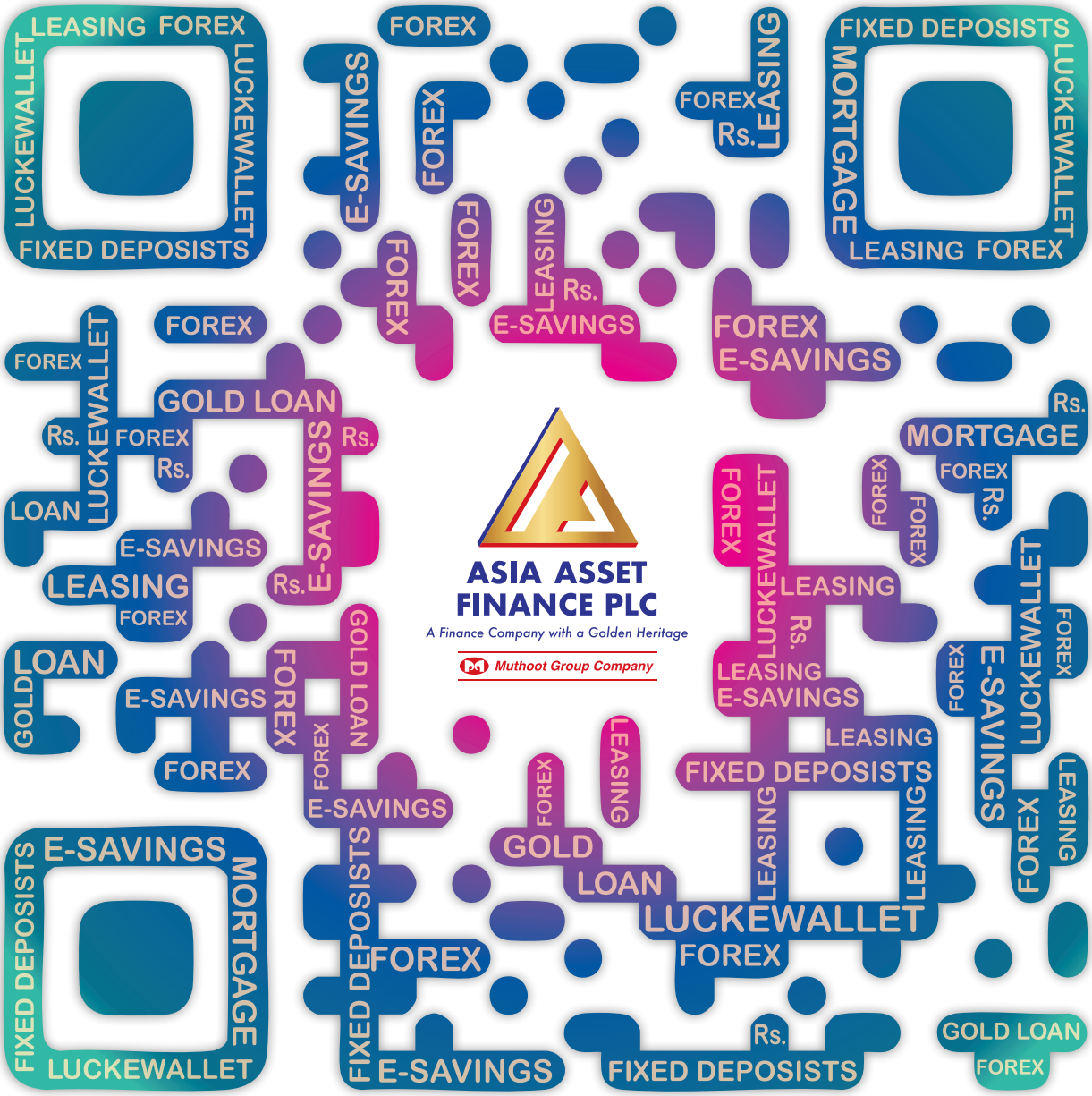


INNOVATION ENCODED

ASIA ASSET FINANCE PLC ANNUAL REPORT 2024 | 2025



IN A WORLD WHERE TECHNOLOGY IS REDEFINING ACCESSIBILITY, ASIA ASSET FINANCE PLC STANDS AT THE FOREFRONT OF FINANCIAL INNOVATION, BRIDGING GAPS AND UNLOCKING NEW OPPORTUNITIES. JUST AS A QR CODE ENCODES VAST AMOUNTS OF INFORMATION INTO A SEAMLESS DIGITAL GATEWAY, WE HAVE EMBEDDED TECHNOLOGY, INCLUSIVITY, AND CUSTOMER-CENTRIC SOLUTIONS INTO EVERY ASPECT OF OUR FINANCIAL ECOSYSTEM.

OUR ANNUAL REPORT FOR THE FINANCIAL YEAR 2024-2025 IS A TESTAMENT TO HOW WE HAVE TRANSFORMED TRADITIONAL FINANCE BY INTEGRATING DIGITAL SOLUTIONS THAT DECODE COMPLEXITY AND SIMPLIFY FINANCIAL ACCESS FOR ALL. FROM RURAL ENTREPRENEURS TO URBAN INVESTORS, OUR TAILORED FINANCIAL PRODUCTS SUCH AS E-SAVINGS, GOLD LOANS, FOREX, LEASING, AND DIGITAL WALLETS HAS EMPOWERED INDIVIDUALS TO TAKE CONTROL OF THEIR FINANCIAL FUTURE.

EVERY INNOVATION WE INTRODUCE PLAYS A VITAL ROLE IN DRIVING SUCCESS. BY PIONEERING DIGITALLY DRIVEN FINANCIAL SOLUTIONS, REMOVING SYSTEMIC BARRIERS, AND CHAMPIONING FINANCIAL INCLUSION, WE ENSURE THAT OUR COMMITMENT TO BEING UNIQUE REMAINS THE KEY TO OUR PROGRESS.

AT ASIA ASSET FINANCE, WE DO NOT JUST OFFER FINANCIAL SOLUTIONS. WE EMBED INNOVATION, ACCESSIBILITY, AND EMPOWERMENT INTO THE VERY FABRIC OF OUR OPERATIONS. AS WE LOOK AHEAD, WE CONTINUE TO ADVANCE PROGRESS, UNLOCK OPPORTUNITIES, AND CREATE A FUTURE WHERE FINANCE IS TRULY FOR EVERYONE.

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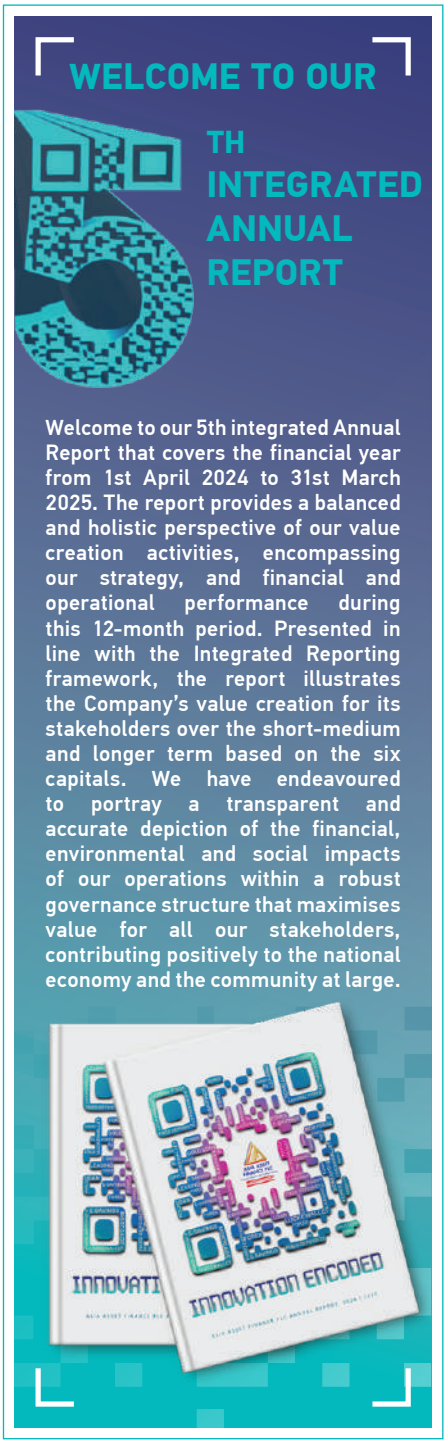
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ABOUT THIS REPORT



SCOPE AND BOUNDARY

GRI 2-2, GRI 2-3

The scope of this report includes the financial and non-financial performance of Asia Asset Finance PLC for the annual reporting cycle ending on 31st March 2025. Therefore, the report covers the operational developments and results discussed under the six-capital framework in the light of the prevailing operating context, current strategy and resource allocation for the period, stakeholder interests, risk environment and governance. The financial aspect is included in the financial capital and financial statements. The boundary of this report includes all operations over which the company has control or significant influence. The report is intended as a source of information for the shareholders and confirms all the relevant regulatory requirements.

REPORTING FRAMEWORKS

The report is mainly prepared in accordance with the Guidelines of the Integrated Reporting Framework specified by the International Integrated Reporting Council (IIRC). In addition, the report confirms all the relevant laws, rules and regulations, financial reporting standards and guidelines. Conformity with these has enabled the Company to facilitate consistent and transparent reporting practices.

Financial Reporting	❑ Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) ❑ Companies Act No. 7 of 2007 ❑ Listing Rules of the Colombo Stock Exchange ❑ Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars
Non-Financial Reporting	❑ Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) ❑ Global Reporting Initiative (GRI) Standards ❑ Guidance on Environmental, Social and Governance (ESG) Reporting issued by Colombo Stock Exchange
Corporate Governance	❑ Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka ❑ Code of Best Practice on Corporate Governance (2013) jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) ❑ Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017), to the extent of business exigency and as required by the Group

ABOUT THIS REPORT

OUR INTEGRATED APPROACH

The report provides a comprehensive view of the Company's value creation, going beyond the financial statements by presenting a coherent narrative combining both financial and non-financial information. By adopting an integrated approach, we aim to emphasise the interconnectivity between the Company's strategy, governance, performance and prospects within the external environment while presenting the Company's value creation through financial, intellectual, human, social, manufactured, and natural capital. This has enabled us to provide a clear and complete narration of the Company's value creation for its stakeholders, aligning with the Company's business objectives with sustainability, evolving customer requirements and changing industry landscape.

GUIDING PRINCIPLES

The following principles have been applied in preparing the report to provide a reliable review of the Company's performance and operations for the period under review.

Strategic focus and future orientation	❑ This report provides insight into our strategy and how it relates to our ability to create value in the short, medium and long term.
Connectivity of information	❑ This report demonstrates how various aspects of the Company's performance are interconnected, providing a holistic view of its value creation.
Stakeholder relationships	❑ This report provides insight into the nature and quality of the Company's relationships with its key stakeholders.
Materiality	❑ This report discloses information about matters that substantively affect the Company's ability to create value over the short, medium and long term.
Conciseness	❑ The report provides a complete depiction of its value creation in a concise manner.
Reliability and completeness	❑ The report includes all material information, both positive and negative, to provide a balanced and trustworthy view of the Company's performance.
Consistency and comparability	❑ Information in this report is presented consistently over time and in a way that allows comparison.

RESTATEMENT OF INFORMATION

GRI 2-4

During the year 2025, certain classification changes were made within the audited financial statement note 49.

Other than these changes, no restatements have been made to the financial statements.

FORWARD-LOOKING STATEMENTS

Forward-looking statements included in this Report discuss the possible future financial position and the results of the Company's operations. These statements, however, involve an element of risk and uncertainty due to external and possible internal reasons that cannot be accurately predicted now. Therefore, the accuracy of these statements can vary as events unfold, and the impacts may at times be beyond the control of the Company. We do not undertake to update or revise these statements publicly in the event of a change of circumstances, nor does the Board or other preparers of the Annual Report undertake any liability towards the impacts of any unprecedented negative events arising out of the volatile global or local macroeconomic environment.

AUDIT AND ASSURANCE

GRI 2-5

Assurance is provided through a combination of internal and external auditors. The content of the report has received approval from respective business heads and was subjected to review by the Corporate Management Team prior to submission to the Board of Directors for final approval. An independent review of the Company's Financial Statements as of 31st March 2025 was conducted by the Company's External Auditors,KPMG. Their report is present on pages 215 to 217. The sustainability aspects contained herein, however, are not externally assured.

BOARD RESPONSIBILITY STATEMENT

The Board of Directors is responsible for ensuring the integrity and accuracy of this Integrated Report. The Board hereby confirms that in their opinion this Report provides all material issues and presents the Company's performance in a fair manner and is prepared in accordance with the Framework.

Signed on behalf of the Board

V.A. Prasanth
Chairman/
Independent Non-Executive Director

FEEDBACK AND INQUIRIES

GRI 2-3

Your feedback is invaluable in assisting us to improve the comprehensiveness of our report for the next financial year. Please contact the following person for inquiries regarding the Annual Report.

You can also forward your suggestions to:

Radhika Dilrukshi
Compliance Officer
Compliance Department
Tel: 0117699020
E mail: Compliance@asiaassetfinance.lk

NAVIGATING OUR REPORT

CAPITALS



Financial Capital



Human Capital



Social and Relationship Capital



Manufactured Capital



Intellectual Capital



Natural Capital

STAKEHOLDERS


Shareholders and Investors


Customers


Employees


Government and Regulatory bodies


Community


Business Partners and Value-Added Service Providers

ASIA ASSET FINANCE AT A GLANCE

ASIA ASSET FINANCE PLC
A Finance Company with a Golden Heritage
Muthoot Group Company

LEGACY OVER 50+ YEARS

Muthoot Finance

100+ BRANCHES

Proudly Awarded
FitchRatings
A+ (lka)
WITH A STABLE OUTLOOK

Great Place To Work. Certified SEP 2024-SEP 2025 LKA

For over five decades, Asia Asset Finance PLC has dedicated itself to empowering countless individuals and businesses. Through Gold Loans, leasing, mortgage facilities, and public deposits, we have proudly transformed communities, helping them evolve into strong and sustainable economies.

Asia Asset Finance PLC is a fully owned subsidiary of Muthoot Finance Ltd and a fully licensed, deposit-taking institution Licensed by the Central Bank of Sri Lanka.

Society's financial needs are ever growing and Asia Asset Finance grew over the years, in a simple quest to cater to these needs. Our efforts have always been to aid our customers to achieve growth in the way they live and in the way they do business.

The story of Asia Asset Finance PLC is one of "Empowering People and Transforming Lives".

- Parent Company: Wholly owned subsidiary of Muthoot Finance Limited, global financial powerhouse.
- Legacy: 55 years of operations in Sri Lanka.
- Credit Rating: Fitch A+ (Stable Outlook) – reflecting financial strength and governance.
- Branch Network: Reached a milestone of 100 active branches, with 20 more planned in the upcoming year.

Our Goal

To become a Premier Finance Company in Sri Lanka.

Our Vision

"Empowering People, Transforming Lives".

Our Values

- Honesty and Integrity
- Flexibility
- Innovation
- Passion for Excellence
- People Oriented
- Genuine Concern for the Client

Our Mission

Towards the Customers

The solutions we provide for our customers financial needs would be unconventional, innovative and relevant for their needs to improve their quality of life whilst maintaining superior levels of customer service which would go well beyond their expectations.

Towards the Shareholders

Build shareholder value and provide substantial shareholder returns through relentlessly improving our performance and operations with sustainable effective strategies.

Towards Our Family of Employees

A Company that fosters and harnesses equality amongst employees along with personnel development and to create the perfect work-life balance in the organisation.

Towards Society

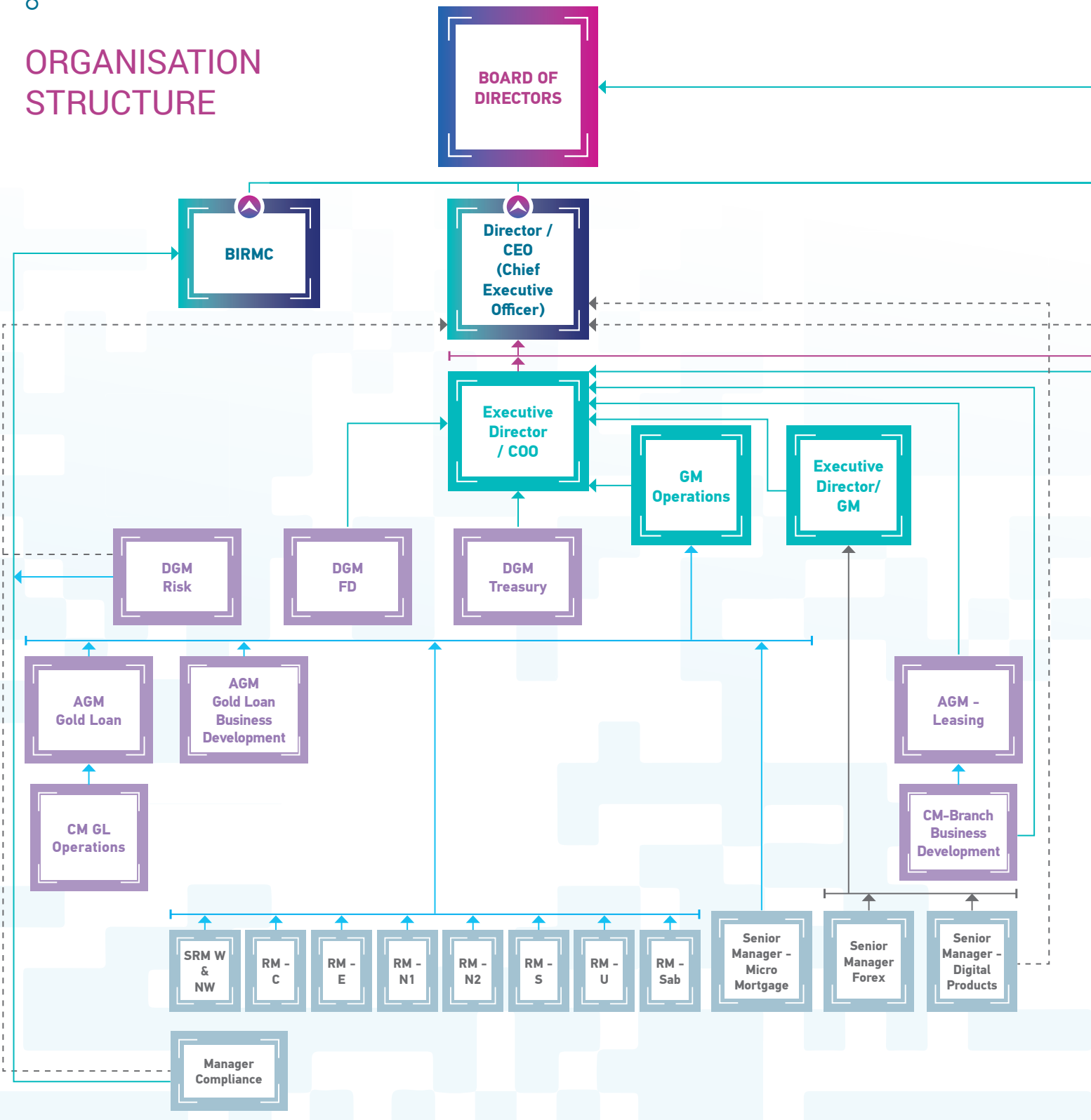
To be an ethical financial service provider, promoting the betterment of the societies we work and live in while maintaining transparent financial records and practices. We aim to provide financial solutions to all segments in our society and eliminate financial exclusion in our society.



"Let us not judge ourselves by the profit we make but by the trust and the confidence that people have in us. Let us cherish and nurture that trust and ensure that every person who deals with us deals with the confidence that he will not be misguided but his interests will be carefully protected."

Shri M. George Muthoot
Founder chairman – Banking
(1911 – 1993)

ORGANISATION STRUCTURE



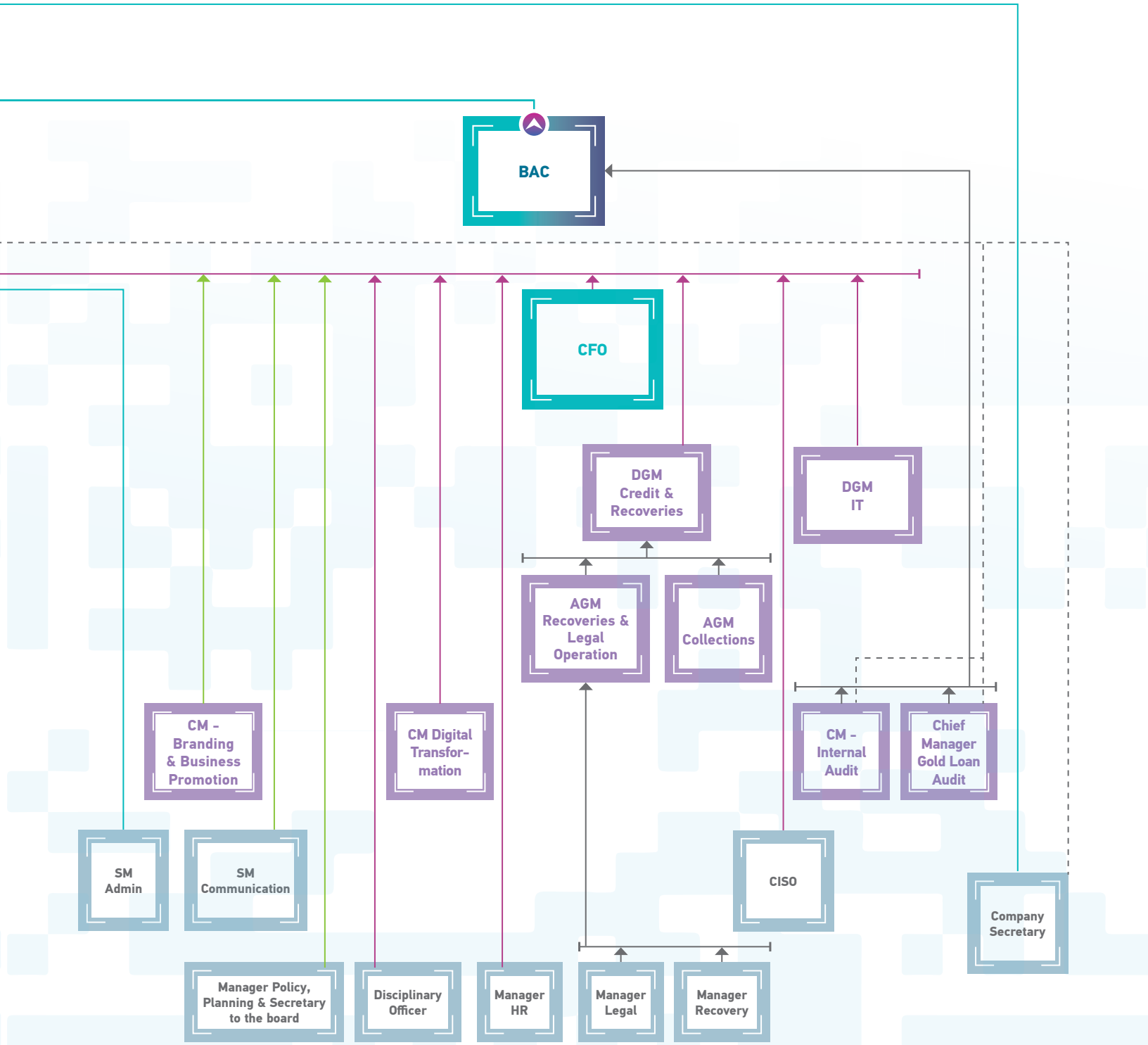
ABBREVIATIONS

CEO - Chief Executive Officer
COO - Chief Operating Officer
CFO - Cheif Finance officer
GM - General Manager

DGM - Deputy General Manager
AGM - Assistant General Manager
CM - Chief Manager
SM - Senior Manager

SRM-W & NW - Senior Regional Manager Western & North Western
SRM W - Senior RM, Western Province
RM C - RM, Central Province
RM N1 - RM, Northern Province 1

KEY | Communication Department → | Administrative Reporting - - - - → | SMBS & MBS Will report to respective RM



RM N2 - RM, Northern Province 2
RM E - RM, Eastern Province
RM S - RM, Southern Province
RM U - RM, Uva Province
RM SAB - RM, Sabaragamuwa Province

DGM IT - DGM Information Technology
GL OPERATION - CM Gold Loan Operations
MANAGER HR - Manager Human Resources
BIRMC - Board Integrated Risk Management Committee
BAC - Board Audit Committee

CISO - Chief Information Security Officer
SMBS - SM Branch Supervision
MBS - Manager Branch Supervision

FINANCIAL HIGHLIGHTS

Key Performance Indicators	2024/2025	2023/2024	Change %
Finance Performance (Rs.Mn)			
Gross Revenue	6,901	6,574	4.97%
Net Interest Income	2,617	1,385	89.06%
Operating Profit	936	478	95.63%
Taxes on financial services	300	105	186.23%
Profit Before Tax	636	373	70.24%
Taxation	195	29	564.36%
Profit After Tax	441	344	28.17%
Position as at the year end (Rs.Mn)			
Cash and Cash Equivalents	3,150	1384	127.65%
Loans and Advances	29,157	19,058	53.00%
Total assets	37,106	25,843	43.58%
Fixed Deposit and Savings	20,004	14,485	38.10%
Financial liabilities - other borrowed funds	9,292	6,050	53.57%
Financial ratios (%)			
Profitability Perspective			
Net Interest Margin	8.35	5.38	55.14%
Return on Assets (ROA)	1.40	1.35	3.55%
Equity Holders			
Earnings per share (Rs.) basic	3.55	2.77	28.17%
Earnings per share (Rs.) diluted	2.48	1.94	28.17%
Net Asset Value per share (Rs.)	30.43	27.10	12.27%
Return on equity (%)	12.35	10.8	14.39%
Debt Holders			
Debt to Equity ratio (Times)	8.47	6.42	32.08%
Interest Cover (Times)	0.78	0.33	139.48%
Statutory Ratio			
Tier 1 (Minimum requirement 8.5%)	29.46	21.22	38.83%
Available Liquid Assets to Required Liquid Assets (%)	233.77	206.45	13.23%
Quality of Loan Portfolio (%)			
Gross Non-Performing Loans Ratio (%)	12.48	22.11	-43.55%
Net-Non-Performing Loans Ratio (%)	6.23	16.54	-62.33%
Provision Coverage Ratio (%)	53.57	30.19	77.44%

Financial Performance Highlights

Total Asset Base
Rs. 37.11 Bn, 43.58% YoY growth.

Loan Portfolio
Expanded by Rs. 10.09 Bn
53% YoY growth.

Operational Profit (Before VAT)
Rs. 935.5 Mn
95.63% YoY growth.

Profit Before Tax
Rs. 635.8 Mn,
70.24% YoY increase.

Net Profit:
Rs. 441 Mn,
28.17% YoY increase.

