning, and sustainable practices.

Starting with small-scale fisheries-related income activities, Wadhani expanded her ventures with BMIC's continued financial support. She established and registered her guest house, "Janas Blue Water Corner" (Reg. No. 04180), which now serves as a hub for diverse coastal tourism services.

Today, her enterprise offers coral and whale watching tours, beach activities, and rentals of diving equipment and sunbathing huts. Owning two boats and operating two fully furnished guest cabins, she provides visitors with warm, authentic hospitality.

Her business now generates an impressive monthly revenue of LKR. 800,000, with a net profit of LKR. 300,000. This success has enabled Wadhani to renovate her guest house and enhance her family's quality of life, supporting her children's education and health needs.

"With BMIC's support and training, I transformed a small fishing-related income into a thriving coastal tourism business. Every loan and skill I gained helped me grow 'Janas Blue Water Corner' into a place that not only supports my family but also uplifts my community. I'm proud to show that with dedication and opportunity, women in coastal areas can build sustainable livelihoods."

Wadhani's journey stands as an inspiring example for women in coastal communities, illustrating how ambition, backed by access to finance and training, can foster sustainable livelihoods and community upliftment. With BMIC's steadfast support, she has turned her vision into reality, reinforcing the organization's mission to empower individuals through financial inclusion and capacity building.



HUMAN CAPITAL



Human capital remains the cornerstone of Berendina Micro Investments Company Limited (BMIC), driving our resilience and sustained impact. The commitment, expertise, and shared values of our employees are instrumental in advancing our mission: to provide quality, responsible, and innovative microfinance and enterprise development services to underserved communities at the lowest possible cost while promoting financial sustainability and long-term prosperity.

In 2024, we continued to invest in the professional growth and wellbeing of our staff through a range of initiatives. These included enhanced capacity-building programs, leadership development workshops, and structured employee recognition schemes, all aimed at aligning individual growth with organizational objectives. Our talent management framework was further strengthened to attract, retain, and develop a high-performing, purpose-driven workforce.

BMIC fosters an inclusive, transparent, and innovation-oriented culture, empowering employees at all levels to contribute meaningfully to our social mission. We remain committed to cultivating a motivated and values-driven team, while also raising public awareness of the positive impact of microfinance on society.



Contribution to SDGs



COMPLIANCE WITH LABOUR REGULATIONS

As a responsible and ethical organization, BMIC is fully committed to upholding all applicable labour laws and regulations in Sri Lanka. We ensure strict compliance with statutory obligations, including the timely disbursement of employee salaries and mandatory contributions to the Employees' Provident Fund (EPF), Employees' Trust Fund (ETF), gratuity payments, and Advance Personal Income Tax (APIT).

Our HR policies are firmly grounded in the principles of fairness, equality, and accountability, reflecting our dedication to maintaining a safe, inclusive, and legally compliant work environment for all employees. We remain committed to adopting best practices in labour standards as part of our broader commitment to responsible governance.

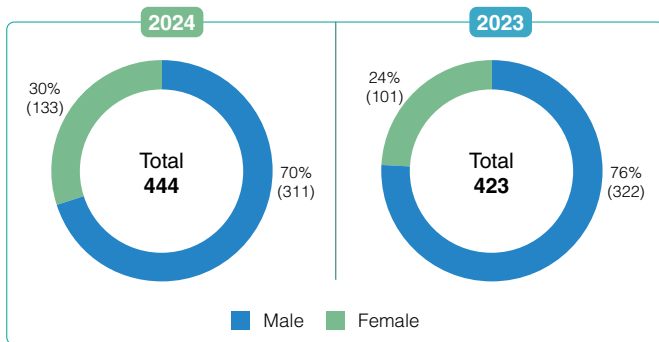
HUMAN CAPITAL

WORKFORCE COMPOSITION / OVERVIEW OF OUR TEAM

At BMIC, our team is our most valuable asset, playing a pivotal role in advancing our mission to uplift underserved communities across Sri Lanka. We are proud to maintain a diverse and inclusive workforce that reflects our strong commitment to gender equity, intergenerational collaboration, and a wide spectrum of professional experience.

As of the end of 2024, BMIC employed a total of 444 staff members across the country, supporting our continued growth and outreach. This strong and stable team structure ensures continuity, long-term commitment, and alignment with our organizational values and service objectives.

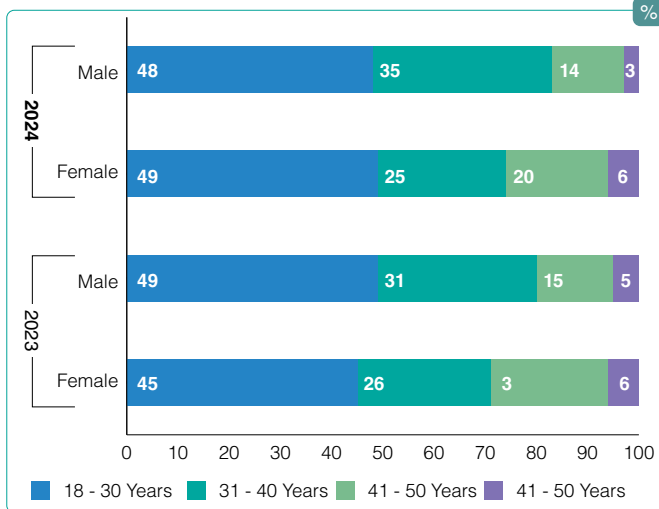
Employees by Gender



Employee by Employment Level

	2023		2024	
	Male (%)	Female (%)	Male (%)	Female (%)
Senior Management	2%	1%	2%	0%
Middle Management	20%	6%	19%	4%
Executive	76%	60%	77%	72%
Minor staff	2%	33%	2%	24%
Total	100%	100%	100%	100%

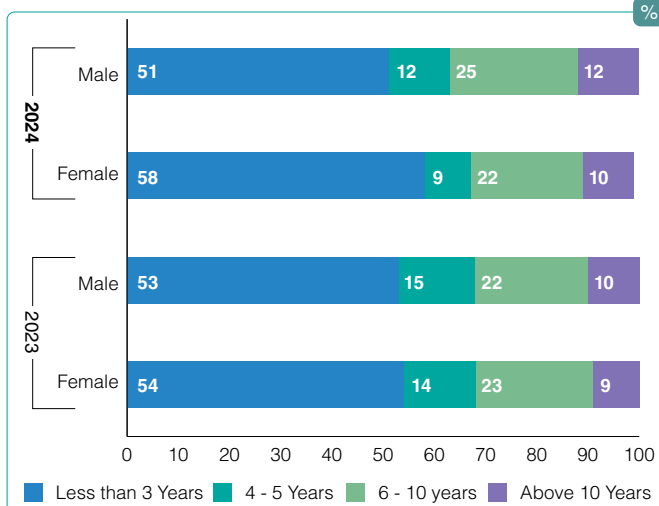
Employees by Age Category



Employees by Region

Region	2023		2024	
	Male (%)	Female (%)	Male (%)	Female (%)
Head Office	62%	38%	59%	41%
Anuradhapura	69%	31%	76%	24%
Badulla	73%	27%	73%	27%
Batticaloa	64%	36%	69%	31%
Kegalle	68%	32%	72%	28%
Kurunegala	50%	50%	74%	26%
North	70%	30%	70%	30%
Nuwara Eliya	75%	25%	73%	27%
Trinco	70%	70%	67%	33%
Total	76%	24%	70%	30%

Employee by Service Period

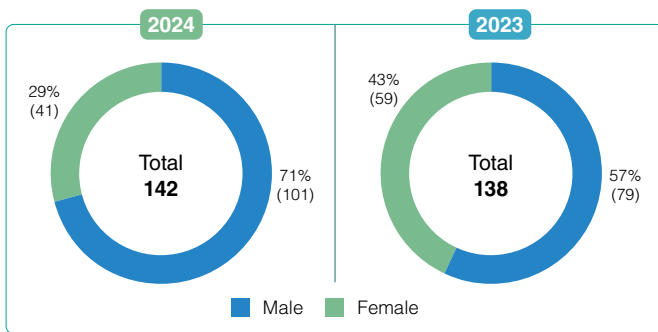


EMPLOYEE ONBOARDING

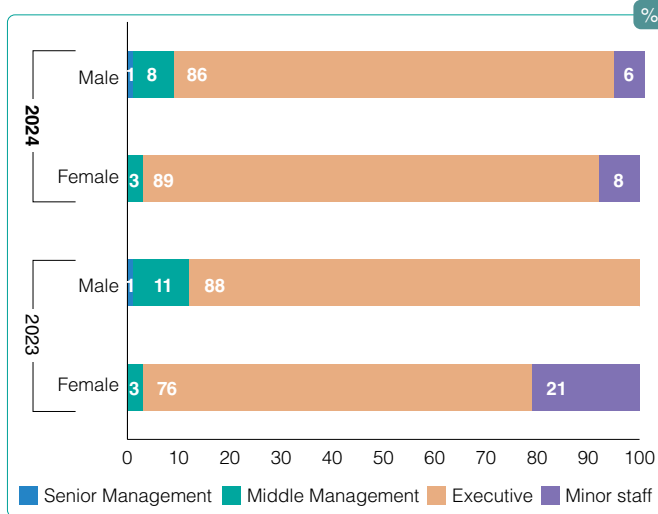
In 2024, BMIC continued to strengthen its human capital by recruiting new talent to support our expanding operations and evolving service delivery needs. Recruitment efforts were strategically aligned with our talent requirements, focusing on attracting individuals who reflect our values and organizational goals.

A total of 142 new employees were hired during the year. Each underwent a structured induction program and was integrated into BMIC's learning and development framework to ensure smooth assimilation into our organizational culture. The recruitment process was grounded in principles of merit-based selection, transparency, and equal opportunity.

New hires by Gender



New hires by Staff Category



New hires by region

Region	2023		2024	
	Male (%)	Female (%)	Male (%)	Female (%)
Head Office	37%	63%	84%	16%
Anuradhapura	53%	47%	73%	27%
Badulla	69%	31%	75%	25%
Batticaloa	43%	57%	75%	25%
Kegalle	75%	25%	72%	28%
Kurunegala	54%	46%	74%	26%
North	75%	25%	54%	46%
Nuwara Eliya	64%	36%	74%	26%
Trinco	60%	40%	71%	29%
Total	57%	43%	73%	27%

FAIR PAY AND OTHER BENEFITS

At BMIC, we are deeply committed to upholding the principles of fairness, transparency, and equity in all aspects of our remuneration practices. We recognize that a just and competitive compensation framework is fundamental to cultivating employee motivation, trust, and long-term engagement.

To maintain equitable and competitive pay, BMIC conducts regular reviews of compensation trends within both the microfinance sector and broader industry benchmarks. These evaluations enable us to align our salary structures with market realities while factoring in the rising cost of living, internal and external pay equity, and organizational performance. This strategic approach is a key component of our talent management strategy, ensuring we attract, retain, and empower skilled professionals.

EMPLOYEE BENEFITS OVERVIEW

BMIC offers a comprehensive and thoughtfully designed benefits package that supports both the professional and personal well-being of our staff:

1. Monetary Rewards

- Fixed special allowances
- Performance-based incentives for field staff
- Reimbursement of motorcycle travel expenses (including a portion of home-to-office travel)
- Field subsistence and fixed staff expense allowances (boarding, phone, etc.)

2. Statutory Contributions

- Contributions to the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF)
- Gratuity payments in line with legal requirements
- BMIC contributes 15% to EPF, with employees contributing 10%

3. Service Recognition

- 10-year Service Appreciation Award, including a cash gift for long-serving employees

4. Leave-Related Benefits

- Option to encash unused casual leave at year-end

5. Cost-of-Living Support

- Cost-of-Living Allowance for staff with over one year of service, calculated based on the National Consumer Price Index (NCPI)

HUMAN CAPITAL

6. Operational Gear for Field Staff

- Provision of helmets, raincoats, boots, and bags for motorcycle riders engaged in field operations

7. Insurance Coverage

- Life and critical illness insurance
- Personal accident cover
- Workmen's Compensation Insurance
- Comprehensive health insurance (OPD and hospitalization) for employees and their immediate family
- Motor vehicle and motorcycle insurance for all field staff

8. Special Payments

- Additional payment for field staff working on weekends and public holidays

9. Employee Loan Schemes

Access to:

- Personal loans
- Distress loans
- Motorcycle loans (for field staff)
- Motor vehicle loans (for Area Managers)
- Festival loans

10. Educational Assistance

- Staff Education Scholarship Program: Financial assistance covering 75% to 100% of course fees (up to postgraduate level) for eligible employees pursuing professional qualifications
- Bright Student Scholarship Scheme: Financial rewards for children of BMIC staff who excel in Grade 5 Scholarship, O/L, and A/L examinations

11. Additional Benefits

- Marriage allowance of LKR 20,000
- Funeral allowance of LKR 20,000 in the event of the passing of an employee's close family member

BMIC's holistic approach to compensation and benefits reflects our enduring commitment to employee well-being, development, and long-term satisfaction.

TRAINING AND DEVELOPMENT

At BMIC, we believe that continuous learning and professional development are critical to cultivating a capable, confident, and future-ready workforce. Our investment in training is closely aligned with our mission to deliver high-impact financial and non-financial services to underserved communities across Sri Lanka.

In 2024, BMIC conducted 51 training programs, reaching 1,453 employees participants and totaling 16,074 training hours averaging 11 hours of training per staff member. These programs covered a wide range of areas including technical skills, leadership development, compliance, and customer service.

BMIC invested a total of LKR 14.7 Mn in training and development in 2024, reflecting our ongoing commitment to staff growth and organizational excellence.

Types of Training Provided in 2024

Training Type	No of Training Programs
Soft Skill Development Programs	17
Technical Training required for operation	21
TOT Programs	13
Total	51

EMPLOYEE TURNOVER

In 2024, BMIC maintained employee turnover within manageable levels, with the majority of departures attributed to external migration and personal career transitions. To address this, the organization strengthened its employee engagement strategies by offering enhanced capacity-building opportunities, competitive compensation, and structured recognition programs aimed at improving job satisfaction and employee retention.

BMIC recorded an employee turnover rate of 17.23% in 2024, reflecting a decrease from 19.94% in 2023. This reduction indicates the early positive impact of our ongoing initiatives to improve employee engagement, enhance workplace satisfaction, and refine our compensation approach.

Employee turnover by Gender

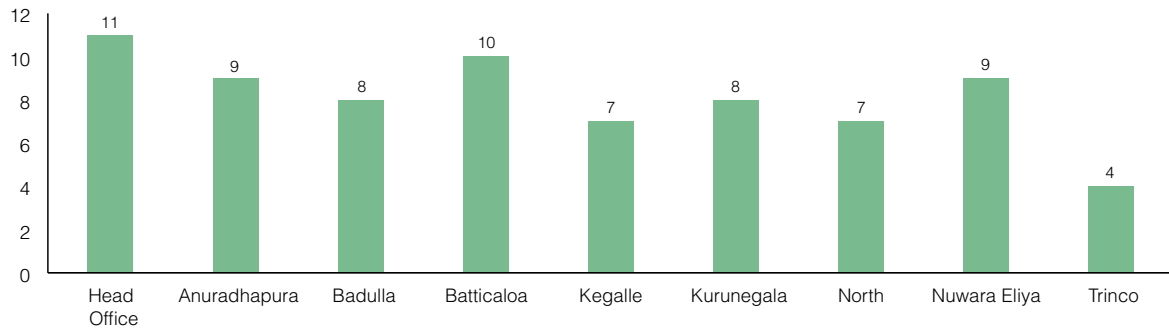
Gender	2023		2024	
	Total	%	Total	%
Male	45	62%	40	55%
Female	28	38%	33	45%
Total	73	100%	73	100%

Employee Turnover by Management Level

	2023	2024
Senior Mgt	1%	1%
Middle Mgt	11%	12%
Executives	81%	75%
Minor Staff	7%	12%
Total	100%	100%

Employee turnover by region

Resignations - Region Wise 2024



MOTIVATION AND RETENTION STRATEGY

At BMIC, employee motivation forms the cornerstone of our talent retention and engagement strategy. In 2024, we placed strong emphasis on recognizing and celebrating excellence across all levels of the organization.

High-performing employees were rewarded through structured, performance-based incentives including bonuses, annual salary increments, and non-monetary recognition such as awards and certificates. As a major milestone, BMIC introduced overseas exposure visits for outstanding performers under the annual appraisal cycle. In 2024, a selected group comprising branch managers, field officers, and operations staff participated in a knowledge-sharing and exposure visit to India.

These efforts underscore BMIC's commitment to fostering a positive, empowering work environment where talent is recognized, performance is celebrated, and every employee is supported in their professional growth.

Key employee motivation and engagement initiatives implemented in 2024 included:

Overseas Exposure Visit

A selected group of high achievers, including branch managers, field officers, and operations staff, visited India for a knowledge-sharing and exposure tour.



HUMAN CAPITAL

Annual Profit Sharing (April 2024)

Profit distribution among all eligible employees in recognition of their contributions to organizational success.

International Women's Day Celebration

Honored and empowered the women in our workforce through commemorative activities.



Annual Staff Trip

Organized for both branch and head office teams to promote team bonding and relaxation.



TikTok Video Competition

Encouraged creativity, collaboration, and cross-functional engagement among staff.



Head Office Engagement Events

Regular social gatherings, such as the popular Paan Party, promoted interdepartmental interaction and morale.



Quarterly Best Performer Recognition

A formal recognition program highlighting top performers in categories such as Island-wide Best Field Officer (FO), Regional Best FO, and Best Enterprise Development Officer (EDO).

Regional Sports Events

Cricket matches and sports meets conducted at regional level to foster wellness and team spirit.



Year-End Celebrations

Held separately for Head Office and regional teams to mark achievements and build a strong sense of community.



Ice Cream Dansala for Poson Poya

A charitable and cultural event organized to mark Poson Poya with the wider community.



HUMAN CAPITAL

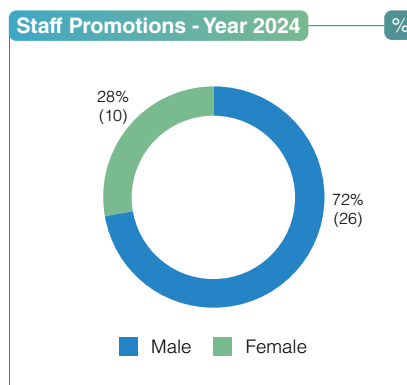
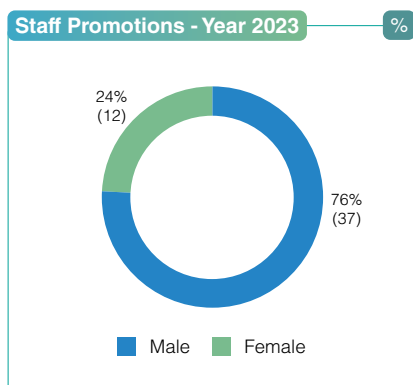
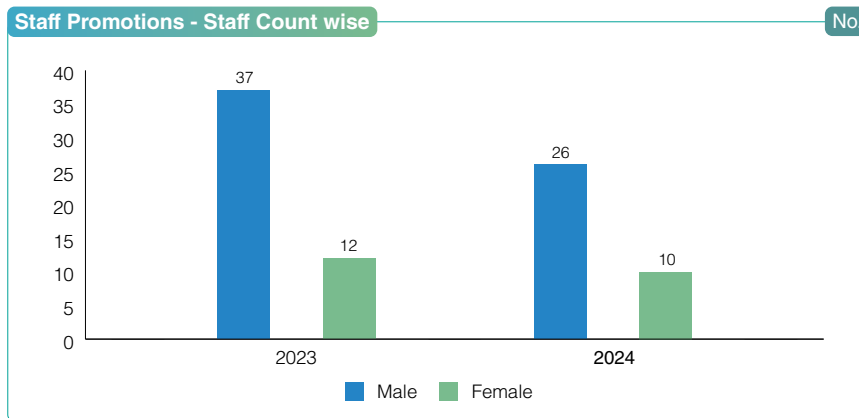
PERFORMANCE MANAGEMENT PROCESS

The performance management process at BMIC plays a vital role in fostering a results-oriented, accountable, and motivated workforce. Our appraisal system is designed to be fair, transparent, and aligned with BMIC's strategic objectives.

Employees who demonstrate outstanding performance and meet established criteria are eligible for annual salary increments and promotions. These rewards not only acknowledge individual contributions but also facilitate career progression within the organization.

In 2024, several high-performing team members were promoted to key leadership and operational roles across various branches, strengthening BMIC's internal talent pipeline and reinforcing our commitment to nurturing homegrown leadership.

	Staff count		Percentage	
	Male	Female	Male	Female
Year 2023	37	12	76%	24%
Year 2024	26	10	72%	28%



GRIEVANCE HANDLING PROCESS

At BMIC, we are committed to cultivating a respectful, transparent, and inclusive work environment where all employees feel heard, valued, and supported. A structured grievance handling process ensures that concerns raised by staff are addressed promptly, fairly, and confidentially.

To further promote ethical conduct and organizational accountability, BMIC has implemented a Whistleblower Policy, which allows employees to report unethical behavior, unfair treatment, or violations of the Code of Conduct without fear of retaliation. All reports submitted under this policy are handled with the utmost confidentiality.

In addition, under our Gender Policy and Anti-Harassment & Anti-Sexual Harassment Policy, BMIC has established dedicated grievance committees. These committees are empowered to receive complaints, conduct impartial inquiries, and recommend corrective actions as needed.

Our grievance mechanisms aim not only to resolve conflicts but also to foster a culture of trust, openness, and continuous improvement.

Thanks to the adoption of enhanced HR best practices and the effective implementation of a structured grievance redressal system, BMIC recorded a notable decrease in the number of employee grievances in 2024 compared to 2023.

	2023	2024
No of Resolved Grievances	31	13

HEALTH AND SAFETY AT BMIC

At BMIC, our health and safety measures focus on managing risks that may arise during day-to-day operations, especially during field visits and branch activities. These measures include implementing general workplace safety protocols, maintaining clean and organized office environments, and ensuring access to first aid and emergency contact information at all locations. Additionally, BMIC provides comprehensive life and health insurance coverage for all employees, offering protection and peace of mind in the event of medical emergencies or accidents.

The total investment in staff insurance costs is as follows:

Type of Insurance	2023 (LKR)	2024 (LKR)
Medical Insurance	16,120,960.69	20,911,589.16
Life Insurance	882,035.94	952,965.92
Personal Accident Insurance	629,463.37	672,590.66
Workmen compensation	66,419.92	314,334.95
Vehicle Insurance	2,025,978.92	1,319,991.00

While our risk exposure remains minimal, employee wellbeing is a top priority. We continue to foster a culture of care, responsibility, and safety throughout the organization.

Some of the key health and safety initiatives include:

- ➔ Travel arrangements for female employees working after office hours
- ➔ Doorstep transport for all employees working past 8 p.m.
- ➔ Health insurance coverage for employees, including life and critical illness cover, accident cover, and medical insurance for both employees and their immediate family members
- ➔ Provision of helmets, jackets, and boots for staff who ride motorcycles for field operations
- ➔ Maintenance of a motorcycle maintenance fund for staff involved in field operations

In addition to these health and safety measures, Berendina has a dedicated Child Protection Policy aimed at protecting children from intentional and unintentional harm or abuse. This policy applies to Berendina as an institution and to all its collaborators, including partners. Berendina incorporates relevant safeguarding terms and conditions into partner agreements to ensure the protection of children in the communities where it operates.

Moreover, BMIC has established an Anti-Harassment and Anti-Sexual Harassment Policy to promote a workplace free from harassment, where all employees and directors are treated with respect, dignity, and fairness.

Way Forward in HR Strategies

Development of a New HR Policy Manual

A key milestone in 2024 was the initiation of a comprehensive new Human Resource (HR) Policy Manual marking a significant step in strengthening BMIC's organizational governance and HR management framework. This initiative was launched in partnership with the USAID Palladium Project, with strategic guidance from an industry expert and active collaboration across internal teams.

The HR Policy Manual will include 24 core policies, covering the full spectrum of HR functions. While expert input will guide the structure and technical aspects, the content related to internal processes and procedures will be developed entirely in-house to reflect the unique operational realities and values of BMIC. This initiative not only enhances organizational professionalism but also underscores BMIC's commitment to strong governance, transparency, and employee-centric practices.

Initiation of a Human Resource Information System (HRIS)

In 2024, Berendina's management began the process of sourcing and implementing a Human Resource Information System (HRIS) to improve operational efficiency and support the organization's broader digital transformation strategy. This strategic initiative aims to streamline HR processes, ensure data accuracy, improve employee experience, and facilitate data-driven decision-making across the organization.

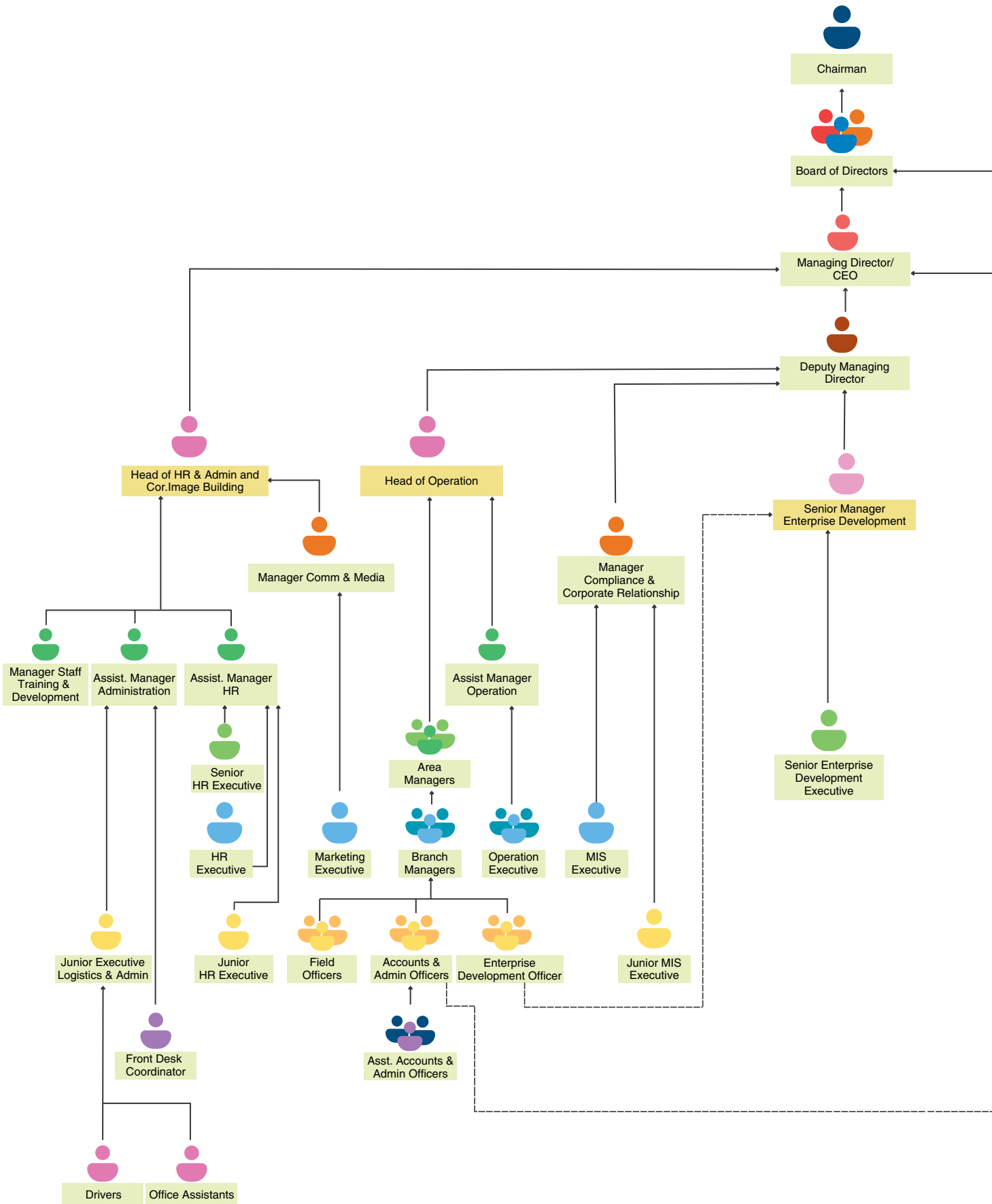
The HRIS will serve as a centralized platform for managing core HR functions and aligns with Berendina's ongoing commitment to innovation, efficiency, and continuous improvement.