Earnings Per Share:
Rs. 3.55

Net Assets Per Share
Rs. 30.43

Key Performance Metrics

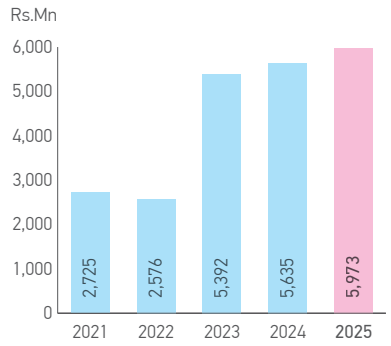
Return on Equity (ROE)
12.35%

Capital Adequacy Ratio (CAR)
29.25%

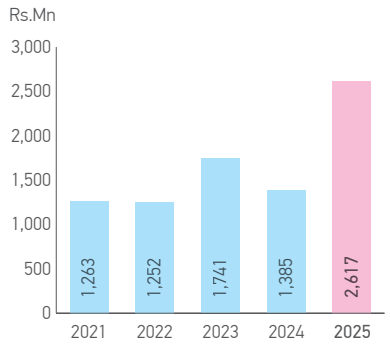
Net Interest Margin (NIM)
8.35%

Impairment Coverage Ratio
53.57%

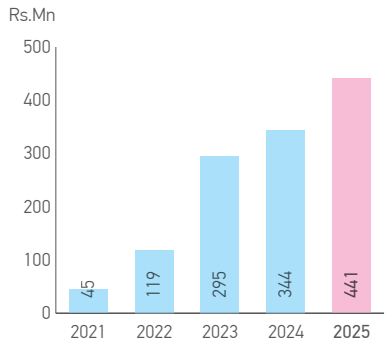
Interest Income



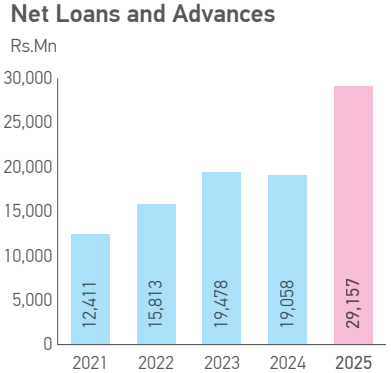
Net Interest Income



Profit after Tax



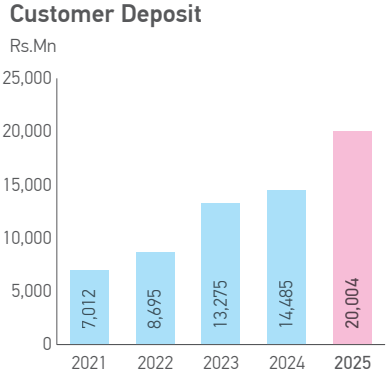
Net Loans and Advances



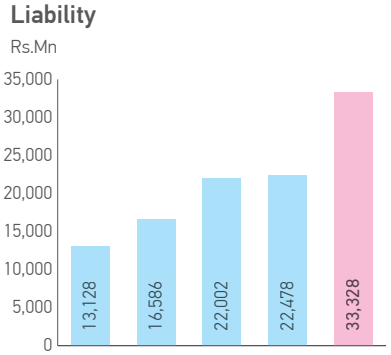
Asset Growth



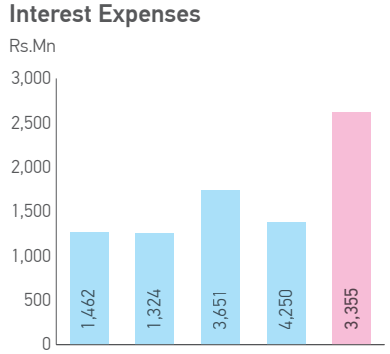
Customer Deposit



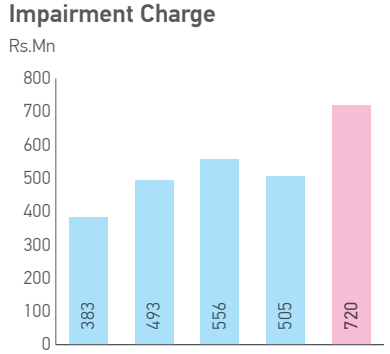
Liability



Interest Expenses



Impairment Charge



NON-FINANCIAL HIGHLIGHTS

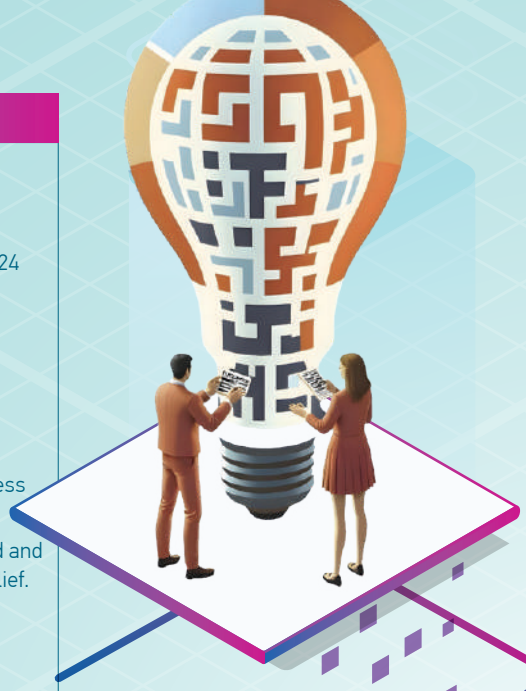
Digital Transformation Milestones

Award Recognition:

- "Best Financial Company Digital Transformation – Sri Lanka" – Global Banking and Finance Review 2024

Key Innovations:

1. AMIE (AI Chat Assistant): Boosted employee engagement, reduced wait times, ensured policy compliance.
2. Moodle LMS: 24/7 employee training access; structured modules and progress tracking.
3. Digital Fuel Reimbursement: Simplified and expedited claims process; 90% staff relief.
4. Paperless HR Recruitment Module: Sri Lanka's first; increased accuracy, compliance, and efficiency.



Strategic Expansion & Innovation

- **First Digital Debenture in Sri Lanka:**
  - LKR **2 Bn** digitally subscribed issue.
  - Fully subscribed on Day 1.
  - Backed by **Fitch A+ (lka)** rating.
- **Debenture Platform:** Executed via CAL Web Portal – highlighting digital ease and innovation.





Business Resilience

- Successfully absorbed:
  - **564.36% rise in income tax**
  - **186.23% increase in VAT on financial services**
- Demonstrated **strong operational efficiency** and **profit resilience** despite fiscal challenges.

Call Center Highlights

- Launched: **April 1st, 2024** with **6 agents,** now **25+ agents.**
- Volume: Handles **~50,000 monthly calls.**
- Onboarding: Facilitates **850+ new customers monthly.**
- Lead Generation: Supports branch KPIs via **structured outbound campaigns.**
- Positioned as a potential **profit-generating unit** through strategic growth and collaboration.







Product Performance

- **Gold Loans**: Surpassed Rs. 20 Bn in loan base.
- **Micro Mortgages:** Reached Rs. 5 Bn, driven by market penetration and regional outreach.
- **Leasing:** Positioned for digital growth with the "Digital Karaliyata – Leasing Pereliya" campaign.
- **Fixed Deposits:** Achieved Rs. 19,976 Mn, a 38.81% YoY growth.

Looking Forward

- **20 new branches** planned for FY 2025/26.
- Continued focus on **digital product delivery,** customer-centric solutions, and cross-functional operational synergy.
- Strategic aim to **expand market share, drive shareholder value, and support economic growth** in Sri Lanka.
- Celebrating 10 years with Muthoot Finance Limited India
- Receiving A+ rating affirmation by Fitch Ratings Lanka
- Commencement of fully fledged call centre operation for customer communications and convenience
- Launching of Digital Leasing " Leasing Karaliyata – Digital Pereliya"
- Reaching the 100 branches milestone
- Recording the highest ever profit for the 55 years of the company
- The asset base increased up to Rs. 37.11 Bn
- The share price reached Rs. 37,106 Mn which is the peak price recorded thus far in the History of Asia Asset Finance
- Surpassing 1000th staff member in the payroll with 50 % of the staff being females
- Converting the entire branch network as paperless offices with the digitalization initiatives

OUR PRODUCTS AND SERVICES

MORTGAGE LOANS



Mortgage loans are financial products that allow you to borrow money for purchasing a property, upgrading your business, financing migration, or leveraging the equity in a home you already own.

KEY FEATURES

Feature	Details
Product Type	Mortgage Loan/Micro Mortgage (Residential)
Target Market	Salaried individuals, self-employed, business owners, SMEs, professionals.
Loan Purpose	Property purchase, construction, renovation, Working Capital Financing, refinancing, Foreign Employment, Foreign Education, Debt takeovers
Minimum Loan Amount	Rs. 500,000/-
Maximum Loan Amount	Based on repayment capacity & property value (up to 65% LTV)
Repayment Tenure	Up to 7 years
Repayment Method	Equal Monthly Installments (EMI) or customized structures
Interest Rate	Competitive and fixed rate; special rates for select categories
Eligible Securities	Residential/commercial property
Credit Assessment Criteria	CRIB status, DSCR, income proof, asset ownership, bank transactions
Property Financing	Up to 65% of the market value (depending on type/location)
Processing Time	Minimum 7 days (Subject to Conditions)
Insurance Requirements	Life and/or property insurance (where applicable)
Additional Benefits	Free legal consultation, balance transfers, top-up loans
Digital Access	Luckewallet app for real-time loan balance and payment.

Total Receivables - Mortgage Loans (2025)

Rs. 6,483 Mn

Total Receivables - Mortgage Loans (2024)

Rs. 3,429 Mn

GOLD LOANS



Gold loan, also known as loan against gold, is a secured loan where the borrower pledges gold articles as collateral to obtain funds from a lender.

KEY FEATURES

- Minimal document process.
- Flexible repayment option.
- Quick cash availability (Faster Processing)
- Credit score is not considered.
- Attractive Interest rate.
- Easy renewal process.
- Transparent terms.
- Instant Gold Loan top-up via Luckewallet mobile app without service charges
- Instant Gold Loan top-up via mobile app without service charges Luckewallet.

Period	Sum of Advance Balance
15 Days	261,330,925
25 Days	532,394,769
1 Month	4,066,036,372
02 Months	48,070,294
3 Months	5,573,189,116
6 Months	1,470,960,658
9 Months	4,920,036,768
12 Months	4,412,491,285
Grand Total	**21,284,510,188**

Total Portfolio (2025)

Rs. 21,285 Mn

Total Portfolio (2024)

Rs. 14,322 Mn

OUR PRODUCTS AND SERVICES

VEHICLE LEASING



Vehicle leasing is a financial arrangement where a motor vehicle is leased for a fixed period at an agreed price.

KEY FEATURES

1. Less documentation.
2. Minimum interest rates in the market.
3. Doorstep service to the clients.
4. Approval within 24 hours.
5. Minimum initial down payments.
6. Flexible repayment plans based on the client capacity and Income (Monthly and Seasonal rentals)
7. Flexible terms and conditions at the early settlements.
8. Faster service – approvals within one hour

Total Receivables (2025)	Total Receivables (2024)
Rs. 950 Mn	**Rs. 337 Mn**

FIXED DEPOSITS



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KEY FEATURES

1. Attractive Interest Rates

- Highly competitive FD interest rates.
- Special rates for senior citizens and high-value deposits.

2. Flexible Tenure Options

- Choose from deposit terms ranging from 1 month to 60 months, depending on your financial goals.

3. Monthly or Maturity Interest Payouts

- Enjoy the convenience of receiving interest monthly or at maturity.

4. Senior Citizen Privileges

- Higher interest rates for customers aged 60 and above.

5. Minimum Deposit Requirement

- Start your FD with LKR 50,000

6. Safe and Secure Returns

- Fixed, predictable returns with capital protection. (Fitch rating A+)
- Regulated by the Central Bank of Sri Lanka.

7. Luckewallet Digital Convenience

- Open FDs anytime via the Luckewallet mobile app, no need to visit a branch.
- View your FD details 24/7 from anywhere, including balances, interest payments, and maturity dates.
- A hassle-free and secure digital experience.
- Instant FD pledge Loan via app in realtime

8. Automatic Renewal Option

- Option to renew your FD automatically upon maturity.

9. Loan Facility Against FD

- Obtain a loan against your FD without premature withdrawal.

10. Nomination Facility

- Assign a nominee for added peace of mind.

11. Simple Account Opening Process

- Open your FD at any branch or instantly via Luckewallet, with minimal documentation.

12. Balance Confirmation Facility

- For visa purposes etc.

Total Portfolio (2025)	Total Portfolio (2024)
Rs. 19,976 Mn	**Rs. 14,473 Mn**

OUR PRODUCTS AND SERVICES

FOREX & MONEY TRANSFER SERVICES

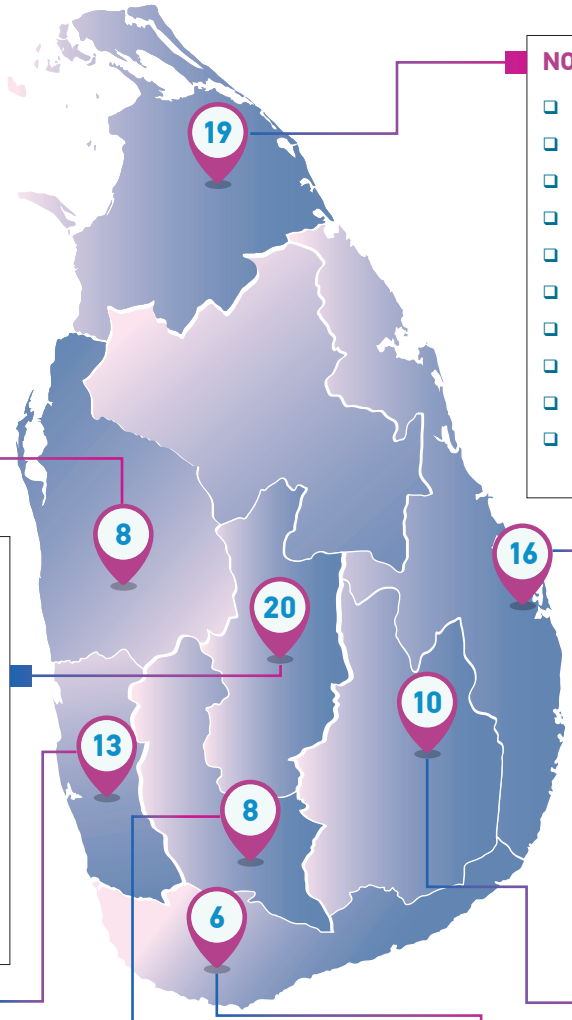


Asia Asset Finance PLC offers comprehensive foreign exchange and money transfer services to meet the diverse needs of individuals and businesses. Our forex solutions facilitate the purchase and sale of foreign currencies to support international travel, education, healthcare, remittances, and global trade. Through established partnerships with trusted global remittance networks such as Western Union and Ria, we ensure fast, secure, and reliable inward money transfers from abroad.

KEY FEATURES

Feature	Details
Product Type	Foreign Currency Exchange – Spot Transactions, Money Transfers via Western Union and Ria
Target Market	Individuals, tourists, migrant workers, SMEs, and corporate clients
Purpose	Facilitates travel, overseas education, medical expenses, and inward remittances
Currency Coverage	USD, EUR, GBP, AUD, CAD, and INR
Purchase Limit	Up to USD 500 (approx. LKR 150,000) or equivalent; maximum INR 10,000 per person (Lankan or foreigner)
Selling Limit	Up to USD 5,000 or equivalent in other convertible currencies, subject to CBSL regulations and currency availability
Service Channels	Available across our branch network
Exchange Rates	Competitive market-based rates with preferential pricing for high-volume transactions
Remittance Services	Secure inward remittances through Western Union and Ria
Risk Management	Adherence to robust KYC, AML, and CFT protocols, compliant with both local and international standards
Regulatory Compliance	Authorized dealer under the Central Bank of Sri Lanka (CBSL); fully aligned with KYC, AML, and FATCA regulations

BRANCH NETWORK



NORTH WESTERN REGION

- Wennappuwa
- Chilaw
- Udappuwa
- Puttalam
- Kalpitiya
- Kurunegala
- Dankotuwa
- Wariyapola

NORTHERN REGION

- Jaffna
- Chavakachcheri
- Point Pedro
- Chunnakam
- Nelliady
- Changanai
- Velanai
- Achchuvely
- Manipay
- Kilinochchi
- Mullaitivu
- Puthukkudiyiruppu
- Oddusuddan
- Vavuniya
- Mannar
- Cheddikulam
- Mulankavil
- Urumpirai
- Mallavi

CENTRAL REGION

- Matale
- Gampola
- Digana
- Hatton
- Nawalapitiya
- Ragala
- Talawakelle
- Pundaluoya
- Maskeliya
- Naula
- Katugastota
- Bogawanthalawa
- Wattegama
- Pussellawa
- Agarapathana
- Hawa Eliya
- Kotagala
- Hanguranketha
- Dayagama
- Hapugasthalawa

EASTERN REGION

- Batticaloa
- Chenkalady
- Kalmunai
- Sammanthurai
- Akkaraipattu
- Valaichenai
- Kinniya
- Trincomalee
- Kalawanchikudy
- Kanthale
- Pottuvil
- Thirukkovil
- Ninthavur
- Serunuwara
- Muthur
- Ampara

WESTERN REGION

- Head Office
- Kalutara
- Negombo
- Moratuwa
- Gampaha
- Kotahena
- Wellawatta
- Mathugama
- Panadura
- Grandpass
- Mattakuliya
- Elakanda
- Homagama

SABARAGAMUWA REGION

- Mawanella
- Ruwanwella
- Rakwana
- Balangoda
- Eheliyagoda
- Kuruvita
- Deraniyagala
- Kahawatta

SOUTHERN REGION

- Galle
- Matara
- Beruwala
- Ambalanthota
- Elpitiya
- Deniyaya

UVA REGION

- Moneragala
- Badulla
- Mahiyanganaya
- Welimada
- Haputale
- Passara
- Bibile
- Girandurukotte
- Lunugala
- Boralanda

HOW WE CREATE VALUE - BUSINESS MODEL

VISION : EMPOWERING PEOPLE, TRANSFORMING LIVES

INPUT



Financial Capital

Financial resource availability for supporting our operations, investments, and growth initiatives.



Human Capital

Continuous investment in human capital through education, training, and supporting their health and well-being, unlocking their productivity, fostering creativity and ensuring sustainable growth in an ever-evolving business environment.



Social and Relationship Capital

Relationships maintained with stakeholders through impactful engagement across all spheres of interaction.



Manufactured Capital

Continuous maintenance and upgrade of physical assets and technological infrastructure, to improve innovation, streamline processes and optimise efficiency.



Intellectual Capital

Intangible asset base that includes systems, processes and standards that fosters enhanced brand reputation in the minds of customers.



Natural Capital

The stock of natural resources available to us in our value creation

BRANCH EXPANSION

- Digital Transformation
- Ethical and Compliant Business

- Strong Corporate Culture and Risk Management

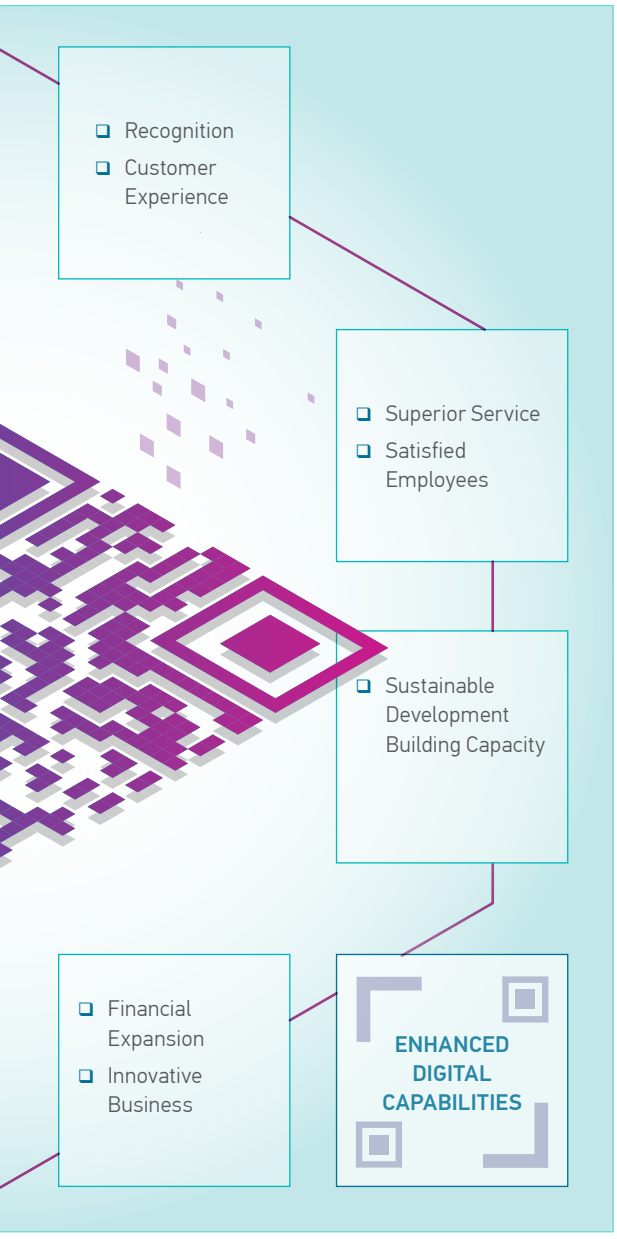
- Identify Risks and Opportunities
- Current Trends

DATA AND CYBERSECURITY

- Strong Financial Performance
- Corporate Social Responsibility

CORPORATE GOVERNANCE

RISK MANAGEMENT



Output	Outcome
Continues revenue enhancement and profitability, Return on investments (ROI), Increased asset base and Improved cash flows	❑ Sustainable growth and long-term value creation ❑ Strengthened financial stability and resilience ❑ Increased investor confidence and market reputation
A skilled workforce that tends to produce higher-quality work in less time.	❑ Enhanced employee performance ❑ Highly engaged and motivated staff ❑ Lower employee attrition ❑ Greater reliance on internal talent for recruitment ❑ Strong adherence to internal policies and procedures
Improved brand recognition through strengthened stakeholder relations, enhanced trust and credibility, and broader community outreach	❑ Lasting stakeholder trust and loyalty ❑ Resilient partnerships that support long-term growth ❑ Enhanced community well-being and social cohesion ❑ Positive corporate reputation and brand equity
Expansion of deposit and lending portfolios, enhanced operational efficiency through upgraded equipment, reduced downtime and faster turnaround times	❑ Enhanced customer satisfaction ❑ Greater customer loyalty and repeat business ❑ Strengthened brand equity ❑ Expanded cross-selling opportunities ❑ Sustained operational efficiency and productivity gain.
Creation of innovative products, enhanced knowledge sharing and collaboration. Increased organisational learning and expertise	❑ Sustainable competitive advantage through continuous innovation ❑ Greater capacity for adaptation and problem-solving ❑ Increased market share driven by unique intellectual assets
Optimised management of energy and water resources, adoption of sustainable and responsible consumption habits	❑ Reduced energy and water consumption ❑ Prominence given to convert offices to solar energy ❑ Eliminated paper use in office and marketing (100% paperless processes)

AUDIT AND ASSURANCE

LEADERSHIP

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MESSAGE FROM THE GROUP MANAGING DIRECTOR



As Asia Asset Finance enters its next chapter, the focus is clear – sustainable growth, deeper impact, and financial inclusion for all. With strong fundamentals and a global outlook, the company is well-positioned to lead Sri Lanka's financial future.

George Alexander Muthoot
Group Managing Director
Muthoot Finance Ltd

Dear Stakeholders,

It is with great pride and a deep sense of commitment that I extend my heartfelt congratulations to Asia Asset Finance PLC (AAF) for completing yet another exceptional year of operations in Sri Lanka. The financial year 2024/25 has been marked by strong growth, resilience in the face of economic pressures, and an unwavering dedication to building a sustainable future for all stakeholders. It has further cemented AAF's reputation as a responsible and performance-driven financial institution, and a vital extension of the global Muthoot Finance family.

With a legacy of over 55 years and recognition as a Central Bank-regulated, deposit-taking Non-Banking Financial Institution, AAF stands as a shining example of ethical banking, governance, and inclusive growth in Sri Lanka. In every decision made and every service rendered, the company reflects the ethos of Muthoot Finance: Trust, Transparency, and Transformative Impact.

STRONG FINANCIAL PERFORMANCE AMIDST MACROECONOMIC VOLATILITY

I am pleased to report that AAF concluded the financial year with several notable milestones that highlight its operational excellence and sound strategic direction. The company's Total Asset Base grew to Rs. 37.11 billion, marking an impressive 43.58% year-on-year increase. Meanwhile, the Loan Portfolio expanded by Rs. 10.77 billion, bringing it to a total of Rs. 29.16 billion, registering 52.99% growth. These figures underscore the company's ability to serve a growing and diverse customer base through prudent lending and product innovation.

The performance was equally strong across profitability indicators. Operational profit before VAT on financial services rose to Rs. 935.5 million, recording a 95.63% YoY increase. Profit Before Income Tax grew to Rs. 635.8 million, an increase of 70.24%, while Net Profit for the year stood at Rs. 441 million, a 28.17% year-on-year increase. This strong bottom-line growth was achieved despite facing a 564.36% increase in income tax and a 186.23% hike in VAT on financial services. The company's ability to maintain profitability in such a scenario speaks volumes of its operational efficiency and agile financial planning.

For shareholders, AAF continues to be a value-accretive entity. Earnings Per Share increased to Rs. 3.55, and Net Assets per Share improved to Rs. 30.43, reinforcing long-term investor confidence and financial stability.

GOVERNANCE, RISK MANAGEMENT, AND PRUDENCE

Robust governance and prudent risk management have been the cornerstones of AAF's continued success. The company ended the financial year with a Capital Adequacy Ratio (CAR) of 29.46%, which is well above the regulatory requirement, ensuring a strong buffer for future growth and risk absorption. The Return on Equity (ROE) stood at a healthy 12.35%, while the Net Interest Margin (NIM) was maintained at 8.88%, highlighting the efficiency of core lending operations.

Moreover, AAF maintained an impairment coverage ratio of 53.57%, reflecting its proactive stance in safeguarding asset quality and providing for potential risks. These numbers reiterate AAF's commitment to sound lending practices and customer-centricity, even under evolving regulatory frameworks.

NETWORK EXPANSION AND DEEPER FINANCIAL INCLUSION

One of the most exciting achievements of the year was AAF reaching 100 active branches across Sri Lanka. This milestone marks a powerful symbol of our mission to extend formal financial services to underserved and unbanked regions. The company's presence across rural and urban Sri Lanka allows for increased accessibility to affordable credit, savings, and investment solutions.

Building on this momentum, AAF plans to open 20 new branches in the coming financial year. These additions are aligned with a carefully crafted strategy to grow responsibly, focusing on digital integration, customer convenience, and regional upliftment.

BACKED BY GLOBAL EXPERTISE

As the only Sri Lankan subsidiary of Muthoot Finance Ltd., one of the world's largest gold financing institutions, AAF benefits from unparalleled global expertise, institutional governance, and technological know-how. This synergy has enabled AAF to adopt global best practices while remaining deeply rooted in the cultural and economic fabric of Sri Lanka.

Our vision is to make AAF not only a market leader in financial services within Sri Lanka but also a hub for innovation, financial literacy, and customer-centric solutions. The support from Muthoot Finance ensures that this journey is anchored in experience, resilience, and a global perspective.

ENVIRONMENTAL AND SOCIAL COMMITMENTS

In alignment with The Muthoot Group's ESG values, AAF continues to integrate sustainability into its business model. From energy-efficient operations to initiatives in green financing and digital transformation, the company has been consciously reducing its carbon footprint while increasing operational efficiency.

AAF's CSR programs have had a meaningful impact on communities, supporting education, healthcare, and local economic development. This year's activities have reached more beneficiaries than ever, creating long-term value beyond balance sheets and profitability.

OPERATIONAL RESILIENCE AND TECHNOLOGICAL EDGE

The company's operational teams have displayed commendable adaptability in the face of changing market dynamics. With improved internal controls, upgraded digital systems, and a 24x7 Security Operations Centre (SOC) for IT and data integrity, AAF remains well-prepared for a digital-first future. Investments in automation and data analytics continue to enhance decision-making, customer service, and operational scalability.

OUTLOOK: GROWTH, INNOVATION, AND RESPONSIBILITY

Looking ahead to FY 2025/26, we remain optimistic. AAF is well-positioned to pursue a multi-pronged growth strategy, leveraging branch expansion, digital integration, product diversification, and most importantly, human capital development. The business has already demonstrated the capacity to navigate volatile conditions with clarity and purpose. Now, we are focused on building long-term, stakeholder-driven value.

As a company committed to inclusive development, AAF will continue to serve individuals, families, and businesses, empowering them to achieve their financial goals with dignity and confidence. Through collaborative partnerships, ethical governance, and a relentless pursuit of excellence, the company is poised to shape the future of financial services in Sri Lanka.

IN CLOSING

I take this opportunity to express my heartfelt appreciation to the Board of Directors, executive management, and every employee at AAF. Your dedication, professionalism, and commitment to our shared vision have made this year a defining chapter in our journey.

To our customers, thank you for placing your trust in us. To the regulators, auditors, and statutory authorities, your continued guidance and collaboration have been instrumental in our success.

On behalf of the entire Muthoot Group, I reaffirm our commitment to Asia Asset Finance PLC and to the people of Sri Lanka. We look forward to a future of greater impact, deeper connections, and sustained growth.

Warm regards,



George Alexander Muthoot

Group Managing Director,
Muthoot Finance Ltd.

31 July 2025

CHAIRMAN'S MESSAGE



Dear Stakeholders,

It is with great pleasure that I present to you the Annual Report and the audited financial statements for the financial year ending on 31st March 2025. The period under review has been a remarkable year for the Company, witnessing the best performance ever, recording significant top-line and bottom-line growth. Strategic business planning combined with good governance and the ability to adapt to the ever-evolving market landscape and changing customer behaviour has enabled the Company to achieve this historic landmark.

MACRO CLIMATE

The challenges emanating from the aftermath of the COVID-19 pandemic, such as a significant drop in exports, halting of tourist inflows, and the dip in foreign inflows, were further exacerbated by the subsequent economic crisis of 2022, as well as the political uncertainties during the following year. However, several promising signs of recovery were seen during the fiscal year 2024/25 in key sectors. The economy had shown signs of steady improvement, marking the beginning of a significant stabilisation phase, allowing us to actively participate in the growth story.

Leveraging on our resilient business model, we were able to steer the Company on the growth path, achieving both notable financial and operational progress. We stood out as one of the few companies in Sri Lanka to expand during the crisis period, with product diversification playing a key role. We introduced new product lines, such as micro-mortgages and also ventured into leasing. Additionally, we revived a stagnant legacy portfolio, yielding notable recoveries throughout the year, which supported our bottom line. Augmented by these fruitful efforts, we have today achieved the highest top-line and bottom-line figures in the Company's history, positioning ourselves as one of the few non-banking financial institutions (NBFIs) to hold an A+ rating - a testament to the quality of our portfolio and the trust of our stakeholders.

STRATEGIC PRUDENCE

Product diversification has been a transformative journey for us, driven by two core strategies. Firstly, our focus is on staying as a lean and flat organisation to enable faster decision-making and agility in a dynamic market environment. Secondly, our robust human resources management practices, steered by our committed senior management team. Efficiency improvements have been realised across all areas, due to the ability of our staff to adapt and innovate, while maintaining a strong focus on growth and customer satisfaction. Embracing digitalisation has also been pivotal, with innovations such as the online onboarding process, which led to substantial cost savings and enhanced efficiency. However, challenges continue to persist. Perhaps as an ironic testament to our success, several of our competitors have now adopted the gold loan-centric business model into their own, undoubtedly recognising its vitality for portfolio health and returns.

REMARKABLE ACHIEVEMENTS

As highlighted above, one of the significant milestones of the year was the recording of the highest-ever profit for the Company since its inception. This success was, in part, fuelled by strong patronage from our deposit customers, reflecting their increased confidence in us and resulting in a notable growth in our fixed deposit portfolio. Our flagship 'Gold Loan' product remained the core driver of business. Regardless of challenging external factors, we reached the 100-branch milestone, with an accompanying expansion of our staff strength. We have also introduced paperless workflow in branches,

GRI 2-22

providing a fully digital banking experience for our customers in several areas. Our Company continue to maintain the prestigious A+ rating, underscoring the inherent strength of its portfolio and stakeholder confidence.

INTEGRATING SUSTAINABILITY

As a responsible organisation, we continue to integrate sustainability into our operations, ensuring long-term value creation for all stakeholders involved. We actively implement eco-friendly practices, including green lending, to minimise internal as well as external environmental hardships. We also extend support for self-employment initiatives, particularly women-led enterprises, with the aim of bolstering women's empowerment.

CORPORATE GOVERNANCE

Our commitment to good governance is deeply ingrained in every aspect of the Company's operations. We uphold the highest standards of transparency, integrity, and accountability, ensuring that all stakeholders, right from our customers and all the way up to our shareholders, derive value from the strength and ethical foundation of our business. The robust governance framework in place emphasises compliance with regulations, proactive risk management and fostering of a culture of ethical decision-making. By prioritising governance, we aim to create a sustainable environment that not only supports the Company's growth but also inspires confidence among investors, regulators, and the community at large.

Also, by ensuring proper Board balance, the Company was able to derive the right mix of expertise across various fields, with the result that the Company's operations are always guided in the right direction.

THE WAY FORWARD

Good governance and enhancing the value proposition to our stakeholders will continue to be our top priority. We are embarking on a product diversification journey, aiming to offer a broader range of solutions to our customers, in addition to our flagship product of Gold Loan. We also plan to expand our geographical footprint by opening new branches, with a preference for unbanked areas. Digitalisation will remain as a core business strategy for customer experience enhancement and cost optimisation.

Sustainability will continue to remain as a priority area. We have already migrated a significant part of our head office building to solar power, and it is planned to extend this initiative to our regional offices, making them energy self-sufficient as well.

ACKNOWLEDGEMENT

To begin with, I want to thank our valued customers for their enduring loyalty and trust, which have been the foundation of our journey to becoming one of the most trusted finance companies in Sri Lanka.

I also would like to express my heartfelt gratitude to the staff and senior management for their unwavering dedication and passion, which empowered us to complete yet another year of outstanding results, despite the uncertainties and challenges faced.

Additionally, I also extend my sincere thanks to the regulatory bodies and auditors for providing their invaluable guidance and direction, which have been instrumental in shaping our operations in the right direction. And I will be failing in my duty if I do not acknowledge the contribution and steadfast support of our Board Members in guiding the Company through a turbulent year.

To conclude, I take this opportunity to thank once again all our customers, partners, well-wishers, staff members and stakeholders with the assurance that it will be our utmost endeavour to take the Company to further heights, in the days to come.



V. A. Prasanth
Chairman/
Independent Non-Executive Director

31 July 2025

CHIEF EXECUTIVE OFFICER'S REVIEW



As we conclude another impactful year, I would like to take this opportunity to present to you the Annual Report and the Audited Financial Statements of Asia Asset Finance PLC for the financial year 2024/25. Amidst both a challenging and transformative year, we continue to navigate the delicate economic environment, focusing on maintaining financial stability, driving digital innovation, and achieving sustainable growth. As we remain agile in our strategies, adapting swiftly to changing market conditions, our commitment to long-term value creation continues to guide us through uncertainty while positioning us for future resilience.

RESILIENCE AMIDST UNCERTAINTY

The fiscal year 2024/25 witnessed the rebounding of the economy, aided by finalising comprehensive debt restructuring, which provided relief to the Sri Lankan economy by easing the fiscal burden, restoring investor confidence and creating space for sustainable economic recovery and growth. Inflation took a positive turn, showcasing notable reduction, while the interest regime also improved, supported by the CBSL's shift toward a more accommodative policy stance. Moreover, improved foreign reserves, reduced import pressures and increased inflows from tourism and worker remittances also supported the stabilisation of the Sri Lankan currency. Consequently, this conducive environment paved the path for financial institutions to thrive during this period.

While we capitalised on this improved environment, harnessing opportunities to propel our growth, our performance during the period was a clear reflection of our adaptability and the commitment to sustaining a strong business model that centres on prudent risk management, operational efficiency, and customer value creation.

FINANCIAL PERFORMANCE

In this backdrop, Asia Asset Finance delivered a solid financial performance during the 2024/25 financial year, prudently navigating the headwinds in the operating environment. The Company's Total Assets increased by 43.58% year-on-year to reach Rs. 37.1 Bn, underpinned by measured growth in our lending portfolio and careful management of our funding sources. The Net Interest Income (NII) grew by 89.06%, reflecting the resilience of our lending operations and the effectiveness of our repricing strategies in a rising interest rate environment.

The Company's Profit Before Tax (PBT) stood at Rs. 636 Mn, representing a 70.24% growth compared to the previous year, while Profit After Tax (PAT) remained at Rs. 441 Mn. However, the Non-Performing Loan (NPL) Ratio was maintained at 12.48%, a testament to our robust credit risk management and proactive collection strategy.

Furthermore, the provision coverage ratio improved to 53.57% to ensure sufficient cover is provided to the weak assets of our loan portfolio. While our Earnings Per Share (EPS) improved to Rs. 3.55, reflecting enhanced shareholder value, the Capital Adequacy Ratio (CAR) stood well above regulatory requirements at 29.46%, underscoring the financial strength and stability of the Company.

Our liquidity position remained healthy throughout the year, ensuring that we were well-prepared to meet both regulatory requirements and customer funding needs.

STRATEGIC BUSINESS EXPANSION AND INNOVATION

To empower those segments through our financially inclusive products, during the year, we focused on strategic expansion, continuing to increase our reach specifically in semi-urban and rural areas to capture these segments in the Country. In line with

this approach, AAF opened 15 branches, with special focus on Sabaragamuwa and Uva regions. Moreover, we introduced innovative financial solutions specifically targeting underserved segments, reinforcing our role in advancing financial inclusion across Sri Lanka. Additionally, in order to meet the renewed market demands, AAF also re-introduced micro leasing and agricultural leasing to its lending portfolio, along with special benefits focused on women-empowered lending and sustainable financing activities.

DIGITAL ADVANCEMENT

A cornerstone of our strategy during the financial year was the acceleration of digital transformation. We believe digital transformation will empower us to meet modern market demands while significantly enhancing customer convenience and satisfaction. Therefore, significant investments were made in enhancing our digital platforms, mobile applications, and automation of key business processes. These initiatives have not only improved customer convenience and engagement but also contributed to operational efficiencies and cost containment.

GOVERNANCE, SUSTAINABILITY, AND RISK MANAGEMENT

Our commitment to strong governance and responsible business practices remained unwavering. While we adhere to all necessary compliance measures, we continue to foster a culture of transparency, accountability, and integrity, embedding these values across every level of our operations. Additionally, we have also aligned our operations with Environmental, Social, and Governance (ESG) principles, with special emphasis on responsible lending, community outreach, and environmental stewardship.

Risk management remains at the forefront of our agenda, with enhanced credit screening processes, stress testing, and continuous monitoring of both global and domestic economic indicators to proactively manage potential risks. We believe our robust risk management foundation will empower us to navigate challenges effectively and steer the Company forward with confidence and resilience.

OUR PEOPLE AND CULTURE

Our employees are the cornerstone of our success as their tireless effort, commitment, and loyalty play a pivotal role in ensuring the sustainable progress of the Company. As such, we continue to invest in their development, creating a conducive work environment that prioritises their health and wellbeing and long-term growth. I take this opportunity to extend my sincere appreciation for their continued commitment and unwavering support that have been instrumental in driving our progress and achieving our strategic goals.

OUTLOOK FOR FY 2025/26

Looking ahead, we anticipate gradual economic stabilisation in Sri Lanka. We remain cautiously optimistic about the operating environment and are committed to pursuing sustainable growth through the expansion of our reach in terms of both physical branches and digital expansion, ensuring automation of our products and services and reducing the carbon footprint of AAF. We will also explore the diversification of our product offerings to better meet evolving customer needs, tap into new markets, and strengthen our competitive edge.

In this pursuit, we remain committed to further enhancing our risk management and governance frameworks to ensure resilience, transparency, and sustainable growth across all aspects of our business. Furthermore, we will also continue to focus on financial inclusion and community development in our overarching responsibility to uplift the living standards of the underserved communities, contributing to the economic development of the Country while strengthening our strategic focus as the most trusted and customer-centric financial services provider in Sri Lanka, delivering consistent value to all stakeholders.

APPRECIATION

I extend my sincere gratitude to our Board of Directors and the Muthoot Group for their invaluable guidance, to our shareholders for their unwavering trust, to our customers for their continued loyalty, and to our regulators for their steadfast support. Together, we will continue to build on our achievements and drive Asia Asset Finance towards a prosperous future.



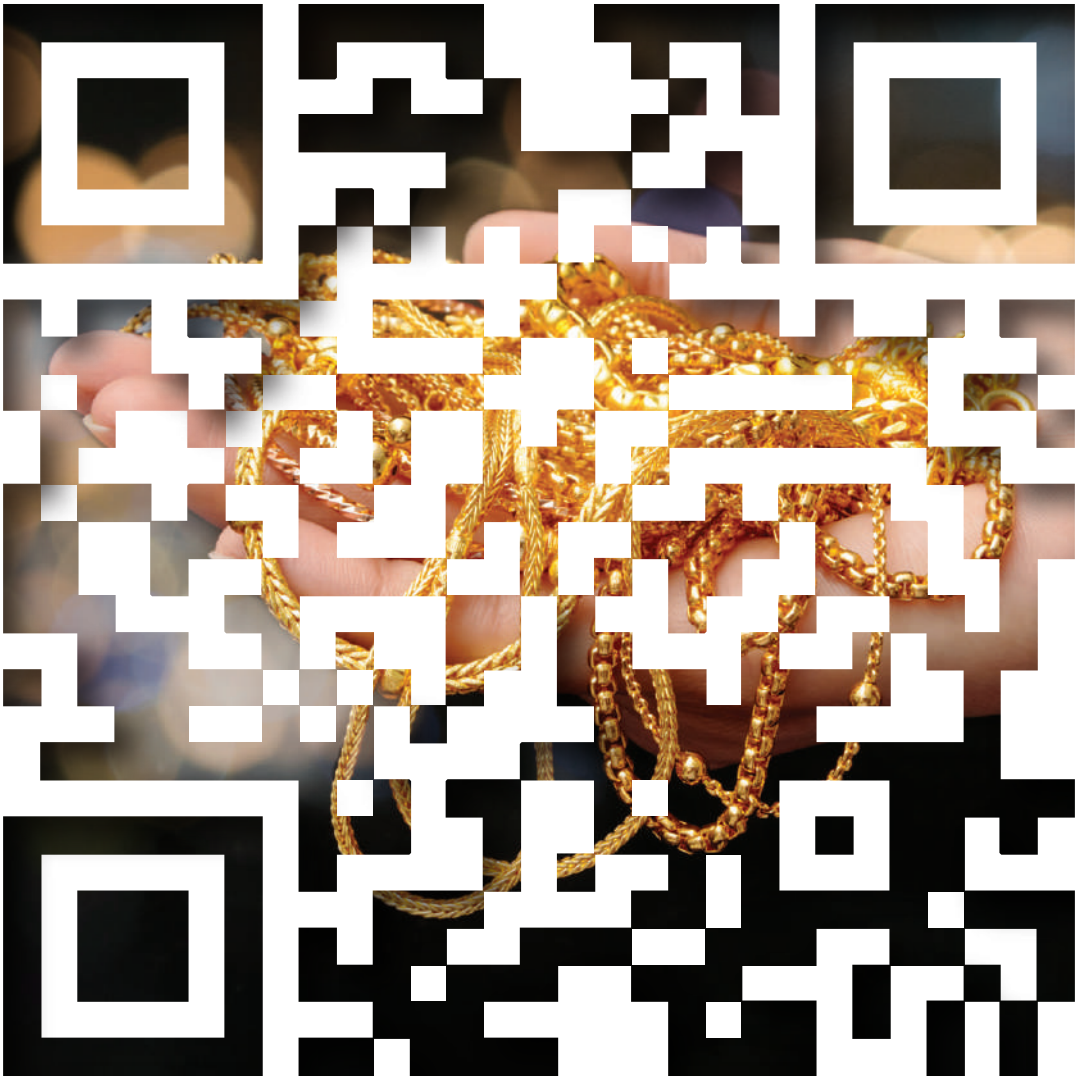
R. J. A. Gunawardena

Director/ Chief Executive Officer

31 July 2025

STRATEGIC REPORT

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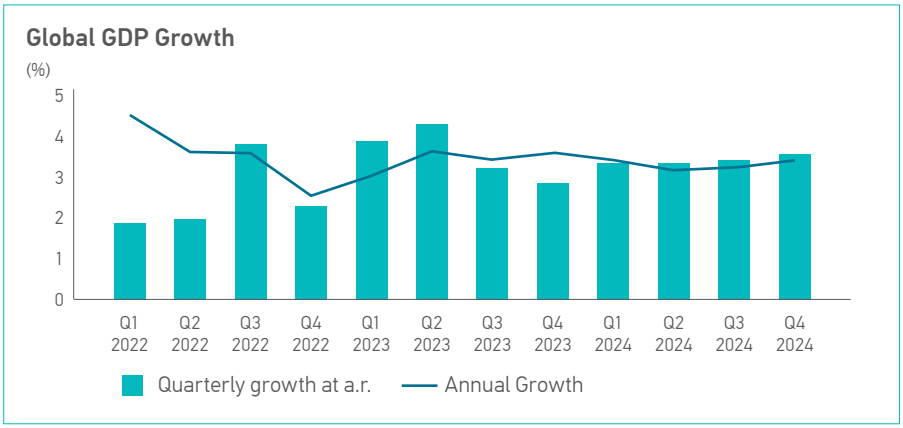
OPERATING ENVIRONMENT

GLOBAL ECONOMY

The global economy demonstrated resilience throughout 2024, maintaining a steady annual growth rate of 3.2% in the latter half of the year. However, it is marked by uneven recovery across regions. While certain advanced economies exhibited resilience, particularly in the services and technology sectors, emerging markets remained vulnerable due to inflationary pressures, high debt servicing costs, and volatile capital flows.

However, recent indicators suggest that momentum may be slowing, with business and consumer confidence declining in certain regions. Inflation remains a persistent challenge in many economies, compounded by heightened policy uncertainty and ongoing risks. A major concern is the increasing fragmentation of global trade due to significant changes in global trade policies that continue to add pressure on global trade and inflation. If inflation continues to rise beyond expectations, central banks may implement stringent monetary policies, potentially triggering volatility in financial markets and slowing momentum in consumption and investment. On a positive note, trade agreements that reduce tariffs could provide a boost to economic growth.

The ongoing conflicts in the Middle East continue to have a significant impact on gold prices, which in turn impact the AAF Gold prices, driving them upward in response to the global market uncertainty.



RISKS & CHALLENGES

In April 2025, the United States introduced reciprocal tariffs, imposing a 10% baseline import duty alongside country-specific levies. This step triggered considerable upheaval in global trade patterns and unsettled investor confidence. The cascading impact of these tariffs reverberated through key trade routes, intensifying inflationary pressures and significantly curbing international investment momentum.

Alongside, global equity markets underwent a steep downturn in early April 2025. The Colombo Stock Exchange (CSE) was hit especially hard, suffering an abrupt collapse on April 7, 2025, that erased billions in market value within mere hours. Although this triggered short-term volatility in investor portfolios and dampened market sentiment, it also prompted a shift in capital towards more secure investment options, such as fixed-income assets.

OUTLOOK

Global GDP growth is anticipated to gradually slow, easing from 3.2% in 2024 to 3.1% in 2025 and 3.0% in 2026. This moderation is driven by increasing trade barriers in several G20 economies and growing policy uncertainty, which are impacting investment decisions and household spending.

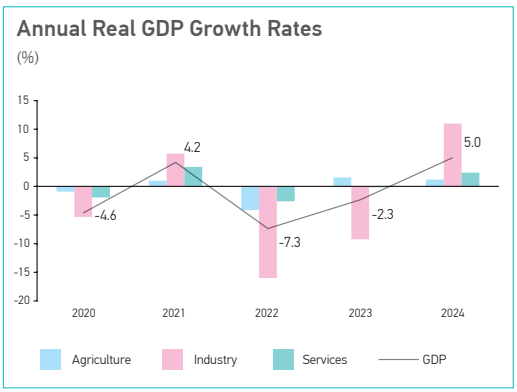
In the United States, economic expansion is expected to decelerate from its recent strong pace, with real GDP growth projected at 2.2% in 2025 and 1.6% in 2026. Similarly, growth in the euro area is forecast to remain modest, reaching 1.0% in 2025 and 1.2% in 2026, as persistent uncertainty continues to weigh on economic activity. Meanwhile, China's growth trajectory is set to slow, with its economy expected to expand at 4.8% this year before dipping to 4.4% by 2026.

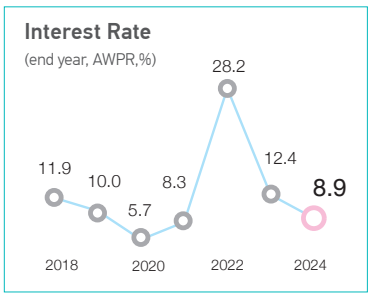
Trade tensions stemming from U.S. tariff policy, geopolitical instability, and a recalibration of supply chains are likely to keep business investment moderate. However, easing inflation and potential monetary policy relaxation in the latter part of the year may offer room for recovery. Commodity markets, especially gold and energy, will play a key role in shaping the inflation outlook.

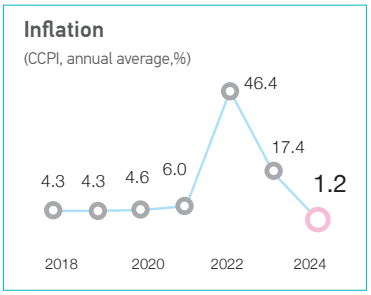
LOCAL ECONOMY

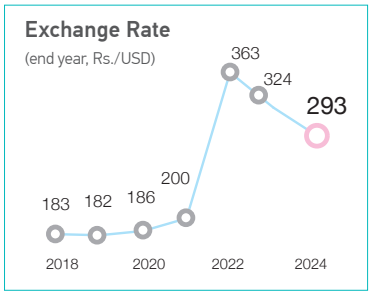
Sri Lanka's economy witnessed a remarkable recovery in 2024, surpassing growth expectations by recording 5% growth, compared to the projected 4.4%, according to the World Bank. IMF-supported reforms contributed to the stabilisation of macroeconomic fundamentals, with inflation tapering off, interest rates declining gradually, and the exchange rate showing signs of stabilisation. The robust performance of the industry and services sector, particularly the construction and tourism-related services, coupled with the revival in domestic investment and consumer activity, all contributed to economic progress during the period.

However, despite the positive growth and fiscal performance, significant challenges persist where Sri Lanka continues to struggle with disposable income, employment and overall welfare issues remaining below the pre-crisis levels. The poverty rate remained alarmingly high at 24.5% in 2024, with a significant portion of the population - about a third - remaining in poverty or at risk of falling back into poverty. The labour market also continues to struggle, leading to increased emigration as people look for opportunities abroad.









OUTLOOK

In 2025, economic growth is projected to ease to 3.5%, influenced by lingering effects of the crisis and structural challenges that hinder expansion. This slowdown comes amid persistent global economic pressures and heightened uncertainty surrounding trade policies.

Maintaining macroeconomic stability and implementing key structural reforms remains vital to ensure medium-term growth and poverty reduction. As such, the World Bank forecasts moderate growth of around 3.1% for Sri Lanka in 2026. Shifting to a higher growth trajectory through the successful implementation of reforms that enhance trade, investment, competition and female labour force participation, among others, is essential to ensure that all Sri Lankans benefit from the recovery. Looking ahead, the World Bank emphasises the continued need for policy reforms to maintain macro-fiscal and financial stability, boost competitiveness, increase productivity, and expand job opportunities. Nevertheless, the pace of recovery will depend on sustained investor confidence, political stability, and global economic developments, including tariff escalations and their impact on export demand.

RISKS & CHALLENGES

Although the economy has made strides, structural challenges continue to persist. Elevated sovereign debt limited fiscal flexibility, and dependence on external financing continues to present downside risks. The sudden downturn of the Colombo Stock Exchange on April 7, 2025, underscored the economy's vulnerability to external disruptions and shifts in investor sentiment. However, this event also sparked increased interest in stable savings vehicles like Fixed Deposits, offering a significant advantage to financial institutions such as Asia Asset Finance PLC. Nevertheless, the recovery of the stock market in April has created new investment opportunities, enhancing potential returns for investors and making fixed deposit products appear relatively less attractive. However, the strong and long-standing relationship the customers have with Asia Asset Finance PLC has resulted in continuous net growth of the Fixed Deposit base.

OPERATING ENVIRONMENT

NBFI SECTOR PERFORMANCE

The Non-Banking Financial Institutions (NBFI) sector demonstrated gradual recovery during the financial year, supported by the falling interest rates and increased credit flows. Consequently, the demand for structured financial services, particularly from SMEs and retail borrowers, saw a growth, though the overall risk appetite remained conservative.

While regulatory priorities centred on financial sector consolidation, enhanced risk management, and capital adequacy, digitalisation continued to reshape service delivery and customer interactions. Meanwhile, regulatory efforts promoted responsible lending and reinforced credit discipline.

However, persistent high NPLs, capital pressures, and limited foreign funding access continued to weigh on sector stability. The volatility in financial markets, particularly post-April 2025, also posed liquidity management challenges. However, firms with strong deposit bases and diversified products continued to navigate ahead, absorbing these shocks.

PERFORMANCE OF ASIA ASSET FINANCE PLC

Despite the global trade tensions, local economic vulnerabilities, and a volatile capital market environment, Asia Asset Finance PLC demonstrated commendable resilience. The company maintained robust interest margins, improved its lending portfolio quality, and attracted increased deposits following the stock market downturn. Our flagship Gold Loan product remained a core driver of business, although rising global gold prices presented margin pressures.

However, despite this positive outlook, challenges continue to persist. One of the key concerns was the significant rise in global gold prices, increasing the risk exposure on pledged gold assets and reducing affordability for new borrowers. In addition, a sharp decline in stock market sentiment post-April 7, 2025, created cautious consumer behaviour, reducing discretionary borrowing. Cost management also remained a challenging factor, considering the high cost involved in regulatory and technological adaptation.

In order to mitigate these challenges, we revised LTV (Loan-to-Value) ratios and strengthened appraisal mechanisms in response to gold price volatility. We also increased our focus on deposit mobilisation, capitalising on investor movement from equities to fixed-income instruments, especially Fixed Deposits, which saw significant traction in Q1 2025/26. Likewise, digital customer touchpoints were expanded, and operational efficiencies improved through process automation and staff upskilling initiatives.

The highlights for the year

- Issued its first digital debenture, marking a significant step towards modernising its capital-raising initiatives.
- Celebrating 10 years with Muthoot Finance Limited, India
- Receiving an A+ rating affirmation by Fitch Ratings Lanka
- Commencement of a fledged call centre operation for customer communications and convenience
- Driving digital transformation through the launch of Digital Leasing "Leasing Karaliyata – Digital Pereliya" and the upgrade of the Luckewallet app
- Reaching the 100 branches milestone
- Recording the highest ever profit for the 54 years of the company
- The asset base increased up to LKR 37,106Mn
- The share price reached LKR 32.9, which is the peak price recorded thus far in the History of Asia Asset Finance
- Surpassing the 1000th staff member in the payrolll, with 50 % of the staff being females
- Converting the entire branch network to paperless offices with the digitalisation initiatives

COMMODITY MARKET TRENDS AND GOLD PRICE FORECAST 2025/26

Gold prices remained elevated throughout 2024/25 due to safe-haven demand amidst geopolitical tensions, inflation concerns, and market volatility. The imposition of U.S. tariffs and the global market corrections in April 2025 further increased demand for gold, pushing prices to multi-year highs.

LOOKING FORWARD TO 2025/26:

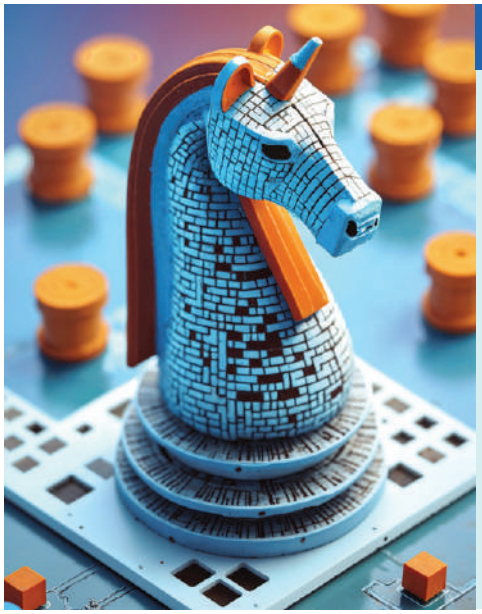
- Gold prices remained elevated throughout 2024/25 due to safe-haven demand amidst geopolitical tensions, inflation concerns, and market volatility. The imposition of U.S. tariffs and the global market corrections in April 2025 further increased demand for gold, pushing prices to multi-year highs.
- Gold prices are expected to remain firm or trend upward, particularly if trade conflicts persist and monetary easing resumes in key economies.
- While this benefits asset-backed portfolios, it necessitates tighter credit risk oversight due to higher collateral values.
- Asia Asset Finance PLC will remain agile in adjusting gold loan products, managing LTV thresholds, and expanding alternate product lines to mitigate risk exposure.
- Gold is poised for its best annual performance in more than a decade, up 28% through November. Behind this, central bank and investor buying have more than offset a notable deceleration in consumer demand.
- However, it is gold's role as a hedge amidst rising market volatility and geopolitical risk that most likely explains its remarkable performance.
- As we look forward, all eyes are focused on what the USA's second term may mean for the global economy. Thrill-seeking investors may benefit from an early wave of risk-on flows, but potential trade wars and inflationary forces may spill over into an expected subpar economic growth.
- However, the precious metal surpassed multiple record peaks in 2024 and broke through the $2,900/oz barrier for the first time in February this year, as investors navigated market volatility following U.S. tariffs and heightened geopolitical risks. Prices peaked at $3,500/oz in April against a backdrop of unpredictable U.S. trade policy. For investors, gold remains one of the most optimal hedges for the unique combination of stagflation, recession, debasement and U.S. policy risks facing markets in 2025 and 2026. Therefore, it is now expected that the prices to average $3,675/oz by the final quarter of 2025, rising towards $ 4,000/oz by the second quarter of 2026.