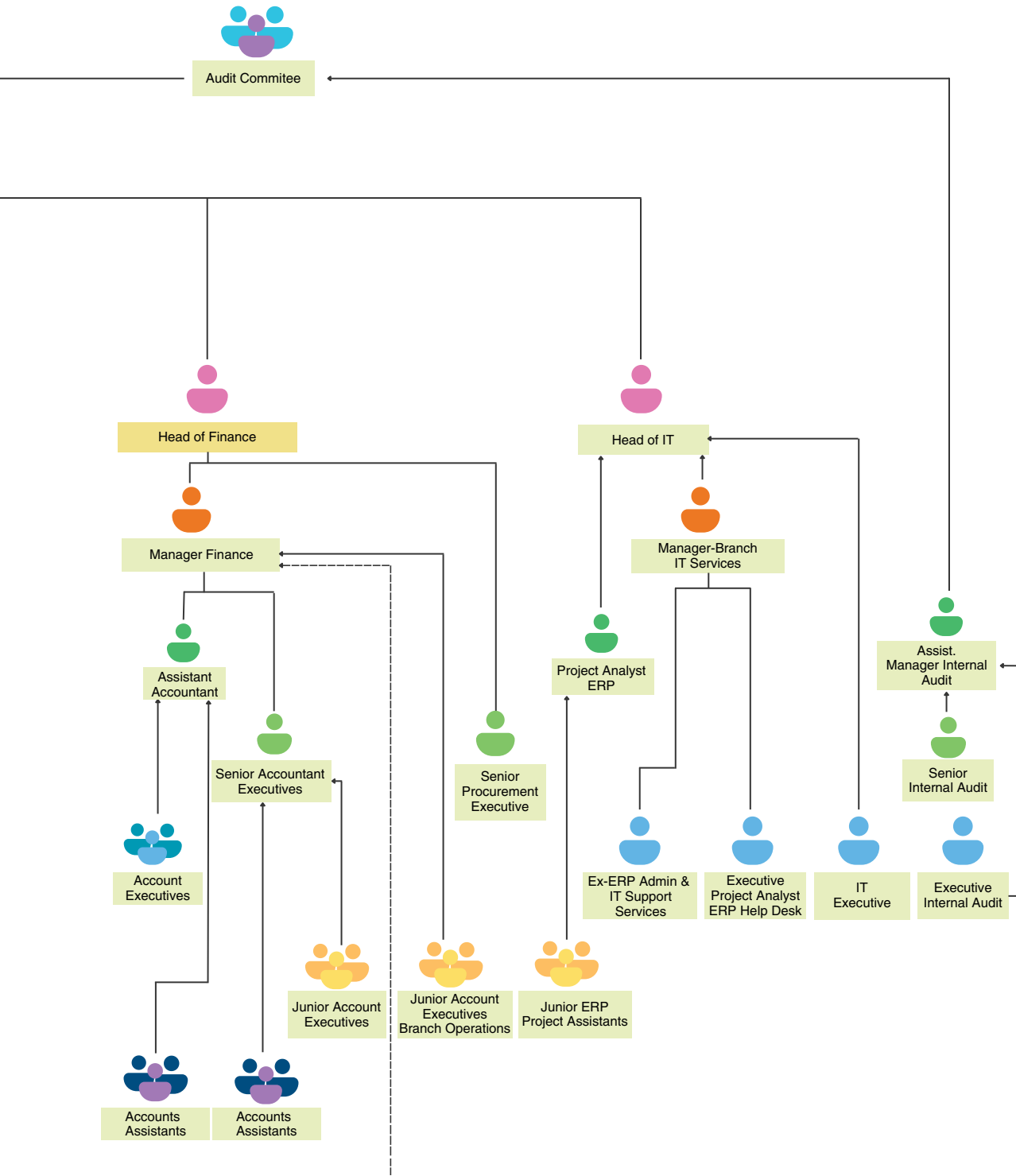
Initiate the Payroll Outsourcing Process

BMIC initiated the process of outsourcing payroll management as part of its broader effort to enhance operational efficiency, ensuring confidentiality and strengthen internal controls. This strategic move aims to streamline payroll processing, ensure statutory compliance and reduce administrative workload associated with manual calculations.

HUMAN CAPITAL

ORGANISATIONAL STRUCTURE





SOCIAL AND RELATIONSHIP CAPITAL



BMIC's social and relationship capital is built on enduring partnerships and mutually beneficial networks, fostered through consistent engagement with a wide range of stakeholders. These relationships are central to our value creation process and long-term sustainability goals.

Number of CSR Projects
148

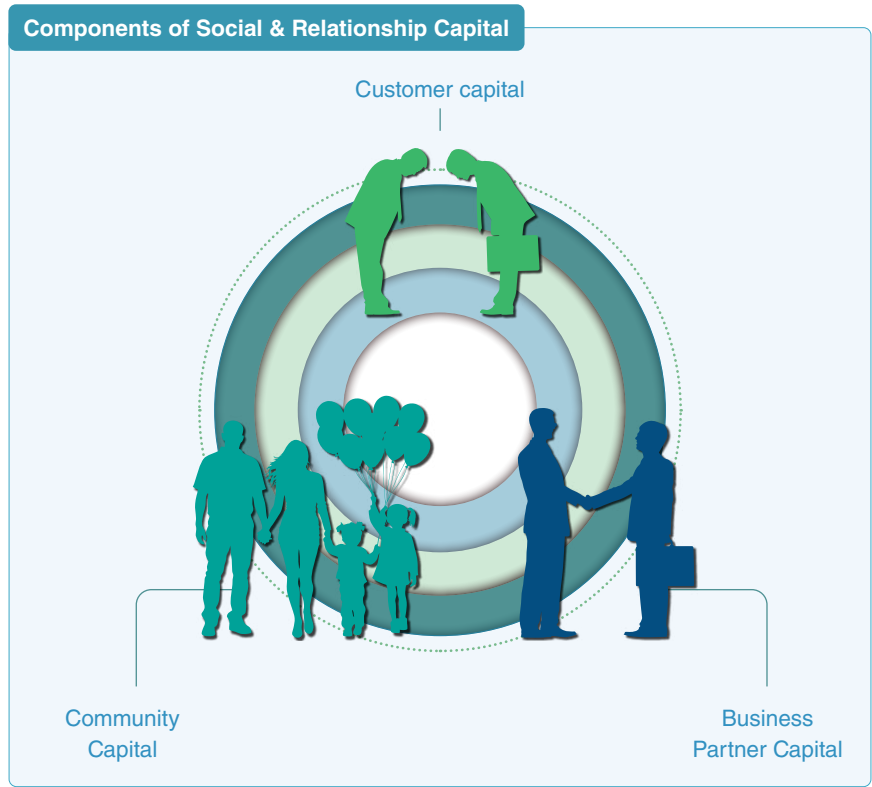
Investment in Community Development
LKR 31 Mn

Staff Voluntary Hours
612

Tax Paid to the Government
LKR 387.66 Mn



Components of Social & Relationship Capital



Contribution to SDGs



Management Approach

BMIC is committed to building and nurturing strong relationships with customers, business partners, communities, and regulatory bodies. This approach ensures the long-term sustainability of the stakeholders we serve, by actively addressing their specific needs and concerns.

Our strategy focuses on strengthening existing partnerships to enhance accountability, support sustainable growth, and reinforce our Social and Relationship Capital, which is essential to our mission and values.

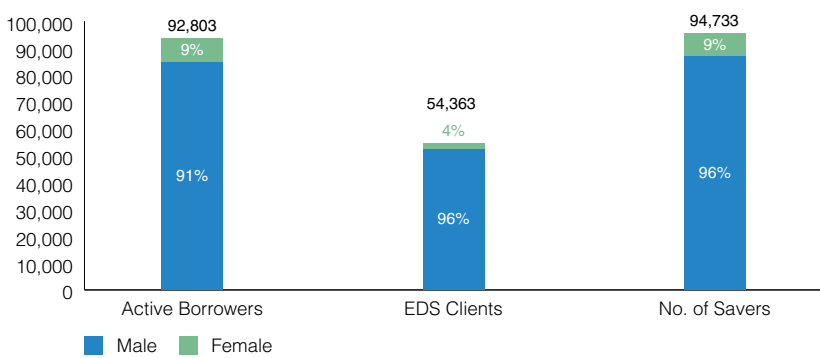
A. Customer Capital

Our commitment to customers is reflected in our value proposition, enhancing customer experience and fostering trust. We promote inclusive microfinance services across the nation. Our customers mainly consist with loan clients, saving clients and clients who obtain Enterprise Development Services.

During the year, BMIC served a total of 92,803 loan customers, out of which 27,288 were new customers. We have served 94,733 customers with collateral saving product and 54,363 received Enterprise development Services through 2,576 training programs. Leveraging customer touchpoints across the nation, we served our clientele in rural and estate plantation areas through well-trained Microfinance Officers and Enterprise Development Officers when other microfinance players are hesitant to operate in remote and rural areas.



No. of customers of each Product - 2024



1. Customer-Centric Products

We continue to design and enhance products that respond to the evolving needs of our clients, with a strong focus on fostering lasting customer relationships. Currently, BMIC offers three main product categories: microloans, collateral savings, and Enterprise Development Services (EDS).

Our loan products are offered at some of the lowest interest rates in the market, reflecting our commitment to understanding and supporting our clients' financial realities.

During the year, we piloted new loan products and enhanced existing ones by extending loan sizes and tenures and easing certain restrictions to increase accessibility and flexibility. Furthermore, we expanded our EDS offerings by introducing new training programs, including Mehendi Work, to support skill development and income generation.

Customer Relationship Management



SOCIAL AND RELATIONSHIP CAPITAL

2. Customer Support

In line with our unique “Credit Plus” approach, we provided Enterprise Development Services (EDS) to clients requiring additional support to launch new ventures or grow existing businesses. These services encompassed business counselling, follow-ups, assistance with business registration, access to business information, facilitation of livestock insurance, and the creation of market linkages for both inputs and outputs as well as support in addressing environmental concerns related to their enterprises.

In 2024, a total of 9,633 customers benefitted from these services, as detailed below:

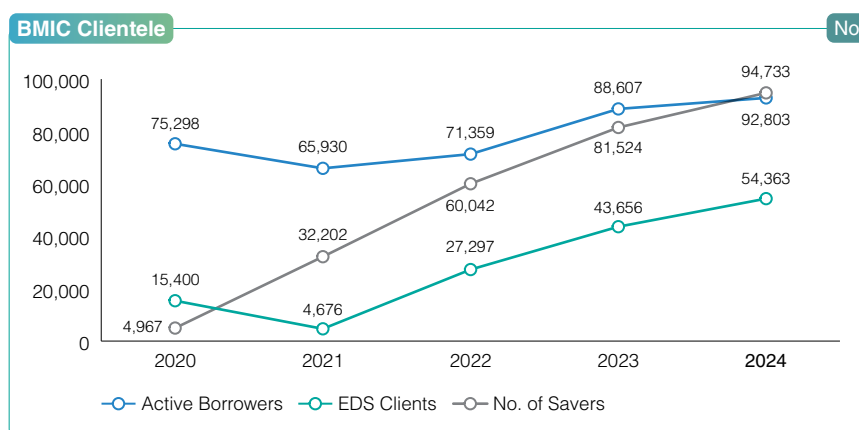
Type of Customer Support	No. of Clients (2024)
Business Follow-up and Counseling	3,157
Provision of Business Information	1,205
Facilitation of Business Registration	382
Livestock Insurance	2
Clients Referred to External Training Programs	120
EDS Training Follow up	3,751
Creation of Market Linkages & follow-ups	754
C Type project supports	54
Other services	208
Total	9,633

3. Extensive Reach Through Branch Network

Our strategically established branch network in 35 poverty-intensive locations across Sri Lanka has allowed us to expand our outreach to underserved rural communities and estate sectors. These branches are distributed across eight key regions: Anuradhapura, Nuwara Eliya, Kegalle, Batticaloa, Trincomalee, Kurunegala, Badulla, and the Northern Region.

This network ensures that customers can access microfinance services conveniently and close to their homes, reducing travel time and improving service accessibility.

As illustrated in the graph below, despite the economic challenges experienced in recent years, BMIC successfully served a substantial number of clients in 2024 through its 35 branches demonstrating the effectiveness and resilience of our outreach strategy.



The decline in the customer base between 2019 and 2021, as shown in the graph above, was a result of the Easter Sunday attacks in 2019 and the COVID-19 pandemic in 2020 and 2021. As a mission-driven microfinance institution (MFI), BMIC prioritizes serving clients based on poverty levels rather than focusing solely on expanding client numbers.

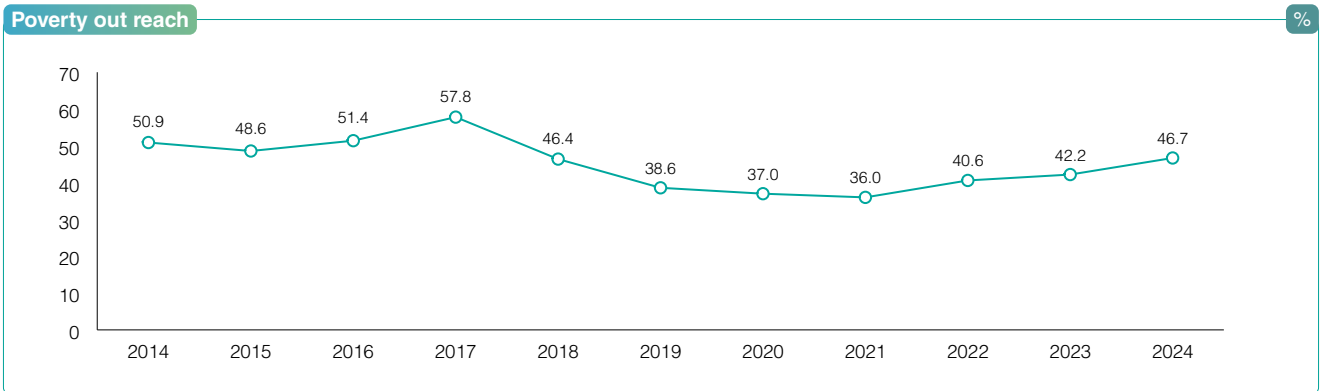
BMIC poverty outreach and impact

Committed to building a fair and inclusive society free from poverty, BMIC supports clients in improving their financial and social well-being through microcredit, collateral savings, and a blended “Credit-Plus” approach. We closely monitor our clients’ progress in overcoming poverty to assess the impact of our services.

To measure client poverty levels reliably, BMIC uses the internationally recognized Poverty Probability Index (PPI). The PPI offers insights into the proportion of clients at various poverty thresholds within BMIC’s portfolio. By analyzing PPI data by loan cycle, we can better understand how poverty levels evolve with continued engagement in BMIC’s services.

In the 2024 financial year, PPI data was collected from 54,193 clients out of a total of 56,618 who received loans from BMIC. A total of 2,425 client records were excluded during the data cleansing process. The final dataset, covering all 35 branches, was analyzed using Provelt an Excel-based tool designed for this purpose allowing for a precise assessment of our clients’ poverty status.

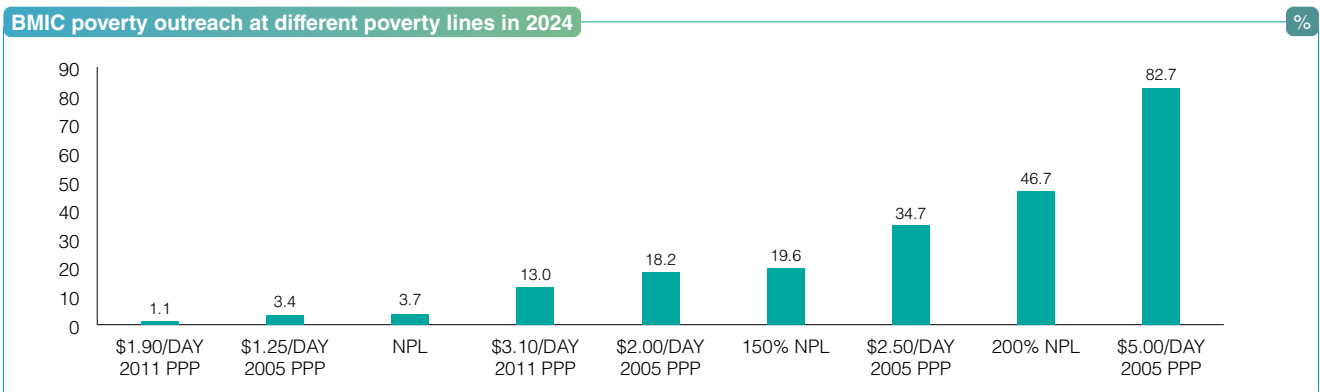
Trends in poverty outreach among BMIC clients below 200% of the National Poverty Line (NPL) from 2014 to 2024.



The poverty rate refers to the proportion of clients living below a specified poverty line. As illustrated above, our analysis tracks the percentage of clients below 200% of the National Poverty Line (NPL) from 2014 to 2024. At BMIC, we consider the 200% poverty threshold a more meaningful indicator for microfinance institutions, as services in this sector tend to be more effective for individuals moderately below the poverty line, rather than those in extreme poverty who may benefit more from safety net-based subsidies.

Based on this measure, BMIC's client poverty rate below 200% of the NPL declined significantly from 57.8% in 2017 to 36% by 2021. However, this trend reversed in 2022, with poverty levels among clients beginning to rise. By 2024, the poverty outreach reached 46.7%, reflecting a 4.5% increase compared to 2023 and a 6.1% increase from 2022. This rise can be attributed to worsening national poverty conditions driven by high inflation during the 2022 economic crisis, as well as the onboarding of 27,288 new clients in 2024, many of whom were from higher-poverty segments.

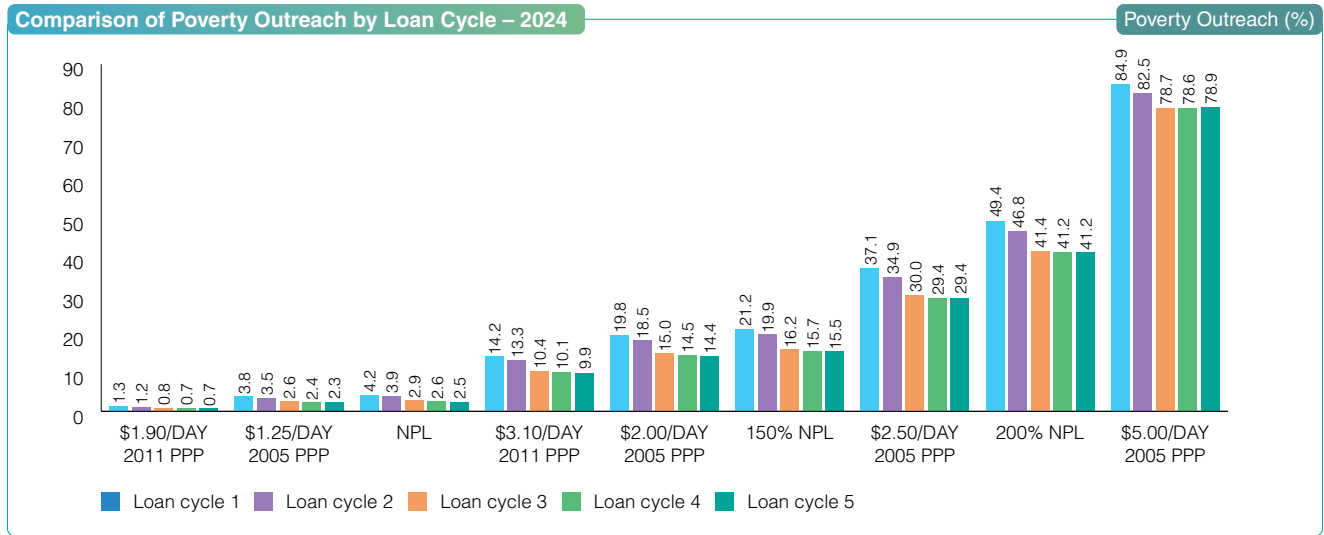
Poverty Outreach of BMIC Clients by Poverty Line – 2024



The above graph illustrates the percentage of BMIC clients falling below various poverty thresholds. Specifically, 3.7% of clients are below the National Poverty Line (NPL), 34.7% fall below the international poverty line of US \$2.50 per day (2005 PPP), 46.7% are below 200% of the NPL, and 82.7% are below the international poverty line of US \$5.00 per day (2005 PPP).

SOCIAL AND RELATIONSHIP CAPITAL

Comparison of Poverty Outreach by Loan Cycle – 2024



As illustrated in the graph above, it is evident that the percentage of clients in their first loan cycle is higher than those in the second loan cycle, who in turn are significantly higher than clients in loan cycles 3, 4, and 5 these latter cycles showing relatively similar percentages throughout 2024. The positive shifts in poverty reduction among BMIC clients during the first three loan cycles reflect not only the impact of BMIC’s own interventions but also the combined effects of broader development efforts. These include contributions from public and private sector initiatives as well as other national poverty reduction programs.

The progressive decline in poverty outreach across loan cycles highlights the effect of client graduation.

Amid the lingering effects of the severe economic crisis in 2022 and 2023, many households faced increased economic pressure, leading to a partial reversal of poverty reduction trends. Despite these challenges, BMIC clients demonstrated notable resilience, supported by targeted services, training programs, and various client-focused initiatives.

4. Consistent Communication

Consistent communication is essential for maintaining strong customer relationships. To keep our stakeholders informed about our products, services, and special events, we utilize a variety of communication tools, including leaflets, posters, banners, newspapers, as well as digital media such as social media platforms and television. Our corporate website, Facebook page, YouTube channel, Twitter, and digital newsletters also serve as key channels for ongoing communication.

In addition, BMIC emphasizes face-to-face interactions with customers in the field, creating opportunities for one-on-one exchanges of information. The strategic placement of our branch offices within Divisional Secretariat divisions and field offices in Grama Niladhari divisions facilitates direct connections with a targeted number of families. This setup ensures professional and timely service delivery, coordinated primarily by the Field Officer in collaboration with the Branch Manager and Area Manager.

Furthermore, information is regularly shared through Cluster Meetings, covering updates on loan and saving products, EDS training programs, and other services.

Some of the key highlights of our Customer Engagement and Communication efforts include:

Programme	Number
Village Awareness Programs	580
Monthly Cluster Meetings	58,078
EDS Training Programs	2,576
Video Documentaries Shown to Clients on Loan Disbursements	287
Cluster Leader Conferences Organized in Branches (as needed)	1

5. Customer Benefits

We offer a range of benefits to motivate and support our customers. A key initiative is the Suwasahana Benefit Scheme, which provides financial assistance to BMIC clients in the event of a funeral in the family or hospitalization of the client, spouse, or a child up to one year old.

BMIC also provides a total loan outstanding set-off facility against the Loan Risk Fund (LRF) in cases of the death of the client or spouse, or in the event of severe illness or disability of the client.

An educational scholarship of LKR 4,500 per quarter is granted to bright students from BMIC client families for up to two years, until they sit for the GCE Advanced Level examination.

Additionally, BMIC offers a grace period for loan repayment to clients facing accidents, long-term illness, or natural disasters.

Programme	Number of Beneficiaries	Amount (LKR)
Suwasahana Hospitalization Cash Grants	3,682	9.14 Mn
Suwasahana Funeral Cash Grants	1,645	11.61 Mn
Loan Set-Off Facility Against Loan Risk Fund (LRF)	557	41 Mn
Educational Scholarships for Clients' Children	810	9.9 Mn
Grace Period for Loan Repayment (maximum 6 months)	16	-

6. Customer Convenience

We offer a range of services at the village level to help clients manage their business with ease. These services include initial client registration, awareness-raising activities, loan assessments, signing and acceptance of loan documents, loan recovery, collection of savings, release of savings balances, delivery of Suwasahana cash benefits, and EDS services.

Our EDS coupon system enhances customer convenience by allowing clients to pay for EDS training according to their needs. Additionally, clients can use unused coupons to set off their final loan installments.

To further improve convenience, we have introduced real-time SMS notifications confirming loan repayments made to field officers. We believe customers will welcome this digital initiative, as it reduces the need to maintain paper receipts in the future.

Ensuring customer convenience through:

- ➔ Service at village level and doorstep delivery
- ➔ EDS coupon system
- ➔ Easy deposit facilities

7. Customer Feedback

We believe that customer feedback is essential for understanding satisfaction levels and continuously improving our products and services to meet evolving client needs. We actively seek feedback, suggestions, and even criticisms to better align our offerings with customer expectations.

Customer feedback is gathered through the following channels:

- ➔ Meetings and discussions held at the field level or during cluster meetings
- ➔ Written or telephone communication with the Branch Manager
- ➔ Direct contact via the Customer Hotline
- ➔ Cluster Leader Conferences
- ➔ Impact assessments and evaluation studies



SOCIAL AND RELATIONSHIP CAPITAL

8. Complaint Mechanism

BMIC has established a formal complaint handling system at the Head Office to address client complaints and grievances, thereby strengthening the relationship between the organization and its clients. This mechanism, directly linked to corporate management, allows clients to express their concerns either directly to the management or through a dedicated telephone hotline.

All complaints received are reviewed by senior management, and appropriate, timely actions are taken to resolve the issues. Additionally, a monthly report is submitted to the Managing Director and Deputy Managing Director outlining the concerns raised and the steps taken to address them.

During the year, BMIC received 79 complaints, all of which were resolved within a short period.

Client Complaint Statistics

Category	No. of Complain Received	No. of Complain Resolved
Loan	46	46
Saving	12	12
EDS	0	0
General	21	21
Total	79	79

9. Safeguarding Customer Privacy

We are firmly committed to protecting the privacy of our customers and do not disclose any customer information to third parties unless required by law. To uphold this commitment, all staff members have signed the Berendina Code of Conduct, which includes a pledge to maintain strict confidentiality regarding customer information. Additionally, non-disclosure clauses are included in all staff appointment letters to reinforce this obligation.

B. Business Partner Capital

BMIC promotes long-term relationships with its business partners, fostering sustainable and mutually beneficial collaborations that support business growth.

We follow a centralized supply chain management approach, with the Procurement and Administration Departments overseeing all procurement activities. These departments ensure that all processes align with the company's business plan and adhere to our procurement policy, guaranteeing transparency, accountability, and fair treatment for all suppliers.



Network of Business Partners

BMIC collaborates with a wide range of business partners across multiple sectors to ensure smooth operations and efficient service delivery. Our network includes:

Assets and material suppliers	Financial service providers	IT partners	Outsourced services	Other services
<ul style="list-style-type: none"> ➔ Vehicles ➔ Furniture ➔ Office equipment ➔ Stationery 	<ul style="list-style-type: none"> ➔ Banks ➔ Other Funding institutions 	<ul style="list-style-type: none"> ➔ IT hardware suppliers ➔ Network service providers ➔ Software services providers (SAAS) 	<ul style="list-style-type: none"> ➔ Security ➔ Water ➔ Sanitary facilities ➔ Courier 	<ul style="list-style-type: none"> ➔ Utility services ➔ Media ➔ Consultancy ➔ Premises providers



Grants & Technical Partners

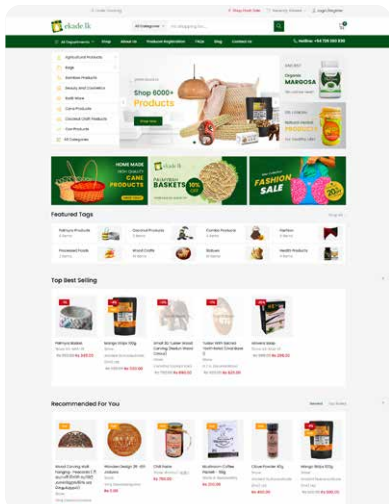
BMIC maintains strong and continuous relationships with partners who provide grants and technical assistance to support both the institutional strengthening of BMIC and the capacity development of our client base. We engage in regular communication with these partners and provide reports based on their requirements monthly, quarterly, biannually, and annually as part of our commitment to transparency and accountability.

1. Whole Planet Foundation (WPF)

BMIC has partnered with WPF since 2016. This partnership has strengthened BMIC through dedicated funding for the establishment of new branches, including those in Kaluwanchikudy and Welimada. The grant provided by WPF has contributed to increasing BMIC's equity and profitability. In addition to financial support, WPF has also offered valuable technical advice to enhance BMIC's operations.

2. USAID / Palladium – CATALYZE Sri Lanka Private Sector Development Project (PSD)

BMIC has been in partnership with PSD since 2022. This collaboration has supported the revamping of the EKADE. LK e-commerce platform using updated technologies to better connect rural producers with buyers. The partnership also aids in developing internal policies necessary for accessing international funding and contributes to staff capacity building in those areas.



Memberships and Affiliations

Over the past decade, BMIC has obtained memberships in several key national and international microfinance associations. These affiliations have strengthened our network, enhanced knowledge sharing, and improved the organization's visibility within the sector. Our current memberships include:

- ➔ **Lanka Microfinance Practitioners' Association (LMFPA):** The coordinating body for microfinance activities in Sri Lanka.
- ➔ **Start and Improve Your Business Association (SIYB):** Supports the introduction of enterprise training modules and the development of trainers within the industry.
- ➔ **Sri Lanka Evaluation Association (SLEvA):** Promotes evaluation standards and practices in development initiatives.
- ➔ **Smart Campaign Endorser:** Demonstrates BMIC's commitment to client protection and responsible microfinance practices.

Managing Regulatory Relationships

As a licensed microfinance company under the Microfinance Act No. 6 of 2016, BMIC fully complies with the rules and regulations set forth by the Central Bank of Sri Lanka. In addition, we adhere to all applicable laws, directives, and guidelines issued by other regulatory bodies, including the Registrar of Companies, Department of Inland Revenue, and the Department of Labour.

As a member of the Lanka Microfinance Practitioners' Association (LMFPA), we also comply with the Code of Conduct established by the association. We maintain regular communication with all relevant regulatory authorities and provide reports as required on a monthly, quarterly, biannual, and annual basis.

C. Community Capital

BMIC is deeply committed to fostering positive change in the communities we serve, with a strong emphasis on promoting financial inclusion. Our efforts focus on three critical areas: expanding access to education, implementing community well-being projects, and responding to crises and disasters through targeted CSR initiatives.



- ➔ Access to Education
- ➔ Response to the crisis and disaster
- ➔ Community well being projects



SOCIAL AND RELATIONSHIP CAPITAL

Access to Education

The Berendina Bright Student Scholarship (BSS) Program

BMIC continues to make a significant impact in the field of education through its flagship initiative the Berendina Bright Student Scholarship (BSS) Program. This program is designed to empower academically talented but economically disadvantaged students from BMIC client families by supporting their educational journey.

In 2024, BMIC enrolled 432 new students into the BSS Program, committing to support them for two years until they sit for their G.C.E. Advanced Level (A/L) examination. Each student receives a quarterly scholarship of LKR 4,500. During the year, a total of 810 students benefited from the program, with BMIC investing LKR 9.9 Mn in this vital educational initiative. This support not only eases the financial burden on low-income families but also ensures that students with potential have the opportunity and resources to thrive academically.

Key Outcome:

A recent survey among BSS beneficiaries revealed highly encouraging results. In 2023, BMIC approved scholarships for 378 students under the same two-year support period leading to their G.C.E. A/L examination in 2024. The performance and progress of these students validated the impact of our intervention, reinforcing the value and justification of the investment made in their education.

District Rank	District	Number of Students
2nd Place	Batticaloa	2
4th Place	Kilinochchi	1
4th Place	Mullaitivu	1

University entrance

25 students

Two inspiring success stories from the Aryampathy Branch **transformative power of the Berendina Bright Student Scholarship (BSS) Program.**



Mrs. Rajany Kandasamy, a dedicated BMIC client since 2018, began her journey with a loan of LKR. 50,000 and has now progressed to her fourth loan cycle, receiving LKR. 200,000. Her son, Inthirakumar Thivaskar, a Biosystems Technology student at BT/Central College in Batticaloa, achieved an impressive district rank of 2 and an island rank of 115. Despite the loss of his father, Thivaskar's determination, supported by his mother's grocery business funded through BMIC, exemplifies the resilience and success that the BSS Program strives to nurture.



Similarly, Mrs. Sivalingam Sanmukashanthi, who joined BMIC in October 2022, is now in her third loan cycle and has received LKR. 150,000 for paddy cultivation. Her son, Kirupairasa Prasanth, an Engineering Technology student at BT/Hindu College in Batticaloa, earned a district rank of 2 and an island rank of 91. Coming from a modest farming family of five, Prasanth's achievement powerfully illustrates how education and financial support can open doors and help break intergenerational cycles of poverty.

Through continued support and investment in education, BMIC remains steadfast in its commitment to breaking the cycle of poverty and creating lasting, positive change in the lives of Sri Lanka's youth. These stories are just two examples among many that highlight BMIC's vital role in promoting inclusive growth and educational equity.

The BSS Program continues to serve as a bridge to higher education and economic empowerment, enabling families to invest in their children's futures. Through initiatives like BSS, Berendina reinforces its mission to drive sustainable development and create lasting social impact in Sri Lanka's most underserved communities.

Response to Crises and Disaster

Supporting 3,495 Flood-Affected Families

In November and December 2024, Sri Lanka experienced one of the most devastating flood disasters in recent history, caused by intense and prolonged monsoon rains. Over 475,000 people across 24 districts were severely affected, with Batticaloa, Ampara, Trincomalee, Jaffna, Mullaitivu, Kilinochchi, Nuwara Eliya, and Badulla among the hardest-hit areas. The floods caused widespread destruction of farmland, homes, and infrastructure, displacing thousands of families.

Key Impacts:

- Extensive damage to housing, roads, schools, and healthcare facilities
- Severe disruption to agriculture, threatening food security and farmers' incomes
- Increased health and sanitation risks due to stagnant water, overcrowded shelters, and limited access to safe drinking water

- Disproportionate impact on low-income families, many requiring immediate relief and long-term recovery support

In response, BMIC promptly mobilized its network of cluster leaders and field officers to collect reliable ground-level data and identify the families most in need. As a result, 3,495 BMIC client families directly affected by the disaster were identified.

To assist these families, Berendina provided a cash grant of LKR. 5,000 to each household displaced and who had spent at least one night in temporary shelters or with relatives. A total of LKR 17.4 Mn was disbursed under this emergency assistance initiative, demonstrating our strong commitment to our vision and mission.

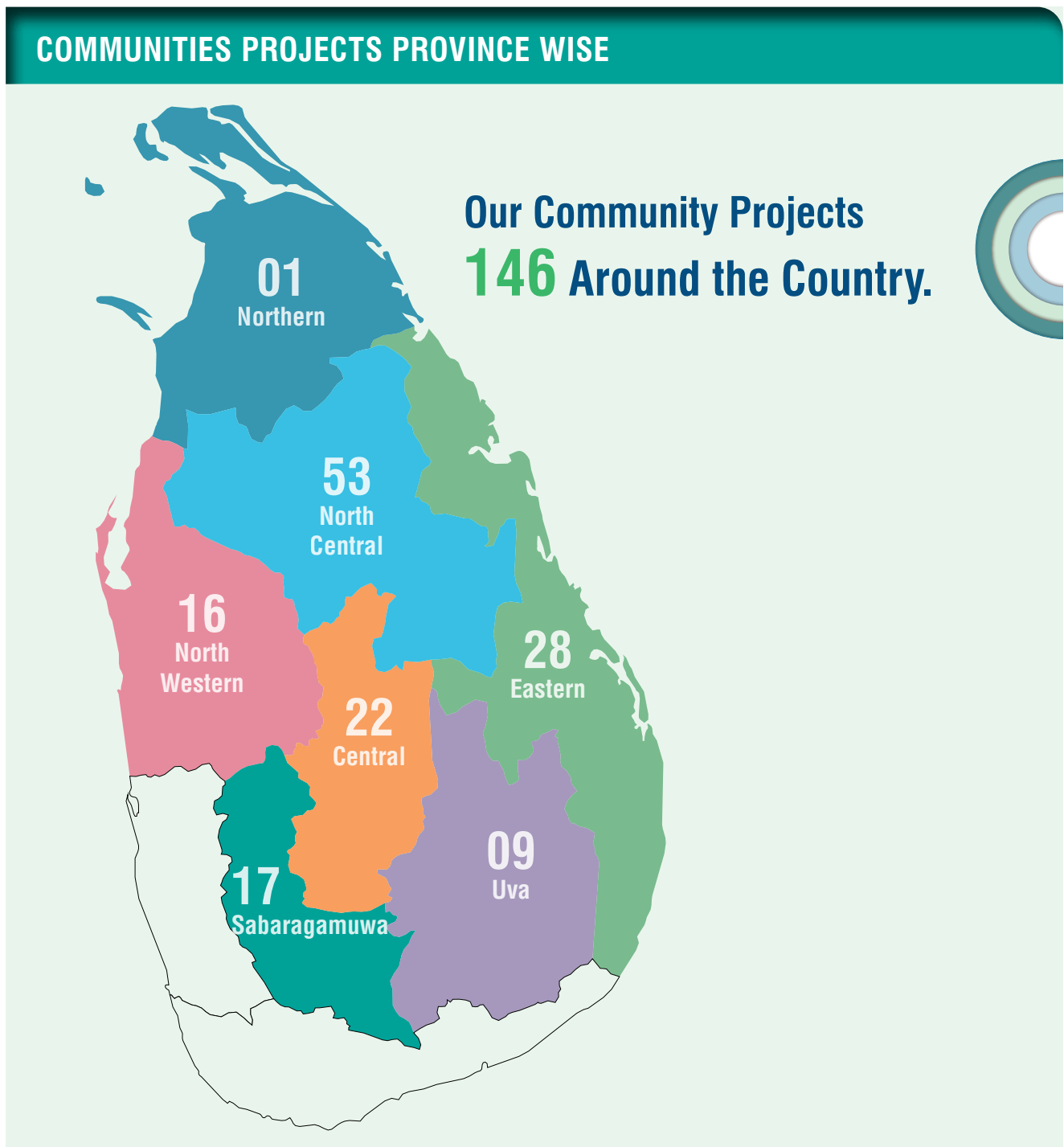


SOCIAL AND RELATIONSHIP CAPITAL

Community Well-Being Project

BMIC demonstrates a strong commitment to social responsibility by allocating a dedicated budget to each branch, empowering staff to implement social development activities within their respective communities. These initiatives are diverse and designed to address key community needs across sectors such as education, health, religious activities, community welfare and development, as well as cultural events and infrastructure projects.

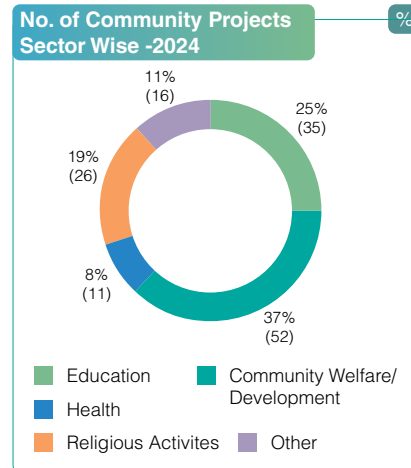
In 2024, BMIC invested LKR 3.6 Mn in these social development efforts, reflecting a tangible commitment to the well-being and advancement of the communities we serve. This multifaceted approach highlights BMIC's recognition that social impact extends beyond traditional microfinance, acknowledging the interconnectedness of various social factors in promoting sustainable development.



Community Projects by Key Sector

Community projects carried out in 2024 can be categorized under the following key sectors:

- ➔ **Education:** Includes seminars for students, educational support, and provision of resources to schools.
- ➔ **Health:** Encompasses health-related initiatives such as medical camps and donations of medical equipment.
- ➔ **Religious Support:** Covers temple renovations, religious events, and donations to religious institutions.
- ➔ **Community Welfare/Development:** Involves provision of essential items and support for community facilities.
- ➔ **Other:** Includes sponsorship of social and cultural events, infrastructure development, and various other community activities.



STORIES OF THE FEATURED COMMUNITY PROJECTS

1 Blood Donation Programme

In collaboration with the Divisional Secretary's Office, the BMIC Ipalogama branch conducted a blood donation programme on May 6th. A large number of community members participated, demonstrating strong support and commitment to this noble cause. The event was a great success, highlighting collective efforts to save lives and contribute to the well-being of those in need. Such initiatives not only strengthen community ties but also promote a culture of giving and social responsibility.



2 Free Eye Medical Camp

The BMIC Arayampathy branch organized a Free Eye Medical Camp, providing essential eye care services to the local community. The camp offered free eye check-ups, consultations, and discounted glasses to those in need. The branch was dedicated to ensuring that everyone, regardless of age or background, received proper care. This initiative aimed to raise awareness about eye health and improve access to vital vision resources. The event was well-received and made a positive impact on the community's well-being.



SOCIAL AND RELATIONSHIP CAPITAL

STORIES OF THE FEATURED COMMUNITY PROJECTS

3 Grade 5 Seminar for Students

In collaboration with the Dilena Tharu Sports Society, the BMIC Pannala branch organized a Grade 5 Scholarship Seminar for students of Sirisarasavi Primary School in Batapotha Ela. Approximately 150 students actively participated, benefiting from support to prepare for their upcoming examinations. BMIC provided model exam papers and other learning materials as part of the initiative. The seminar was highly appreciated by both students and teachers, reflecting BMIC's ongoing commitment to promoting education and empowering the younger generation.



4 Donation of Sports Items

BMIC's Kothmale branch donated volleyball nets to Rojasangama Maha Vidyalaya and Maldeniya Maha Vidyalaya, supporting the development of school sports facilities in response to client requests. This initiative reflects BMIC's commitment to community engagement and youth empowerment by promoting physical education and teamwork. Both schools expressed gratitude, anticipating increased student participation in sports activities.



5 Career Guidance Program

In collaboration with the Divisional Secretary, the Thampalakamam branch supported a certificate distribution ceremony by providing refreshments for 107 Advanced Level students participating in a career guidance program. The event aimed to equip students with knowledge and direction for their future careers while recognizing their achievements and participation.



6 Clean Water Initiative for Serunuwara Community

The BMIC Serunuwara branch supported the Serunuwara Mediation Board by donating an electric water filter to address the need for clean and safe drinking water. This assistance benefits numerous individuals who visit the Mediation Board biweekly, ensuring access to hygienic water during their time at the facility.



7 Community Road Development Initiative in Kohompola

BMIC clients in Kohompola, Pannala requested financial assistance to repair a severely dilapidated public road leading to their homes, which posed daily challenges. In response, BMIC provided funding to support the road development project, demonstrating its commitment to addressing the practical needs of the communities it serves. This initiative not only improved accessibility and safety but also reflects BMIC's broader mission of contributing to the socioeconomic development and well-being of its clients through responsive, community-focused interventions.



8 Ginigathena Police Station Painting Project

As part of its community engagement efforts, the BMIC Ginigathena branch undertook the painting of the common hall at the Ginigathena Police Station. This project aimed to support public institutions by enhancing their physical environment while fostering positive relationships between the community and local authorities. The active participation and teamwork of BMIC staff were instrumental in the successful completion of the project.



From Struggles to Stability: The Inspiring Journey of Kumudu Chandraleka and Prana Shoe Production



At 50 years old, Kumudu Chandraleka, a mother of three from BMIC's Thambalagamuwa branch, embodies the transformative power of determination, vision, and supportive microfinance. Her journey from financial hardship to business success illustrates how strategic access to capital and capacity building can uplift entire families and communities.

When Kumudu first approached BMIC, her family faced significant financial constraints. Her husband, a daily wage laborer, was the sole earner with a modest monthly income of LKR. 25,000, barely sufficient to meet basic household needs. Despite these challenges, Kumudu aspired to create a better future for her family through entrepreneurship.

Her path began in earnest with a LKR. 30,000 loan in 2012 from BMIC, which she fully invested in raw materials to start small-scale footwear production. This initial venture laid the foundation for Prana Shoe Production. Encouraged by early success and family support, Kumudu steadily expanded her enterprise, securing five additional loans over the years: LKR. 50,000 in 2014, LKR. 75,000 in 2016, another LKR. 75,000 in 2018, LKR. 250,000 in 2020, and LKR. 350,000 in 2023. These funds enabled her to purchase shoe sewing machines and essential equipment, greatly enhancing production capacity and product quality.

From humble beginnings in a rented shop, Kumudu's business flourished, allowing her and her husband to purchase land and build their own home a milestone symbolizing both financial security and personal pride.

Beyond financial assistance, Kumudu invested in her personal and professional growth through BMIC's Entrepreneurial Development Services (EDS). She completed training programs in Tailoring (2019), Food Processing (2022), and Teddy Bear Manufacturing (2023). These skills diversified her income streams and strengthened her confidence as a business leader.

Today, Kumudu enjoys a significantly increased monthly income of LKR. 200,000 and profit of LKR. 75,000, enabling her to save for the future, improve her family's living standards, and provide enhanced educational opportunities for her children.

“When I first started, life was very hard, and I worried about how to support my family. But with the loans and training from BMIC, I learned how to grow my business step by step. Today, I'm proud to provide a better life for my children and inspire other women in my community to believe in themselves. BMIC didn't just give me money, they gave me confidence and hope.”

Her story stands as a powerful testament to the impact of inclusive financial services combined with mentorship and skill development. BMIC takes pride in supporting Kumudu Chandraleka's inspiring journey from uncertainty to stability, and her resilience continues to motivate women across her community to pursue their dreams and realize their potential.



NATURAL CAPITAL



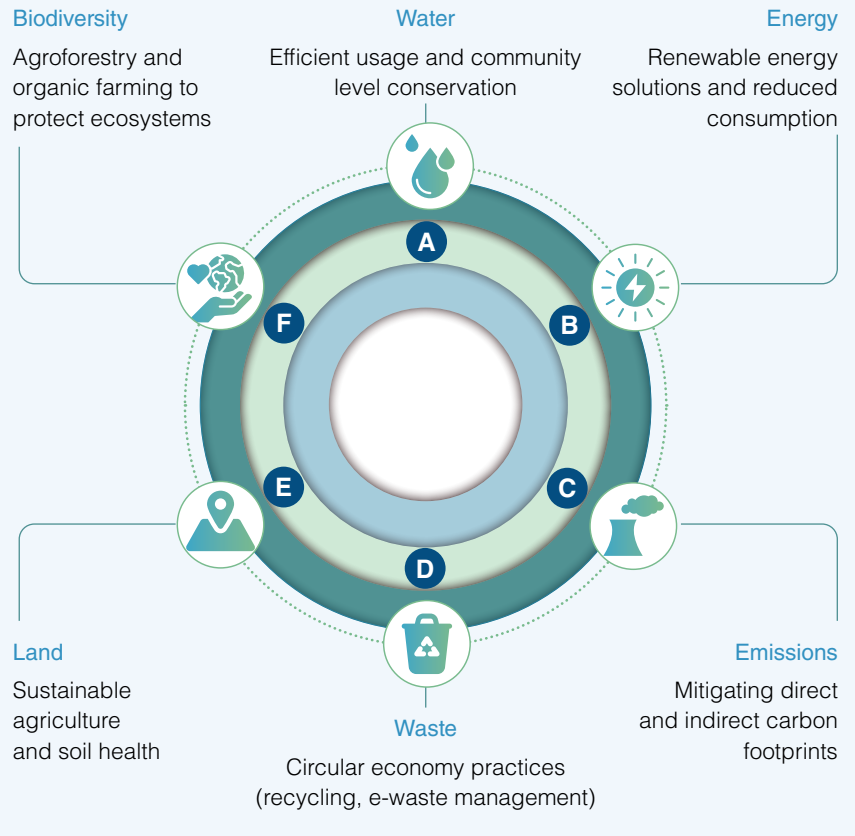
BMIC's natural capital encompasses the stock of renewable and non-renewable resources that support its day-to-day operations resources vital to sustaining the livelihoods of both the organization and its clients. Acknowledging the finite nature of these resources, BMIC is dedicated to restoring environmental balance by preserving existing ecosystems and minimizing the ecological footprint of its operations.

The organization adheres to relevant environmental regulations and aligns with global best practices to reinforce its sustainability commitments across both internal operations and client-facing services. By integrating environmental priorities into its core business activities, BMIC aims to promote long-term ecological resilience alongside economic empowerment.



Components of Natural Capital

BMIC has identified Water, Energy, Emissions, Waste, Land, and Biodiversity as the six key components of its Natural Capital framework. These pillars were selected as they represent the most material aspects of BMIC's environmental impact and stewardship responsibilities



Contribution to SDGs



Management Approach

In envisioning a world free from poverty, BMIC adopts a triple bottom-line approach: People, Planet, and Prosperity, recognizing that eliminating the root causes of poverty such as natural resource depletion, environmental degradation, and pollution is just as important as promoting financial inclusion.

To achieve this, BMIC has focused its strategy on:

- ➔ promoting environmentally responsible lending,
- ➔ building awareness among clients and staff,
- ➔ reducing its own environmental footprint, and
- ➔ progressively developing internal policies and systems that support sustainability.

NATURAL CAPITAL



A. WATER MANAGEMENT

Water is an essential yet limited resource. At BMIC, we prioritize both the efficient use of water internally and the protection of water resources in the communities we serve. Reducing our water footprint is a key objective outlined in our Environmental Policy.

Key Actions and Initiatives

1. Internal Measures

BMIC has implemented several measures to improve water efficiency within its own operations:

- ➔ Installed high-pressure pumps at the Head Office for more efficient vehicle washing
- ➔ Introduced mechanisms to reduce water use and monitor consumption across branches and the Head Office
- ➔ Displayed water-saving tips in office spaces and shared weekly reminders through internal communication channels (every Wednesday) to raise staff awareness

These internal efforts are part of BMIC's broader commitment to environmental sustainability.

2. Client-Level Highlights

a) Compost Fertilizer Production

In response to growing demand for organic alternatives to chemical fertilizers, BMIC invested LKR 9.5 Mn in 2022 to establish 31 compost production units. Despite operational challenges in 2024, 26 of these producers successfully generated over 150,000 kg of compost, helping reduce chemical fertilizer use and protecting both water and soil quality.

The compost production initiative spans across Ampara, Anuradhapura, Badulla, Batticaloa, Kandy, Kegalle, Kilinochchi, Mullaitivu, Nuwara Eliya, Trincomalee, and Vavuniya. BMIC remains committed to expanding this environmentally friendly solution to reduce soil and water contamination caused by chemical inputs.

b) Eco-Friendly Training Programs

As part of its ongoing commitment to sustainable agriculture, BMIC actively promotes organic cultivation practices. In 2024, we conducted 132 training sessions ranging from half-day to full-day workshops on home gardening, compost production, and organic fertilizer use.

These programs reached 2,463 participants, encouraging:

- ➔ Eco-friendly farming practices
- ➔ Enhanced food security
- ➔ Improved public health
- ➔ Responsible water and soil management (by minimizing pollution from chemical fertilizers)

c) Water Filtration for Rural Enterprises

Since 2016, BMIC has constructed 15 water filtration tanks for rural vehicle service stations to prevent the release of untreated wastewater, thereby protecting biodiversity and groundwater quality. BMIC funded 75% of the costs (with donor support), while clients contributed the remaining 25%.

These filtration systems are continuously monitored to ensure contaminants are not released into the environment.

Water Stewardship Performance: 2023-2024 Comparative Analysis

Indicator	2023 Baseline	2024 Performance	Absolute Change	% Change
Total Consumption (m ³)	63,570	63,862	+292 m ³	+0.5%
Per Employee (m ³)	151.72	143.83	-7.89 m ³	-5.2%
Per Working Day (m ³)	254.28	255.45	+1.17 m ³	+0.5%
Per Outlet (m ³)	1,869.71	1,773.94	-95.77 m ³	-5.1%

Key Achievements:

- ➔ BMIC's commitment to responsible water management has yielded tangible improvements in operational efficiency, as shown in our 2023–2024 performance data:
 - ➔ Achieved a 5.2% reduction in per-employee water consumption (from 151.72 m³ to 143.83 m³)
 - ➔ Realized a 5.1% decrease in per-outlet water consumption (from 1,869.71 m³ to 1,773.94 m³)
 - ➔ Maintained stable daily consumption (+0.5%) despite increased operational output
- These results reflect the success of BMIC's water conservation strategies across both internal operations and client-facing initiatives.



B. ENERGY MANAGEMENT

BMIC recognizes the environmental impact of increasing energy consumption and is committed to mitigating it through a range of targeted energy management initiatives.

Key Actions and Initiatives

1. Internal Measures

- ➔ Deployment of high-efficiency equipment (e.g., computers, printers, air conditioners).
- ➔ Adoption of energy reduction methodologies across operations.
- ➔ Use of LED lighting for signage across branch networks and the Head Office.
- ➔ Maximization of natural light and ventilation systems at all branches.
- ➔ Regular sharing of energy-saving tips via the official staff WhatsApp group.

2. Client-Level Highlight

a) Biogas Project

Since 2018, BMIC has supported the installation of 35 household-level biogas units that convert cattle waste into clean cooking gas. This initiative has reduced dependence on firewood contributing to forest conservation while also improving household nutrition, reducing the risk of waterborne diseases (through easier boiling of water), and generating additional income through the sale of biogas slurry as organic fertilizer.



b) Client Training on Energy Efficiency

As part of BMIC's flagship program, Success in Money Management, the household energy management training component was enhanced in 2024. The comprehensive life skills curriculum now includes dedicated modules on home energy conservation. These sessions teach practical strategies to reduce utility costs while maintaining comfort, including:

- ➔ Efficient use of household appliances
- ➔ Smart lighting solutions
- ➔ Temperature control optimization

In 2024, 10,950 participants benefited from this training, gaining valuable knowledge to manage both their finances and energy usage more effectively.

Energy Performance: 2023–2024 Comparative Analysis

Performance Indicator	2023 Baseline	2024 Performance	Absolute Change	% Change
Total Energy Consumption	6,704 GJ	7,537 GJ	+833 GJ	+12.4%
Per Employee	16.00 GJ	16.98 GJ	+0.98 GJ	+6.1%
Per Working Day	26.82 GJ	30.15 GJ	+3.33 GJ	+12.4%
Per Facility Outlet	197.18 GJ	209.37 GJ	+12.19 GJ	+6.2%

An assessment of BMIC's energy consumption patterns reveals key trends in operational efficiency and sustainability progress. While overall energy usage rose by 12.4% from 6,704 GJ in 2023 to 7,537 GJ in 2024 this increase corresponds with business expansion and is accompanied by relative improvements in several efficiency metrics.



C. EMISSIONS MANAGEMENT

As a microfinance institution, BMIC's direct emissions from daily business operations are minimal. However, we acknowledge our broader environmental responsibility and are actively working to address indirect emissions associated with our activities.

Key Actions and Initiatives

1. Internal Measures

- ➔ Phasing out energy-intensive equipment and replacing it with energy-efficient alternatives.
- ➔ Promoting shared transport options over private commuting.
- ➔ Encouraging combined transportation for official duties to reduce travel duplication.
- ➔ Reallocating Field Officers' working areas to minimize overlapping travel routes.

In alignment with our organizational values, BMIC extends its commitment to emissions reduction beyond internal operations to also empower our clients to adopt environmentally responsible practices.

NATURAL CAPITAL

2. Client-Level Highlight

Supporting Tree Planting Enterprises to Promote Environmental Sustainability.

In 2024, BMIC conducted 26 training programs on coconut cultivation, reaching 634 clients with guidance on sustainable agriculture. Since 2018, BMIC has supported 3,492 clients involved in cash crop cultivation by distributing a total of 36,186 saplings primarily coconut trees, which offer dual benefits: economic value and ecological restoration.

Coconut trees play a key role in:

- ➔ Improving soil quality
- ➔ Conserving water
- ➔ Enhancing microclimatic conditions

These efforts align with BMIC’s mission to support climate resilience and reduce emissions at the grassroots level.

Carbon Emissions Performance: 2023–2024 Comparative Analysis

Performance Indicator	2023 Baseline	2024 Performance	Absolute Change	% Change
Total CO ₂ Emissions	213,524 kg	209,074 kg	-4,450 kg	-2.1%
Per Employee	509.60 kg	470.89 kg	-38.71 kg	-7.6%
Per Working Day	854.10 kg	836.30 kg	-17.80 kg	-2.1%
Per Facility Outlet	6,280.12 kg	5,807.60 kg	-472.52 kg	-7.5%

Despite business growth, BMIC has made measurable progress in reducing carbon emissions, reflecting our ongoing commitment to environmental sustainability. Total CO₂ emissions dropped by 2.1%, with notable improvements in emissions intensity per employee, working day, and facility outlet.

a) Paper Reduction Initiative

BMIC has adopted a comprehensive paper reduction strategy that integrates monitoring, reuse, and recycling to reduce environmental impact. The organization has established inventory controls to track paper consumption and costs at branch level, promoting efficiency and accountability. Reuse of single-sided paper for internal purposes is widely practiced, while all paper waste is systematically collected and processed through verified recycling partners. By fostering a paper-conscious culture and prioritizing digital documentation, BMIC minimizes unnecessary printing while maintaining operational effectiveness.

“Paper to Paper” – Recycling for a Greener Future: In line with our commitment to sustainability, BMIC has embraced the “paper to paper” model recycling used paper to produce new paper rather than the traditional “tree to paper” approach. A dedicated paper recycling program was initiated at the Head Office in 2017 in partnership with local recyclers. As a result, nearly 4.8 metric tons of wastepaper have been recycled to date, reinforcing our long-term vision for responsible resource management.

D. WASTE MANAGEMENT

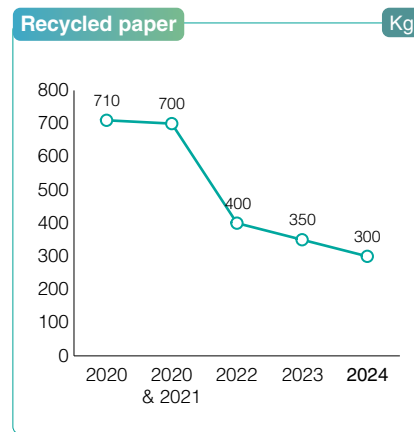


BMIC is committed to minimizing both paper and electronic waste through a focused, multi-pronged approach.

Key Actions and Initiatives

1. Internal Measures

- ➔ Establishing centralized shared folders to promote a paperless work environment.
- ➔ Implementing a monitoring system to track paper inventory and expenditure across all branches.
- ➔ Encouraging the reuse of single-sided printed paper for internal use and drafts.
- ➔ Ensuring all paper waste is collected and recycled through designated recycling partners.
- ➔ Recycling e-waste through an authorized e-waste management partner.
- ➔ Actively discouraging unnecessary document printing and promoting digital alternatives.



From 2017 to 2024, BMIC recorded a consistent decline in the volume of paper recycled an encouraging indicator of the organization’s commitment to environmental sustainability through digital transformation.

In 2017, BMIC recycled 1,195 kg of paper, with a slight decrease to 1,164 kg in 2018. From 2019 onwards, a significant drop was observed: 710 kg in 2019, 700 kg in both 2020 and 2021, 400 kg in 2022, 350 kg in 2023, and just 300 kg by 2024.

This steady downward trend reflects BMIC’s strategic shift toward digitization, including the adoption of digital record-keeping, internal approvals, and cloud-based systems substantially reducing reliance on printed materials and manual documentation.

Items saved	Total saved
Trees Fully grown	81
Oil Liters	8457
Electricity Kwh	19,276
Water liters	153,149
Land fill cubic meter	14
Reduce Green House Gas Emission	by 4.819 kg's of Carbon Equivalent.

These achievements highlight BMIC’s tangible progress toward its long-term environmental sustainability goals, underscoring the positive impact of digital transformation and resource-efficient operational practices.


b) E-Waste Management

In 2024, BMIC strengthened its e-waste management efforts by increasing both the volume and variety of electronic items collected and recycled, including computers, printers, UPS systems, and monitors. Special attention was given to hazardous components such as batteries and toner cartridges, which were handled separately to ensure safe disposal and minimize environmental harm.



A total of 470 kilograms of e-waste was responsibly collected and processed an effort that prevented the potential generation of approximately 1,410 kilograms (1.41 tonnes) of CO₂ emissions, the consumption of around 94,000 liters of water, and the use of 1.2 square meters of landfill space. Through these initiatives, BMIC and its recycling partners have contributed meaningfully to pollution reduction, resource conservation, and environmental sustainability in the communities they serve.

Environmental Impact	Equivalent for 470 kg E-Waste
CO ₂ Emissions	~1,410 kg (1.41 tonnes)
Water Usage	~94,000 liters (94 cubic meters)
Land Usage	~1.2 square meters of landfill space



Ceylon Waste Management Ltd
 No 170/6 , Godaparagahalanda Rd , Kiriwaththuduwa,
 Homagama Western Province
 SriLanka
 0114336336
 sudesh@ewaste.lk
 www.ewaste.lk

Invoice

CWM INV-1732

Balance Due
LKR1,639.00

Bill To: **Berendina Micro Investments Company Limited**
 No.44/3, 3rd Floor,
 Narahenpita Road,
 Nawala.

Invoice Date : 24 Jan 2025
 Terms : Custom
 Due Date : 07 Feb 2025
 GRN : GRN-803-6

2. Client-Level Highlights

Since 2018, BMIC has supported the installation of 35 household-level biogas units that convert cattle waste into clean cooking gas. These systems have brought multiple benefits to families, including reduced dependence on firewood, improved nutrition through easier meal preparation, and enhanced health outcomes due to safer, boiled drinking water. Additionally, the slurry byproduct is converted into organic fertilizer, providing clients with a valuable source of supplementary income and promoting sustainable agricultural practices. This initiative demonstrates BMIC’s commitment to environmentally responsible, community-level solutions with tangible economic and health benefits.

NATURAL CAPITAL

E. LAND STEWARDSHIP



Sustainable land management lies at the heart of BMIC's operations, particularly as the majority of its clients rely on agriculture for their livelihoods.

Key Actions and Initiatives

- ➔ **Compost Fertilizer Production:** Promoted the use of organic inputs, reducing chemical dependency and improving soil health across 11 districts.
- ➔ **Biogas Units:** Transformed animal waste into clean energy, helping to prevent soil degradation and groundwater contamination.
- ➔ **Water Filtration Tanks:** Installed near vehicle service stations to protect surrounding farmland and biodiversity from wastewater pollution.

F. BIODIVERSITY CONSERVATION



BMIC recognizes that biodiversity underpins essential ecosystem services that support livelihoods, enhance food security, and build climate resilience.