Gold price forecasts

	1Q 2025	2Q 2025	3Q 2025	4Q 2025	2025	1Q 2026	2Q 2026	3Q 2026	4Q 2026	2026
New	2,872	3,400	3,515	3,675	3,365	3,840	3,840	4,160	4,250	4,068
Old	2,750	2,850	2,900	2,950	2,863	2,975	3,000	3,050	3,050	3,019
Change	4%	4%	21%	25%	18%	29%	34%	36%	39%	35%

OUR STRATEGY

AAF's key strategic goal is to create long-term value for all its stakeholders while contributing to the sustainable development of the country. Therefore, we formulate our strategic goals every year in line with the changing customer requirements and the trends in the macroeconomic and industry environment. With strategic agility, the company consistently adapts to market shifts, seizes emerging growth opportunities, and delivers lasting value to stakeholders, fuelling ongoing progress. With our unwavering commitment to promote financial inclusiveness by financially empowering the masses, we positively contribute to the overall economic growth in the country, improving the livelihoods and overall well-being of all Sri Lankans.



Our Strategic Focus

- Promote financial inclusivity through access to affordable financial solutions.
- Promote women's empowerment in the workplace by supporting female entrepreneurs.
- Promote sustainability through process efficiencies and digitalisation
- Expansion of our market reach for sustainable business growth

FINANCIAL INCLUSIVITY

We extend our financial products and solutions to a wider clientele spread across the island to support their financial well-being. By creating unique products that are tailored to their specific requirements and expanding our reach and accessibility through our extensive branch network, we strive to foster a financially inclusive society that could contribute to the economic development of the country. Our extensive branch network comprising of 100 branches spread across the island serves as the main customer touchpoints at the regional level, enabling deeper penetration into the country's interiors and reaching rural underserved communities who do not have access to financial services.

WOMEN EMPOWERMENT

We champion women's empowerment from two perspectives: by supporting the growth of our female employees as well as fostering opportunities for female entrepreneurs. In this regard, internally, we have nurtured a non-discriminatory work environment that reinforces gender equality, where female employees are encouraged for career progression and key leadership positions. Currently, 50% of our workforce comprises female employees while 18 women are holding leadership positions at various levels of our operations.

We also support female customers or entrepreneurs, providing them access to our financial solutions such as Gold Loans and Micro Mortgage loans. These products, which are developed specifically for female clientele, aim to support women who are engaged in agricultural activities and self-employment, promoting female entrepreneurs to achieve business success and well deserved financial independence. During the year, we contributed to enhancing the customer experience, including that of female customers, who seek hassle-free financial solutions.

RESOURCE EFFICIENCIES AND DIGITALISATION

In promoting sustainability, we have embraced digitalisation within the Company as well as across the branch network, thereby introducing process efficiencies and significantly reducing resource utilisation. As a result, most of our manual processes have been transferred to a digital platform, considerably shrinking paper usage within the organisation. Whether it is customer onboarding, product information sharing or marketing and promotional campaigns, we have enabled customers with user-friendly digital access, making interactions seamless, efficient, and engaging.*

Furthermore, we promote responsible consumption of scarce resources at the head office and across the branch network through carefully regulating Air-conditioning and elevator timing, creating ongoing employee awareness on resource conservation as well as the adoption of renewable energy.

*For more information on our digital transformation projects, refer to the 'Focus on Sustainability' section of the report.

MARKET EXPANSION

We continue to expand our branch network, penetrating into all corners of the island to reach our target audience. As such, during the year, we added 15 branches to our branch network and relocated 4 branches for easy accessibility and customer convenience, totalling 100 branches island-wide. This expansion has enhanced our market reach, driving our business growth by tapping into new opportunities and strengthening our brand presence.

Our Significant Indirect Economic Impact

GRI 203-2

a) Economic Value Generation	We paid salaries and benefits for the employees that amounted to Rs 647,509,378 during the year.
b) Job Creation	We provide employment to 1054 people at the head office and across the branch network.
c) Support for female entrepreneurs	Our portfolio consists of 84,568 female clientele. We have provided loans for female entrepreneurs through our 'Women Empowerment' loan facility, while also offering loans through the array of our lending products which are customised to enhance women empowerment. Consequently, during the year, we disbursed Rs 16,546,550,077. 46 for female clientele.
d) Regional economic development	Our presence across the country and in key strategic locations supports the growth of individuals and SMEs in those areas.
e) Contributes to a Digital Economy	We promote digital banking for customers, facilitating their convenience and preference for virtual transactions.
f) Community Support	We uplift the communities through various CSR initiatives to address their pressing needs. During the year, we invested Rs. 3,193,576 in CSR programs.

VALUE ADDING BUSINESS LINES

Our strategy aims to provide high-quality financial products and services to meet the evolving needs of the customers. By catering to their anticipated and emerging financial needs, we strive to position ourselves as the preferred financial services provider amongst the wider clientele. To realise this objective, we continue to design products that align with market trends and empower customers to achieve their financial goals.

MORTGAGE LOANS



Mortgage loans provide customers with long-term financing solutions to facilitate real estate and property purchases. Beyond homeownership, they also serve as a valuable source of working capital and consumption funding, supporting expenses such as foreign education, overseas employment, and home repairs or renovations. Secured by the property itself, these loans typically feature fixed interest rates, helping individuals build wealth and meet a variety of financial needs, contributing to the overall economic development. At present, our mortgage loan portfolio amounts to Rs. 6.4 Bn with a customer base of 2,815.

To broaden our reach in terms of mortgage products, we leverage targeted marketing initiatives, informative content, referral programs, and collaborations with real estate professionals, thereby further strengthening our position as a reliable financial partner.

During FY 2024/25, the mortgage product demonstrated outstanding performance, reaching Rs 5 Bn driven by its extensive reach at the local level across the regions as well as its ability to penetrate into all the market segments. This achievement stands out not only for its impressive product expansion but also for its exceptional collection performance and historically high NPA levels.

Additionally, we remain competitive by offering financial literacy programs tailored to underserved markets that may not qualify for mortgage loans through traditional banking channels. AAF also provides comprehensive customer support throughout the mortgage loan documentation process, recognizing that many clients are unfamiliar with its complexity and the significant involvement of local authorities.

OUTLOOK – MORTGAGE LOANS

Looking ahead, our mortgage loan strategy will emphasize enhanced customer education and deeper community engagement to encourage homeownership and financial empowerment. By forging strong partnerships with real estate professionals and introducing customized mortgage solutions, we aim to meet the evolving financial needs of our customers. Our ultimate goal is to expand our market reach while fostering sustainable economic growth and social progress through increased homeownership and wealth accumulation in Sri Lanka.

GOLD LOANS



Gold Loans provide customers with a convenient way to access cash by using their gold assets as collateral. Designed to address urgent financial needs, this product is particularly sought-after during periods of economic hardship where customers use their gold assets to secure funds against the gold value without having to sell their gold, ensuring financial flexibility.

As a subsidiary of Muthoot Group, the world's largest Gold Loan company, Gold Loans remain one of Asia Asset Finance's main product offerings promoted under the tagline "Ran Nayanam – Asia Asset" (If its Gold Loans – Its Asia Asset). At present, Gold Loan remains one of the most popular and successful product offerings in our portfolio, across our branch network, which has gained popularity as a quick and easy source to obtain reliable cash.

During FY 2024/25, the Gold Loan product demonstrated outstanding performance, recording a loan base of above Rs. 20 Bn. At the branch level and regionally, the product showed high performance, recording a significant customer base for the product. The key success factor remained the enhanced customer service delivery and competitive interest rates, which contributed to the customer's overall satisfaction, maintaining healthy retention ratios. Additionally, this product has expanded the company's cross-selling opportunities, leading to subsequent growth in the loan base of other products.

OUTLOOK – GOLD LOANS

Looking ahead, we plan to initiate specialized gold loan products designed to meet the diverse financial requirements of our customer segments. These offerings will feature flexible interest rates, extended repayment terms, and innovative loan structures that provide greater financial accessibility and tailored solutions to meet the unique needs of our customers. Additionally, we aim to introduce gold purchase plans, allowing customers to acquire gold through manageable monthly payments over a defined period.

LEASING



Leasing products provide customers with a convenient way to finance vehicle or asset purchases without the need for an upfront payment of the full cost. Asia Asset Finance offers finance leases in which the lessee assumes all risks and rewards associated with ownership, while the lessor retains absolute ownership. Customers make regular payments for the use of the vehicle or asset and, depending on the lease terms, can ultimately gain ownership or renew the lease. These leasing solutions are designed to meet the needs of both individuals and businesses.

Over the years, our leasing products have gained traction, mainly within the secondhand vehicle market. Therefore, we continue to focus on offering a range of leasing products to suit the individual, commercial, and SME customers' requirements, thereby providing a flexible and accessible way for customers to acquire vehicles or assets without requiring a large upfront payment. Leveraging on advanced technology, extensive branch network and strategic partnerships, we continue to expand our presence across the island, reaching out to a customer base that require access to vehicle leasing without financial strain.

OUTLOOK – LEASING

As we move forward, we will focus on enhancing customer convenience, leveraging our digital tools and offering personalized services to the leasing clientele. Promoting the tagline "Digital Karaliyata – Leasing Peraliya", we will concentrate on offering our leasing products through a digital platform, further expanding our geographical reach. Likewise, we will also improve our product range by offering specialized leasing options for commercial and SME clients. Furthermore, we will establish strategic partnerships with dealers, manufacturers, and relevant businesses in expanding our leasing market share while integrating AI and business intelligence tools to gain valuable insights into market trends in shaping our strategies accordingly.

VALUE ADDING BUSINESS LINES

FIXED DEPOSITS



Fixed Deposits (FDs) are a reliable, low-risk investment option where customers place their funds for a set period at a fixed interest rate. With guaranteed returns, FDs are a popular choice for individuals seeking financial stability and steady growth of their savings over time.

During FY 2024/25, fixed deposits demonstrated outstanding performance, reaching Rs. 19.167 Bn, recording 38.81% growth over the previous financial year. The Company offers deposit rates which are designed to ensure consistent competitive returns, while a customized door-to-door service to cater to individual requirements. Our innovative technologies, such as mobile applications, also allow customers to open fixed deposits remotely, further enhancing convenience and operational efficiency.

OUTLOOK – FIXED DEPOSITS

With decades of strength and stability, we are confident of our ability to mobilize fixed deposits supported by a strong customer base and digital infrastructure. With the economy showing growth momentum, we look forward to witnessing an increase in demand for our fixed deposit products in the near term. In this endeavor, capitalizing on advanced technologies for better service delivery will be fundamental while maintaining our regulatory compliance and preserving our Fitch A+ rating to further reinforce customer trust in growing our fixed deposit customer base. In the future, we remain committed to offering fully digitalized FD products to customers, catering to modern financial requirements.

LUCKEWALLET SAVINGS ACCOUNTS



Luck-E-Saver Savings Accounts are secure, digital accounts available exclusively through the Luckewallet mobile app by Asia Asset Finance PLC. They offer users a convenient way to manage their savings and perform key financial transactions such as fund transfers, fixed deposit creation, gold loan top-ups, loan and lease repayments, and utility bill payments all from their mobile devices. With a competitive 7% interest rate (T&C apply), zero transaction fees, and features like biometric login and 24/7 access, these accounts combine flexibility, speed, and security for everyday banking needs.

Launched in mid-2022, Luckewallet has quickly become a leading digital payment platform, experiencing rapid growth and widespread adoption. Its dynamic ecosystem seamlessly connects customers and merchants, continuously evolving to enhance convenience and value. Digital savings accounts and a range of other financial services built into the app have significantly enhanced users' ability to take charge of their finances. These features enable users to effortlessly track, manage, and grow their money from anywhere, at any time, making financial management more accessible and convenient than ever before.

With the recent update of the app's UI/UX, we have been able to enhance its user-friendliness, simplifying everything from higher interest rates on savings to seamless bill payments, instant QR payments, and free interbank transfers. The app also allows customers to pay their rent and interest directly through the app and create Fixed Deposits with just a few clicks. Along with these features, we introduced a Gold Loan Top-Up facility, an FD pledge loan and cash deposit options at branches for added convenience.

OUTLOOK – Luckewallet SAVINGS ACCOUNTS

As we move forward, we are confident of our ability to expand the reach of Luckewallet, improving it through additional product features and digital tools to enhance customer convenience and satisfaction as well as to meet the evolving market demands.

OUTLOOK

Our dedication to innovation, network expansion, and strategic partnerships remains the cornerstone of our growth. By harnessing technology, broadening our branch presence, and strengthening collaborations, we are poised to continually enhance the value we offer, ensuring lasting benefits for our customers in the years ahead. We believe our dedication to excellence across our diverse product portfolio, including Gold Loans, Fixed Deposits, Leasing, and Mortgage Loans, will drive long-term growth, resilience, and unwavering customer trust.

In this endeavour, we will continue to strengthen our core lending product offerings while strategically expanding the branch network to ensure broader accessibility. Digital transformation initiatives will also be prioritized to enhance customer convenience and align with the evolving demands of the digital era. While continually focusing on developing customer centric products, we will also concentrate on human capital development, prudent cost management, regulatory alignment and good governance to solidify our foundation in delivering value to the stakeholders.

Moreover, we remain dedicated to developing fully digitalized, environmentally sustainable offerings across all products and services, minimizing our carbon footprint while reinforcing our role as a responsible corporate citizen. With a strong focus on the triple bottom line, People, Planet, and Profit, we strive to integrate sustainability into our operations, ensuring a greener future for both our customers and the community.

STAKEHOLDER RELATIONSHIPS

At Asia Asset Finance PLC, we recognise the pivotal role played by our valued stakeholders in driving our long-term success and value creation. Therefore, by ensuring effective communication and adjusting strategies and engagement approaches to suit the evolving stakeholder relationships, we make an effort to comprehend their needs and concerns, thereby incorporating them into the Company's strategy and decision-making. To this end, we carry out a stakeholder mapping exercise, adapting our interaction strategies to suit the needs of each stakeholder group.

MANAGING STAKEHOLDER RELATIONSHIPS GRI 2-29

In nurturing long-lasting stakeholder relationships, we proactively engage with them, ensuring transparency in our communications and forming new relationships for mutual benefit. By utilising a stakeholder engagement framework that provides a structured approach to identifying, analysing, and managing relationships with stakeholders, we ensure that our decisions are aligned with the stakeholders' needs and expectations, building trust and strengthening our existing relationships.

Our Stakeholder Engagement Framework

We have implemented a five-pronged method for managing our key relationships.



SHAREHOLDERS AND INVESTORS

How we Engage	Strategic Priorities in 2024/25	Our Response
❑ Interim Financial Reports, Annual Report ❑ Company website ❑ Corporate disclosures ❑ Online platforms ❑ Press Releases and/or Press Conference	❑ Delivering sustainable returns, ensuring profitable growth ❑ Compliance and high standards of corporate governance ❑ Effective Risk Management	❑ We ensure that our strategic initiatives are aligned with the shareholder/investor concerns ❑ We provide timely and relevant information to existing/potential investors, ensuring competitive returns on their investments

Quality of our Relationships: Strong

	Interaction Frequency			
Engagement Channels	**Quarterly**	**Annually**	**Ongoing**	**As and when necessary**
Interim Financial Reports	❑			
Annual Report		❑		
Company website			❑	
Corporate disclosures				❑
Online platforms			❑	
Press Releases and/or Press Conference				❑

CUSTOMERS

How we Engage	Strategic Priorities in 2024/25	Our Response
❑ Personalised interactions ❑ Customer complaint handling process ❑ Customer Satisfaction Surveys ❑ Market Surveys ❑ Communication through multiple media platforms ❑ Corporate Website	❑ Convenient and seamless service delivery ❑ Innovative, customer-centric products and solutions ❑ Financial inclusion ❑ Competitive Pricing	❑ We continue to create products that are tailored to the evolving needs of the customers while providing a high level of service. We also ensure financial solutions to every segment of society, ensuring financial inclusion and affordable financial solutions.

Quality of our Relationships: Strong

	Interaction Frequency		
Engagement Channels	**Quarterly**	**Bi-annually**	**Continuous**
Personalized interactions			❑
Customer complaint handling process			❑
Customer Satisfaction Surveys	❑	❑	
Market Surveys			❑
Communication through multiple media platforms			❑
Corporate Website			❑

STAKEHOLDER RELATIONSHIPS

GOVERNMENT AND REGULATORY BODIES

How we Engage	Strategic Priorities in 2024/25	Our Response
❑ Off-site surveillance with periodic returns ❑ On-site surveillance ❑ Compliance with directives and circulars ❑ Meetings, consultations & press releases ❑ Dedicated personnel for continuous, personalised interaction	❑ Ensure compliance with Corporate Governance best practices and all other regulatory requirements	❑ We maintain a transparent and ongoing dialogue with our regulators. ❑ We function as a legal entity that abides by the law of the land.

Quality of our Relationships: Strong

Engagement Channels	Interaction Frequency					
	Weekly	Monthly	Quarterly	Annually	Continuous	As and when necessary
Off-site surveillance with periodic returns	❑	❑	❑	❑		
On-site surveillances				❑		
Compliance with directives and circulars					❑	
Meetings, consultations & press releases						❑
Dedicated personnel for continuous, personalised interaction					❑	

COMMUNITY

How we Engage	Strategic Priorities in 2024/25	Our Response
❑ Communicating through online platforms and digital communication tools ❑ Corporate Website and social media page. ❑ Establishment of a CSR Committee ❑ Corporate Website ❑ Media releases ❑ Implementing projects to benefit society and the environment	❑ Extending support towards uplifting the underprivileged segments of society through financial inclusion.	❑ We continue to foster mutually beneficial relationships with communities through CSR and other sustainable development initiatives.

Quality of our Relationships: Moderate to Weak

Engagement Channels	Interaction Frequency		
	Annually	Continuous	As and when necessary
Communicating through online platforms and digital communication tools	❑		
Corporate Website and social media page	❑		
Establishment of a CSR Committee		❑	
Company website		❑	
Media releases			❑
Implementing projects to benefit society and the environment			❑

EMPLOYEES

How we Engage	Strategic Priorities in 2024/25	Our Response
❑ Management meetings ❑ Communication via memos and e-mails ❑ Employee networking events ❑ Performance appraisals ❑ Workplace improvement meetings ❑ Meetings to review goal achievements	❑ Nurture and retain the best talent for the sustainable development of the Company, ensuring their professional and personal growth. ❑ Effective performance management ❑ Attractive remuneration and benefit package ❑ Work-life balance ❑ Engagement initiatives and open-door policy	❑ We provide employees with exposure to learning and development opportunities in addition to providing them with fair and industry-standard remuneration and benefit package. ❑ We also support their career advancement through unbiased performance evaluation and rewards/promotions for well-performing employees.

Quality of our Relationships: Strong to Moderate

	Interaction Frequency		
Engagement Channels	**Annually**	**Continuous**	**As and when necessary**
Management meetings			❑
Communications via memos and e-mails		❑	
Employee networking events	❑		
Performance appraisals	❑		
Workplace improvement meetings			❑
Meetings to review goal achievements			❑

BUSINESS PARTNERS AND VALUE-ADDED SERVICE PROVIDERS

How we Engage	Strategic Priorities in 2024/25	Our Response
❑ Communicating through digital communication tools ❑ Dedicated personnel to interact with different types of suppliers and service providers. ❑ Prioritised engagement with local suppliers ❑ Mutually beneficial, long-term relationships through contractual negotiations	❑ Build strong partnerships to ensure consistent product and service quality and timely delivery. ❑ Contribute to the development of the national economy.	❑ We foster mutually beneficial partnerships that support business growth.

Quality of our Relationships: Moderate to Weak

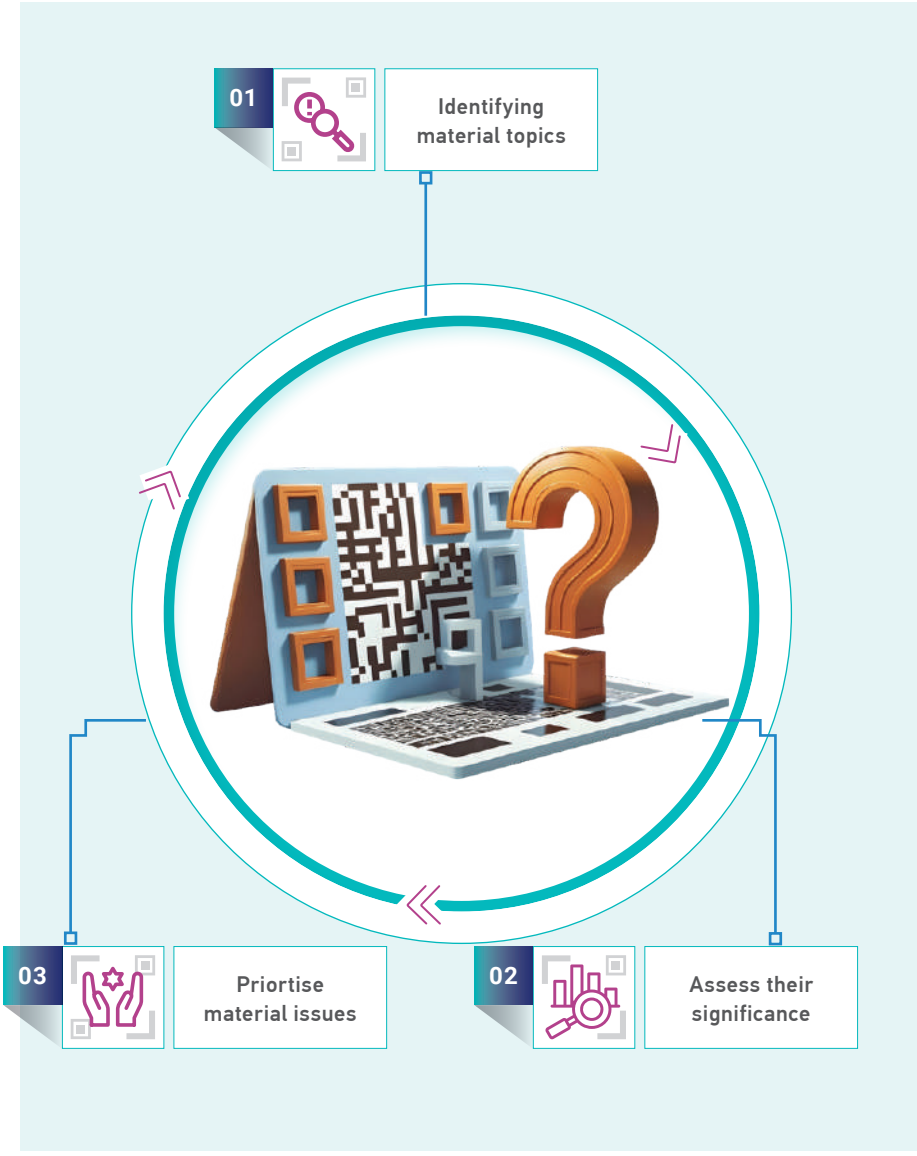
	Interaction Frequency
Engagement Channels	**Continuous**
Communicating through digital communication tools	❑
Dedicated personnel to interact with different types of suppliers and service providers.	❑
Prioritised engagement with local suppliers	❑
Mutually beneficial, long-term relationships through contractual negotiations	❑

MATERIALITY

Material topics refer to the issues that significantly impact the Company's operations and performance, which are identified based on the trends in the operating environment and the evolving stakeholder interests. By remaining constantly vigilant of the changes in the operating landscape and the evolving stakeholder requirements, the Company is better positioned to address stakeholder concerns in a meaningful and effective manner. Consequently, the Company has aligned its strategy with the material topics, thereby driving its business objectives while addressing the stakeholders' expectations.

PROCESS TO DETERMINE MATERIAL TOPICS GRI 3-1

In determining material topics, we take into consideration both internal and external stakeholders, who play a vital role in shaping the Company's strategy and operational activities. Therefore, the material topics listed below are identified by the senior management of the Company and have been prioritised based on their significance to the stakeholders and the Company. Although we do not specifically engage with our stakeholders to determine material topics, our long-standing relationships with them have been instrumental in gauging valuable insights into their expectations and concerns, based on which we have determined our material topics.

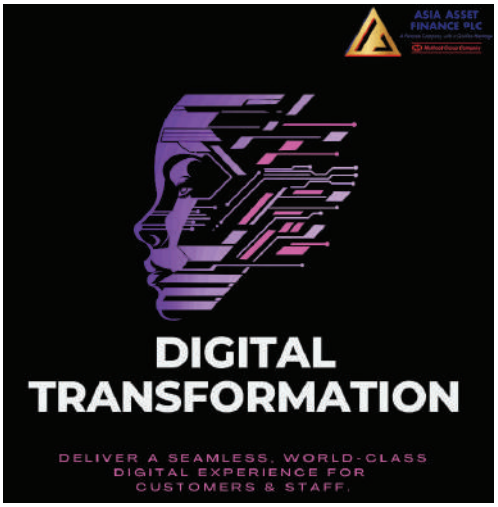


Material Topic	Prioratisation		Stakeholder Group Impacted	Impact on Value creation	Corresponding GRI Topic Standard
	Impact on Stakeholders	Impact on the Company			
Economic Performance	High	High	Shareholders / Investors	Improve our ability to create value for all stakeholders	GRI 201
Market Presence	High	High			GRI 202
Prudent Risk Management	Moderate	High		Transparent risk practices will strengthen stakeholder confidence	N/A
Anti-Corruption	Moderate	High		Enhance brand reputation and trust	GRI 205
Sustainable financing	Moderate	High		Enhance investor appeal	GRI 416
Customer Experience	High	High	Customer	Build trust and brand reputation	-
Customer privacy	High	High		Builds Customer Trust and Loyalty	GRI 418
Digital Transformation	High	High		Enhance customer experience and boost efficiency	-
Responsible lending	High	High		Strengthen brand reputation in the competitive landscape	GRI 416
Training & Education	Moderate	High	Employees	Enhance knowledge and skills of workforce	GRI 401
Health & safety	Moderate	Moderate		Enhance motivation and satisfaction	GRI 403
Diversity & Equal opportunity	High	High		Enhance motivation and satisfaction	GRI 405
Non-Discrimination	High	High		Enhance motivation and satisfaction	GRI 406
Regulatory Compliance	High	High	Government & regulators	Avoidance of legal risks and potential financial losses	-
Community Support	Moderate	Moderate	Community	Strengthens Social license to operate	GRI 413
Reducing Environmental Footprint (Efficient Energy, Water & Waste management)	High	High		Strengthens competitive advantage	GRI 302 GRI 303 GRI 306
Efficient Supplier Management	Moderate	Moderate	Business Partners and Value-added service providers	Reduce costs and improved margins	GRI 204
Partnership for Mutual Benefits	Moderate	Moderate		Access to new markets and customer segments	-

DIGITAL TRANSFORMATION

The Digital Transformation Department at Asia Asset Finance PLC continues to drive the organisation's commitment to innovation and operational excellence. The department focuses on leveraging cutting-edge technologies to optimise processes, enhance employee engagement, and streamline operations. Aligned with this commitment, during the year, we successfully implemented several strategic digital initiatives that have not only addressed key operational challenges but also positioned us for long-term growth.

In addition to the digital initiatives outlined below, we have also implemented various systems, procedures, and protocols to enhance company performance, including investment in the latest technology platforms, AI-driven solutions, cloud-based tools, and automation for process optimisation. These initiatives have enabled us to adapt to a rapidly changing business environment while ensuring scalability, efficiency, and seamless collaboration.