Key Actions and Initiatives

- ➔ **Tree Planting Programs:** Expanded green cover through coconut cultivation and integrated agroforestry practices.
- ➔ **Organic Farming Promotion:** Encouraged home gardening and composting to reduce chemical use, protecting pollinators, soil organisms, and surrounding ecosystems.
- ➔ **Community Agroforestry:** Integrated tree cover with crop cultivation to improve microclimates, boost carbon sequestration, and promote sustainable agriculture.

BMIC'S COMMITMENT TO SUSTAINABILITY AND POLICY DEVELOPMENT

BMIC has consistently championed inclusive and responsible development. In the review year, this commitment was further institutionalized through the formulation of the organization's first formal Environmental and Social (E&S) Policy, developed with technical support from international consultants and funding from USAID. While BMIC has long embraced environmentally and socially responsible practices, the new policy provides a clear, structured framework for systematically embedding these values across all levels of operation.

The policy development process was participatory, incorporating insights from field staff to senior leadership. Once finalized, the policy was introduced through organization-wide training sessions to ensure that every employee clearly understood their roles and responsibilities within the new framework.

ALIGNING WITH GLOBAL STANDARDS AND NATIONAL PRIORITIES

BMIC's Environmental and Social Policy aligns with globally recognized frameworks, including the Universal Standards for Social and Environmental Performance Management (USSEPM), the Client Protection Principles, and regulations set forth by the Central Bank of Sri Lanka for microfinance institutions. It is also informed by other national and international environmental standards.

The policy applies to all BMIC employees, consultants, partners, and board members, ensuring a collective responsibility for ethical and sustainable conduct. As Sri Lanka continues to face intensifying environmental challenges such as pollution, resource depletion, and climate risks BMIC recognizes the need to contribute proactively through responsible financial services and sustainable operational practices.

SOCIAL AND ENVIRONMENTAL COMMITMENTS IN LENDING

BMIC's lending strategy goes beyond income generation to support environmentally sustainable economic activities. Clients are encouraged to comply with relevant environmental laws and are educated on the value of sustainability within their enterprises.

A key tool in this effort is BMIC's exclusion list, which prohibits financing for activities known to cause environmental harm such as deforestation, tobacco cultivation, and wildlife hunting. This approach ensures that lending practices align with both ecological responsibility and community well-being.

TOWARDS A STRUCTURED ENVIRONMENTAL RESPONSIBILITY FRAMEWORK

While BMIC's comprehensive environmental strategy continues to evolve, the E&S Policy has laid a strong foundation for responsible growth. The framework is anchored on four operational pillars:

- ➔ Committed leadership
- ➔ Awareness creation
- ➔ Tailored operational standards
- ➔ Reduction of BMIC's environmental footprint

This phased and structured approach allows the organization to balance immediate action with long-term capacity development paving the way for environmental sustainability to become an integral part of all business operations.



Empowering Livelihoods: Samanthi Kumarihami's Journey to Dairy Success



“When I took my first loan from BMIC in 2016, I never imagined that one cow could change my family’s future. With each step, I worked hard, reinvested, and used the training I received to grow stronger. Today, managing 23 cows, I feel proud that I can provide for my family and show others in my village that determination and the right support can truly transform lives.”

Empowering Livelihoods: Samanthi Kumarihami's Journey to Dairy Success



Samanthi Kumarihami, a 52-year-old client of BMIC's Thirappane branch, exemplifies how access to finance, combined with resilience and capacity building, can lead to life-changing transformation. What began with a single cow and a modest loan has grown into a thriving dairy enterprise one that sustains her family and serves as an inspiration within her rural community.

Before venturing into dairy farming, Samanathi and her husband, A. Saman Kumara, faced significant financial hardships. With a combined monthly income of just LKR 34,500, they struggled to make ends meet and support their children's education. Out of necessity and driven by her deep commitment to her family, Samanathi undertook various labor-intensive jobs.

Her entrepreneurial journey began in 2016 with a LKR. 30,000 loan from BMIC to purchase her first cow. Building on this initial investment, she continued to grow her business with subsequent loans of LKR. 60,000, LKR. 100,000, and LKR. 150,000

over the following years. These funds enabled her to gradually expand her herd, build a proper cowshed, and improve the productivity of her operations.

Today, she manages 23 cows and earns a monthly income of LKR. 108,000, achieving a profit of LKR. 60,000. Through consistent reinvestment and disciplined financial planning, Samanathi has not only transformed her own livelihood but also lifted her family out of economic vulnerability.

Integral to her success has been her active engagement in BMIC's Entrepreneurial Development Services. She has completed training programs in Dairy Production, Financial Literacy (FL), Improve Your Business (IYB), and Milk Toffee Production trainings that have significantly enhanced her ability to diversify her business.

“When I took my first loan from BMIC in 2016, I never imagined that one cow could change my family's future. With each step, I worked hard, reinvested, and used the training I received to grow stronger. Today, managing 23 cows, I feel proud that I can provide for my family and show others in my village that determination and the right support can truly transform lives.”

**Samanthi Kumarihami, BMIC
Thirappane Branch Client**

Samanthi Kumarihami's story is one of determination, transformation, and empowerment. Her success reflects the power of microfinance and capacity building and serves as a model for sustainable growth and rural entrepreneurship perfectly aligned with BMIC's mission to promote inclusive economic development.



Governance & Risk Management

CORPORATE GOVERNANCE

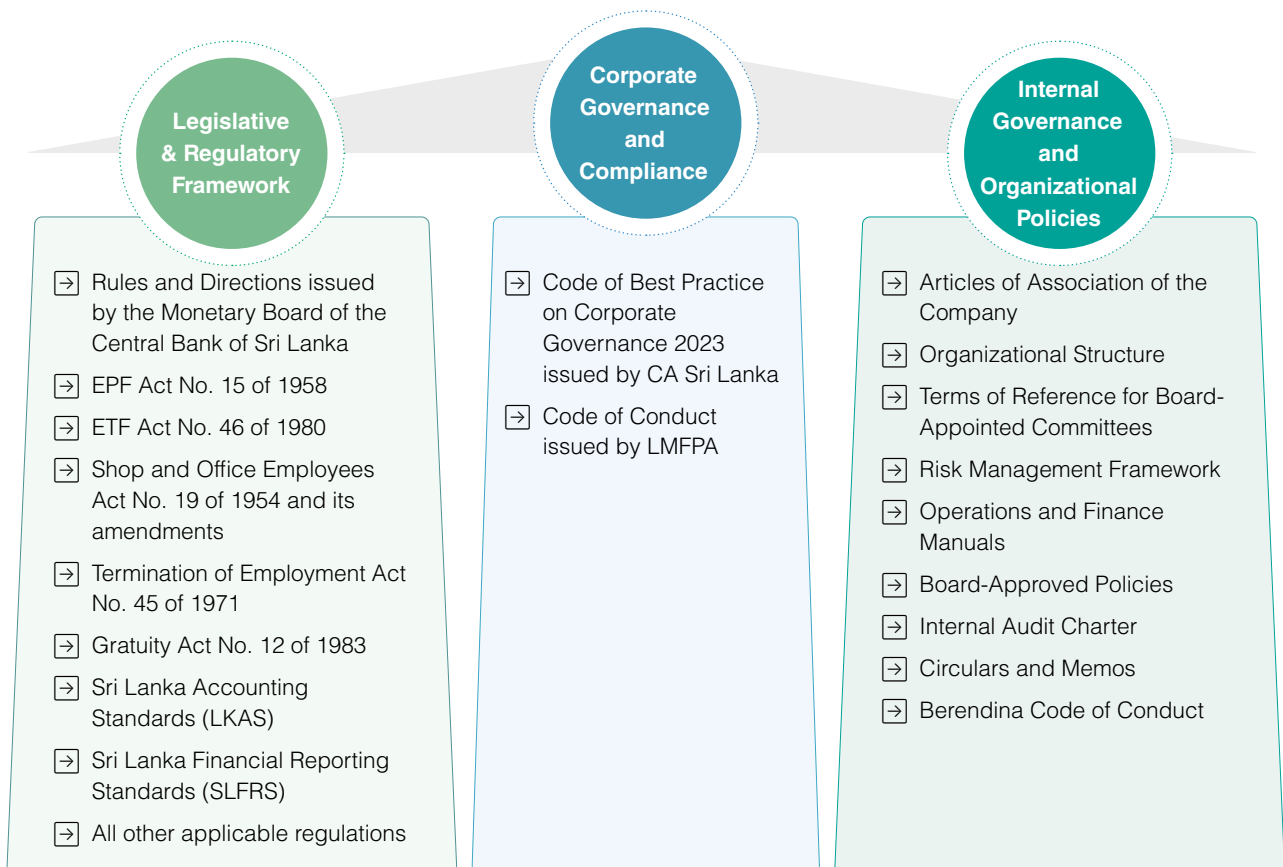
The governance environment of the company is guided by three key Parliamentary Acts:

1. Companies Act No. 7 of 2007
2. Microfinance Act No. 6 of 2016
3. Inland Revenue Act No. 10 of 2006

The company diligently complies with these acts to maintain its legal standing and reputation as an esteemed microfinance institution.

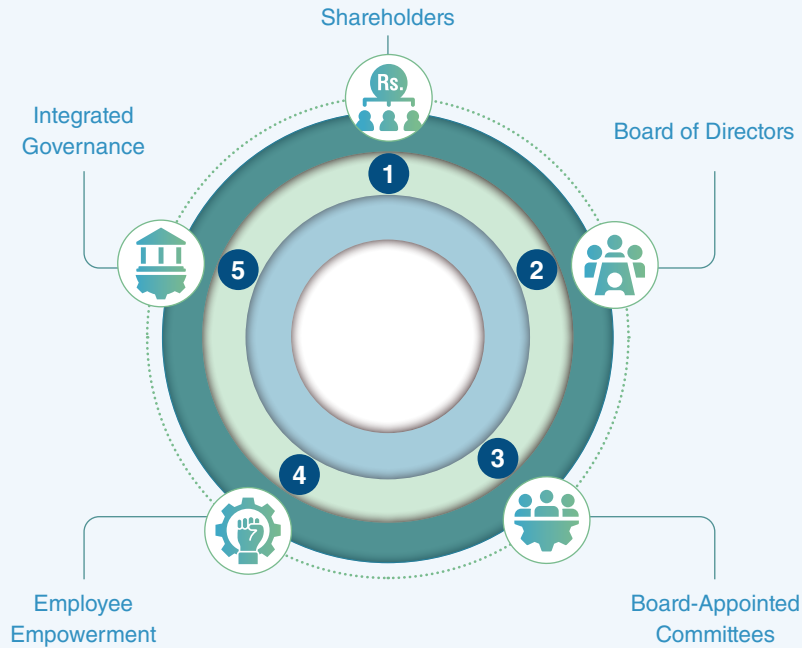
In addition, the company adheres to provisions of other relevant legislation, standards set by regulatory authorities, and internal governance procedures established by BMIC. These collectively form the foundation for effective, transparent, and accountable governance, enabling the company to serve its clients and employees in a responsible manner.

CORPORATE GOVERNANCE FRAMEWORK



GOVERNANCE STRUCTURE

The governance of BMIC is structured to provide continuous and consistent policy direction to plan, implement, and monitor business activities in order to achieve the company's vision and objectives, while addressing the concerns of all stakeholders. The governance structure consists of:



Although their responsibilities differ, these elements are highly interconnected in governing the business and managing human resources. This interconnection ensures that decisions are inherently shaped by both external policies, practices, and standards.

1. SHAREHOLDERS



The highest governing body of BMIC is its Shareholders. BMIC has two shareholders: Berendina Stichting (BS), which holds 75% of the shares, and Berendina Development Services (BDS), which holds 25%. Shareholders exercise their influence through the Annual General Meeting (AGM) and quarterly shareholder meetings.

Key functions at the AGM include:

- ➔ Approving the Annual Report and Audited Financial Statements
- ➔ Appointing the External Auditors
- ➔ Determining Directors' Fees and Remuneration

Additionally, shareholders meet quarterly with directors to discuss progress, challenges, issues faced, and actions taken to address any shortcomings. These meetings enable timely decision-making and proactive resolution of concerns during challenging times.

Topic	Date
Annual Report 2023	20 April 2024
Annual General Meeting	06 June 2025
Q1 Performance	7 June 2024
Q2 Performance	6 September 2024
Q3 Performance	22 November 2024
Q4 Performance	14 February 2025

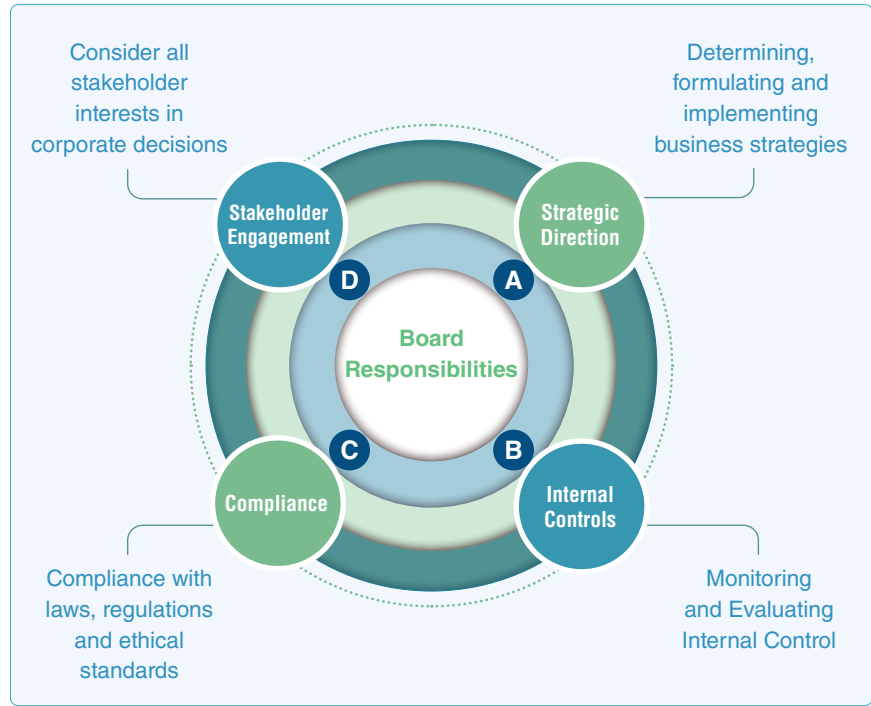
CORPORATE GOVERNANCE



2. BOARD OF DIRECTORS

The Board of Directors is committed to achieving the company's corporate plans and strategies in collaboration with the corporate management team. They monitor and review progress, address concerns at the management level, and maintain accountability and transparency to all stakeholders including shareholders, customers, employees, partners, and relevant government authorities. The Board ensures compliance with laws, regulations, and ethical standards, while striving to uphold a culture of openness and constructive dissent.

Board responsibilities



A. Determining, Formulating, and Implementing Business Strategies

As outlined above, the Board is responsible for determining, formulating, and implementing business strategies in collaboration with the Corporate Management Team, Area Managers, and Branch Managers. Decisions are made in a participatory manner. The Corporate Management Team, under the supervision of the Board of Directors, is tasked with developing and executing the Strategic Plan, Annual Business Plan, Annual Budgets, and managing day-to-day operations.

The Annual Business Plan is designed to align with the overall business strategy for the year, based on the three-year Strategic Plan. The Annual Business Plan and financial budget are approved by the shareholders. Operational programs and financial statements are evaluated quarterly against the approved plans.

With the gradual recovery from the economic crisis and the return of political stability in the country, BMIC has been able to perform well due to timely strategic measures taken by the Board and the Corporate Management Team. Improvements in economic and market conditions have been effectively utilized to determine BMIC's strategic direction, ensuring alignment with changes in the operating environment and achieving defined objectives.

B. Monitoring and Evaluating Internal Controls

The Board of Directors is responsible for ensuring the adequacy and integrity of the organization's internal policies, procedures, and controls. Board members regularly review the performance of internal controls, the integrity of information, and risk management. Performance against strategies is evaluated consistently, and shortfalls are addressed appropriately.

The internal audit team reports directly to the Audit Committee, while external auditors report to both local and foreign shareholders, BDS, and BS. Additionally, external consultants are engaged to advise the Board of Directors, providing a balanced assessment of the organization's performance.

C. Compliance with Laws, Regulations, and Ethical Standards

The company adheres to ethical standards in all operations and takes necessary measures to comply with applicable laws and regulations. The Management Committee on Compliance comprising the Managing Director, an independent director, and the Compliance Officer is responsible for reviewing compliance with relevant laws, regulations, and directives issued by the Monetary Board of the Central Bank of Sri Lanka, and reporting to the Board.

A tax consultancy firm has been appointed to advise the company on tax regulations and ensure compliance.

D. Considering All Stakeholder Interests in Corporate Decisions

The Board of Directors is committed to making corporate decisions that prioritize the interests of all stakeholders, minimizing potential negative impacts. BMIC's unique culture emphasizes inclusive decision-making by consulting relevant stakeholders and considering their perspectives. By providing opportunities for stakeholders to express their views, BMIC fosters a participatory approach that leads to more effective and well-informed corporate decisions.

Adoption of Appropriate Accounting Policies and Compliance with Financial Regulations

The Company's accounting policies are developed in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) and industry best practices. These policies are reviewed annually and updated as necessary to ensure they reflect the true and fair financial position of the Company.

The Company's financial statements are prepared and presented in compliance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), as well as the requirements of the Companies Act No. 7 of 2007 and the directions issued under it. The Independent Auditor's Report is provided on pages 131 to 132 of this report.

Role of the Company Secretary and Access to Advice

Corporate Services (Private) Limited, located at No. 216, De Saram Place, Colombo 10, Sri Lanka, serves as the Company Secretary. They are a qualified Chartered Secretary and a Registered Company Secretary, appointed in accordance with the Companies Act No. 7 of 2007. The Board retains the authority to change the Company Secretary as needed.

The Company Secretary ensures compliance with all applicable laws, directions, rules, and regulations. Additionally, they provide guidance to the Board in fulfilling its duties and responsibilities diligently, while promoting best practices in corporate governance. All directors have individual access to the Company Secretary for advice and support on board-related procedures and matters concerning applicable laws and corporate governance.


Board Composition

As of 31st December 2024, the Board of Directors comprised two Executive Directors, one Non-Executive Non-Independent Director, and three Independent Non-Executive Directors.

Name of Director	Date of Appointment	Status
Mr. G.J. Chandana	1st June 2017	Non-Executive Non-Independent Director
Mr. H.A. Anura	20th November 2014	Executive Director
Mr. T.D.C. Fernando	20th November 2014	Executive Director
Ms. J.G.V. Shankar	16th June 2015	Non-Executive Independent Director
Mr. S.C. Fernando	9th May 2019	Non-Executive Independent Director
Ms. P. Gunsekera	28th August 2023	Non-Executive Independent Director

Balance Board


Executive Non-Independent Director (including MD/CEO)



Non-Executive Non-Independent Director (Chairman)

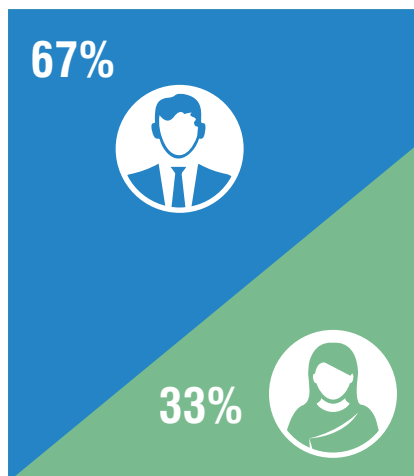


Non-Executive Independent Director



CORPORATE GOVERNANCE

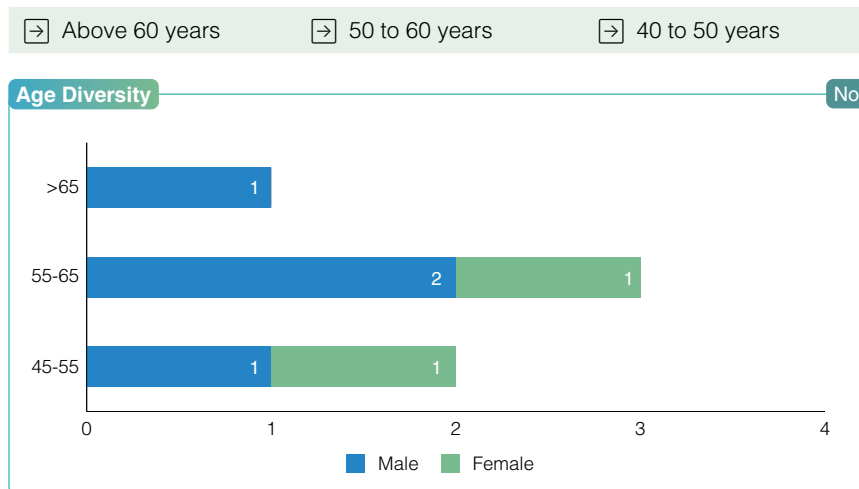
Gender Representation



Balance of Power

The roles of Chairman and Chief Executive Officer are held by two separate individuals to maintain a balance of power and authority. This separation enhances the independence of the Board and strengthens the quality of decision-making.

Age Diversity



Experience and Skills of Board Members

The Board comprises professionals with extensive experience in microfinance, banking, small enterprise development, social and livelihood advancement, socio-economic development, financial management, auditing and assurance, marketing, information technology, and other relevant fields. Their collective expertise is complemented by a shared passion and commitment to poverty alleviation.

Access to Independent Professional Advice

To preserve the independence of the Board and reinforce the quality of its decisions, independent professional advice is sought on matters related to finance, taxation, legal affairs, human resources, and information technology, as and when necessary.

Attendance Matrix of Board and Board-Appointed Committee Meetings – 2024

Name	Designation / Committee Membership	Board Meetings	AC	ALCO	FC	ORC	ITC	HR & Admin C	MBDC
No. of Meetings Held		6	4	12	12	10	6	5	3
Mr. G.J. Chandana	Non-Executive Non-Independent Director	6/6	–	–	–	–	–	5/5	–
Mr. H.A. Anura	Executive Non-Independent Director	6/6	–	–	–	10/10	6/6	5/5	–
Mr. T.D.C. Fernando	Executive Non-Independent Director	6/6	–	10/12	–	10/10	6/6	5/5	2/3
Ms. J.G.V. Shankar	Non-Executive Independent Director	6/6	4/4	–	9/12	–	–	–	–
Mr. S.C. Fernando	Non-Executive Independent Director	6/6	3/4	11/12	4/12	–	–	–	3/3
Ms. P. Gunsekera	Non-Executive Independent Director	6/6	4/4	12/12	11/12	–	–	–	–

Abbreviations:

AC – Audit Committee, ALCO – Asset and Liability Committee, FC – Finance Committee, ORC – Operations Review Committee, ITC – Information Technology Committee, HR & Admin C – Human Resources & Administration Committee, MBDC – Marketing and Business Development Committee

3. BOARD-APPOINTED COMMITTEES



Audit Committee (AC)

The Audit Committee of BMIC is accountable to the Board of Directors (BOD) and is responsible for ensuring a robust accountability framework. It reviews all financial and non-financial control systems, including risk analysis and management, and ensures the company complies with relevant laws, regulations, and good practices. Key responsibilities include recommending an effective audit framework, reviewing both internal and external audit processes, approving the internal audit plan, evaluating staffing and organization of the audit function, and engaging with auditors and management to discuss concerns. The Committee also reviews operational and financial risk audits and the external audit report. It comprises three independent non-executive directors appointed by the Board, possessing appropriate skills and expertise.

Assets and Liabilities Management Committee (ALCO)

ALCO was established by the Board to assist with oversight responsibilities outlined in its Terms of Reference. It does not hold direct authority unless specifically delegated by the Board. Its primary role is to monitor the company's asset and liability positions, interest rate risks, liquidity, fund management, and investment portfolio. The Chairman and members are appointed as per the approved Terms of Reference.

Finance Committee (FC)

The Finance Committee is responsible for overseeing financial reporting, financial processes, and internal controls. It reviews management's actions and decisions related to periodic financial statements and provides input before final approval of annual audited financials. The Committee also assists in strengthening internal control systems in the Finance Department. Its membership includes at least two Board members (one independent and one appointed as Chairperson), the Head of Finance, Finance Manager, and Assistant Accountant (Secretary).

Operations Review Committee (ORC)

The Operations Review Committee oversees the company's operational functions and monitors risks and controls related to Credit, EDS, and Savings operations. It reviews proposals for new or modified products and processes, addresses client grievances, and recommends strategic adjustments to the Board. The Committee also assesses macroeconomic and industry-specific changes to ensure organizational alignment. It consists of five members, including two directors.

IT Steering Committee (ITC)

BMIC's IT Steering Committee provides strategic direction for the effective use of ICT within the organization. It identifies and recommends ICT strategies to the Board that can support the organization's current and future goals. The Committee consists of five members, including two directors.

HR & Administration Committee (HR & Admin C)

This Committee is responsible for advising the Board on HR strategies and policies related to staffing, compensation, benefits, and structural changes. It also monitors the implementation of annual HR activities, staff training, and professional development plans aligned with the organization's strategic objectives. The Committee comprises three directors, the Head of HR, and the Manager - HR.

Marketing and Business Development Committee (MBDC)

The MBDC guides BMIC's marketing, business development, and corporate image strategies in line with the organization's vision, mission, and annual plans. It evaluates market trends, promotes client awareness, and advises the Board on product branding, promotional campaigns, and strategic communication efforts. The Committee is also responsible for managing internal and external communications and coordinating branding and motivational events. MBDC includes six members, including two directors.

4. EMPLOYEE EMPOWERMENT



BMIC places its employees at the forefront of the organization's growth and development. Policies, processes, and systems are established to ensure effective recruitment, development, and retention of employees.

Senior management is mandated to engage in formulating goals, strategies, and plans, while all levels of staff are encouraged to participate in decision-making processes appropriate to their roles. This approach fosters a sense of ownership, reduces bureaucracy, and accelerates decision-making.

BMIC cultivates an environment where employees can express independent opinions in decision-making forums and initiates discussions by gathering operational-level feedback on critical aspects of new developments. Incorporating input from field-level staff in all operational decisions gives them a strong sense of value and recognition for their constructive contributions.

BMIC strongly believes that constructive dissent is essential for effective decision-making. Additionally, the company provides a safe, secure, and conducive work environment, ensuring freedom of association and collective bargaining. BMIC prohibits child labor, forced or compulsory labor, and any discrimination based on gender, race, or religion. It promotes workplaces free from physical, verbal, or sexual harassment. Women employees are treated with dignity and given fair consideration during recruitment. Furthermore, BMIC has implemented gender and anti-harassment policies to ensure that all staff members are treated equally and with respect.

CORPORATE GOVERNANCE



5. INTEGRATED GOVERNANCE

Human Resource Governance

BMIC's human resource governance structure ensures accessibility for employees to all management levels. Equal opportunities are provided to staff across the organizational hierarchy, with ongoing dialogue to address work-related issues and general concerns affecting employees. The company practices and promotes an open-door policy at all levels.

Performance Management

The Performance Management System underpins many key human resource functions, including learning and development, career progression, succession planning, talent management, rewards, recognition, and compensation. BMIC organizes local and international exposure visits and specialized seminars to enhance employees' soft and technical skills. Internal staff members are prioritized for job openings in line with company policy.

Channels to Reach All Stakeholders of the Company

Principal Activities

BMIC's principal activities include providing microloan facilities for business start-ups, business development, asset building, agriculture, and related sectors. The company also offers enterprise development services such as training and advisory support for micro and small entrepreneurs, along with collateral savings facilities. The overarching goal is to improve income levels and living standards of poor and low-income communities across Sri Lanka through comprehensive microfinance solutions.

Financial Reporting

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements in accordance with Sri Lanka Financial Reporting Standards (LKASs/SLFRSs).

Auditor's Report

The Auditor's Report on BMIC's Financial Statements is presented on pages 131 to 132 of this Report.

Related Party Transactions

BMIC considers its Board of Directors as key management personnel. Details of related party transactions are disclosed in Note 26 on pages 155 to 157 of the Financial Statements.

Internal Control

The Directors' statement on internal control, acknowledging their responsibility for maintaining a sound system of internal control, is provided on page 130 of this Report.

Going Concern

The going concern assumption has been adopted in preparing the financial statements following necessary inquiries and reviews. Management is confident that BMIC has adequate resources to continue its operations for the foreseeable future.

Regulatory and Accounting Benchmarks

The Board and corporate management are committed to ensuring the company complies with all applicable laws and regulations.

The Board has taken all reasonable steps to ensure that the financial statements comply with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Annual Report includes a detailed management discussion and analysis, which explains to stakeholders the strategic, operational, investment, sustainability, and risk-related aspects influencing the company's financial performance and future outlook.

BMIC has fully complied with all mandatory requirements of the Microfinance Act No. 6 of 2016 and the related directions issued by the Central Bank of Sri Lanka under the Act, as well as the Companies Act No. 7 of 2007. The company has also voluntarily adopted relevant best practices outlined in the Code of Best Practice on Corporate Governance 2023, issued by CA Sri Lanka, where they add value.

RISK MANAGEMENT REVIEW

RISK ENVIRONMENT

During 2024, Sri Lanka's economy showed a moderate recovery from the severe financial crisis of 2022. The country recorded a real GDP growth rate of 5.0% for the year, exceeding the Central Bank's projection of 3%. This growth was primarily driven by strong performances in the tourism and industrial sectors, supported by significant structural and policy reforms.

Inflation, which had previously been a major concern, began to stabilize. The Central Bank took proactive measures to strengthen regulatory and governance frameworks, enhancing overall financial stability. In line with these efforts, a unified policy interest rate of 8% was introduced, easing monetary conditions to stimulate private sector credit expansion. Notably, Sri Lanka recorded a current account surplus for the first time in nearly five decades, buoyed by increased remittances and a revival in tourism activity.

Despite these positive developments, the country continues to face persistent structural challenges, including rising poverty, income inequality, and labor market inefficiencies, which must be addressed to ensure sustainable and inclusive economic growth.

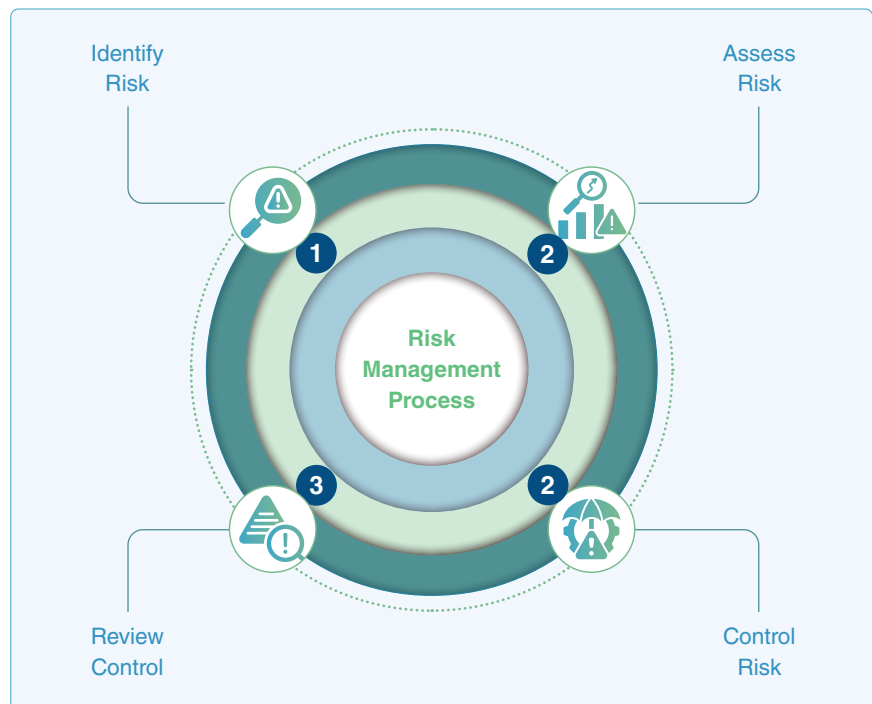
Sri Lanka's economy is projected to continue its recovery in the coming years. According to World Bank forecasts, a growth rate of 3.5% is expected in 2025, supported by a favorable external environment and the ongoing reform efforts of the current government.

Within this evolving economic landscape, prudent risk management remains critical for the sustainability and resilience of any company. Strong compliance with the regulatory guidelines of the Central Bank and other authorities will reinforce the Company's stability. In this context, BMIC remains firmly committed to its vision of "creating an empowered, equitable society where poverty does not exist," while maintaining a sound financial position to support the country's ongoing economic recovery.

RISK GOVERNANCE STRUCTURE

BMIC's Board of Directors is responsible for developing the overall risk strategy, including supervising the Risk Management Framework, approving Risk Management Policies, Frameworks, and Procedures, and overseeing and challenging the risk levels to which the Company is exposed, while ensuring adherence to all applicable regulations. While the primary responsibility for risk management rests with the Board which plays a pivotal role in the Company the Compliance Management Committee (CMC) has been delegated authority to ensure compliance with regulatory requirements. Additionally, the Board Internal Audit Committee (BIAC) provides assurance to the Board.

BMIC's risk management framework consists of four key functions as follows:



RISK MANAGEMENT REVIEW

1 Risk identification

BMIC is exposed to various risks that could impact the organization's ability to achieve its strategic goals, including financial performance. Identifying these risks and their potential consequences is vital for the efficient operation of the organization. A robust risk management framework helps maintain the balance between risk and reward, reduces the likelihood of unwelcome surprises, and enables strategic planning and timely responses. This allows BMIC to use its scarce resources effectively.

3 Risk treatment and control

Factors such as organizational history, culture, ethics, policies, ongoing compliance, and employee intentions are considered when assessing the likelihood and impact of risks. The probability of risk occurrence is categorized on a scale of low, moderate, and high. This rating allows BMIC to determine appropriate treatment strategies, including transferring, reducing, accepting, or avoiding risks, thereby protecting the organization from exposure to reputational risk, aptitude risk, and obstacles affecting performance.

2 Risk analysis and assess

The risk assessment framework incorporates discussions with employees at all levels and departments of BMIC. Employees are encouraged to identify key risks within their areas of operation and suggest ways to effectively address or mitigate them. Additionally, the Board of Directors and Senior Management gather information from various sources to assess industry-level risks.

All Board-appointed committees review different aspects of BMIC's risk exposures. Among these, ALCO, the Internal Audit Committee, IT Committee, Operations Review Committee, and Finance Committee have greater responsibilities in risk management, with particular attention given to risks with a significant likelihood of occurrence. Mapping risks based on their likelihood of occurrence and potential impact is a key component of risk analysis. BMIC's internally developed risk matrix enables systematic analysis of current and potential risks, while the Risk Register categorizes risk levels as high, medium, or low. Overall, risk assessment considers aspects such as credit risk, market risk, strategic risk, operational risk, and liquidity risk.

4 Risk monitoring and review

BMIC maintains segregation of duties for oversight of assets, reporting, and payments to ensure adequate checks and balances against fraud or misuse of assets. The organization places strong emphasis on payment controls and maintains an effective reconciliation process to track inventory, reimburse expenses, and manage similar matters. While some risks can be directly managed by BMIC, macroeconomic risks, as well as macroprudential regulatory and legal risks, must be continuously monitored to assess their potential impact.

Periodic risk assessments have identified several potential risks, and BMIC has implemented measures to mitigate them.

A Credit Risk

Risk Identification

Credit risk is defined as the probability that a borrower or counterparty will fail to meet their financial obligations in accordance with agreed terms. This encompasses counterparty risk, concentration risk, and settlement risk. Effective management of credit risk is critical to BMIC, as it directly impacts value creation and financial stability. Credit risk is managed through a credit risk management framework approved by the Board.

Mitigation Activities

- Conducting strict evaluations of clients' creditworthiness, with particular emphasis on repayment capacity.
- Requiring clients to self-declare any existing loan facilities before issuing a new loan to avoid over-indebtedness.
- Providing specialized training for Field Officers, with a focus on "Credit Assessment" criteria.
- Utilizing a comprehensive Management Information System (MIS) to support extensive credit analysis, Early Detection Systems (EDS), and other critical information analyses.
- Obtaining CRIB clearance for larger loan amounts.
- Maintaining a consistent follow-up and robust recovery system to ensure and sustain a low Non-Performing Loan (NPL) ratio.
- Implementing a strong delinquency management system.
- Conducting monthly progress review meetings with branch offices.
- Prioritizing the enhancement of clients' financial literacy.
- Collecting collateral savings from clients alongside each repayment installment.
- Ensuring client portfolios are maintained in compliance with regulatory requirements.

B Market Risk**Risk Identification**

Market risk refers to the potential for adverse impacts on earnings or capital due to fluctuations in interest rates, foreign exchange rates, commodity prices, equity and debt prices, and the lack of reliable information for forecasting. BMIC is particularly exposed to interest rate risk due to its loan receivables and borrowings.

Mitigation Activities

- ☞ The Board and committees regularly monitor financial, economic, and industry indicators to stay abreast of interest rate volatilities and minimize their impact on operational performance.
- ☞ Maintain a balanced mix of fixed and floating interest rates within the borrowing portfolio.
- ☞ The Asset and Liability Committee (ALCO) monitors and advises management and the Board of Directors (BOD) on strategies to mitigate market risks, including interest rate risks.
- ☞ The BOD reviews scenario planning and financial projections to ensure BMIC adopts the most appropriate strategies.

C Strategic Risk**Risk Identification**

Strategic risks stem from internal and external events that affect the achievement of the company's strategic goals. These risks can have severe short- and long-term consequences. The Board is responsible for ensuring all such risks are considered in key strategic discussions.

Mitigation Activities

- ☞ The BOD identifies and discusses significant matters affecting the organization and makes decisions to mitigate these risks, contributing to key operational decisions as needed.
- ☞ Utilize a BOD self-assessment matrix to ensure effective participation and decision-making.
- ☞ Provide quarterly financial and operational analysis reports to shareholders, facilitating insights and motivating stakeholders towards the organization's vision.

D Reputation Risk**Risk Identification**

Reputation risk refers to the potential loss resulting from damage to the company's reputation when it fails to meet stakeholder expectations. Triggers include issues related to ethics, safety, security, sustainability, quality, compliance, and innovation. Reputation risk undermines trust and may not always be remedied financially.

Mitigation Activities

- ☞ Monitor and evaluate compliance with regulatory, legal, and statutory requirements through oversight by the BOD, Compliance Management Committee, and Senior Managers.
- ☞ Maintain adherence to the Microfinance Act No. 6 of 2016, CBSL directions, Companies Act, and tax regulations.
- ☞ Operate a dedicated communications department under the direct supervision of the Managing Director to handle corporate communication.
- ☞ Maintain a comprehensive client complaint handling process overseen by the Head Office Credit Manager.
- ☞ Implement a whistleblowing mechanism managed by an independent party, enabling employees to raise issues directly for prompt BOD attention.
- ☞ Collaborate with the Enterprise Development Unit to equip clients with technical skills, ensuring successful loan utilization, personal development, and enhanced organizational reputation.

RISK MANAGEMENT REVIEW

E Liquidity Risk

Risk Identification

Liquidity risk is the inability to meet contractual and contingent financial obligations as they come due, potentially resulting in asset-liability mismatches. BMIC proactively assesses funding needs to ensure sufficient liquidity under both normal and stressed financial conditions.

Mitigation Activities

- ☞ Monitor cash flows and projections on a weekly, monthly, and annual basis.
- ☞ Analyze weekly variances in liquidity positions.
- ☞ Foster strong relationships with funding partners.
- ☞ Vigilantly manage deposits and borrowings.
- ☞ Monitor and maintain the Liquidity Asset Ratio (LAR) in accordance with Central Bank directives.
- ☞ Ensure effective working capital management across branches to address potential liquidity challenges.

F Operational Risk

Risk Identification

Operational risk arises from inadequate or failed internal processes, people, systems, or from external events such as natural disasters, social or political unrest, or legal challenges. It is inherent in all products and processes of BMIC.

Mitigation Activities

- ☞ Maintain a comprehensive operational manual to standardize processes and procedures.
- ☞ Distribute and uphold internal control procedures, policy documents, and guidelines at all branches.
- ☞ Conduct annual reviews of policies and procedures by management in consultation with the BOD, updating them as necessary.
- ☞ Perform regular audits of internal control processes, covering financial information accuracy, verification of customer loan and savings balances, asset safeguarding, and oversight of loan disbursement, recovery, and documentation.
- ☞ Execute daily and monthly data backups and conduct periodic system audits by the internal audit team.
- ☞ Implement a performance-based financial and non-financial incentive system with an attractive provident fund contribution.
- ☞ Foster a learning environment by sponsoring technical and soft skills training to help employees achieve their potential.
- ☞ Establish proper grievance handling procedures and conduct exit interviews to manage staff turnover.
- ☞ Ensure the BOD and senior management continuously monitor statutory and regulatory changes, guaranteeing timely compliance.
- ☞ Maintain effective information flow within the organization to promote operational efficiency.
- ☞ Operate a robust MIS function supporting comprehensive credit analysis, Early Detection Systems (EDS), and other critical information needs.

THE REPORT BY THE DIRECTORS RELATING TO THE STATE OF AFFAIRS OF BERENDINA MICRO INVESTMENTS COMPANY LIMITED

The Board of Directors of Berendina Micro Investments Company Limited (BMIC) has the pleasure of submitting the report by the Directors relating to the company's state of affairs together with the Audited Financial Statements of the Company for the year ended 31st December 2024.

Berendina Micro Investments Company Limited was incorporated as a Public Limited Liability Company under the Companies Act No. 7 of 2007. The Company was registered on 20th November 2014 with the registration number PB 5235. The registered office of the Company is located at No. 44/3, 3rd Floor, Narahenpita Road, Nawala, Sri Lanka.

On 5th April 2019, the Monetary Board of the Central Bank of Sri Lanka issued the microfinance license to BMIC to carry on microfinance business under the Micro Finance Act No. 06 of 2016. As required under section 4 (5) of the Microfinance Act No. 06 of 2016, the license has been duly renewed for the year 2025.

PRINCIPAL BUSINESS ACTIVITIES

The principal activities of the Company during the year were providing micro loan facilities for business startups, business development, asset building, agriculture, and to dairy sector development combined with Enterprise Development Services (EDS) and accepting collateral deposits from clients. Berendina Micro Investments Company Limited aims to increase the income and living standards of poor and low-income communities in Sri Lanka with the objective of alleviating poverty in Sri Lanka.

FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. The financial statements are duly signed by the Chief Executive Officer and two Directors on behalf of the Board and the Head of Finance.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is provided along with the financial statements.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The accounting policies adopted in the preparation of Financial Statements are provided in Note 02 of the Financial Statements.

Financial Results

	2024	2023
	LKR	LKR
Gross Income	1,964,616,201	1,512,687,416
Net Interest Income	1,390,467,504	1,027,540,858
Profit Before VAT and Income Tax	686,477,798	407,524,961
Total Comprehensive Income	294,353,443	154,767,642
Loans and Receivables	5,565,569,862	4,453,247,952
Total Assets	5,938,897,766	4,750,701,779
Total Equity	1,717,213,458	1,395,893,315

TAXATION

As per Sri Lanka Accounting Standard - LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognized in the statement of comprehensive income, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. Details of taxation are presented in Note 2.7.1 to the financial statements.

RESERVES

The reserves of the Company with the movements during the year are given in Note 20 to the financial statements.

DIVIDENDS

The company has not declared dividends during the year ended 31st December 2024 and for the year ended 31st December 2023.

PROPERTY, PLANT, AND EQUIPMENT

The total capital expenditure on Property Plant and Equipment of the company amounted to LKR 18,616,820 for the year ended 31st December 2024. The property, plant, and equipment details are presented in Note 13.1 to the Financial Statements.

SHAREHOLDING AND SHARE INFORMATION

Berendina Stichting (BS), Berendina Development Services (Guarantee) Limited (BDS), and Berendina Micro Investments Company Limited (BMIC) entered into a shareholders' agreement on 11 November 2019 to transfer 75% of legal ownership of BMIC to BS.

In accordance with this agreement on 14 January 2020, BMIC converted seventy-five percent (75%) of its issued shares held by BDS into a special class of shares (Class A shares) which do not have dividend rights. The same was transferred by BDS to BS on 16 January 2020 on receipt of consideration for the same on 14 January 2020.

THE REPORT BY THE DIRECTORS RELATING TO THE STATE OF AFFAIRS OF BERENDINA MICRO INVESTMENTS COMPANY LIMITED

The Company's new parent undertaking Berendina Stichting (BS) is a foundation duly incorporated on 08 April 1987 with the objective of alleviation of poverty and the empowerment of marginalized and vulnerable communities. It is registered in the Kingdom of Netherlands under Book 2 of Dutch Civil Code (Dutch Companies Act) and registered at the Company Registry of the Dutch Chamber of Commerce under No. 41206437. Its registered office is at Kingsfordweg 151, 1043 GR, Amsterdam, Netherland.

DIRECTORATE

The names of the Directors who held office at the end of the accounting period (as of 31st December 2024) are given below.

Mr. Godakandage Jagath Chandana	– Chairman
Mr. Hewa Athapaththuge Anura	– Managing Director/CEO
Mr. Thebuwanage Duminda Charith Fernando	– Deputy Managing Director
Ms. Josef Gomathi Vinodini Shankar	– Non-Executive Independent Director
Mr. Sarath Chandra Fernando	– Non-Executive Independent Director
Ms. Therese Priyana Gunesekera	– Non-Executive Independent Director

RESIGNATIONS AND APPOINTMENTS OF THE BOARD OF DIRECTORS

Mr. Godakandage Jagath Chandana, Chairman of BMIC, tendered his resignation as a Non-Independent Non-Executive Director of the Company with effect from 31st December 2024 due to his personal commitments. The Central Bank of Sri Lanka (CBSL) granted the prior approval for Mr. Godakandage Jagath Chandana's resignation in terms of Direction No. 3.1 of the Microfinance Act Directions No. 02 of 2017 on Structural Changes.

DIRECTORS REMUNERATION

Directors' remuneration paid by the company is given under Note 26.1.1 to the Financial Statements.

INTERESTS REGISTER/ DIRECTORS' INTEREST IN TRANSACTIONS

In compliance with the Companies Act, No. 07 of 2007, the Company Secretary, Corporate Services (Private) Limited maintains a Directors' interest register on behalf of the company, which is available for inspection.

DIRECTORS' RESPONSIBILITY OF FINANCIAL REPORTING

In terms of Sections 150 (1), 151, 152 (1), and 153 (1) and (2) of the Companies Act No. 07 of 2007, the Board of Directors of the Company is responsible for the preparation of the Financial Statements of the Company which reflects a true and fair view of the financial position and performance of the Company.

REGISTER OF DIRECTORS AND SECRETARIES.

The company secretary of BMIC maintains the register of directors and secretaries which contains the present name and surname, former name or surname (If any), usual residential address, and business occupation of each director.

OUTSTANDING LITIGATION

In the opinion of the Directors, there were no pending litigations of the company except under the normal course of business as of 31st December 2024, and no significant commitments are existed in the company as of 31st December 2024.

01. Company filed a case at District Court (Dickoya) against ex-employees worked at Dickoya Branch by addressing a fraud under the No – B.1362/19
02. The ex-employee was terminated due to poor performance. Following this, he filed a case against the company at the Nawalapitiya Labor Court, challenging his termination under case number LTA 38/18/23.

GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is satisfied that the company has adequate resources to continue its operations in the foreseeable future. Financial statements of the company are prepared based on the assumption that the entity is a going concern and will continue in operation for the foreseeable future.

RELATED PARTY'S TRANSACTIONS WITH THE COMPANY

Transactions of related parties with the Company are set out in Note 26 to the Financial Statements.

DONATIONS

No donation was made during the financial year ended 31st December 2024.

AUDITORS' RELATIONSHIP OR INTEREST WITH THE COMPANY

Messrs. Deloitte Associates, Chartered Accountants served as the Auditors during the year under review. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

AUDITOR'S REMUNERATION

A total amount of LKR. 2,479,475 is payable by the company to Auditors of the Company, Messrs. Deloitte Associates, Chartered Accountants for the year as audit fees and expenses.

INVESTMENT

Details of investments made by the Company as of 31st December 2024 are given in Note 11 to the Financial Statements.

PROVISIONS

The basis adopted for the provisioning is disclosed in Note 2.7.11 of the Financial Statements.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has taken necessary steps to ensure the implementation and monitoring of an effective and comprehensive internal control system covering financial, operational, and compliance controls. The Internal Auditors are responsible to review and report on the efficiency of the internal control system, other regulations, the Company's accounting, and operational policies and send a report through the Audit Committee Chairperson to the Board of Directors.

A proper risk management process is in place to identify and manage the risks that are associated with the business and the operation of the Company. The directors are time to time reviewing this process through Internal Auditors.

Audit Committee, Finance Committee, and Assets and Liabilities Committee (ALCO) are committees chaired by independent directors to monitor and mitigate risks of the company.

COMMITMENT AND CONTINGENCIES

To the best of knowledge and information available to the Board, there were no material contingencies and commitments as of the reporting date.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory dues have been paid up to date or where relevant provided for in the Financial Statements.

EVENTS OCCURRING AFTER THE REPORTING DATE

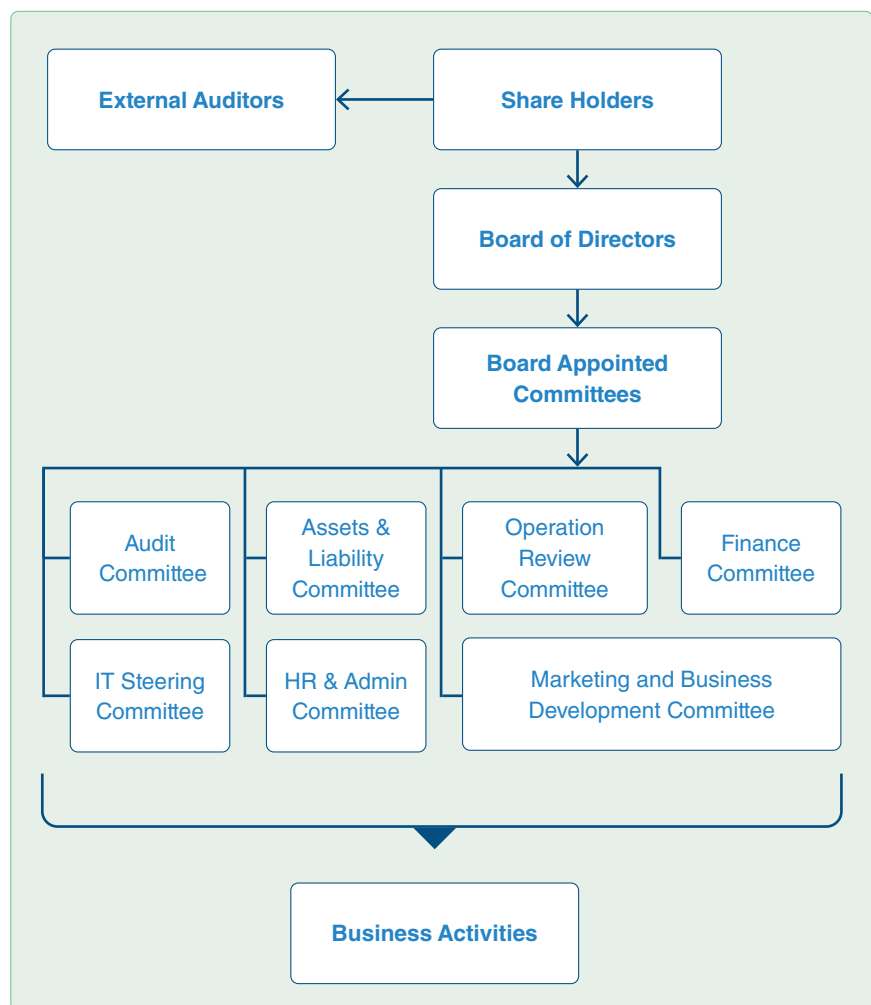
There were no material events occurring after the reporting date that require adjustment or disclosure in the financial statements of the Company.

CORPORATE GOVERNANCE

The internal corporate governance structure of BMIC is embedded within the organization and, as a result, has an impact on the execution and monitoring of all governance-related initiatives, systems, and processes. The Internal Governance Structure encompasses;

1. Shareholders
2. The Board of Directors
3. Board appointed Committees
4. Employee Empowerment

As represented in the governance framework, the above components are strengthened and complemented by internal policies, processes, and procedures.



ANNUAL GENERAL MEETING

The Annual General Meeting will be held as a hybrid meeting at Berendina Micro Investments Company Limited Head Office, No. 44/3, 3rd Floor, Narahenpita Road, Nawala, Sri Lanka on 6th June 2025 at 1.30 p.m.

Hewa Athapaththuge Anura
Chairman

21 March 2025

T. D. Charith Fernando
CEO / Managing Director

INTERNAL AUDIT COMMITTEE REPORT

The Internal Audit Committee of Berendina Micro Investments Company Limited is responsible for supporting the Board of Directors in fulfilling its oversight responsibilities relating to internal controls, risk management, compliance, integrity of internal audit activities and functions relating to internal and external audits.

COMPOSITION OF THE COMMITTEE

Internal Audit Committee members shall be,

- ⇒ Non-Executive Independent Director – Chairperson of the committee
- ⇒ Two Non-Executive Independent Directors
- ⇒ Assistant Manager Internal Audit – Secretary

BY INVITATION PARTICIPANTS FOR THE INTERNAL AUDIT COMMITTEE,

- ⇒ Chairperson of BMIC
- ⇒ Chief Executive Officer
- ⇒ Head of Finance
- ⇒ Head of Operation
- ⇒ External Auditor

The internal audit committee will consist of four (4) members appointed by the board, with appropriate skills & expertise and out of which three (3) members shall be independent non-executive directors of the company.

The Internal Audit Committee is chaired by an Independent Non-Executive Director, who conducts Committee proceedings in accordance with the Committee's Terms of Reference approved by the Board and the Assistant Manager of Internal Audit acts as the Secretary to the Audit Committee.

The Assistant Manager - Internal Audit ensures that periodic audits are conducted at both Branch and Head Office levels as planned, while also ensuring that all internal audit activities comply with the Internal Audit Charter. He additionally coordinates special audits as needed and advises the Board of Directors on any control weaknesses identified during the audit process.

COMMITTEE MEETINGS

The Internal Audit Committee generally meets once each quarter. In 2024, the Committee convened four times in the months of April, July, October and December.

COMMITTEE FUNCTIONS & RESPONSIBILITIES

During the year 2024, the Internal Audit Committee focused mainly on the following:

- ⇒ Review internal and external audit reports and escalation of any critical issues to the Board of Directors.
- ⇒ Monitored the implementation of agreed audit recommendations across branches and departments. To consider the appropriateness of executive action following internal audit reviews and to advise senior management on any additional or alternative steps to be taken.
- ⇒ Review frauds and misconducts reported by the regional internal auditors and other staff members and recommend preventive measures.
- ⇒ Ensuring guidelines on fraud control procedures and detection methods are updated regularly.
- ⇒ Ensuring documentation of processes, audit scopes and auditing of Head Office departments.
- ⇒ Reviewed and approved the internal audit scope and plan, ensuring that audit coverage was aligned with key operational procedures and high-risk areas.
- ⇒ Review the existing procurement, fixed assets, other policies procedures and provide feedback to complete the revision of these policies.
- ⇒ Review the adequacy and integrity of internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines.

- ⇒ On an annual basis, the audit committee should determine that all responsibilities outlined in the Terms of Reference have been carried out. In addition, the Terms of Reference should be reviewed and proposed updates presented to the board for approval.

During the year, the Internal Audit Department conducted a total of 177 audits, averaging approximately three audits per branch. This included 107 detailed branch audits, 60 special/ surprise branch audits and 10 audits at the Head Office covering various departmental functions. In addition, the department carried out several investigations and special audits aimed at risk mitigation and delivering value-added services to the organization.



Priyana Gunesekera

Chairperson

Internal Audit Committee

21 March 2025

Colombo

HR AND ADMINISTRATION COMMITTEE REPORT

In our commitment to robust human capital management, the Board Human Resources and Administration Committee played a critical role during the year. The main objective of the HR and Administration Committee is to review HR and Administration policies and strategies, recommend key changes and developments to the Board of Directors (BOD) for approval, and monitor the implementation of such policies and procedures. This ensures an attractive work environment that enhances employee satisfaction and aligns staff efforts with the achievement of corporate goals.

COMPOSITION OF THE COMMITTEE

The committee, appointed by the Board of Directors, comprises the following members:

- Deputy Managing Director (Chairperson of the committee)
- Managing Director
- Chairman, BMIC
- Head of HR, Administration and Corporate Image Building
- Assistant Manager – Human Resources
- Assistant Manager – Administration
- Senior Executive – Human Resources

COMMITTEE MEETINGS

Committee meetings are held once every two months each year. During the year under review, the HR and Administration Committee met five times.

COMMITTEE FUNCTIONS AND RESPONSIBILITIES

During the year under review, the committee carried out the following functions and activities according to its Terms of Reference (TOR):

1. Reviewed and made recommendations to the Board on HR and Administration strategies and policies related to staffing, compensation, benefits, workforce requirements, safety and security, logistics management, and other strategically important issues impacting the organization's objectives.

2. Reviewed and monitored planned annual HR and administration activities, providing necessary direction and guidance for effective implementation.
3. Reviewed and recommended major and critical structural, organizational, and administration-related changes to the BOD.
4. Monitored the implementation of staff training and capacity development plans to support employees in reaching their professional and career potential, aligned with Berendina's strategic objectives.
5. Assessed risks related to HR and administration functions, including employee attraction and retention, performance, succession planning, safety and security, office cleanliness and hygiene, and any other emerging risks.
6. Reviewed HR and administration activities and compliance, providing advice and direction to achieve set objectives and align practices with HRM and office administration best practices.
7. Ensured and monitored compliance with statutory and legal requirements related to HR and administration functions, including developing frameworks for compliance checks and making recommendations to the BOD as necessary.

In 2024, the Human Resources Department of BMIC, under the strategic guidance of the HR and Administration Committee, spearheaded several transformative initiatives aimed at enhancing organizational efficiency, regulatory compliance, and employee engagement. A significant milestone was the approval of a comprehensive HR Policy Manual encompassing 24 core areas, designed to establish a robust and professional HR framework aligned with the company's operational requirements. As part of the broader digitalization strategy, the committee introduced a formal policy on mobile device usage and implemented the systematic disposal of personal files of resigned employees.

In support of talent retention and market competitiveness, salary structures and employee allowances were revised in line with current market benchmarks. Several HR circulars were reviewed and amended under the committee's direction to offer more competitive and inclusive benefits. These included updates to the staff allowance circular, the Bright Student Scholarship Scheme for employees' children, and the staff trip circular.

Capacity building remained a priority, with 51 training programs conducted during the year, benefiting 1,453 employees and focusing primarily on leadership development and operational excellence. Engagement initiatives such as regional sports meets, annual staff trips, and year-end gatherings at the Head Office and branches further fostered a collaborative and positive workplace culture. Collectively, these efforts underscore BMIC's continued commitment to cultivating a future-ready, motivated, and loyal workforce while promoting a people-first organizational culture.



Charith Fernando

Chairperson

Human Resources and Administration Committee

21 March 2025

Colombo

From Farming to Flourishing: The Inspiring Journey of S. Pushpakala and Angel Mushrooms



At 49 years old, S. Pushpakala, a dedicated client from BMIC's Ragala branch, has turned determination, diversification, and strategic financial support into a powerful story of entrepreneurial success. Her journey from modest farming roots to managing a registered mushroom business and a profitable tailoring enterprise demonstrates the transformative impact of microfinance and continuous learning.

Pushpakala lives with her husband, R.M.N.S. Wijerathna, a farmer earning approximately LKR. 15,000 per month, and their two children. The family's initial monthly income was LKR. 40,000, derived mainly from agriculture and informal work. However, driven by a clear vision for a better future, Pushpakala sought new avenues for growth.

Her entrepreneurial journey began in 2014 when she received her first loan of LKR. 30,000 from Berendina Micro Investment Company (BMIC) to support vegetable cultivation. Over the next few years, she steadily expanded her efforts, taking further loans in 2015 and 2017, including a significant LKR. 85,000 loan that enabled her to introduce mushroom farming. By 2023,

with a LKR. 150,000 loan and BMIC's support, Pushpakala officially registered her mushroom business under the name "Angel Mushroom," marking a new milestone in her agricultural venture.

In parallel, Pushpakala pursued her longstanding passion for tailoring, steadily growing it into a successful enterprise. Today, her tailoring business generates approximately LKR. 85,000 per month, with a net profit of LKR. 50,000, contributing substantially to the family's financial security.