KEY ACHIEVEMENTS

1 Best Financial Company Digital Transformation Sri Lanka – Global Banking and Finance Review – 2024



2 First NBFI in Sri Lanka to deploy Agentic Conversational AI



3 Digital Recruitment and Onboarding – First time in Sri Lanka



4 Deployment of Moodle: E-Learning and Development Platform

Below are the key projects that have made a significant impact on improving our processes and supporting the company's overall goals.

1. AI Chat Assistant – AMIE

AMIE, our AI-powered chat assistant, has been implemented to help employees quickly find answers to policy-related questions. By providing instant access to policy and procedure documents, AMIE significantly enhances staff engagement and ensures that employees are always aligned with company standards. This AI-driven solution has improved efficiency, boosted compliance, and provided timely responses to employee inquiries, thereby reducing the time spent searching for information and improving overall productivity.

Impact:

- Increased staff engagement by offering instant, on-demand policy and procedural support.
- Improved efficiency and compliance with rapid, AI-driven responses, reducing employee wait times and enhancing operational consistency.
- Strengthened alignment with company standards by providing real-time access to policy documents.

2. Moodle: E-Learning and Development Platform

The introduction of Moodle as our company's learning and development platform has transformed how employees engage with training. With the ability to access training materials anytime, anywhere, and at their own pace, employees now have greater flexibility in enhancing their skills and knowledge. Moodle offers structured e-learning modules, enabling skill assessments while ensuring the training process is monitored and controlled.

Impact:

- Empowered employees to take control of their learning journey by providing 24/7 access to training.
- Supported employee development through structured, self-paced learning, improving overall knowledge retention.
- Ensured skill assessment and progress tracking, enhancing workforce competence and effectiveness.

3. Fuel Reimbursement Process



We streamlined the fuel reimbursement process to provide employees with an easier, more efficient way to claim fuel expenses. This new system ensures 90% staff relief by offering a seamless process that is both easy to audit and trace, significantly reducing turnaround time and minimising manual effort.

Impact:

- Enhanced employee satisfaction by reducing complexity and improving speed in fuel reimbursement processing.
- Increased accuracy and transparency, facilitating easier audits and tracking.
- Decreased processing time, enabling quicker approvals and reimbursements.

DIGITAL TRANSFORMATION

4. Digitalised HR Processes – Recruitment Module (Sri Lanka's first-ever paperless recruitment module)

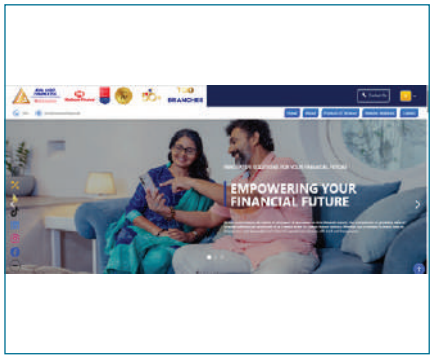


Digitalizing our HR processes has made a significant impact on our operational efficiency, accuracy, and compliance. By automating key processes, we have reduced manual workloads and cut costs while improving overall data accuracy. Key functions, such as recruitment, onboarding, and real-time tracking, are now more efficient and accessible remotely.

Impact:

- Increased efficiency and reduced manual effort in recruitment, onboarding, and HR operations.
- Enhanced data accuracy and compliance with streamlined digital workflows.
- Real-time insights and remote accessibility, improving the overall employee experience.

5. Company Website Enhancement



The enhancement of our website has significantly boosted our brand visibility, credibility, and customer engagement. By providing 24/7 accessibility, the website now serves as an essential tool for information sharing, marketing, and business growth. This digital presence has expanded our reach, driven greater customer interaction and supporting our overall business objectives.

Impact:

- Strengthened brand visibility and customer trust by offering a professional and engaging online presence.
- Supported marketing efforts with seamless information sharing and accessibility.
- Provided a platform for continuous customer engagement, improving customer relationships and business growth.

6. Risk Profile Data Digitalisation



We developed a digital report to capture and track the risk profiles of over 100 branches. This new digital approach allows the Risk Department to easily access and evaluate the overall risk rating of each branch, streamlining reporting and improving data accuracy.

Impact:

- Enabled real-time risk tracking and analysis, ensuring accurate data management for better decision-making.
- Streamlined the risk assessment process, making it more efficient and easier to audit.
- Enhanced compliance by providing a clear overview of branch risk profiles in one digitalized system.

GENERIC ENHANCEMENTS

Developed a QR-based attendance tracking application for the Asia Asset Finance PLC annual awards ceremony. Additionally, optimised payment processes and streamlined workflows, including employee document updates with visible timestamps for the last modification.

SYSTEMS, PROCEDURES, AND PROTOCOLS TO ENHANCE COMPANY PERFORMANCE

In addition to our specific digital projects, we have put in place several systems, procedures, and protocols to support the broader company performance goals:

- **Project Management and Lean Six Sigma Frameworks:** The Adoption of agile/ Lean Six Sigma practices has allowed us to be more responsive and adaptive in our projects, ensuring that our digital initiatives align with evolving business needs.
- **Data-Driven Decision Making:** We have developed comprehensive reports that provide valuable insights, enabling leadership to make informed decisions. These reports offer a structured overview of key metrics, helping track progress, identify trends, and enhance operational efficiency.
- **AI-Powered & Collaboration Tools:** The use of AI-driven tools such as Canva and HeyGen has enhanced the way we create visual presentations of data, making information more accessible and impactful. Additionally, collaboration platforms like Microsoft facilitate seamless communication, project tracking, and teamwork across the department.

Total Cost Savings

Rs. 9.6 Mn

(Cost Avoidance and cost reduction) through Digital Transformation in 7 months

INVESTMENTS IN LATEST TECHNOLOGY / TECHNOLOGY ADVANCEMENTS

As part of our commitment to continuous improvement, significant investments have been made in the latest technology to ensure that our company remains competitive and agile. These investments include:

- **AI and Automation:** AI-powered solutions like AMIE, alongside the automation of several operational processes, have allowed us to reduce manual effort and enhance efficiency across departments.
- **Learning & Development Platform:** As part of our commitment to continuous learning and development, we have integrated Moodle as the company's official learning and development platform. This investment provides employees with flexible, on-demand access to training resources, enhances skill development, and ensures a structured approach to continuous learning.

CONCLUSION

These transformative digital initiatives, combined with our strategic investments in technology, have played a pivotal role in optimsing our operations, improving employee engagement, and strengthening our compliance standards. By automating manual processes, improving access to information, and enabling greater flexibility, we have not only addressed key challenges but also positioned ourselves for continued growth and success in the years ahead.

FOCUS ON SUSTAINABILITY

At Asia Asset Finance, sustainability is at the core of everything we do. We are committed to creating lasting value by integrating environmentally responsible practices, social impact initiatives, and ethical governance into our business operations. By prioritising resource efficiency, innovation and community engagement, we strive to contribute to a greener, more equitable future. Our sustainability efforts aim to support long-term growth while ensuring our actions positively impact people, the planet and the economy. To integrate sustainability into our business activities, AAF continues to inculcate sustainability knowledge across its employees and the customer base.



OUR SUSTAINABILITY FOCUS

Environment	❑ Green lending (offer solar loans, agricultural loans, leasing for hybrid and electric cars) ❑ Digital Transition ❑ Reduction of energy footprint across the branch network
Social	❑ Financial inclusion ❑ Promote Women Empowerment through support for female entrepreneurs ❑ Promote Community Development through Corporate Social Responsibility (CSR) Initiatives, leveraging the branch network
Governance	❑ Robust Governance Foundation that ensures accountability, transparency, and ethical decision-making in environmental, social, and economic practices.







Environment

We are committed to driving sustainable finance and innovation through green lending and digital transition. We offer financial solutions that support environmentally friendly investments, including solar loans, agricultural financing, and leasing options for hybrid and electric vehicles. By enabling access to green financial products, we help individuals and businesses transition to more sustainable practices. On the other hand, we have embraced the technology transition to enhance our service offerings, streamline operations, improve accessibility, and create seamless digital experiences for customers. This shift has enabled us to minimise our paper usage, increasing the efficiency of our processes and contributing to a more connected and eco-conscious future. Furthermore, we have implemented energy-saving measures across our branch network with the aim of reducing our energy footprint.

No. of solar loans
3

No. of agricultural loans
97,370

No. of leasing for hybrid and electric cars
131

Social

We promote financial inclusion of the underserved communities, including female entrepreneurs, enabling them to achieve economic independence, access opportunities, and drive sustainable development within their communities. By fostering equal financial access through a meticulously designed product range, we pave the way for greater gender equity and societal progress. One of the key products in this regard is our mortgage loans, which have been instrumental in servicing rural clientele. The Company also provides the lowest interest rates to its long-standing client base, enabling them to fulfil their financial obligations.

We also extend our support to CSR initiatives under the three pillars: environmental sustainability, economic empowerment and social equity & education, with a focus on long-term sustainability, fostering a strong foundation for lasting change. As such, we continuously assess project outcomes through monitoring and evaluation, including obtaining customer feedback to understand their impact. In doing so, we further refine our strategies to align with the real needs of the communities, positively contributing to the sustainable development of the nation.

No. of loans offered to women
123,234

No. of CSR projects implemented
25

Refer Social and Relationship Capital section for more information on our CSR initiatives.

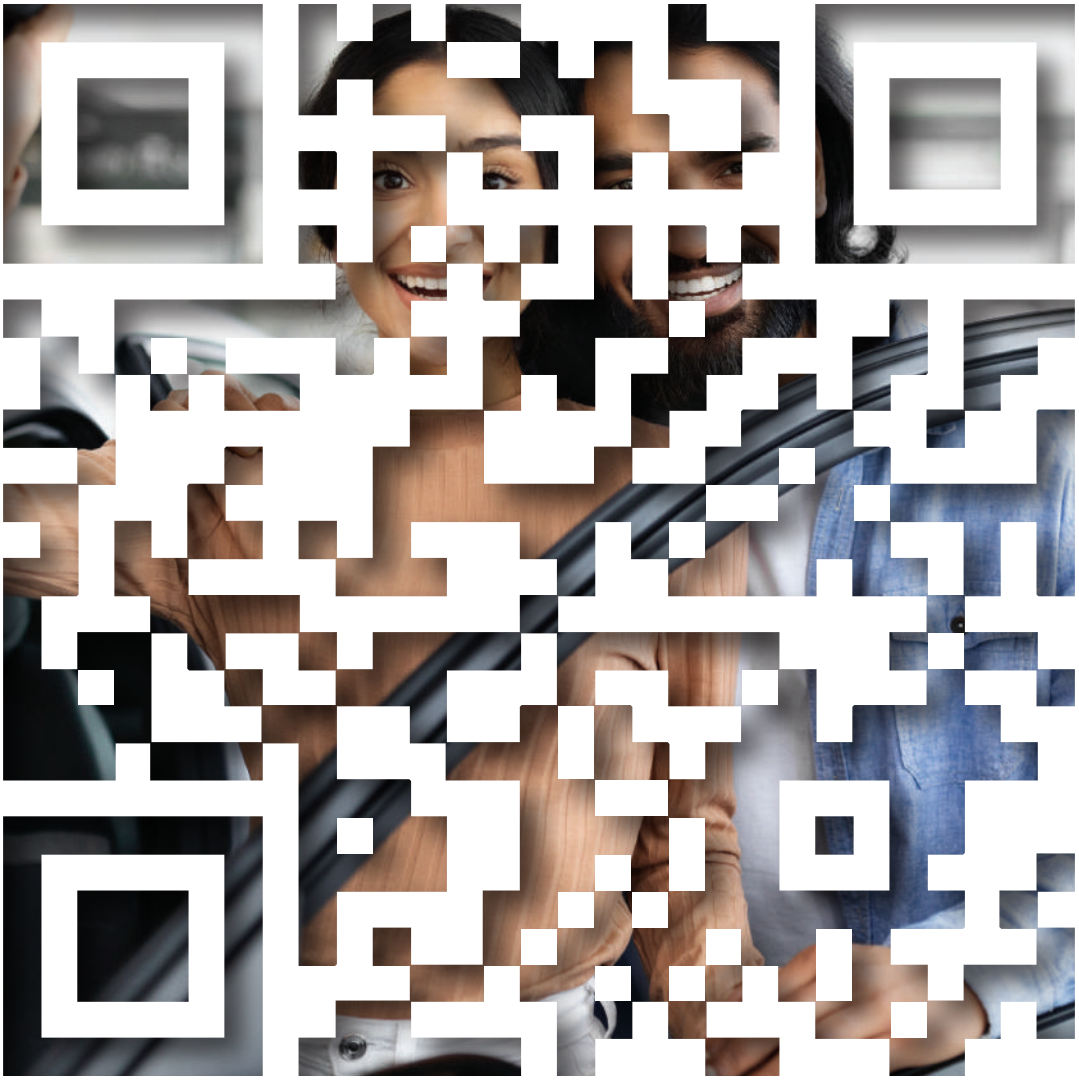
Governance

Effective governance forms an essential component of sustainability, as it establishes policies, frameworks, and accountability mechanisms that ensure long-term environmental, social, and economic stability. Further, strong governance promotes responsible decision-making, ethical business practices, and equitable resource distribution, fostering resilience against climate change, economic disruptions, and social inequalities. Therefore, we continue to strengthen our governance foundation in driving sustainability forward, ensuring transparent decision-making, ethical leadership, and responsible resource management to create lasting positive impacts on our environment, society, and economy.

Refer Corporate Governance section of the Report for further information.

MANAGEMENT DISCUSSION AND ANALYSIS

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FINANCIAL CAPITAL



This section provides a clear summary of financial performance for the year ended 31 March 2025. It explains the main factors that drove growth, supported financial strength, and helped the AAF meet its strategic goals. In 2025, showed strong resilience and flexibility during a time of economic recovery and changing regulations.

INTELLECTUAL CAPITAL - RELATED INVESTMENTS IN FY 2024/25

Rs. 31,334 Mn
Loan Book

Rs. 935.5 Mn
Operating Profit

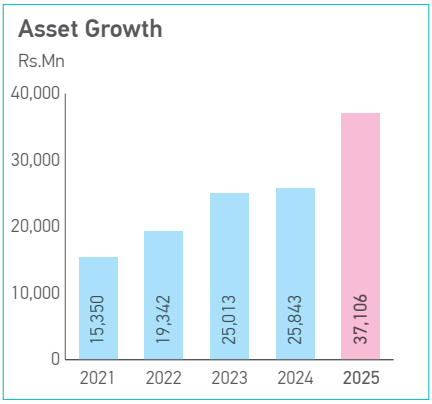
Rs. 441.1 Mn
Profit After Tax

LINK TO SDGS

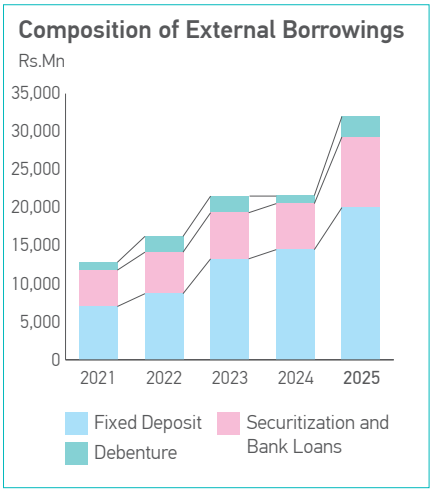


FINANCIAL REVIEW

The AAF managed risks well, made sound financial decisions, and improved operations to deal with challenges and take advantage of new opportunities. This review highlights how these efforts helped create lasting value for all its stakeholders, shareholders, customers, employees, and the wider community. The total assets of Rs. 37.1 Bn are its position in the financial industry. As of March 31, 2025, the total assets of the AAF stood at Rs. 37.1 Bn compared to Rs. 25.8 Bn in 2024, reflecting a growth of 43.6% (2024 – 3.3%). This growth, amounting to Rs 11.2 Bn, was primarily supported by an increase in deposits, which grew by Rs. 5.5 Bn reaching Rs. 20 Bn by year-end, compared to Rs. 14.5 Bn at the end of 2024 and the loan and advance Rs. 10.1 Bn reaching Rs. 29.2 Bn compared to Rs. 19.1 Bn in 2024.



Composition of External Borrowings



The Company's external borrowings have grown steadily across all instruments over the five-year period, highlighting increased funding requirements in line with business expansion. The primary components include Fixed Deposits, Securitisation and Bank Loans, and Debentures.

Fixed Deposits

Fixed deposits have consistently formed the largest portion of external borrowings. Rising from Rs. 7,011.53 Mn in 2021 to Rs. 20,004.21 Mn (this consists both FD and Savings) in 2025, this category posted a CAGR of 23.3%, with a YoY growth of 38.1% in 2025. This reflects growing investor confidence and stronger deposit mobilisation efforts.

Securitisation and Bank Loans

This category also expanded steadily, increasing from Rs. 4,778.76 Mn in 2021 to Rs. 9,291.88 Mn in 2025, with a CAGR of 14.2%. The YoY growth of 53.6% in 2025 signals higher reliance on bank borrowings and securitisation structures to support liquidity and lending operations.

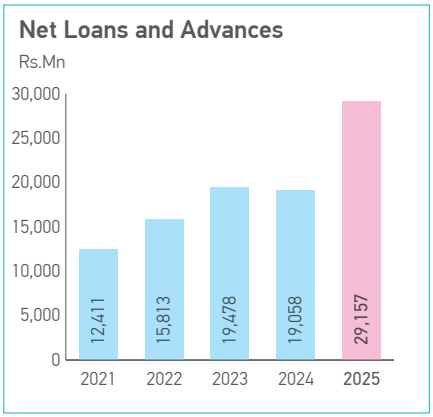
Debentures

Debenture borrowings showed a more fluctuating pattern but ended with strong momentum in 2025. From Rs. 1,029.47 Mn in 2021, it peaked at Rs. 2,677.89 Mn in 2025, recording a CAGR of 21.1% and an impressive YoY growth of 152.9%. This surge may be attributed to favourable market conditions or a strategic shift towards longer-term funding instruments.

Utilization of debenture proceeds

Objective as per Prospectus	Amount allocated in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilized against allocation (B/A)
Supporting the expansion of the loan portfolio of the company	2,000,000,000	100%	Amount fully utilized for gold loan business	100%

Loans and Advances



The loans and advances portfolio has experienced steady growth over the five-year period, rising from Rs. 12,410.80 Mn in 2021 to Rs. 29,157.08 Mn in 2025, reflecting a compound annual growth rate (CAGR) of 18.6%.

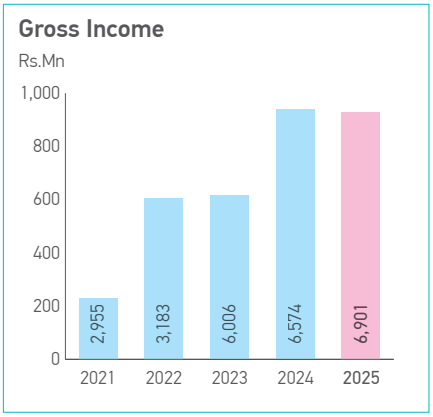
Despite a minor dip in 2024 compared to 2023, the overall trend remains strongly upward. The year-on-year (YoY) growth of 53.0% in 2025 indicates a significant expansion in lending activities, possibly driven by increased demand, expansion into new market segments, or enhanced credit offerings.

This growth is indicative of the Company's robust lending strategy and strong portfolio management practices, supporting its core revenue-generating operations.

FINANCIAL CAPITAL

INCOME STATEMENT

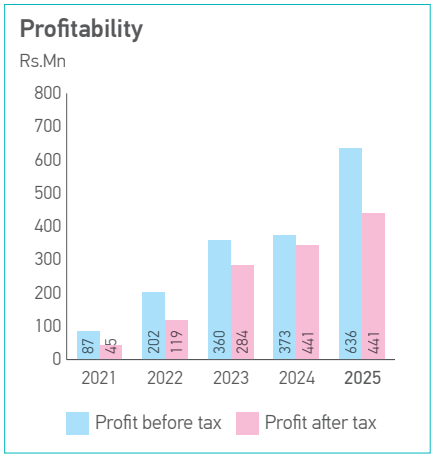
Gross Income



Gross income has demonstrated a strong and consistent growth trajectory over the five-year period from 2021 to 2025. Starting from Rs. 2,954 Mn in 2021, it rose sharply to Rs. 6.90 Bn in 2025. This remarkable growth translates into a Compound Annual Growth Rate (CAGR) of 18.5%, indicating a significant expansion in revenue-generating activities.

The Year-on-Year (YoY) growth from 2024 to 2025 stood at 5.0%, showing a continued but more stabilised increase compared to earlier years of exponential growth. The surge in gross income during this period may be attributed to stronger lending portfolios, increased service-related revenues and expansion in product lines. This trend highlights the company's robust financial momentum and revenue-generating capacity.

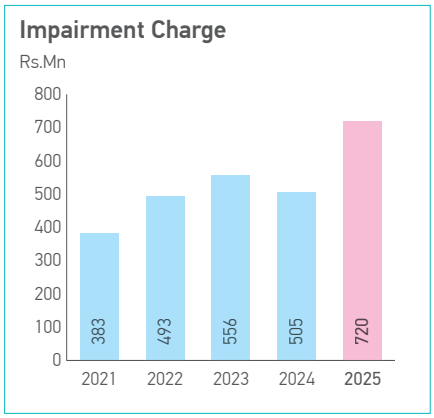
In 2024, the Company's profit after tax rose to Rs. 54.074 Bn, showing a significant increase of 164.28% compared to Rs. 20.461 Bn. in 2023, which experienced a negative growth of 10.92%.



Fund-Based Income

The AAF interest income increased by 5.9% in 2025, compared to 2024, Rs. 5.9 Bn to 5.6Bn in 2024. The financial sector interest income as a whole stood at 18.4 % in 2025 (21.7% in 2024). (as against the growth of 34.03% in 2023).

Impairment Charge

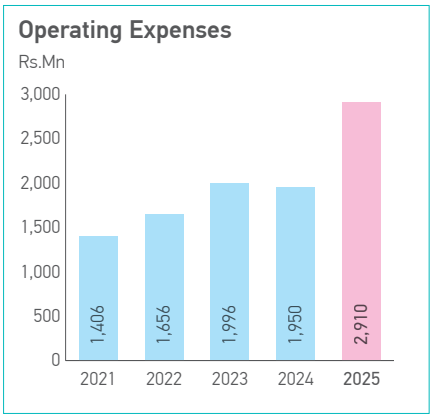


In 2025, the total impairment on loans and receivables amounted to Rs 2.17 Bn. This significant impairment led to an increase in the provision coverage ratio for Stage 3 loans, which rose to 53.57%, compared to 30.19% in the previous year. The improvement in the coverage ratio reflects a stronger provisioning stance, enhancing the organisation's risk management and financial resilience.

Operating Expenses

Operating expenses have shown a consistent upward trend over the five-year period from 2021 to 2025. Starting at Rs 1,406 Mn in 2021, expenses increased steadily each year except for a marginal dip in 2024 and reaching Rs 2,910 Mn in 2025. This represents a robust compound annual growth rate (CAGR) of 15.7% over the period.

The year-on-year (YoY) growth between 2024 and 2025 is particularly noteworthy, with a significant increase of 49.2%, reflecting substantial operational expansion, increased personnel costs, infrastructure development, and overall growth aligned with AAF's branch network expansion.



MANUFACTURED CAPITAL



Our Manufactured Capital provides the edge that is needed to sustain our competitive position in the market for long-term prosperity. Therefore, we continue to maintain and upgrade our physical assets and technological infrastructure, to improve innovation, streamline processes and optimise efficiency. This has allowed us to achieve substantial cost savings while reinforcing our tangible capital base, paving the way for sustainable growth and long-term profitability.

MANUFACTURED CAPITAL - RELATED INVESTMENTS IN FY 2024/25

Rs. 191.45 Mn
Invested in Branch expansion

Rs. 3.23 Mn
Invested in Branch relocation

Rs. 2.48 Mn
Invested in IT improvements

LINK TO SDGS



OUR OBJECTIVE

Our manufactured capital comprises physical assets (Head Office building, island-wide branch network, and other assets) as well as technological infrastructure (IT properties and network architecture) that is available to us to deliver value to our stakeholders, particularly the customers. Therefore, we invest in manufactured capital based on the requirement and ensure proper planning and resource allocation from our annual budget for the same. Investments in manufactured capital are strategically implemented to align with the Company's business objectives, ensuring the delivery of superior service to customers.

MANUFACTURED CAPITAL

BRANCH NETWORK

At present, AAF has a wide network of branches that totals 100 branches island-wide. These branches serve as the main customer touchpoints at the regional level, where our sales teams ensure direct interaction with the client base. In further penetrating the interiors of the country, during the financial year, we added 15 new branches to our network. Likewise, four branches (Vauniya, Jaffna, Galle and Kegalle) were relocated to central locations to enhance visibility and accessibility and to enhance sales. These new branches and relocations are anticipated to enhance brand image, foster meaningful customer and community engagement, and reinforce our validity at the grassroots level as a reliable financial institution that supports the well-being of the masses.

In December 2024, Asia Asset Finance PLC proudly celebrated a landmark moment in its journey of growth and service excellence with the opening of its 100th branch in Boralanda. This milestone reflects our unwavering commitment to expanding our footprint and bringing trusted financial solutions closer to communities across Sri Lanka. The Boralanda branch not only strengthens our presence in the Uva Province but also underscores our mission to promote financial inclusion and empower individuals and businesses through accessible, innovative, and customer-focused services.

Furthermore, we have established Regional Offices in all regions as a hub for better communication and enhancement of Customer Service in the specific area.





INFORMATION TECHNOLOGY PLATFORM

We remain committed to investing in IT infrastructure to enhance internal efficiencies and provide superior service to our external customers. These advancements have enabled us to deliver a seamless and efficient customer experience, ensuring swift and hassle-free interactions while optimising resource utilisation. Additionally, the enhanced internal processes have significantly reduced paper consumption, resulting in notable cost savings and promoting sustainability.

Key IT upgrades and implementations during FY 2024/25 are listed below.

Set up and Commissioning of the Cyber Security Operations Centre (SOC)

We have established a state-of-the-art Cyber Security Operations Centre (SOC) equipped with advanced Security Information and Event Management (SIEM) systems and machine learning-based threat detection tools. The SOC enables real-time monitoring, threat intelligence integration, automated incident response, and anomaly detection across enterprise-wide digital assets. This solution incorporates behavioural analytics, threat-hunting capabilities, and compliance monitoring aligned with ISO 27001 and NIST frameworks. Moreover, the SOC ensures 24/7 surveillance, providing proactive defence against zero-day vulnerabilities, phishing attacks, DDoS attempts, and insider threats.

AAF Infrastructure Modernisation and Upgrade Project

We completed a comprehensive infrastructure modernisation initiative targeting core systems and peripheral networks of Asia Asset Finance. This effort enhanced the organisation's IT backbone to support SD-WAN capabilities, aligning with evolving communication protocols and cybersecurity requirements. The project ensures scalability, fault tolerance, and compliance with evolving data protection regulations.

Enhancement of Internal ERP with Productivity Modules

We carried out significant improvements of the proprietary Enterprise Resource Planning (ERP) system by integrating modular productivity suites, including workflow automation, role-based access controls (RBAC), advanced analytics dashboards, and mobile-responsive interfaces. The new modules focused on performance optimisation, data visualisation, and AI-assisted decision-making for key business functions such as HR, Finance, Asset Management, and Credit Operations. The backend optimisations included database normalisation, microservices architecture implementation, and API-based integration with external platforms, significantly improving system response time and user satisfaction.

Gen Mobile Wallet Solution

We proudly relaunched Luckewallet 3.0, a next-generation native mobile banking application by Asia Asset Finance PLC, designed to deliver a seamless, secure, and intelligent digital banking experience. Built on a robust microservices architecture, the app now features an enhanced UI/UX design, multi-factor authentication (MFA), and end-to-end encryption for maximum security. Luckewallet 3.0 empowers users with a broad range of capabilities including QR code-based payments, utility and mobile bill payments, other bank credit card payments, instant gold loan top-ups and instant loans against Fixed Deposits. It also supports internal and external fund transfers, real-time push notifications, downloadable transaction receipts, and access to digital statements. With fully digital onboarding through e-KYC and video verification, integrated service request handling, and advanced fraud detection mechanisms, Luckewallet 3.0 redefines mobile banking with convenience, reliability, and compliance at its core.