A key factor in Pushpakala's sustained success has been her active participation in BMIC's Entrepreneurial Development Services (EDS). She completed Tailoring Training in 2016, followed by Financial Literacy in 2017, and a course in Successful Financial Management. These capacity-building programs equipped her with essential business skills, including financial planning, cost management, and market expansion strategies. In addition to training, BMIC's EDS provided her with business counseling and guided her through the process of registering her business, transforming her informal enterprise into a formal and sustainable venture.

Her achievements have also inspired her family. Her son has launched his own small-scale cake manufacturing venture, contributing an additional LKR. 10,000 per month to household income and continuing the family's legacy of entrepreneurship.

"My journey with BMIC began in 2014 with a small loan for farming. Step by step, with training and support, I grew my mushroom business into a registered enterprise. Today, I can support my family and inspire other women in my community to believe in their own potential."

**S. Pushpakala,
BMIC Ragala Branch Client**

Today, Pushpakala's story represents more than business success it reflects empowerment, resilience, and the ripple effect of opportunity. With BMIC's ongoing support, she continues to scale her ventures while motivating other women in her community to pursue economic independence and realize their potential.



Financial Statements

FINANCIAL CALENDAR

Obtained a loan of LKR 30 Million from BDS	29-Feb-2024
Obtained a loan of LKR 59 Million from BDS	19-Mar-2024
Obtained a loan of LKR 21 Million from BDS	22-Mar-2024
Obtained a loan of LKR 30 Million from BDS	25-Mar-2024
Obtained a loan of LKR 20 Million from BDS	31-May-2024
Obtained a loan of LKR 50 Million from BDS	11-Jun-2024
Obtained a loan of LKR 250 Million from DFCC	12-Jun-2024
Obtained a loan of LKR 290 Million from HNB	25-Jul-2024
Obtained a loan of LKR 40 Million from BDS	02-Aug-2024
Obtained a loan of LKR 40 Million from BDS	29-Aug-2024
Obtained a loan of LKR 30 Million from BDS	30-Aug-2024
Obtained a loan of LKR 30 Million from BDS	30-Aug-2024
Obtained a loan of LKR 30 Million from BDS	12-Sep-2024
Obtained a loan of LKR 50 Million from BDS	26-Sep-2024
Obtained a loan of LKR 35 Million from BDS	26-Sep-2024
Obtained a loan of LKR 40 Million from BDS	30-Sep-2024
Obtained a loan of LKR 70 Million from BDS	28-Oct-2024
Obtained a loan of LKR 50 Million from BDS	01-Nov-2024
Obtained a loan of LKR 60 Million from BDS	26-Nov-2024
Obtained a loan of LKR 50 Million from BDS	29-Nov-2024
Obtained a loan of LKR 50 Million from BDS	13-Dec-2024
Obtained a loan of LKR 50 Million from BDS	23-Dec-2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The responsibilities of the Directors in relation to the Financial Statements of the Company prepared in accordance with the provisions of the Companies Act No. 7 of 2007 are set out in the following statement. The responsibilities of the External Auditor in relation to the Financial Statements are set out in the Report of the Auditors given on pages 131 to 132 of the Annual Report.

As per the provisions of sections 150 (1), 151, 166 (1), 167 (1), and 168 of the Companies Act No. 7 of 2007, the Directors are required to prepare Financial Statements that give a true and fair view of the financial position for each financial year and place them before the Annual General Meeting. The Financial Statements comprise the Statement of Financial Position as at the end of the financial year, the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year ended and notes thereto.

The Head of Finance prepares the Financial Statements. The Directors confirm that the Financial Statements of the Company give a true and fair view of:

1. The state of affairs of the Company as at 31st December 2024; and
2. The financial performance of the Company for the financial year ended 31st December 2024.

The Financial Statements of the Company have been certified by the Chief Executive Officer, two Directors on behalf of the Board, and the Head of Finance.

The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report. The Directors confirm that in preparing these Financial Statements:

1. The appropriate accounting policies have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained;

2. Judgments and estimates have been made which are reasonable and prudent;
3. All applicable Accounting Standards, as relevant, have been complied with; and
4. Financial statements of the company provide the required information as per the Microfinance Act No 6 of 2016.

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company has maintained sufficient accounting records to disclose with reasonable accuracy in the financial position of the Company.

The Financial Statements prepared and presented in this report are consistent with the underlying books of account and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No.7 of 2007, Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995 and amendments thereto, the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities Exchange Commission of Sri Lanka (SEC).

The Directors have also instituted effective and comprehensive systems of Internal Control for identifying, recording, evaluating, and managing the significant risks faced by the Company throughout the year, and it has been under regular review by the Board of Directors. This comprises internal reviews, internal audits, and the whole system of financial and other controls required to carry on the business in an orderly manner, safeguard its assets, prevent and detect frauds and other irregularities and secure as far as practicable the accuracy and reliability of the records. The results of such reviews carried out during the year ended 31st December 2024 are given on page 130 of the

Annual Report, "Directors' Statement on Internal Control over Financial Reporting."

Directors are required to prepare the Financial Statements and provide the Company's External Auditor, Messrs Deloitte Associates, Chartered Accountants with every opportunity to carry out whatever reviews and sample checks they may consider appropriate and necessary for expressing their independent audit opinion on the financials.

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities which were due and payable by the Company as at the Statement of Financial Position date have been paid or, where relevant provided for. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By order of the Board



Corporate Services (Private) Limited
Company Secretary

21 March 2025
Colombo

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

REQUIREMENT

The 'Code of Best Practice on Corporate Governance 2023' issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Annual Report of the Company should contain a Statement on Internal Control.

RESPONSIBILITY

Maintaining a sound system of internal controls to safeguard stakeholders and the Company's assets is the responsibility of the Board of Directors (the Board). The Board is responsible for the adequacy and effectiveness of the system of internal controls in place at Berendina Micro Investments Company Limited. The Board identifies significant risks on an ongoing basis and ensures the implementation of appropriate strategies to evaluate and manage identified risks. However, the system is designed to address the Company's key risk areas within an acceptable risk profile. Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against material misstatements of financial information or financial losses or fraud.

KEY FEATURES OF PROCESSES ADOPTED IN APPLYING AND REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM ON FINANCIAL REPORTING

The Board continuously assesses the adequacy of the internal controls by analyzing fraud occurrences, errors and procedure violations reported by the Internal Audit Team, the External Auditors, Regulatory Authorities, Management and staff.

The Board has established specialized Board committees to ensure the effectiveness of the company's day-to-day operations and make sure that all such operations are performed in line with the corporate objectives and strategies. Policies and procedures covering functional areas of the Company are recommended by the Board-appointed Committees and are approved by the Board.

The Internal Audit Department of the Company monitors compliance with policies and procedures and their suitability of design and effectiveness on an ongoing basis. The annual Internal Audit Plan is reviewed and approved by the Internal Audit Committee.

The company continuously assesses the systems and controls adequacy and works to improve any weaknesses. To enhance control mechanisms, new procedures are introduced, and existing procedures are modified periodically.

To ensure that the changes to the procedures and controls are adhered to, the verification of the same is incorporated into the quarterly Internal audit scope approved by the Internal Audit Committee. The frequency and scope of Branch Audits and Head Office Audits are determined based on the level of risks assessed. All significant findings identified by the Internal Audit Department are submitted to the Board Internal Audit Committee for review at their periodic meetings. The Internal Audit Committee reviews the internal control issues identified by the Internal Audit Department, the External Auditors and the management evaluates the effectiveness of the risk management and internal control systems.

CONFIRMATION STATEMENT

The Board of Directors of Berendina Micro Investments Company Limited confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes has been done in accordance with Sri Lanka Accounting Standards (SLFRSs) and Companies Act No. 7 of 2007.



Godakandage Jagath Chandana

Chairman



Hewa Athapaththuge Anura

Managing Director/CEO



Priyana Gunesekera

Chairperson Internal Audit Committee

21 March 2025

Colombo

INDEPENDENT AUDITOR'S REPORT



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Sri Lanka

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+94 11 2503262,
Fax: +94 11 2582452
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BERENDINA MICRO INVESTMENTS COMPANY LIMITED

Opinion

We have audited the financial statements of Berendina Micro Investments Company Limited ("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 a 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 CA Sri Lanka ("Code of Ethics"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Berendina Micro Investments Company Limited for the year ended 31 December 2023, was audited by another auditor who expressed an unmodified opinion on those statements on 15 March 2024.

Other Information

Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of financial statements 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 Sri Lanka Auditing Standards 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.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

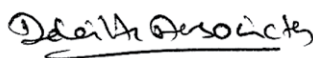
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 Associates

Chartered Accountants

Colombo

26 March 2025

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December,		2024	2023
	Note	LKR	LKR
Assets			
Gross income	3	1,964,616,201	1,512,687,416
Interest income	4	1,806,940,859	1,382,453,470
Less: Interest and similar expenses	5	416,473,355	354,912,612
Net interest income		1,390,467,504	1,027,540,858
Fee, commission and other income	6	157,675,342	130,233,946
Total operating income		1,548,142,846	1,157,774,804
Less: Impairment charges for loans and receivables	12.2	4,022,276	35,641,828
Net operating income		1,544,120,570	1,122,132,976
Less:			
Personnel expenses	7	541,064,111	457,826,849
Depreciation of property, plant and equipment and right-of-use assets	13	27,939,392	24,642,725
Amortization of intangible assets	14	1,837,214	2,198,525
Other operating expenses	8	286,802,055	229,939,916
Operating profit before value added tax on financial services and social security		686,477,798	407,524,961
Contribution levy		686,477,798	407,524,961
Less:			
Value added tax on financial services		162,545,259	112,339,742
Social security contribution levy		26,578,044	17,436,518
Profit for the year before income tax		497,354,495	277,748,701
Less: Income tax expense	9	198,542,308	119,859,238
Profit / (loss) for the year		298,812,187	157,889,463
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial (loss) / gain on post employee benefit obligation	18	(6,369,634)	(4,459,744)
Deferred tax reversal / (charge) on other comprehensive income	15	1,910,890	1,337,923
Total other comprehensive income for the year		(4,458,744)	(3,121,821)
Total comprehensive income for the year		294,353,443	154,767,642
Earnings per share	31	3.88	2.07

The accounting policies are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

STATEMENT OF FINANCIAL POSITION

As at 31 December,	Note	2024	2023
		LKR	LKR
Assets			
Cash and cash equivalents	10	78,181,779	61,607,134
Balances with banks and financial institutions	11	130,237	120,167
Loans and receivables	12	5,565,569,862	4,453,247,952
Property, plant and equipment	13.1	41,050,126	35,315,005
Right-of-use assets	13.2	47,560,214	15,833,866
Intangible assets	14	2,287,556	4,124,771
Deferred tax assets	15	17,777,350	15,561,107
Other assets	16	186,340,642	164,891,777
Total assets		5,938,897,766	4,750,701,779
Liabilities and Equity			
Liabilities			
Interest bearing borrowings	17	2,616,086,428	2,154,117,231
Post employment benefit obligation	18	65,745,693	50,639,520
Other liabilities	19	1,028,362,874	844,101,039
Collateral deposits		511,489,313	305,950,674
Total liabilities		4,221,684,308	3,354,808,464
Equity			
Stated capital	21	790,428,450	763,461,750
Unrestricted fund	20.1	865,800	865,800
Restricted fund	20.2	251,615,991	251,615,991
Statutory reserve		30,515,073	15,797,401
Retained earnings		643,788,144	364,152,373
Total equity		1,717,213,458	1,395,893,315
Total equity and liabilities		5,938,897,766	4,750,701,779

The accounting policies are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

The Head of Finance certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards (SLFRSs).

Approved and signed for and on behalf of the Board of Directors on 26 March 2025.



Chief Executive Officer



Director



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December,	Note	Unrestricted funds	Restricted funds	Stated capital	Statutory reserve	Retained earnings	Total equity
		LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 January 2023		865,800	204,057,897	763,461,750	8,059,019	217,123,113	1,193,567,579
Profit for the year		-	-	-	-	157,889,463	157,889,463
Other comprehensive income (Net of tax)		-	-	-	-	(3,121,821)	(3,121,821)
Transfer to statutory reserve		-	-	-	7,738,382	(7,738,382)	-
Fund received during the year	20.2	-	47,558,094	-	-	-	47,558,094
Balance as at 31 December 2023		865,800	251,615,991	763,461,750	15,797,401	364,152,373	1,395,893,315
Balance as at 01 January 2024		865,800	251,615,991	763,461,750	15,797,401	364,152,373	1,395,893,315
Profit for the year		-	-	-	-	298,812,187	298,812,187
Share Issue during the year		-	-	26,966,700	-	-	26,966,700
Other comprehensive income (Net of tax)		-	-	-	-	(4,458,744)	(4,458,744)
Transfer to statutory reserve		-	-	-	14,717,672	(14,717,672)	-
Balance as at 31 December 2024		865,800	251,615,991	790,428,450	30,515,073	643,788,144	1,717,213,458

The accounting policies are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

The Company has transferred 5% of net profit after tax, before dividends to statutory reserve.

STATEMENT OF CASH FLOWS

For the year ended 31 December,		2024	2023
	Note	LKR	LKR
Cash flows from operating activities			
Profit before tax		497,354,495	277,748,701
Adjustment for:			
Depreciation of property, plant and equipment and right-of-use assets	13	27,939,392	24,642,725
Amortization of intangible assets	14	1,837,214	2,198,525
Impairment charges for loans and receivables	12.2	4,022,276	35,641,828
Interest expense	17.1	372,233,157	327,960,494
Interest expenses on right-of-use assets		8,450,161	6,135,111
(gain) / loss on fixed assets disposal		(316,385)	(20,332)
Charges for defined benefit liability	18	14,838,173	14,109,608
VAT on financial services and social security contribution levy charges		189,123,303	112,339,742
Operating cash flows before working capital changes		1,115,481,786	800,756,402
Changes in operating assets and loans and receivables		(1,137,793,046)	(1,195,612,658)
Changes in operating liabilities		114,492,208	66,367,650
VAT on financial service and social security contribution levy payment		(184,285,710)	(102,751,949)
Gratuity payments		(6,101,634)	(4,244,063)
Interest paid on borrowings		(372,233,157)	(321,897,197)
Interest paid on lease		(8,450,161)	(6,135,111)
Income tax payment		(163,353,793)	(99,183,775)
Net cash flows used in operating activities		(642,243,507)	(862,700,701)
Cash flows from investing activities			
Purchase of property, plant and equipment	13.1	(18,616,820)	(20,522,035)
Sale proceeds on fixed assets disposal		399,837	49,650
Net investment made in fixed deposits		(10,070)	7,459,834
Net cash flows used in investing activities		(18,227,053)	(13,012,551)
Cash flows from financing activities			
Capital repayments of borrowings		(913,030,803)	(1,100,524,329)
Borrowings		1,375,000,000	1,792,000,000
Lease payments for principle portion		(17,429,331)	(9,546,678)
Proceeds from Collateral deposits		205,538,639	159,556,345
Proceeds from Share Issue		26,966,700	-
Proceeds from funds	20	-	47,558,094
Net cash flows generated from financing activities		677,045,205	889,043,432
Net increase / (decrease) in cash and cash equivalents during the year		16,574,645	13,330,180
Cash and cash equivalents at the beginning of the year		61,607,134	48,276,954
Cash and cash equivalents at the end of the year	10	78,181,779	61,607,134

The accounting policies are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 General information

Berendina Micro Investments Company Limited (“the Company”) is a public limited liability Company incorporated in and domiciled in Sri Lanka under Companies Act No. 07 of 2007. It is a licensed microfinance Company approved to carry on microfinance business, by the Monetary Board of Central Bank of Sri Lanka under the Microfinance Act No. 06 of 2016.

The registered office of the Company is located at No. 44/3, 3rd Floor, Narahenpita Road, Nawala.

1.2 Functional and presentation currency

These financial statements are presented in LKR, which is the Company’s functional currency.

1.3 Principal activities and nature of operation

The principal activities of the Company are providing micro loan facilities for business start-up, business development, asset building, agriculture, dairy etc. combined with Enterprise Development Services such as training and advice for micro and small entrepreneurs and accepting collateral deposits from its customers.

The aim of Berendina Micro Investments Company Limited is to increase income and living standards of poor and low-income communities in Sri Lanka in order to uplift their socio-economic status.

The Monetary Board of the Central Bank of Sri Lanka issued the license to the Company to carry on microfinance business on 5 April 2019. As required under section 4 (5) of the Microfinance Act No. 06 of 2016, the license has been renewed duly and timely.

1.4 Parent entity and changes in ownership of the Company

Berendina Stichting (BS), Berendina Development Services (Guarantee) Limited (BDS) and Berendina Micro Investments Company Limited (BMIC) entered into a shareholders’ agreement on 11 November 2019 to transfer 75% of legal ownership of BMIC to BS.

In accordance with this agreement on 14 January 2020, BMIC converted seventy-five percent (75%) of its issued shares held by BDS into a special class of shares (Class A shares) which do not have dividend rights, and the same was transferred by BDS to BS on 16 January 2020 on receipt of consideration for the same on 14 January 2020.

The Company’s ultimate beneficial owner is Berendina Stichting (BS), is a foundation duly incorporated on 08 April 1987 with the objective of alleviation of poverty and the empowerment of marginalized and vulnerable communities. It is registered in the Kingdom of Netherlands under Book 2 of Dutch Civil Code (Dutch Companies Act) and registered at the Company Registry of the Dutch Chamber of Commerce under No. 41206437. Its registered office is at Kingsfordweg 151, 1043 GR, Amsterdam, Netherland.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements which have been prepared and presented in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter “SLFRSs”) laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007.

2.2 Comparative information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous period.

2.3 Responsibility for financial statements

The Management is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007.

This responsibility includes; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

2.4 Approval of financial statements by the Board of Directors

The financial statements of the Company as at and for the year ended 31 December 2024 were authorized for issue by the board of directors in accordance with the resolution of the directors on 26 March 2025.

2.5 Basis of measurement

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

Items	Basis of measurement
Defined benefit obligations	Recognized at the present value of the defined benefit obligation

NOTES TO THE FINANCIAL STATEMENTS

2.6 Significant accounting judgments, estimates and assumptions

The preparation of financial statements of the Company in conformity with Sri Lanka Accounting Standards requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the financial statements of the Company are as follows;

2.6.1 Going concern basis of accounting

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

Further information on the impact of recent economic conditions is included in Note 32 to the financial statements.

2.6.2 Impairment losses on loans and receivables

The Company adopts SLFRS 09 for impairment provision for its loan portfolio. Loss allowances for loans and receivables are always measured at an amount equal to lifetime Expected Credit Loss (ECLs).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- ☞ The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- ☞ The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- ☞ Significant financial difficulty of the borrower or issuer;
- ☞ A breach of contract such as a default or being more than 90 days past due;
- ☞ The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- ☞ It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- ☞ The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to comprehensive income and is recognized in OCI.

Loan Modification

The cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in comprehensive income. If such a modification is carried out because of financial difficulties of the borrower, no change will be made on the loan contract number.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof while keeping the regular follow up according to the delinquency management guideline. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 730 days past due based on historical experience of recoveries of similar assets (Less than 730 days past due is also considered in certain cases where Management determines based on its judgments on recoverability). However, there are some delinquent clients who are paying their installments even though they are in arrears more than 2 years. A delinquent client who has paid at least 2 months (installments) during the last 6-months as of the write-off date where the total paid amount covers minimum 40% of the said 6 months' instalments value at the cutoff date, are not considered as a write-off client. The financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

The Company reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive Income. In particular, Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance made.

Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, by categorizing them into groups of assets with similar risk characteristics, to determine whether a provision should be made due to incurred loss events for

which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio such as credit quality, portfolio size, concentration etc. as well as judgments based on current economic conditions.

2.6.3 Post-employment benefit obligations

The post-employment benefit obligation and the related charge for the year are determined using projected unit credit method. The method valuations involve making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long-term nature of such obligations these estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting period.

2.6.4 Useful lives of property plant and equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment by the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.6.5 Useful lives of intangible assets

The Company reviews the residual values, useful lives and methods of amortization of assets as at each reporting date. Judgment by the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.7 Material accounting policies

A number of new standards are effective from 01 January 2025, but they do not have a material effect on the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements of the Company, unless otherwise indicated.

2.7.1 Taxation

As per Sri Lanka Accounting Standard - LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognized in the statement of comprehensive income, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet definition of income taxes and therefore has accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognized the related expenses in other expenses.

a) Current taxes

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto at the rates specified in Note 9.2 to the financial statements. Current tax assets and liabilities are off-set only if certain criteria are met.

b) Deferred taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Temporary differences in relation to a right-of-use asset and lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognized as deferred tax expense and conversely any net decrease is recognized as reversal to deferred tax expense, in the statement of comprehensive income.

Due to the uncertainty associated with the realization of the temporary differences pertaining to the impairment on loan receivables related Deferred Tax Asset was not recognized.

c) Value added tax on financial services (VAT on FS)

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 07 of 2003 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before income tax adjusted for the economic depreciation and emoluments of employees. VAT on financial services is computed on the prescribed rate at 18%.

d) Social Security Contribution Levy

As per the Social Security Contribution Levy Act, No. 25 of 2022 (SSCL Act), any person carrying on the business of supplying financial services is required to pay Social Security Contribution Levy at the rate of 2.5% on the Value Addition attributable to financial services w.e.f 1 October 2022.

2.7.2 Cash and cash equivalents

Cash and cash equivalents are cash in hand; demand deposits; and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Financial instruments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.7.3 Property, plant and equipment

Cost

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its condition for its intended use. All other repairs and maintenance costs are recognized in the comprehensive income as incurred.

Depreciation

Depreciation is charged to statement of comprehensive income so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year.

The estimated useful lives of property, plant and equipment are as follows;

The class of tangible assets	Useful life
Furniture and fittings	5 Years
Office equipment	8 Years
Computers and network equipment	4 Years
Motor vehicles	4 Years

De-recognition

Items of property, plant and equipment are de-recognized upon disposal or when no future economic benefits are expected from its use. Gain or loss arising on de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognized in the statement of comprehensive income.

2.7.4 Lease

Definition of a lease

The Company assesses whether a contract is or contains a lease based on the definition of a lease. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right to use asset is measured at cost less any accumulated depreciation, any accumulated impairment and less adjusted for re-measurement of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use-assets that do not meet the definition of investment property in right-of-use-assets and lease creditor in other liabilities in the statement of financial position.

2.7.5 Financial instruments

Recognition and initial measurement

Loans and receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through comprehensive income (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

NOTES TO THE FINANCIAL STATEMENTS

The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's Management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular

period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely for payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid for amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in comprehensive income.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in comprehensive income. Any gain or loss on derecognition is recognized in comprehensive income.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to comprehensive income.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

2.7.6 Collateral deposits

In June 2019, the Company commenced accepting collateral deposits in accordance with Direction No. 01 of 2019 issued by the Monetary Board of the Central Bank of Sri Lanka under Section 11 of the Microfinance Act No. 06 of 2016.

The monthly deposit to the savings account is collected together with the regular loan installment, which is currently LKR 300. Additionally, 50% of the outstanding arrears will be offset against the guarantor(s)' collateral savings at the time of repayment of the savings to the guarantors.

Collateral deposits are initially recognized at fair value net of transaction costs. Subsequent to initial recognition, deposits are measured at their amortized cost using the effective interest rate (EIR) method. The interest paid/payable on these deposits is recognized in the statement of comprehensive income.

2.7.7 Intangible assets

Basis of recognition

An Intangible Asset is recognized if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably.

Basis of measurement

Intangible assets acquired separately are measured as initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite useful life are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in such assets. All other expenditure is expensed when incurred.

De-recognition

Intangible assets are de-recognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as difference between the net disposal proceeds and the carrying amount of the asset.

Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expenses on intangible assets with finite lives are recognized in the statement of comprehensive income.

The useful lives and the amortization methods of intangible assets with finite lives are as follows;

The class of intangible assets	Computer software
Useful life	4 years
Amortization method	Straight line method

2.7.8 Post-employment benefit obligations

Defined benefit plan – Gratuity

Gratuity is a defined benefit plan. The Company annually measures the present value of the promised retirement benefits for gratuity. The cost of providing benefits under the defined benefit plans are determined using the projected unit credit method.

The rate of interest, salary incremental rate, staff turnover and retirement age have been adjusted in the gratuity computation. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in other comprehensive income.

The gratuity liability is not externally funded.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in comprehensive income. The Company recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

Defined contribution plans - Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF)

Employees are eligible for Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions in line with respective statutes and regulations.

2.7.9 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.7.10 Other non-financial assets

All other non-financial assets are valued net of specific provision, where necessary, so as to reduce the carrying value of such assets to their estimated realizable values.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's fair value less costs to sell and its value in use.

NOTES TO THE FINANCIAL STATEMENTS

It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.7.11 Other non-financial liabilities

Other non-financial liabilities are recognized at their nominal amount.

2.7.12 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made.

The following specific criteria are used for the purpose of recognition of revenue.

Interest income and expenses

Interest income and expense are recognized in statement of comprehensive of income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset and liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Fee and commission income

Fee and commission income earned for the period of services over a period of time are accrued over that period. Other fee including admission fee, service charges are recognized as related services are performed.

Other income

Non-operational interest income fees are accounted for on accrual basis.

2.7.13 Expenses recognition

Expenditure is recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment or investment properties in a rate of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of the statement of comprehensive income the directors are of the opinion that the nature of expense method presents fairly the elements of the Company's performance, and hence such presentation method is adopted. Repairs and renewals are charged to the statement of comprehensive income in the year in which the expenditure is incurred.

Lease payments associated to the underlying asset is low value, short term contract or no contract are recognized as an expense under the operating lease expenses on either a straight-line basis or another systematic basis over the lease term. Interest cost of the right to use asset is recognized as a finance cost.

2.7.14 Statement of cash flows

The statement of cash flows has been prepared using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard LKAS - 7 'Statement of Cash Flows.' 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. Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

2.7.15 Related party disclosures

Transactions with related parties are conducted in the normal course of business.

2.7.16 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless they are remote.

2.8 Effect of Sri Lanka Accounting Standards issued, but not effective

The new amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements will be not expected to have a significant impact on the Companies' financial statements.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability.
- Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments.

3 GROSS INCOME

For the year ended 31 December,		2024	2023
	Note	LKR	LKR
Interest income	4	1,806,940,859	1,382,453,470
Fee, commission and other income	6	157,675,342	130,233,946
Gross income		1,964,616,201	1,512,687,416

4 INTEREST INCOME

For the year ended 31 December,		2024	2023
		LKR	LKR
Interest from loans and advances		1,802,706,848	1,369,196,903
Interest income from bank deposits		4,234,011	13,256,567
		1,806,940,859	1,382,453,470

5 INTEREST AND SIMILAR EXPENSES

For the year ended 31 December,		2024	2023
	Note	LKR	LKR
Interest on long term borrowings	17.1	372,233,157	327,960,494
Bank charges		4,387,243	3,411,421
Loan processing charges		520,000	-
Interest on staff security fund		2,038,723	2,588,742
Interest on collateral deposits		37,294,232	20,951,955
		416,473,355	354,912,612

6 FEE, COMMISSION AND OTHER INCOME

For the year ended 31 December,		2024	2023
	Note	LKR	LKR
Written-off loans recoveries		32,759,038	33,912,679
Enterprise Development Service (EDS) income		103,963,722	70,680,053
Miscellaneous income	6.1	20,952,582	25,641,214
		157,675,342	130,233,946

6.1 Miscellaneous income

For the year ended 31 December,		2024	2023
		LKR	LKR
Grant income from Berendina Stichting		8,069,649	8,783,685
Other miscellaneous income		12,882,933	16,857,529
		20,952,582	25,641,214

NOTES TO THE FINANCIAL STATEMENTS

7 PERSONNEL EXPENSES

For the year ended 31 December,	Note	2024 LKR	2023 LKR
Salaries and other benefits		474,512,925	398,737,720
Defined contribution plan - EPF and ETF		51,713,013	44,979,521
Post employment benefit obligation	18	14,838,173	14,109,608
		541,064,111	457,826,849

8 OTHER OPERATING EXPENSES

For the year ended 31 December,		2024 LKR	2023 LKR
Office administration and establishment expenses		225,915,722	185,477,862
Enterprise Development Service (EDS) expenses		52,599,948	36,390,209
Professional Expenses		5,768,159	5,529,007
Auditor's remuneration		2,518,226	2,542,838
		286,802,055	229,939,916

9 INCOME TAX EXPENSE

For the year ended 31 December,	Note	2024 LKR	2023 LKR
Current tax		199,787,357	127,526,011
(Over) / under provision of current taxes		(939,696)	(1,962,802)
Deferred tax charge / (reversal)	15	(305,353)	(5,703,971)
		198,542,308	119,859,238

9.1 Taxable income

For the year ended 31 December,		2024 LKR	2023 LKR
Accounting profit before tax		497,354,495	277,748,701
Aggregated disallowed items		228,466,452	212,483,725
Aggregated allowable items		(59,863,088)	(65,145,723)
Adjusted profit from trade		665,957,859	425,086,703
Total statutory income		665,957,859	425,086,703
Taxable income		665,957,859	425,086,703

9.2 Statutory tax provision

Income tax rate @	30%	30%
Tax liability for the year	199,787,358	127,526,011
Current income tax expenses	199,787,358	127,526,011

10 CASH AND CASH EQUIVALENTS

As at 31 December,	2024	2023
	LKR	LKR
Petty cash	239,651	235,057
Cash in hand	4,564,542	5,484,177
Cash at bank	73,377,586	55,887,900
Cash and cash equivalents for the purpose of statement of cash flows	78,181,779	61,607,134

11 BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

As at 31 December,	2024	2023
	LKR	LKR
Hatton National Bank	127,179	116,625
Interest receivables	3,058	3,542
	130,237	120,167

12 LOANS AND RECEIVABLES

As at 31 December,		2024	2023
	Note	LKR	LKR
Loan receivables	12.1	5,793,352,463	4,763,182,697
Collective allowance for impairment	12.2	(227,782,601)	(309,934,745)
		5,565,569,862	4,453,247,952

12.1 Loans and receivables - Analysis by product

As at 31 December,	2024	2023
	LKR	LKR
Income generation loans	3,955,926,453	3,153,045,305
Assets building loans	1,741,410,159	1,534,694,355
Staff loan	34,300,790	22,789,817
Interest receivables	61,715,061	52,653,220
	5,793,352,463	4,763,182,697

12.2 Movement in impairment charge during the year

As at 31 December,	2024	2023
	LKR	LKR
Balance as at 01 January	309,934,745	307,280,072
Written off during the year	(86,174,420)	(32,987,155)
Charge for the year	4,022,276	35,641,828
Balance as at 31 December	227,782,601	309,934,745

NOTES TO THE FINANCIAL STATEMENTS

12.3 Movement in impairment charge during the year

Balance as at 31 December 2024	Stage 01	Stage 02	Stage 03	Total ECL
	LKR	LKR	LKR	LKR
Balance as at 01 January	163,912,442	6,678,711	139,343,593	309,934,746
Charge for the year	(10,890,191)	1,434,241	13,478,225	4,022,275
Written off during the year	-	-	(86,174,420)	(86,174,420)
Balance as at 31 December	153,022,251	8,112,952	66,647,397	227,782,601

Balance as at 31 December 2023	Stage 01	Stage 02	Stage 03	Total ECL
	LKR	LKR	LKR	LKR
Balance as at 01 January	191,462,989	7,744,217	108,072,866	307,280,072
Written off during the year	-	-	(32,987,155)	(32,987,155)
Charge for the year	(27,550,547)	(1,065,506)	64,257,882	35,641,829
Balance as at 31 December	163,912,442	6,678,711	139,343,593	309,934,746

13 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

13.1 Property, plant and equipment

As at 31 December 2024	Office equipment	Computers and network	Furniture and fittings	Motor vehicles	Total
	LKR	LKR	LKR	LKR	LKR
Cost					
Balance as at 01 January	19,478,607	41,650,032	29,720,007	23,276,790	114,125,436
Additions	5,581,537	6,968,612	6,066,671	-	18,616,820
Scrap and disposals	(458,100)	(1,651,677)	(665,801)	(181,790)	(2,957,368)
Balance as at 31 December	24,602,044	46,966,967	35,120,877	23,095,000	129,784,888
Accumulated depreciation					
Balance as at 01 January	9,950,319	26,829,222	19,466,977	22,563,915	78,810,433
Charge for the year	2,137,727	7,150,540	2,842,364	667,615	12,798,246
Scrap and disposed assets	(436,036)	(1,635,556)	(665,780)	(136,544)	(2,873,917)
Balance as at 31 December	11,652,010	32,344,205	21,643,561	23,094,986	88,734,762
Net book value as at 31 December 2024	12,950,034	14,622,762	13,477,316	14	41,050,126

As at 31 December 2023	Office equipment	Computers and network	Furniture and fittings	Motor vehicles	Total
	LKR	LKR	LKR	LKR	LKR
Cost					
Balance as at 01 January	14,736,436	38,202,358	20,218,327	23,276,790	96,433,911
Additions	4,888,652	6,015,450	9,617,933	-	20,522,035
Scrap and disposals	(146,480)	(2,567,776)	(116,253)	-	(2,830,509)
Balance as at 31 December	19,478,607	41,650,032	29,720,007	23,276,790	114,125,437
Accumulated depreciation					
Balance as at 01 January	8,556,285	23,832,040	17,941,259	21,552,495	71,882,079
Charge for the year	1,521,575	5,554,589	1,641,962	1,011,420	9,729,546
Accumulated depreciation on scrap and disposed assets	(127,542)	(2,557,407)	(116,245)	-	(2,801,193)
Balance as at 31 December	9,950,319	26,829,222	19,466,977	22,563,915	78,810,432
Net book value as at 31 December 2023	9,528,288	14,820,810	10,253,030	712,875	35,315,005

The value of fully depreciated assets as at 31 December 2024 is LKR 73,098,057/- (2023 : LKR 58,172,547/-).