Introduction of Customer Onboarding Mechanism for Enhanced KYC

We developed and deployed a digital Customer Onboarding System (COS) leveraging Optical Character Recognition (OCR) and video KYC to streamline the Know Your Customer (KYC) process. This solution ensures high data accuracy, real-time document validation, and seamless integration with national identity registries and credit bureaus. This automation has significantly reduced onboarding time, improved data consistency, and enabled a paperless workflow, aligning with regulatory mandates and digital transformation goals.

OUTLOOK

As we strive to remain an agile finance solutions provider, our focus will be on enhancing customer accessibility to our services and vice versa through increased investment in automation and IT solutions. A key priority will be the integration of AI technology, allowing us to further optimise operational efficiencies. By capitalising on this, we are confident in our ability to respond swiftly to market demands while providing customers with seamless access to our diverse range of products.

INTELLECTUAL CAPITAL



Intellectual Capital plays a vital role in transforming the Company from merely a business entity to a thriving institution that creates value for all its stakeholders. The intangible capital such as innovation that comes with new ideas and strategies, efficiencies and productivity that comes through technologies and employee knowledge and expertise or the brand building that fosters enhanced brand reputation in the minds of customers, is what differentiates us from our competitors, making us more resilient in the market, maintaining our competitive advantage.

INTELLECTUAL CAPITAL - RELATED INVESTMENTS IN FY 2024/25

Rs. 73.98 Mn
Invested in
Brand building

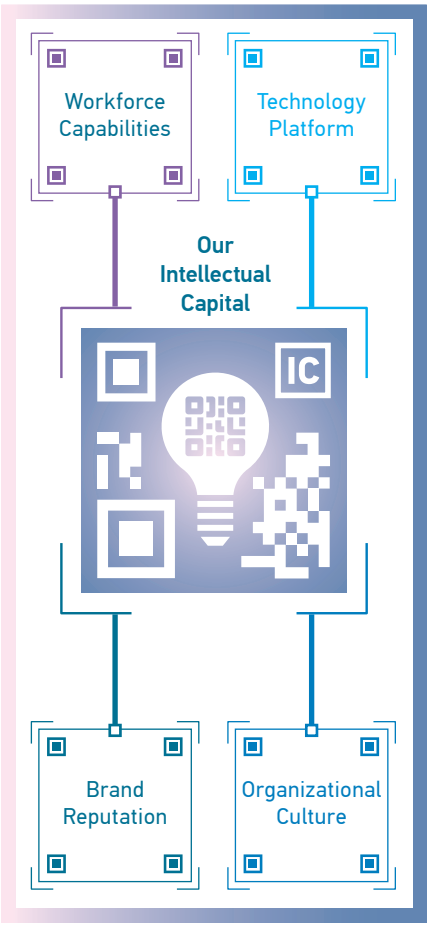
Rs. 30.16 Mn
Invested in
IT infrastructure

LINK TO SDGS



OUR OBJECTIVE

We sustain our intangible assets by strengthening our technological ecosystem by adopting technologies in line with modern financial trends, enhancing our tacit knowledge through fostering a capable team, as well as continuing brand building through marketing and communication initiatives. Our corporate culture, which is fortified through a robust governance foundation, fosters integrity and ethical business, forming another vital component of our intangible assets that distinguishes us from our competitors and upholds our reputation as a respected financial service provider.



WORKFORCE CAPABILITIES

The expertise and extensive knowledge of our employees empower us to make well-informed decisions, deliver precise and need-based financial advice, and serve our customers with unwavering diligence. Their in-depth understanding of financial products and regulations, coupled with their digital literacy, ensures that customers receive a seamless, high-quality experience when engaging with the Company. To this end, we provide employees with a range of training opportunities throughout the year in line with our training needs analysis, shaping their existing skill set and addressing their knowledge gaps.

The Company's Learning Management System (LMS), developed in-house, plays a pivotal role in this regard, offering a suite of specialised training and development programs, strategically focusing on employee growth and sustainability of the Company. These trainings are delivered in Sinhala, Tamil, and English, and are designed to nurture the in-house talent, shaping them into professionals who seamlessly integrate into our corporate culture and organisational framework. Further, it is mandatory for all employees to attend induction training on joining the Company, to be eligible for confirmation/ promotion.

In addition to in-house training, we provide reimbursement for higher and specialised education, supporting employees pursuing job-related study disciplines. Moreover, we offer personal development programs focused on professional grooming and business conduct, further strengthening our intellectual capital and creating growth opportunities.

TECHNOLOGY PLATFORM

In the current digital industry landscape, technology infrastructure has emerged as a critical intangible asset that drives innovation, efficiency, and competitiveness. Therefore, it is an invaluable component in shaping the way organisations operate and deliver services to their various stakeholders. Accordingly, we continue to embrace the latest technologies in enhancing operational agility, seamless communication, and fostering data-driven decision-making.

Moreover, new technologies have enabled us to strengthen our cybersecurity measures, ensuring the protection of sensitive information in an increasingly interconnected world. Therefore, as businesses and economies continue to evolve, investing in technological infrastructure has become a strategic necessity for long-term growth and sustainability.

The company has invested in Gen AI tools, which have significantly improved Customer communication and interaction infrastructure, e-Audit solution tracking exceptions and anomaly detection, strengthening the compliance culture of the company. [Refer Manufactured Capital section of the report for further information on technology implementations]

BRAND REPUTATION

Our brand reputation is a powerful asset that influences customer trust, business growth, and long-term success. Over the years, our brand-building efforts have enabled us to enhance our credibility as a reliable financial institution, fostering customer loyalty and trust while differentiating the Company from its competitors. Therefore, we continue to well manage our reputation to maintain our existing customer base and attract new ones to ensure continued business growth. Besides, our positive brand image has enhanced investor confidence and that of other stakeholders, creating opportunities for further business growth.

In recognising this, we continue to apply aggressive marketing and promotional campaigns to maintain our competitive position in the market.

During the year, we implemented a strategic mix of Above-the-Line (ATL) and Below-the-Line (BTL) marketing initiatives to strengthen brand visibility, enhance customer engagement, and drive business growth. Our ATL campaigns focused on broad-based awareness through mass media, while our BTL activities were designed to deliver targeted, high-impact engagement with specific customer segments.

In February 2025, AAF partnered with Sooryan FM for a high-energy Town Storming Campaign in the Uva region, taking the brand directly to key communities. The event featured gifts, competitions, and interactive games, creating lively street-level engagement and memorable experiences for residents. The campaign successfully combined entertainment with financial awareness, strengthening AAF's connection with customers and showcasing its products and services to a wider audience.





For more information on our marketing and communications initiatives, refer Social and Relationship Capital section of the Report.



INTELLECTUAL CAPITAL

ORGANIZATIONAL CULTURE

At AAF, our organisational culture continues to be one of our most valuable intangible assets shaping our identity, guiding our values, and influencing the behaviours that define who we are. We have cultivated a collaborative and inclusive environment that promotes continuous learning and open dialogue among our employees. Team members are encouraged to share ideas, learn from one another, and actively participate in shaping the company's direction through meaningful contributions to decision-making processes.

We are proud to foster a workplace that values diversity, equity, and inclusion. By welcoming a broad range of perspectives, we create an atmosphere where every individual feels respected, empowered, and aligned with our shared mission. This sense of belonging not only boosts employee engagement and motivation but also strengthens our ability to innovate and adapt in an increasingly dynamic marketplace.

Our positive work culture has become a key enabler of sustainable performance, enhancing collaboration, driving innovation, and deepening employee loyalty across the organisation. Complementing this culture is a strong foundation of corporate governance, developed over the years to effectively identify, assess, and mitigate risks, while ensuring transparency through clearly defined roles and responsibilities.

Together, our culture and governance practices form the backbone of AAF's long-term success and resilience, empowering us to create value for all our stakeholders.

OUTLOOK

Looking ahead, we are confident in the opportunities unfolding within the operating environment and remain strategically positioned to leverage our intellectual assets. Our technologies, brand image, talented workforce, and nurturing corporate culture will continue to drive our competitiveness, ensuring optimal performance and returns in the next financial year.

HUMAN CAPITAL



Human capital is the cornerstone of our success and encompasses the skills, knowledge, and abilities of employees, which are essential for driving innovation, achieving the Company's strategic goals, and maintaining a competitive edge. Therefore, we continue to invest in human capital through education, training, and supporting their health and well-being, thereby unlocking their productivity, fostering creativity and ensuring sustainable growth in an ever-evolving business environment. These efforts over the years have transformed them into a collaborative team that strives to achieve excellence by working together as a cohesive force.

HUMAN RESOURCES RELATED INVESTMENTS IN FY 2024/25

Rs. 10.4 Mn
Invested in Training

Rs. 33.3 Mn
Given in Bonuses

LINK TO SDGS



OUR OBJECTIVE

AAF's human resource governance principles focus on inclusivity, non-discrimination, equality and fair treatment for all, in fostering a positive work culture. In line with this philosophy, we have adopted human resource policies that uphold these values, tenaciously implementing them across our operations to ensure worker satisfaction and motivation, supporting a culture of continuous development. By promoting a culture of inclusivity and fairness within the Company, we have been able to empower our employees to give their best performance, contributing meaningfully to the achievement of the Company's business goals. Furthermore, this foundation has encouraged employee innovation and a culture of collaboration, promoting continuous learning across the Company.

At present, our human resource policy framework complies with all the relevant regulatory requirements, and we regularly review them to ensure continuous improvement in line with industry's best practices.

Ensuring Gender parity remains a high priority in our human resource agenda, where we continue to strengthen our policy framework, HR practices, and strategy to provide women with equal opportunity to fulfil their career aspirations while maintaining a good work-life balance.

HUMAN CAPITAL

DIVERSITY & EQUAL OPPORTUNITY

GRI 406-1

Diversity and equality play a pivotal role in our human resource approach, allowing individuals from diverse backgrounds to contribute to our value creation, creating a level playing field for every individual the access to the same resources, chances for growth, and success. Therefore, in line with this approach, we ensure that our employees are treated fairly, given equal opportunities, and respected regardless of their gender, ethnicity, age, religion, disability, or other personal characteristics. In support of this, we have adopted a Zero-Tolerance Policy for workplace discrimination, harassment, and bias, while setting in place a confidential reporting mechanism for employees to raise concerns. There were no incidents of discrimination reported during the period under review.

GRI 405 -2

We maintain a female to male salary ratio of 50:50, reflecting our commitment to promote equal pay structures and polices.

GRI 405-1

Board of Directors

Male	Female
100%	0%

EMPLOYEE PROFILE IN 2024/25

GRI 2-7

Currently, we have a workforce of 1,054 employees, of which 526 are male and 528 are female. During the year, we onboarded 851 new employees.

By Gender



526 Male

528 Female

By Age

Age Range	Grand Total
16-20	76
21-25	422
26-30	309
31-35	113
36-40	62
41-45	38
46-50	29
Above 55	5
Grand Total	1,054

By Category

Grade	Grand Total
Trainee	150
Assistant	354
Junior Executive	166
Executive	120
Senior Executive	95
Assistant Manager	70
Manager	53
Senior Manager	21
Regional Manager	3
CM	6
AGM	6
DGM	5
GM	2
Chief Officer	3

Regions wise

Region	Permanent	Trainee	Grand total
Central	121	26	147
Eastern	116	23	139
Head Office	253	10	263
Northern	131	28	159
Sabaragamuwa	37	10	47
Southern	50	10	60
Uva	54	15	69
Western	88	15	103
North Western	54	13	67
Total	904	150	1,054

GRI 2-8

We have outsourced some of our peripheral operations (Cleaning staff, Security staff) to third party service providers. This include a total of 9 staff members who are not direct employees of the Company.

GRI 202-2

All the employees in our senior management are hired from the local community.

LEARNING AND EDUCATION

GRI 404-1, GRI 404-2

Employee capabilities play a significant role in our competitive advantage, providing us with a unique edge through the diverse talents and skills we bring together as a team. Therefore, we actively foster employee growth and development through implementing a range of activities. These include conducting both in-house and external training programs to enhance technical and soft skills, as well as organising leadership development programs tailored for high-potential employees to take over the next level of hierarchy. To further support this endeavour, we provide employees with access to online resources, including extending sponsorship to obtain certifications for professional growth. Additionally, the company hosted workshops and seminars focused on industry trends and innovations, ensuring employees stayed informed and competitive in a dynamic professional landscape.

During the FY 2024/25, we conducted 201 trainings covering 1,460 training hours. Key areas covered under these training include product features, Gold Loans, Leasing, Micro Mortgage, FD monthly technical trainings, Leadership, and Communications. From a regulatory perspective, employees are trained on the CBSL guidelines, customer protection, as well as anti-money laundering training.

201
Training Programs

1,460
Training Hours

List of Trainings during FY 2024/25

1. Motivational & Telephone Etiquette Training
2. Cross-selling Training
3. Marketing & Sales Training
4. Advanced Personal Income Tax & Advanced Income Tax
5. Customer Communication Process Training
6. ChatGPT Training
7. Employee Grievance Handling
8. Electrical Safety at the Workplace
9. Deep-Dive Workshop on Sri Lanka Green Finance Taxonomy for Financial Institutions
10. Google Workspace Training
11. Recruitment Module Training
12. Project Management - Masterclass
13. Modern Recruitment through IT Tools
14. 3rd Annual Economic and Tax Symposium
15. Certificate in Practical Aspects of Leasing
16. Payrolll Management
17. Transformation of the Role of a Company Secretary in the Digital Age
18. Power BI Training
19. Accident Prevention & Vehicle Safety Through Defensive Driving
20. Advanced Diploma in Credit Management
21. Managing the Multi-Generation Workforce Strategies for Effective Management and Collaboration
22. Setting up a Company - Steps to Incorporate and Related Matters
23. Hoshin Kanri Training
24. Magnifying Implications for Stock Brokers
25. Post Graduate Diploma In Chartered Corporate Secretarial Practices
26. Turbocharge Your Research with AI

HUMAN CAPITAL

PERFORMANCE APPRAISAL

GRI 404-3

Performance evaluation provides a structured framework to evaluate employee performance without bias, recognising their strengths and weaknesses, and valuing their achievements while identifying areas for improvement. This process not only assists in aligning individual goals with the Company's business objectives but also supports their own personal and professional development, encouraging them through constructive feedback.

With this overarching objective, we have established a robust performance appraisal system, with regular feedback sessions to support the continuous improvement of our employees. While individuals are evaluated against set KPIs to align with the Company's business objectives, high achievers are appreciated with rewards and recognition, promotions, salary increments and performance bonuses. Outstanding contributions were further celebrated with annual awards, promoting a sense of appreciation and motivation across teams. Staff awards are conferred based on performance, commitment, and contributions to the achievement of organsational goals.

Work-Life Balance and Employee Satisfaction

A. Employee Engagement

Maintaining employee morale has a significant impact on enhancing their productivity and efficiency in the workplace. Therefore, supporting the employees to maintain a balance between their professional life and personal obligations remains a key focus area in our human resource management. For this purpose, we conduct various team-building events and recreational activities throughout the year. While the Company's welfare society takes the lead in organising these events, it also carries out fundraising in the event of death as well as granting small loan facilities for employees when necessary.

GRI 402-1

There is no minimum notice period for employees regarding significant operational changes. However, AAF engages with employees, taking into consideration their views and opinions in decision-making.

Key events carried out during FY 2024/25

1. Annual Trip, Christmas Party & Awards Night

Our Annual Trip, Christmas Party and Awards Night was held on December 1, 2024, at the Monarch Imperial, Colombo celebrating the pinnacle of remarkable 10 year journey with Muthoot Group. The evening began with a splendid dinner featuring a variety of gourmet dishes. Entertainment for the night included live music, dance performances, and a photo booth with festive props. The highlight of the evening was the Awards Ceremony, where we honoured employees for their exceptional contributions in various categories such as Best Innovation, Team Player of the Year, and Outstanding Leadership. The evening ended on a high note with a vibrant dance floor, where everyone danced with joy late into the night. This event not only celebrated the holiday season but also recognized the hard work and achievements of our employees over the past year.

We also coordinated arrangements with the Fairway Colombo, Global Tower, Sapphire Hotel and The Ocean Colombo hotels for the Annual trip.

2. Christmas Carols

On December 20, 2024, Christmas Carols was held at the Company premises where employees gathered to sing traditional carols, creating a festive and heartwarming atmosphere. The event featured a choir composed of employees from various departments, who had been practicing for weeks to deliver a stellar performance. The Christmas Carols event fostered a sense of community and shared joy, rounding off our year-end celebrations on a high note.





3. Sinhala & Hindu New Year Celebrations

We celebrated Sinhala and Hindu New Year on April 26, 2025, at Atteriya Chill, Arugambay. This cultural event showcased traditional customs and festivities that include traditional games such as Kotta Pora, Eye on the Elephant and many more. Employees were dressed up in traditional attire, and a special New Year feast was prepared, highlighting the culinary heritage of the Sinhala and Tamil communities. The event honoured and celebrated the rich cultural diversity within our company, fostering mutual respect and understanding among employees.





4. Vesak Celebrations

In May 2024, we embraced the spirit of Vesak by organising a Dansala at our Head Office, serving over 2,000 people with egg hoppers. This brought our team and our customers together in a spirit of gratitude and unity, showcasing Asia Asset as more than a financial institution – it is an integral part of the community fabric.



5. Eastern Region Awards Ceremony

In recognition of outstanding performance and unwavering dedication, Asia Asset Finance PLC hosted the Eastern Region Awards Ceremony, honouring the exceptional achievements of our branches and teams in the region. The event celebrated top-performing staff, branch excellence, and remarkable contributions towards our corporate goals. It was a proud moment to acknowledge the hard work, passion, and commitment that continue to strengthen our presence in the Eastern Province and drive our mission of empowering communities.



B. Benefit Package GRI 201-3, GRI 401-2

Employees are also provided with a range of financial and health-related benefits. While annual bonuses are awarded based on both company and individual performance, statutory benefits such as gratuity are provided in accordance with company policy, ensuring long-term support for employees. Therefore, the Company contributes to the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF), adhering to the regulatory requirements, underscoring our commitment to labour compliance and employee security. Additionally, medical claim facilities are offered to the employees to support the management of their health-related expenses.

GRI 201-3

There is no separate retirement plan for employees.

PARENTAL LEAVE GRI 401-3

In line with the maternity leave policy of the Company, all female employees are granted 84 days of maternity leave.

HUMAN CAPITAL

TALENT ACQUISITION

In line with our recruitment policy, we have established a fair and impartial recruitment process that is specifically designed to attract, assess, and onboard the best talent based on merit and capabilities. Built on a digital platform, this structured hiring process has enabled us to carefully scrutinise the best fits for the right job in an unbiased and transparent manner.

During the year, we expanded our cadre onboarding 137 recruits, strengthening our team and enhancing our collective capabilities. These recruitments reflect our commitment to transparent and unbiased recruitment practices that promote onboarding candidates from diverse backgrounds who could meaningfully contribute to the Company's value creation.

Key Stages in Our Recruitment Process

1. Workforce Planning and Job Requisition - Upon identification of hiring needs, job requisitions are submitted to HR.
2. Job Posting and Candidate Sourcing – Once approval is received from HR, vacancies are advertised internally and externally.
3. Application Screening and Shortlisting – Received applications are reviewed by HR prior to shortlisting.
4. Interview Process – Shortlisted candidates are interviewed, assessing them based on cultural fit, salary expectations, general background, as well as Job-specific skills and expertise.
5. Selection and Offer Process – Once the best candidates are selected, HR prepares an offer letter prior to finalising the agreement. When the selected candidate accepts the offer letter, they are expected to submit the necessary documents to the HR department.
6. Background Verification and Pre-Employment Checks – Further reference checks are conducted to validate the candidate's experience and credentials.
7. Onboarding and Induction – New employees are welcomed with an orientation session covering company policies, culture, and expectations. While our structured onboarding plan provides an introduction to the teams and required training, performance goals and expectations are communicated during the probation period.

TALENT RETENTION

GRI 401-1

Although high attrition was experienced during the phase due to high labour migration, we achieved an impressive 59% employee retention rate by implementing targeted strategies that foster growth and recognition. While career opportunities were offered entirely based on talent, ensuring fairness and motivating employees to excel, consistent effort was made to identify existing talents within the Company, thereby rewarding them through increments and promotions to boost their morale and satisfaction. Moreover, comprehensive training programs were designed to better align with job expectations, equipping staff with the skills needed to thrive. Additionally, employee contributions to the Company were regularly appraised and acknowledged, creating an environment of appreciation and support.

HEALTH AND SAFETY OF EMPLOYEES

GRI 403-5, GRI 403-6

In line with national labour laws and international OHAS safety standards, we prioritised workplace safety and employee well-being. To this end, routine inspections and risk assessments were conducted to identify and mitigate potential hazards. In addition, fire evacuation plans were established, complemented by regular fire drills, emergency exits, and well-stocked first aid kits. While our workspaces, particularly common areas, undergo frequent cleaning and disinfection to maintain overall workplace hygiene, we have also implemented proper ventilation and air filtration systems to ensure a healthy environment, alongside the provision of hygienic facilities to promote cleanliness. Additionally, ergonomic workstation setups were arranged to prevent posture-related health issues, fostering a safer and more comfortable workplace for all. We conduct generic training sessions on health and safety as and when necessary.

GRIEVANCE HANDLING MECHANISM

GRI 2-25, GRI 2-26

Effective management of employee grievances is a crucial aspect of maintaining a healthy and productive workplace environment. Therefore, we make an effort to address their issues and concerns in a fair, timely, and transparent manner. To this end, we encourage our employees to discuss their concerns with the immediate supervisor or manager at the departmental level. If unresolved, employees are encouraged to make a formal written submission of their grievance to the HR department. For this purpose, the Company has set up a dedicated grievance form as well as an email system for them to submit their concerns, safeguarding confidentiality. Upon submission, HR conducts a thorough investigation into the matter, maintaining the confidentiality of

the parties concerned. While HR strives to provide a fair resolution to the matter based on the Company's HR policies, employees are encouraged to raise their concerns with Senior Management if dissatisfied with the resolution. Employees also have the privilege of raising their concerns anonymously via email or hotline.

The Company also has in place a separate procedure for handling workplace harassment cases, ensuring strict confidentiality where employees reporting unethical behaviour or misconduct are protected against retaliation.

HUMAN RESOURCES REGULATORY COMPLIANCE

GRI 2-23, GRI 2-27

As a finance organisation in Sri Lanka, it is mandatory for us to comply with several labour laws, financial regulations, and corporate governance standards to ensure ethical and legal management of human capital. Below are the key compliance requirements:

- Employment Laws (Shop and Office Employees Act, 1954)
- EPF & ETF Contributions (Employees' Provident Fund Act & Employees' Trust Fund Act)
- Gratuity Payment (Gratuity Act, 1983)
- Harassment & Discrimination Laws
- Central Bank of Sri Lanka (CBSL) Guidelines
- Code of Corporate Governance for Finance Companies
- Personal Data Protection Act, 2022
- Mandatory Employee Training (CBSL & Financial Industry Guidelines)

GRI 2-24

We have embedded policy commitments through the provision of regular training to our employees on relevant rules and regulations pertaining to the industry, covering all aspects of our operations.

GRI 408-1, GRI 409-1

AAF adheres to all the relevant rules and regulations pertaining to the financial industry and laws of the land. Therefore, we do not engage child labour, nor forced or compulsory labour in our operations.

OUTLOOK

We are committed to strengthening our human capital by staying attuned to evolving industry demands and strategically acquiring the skills and talent necessary to navigate these shifting dynamics. At the heart of our approach lies a deep focus on employee development, motivation, and satisfaction, ensuring a thriving workforce that drives organisational success. As the global economy continues to transform, we remain proactive in addressing future workforce trends and challenges, fostering a culture of growth, innovation, and adaptability.

SOCIAL AND RELATIONSHIP CAPITAL



Our Social and Relationship Capital forms the foundation of trust, collaboration, and mutual support between customers, suppliers, and other key stakeholders, emphasising the company's commitment to fostering meaningful connections with them. This reflects the strength of our people strategy and our dedication to sustaining impactful engagement across all spheres of interaction. As a key enabler of our business progress, it plays a pivotal role in effectively managing our core relationships for mutual benefit, thereby ensuring that we remain the preferred finance Company catering to diverse needs.

SOCIAL AND RELATIONSHIP CAPITAL - RELATED INVESTMENTS IN FY 2024/25

Rs. 42.13 Bn
Disbursed as loans/leasing

Rs. 4 Mn
Investments in CSR initiatives

Rs. 525 Mn
Paid as Government taxes

LINK TO SDGS

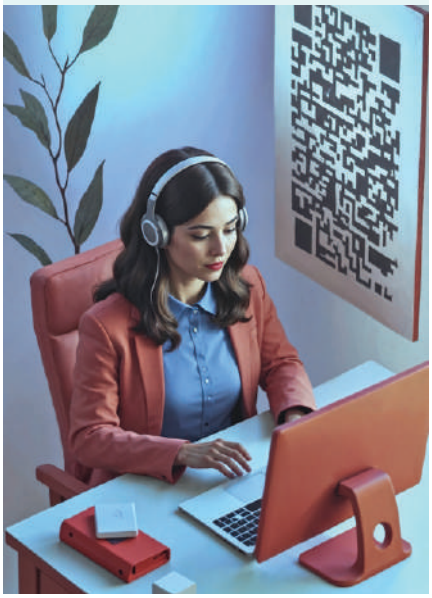


OUR OBJECTIVE

In maintaining strong relationships with our stakeholders, we consistently make an effort to enhance the value delivered to them. Leveraging our extensive presence across the island, we engage with a broad spectrum of individuals, ranging from entrepreneurs and SMEs to families and individuals, supporting them in elevating their quality of life and well-being through tailored financial solutions. By being responsive to their unique financial concerns and designing products and solutions to address those specific needs, we continue to build trust and long-lasting relationships, demonstrating our commitment to becoming a trusted partner and a catalyst for growth within the communities we serve.

CUSTOMER CAPITAL

Customer is the foundation of our success, and therefore, we focus on delivering enhanced value for the customers in fostering loyalty, trust and competitive advantage within the market we serve. Whether it is the quality products, exceptional service or offering a personalised experience, we focus on addressing diverse customer needs to retain and grow our customer base. To this end, during the financial year, we implemented several strategic initiatives focusing on understanding and meeting customer needs while effectively managing their complaints with appropriate remedial steps, executing targeted marketing and communication campaigns to keep them informed of our products, and fostering customer loyalty through service excellence.



All customer interactions are mainly carried out as one-to-one communication conducted through their registered mobile numbers, ensuring more personalised, secure and transparent communication. SMS notifications are sent for the following;

- New deposit confirmations (e-receipts)
- Renewal reminders and renewal advice
- Withdrawal notices and cash-back loan updates
- Interest payment alerts
- Birthday wishes to FD customers

A. Strategic Measures to Meet Customer Needs

In line with our customised approach to cater to customer demands, we implemented the following activities during FY 2024/25.

- **Expansion of Branch Network:**
  To increase accessibility and serve a broader customer base, we expanded our branch network across the island, ensuring that our financial services are within reach of more communities. In this regard, we added 15 branches to our branch network and relocated 4 branches during the FY for easy accessibility and customer convenience.
- **Customised Products for Women:**
  In recognising the unique financial needs of women, we designed specific financial products aimed at empowering and supporting women entrepreneurs and professionals, supporting them to achieve their financial goals.
- **Digitalisation:**
  We launched several applications to provide customers with the freedom and ease of carrying out their financial transactions digitally, reflecting our commitment to innovation and customer convenience.

a) Luckewallet Mobile App

This mobile application provides customers with a complete banking experience, supporting the effective management of their financial transactions. In November 2024, we upgraded the app's UI/UX, making it even more user-friendly with multilingual support, simplifying everything from higher interest rates on savings to seamless free interbank transfers, bill payments, instant QR payments, other bank credit card payments, Gold loan top-up, instant FD loans and much more. Customers also have the privilege of paying their rent and interest directly through the app and creating Fixed Deposits with just a few clicks. This was a leap forward in digital empowerment, giving customers full control over their financial activities in the palm of their hand.

b) SwiftOnboard

As part of our digital transformation journey, we introduced SwiftOnboard, a comprehensive customer onboarding platform developed to improve both user experience and internal operational workflows. The platform streamlines the registration and KYC process with digital document submission, data capture,

SOCIAL AND RELATIONSHIP CAPITAL

and seamless integration into core banking systems. By minimizing manual intervention, SwiftOnboard allows staff to dedicate more attention to delivering personalized, high-quality service. The platform also ensures consistent compliance with regulatory standards and strengthens overall service delivery, aligning with our commitment to operational excellence and customer-centric innovation.

c) Website

In December 2024, we launched our revamped corporate website, crafted to offer a modern, inclusive, and seamless digital experience. The redesigned site incorporates the latest UI/UX best practices with a fresh, intuitive layout, faster load times, and full responsiveness across desktop, tablet, and mobile devices. Key improvements include a clean, user-friendly interface for easier navigation, robust accessibility features compliant with WCAG 2.1 standards such as screen reader compatibility, dyslexia friendly, high-contrast modes and much more and multilingual support in English, Sinhala, and Tamil to serve our national audience. Users will also benefit from this new experience with content tailored to their preferences, along with enhanced security, improved backend performance, and faster, more reliable access to our services.



- **Process Efficiencies:**
  We continue to adopt advanced technologies for streamlining our operations and enhancing customer service delivery efficiency. As a result, we were able to transform most of our manual processes to a digital platform, considerably reducing our paper consumption. This has, in turn, led to a paperless office environment, contributing to reducing our environmental footprint.

B. Complaint Management System GRI 2-25, GRI 2-26

While we have in place a dedicated Complaint Handling Unit to manage and resolve customer complaints efficiently on a daily basis, we have also implemented a structured Complaint Handling Procedure to enhance consumer trust and satisfaction. This system ensures that all customer grievances are addressed promptly and transparently, with clear procedures for lodging complaints through various channels, including call centres, email, and our website.

C. Customer Satisfaction and Feedback Mechanism

Customer feedback is essential for understanding their unique needs and gaining valuable insights into their expectations. Therefore, we continuously seek customer feedback through multiple channels, proactively working to address client concerns, improving our products, and enhancing their overall satisfaction.

Our core customer feedback mechanisms are listed below.

- **Annual Customer Satisfaction Surveys:**
  We conduct regular surveys to gather feedback on our services, in order to identify areas for improvement and tailor our offerings to better meet customer expectations.
- **Multiple Feedback Channels:**
  We have established various channels, including online platforms and in-branch interactions, to facilitate easy and effective communication with our customers, ensuring their voices are heard and valued.

D. Other Measures to Retain Customer Loyalty

Apart from the above strategies, we remain committed to delivering reliable and customer-centric services, further strengthening our reputation as a trusted financial partner, and fostering long-term relationships with our clients. Likewise, we continue to reach and support underserved communities through financial inclusion in further expanding our customer base and reinforcing customer loyalty.

Collectively, these efforts have boosted customer satisfaction, deepened engagement, and nurtured a devoted clientele, in harmony with our strategic aims and dedication to outstanding service.

E. Marketing and Communications Initiatives

At AAF, we focused on building lasting relationships, going beyond our goal of growing the portfolio. In this regard, we align all our campaigns, activations and digital transformation to strengthen the emotional and practical connection between the brand and the people of the Country. We embarked on this journey in April 2024, setting the stage for our brand's evolution - one that is inclusive, community-focused, and future-ready. As the year progressed, we continued to build upon this strong foundation, in harmony with our strategic aims and dedication to outstanding service.

GRI 417 -1

Through our marketing and communication initiatives, we provide our customers with sufficient and accurate information about our products and services in order to make informed decisions.

AWARDS & RECOGNITION

We reinforced our reputation for excellence and innovation by earning several prestigious accolades during the financial year, underscoring our continued commitment to financial empowerment, digital innovation, and fostering a high-performing workplace.

1. Global Banking & Finance Review – Double Win

We were proud to be recognized on the global stage with two awards:

I. The Next 100 Global Awards 2024 – NBFI Category

II. Best Financial Company for Digital Transformation

Sri Lanka 2024, the awards reflect our ongoing commitment to digital transformation and our continued investment in delivering customer- and staff-centric solutions. Key initiatives include the deployment of Agentic AI, the digitization and automation of HR recruitment and services, the revamp of our corporate website with state-of-the-art features, the launch of the Luckewallet, and the introduction of AI-powered learning for smarter and more accessible training for staff.

2. Great Place to Work® – Recognition for the Second Consecutive Year

For the second consecutive year, the Company was recognised as a Great Place to Work®, affirming our efforts to build a people-first culture, foster inclusivity, and create a supportive, high-performance environment for our staff.

3. A+ Fitch Rating

Our robust financial foundation and sound governance were reaffirmed by the Fitch A+ Rating, further enhancing our credibility in the financial services sector and strengthening stakeholder confidence in our long-term stability.



F. Customer Engagement

Customer engagement transforms one-way interaction into ongoing dialogue, deepening the emotional connection between the brand and the audience. As engaged customers are more likely to provide honest feedback, advocate for our products and remain loyal, we ensure that customer engagement remains a vital aspect of our customer value creation.

In this regard, during FY we organised the following events.

Exclusive Events & Gatherings	Events were periodically held for key customers to enhance personal connections and brand loyalty.
Local Association Sponsorships	Offering sponsorship to support community-based events in areas where our branches are located, strengthening regional ties.
Event Sponsorships	Offering contributions to events such as International Women's Day celebrations, fostering goodwill and community engagement.
Corporate Social Responsibility (CSR) Initiatives	Actively participating in social welfare programs to reinforce our commitment to community development.



SOCIAL AND RELATIONSHIP CAPITAL

SECURING OUR MARKET SHARE

Our market share reflects the Company's ability to maintain its position within the competitive landscape. Therefore, we continue to support long-term business growth and market expansion by implementing innovative strategies to enhance customers' digital accessibility and developing innovative products tailored to customers' requirements, ensuring financial inclusion and ease of access. These strategies have collectively contributed to driving our business progress, reinforcing trust and loyalty amongst our clientele.

Key strategies we utilise in securing our market position are given below.

Dream Box Savings Scheme	We introduced the 'Dream Box' project, a campaign focused on encouraging savings among the small and medium business community, empowering them with tools for stability and growth.
Lucke wallet Mobile App Development	This mobile application will provide customers with a seamless digital banking experience, allowing customers to manage their financial transactions conveniently and eliminating the need for branch visits. The upgraded app offers services such as FD placements, withdrawals, and loan applications at their convenience. [Refer to page 72 on Social & Relationship Capital for more details]
Ladies First - A new product aimed at female customers	We launched 'Ladies First', our Women's Day initiative featuring two exclusive financial products tailored for female customers. These products delivered exceptional benefits and demonstrated our sincere commitment to empowering women financially.
WhatsApp Web for customer communication	Marking a digital milestone, in September 2024, we launched this WhatsApp Web for customer communication. This platform offered real-time answers, lead generation, and a friendly space for engagement.
Revamped Corporate Website	Launched our revamped corporate website, improving user experience and making information and services more accessible to all segments of our audience. [Refer page 72 on Social & Relationship Capital for more details]
Promotion through Sooriyan FM in the Uva Region	In February 2024, we launched a regional promotion through Sooriyan FM in the Uva Region. This was a localized effort, using a trusted regional voice to connect with customers in a familiar tone, promoting engagement.

DATA PROTECTION AND CUSTOMER PRIVACY

At AAF, we recognise the paramount importance of safeguarding the privacy and security of our customers' personal data. We are committed to upholding the highest standards of data protection and ensuring compliance with all applicable laws and regulations, including the Personal Data Protection Act of Sri Lanka and the Customer Protection Framework issued by the Central Bank of Sri Lanka.

In anticipation of these evolving regulatory requirements, we have proactively implemented a comprehensive data protection framework. This framework encompasses robust data governance policies, stringent data security measures, and clearly defined procedures for handling personal data throughout its lifecycle. We have undertaken a detailed data mapping exercise to understand the flow of customer information within our organization and have implemented technical and organizational safeguards to prevent unauthorized access, use, or disclosure.

We are dedicated to respecting the rights of our customers regarding their personal data. We have established mechanisms to facilitate the exercise of these rights, including access, rectification, and erasure, and we are committed to providing transparent information about our data processing practices through clear and accessible privacy notices.

Furthermore, we have implemented rigorous due diligence processes for engaging with third-party service providers who may process customer data on our behalf, ensuring that they adhere to our stringent data protection standards. Our employees receive regular training on data privacy principles and our internal policies to foster a culture of privacy awareness and accountability across the organisation.

AAF is committed to continuously reviewing and enhancing our data protection practices to align with evolving legal and regulatory requirements and international best practices. We believe that building and maintaining the trust of our customers is fundamental to our success, and safeguarding their privacy is a cornerstone of this commitment. We are confident that our proactive approach ensures our full compliance with relevant data protection and customer data privacy regulations, reinforcing our position as a trusted and responsible financial institution.

BUSINESS PARTNER CAPITAL

We continue to nurture mutually beneficial partnerships with various vendors and suppliers across the island to support the efficient functioning of our business. We maintain transparent communication with these partners through direct interaction, periodically rewarding their exceptional service or value addition to our Company, fostering mutual trust and alignment with our business objectives.



Celebrating a Decade of Partnership

Asia Asset Finance PLC marked a significant milestone in 2025, celebrating the 10th anniversary of its partnership with Muthoot Finance, the world's largest gold financing company. The event, held at the prestigious Cinnamon Life, brought together distinguished guests, senior management, and valued stakeholders to honour a decade of trust, growth, and shared success. The celebration highlighted the remarkable achievements of the collaboration, the strategic vision that has strengthened AAF's position in Sri Lanka's financial sector, and the continued commitment to delivering innovative financial solutions to customers across the country.



Our Key Business Partners are listed below.

- Banks and Financial Services
  - Commercial Bank f Ceylon PLC
  - DFCC Bank PLC
  - Hatton National Bank PLC
  - Indian Bank
  - National Development Bank PLC
  - Nations Trust Bank PLC
  - People's Bank
  - Sampath Bank PLC
  - Seylan Bank PLC
  - Capital Alliance Partners Limited
  - M Power Capital Limited
  - First Capital Holdings PLC
- Utility service providers
  - CEB/LECO
  - NW & DB
  - SLT/Dialog/Mobitel
- Fast Moving Consumer Goods providers
- Transport and Logistics suppliers
- Advertising Agencies
- Technological support providers
- Courier Services (Prompt Xpress (Pvt) Ltd)
- Call Centre Services
- Office Cleaning Services (Ranabima Janitorial Services)



SOCIAL AND RELATIONSHIP CAPITAL

PROCUREMENT BEST PRACTICES

GRI 414-1, GRI 414-2

In line with our procurement policy, we conduct comparative assessments in making informed decisions regarding our purchases. In addition, we ensure that our suppliers comply with all the relevant local laws and regulations while carefully scrutinising their ethical business conduct in their previous business relationships, prior to obtaining their goods or services.

Our Procurement Policy upholds transparency, accountability and regulatory standards, ensuring that services deliver optimal value for money.

Steps in our Procurement Process are listed below.

1. Governance in line with Ethical Standards

- **Approval Authority Matrix:** Clearly define who approves what based on thresholds (Board, CEO, department heads).
- **Code of Conduct & Ethics:** Include anti-bribery, anti-corruption, conflict of interest declarations, and confidentiality clauses.
- **Segregation of Duties:** Ensure clear separation of duties (e.g., requestor, approver, vendor selector etc).

2. Procurement Planning

- **Annual Procurement Plans:** Linked to budgets and business plans.
- **Needs Assessment:** Justify the need, specify scope and expected outcomes.
- **Cost Estimates & Budget Controls:** All procurements must align with budgeted provisions.

3. Vendor Management

- **Prequalification & Registration of Suppliers:** Based on criteria like technical capability, financial strength, compliance, reputation.
- **Blacklist Mechanism:** Maintain a list of vendors prohibited due to past non-performance or ethical breaches.
- **Due Diligence:** Especially for significant or strategic suppliers (including ESG, tax, and regulatory compliance).

4. Procurement Methods

- Open Tendering (default for high-value procurement)
- Limited Tendering/Invitations (for specialized services)
- Single Source (justified with Board/CEO approval)
- Request for Quotation (RFQ) (for low-value items)
- e-Procurement: Encouraged for transparency and audit trails

5. Bid Evaluation & Selection

- **Pre-defined Evaluation Criteria:** For technical and commercial bids.
- **Weightings & Scoring:** For transparency in award decisions.
- **Committee-Based Evaluation:** Cross-functional teams.
- **Best Value for Money:** Not necessarily the lowest but also considers quality, lifecycle cost, sustainability, etc.

6. Contract Management

- **Written Contracts:** Mandatory above a defined threshold.
- **Key Clauses:** Deliverables, milestones, penalties, dispute resolution, termination rights.
- **Performance Monitoring:** SLA/KPIs must be tracked and reviewed.
- **Variation/Amendment Policy:** Define thresholds and approval for contract changes.

7. Risk & Compliance

- **Risk Assessment:** Prior to procurement and vendor onboarding.
- **Regulatory Compliance:** e.g., CSE rules, CBSL procurement-related guidance, and any sector-specific rules.
- **Audit Trails:** Maintain procurement records for inspection and audit.
- **Whistleblower Mechanism:** For reporting procurement malpractices.

8. Sustainability & ESG Considerations

- **Green Procurement:** Preference for sustainable, recyclable, energy-efficient goods.
- **Social Compliance:** Avoid vendors using child labour, unfair labour practices, etc.
- **Local Supplier Development:** Where feasible, support local MSMEs.

9. Confidentiality & Data Protection

- **NDA Clauses:** Especially in RFPs, tenders.
- **Data Sharing Guidelines:** Ensure supplier access to company data is controlled and compliant with data protection laws.

10. Monitoring & Review

- **KPIs on Procurement Efficiency:** e.g., lead time, cost savings, supplier performance.
- **Annual Procurement Audit:** By Internal Audit or independent third party.
- **Policy Review Cycle:** At least every 2–3 years or upon regulatory change.

PROFESSIONAL MEMBERSHIPS

GRI 2-28

As a reputable financial service provider, we are committed to supporting our employees in obtaining memberships with many esteemed associations, in supporting their professional growth and the Company's long-term progress. In this regard, we cover the annual membership fees of our employees to ensure they continue to take advantage of the many opportunities for further education and upskilling offered by these associations, in order to ensure better work outcomes.

Most of our employees hold memberships in CA Sri Lanka - Chartered Institute of Management Accountants, Chartered Institute of Marketing, Chartered Management Accountants, Association of Accounting Technicians of Sri Lanka and Chartered Institute of Corporate Secretaries of Sri Lanka.

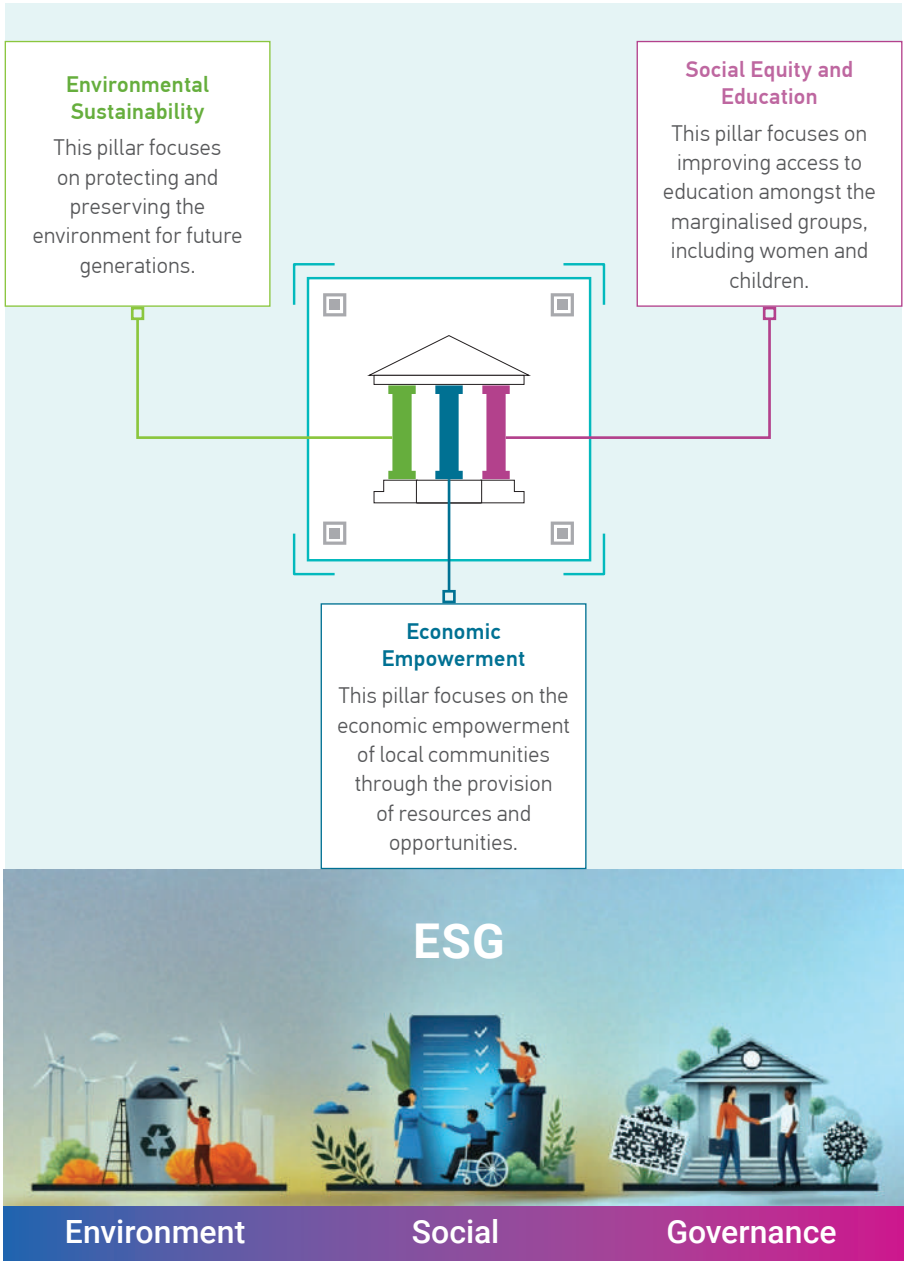
SOCIAL AND RELATIONSHIP CAPITAL

COMMUNITY CAPITAL

We continue to build long-lasting relationships with the communities in which we operate to foster mutually beneficial relationships and promote sustainable development. By implementing comprehensive Corporate Social Responsibility (CSR) initiatives, we remain committed to driving positive changes, ensuring that our actions contribute to the long-term prosperity of the community, aligning with the Company's broader principles of sustainability.

A key aspect of our CSR approach is community engagement. We actively listen to and collaborate with local communities to understand their specific needs and concerns, thereby tailoring our initiatives to address the most pressing challenges they face, ensuring our efforts are relevant and impactful. By aiming for long-term sustainability instead of immediate relief, we strive to build a foundation that supports lasting change and thus continuously assess the outcomes of our programs through monitoring and evaluation to measure the effectiveness of these efforts, thereby refining our strategies to drive meaningful progress.

AAF's CSR initiatives contribute to the three main pillars of its sustainable agenda.



Listed below are the CSR projects carried out during FY 2024/25. GRI 413 -1

ENVIRONMENTAL SUSTAINABILITY INITIATIVES

Aligning with this pillar, we continue to implement various projects such as Beach clean-ups, reforestation campaigns and waste management programs, encouraging and engaging communities to create a cleaner, healthier environment. During FY 2024/25, we carried out a tree-planting campaign. In addition, we amplified our role in environmental advocacy through implementing a program, namely Asia Asset Finance Clean Sri Lanka ***'Hetata Atak'***, **aligning with the Clean Sri Lanka national campaign**, implementing sustainability projects across 8 provinces, positioning our Company as an environmentally conscious brand.

Eastern Province	Beach cleaning initiative.
Western Province	Project on cleaning and maintaining public transport areas.
Uva Province	Extended support to prevent human-elephant conflict by handing out Bee Boxes in the vicinity.
Central Province	During the Sri Pada season, we launched an initiative focused on cleaning the area and educating visitors about the importance of protecting the environment and the harmful effects of using polythene.
North Western and North Central Provinces	Program to educate farmers on the excessive use of pesticides and insecticides.
Southern Province	As the region with the highest reported drug trafficking rates, we launched a program to raise public awareness about addiction prevention and inform communities of available rehabilitation resources.
Sabaragamuwa Province	Commenced a reforestation project in the province, carrying out planting of rare, eco-friendly plant species to revitalise biodiversity and combat climate change. By restoring native flora, the project aims to enhance ecological resilience and support sustainable environmental practices in the region.
Northern Province	A water project was completed, providing easy access to the villages of Kudathani in Jaffna, which had no access to water

ECONOMIC EMPOWERMENT INITIATIVES

We support communities to develop economically, thereby contributing to reducing poverty and improving livelihoods, creating a ripple effect of prosperity throughout the country. This was mainly implemented through ensuring that people have access to our financial facilities as well as the necessary financial literacy to improve their financial well-being. Our financial inclusion initiatives have uplifted communities island-wide, fuelling the economy's expansion.

SOCIAL EQUITY AND EDUCATION SUPPORT

At the branch level, upon opening a new branch, we partner with underprivileged schools and educational institutions in the surrounding areas, thereby providing basic requirements such as School Bags to the children and a pack of Dry Rations to their families. The aim was to ease the burden of the communities in rural areas who are unable to afford such items.

Awareness Programs

We extended our support to the Authorities in the prevention of drug abuse by conducting awareness programs for teenagers in addition to conducting a half-day breast cancer awareness program for nearly 400 female Tea Estate workers, providing them with the necessary knowledge on the issue and prevention.



Women's Day event in Mundalama

During this event, we supported aspiring female entrepreneurs offering them with free consultations and access to our products.



SOCIAL AND RELATIONSHIP CAPITAL

Steps Against Diabetes

Aligned with our commitment to community wellness, we carried out the **"Steps Against Diabetes"** initiative in August 2024, partnering with Seeni Colombo for a 22-day island-wide hike, raising over Rs. 1 Mn for Paa Saviya, a nonprofit diabetic wound care unit. This initiative gave our brand a human touch, extending its impact beyond traditional CSR efforts.

Reaching the Unreachable

We launched the impactful initiative in July 2024, extending our financial services into rural and underserved communities, which included those who had never experienced formal banking before. This initiative aims to promote financial inclusion of the underserved communities, supporting them in their financial well-being and upliftment.

Valentine's Day outreach to senior citizens

We carried out a Valentine's Day outreach to senior citizens, a generic campaign in February 2025, personally visiting the elders in our community, delivering gifts, extending warmth and building heartfelt connections, deepening our loyalty and relationships.

These CSR projects not only fulfil our responsibility to the communities we serve but also contribute to a more sustainable and equitable world, ensuring that our actions today will lead to a better tomorrow for both the community and the environment.



Beach Clean Up - Eastern Region





Blood donation - Northern region





Boralanda -
B W Sammani Primary School





Central - Sri Paada Clean Up





Nawalapitiya - Creating Smiles





Girandurukotte - B A Agalaoya Primary School





Deraniyagala - Lihiniyagala Primary School





Steps against Diabetes.





Hapugasthalawa Primary School







SOCIAL AND RELATIONSHIP CAPITAL

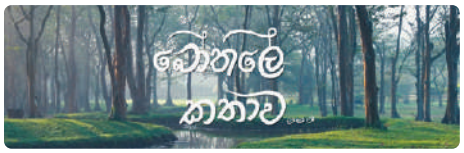
Kuruvita - R Keeragala Tamil School



Lunugala - BD Lunugal Primary School



Bothale kathawa was the video that we did for the Asia Asset Finance Clean Sri Lanka video







Mallavi - Mullaitivu Uyilankulam GTMS





Sabaragamuwa - Tree Planting in Rakwana





Vesak Dansala



Urumpirai - J Urumpirai R C T M School





Wariyapola - Thalgamuwa Primary School





Workshop on Drug Prevention - Southern region





Water Project - North



Upali Newspapers



Waste Management



Ms. Chamari Athapaththu

Captain, Sri Lanka Women's Cricket Team

BRAND AMBASSADOR



"I am incredibly proud to represent Asia Asset Finance, a company that truly champions the cause of female empowerment. Their commitment to creating opportunities for women to excel, both within their organization and in the broader community, is truly inspiring. As a woman in sports, I understand the importance of breaking barriers and challenging norms, and it's an honor to partner with a brand that shares these values. Together, we are not just making strides in finance and sports, but also empowering women to lead and succeed in every aspect of life."





Ms. Chamari Athapaththu, a globally acclaimed cricketer and a national icon in Sri Lanka, with an outstanding record of accomplishments and public appeal, serves as the ambassador for Asia Asset Finance PLC, championing the brand and its core values across multiple audiences. Our partnership with her has enhanced our brand presence, creating a lasting impact across various dimensions.

As a trailblazing achiever in Women's Cricket, she has proved her skills in exceptional batting and team leadership, solidifying her position as one of the most successful female cricketers in the world. A vibrant leader who navigates her team through highs and lows, she has led her team to numerous victories, nurturing young talent, demonstrating her dedication to the sport and exceptional skills in leadership.

In the course of her career, she was conferred with multiple awards and accolades, including Player of the Match and Player of the Series honours in several international tournaments, recognising her invaluable contributions to cricket.

CHAMARI'S CONTRIBUTION TO ASIA ASSET FINANCE PLC

Chamari participated in our numerous campaigns and events, including engaging with audiences through social media platforms and public appearances, significantly broadening our engagement and reach, specifically amongst the younger audiences, enhancing our brand's relevance and appeal.

Her reputation for integrity and unwavering commitment to teamwork and mentorship also played a pivotal role in improving our brand visibility across a wide range of audiences, further strengthening and elevating our brand presence and the trust and credibility across all stakeholders.

As a powerful role model for female empowerment and leadership, she has boosted the Company's image as an institution dedicated to advancing gender equality and support for women both within the organisation and across the wider community. As such, her involvement in our organisational journey has enabled us to advance our efforts to promote diversity and inclusion, further highlighting our strong commitment to corporate social responsibility.

Moreover, her personal and professional values align with the Company's mission, underscoring our corporate identity, commitment to excellence, empowerment and community engagement.

While we are sincerely thankful for her contribution to our success thus far, we take great pride in having her by our side as we continue our journey toward ongoing success and meaningful social impact.



SOCIAL AND RELATIONSHIP CAPITAL

STRENGTHENING RELATIONSHIPS WITH REGULATORS

GRI 2-28

We are committed to sustaining robust relationships with our regulatory authorities through consistent, transparent communication and compliance with the relevant rules and regulations. While we provide timely and accurate information regarding our operations and performance, we also ensure that our compliance measures are in alignment with the regulatory and industry standards. As a result, we have succeeded in maintaining stable, transparent and ethical business operations, safeguarding the Company's long-term stability and fostering trust and confidence amongst all stakeholders.

As a licensed finance company and a publicly listed company, we are primarily regulated by the Central Bank of Sri Lanka (CBSL) and the rules of the Colombo Stock Exchange (CSE). In addition, our operations come under the purview of a series of regulatory frameworks, directives, and guidelines established by these authorities.

We also maintain regular interactions with other key regulatory bodies, including the Credit Information Bureau (CRIB), Financial Ombudsman of Sri Lanka, Department of Registrar of Motor Vehicles (RMV), Department of Registrar of Companies (ROC), and the Finance House Association (FHA), ensuring comprehensive compliance across all relevant dimensions of our business.

Listed below are the other key Central Bank regulations that govern licensed finance Companies. We ensure full adherence to these regulations when carrying out our business activities.