13.2 Right-of-use assets

As at 31 December,	2024	2023
	LKR	LKR
Buildings		
Cost		
Balance as at 01 January	78,069,602	75,911,697
Derecognition of right-of-use-assets	(50,535,831)	-
Additions	50,546,324	2,157,905
Balance as at 31 December	78,080,095	78,069,602
Less: Accumulated amortization		
Balance as at 01 January	62,235,736	47,322,557
Derecognition of right-of-use-assets	(46,857,001)	-
Charge for the year	15,141,146	14,913,179
Balance as at 31 December	30,519,881	62,235,736
Net book value as at 31 December	47,560,214	15,833,866

14 Intangible assets

As at 31 December,	2024	2023
	LKR	LKR
Cost		
Balance as at 01 January	16,661,255	17,580,155
Scrap and disposals	(314,500)	(918,900)
Balance as at 31 December	16,346,755	16,661,255
Amortization		
Balance as at 01 January	12,536,484	11,256,856
Amortization for the year	1,837,214	2,198,525
Scrap and disposals	(314,499)	(918,897)
Balance as at 31 December	14,059,199	12,536,484
Net book value as at 31 December	2,287,556	4,124,771

NOTES TO THE FINANCIAL STATEMENTS

15 DEFERRED TAXATION

As at 31 December,	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2024	2023	2024	2023	2024	2023
	LKR	LKR	LKR	LKR	LKR	LKR
Deferred tax liability						
Accelerated depreciation allowances for tax purposes on property, plant and equipment and intangible assets	1,970,051	340,898	(1,629,153)	1,134,359	-	-
Right-of-use of assets	14,268,064	4,750,160	(9,517,904)	3,826,581	-	-
	16,238,115	5,091,058	(11,147,057)	4,960,940	-	-
Deferred tax assets						
Post employment benefit obligation	19,723,708	15,191,856	2,620,962	2,959,663	1,910,890	1,337,923
Lease liability	14,291,758	5,460,309	8,831,449	(2,216,632)	-	-
	34,015,466	20,652,165	11,452,411	743,031	1,910,890	1,337,923
Deferred tax reversal / (charge)			305,353	5,703,971	1,910,890	1,337,923
Net deferred tax assets	17,777,350	15,561,107				

	Property, plant and equipment	Post employment benefit obligation	Right-of-use of assets	Lease liability	Total
	LKR	LKR	LKR	LKR	LKR
As at 01 January 2024	(340,898)	15,191,856	(4,750,160)	5,460,309	15,561,107
Charge / (credit) to profit or loss for the year	(1,629,153)	4,531,852	(9,517,904)	8,831,449	2,216,243
As at 31 December 2024	(1,970,051)	19,723,708	(14,268,064)	14,291,758	17,777,350

Long service benefits are not tax deductible until the benefit is actually paid but it has already been recognized as an expense in measuring the Company's profit for the year.

The deferred tax asset / (liability) recognized on temporary differences are as follows:

	2024		2023	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	LKR	LKR	LKR	LKR
On property, plant and equipment and intangible assets	(6,566,837)	(1,970,051)	(1,136,326)	(340,898)
On post employment benefit obligation	65,745,693	19,723,708	50,639,520	15,191,856
Right-of-use of assets	(47,560,214)	(14,268,064)	(15,833,866)	(4,750,160)
Lease liability	47,639,192	14,291,758	18,201,030	5,460,309
	59,257,834	17,777,350	51,870,358	15,561,108

The deferred tax has been calculated at the rate of 30% for the year ended 31 December 2024 and 31 December 2023.

16 OTHER ASSETS

As at 31 December,	2024	2023
	LKR	LKR
Other financial assets		
Refundable deposit	2,615,139	2,621,140
Other receivable	12,832,425	1,339,543
EDS coupon receivable	153,210,016	137,181,154
	168,657,580	141,141,837
Other non-financial assets		
Pre-paid expenses	10,969,849	17,709,435
Other receivable and Stationary stock	6,713,213	6,040,505
	17,683,062	23,749,940
	186,340,642	164,891,777

17 INTEREST BEARING BORROWINGS

As at 31 December,	2024	2023
	LKR	LKR
Borrowings from banks	538,356,095	-
Borrowings from financial and other institutions	2,077,730,333	2,154,117,231
	2,616,086,428	2,154,117,231

17.1 Movement in interest bearing borrowings

As at 31 December,	2024	2023
	LKR	LKR
Banks borrowings		
Balance as at 01 January	-	-
Loans obtained during the year	540,000,000	-
Loans repayments	(13,819,502)	-
Loans interest charged	12,175,597	-
Balance as at 31 December	538,356,095	-
Financial and other institutions borrowings		
Balance as at 01 January	2,154,117,230	1,456,578,263
Loans obtained during the year	835,000,000	1,792,000,000
Loans repayments	(1,271,444,458)	(1,422,421,526)
Loans interest charged	360,057,560	327,960,494
Balance as at 31 December	2,077,730,332	2,154,117,230
Total		
Balance as at 01 January	2,154,117,230	1,456,578,263
Loans obtained during the year	1,375,000,000	1,792,000,000
Capital Repayment	(913,030,803)	(1,100,524,329)
Interest Repayment	(372,233,157)	(321,897,197)
Loans interest charged	372,233,157	327,960,494
Balance as at 31 December	2,616,086,427	2,154,117,230

NOTES TO THE FINANCIAL STATEMENTS

18 POST EMPLOYMENT BENEFIT OBLIGATION

As at 31 December,	Note	2024 LKR	2023 LKR
Balance as at 01 January		50,639,520	36,314,231
Amount recognized in statement of comprehensive income	18.1	14,838,173	14,109,608
Amount recognized in other comprehensive income		6,369,634	4,459,744
Payments made during the year		(6,101,634)	(4,244,063)
Balance as at 31 December		65,745,693	50,639,520

18.1 Amount recognized in statement of comprehensive income

As at 31 December,	2024 LKR	2023 LKR
Current service cost	8,255,035	6,483,619
Interest cost	6,583,138	7,625,989
	14,838,173	14,109,607

18.2 The principal assumptions used for compute the gratuity liability are as follows:

As at 31 December,	2024	2023
Discount rate	11%	13%
Salary increment rate	9.5%	9%
Staff turnover	17.23%	19.94%
Retirement age	60 years	60 years
Weighted average duration of post employment benefit obligation (years)	7 Years	4 Years

The rate used to discount post-employment benefit obligations is based on the yield available on the government bonds which was published by the Central Bank of Sri Lanka.

18.3 Sensitivity of assumptions employed in computation

A quantitative sensitivity analysis for significant assumption shown below:

As at 31 December,	2024 LKR	2023 LKR
Changes in assumptions		
Impact of increase in rate of discounting by 1%	(3,863,531)	(1,605,688)
Impact of decrease in rate of discounting by 1%	4,381,973	1,727,551
Impact of increase in rate of salary increment by 1%	4,705,380	2,007,745
Impact of decrease in rate of salary increment by 1%	(4,215,123)	(1,894,720)

19 OTHER LIABILITIES

As at 31 December,	2024	2023
	LKR	LKR
Financial liabilities		
Other financial liabilities	122,750,537	89,712,493
Lease creditor - Right-of-use assets (Note 19.1)	47,639,192	18,201,030
Loan risk fund	522,202,535	446,398,003
EDS coupon liability	145,870,980	160,905,254
	838,463,244	715,216,780
Non financial liabilities		
Income tax payable	116,925,398	81,431,530
Finance VAT and SSCL payable / (refund)	21,485,860	16,648,267
WHT payable	1,168,903	1,345,898
Other payables	50,319,469	29,458,564
	189,899,630	128,884,259
	1,028,362,874	844,101,039

19.1 Lease creditor - Right-of-use assets

As at 31 December,	2024	2023
	LKR	LKR
Balance as at 01 January	18,201,030	25,589,804
Additions	46,867,493	2,157,904
Interest amortized	8,450,161	6,135,111
Repayments	(25,879,492)	(15,681,789)
Balance as at 31 December	47,639,192	18,201,030
Amount recognized in statement of comprehensive income		
Interest on lease liabilities	8,450,161	6,135,111
Amortization of right-of-use assets	15,141,146	14,913,179
Amount recognized in statement of cash flows		
Total cash outflows for leases	25,879,492	15,681,789

20 FUNDS AND RESERVES

As at 31 December,		2024	2023
		LKR	LKR
Unrestricted funds	20.1	865,800	865,800
Restricted funds	20.2	251,615,991	251,615,991
		252,481,791	252,481,791

NOTES TO THE FINANCIAL STATEMENTS

20.1 UNRESTRICTED FUNDS

As at 31 December,	2024	2023
	LKR	LKR
Balance as at 01 January	865,800	865,800
Received during the year	-	-
Balance as at 31 December	865,800	865,800
Total unrestricted funds	865,800	865,800

Nature and purpose of reserves

The fund was received for the purpose of expansion of EDS services.

20.2 Restricted funds

As at 31 December,	2024	2023
	LKR	LKR
Whole Planet Foundation		
Balance as at 01 January	229,253,339	204,057,897
Received during the year	-	25,195,442
Balance as at 31 December	229,253,339	229,253,339
Berendina Stichting		
Balance as at 01 January	22,362,652	-
Received during the year	-	22,362,652
Balance as at 31 December	22,362,652	22,362,652
Total restricted funds	251,615,991	251,615,991

Nature and purpose of restricted funds

The Whole Planet Foundation fund was set up for the purpose of loan disbursement of Kaluwanchikudy, Welimada, Kotmale, Ragala, Aryampathy, Kalmunai and Akkaraipattu branches.

Berendina Stichting Fund was set up for purchase new capital assets in Ibbagamuwa, Polpithigama, Chunnakam, Hali-ela and Pannala.

21 STATED CAPITAL

As at 31 December,	Note	2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Fully paid ordinary shares	21.1	78,143,955	76,346,175	790,428,450	763,461,750

21.1 Fully paid ordinary shares

As at 31 December,	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Balance as at the beginning of the year	76,346,175	76,346,175	763,461,750	763,461,750
Share issue	1,797,780	-	26,966,700	-
Balance as at the end of the year	78,143,955	76,346,175	790,428,450	763,461,750

21.2 Rights of ordinary shareholders

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets. Furthermore, Berendina Stichting (BS) holds a special class of shares (Class A shares) that do not carry dividend rights.

21.3 Dividends

The Company has not declared dividends during the year ended 31 December 2024 and 31 December 2023.

22 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

22.1 Capital commitments

There were no material capital commitments as at the reporting date that require adjustments or disclosure in the financial statements of the Company.

22.2 Contingent liabilities

There were no material contingent liabilities outstanding as at the reporting date that require adjustments or disclosure in the financial statements of the Company.

23 EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events occurring after the reporting date that require adjustment or disclosure in the financial statements of the Company.

24 ASSETS PLEDGED

There were no item pledged as securities for liabilities as at the reporting date in the Company other than following two.

☞ DFCC Bank - A negative pledge in respect of the assets of the company, including the loan portfolio, book debts, and all receivables, amounting to LKR 1,080 million

☞ HNB Bank - A negative pledge for LKR 500 million over the loan portfolio of the company amounting to LKR 1,000 million.

25 CAPITAL MANAGEMENT AND RELATED COMPLIANCES

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value while ensuring related regulatory compliances. The Company manages its capital structure and makes adjustments to it, in light, of changes in economic conditions. Capital of the Company comprises of stated capital, funds and reserves and retained earnings and is stood at LKR 1,717,213,458/- as at 31 December 2024 and it was LKR 1,395,893,315/- as at 31 December 2023. As per regulations of Central Bank of Sri Lanka applicable to licensed microfinance companies, The Company has complied with minimum core capital requirement of LKR 150 Mn (As at 31 December 2024, Core Capital is LKR 1,465 Mn).

As per the Central Bank Direction issued under Section 11 of the Microfinance Act, No. 06 of 2016;

Every Licensed Microfinance Company (LMFC) shall maintain a statutory reserve and shall, out of the net profits after the payment of tax of each year, before any dividend is declared, transfer to such reserve fund.

1. A sum equivalent to not less than five percent (5%) of such profits until the amount of the said statutory reserve is equal to fifty percent (50%) of the stated capital of such LMFC; and
2. A further sum equivalent to not less than two point five percent (2.5%) of such profits until the amount of the said statutory reserve is equal to the stated capital of such LMFC.

The Company has complied to the above requirement by transferring 5% of net profit after tax, before dividends to a statutory reserve.

26 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows;

26.1 Transactions with Key Management Personnel (KMP) and their family members

As per the Sri Lanka Accounting Standard LKAS 24 "Related Party Disclosures", the KMPs include those who are having authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors of the Company has been classified as KMPs of the Company.

NOTES TO THE FINANCIAL STATEMENTS

26.1.1 Key management personnel compensation

As at 31 December,	2024	2023
	LKR	LKR
Short term employment benefits	24,499,628	22,716,299
	24,499,628	22,716,299

Furthermore, the company has provided a motor vehicle to the Deputy Managing Director.

The Company has not entered into any transactions, arrangements and agreements involving key management personnel (KMPs), their close family members (CFMs) and their related entities.

26.2 Transactions with related entities

Name of the related party	Relationship	Nature of the transaction	During the year transactions	Balance	During the year transactions	Balance	
			2024	2024	2023	2023	
			LKR	LKR	LKR	LKR	
Berendina Development Services (Guarantee) Limited	Common Directors	Shared expenses					
		Balance brought forward		1,102,156		932,799	
		Shared expenses	8,138,992		7,409,155		
		Amount received	(8,205,921)	(66,929)	(7,239,798)	169,357	
				1,035,227		1,102,156	
			Borrowings				
			Balance brought forward		1,168,048,694		1,312,573,022
			Amount borrowed - capital	835,000,000		956,000,000	
			Amount settled - capital	(771,043,015)	63,956,985	(1,100,524,328)	(144,524,328)
			Balance carried forward		1,232,005,678		1,168,048,694
			Share capital				
			Balance brought forward		190,865,438		190,865,438
			Issue of shares	6,741,675	6,741,675	-	-
		Balance carried forward		197,607,113		190,865,438	
Berendina Stichting	Parent Company	Reimbursement of expenses					
		Amount received	8,069,649.00	8,069,649	11,574,826	11,574,826	
			Borrowings				
			Balance brought forward - Capital		836,000,000		-
			Amount borrowed - Capital	-		836,000,000	
			Amount settled - Capital	(139,333,333)	(139,333,333)	-	836,000,000
			Balance carried forward - Capital		696,666,667		836,000,000
			Share capital				
			Balance brought forward		572,596,313		572,596,313
			Issue of shares	20,225,025	20,225,025		-
			Balance carried forward		592,821,338		572,596,313
			Fund Received				
			Amount received	30,829,252	30,829,252	228,787,686	228,787,686

26.2.2 Terms and conditions of transactions with related parties

Outstanding balances as at the year end are unsecured, interest free and due on demand. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties.

Outstanding balances due from shared expenses as at the year end are unsecured, interest free and due on demand.

There have been no guarantees provided or received for any related party other than the following guarantees provided to BMIC by BDS.

Lender	Loan amount	Guarantee	Principle amount
	LKR	LKR	LKR
Consorzio ETIMOS S.C.	100 Mn	50 Mn BDS Corporate Guarantee	22,192,213
Consorzio ETIMOS S.C.	100 Mn	50 Mn BDS Corporate Guarantee	54,404,434

27 FAIR VALUE

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1** : Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2** : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3** : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Set out below is a comparison, by class, of the carrying amount and fair values of the Company's financial instruments that are not carried at fair value in the financial statements.

As at 31 December,	As at 31 December 2024		As at 31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
	LKR	LKR	LKR	LKR
Financial assets				
Cash and cash equivalents	78,181,779	78,181,779	61,607,134	61,607,134
Balances with banks and financial institutions	130,237	130,237	120,167	120,167
Loans and receivables	5,565,569,862	5,565,569,862	4,453,247,952	4,453,247,952
Other financial assets	168,657,580	168,657,580	141,141,837	141,141,837
Total	5,812,539,458	5,812,539,458	4,656,117,090	4,656,117,090
Financial liabilities				
Interest bearing borrowings	2,616,086,428	2,166,900,832	2,154,117,231	1,788,422,738
Other financial liabilities	838,463,244	838,463,244	715,216,780	715,216,780
Collateral deposits	511,489,313	511,489,313	305,950,674	305,950,674
Total	3,966,038,985	3,516,853,389	3,175,284,685	2,809,590,192

NOTES TO THE FINANCIAL STATEMENTS

- a) For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to cash in hand, balances with banks and financial institutions, other financial assets, bank overdraft and other financial liabilities without a specific maturity.
- b) Loan receivables with fixed interest rates were fair valued using market rates at which fresh loans were granted during the fourth quarter of the reporting period. Conversely, interest bearing loans and borrowings with original tenors above one year were discounted using current market interest rates offered by lenders during the fourth quarter of the reporting period.

28 MATURITY OF ASSETS AND LIABILITIES

As at 31 December,	As at 31 December 2024			As at 31 December 2023		
	Less than 1 year	More than 1 year	Total carrying value	Less than 1 year	More than 1 year	Total carrying value
	LKR	LKR	LKR	LKR	LKR	LKR
Assets						
Cash and cash equivalents	78,181,779	-	78,181,779	61,607,134	-	61,607,134
Balances with banks and financial institutions	130,237	-	130,237	120,167	-	120,167
Loan and receivables (Gross)	4,026,505,052	1,766,847,411	5,793,352,463	3,344,959,835	1,418,222,862	4,763,182,697
Property, plant and equipment and ROUA	-	88,610,340	88,610,340	-	51,148,871	51,148,871
Intangible assets	-	2,287,556	2,287,556	-	4,124,771	4,124,771
Deferred tax assets	-	17,777,350	17,777,350	-	15,561,107	15,561,107
Other assets	110,451,148	75,889,494	186,340,642	96,662,259	68,229,518	164,891,777
Total assets	4,215,268,216	1,951,412,151	6,166,680,367	3,503,349,395	1,557,287,129	5,060,636,524
Liabilities						
Interest bearing borrowings	1,104,940,992	1,511,145,436	2,616,086,428	788,405,769	1,365,711,462	2,154,117,231
Post employment benefit obligation	-	65,745,693	65,745,693	-	50,639,520	50,639,520
Other liabilities	489,870,235	538,492,639	1,028,362,874	102,293,713	741,807,326	844,101,039
Collateral deposits	163,676,580	347,812,733	511,489,313	97,904,216	208,046,458	305,950,674
Total liabilities	1,758,487,808	2,463,196,500	4,221,684,308	988,603,697	2,366,204,767	3,354,808,464

29 RISK MANAGEMENT

29.1 Introduction

The Company has exposure to the following risks from its use of financial instruments:

- ☞ Credit risk
- ☞ Liquidity risk
- ☞ Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

29.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations. Credit risk is mainly arising from Company's receivables in terms of loan receivable and deposits with banks and financial institutions.

No collaterals held other than the collateral deposits.

As at 31 December,	2024	2023	Principal type of collateral held
	LKR	LKR	
Loans receivable	5,565,569,862	4,453,247,952	Collateral deposits
Collateral deposits	511,489,313	305,950,674	
Percentage from the total loan portfolio	9.2%	6.9%	

Credit risk is managed by evaluating the credit worthiness and by periodical review on the credit granted.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables in terms of loans and receivables. The Company policy on impairment consists of allowance for a collective impairment established for similar receivables in term of their credit risk on product basis where the loss event has occurred but not yet identified. The collective impairment is determined based on the historical data of payments statistics for similar financial assets.

Credit quality analysis

The tables below sets out information about the credit quality of financial assets held by Company net of allowance for impairment/expected credit losses against those assets.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information such as GDP, interest rate and unemployment in each economic condition.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due

The assessment of whether credit risk on a financial asset has increased significantly will be one of the critical judgements used in expected credit loss model prescribed in SLFRS 9 – "Financial Instruments". The criteria for determining whether credit risk has increased significantly vary with the portfolio and include qualitative factors. Using management credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully-reflected in its quantitative analysis on a timely basis. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews.

The Contractual amount outstanding on financial assets that were written off during the year ended 31st December 2024 and that are still subject to enforcement activity is LKR 32.7 Mn (2023 - LKR 33 Mn). However, company has taken possible enforcement actions such as recovery follow up actions, letter of demand actions, mediation board actions before the loans are written off.

Expected credit losses

With the adoption of SLFRS 9 - "Financial Instrument" the Company manages credit quality using a three stage approach which is inline with the new standard requirements as well.

Stage one	: 12-month expected credit losses (ECL)
Stage two	: Lifetime expected credit losses (ECL) - Not credit impaired
Stage three	: Lifetime expected credit losses (ECL) - Credit impaired

Explanation of the terms of 12 - month ECL and lifetime ECL included in Note 2.6.2.

NOTES TO THE FINANCIAL STATEMENTS

Table below shows the classification of assets and liabilities based on the above-mentioned three stage model:

As at 31 December 2024	Note	12 - months ECL	Life time ECL - Not credit impaired	Life time ECL - Credit impaired	Total
		LKR	LKR	LKR	LKR
Cash and cash equivalents	10	78,181,779	-	-	78,181,779
Balances with banks and financial institutions	11	130,237	-	-	130,237
Loans and receivables (Gross)	12	5,665,681,384	21,651,149	106,019,930	5,793,352,463
Other financial assets	16	168,657,580	-	-	168,657,580

As at 31 December 2023	Note	12 - months ECL	Life time ECL - Not credit impaired	Life time ECL - Credit impaired	Total
		LKR	LKR	LKR	LKR
Cash and cash equivalents	10	61,607,134	-	-	61,607,134
Balances with banks and financial institutions	11	120,167	-	-	120,167
Loans and receivables (Gross)	12	4,573,927,841	20,348,949	168,905,907	4,763,182,697
Other financial assets	16	141,141,837	-	-	141,141,837

Impairment allowance for loans and advances to customers

Impairment allowance for loans and advances to customers	31 December 2024	31 December 2023
	LKR	LKR
Loans and advances	24,499,628	22,716,299
Gross loans and advances		
- Stage 01	5,665,681,383	4,573,927,841
- Stage 02	21,651,149	20,348,949
- Stage 03	106,019,931	168,905,907
Gross loans and advances	5,793,352,463	4,763,182,697
Less expected credit loss		
- Stage 01	153,022,251	163,912,442
- Stage 02	8,112,952	6,678,711
- Stage 03	66,647,397	139,343,593
Total expected credit loss	227,782,601	309,934,745
Total loans and advances - Net	5,565,569,862	4,453,247,952

The scenario probability weightings applied in measuring ECL are as follows.

	2024		
	Base	Best	Worst
Scenario probability weighting	10%	15%	75%

	2023		
	Base	Best	Worst
Scenario probability weighting	10%	15%	75%

Periodically the Company revises the GDP factor changes to the ECL computation according to International Monetary Fund's forecasts.

	2024	2025	2026	2027
Base	2%	2.7%	3%	3.1%
Best	6.57%	7.27%	7.57%	7.67%
Worst	-2.57%	-1.87%	-1.57%	-1.47%

Judgmental adjustments

Where appropriate, the company makes adjustments to the ECL estimates outside the Company's regular modeling process to reflect management judgement. Changes in assumptions underlying these judgmental adjustments could materially effect ECL within the next 12 months. These adjustments include post model adjustments (PMAs) and overlays.

- ☞ PMAs are adjustments to the ECL balance as part of the year end reporting process to reflects late updates to market data, known model deficiencies and expert credit judgment. They are usually calculated and allocated at a granular level through modeled analysis, calculated separately for each economic scenario and where appropriate and used to adjust stage allocation outcomes.
- ☞ Overlays are adjustments to the ECL model outputs that have been made outside the detailed ECL calculation and reporting process. These do not meet the Company's definition of PMA's because they are not calculated at a granular level through modeled analysis.

The company has internal governance frameworks and controls in place to assess the appropriateness of all judgmental adjustments' aim of the Company is to incorporate these adjustments into the ECL models, where possible, as part of the periodic recalibration and model assessment procedures.

Temporary adjustments to the ECL allowance are used in circumstances where it is judged that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to Company's lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward-looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

The uncertainty associated with the prevailing economic conditions and the extent to which the actions of governments, businesses and consumers mitigate the potentially adverse credit outcomes are not fully incorporated into existing ECL models. Accordingly, post model adjustments have been applied to ensure credit provisions are appropriate.

29.2.1 Fair value of collateral and credit enhancements held

The following table shows the fair value of collateral and credit enhancements held by the Company.

As at 31 December,	As at 31 December 2024		As at 31 December 2023	
	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
	LKR	LKR	LKR	LKR
Cash and cash equivalents	78,181,779	73,377,586	61,607,134	55,887,900
Balances with banks and financial institutions	130,237	130,237	120,167	120,167
Loans and receivables (Gross)	5,793,352,463	5,565,569,862	4,763,182,697	4,453,247,952
Other financial assets	168,657,580	168,657,580	141,141,837	141,141,837
	6,040,322,059	5,807,735,265	4,966,051,835	4,650,397,856

NOTES TO THE FINANCIAL STATEMENTS

29.2.2 Credit quality by class of financial assets

a) As at 31 December 2024

	Neither past due nor impaired	Past due but not impaired	Credit impaired	Unclassified	Total
	LKR	LKR	LKR	LKR	LKR
Assets					
Cash and cash equivalents	78,181,779	-	-	-	78,181,779
Balances with banks and financial institutions	130,237	-	-	-	130,237
Loans and receivables (Gross)	5,648,093,164	39,239,368	106,019,931	-	5,793,352,463
Other financial assets	168,657,580	-	-	-	168,657,580
Total financial assets	5,895,062,760	39,239,368	106,019,931	-	6,040,322,059

Age analysis of past due but not impaired loans by class of financial assets

Description	Less than 31 days	31 to 60 days	Overdue		Total
			61 to 90 days	More than 90 days	
	LKR	LKR	LKR	LKR	LKR
Loans and receivables	17,588,218	13,591,407	8,059,742	106,019,931	145,259,299
	17,588,218	13,591,407	8,059,742	106,019,931	145,259,299

b) As at 31 December 2023

	Neither past due nor impaired	Past due but not impaired	Credit impaired	Unclassified	Total
	LKR	LKR	LKR	LKR	LKR
Assets					
Cash and cash equivalents	61,607,134	-	-	-	61,607,134
Balances with banks and financial institutions	120,167	-	-	-	120,167
Loans and receivables (Gross)	4,548,540,172	45,736,617	168,905,908	-	4,763,182,697
Other financial assets	141,141,837	-	-	-	141,141,837
Total financial assets	4,751,409,310	45,736,617	168,905,908	-	4,966,051,835

Age analysis of past due but not impaired loans by class of financial assets

Description	Less than 31 days	31 to 60 days	Overdue		Total
			61 to 90 days	More than 90 days	
	LKR	LKR	LKR	LKR	LKR
Loans and receivables	25,387,667	11,282,225	9,066,725	168,905,908	214,642,525
	25,387,667	11,282,225	9,066,725	168,905,908	214,642,525

29.2.3 Cash and cash equivalents

Out of the cash and cash equivalents held by the Company of LKR 78.1 Mn, the Company held cash and cash equivalents of LKR 73.3 Mn as balances in bank accounts (Note No. 10) as at 31 December 2024. These balances were held in licensed commercial banks and in a licensed specialized bank.

29.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company uses the maturity analysis of all the financial instruments to manage the liquidity risk.

a) Exposure to liquidity risk

The Company relies on borrowing as its primary source of funding the Company actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

b) Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking financial position of the Company while maintaining regulatory requirements and debt covenants agreed with the fund providers.

29.3.1 The maturity analysis of financial liabilities based on undiscounted gross outflow is reflected below:

a) As at 31 December 2024

	Carrying amounts	Gross nominal outflow	On demand	Up to 3 months	3 to 12 months	More than 1 year
	LKR	LKR	LKR	LKR	LKR	LKR
Interest bearing borrowings	2,616,086,428	3,121,636,905	-	373,939,584	997,078,659	1,750,618,662
Other financial liabilities	838,463,244	838,463,244	-	67,077,060	268,308,238	503,077,946
Collateral deposits	511,489,313	543,457,395	27,172,870	54,345,740	163,037,219	298,901,567
	3,966,038,985	4,503,557,544	27,172,870	495,362,382	1,428,424,117	2,552,598,176

b) As at 31 December 2023

	Carrying amounts	Gross nominal outflow	On demand	Up to 3 months	3 to 12 months	More than 1 year
	LKR	LKR	LKR	LKR	LKR	LKR
Interest bearing borrowings	2,154,117,231	2,723,387,280	-	253,029,993	852,044,690	1,618,312,597
Other financial liabilities	715,216,780	729,537,612	-	58,363,009	233,452,036	437,722,567
Collateral deposits	305,950,674	343,238,412	17,161,921	34,323,841	102,971,524	188,781,127
	3,175,284,685	3,796,163,304	17,161,921	345,716,845	1,188,468,249	2,244,816,290

NOTES TO THE FINANCIAL STATEMENTS

29.4 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk of the Company mainly comprises of interest rate risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk represents exposures to instruments where values vary with the level or volatility of interest rates. Interest rate risk exists in interest-bearing assets, due to the possibility of a change in the asset's and liability's value resulting from the variability of interest rates. As at the financial position date following assets and liabilities were available with variable interest rates.

Instrument	Balance as at 31 December 2024	Interest rate	Category
Interest bearing borrowings	538,356,095	AWPLR + Fixed margin	Liability
Money market savings	44,288,513	Weekly renewable	Assets

31 EARNINGS PER SHARE

31.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year as per the requirement of the Sri Lanka Accounting Standards (LKAS 33) - "Earnings per share".

As at 31 December,	2024	2023
	LKR	LKR
Profit / (loss) attributable to ordinary shareholders	298,812,187	157,889,463
Weighted average number of ordinary shares	77,095,250	76,346,175
Basic earnings / (loss) per share (LKR)	3.88	2.07

31.2 DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by dividing profit for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares.

At present, the Company has no dilutive potential ordinary shares as such calculation of diluted earnings per share will not apply.

32 IMPACT OF RECENT ECONOMIC CONDITIONS

a) Inflation rate

In 2024, Sri Lanka experienced notable fluctuations in inflation, starting at 6.4% in January (up from 4.0% in December 2023) due to increases in food and non-food categories. However, inflation gradually decreased, with May recording 1.6%, September at -0.2%, and December ending at -1.7%, reflecting a deflationary trend. For microfinance (MF) clients, mainly in rural areas, this trend improved purchasing power and creditworthiness, enhancing loan recoveries. The deflation also reduced operational costs, enabling profit margins to exceed budget expectations. Despite these favorable conditions, the company continues to implement strategies to mitigate potential inflationary risks through focused income and expenditure measures.

b) Fluctuations in foreign currency

In 2024, the Sri Lankan Rupee (LKR) exhibited an appreciating trend against major foreign currencies. At the beginning of the year, the LKR/USD exchange rate stood at LKR 324 on January 1, 2024, and strengthened to LKR 293 by December 31, 2024. Similarly, the LKR appreciated against the Euro (EUR), with the exchange rate improving from LKR 358 per EUR on January 1, 2024, to LKR 304 per EUR on December 31, 2024, marking a 15% appreciation over the year.

c) Prevailing economic condition of the country

As of December 2024, Sri Lanka's Gross Official Reserves (GOR) improved to US dollars 6.1 billion. The economy demonstrated steady growth during the year, expanding by 5.3% in the first quarter and 5.5% in the third quarter. Workers' remittances and tourism earnings improved significantly, enhancing household incomes and overall consumer spending. This economic recovery positively influenced the microfinance industry, particularly in rural areas where increased remittances and tourism-related employment improved clients' repayment capacities and creditworthiness. The appreciation of the rupee and reduction in inflationary pressures also helped microfinance institutions manage operational costs more efficiently, while a stable economic environment fostered stronger loan recoveries.

From Small Beginning to a Thriving Business: The Story of T. Dhanaraj



At 53 years old, T. Dhanaraj, a valued client of BMIC's Mullaitivu branch, exemplifies how perseverance, strategic growth, and continuous learning can transform a humble beginning into a flourishing business. His journey highlights the powerful role of microfinance combined with capacity building in fostering sustainable economic development.

Dhanaraj lives with his wife, Komathi, and their two sons. In 2016, the family's monthly income was approximately LKR. 25,000, primarily from running a small grocery shop. Motivated by a desire to improve his family's quality of life, he obtained a LKR. 30,000 loan from BMIC in 2016 to start a small-scale street bites production business.

Responding to increasing customer demand, Dhanaraj expanded his business steadily. He took a LKR. 60,000 loan in 2017 to increase stock, followed by a LKR. 100,000 loan in 2018 to diversify into nuts and other snack items. These moves enabled him to broaden his product range and strengthen his market presence.

In 2020, Dhanaraj took a LKR. 150,000 loan to develop product labels and brand identity. Enhanced packaging helped his products stand out in a competitive market. In 2022, a further LKR. 250,000 loan facilitated the purchase of a three-wheeler for deliveries and a commercial oven, significantly boosting production capacity and distribution reach.

Throughout his journey, Dhanaraj benefited from BMIC's Entrepreneurial Development Services (EDS), completing trainings in Financial Literacy (FL) in 2016 and Success in Money Management (SIM) in 2020. These programs sharpened his financial management and strategic planning skills, empowering him to make informed business decisions and sustain growth.

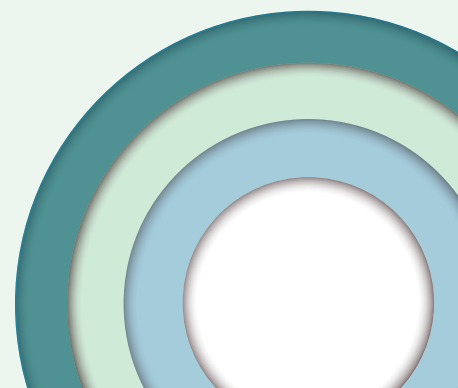
Today, "Theevannan," Dhanaraj's registered street bites and sweet mixture brand, generates a monthly income of LKR. 150,000, with a profit of LKR. 70,000. His disciplined approach has enabled him to save, ensuring financial stability and a promising future for his family.

"I started with just a small grocery shop and big hopes for my family. Today, I have turned my humble shop into 'Theevannan,' a brand that now secures my family's future. With BMIC by my side, every step felt less heavy. Their support turned my struggle into strength and gave my children the future I once only dreamed of."

Dhanaraj's journey from a small grocery shop to a well-established enterprise demonstrates how vision, dedication, and the right support can bring transformative change. His success has improved his family's lifestyle, providing his children with greater opportunities and a secure environment to thrive.



Supported continuously by BMIC's financial assistance, knowledge sharing, and guidance, Dhanaraj's story stands as a testament to the impact of microfinance in empowering individuals and uplifting rural families through sustainable entrepreneurship.





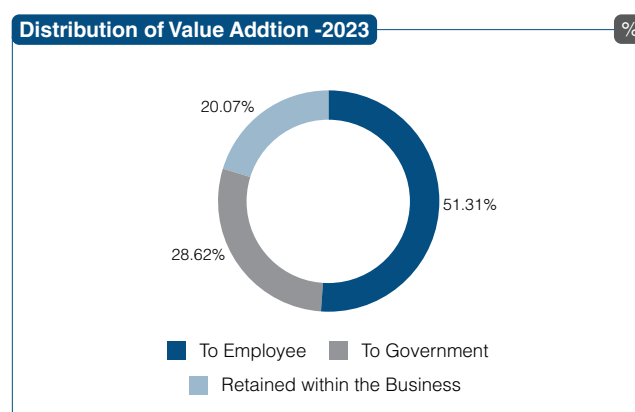
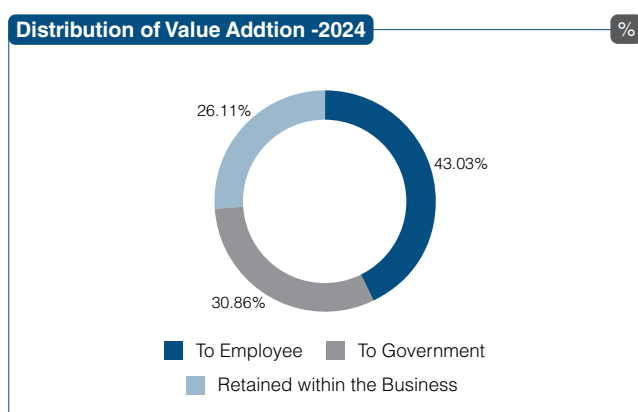
Supplementary Information

VALUE ADDED STATEMENT

Description	2024	2023	Change 2024
	LKR	LKR	%
Value Added			
Gross Income	1,964,616,201	1,512,687,416	30%
Less			
Interest and similar expenses	(416,473,355)	(354,912,612)	17%
Payment towards support services	(286,802,055)	(229,939,916)	25%
Impairment charges for loans and receivables	(4,022,276)	(35,641,829)	-89%
	1,257,318,515	892,193,059	41%

DISTRIBUTION OF VALUE ADDITION

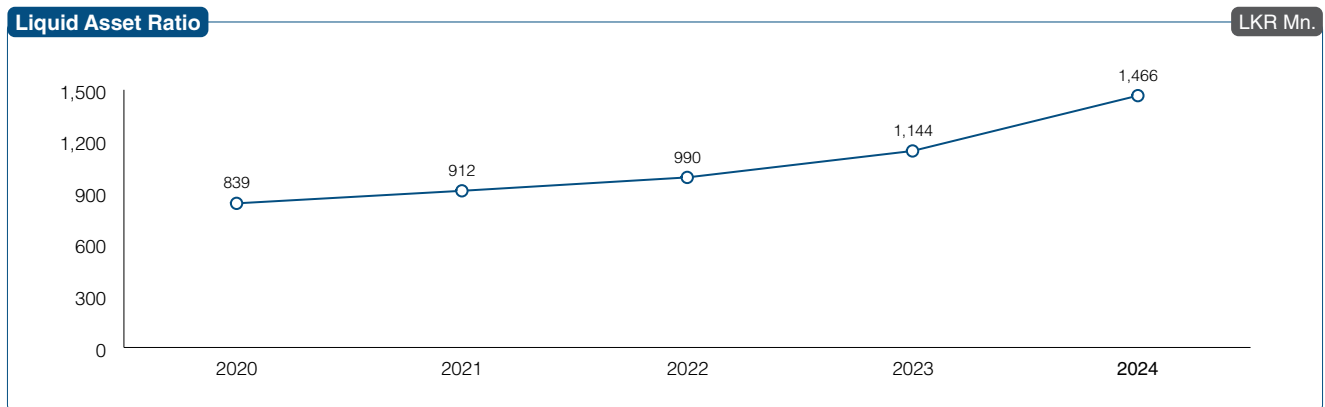
Description	2024		2023	
	LKR	% share	LKR	% share
	LKR	LKR	LKR	LKR
To employees as				
Remuneration	448,917,016	35.70%	375,770,518	42.12%
Other benefit and development cost	92,147,095	7.33%	82,056,331	9.20%
To government as				
Income taxation	198,847,661	15.82%	125,563,209	14.07%
VAT on Financial Services	162,545,259	12.96%	112,339,742	12.59%
Social Security Contribution levy	26,578,044	2.08%	17,436,518	1.95%
Retained within the business as				
Depreciation for replacement of assets and deferred taxation	29,471,253	2.34%	21,137,278	2.37%
Reserve	298,812,187	23.77%	157,889,463	17.70%
	1,257,318,515		892,193,059	



CAPITAL ADEQUACY - CORE CAPITAL OF THE COMPANY

Under Section 11 of the Microfinance Act, No.06 of 2016 and Direction No.01 of 2016 issued on 27th October 2016, every Licensed Microfinance Company (LMFC) shall, at all times, maintain a core capital at a level not less than LKR 100 million with effect from 15th January 2018 and maintain a core capital at a level not less than LKR 150 million from 15th January 2019. The Company maintains a core capital of LKR 1,465 million which far exceeds the stipulated requirement by the regulation.

Description	31st December 2024	31st December 2023	31st December 2022	31st December 2021	31st December 2020	31st December 2019
	LKR	LKR	LKR	LKR	LKR	LKR
Issued and fully paid ordinary shares	790,428,450	763,461,750	763,461,750	763,461,750	763,461,750	763,461,750
Statutory Reserve	30,515,073	15,797,401	8,059,019	4,201,083	549,501	-
Funds & Reserves - Unrestricted funds	865,800	865,800	865,800	865,800	865,800	865,800
Retained profit or (loss) as shown in last audited statement of accounts	364,152,373	217,123,112	143,822,331	74,442,281	64,001,756	71,372,058
Contribution from Current year's profit /(loss)	279,635,771	147,029,261	73,300,782	69,380,051	10,440,525	(7,370,302)
Core Capital	1,465,597,467	1,144,277,324	989,509,682	912,350,965	839,319,332	828,329,306



STATUTORY RESERVE

The Company is required to maintain the statutory reserve under Section 11 of the Microfinance Act No 06 of 2016 and Direction No.02 of 2016 issued on 27th October 2016.

Every Licensed Microfinance Company is required to maintain a statutory reserve and shall, out of the net profits after the payment of tax of each year, before any dividend is declared, transfer to such reserve fund:

- a sum equivalent to not less than Five percent (5%) of such profits until the amount of the said statutory reserve is equal to fifty percent (50%) of the stated capital of such LMFC; and
- a further sum equivalent to not less than Two Point Five percent (2.5%) of such profits until the amount of the said statutory reserve is equal to the stated capital of such LMFC.

The Company transferred an amount to statutory reserve of 14,717,672 for the year ended 31st December 2024, since the Company ended up with a net profit of 279,635,771 in 2024.

CAPITAL ADEQUACY - CORE CAPITAL OF THE COMPANY

LIQUID ASSETS RATIO (LAR)

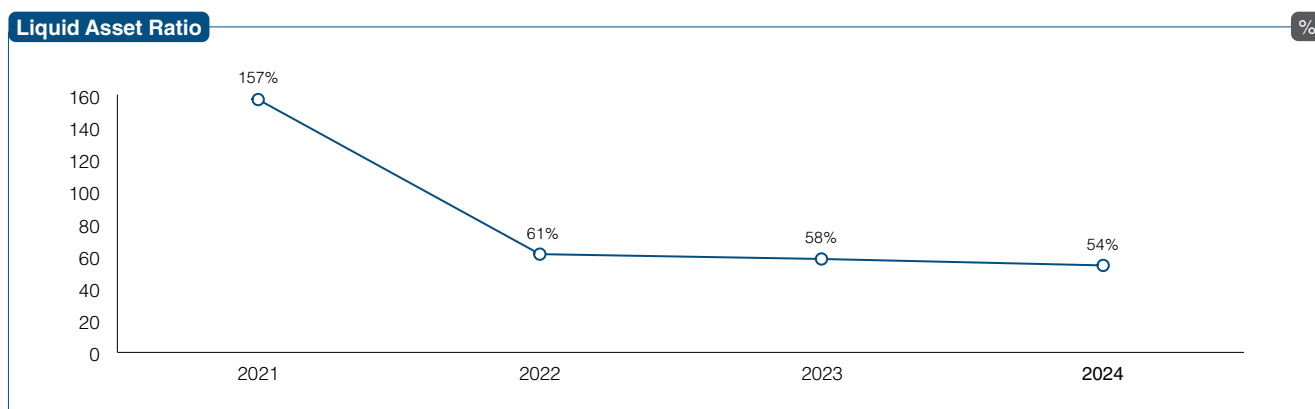
The Company is required to maintain the liquid assets ratio under Section 11 of the Microfinance Act No 06 of 2016 and Direction No.04 of 2016 issued on 27th October 2016. As per the Direction every Licensed Microfinance Company is required, at all times, to maintain minimum average monthly liquid assets at not less than Fifteen percent (15%) of its total monthly deposit liabilities.

In June 2019, the Company commenced accepting collateralized savings deposits in accordance with Direction No. 01 of 2019 issued by the Monetary Board of the Central Bank of Sri Lanka under Section 11 of the Microfinance Act No. 06 of 2016.

A monthly deposit of LKR. 300 is collected into the client's savings account alongside the regular loan installment. Furthermore, at the time of refunding savings to guarantors, 50% of any outstanding arrears will be recovered from the guarantors' collateral savings.

The Company's Liquid Assets Ratio (LAR) consistently exceeds the regulatory minimum requirement of 15%, mainly driven by the continued growth in the savings mobilization program. The LAR performance is outlined below:

Description	Amount	Amount	Amount	Amount
	2024	2023	2022	2021
	LKR	LKR	LKR	LKR
Total deposits as at 31st December	511,489	305,951	146,394	44,239
Average statutory liquid assets for the month of December (Maintenance Period)	274,700	168,567	83,601	69,401
Cash	4,141	3,458	2,778	2,630
Balance in the current accounts in the commercial banks free from any bankers lien or charge	104,307	55,468	29,613	26,575
Balance in the deposit accounts in the commercial banks free from any bankers lien or charge	166,252	109,641	51,211	40,196
Liquid Assets Ratio	54%	58%	61%	157%



SHAREHOLDER INFORMATION

STATED CAPITAL

	2024	2023	2024	2023
	LKR	LKR	No.	No.
Fully paid ordinary shares – (Beginning of the year)	763,461,750	763,461,750	78,143,955	76,346,175
Share issue during the year for cash	26,966,700	-	-	-
Share issue during the year for net assets transfer from BMI	-	-	-	-
Fully paid ordinary shares – (End of the year)	790,428,450	763,461,750	78,143,955	76,346,175

SHAREHOLDER DETAILS

Name of the Shareholder	No. of shares		Value (LKR)		Ownership as a %	
	2024	2023	2024	2023	2024	2023
Berendina Development Services (Gte) Ltd	19,535,989	19,086,544	197,607,115	190,865,437	25%	25%
Berendina Stichting	58,607,966	57,259,631	592,821,335	572,596,313	75%	75%

DIRECTOR SHAREHOLDING

Name of the Director	2024		2023	
	Value (LKR)	Percentage (%)	Value (LKR)	Percentage (%)
Jagath Chandana Godakandage	Nil	0%	Nil	0%
Anura Hewa Athapaththuge	Nil	0%	Nil	0%
Thebuwange Duminda Charith Fernando	Nil	0%	Nil	0%
Josef Gomathi Vinodini Shankar	Nil	0%	Nil	0%
Sarath Chandra Fernando	Nil	0%	Nil	0%
Therese Priyana Gunesekara	Nil	0%	Nil	0%

10 YEARS SUMMARY

Operational Results	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Total Income	478,631,357	640,332,324	839,793,973	914,737,460	838,174,865	781,969,422	933,029,756	1,015,411,746	1,512,687,416	1,984,616,201										
Depreciation	8,530,467	9,292,406	9,435,330	11,504,435	22,471,091	23,254,031	21,808,799	21,592,857	26,841,250	29,776,606										
PBT	80,013,617	101,034,064	138,615,709	114,905,109	13,294,480	39,009,991	142,944,173	141,738,865	277,748,701	497,354,495										
Taxation	11,584,607	20,506,302	36,372,013	67,951,154	24,868,760	26,051,139	71,486,662	65,838,648	119,859,238	198,542,308										
Total Comprehensive Income	70,596,478	79,352,802	103,246,363	43,607,544	(7,370,298)	10,990,026	73,031,633	77,158,717	154,767,643	294,353,443										
Share Capital	120,028,210	180,028,210	748,028,210	763,461,750	763,461,750	763,461,750	763,461,750	763,461,750	763,461,750	790,428,450										
Reserves																				
Retained Earnings	161,415,060	240,762,466	27,764,510	71,372,054	64,001,756	74,442,281	143,822,332	217,123,113	364,152,373	643,788,144										
Funds & Reserves	291,759,231	309,821,731	86,993,090	71,559,550	150,214,445	176,849,686	209,124,780	212,982,716	268,279,192	282,996,864										
Liabilities																				
Current Liabilities	1,328,012,514	838,017,875	1,102,518,647	1,039,625,182	1,086,390,042	644,078,369	717,568,749	954,412,940	988,603,698	1,758,487,808										
Long term Liabilities	520,938,316	1,368,523,254	1,469,648,083	1,286,149,210	1,084,239,898	1,405,932,995	1,233,423,776	1,434,028,818	2,366,204,766	2,463,196,500										
Assets																				
PPE	21,375,538	23,695,823	27,924,708	23,843,093	21,784,049	17,853,917	14,532,618	24,551,832	35,315,006	41,050,126										
Loans & Advances-Gross	2,041,996,319	2,633,472,804	3,141,489,607	2,929,606,271	2,944,415,953	3,007,302,064	3,094,917,448	3,568,441,685	4,687,739,660	5,697,336,612										
Staff Loans and Interest Receivable	4,955,425	20,248,747	21,688,042	21,842,542	45,281,051	48,257,410	38,546,610	53,381,544	75,443,037	96,015,851										
Impairment Provision	24,357,405	29,442,676	41,367,426	115,792,590	229,906,299	236,966,651	291,030,873	307,280,072	309,934,745	227,782,601										
Other Assets	378,183,454	289,178,838	285,217,609	372,668,430	366,733,136	228,318,341	210,435,584	242,914,348	262,138,821	332,277,778										

GLOSSARY

A change in Accounting Estimate

An adjustment of the carrying amount of an asset or liability, or related expense, resulting from reassessing the expected future benefits and obligations associated with that asset or liability.

Accounting Policies

Specific Principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

Accrual Basis

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

Actuarial gain or losses

Changes in the present value of the defined benefit obligation resulting from:

- a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- b) the effects of changes in actuarial assumptions.

Amortization

Systematic allocation of the depreciable amount of an intangible asset over its useful life.

Collateral & Credit Enhancement

Collateral is a property or other asset that a borrower offers as a way for a lender to secure the loan.

Credit enhancement is a method whereby a company attempts to improve its debt or credit worthiness.

Commitments

Binding agreements for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Core Capital

The part of a financial institution's capital that comprises equity and disclosed reserves.

Deferred Tax Asset

Amounts of income taxes recoverable in future periods in respect of;

- a) deductible temporary differences,
- b) the forward of unused tax losses,
- c) the carry forward of unused tax credits.

Deferred Tax Liability

Amounts of income taxes payable in future periods in respect of taxable temporary differences.

Defined Benefit Plans

Retirement benefit plans under which amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service.

Depreciation

Systematic allocation of the depreciable amount of an asset over its useful life.

Derecognition

Removal of a previously recognized financial asset or financial liability from an entity's statement of financial position.

Fair Value

Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as the measurement date.

Fair Value less cost to sell

Price that would be received from selling the asset less any costs required and needed to make the sale.

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Funds & Reserves

A fund is a source of money that is allocated for a specific purpose. Reserve is any part of shareholders' equity, except for basic share capital.

Going Concern Basis

Assumption that the entity is a going concern and will continue in operation for the foreseeable future.

Goodwill

An asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

Historical Cost

Amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or in some circumstances at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Impairment loss

Amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Internal Control

Internal controls are the mechanisms, rules and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability and prevent fraud.

Liquidate

Liquidate means to convert assets into cash or cash equivalents by selling them on the open market.

Loans & advances

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Non-controlling Interest

Equity in a subsidiary not attributable, directly or indirectly, to a parent.

Parent

An entity that controls one or more entities.

GLOSSARY

Present Value

Present value (PV) is the current value of a future sum of money or stream of cash flows given a specified rate of return.

Purchase Consideration

Transfer of assets or equity interests as part of the exchange for control of the acquiree.

Realizable Value

Net realizable value (NRV) is the value of an asset that can be realized upon the sale of the asset, less a reasonable estimate of the costs associated with either the eventual sale or the disposal of the asset in question.

Remuneration

Remuneration is payment or compensation received for services or employment.

Residual Value

The residual value is the estimated value of a fixed asset at the end of its lease or at the end of its useful life.

Restricted Funds

A restricted fund is a reserve of money that can only be used for specific purposes.

Retained Earnings

Retained earnings are the cumulative net earnings or profit of a firm after accounting for dividends

Stated Capital

Nominal value (or "par" value) of all the outstanding shares of a company.

Straight Line Method

Default method used to gradually reduce the carrying amount of a fixed asset over its useful life

Temporary Differences

Differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Unit Credit Method

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Unrestricted Funds

Money given to a non-profit organization by a donor that the organization is free to use as they see fit.

Value In Use

Present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Working Capital

Capital required to finance the day to day operations computed as the excess of current assets over current liabilities.

Material Misstatement

A material misstatement is untrue information in a financial statement that could affect the financial decisions of one who relies on the statement.

Risk Assessments

A systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking.

Defined Benefit Plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Post-Employment Benefit Plans

Post-Employment benefit plans are formal or informal arrangement under which an entity provides post-employment benefit for one or more employees.

Current Service Cost

Current service cost, which is the increase in the present value of the defined obligation resulting from employee service in the current period.

BERENDINA ANTHEM

“ගමන් ගමට යන, දොරින් දොරට එන කළුණ මිතුරු රැනේ
 දිරිය නංවලා දැනුම කුසලතා නිබඳ ඔප දමන්නේ
 කෙතේ කම්හලේ, ගමේ කඩපිලේ සැම නිවසක් ගානේ
 සතුට කැන්දනා, දිවිය සරසනා බෙරෙන්ඞිනා නාමේ.....
 බෙරෙන්ඞිනා නාමේ...../

මේ අපේ දියුණුවේ ආයතනයයි
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 එක්වෙලා, වෙහෙසිලා, මිතුදමින්
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 ශක්තියෙන්.....

කිරාමங்கள் தோறும், இல்லங்கள் தோறும் வந்திடும் நண்பர்களே! ...
 மகிழ்வை தந்திடும், வாழ்வை உயர்த்திடும், பெரண்டிணா நாமமே.....
 பெரண்டிணா நாமமே

We see it, we feel it,

The light of wealth will shine for all one day

Let's Move on, in focus.....

Together we can make it soon our way

Berendina will comfort pathways

Berendina will empower everyway

பெரண்டிணா நாமமே

බෙරෙන්ඞිනා නාමයයි

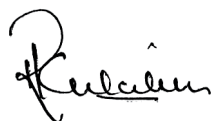
NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of Berendina Micro Investments Company Limited (the 'Company') will be held at No.44/3,3rd Floor, Narahenpita Road, Nawala, Sri Lanka, as a hybrid meeting via audio-visual means, on Friday, 06th June 2025 at 1.30 p.m. (Colombo Time) for the following purposes:

AGENDA

1. To receive and consider the Annual Report of the Directors and the audited Financial Statements of the Company for the year ended 31st December 2024.
2. To consider and approve the directors' remuneration and fees.
3. To re-appoint M/s. Deloitte Associates, Chartered Accountants, as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by Board of Directors and to audit the Financial Statement of the Company for the accounting period ending 31st December 2025.

By order of the Board



CORPORATE SERVICES (PRIVATE) LIMITED

Secretaries

Berendina Micro Investments Company Limited

23rd April 2024

Colombo

- Encl. 1. Financial Statements for the year ended 31st December 2024.
 2. Proxy Form.

NOTE:

- 1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him.
- 2) A proxy need not be a member of the Company.

FORM OF PROXY

We of

.....

being a shareholder of Berendina Micro Investments Company Limited hereby appoint

.....

..... of

or failing him

..... of

.....

as our proxy to attend and vote for us on our behalf at the Annual General Meeting of the Company to be held on the 06th day of June 2025 and at any adjournment thereof.

Signed this day of 2025.

INSTRUCTIONS AS TO COMPLETION

1. The instrument appointing a proxy may be in writing under the hands of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation under its common seal or the hand of its attorney or duly authorised person.
2. The instrument appointing a proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority will have to be deposited at the Office of the Company Secretaries, CORPORATE SERVICES (PRIVATE) LIMITED of 216, de Saram Place, Colombo 10, not less than 48 hours before time appointed for the holding of the meeting.

CORPORATE INFORMATION

NAME

Berendina Micro Investments Company Limited

SHARE HOLDING

Berendina Stichting

Berendina Development Services (Guarantee) Limited

BANKERS

People's Bank
Bank of Ceylon
Sampath Bank PLC
Hatton National Bank PLC
DFCC Bank PLC
Commercial Bank PLC

LEGAL FORM

A Public Limited Liability Company incorporated under the Companies Act No. 7 of 2007

DATE OF INCORPORATION

20th November 2014

REGISTRATION NUMBER

PB 5235

REGISTERED OFFICE & HEAD OFFICE

No. 44/3, 3rd Floor, Narahenpita Road, Nawala, Sri Lanka

PRINCIPAL ACTIVITIES

Provision of microfinance business as defined in the Microfinance Act

BOARD OF DIRECTORS

Mr. Godakandage Jagath Chandana
Mr. Hewa Athapaththuge Anura
Mr. Thebuwanage Duminda Charith Fernando
Ms. Josef Gomathi Vinodini Shankar
Mr. Sarath Chandra Fernando
Ms. Therese Priyana Gunesekera

SECRETARIES

Corporate Services (Private) Limited
No. 216, De Saram Place, Colombo 10, Sri Lanka

AUDITORS

Deloitte Associates
100, Braybrooke Place,
Colombo 2,
Sri Lanka

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Annual Reports