- Finance Business Act (FBA), No. 42 of 2011
- Finance Companies (Capital Funds) Direction No.02 of 2003
- Finance Companies (Liquid Assets) Direction no.04 of 2013 and amendment No. 7 of 2020
- Finance Business Act (Minimum Core Capital) Direction No.2 of 2017
- Finance Business Act (Capital Adequacy Requirements) Direction No. 3 of 2018
- Finance Business Act (Maximum Interest Rates on Deposits and Debt Instruments) Direction No. 1 of 2019
- Finance Business Act (Classification and Measurement of Credit Facilities) Direction No. 1 of 2020

GRI 205-1

In order to assess risk related to corruption, the Company has in place a Whistleblowing policy that promotes a culture of integrity, strengthening corporate governance. Our Whistleblowing Policy provides a structured, secure, and confidential channel for employees and external parties to report suspected unethical practices, fraud, regulatory violations, or other misconduct. The policy ensures that whistleblowers acting in good faith are protected from any form of retaliation and guarantees the anonymity of informants where required. To reinforce this initiative, a dedicated whistleblowing hotline (071-0870629) and email (whistleblower@asiaassetfinance.lk) have been established, with investigations overseen by an independent panel appointed by the Audit Committee.

Furthermore, to encourage proactive reporting and safeguard the organisation's integrity, the Company offers financial incentives of up to Rs. 200,000 for verified reports involving fraud, forgery, or manipulation. Comprehensive awareness and training programs are also conducted to ensure all stakeholders understand their rights and responsibilities under the policy. We continue to strengthen this framework as part of our ongoing efforts to maintain public confidence, ensure regulatory compliance, and promote a safe and ethical working environment.

GRI 205 -2, GRI 205 -3

While we consistently foster and maintain a culture of trust and ethical behaviour within the organisation, we remain vigilant against corruption in all its forms in ensuring that our actions reflect our shared values and commitment to conducting responsible business. There were no incidents of corruption during the year under review. However, minor incidents of fraud were reported by the internal auditors, and the perpetrators were dealt with as per the company policy.

The Company has introduced a Whistleblower policy, regular staff education, continuous customer communications and engagements to ensure a fraud/corruption-free working environment. Further, moving forward, we believe our enhanced focus on digitalisation of processes will contribute to ensuring a fraud/corruption-free ethical environment in addition to ensuring customer convenience and operational efficiency.

OUTLOOK

We will continue to nurture our relationships to establish a strong foundation for sustainable business growth. This ongoing effort will focus on enhancing the way we engage with stakeholders, always adapting to their evolving behaviours and needs. Through this commitment, we aim to foster trust, collaboration, and long-term success.

NATURAL CAPITAL



Our commitment to safeguard natural capital (the stock of natural resources available to us in our value creation) is propelled by the need to support the overall well-being of our planet. Whether it is the water we use, the earth beneath our feet, the air we breathe or the surrounding ecosystem that contributes to our healthy existence, we understand that we have a larger role to play in ensuring environmental sustainability and combating climate change. Therefore, we recognise and preserve our natural capital for long-term ecological balance and the economic resilience of the Company.

NATURAL CAPITAL - RELATED INVESTMENTS IN FY 2024/25

Rs. 3.3 Mn
Investment in Solar panels

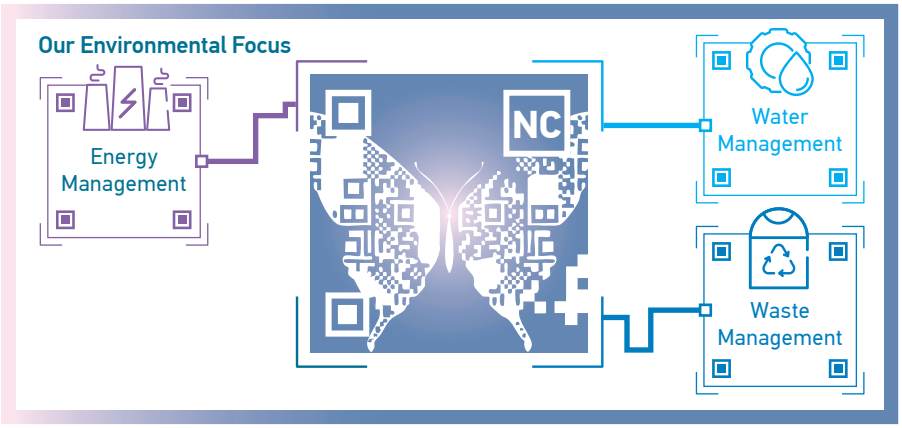
LINK TO SDGS



OUR OBJECTIVE

Our natural capital encompasses the scarce resources we use in the process of engaging in our daily business activities. Therefore, taking a comprehensive approach to managing our natural capital, we strive to contribute to a balanced ecosystem through responsible consumption and the adoption of sustainability best practices and initiatives as part of our value creation process. By incorporating these aspects into our strategic decision-making, we believe we are better positioned to drive sustainable business growth, ensuring stakeholder welfare and the health of the planet.

We have integrated environmentally friendly practices across our operations, including the promotion of sustainable utilisation of scarce resources, and have extended our support to green financing initiatives that encourage environmentally friendly projects. Additionally, we concentrate on procuring materials from suppliers who prioritise sustainability, further fortifying our commitment to preserving the environment for future generations.

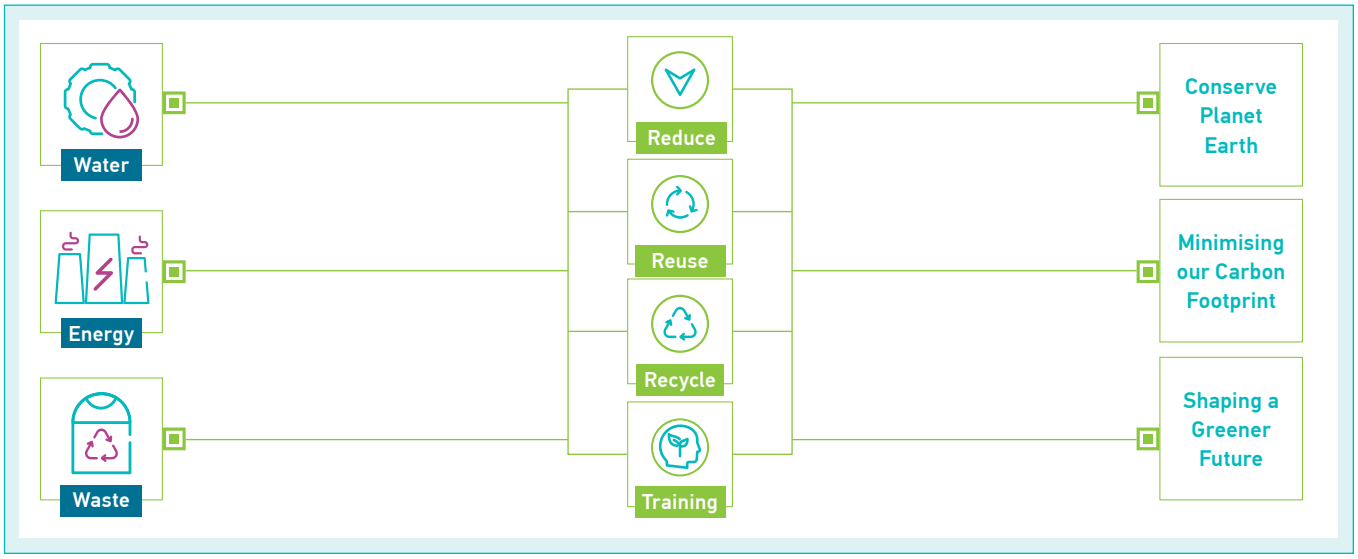


NATURAL CAPITAL

ENVIRONMENTAL GOVERNANCE

Our environmental governance is guided by the local laws and regulations and the provincial requirements in this area. In addition, we have voluntarily adopted the UN Sustainability Development Goals (UN SDGs) to further strengthen our commitment to managing our natural capital in a responsible manner. We also review our policies to ensure alignment with the industry standards and best practices relating to environmental sustainability.

Furthermore, we promote an environmentally conscious culture within the Company, while providing opportunities for employees and other stakeholders to engage in sustainability initiatives.



ENERGY MANAGEMENT GRI 302-1, GRI 302-4

The first step in our energy management effort is the awareness creation among the employees through training regarding mindful energy consumption, which has contributed to the reduction of our electricity bills across all our Branches. Likewise, we have also introduced the environmental best practices across all our operations, such as the prioritising implementation of solar panels across our branch network and head office, including use of energy-efficient equipment to reduce energy consumption in daily operations, decreasing operational costs and it also contributes to reducing greenhouse gas emissions and overall environmental impact. This has enabled us to considerably reduce our dependency on fossil fuels, minimising our carbon footprint. Additionally, we have limited the operation time of air conditioners and elevators, implemented energy-efficient lighting and switched to energy-efficient LED bulbs. Further initiated careful planning and coordinated our branch visits to eliminate unnecessary travel and encouraged the use of public transport instead of using Company vehicles to save energy. The Company is committed to cutting emissions and advancing towards a greener future by integrating technology with operational strategies to promote sustainable practices.

Electricity Consumption	2024/25	2023/24
Units (kWh)	4,485	5,449
Cost (LKR)	301,407	445,115
Energy intensity (Cost/ Employees)	3,768	3,179

Head Office Staff as @ 30 April 2025 : 80

Head Office Staff as @ 30 April 2024 : 140

WATER MANAGEMENT

GRI 303-1

Our water footprint is limited to drinking and sanitation needs of our employees. Nevertheless, we have implemented Company-wide water reduction measures to reduce our day-to-day water consumption. In efficiently managing our water resources, we advocated the best practices across our operations, emphasising the importance of water conservation. While we encourage our employees at head offices and branches for economical usage of water, we carry out awareness sessions on the same as and when required. Additionally, the Company take immediate measures to fix leakages, ensuring timely repair and maintenance to minimise wastage.

GRI 303-5

Water Consumption	2024/25	2023/24	2022/23
Units (m3)	70.4	76	62
Cost (LKR)	15,605	13,491	8,658
Water intensity (Cost/ Employees)	195	96	81

WASTE MANAGEMENT

We focus on reducing and recycling waste that is generated from our operational activities while ensuring responsible discharge of other waste. One of the key waste management measures includes the implementation of digital work processes, completely eliminating the use of paper. Likewise, the food waste collected at the office premises are given as livestock feed or piggery, while electronic waste is collected and disposed of via approved agents. Our efforts to reduce chemicals such as toner have also contributed to minimising our environmental impact.

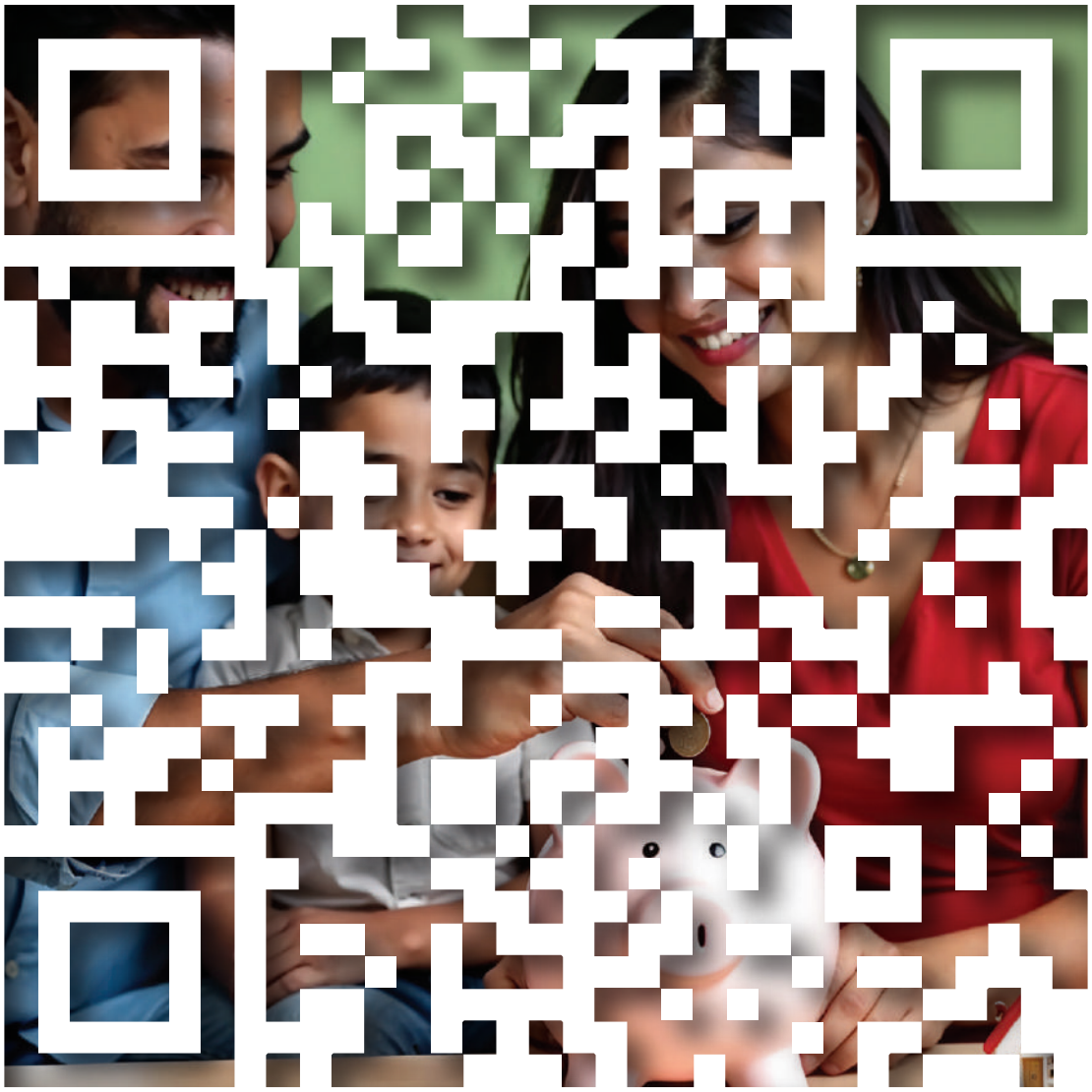
Our paperless workplace contributes to environmental sustainability by reducing waste, conserving resources, and promoting efficiency in daily operations.

OUTLOOK

As we move forward, we remain committed to embracing environmental best practices that minimize our ecological footprint. By integrating sustainable solutions, optimizing resource efficiency, and prioritizing eco-friendly initiatives, we aim to reduce our environmental impact while fostering a greener future.

STEWARDSHIP

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BOARD OF DIRECTORS



MR. V. A. PRASANTH

Chairman/ Independent Non-Executive Director

Mr. Vadakke Anavanghot Prasanth is a Banking professional with over three decades of all-round exposure covering Financial Markets, International Treasury operations, Retail Banking, Information Technology, IT Risk Management and Cyber Security. He is certified in Risk and Information Systems Control (CRISC) from ISACA, USA.

Formerly Mr. Prasanth worked with the Indian Bank as General Manager and Chief Information Officer, handling Information Technology and Digital Banking. He also served as the Chief Financial Officer of the Bank. His other important assignments in Indian Bank include Zonal Managership of prominent Zones, Head of Singapore Treasury, Head of Indian Treasury Back Office and Administrator for Indian Bank Wealth Management Services.

Mr. Prasanth had also collaborated with the "Institute for Development and Research in Banking Technology" (IDRBT) Hyderabad as Senior Domain Expert (SDE) handling IT & Information Security areas from 2019 to 2024. He is currently associated with "Indian Institute of Banking & Finance" (IIBF), Mumbai as Subject Matter Expert (SME).



MR. R. J. A. GUNAWARDENA

Chief Executive Officer/ Director

Mr. Rajiv Gunawardena has been serving as the Chief Executive Officer and Director of Asia Asset Finance PLC since his appointment to the Board in December 2009. In this dual role, he is entrusted with shaping the company's strategic direction, driving the realisation of its vision, and delivering sustained value through strong leadership and operational excellence.

Mr Gunawardena's academic credentials include a Bachelor of Science degree in Business and Information Systems from the United Kingdom and a Master of Professional Accounting from Monash University, Australia.

With over 16+ years of experience in the financial sector, he brings with him a wealth of experience. He was instrumental in re-shaping Asia Asset Finance and have continued focus on the expansion and development of Asia Asset Finance. He has also served as a lecturer in Accounting at the Australian College of Business and Technology, contributing to the academic pursuits. Moreover, he serves as a Non-Executive Director of Evoke International Ltd, and as a Non-Executive Director at Evoke Roopahala Films (Pvt) Limited leveraging his broad expertise and strategic insight to drive continued impact within the corporate and financial sectors.



MR. G. ALEXANDER

Non-Independent Non-Executive Director

Mr Alexander holds a Master's in Business Administration from the University of North Carolina – Kenan & Flagler Business School and earned his Bsachelors' Degree in Mechanical Engineering from the University of Kerala - TKM College of Engineering. He currently functions as as the Deputy Managing Director of Muthoot Finance and oversees operations across the states of Karnataka, Goa and Telangana in India. He has the additional responsibility of heading the global operations of The Muthoot Group in the U.S.A and serves on the board of three other group companies (Asia Asset Finance, Muthoot Insurance Brokers and Belstar Finance & Investments).

Muthoot Finance is a Gold Loan NBFC (Non-Banking Finance Company) and is the flagship company of The Muthoot Group. It was listed in 2011 and is traded in BSE & NSE and currently is the largest gold loan company in India. Apart from Muthoot Finance, The Muthoot group has 16 other divisions, such as hospitality, health care, equity & commodity trading, insurance broking etc. A family owned business, the group is established over four generations Mr Alexander represents the fourth generation of the family. Prior to joining his family business, he was attached to ING & Kotak Mahindra Bank in India.

He served as the chair for the Confederation of Indian Industries – Young Indians Bangalore Chapter in 2015. He was one among 10 Indians chosen to represent India for AIYD (Australia India Youth Dialogue) at Sydney and Melbourne in 2013 & 2022.He was the finance chair for the Entrepreneur's Organization Bangalore from 2016-2018. He is presently serving on the Board of advisors at University of North Carolina's – Kenan-Flagler Business School and on the board of XIME Business school Bangalore

BOARD OF DIRECTORS



MR. K.R. BIJIMON

Non-Independent Non-Executive Director

Mr. K.R. BIJIMON is a Fellow Member of the Institute of Chartered Accountants of India(FCA), New Delhi, Associate of Indian Institute of Banking and Finance Mumbai (CAIIB)and Fellow Member of Certified Management Accountants, Institute of Srilanka (FCMA). He is a double graduate in chemistry (BSc) and Law(LLB) from MG University. He has a postgraduate degree in Management (MBA) from Cochin University.

He has over 29 years of experience in the field of financial services and is employed in the Muthoot Finance Limited since inception. As Executive Director & COO of the Company, he oversees credit, operations of zonal offices, internal audit, marketing, Information technology, recovery & legal and vigilance departments of the Company.

He is the Chief Operating Officer for global operations of Muthoot Group (USA, UAE, UK, Nepal & Sri Lanka). He has been the driving force in Muthoot Group expanding its operations to USA, UK, Nepal and Sri Lanka.

K.R. Bijimon is a Non-Executive Director in Muthoot Group Companies viz. Muthoot Home Fin (India) Ltd., Muthoot Securities Ltd., Muthoot Commodities Ltd., Muthoot Forex Ltd., Muthoot Money Limited, Emsyne Technologies Private Limited and Belstar Microfinance Ltd, Chennai. He is also the director in overseas group companies namely Muthoot Finserve USA INC, Muthoot Finance corporation USA, Muthoot Global UK, Muthoot Finance UK and Asia Asset Finance PLC Sri Lanka,

He is also a member of the Board of Governors of Muthoot Institute of Technology and Science (MITS).

With his vast experience and professional acumen K.R. Bijimon has been responsible for introducing path breaking new initiatives that lead Muthoot Finance Limited to the enviable # 1 Gold Loan NBFC of the Country.

He was voted as 1st Runner Up of 'New Age Icon Trendsetters 2024' (Mr. P. Rajeev Hon'ble Minister of Industries, coir & law Kerala State won the first place) in the Hall of Fame Trend Setters of Kerala 2024, an online public voting series aiming to showcase Kerala's unparalleled achievers who have been able to create unique impact across diverse sectors in the society.



MR. R. A. B. BASNAYAKE

Independent Non-Executive Director

An Independent Management and ICT Consultant with over thirty five years of extensive experience in ICT and Business Management, Mr Basnayake provided leadership to mission critical ICT and Business Process Transformation projects enabling business strategies for a wide variety of industry sectors predominantly encompassing Financial services, Digital Entertainment, FMCG/ consumer durables, Retailing / Distribution and Food & Beverage manufacturing / Distribution, Hospitality and Information Technology solution delivery.

He currently serves on the Board of Asia Asset Finance PLC as Independent Non-Executive Director and also as Chairman of Evoke International Ltd, leader in Digital Entertainment industry Sri Lanka. Furthermore he functions as Senior Management Consultant at Latex Green (Pvt) Ltd, the regional leader in Natural Latex Foam industry.

He brings extensive experience in Business Consultancy services as Director Advisory Services of Ernst & Young Sri Lanka providing Business Advisory and ICT Advisory solutions for mission critical private and public sector projects in Sri Lanka and overseas. He was project Director/ subject matter expert for key strategy, Effectiveness/ adequacy assessments,Process Improvement and Core Business Systems implementation/ review initiatives of leading Sri Lankan corporates covering Manufacturing, Retailing / Distribution, Automotive, Banking Public/Private sector, Insurance and Overseas projects involving African Continent, Maldives and UAE.

He has played a pivotal role as subject matter expert in Strategy, Process transformation projects involving ADB,UNIDO,ICTA, eGovernment Initiatives in Transportation, Judicial System and Education in Sri Lanka. His EY experience spans across IT Advisory, Business Advisory and Auditing working /managing teams with EY Australia, EY India and EY Malaysia. He was also a trainer for EY Tools and Frameworks.

During his career he has spearheaded mission critical ICT operations of Asia Capital Group a highly diversified conglomerate into capital markets, non banking finance, insurance, digital entertainment, tea packaging, Leisure and Technology as Group Chief Information Officer. He held key Senior Management positions in ICT at The Lion Brewery Ceylon Ltd as Head of Information Technology and at Richard Pieris Distributors Ltd as Manager Information Systems.He was a visiting lecturer/examiner for MSc in Information Technology study program conducted by Informatics Institute of Technology in collaboration with Keele University UK.

Mr Basnayake, a Chartered Member (CITP) and a Professional member (MBCS) of British Computer Society UK, holds a Master Degree in IT with Distinction from Keele University UK, Executive Diploma in Business Administration with Distinction from University of Colombo and the British and Australian Professional IT qualifications.

BOARD OF DIRECTORS



MR. J.P.D.R. JAYASEKARA

Independent Non-Executive Director

Mr. Danasiri Rupakumara Jayasekera holds a B.A. (Special) Degree in Economics with a second-class upper division. He possesses over 33 years of progressive experience in taxation, ICT and banking and finance. He assumed office as an Assessor to the Department of Inland Revenue in 1984 and thereafter held the positions of Senior Assessor in 1994, Deputy Commissioner in 2005, Commissioner and to Senior Commissioner and Deputy Commissioner General (ICT Administration and Tax Operation Support) in 2015.

He was a pioneer member, positioned as Senior Additional Project Director of Revenue Administration Management Information System (RAMIS), a system which is now in operation in the department. At the time of retirement, he performed duties as Deputy Commissioner General (Information Technology) of the Department of Inland Revenue

During his tenure in office, Mr. Jayasekera participated in several overseas taxation programs including Workshop on Tax Modeling in Austria in 2001, a training program on Advancing Management Potential (Senior Course) held in United Kingdom in 2003, a specialized training program on Audit Management in India in 2007, and a program on Post due diligence relating to the customs expansion modernization held in Angola in 2012.

He has also received valued exposure in double taxation treaty negotiations Sri Lanka signed with Seychelles and Saudi Arabia. He had participated in strategic level forums as a delegate to conferences such as 'OECD Global Forum on VAT' held in France in 2012 and the 'Fourth IMF – Japan High Level Tax Conference for Asian Countries' in Tokyo, Japan in 2013, Ministerial workshop on Blue Economy and Maritime Silk Road in China.

He was part of the team involved in negotiating the proposed Trade Agreement with China in 2014. He also contributed to the preparation of the Due Diligence Reports for the RAMIS project, which included visits to Singapore and Angola for this purpose.

Mr. Jayasekera holds a membership of APFA (Association of Public Finance Accountants of Sri Lanka) and is an active member of China Sri Lanka Society. An active philanthropist he is a member of several societies and association that are actively involved in community service.



MR. S.S.R.D. DE SILVA GUNASEKARA

Executive Director/ Chief Operating Officer

Roshan De Silva Gunasekera serves as the Executive Director and Chief Operating Officer, bringing a wealth of experience and expertise to his role. He was appointed to the Board of Directors as an Executive Director in 2023, having initially joined the company in April 2010. Over the years, he has demonstrated exceptional leadership and a deep understanding of both Asia Asset Finance PLC and the larger financial services industry.

Mr. Gunasekera's career in the finance sector spans an impressive 30 years, beginning in 1994 when he took on the role of Credit Officer at Commercial Leasing Company Limited, which has since merged with LOLC Finance PLC. Moreover, Mr. Gunasekera functions as a Non-Executive Director at Evoke Roopahala Films (Pvt) Ltd. His extensive post-qualifying experience has been pivotal in shaping his strategic vision and operational acumen, making significant contributions to the company's growth and stability.

Educationally, Mr. Gunasekera is well-equipped with a robust academic background. He holds a Bachelor of Science degree in Business Administration (Special) from the University of Sri Jayewardenepura and an MBA from the University of Colombo. Additionally, he has completed part qualifications from the Chartered Institute of Management Accountants (CIMA) in the UK, further enhancing his financial expertise.

Beyond his professional and academic achievements, Mr. Gunasekera is a respected member of the Association for Overseas Technical Senior Management Scholarship (AOTS) in Japan. His commitment to education is also evident through his role as a visiting lecturer in Financial Services Marketing at the University of Colombo, where he shares his knowledge and experience with aspiring finance professionals. He is a sought-after resource person at various knowledge-sharing forums, contributing to the broader financial services community.

Currently, Mr. Gunasekera is pursuing a Doctor of Business Administration (DBA) at the University of Colombo, reflecting his dedication to continuous learning and professional development. His ongoing academic pursuits underscore his commitment to staying at the forefront of industry trends and best practices.

Roshan De Silva Gunasekera's blend of practical experience, academic prowess, and dedication to knowledge dissemination makes him a pivotal figure in the financial services sector. His leadership at Asia Asset Finance PLC continues to drive innovation and excellence, ensuring the company's ongoing success in a competitive industry landscape.

BOARD OF DIRECTORS



MR. K.G.K. PILLAI

Non-Independent Non-Executive Director

Mr. Pillai presently functions as the Head of the Internal Audit & Inspection Department of Muthoot Finance Limited. He graduated from the Kerala University with a Bachelors' Degree in Science and Mathematics. He is also a Chartered Accountant from the Institute of Chartered Accountants, India. He presently functions as the Head of the Internal Audit & Inspection Department, which employs a team of 1000 auditors.

He possesses over 19 years of specialist experience in auditing with expertise in operational, financial, and regulatory compliance and has a proven track record and experience in strategic reporting on internal control to the Audit Committee, providing expertise in risk management techniques.

His expertise is also provided in coordinated workflows among risk, legal, surveillance, and vigilance departments. As an expert resources, he supports departments in their design, implementation and monitoring of activities across the organization.



MR. M. THIRUNEELAKANDAN

Executive Director cum General Manager

He was part of the inaugural in setting up of AAF Plc in the years 2004 and joined the company. He is a Professional Banker with more than four decades of experience in Developing Banking including Project Financing, Credit Management, Foreign Exchange Management, Business and Financial Transformation and Diversification.

He has occupied various positions in the AAF including serving as General Manager. He has been involved within the Management in developing Branch networking throughout the Island.His ability to convince others with his persuasive consultancy skills and pleasing personality, led him to build up a massive high end corporate and individual clients.

He loves to build high performing teams which had lead to develop variety of programs at AAF for highly potential staffs. He believes in authentic leadership and is deeply passionate and committed to do so. He has performed extensive service to the company and being appointed as an Executive Director since November 2024.



MR. T.C.D. KUMARASIRI

Non-Executive, Independent Director

Mr. Chaaminda Kumarasiri is an award-winning finance professional, senior chartered accountant, and thought leader, widely respected for his commitment to good governance, entrepreneurship development, and business advisory excellence. With a distinguished career spanning leadership roles across leading local institutions and multinational corporations, he is recognized as a trusted advisor, corporate trainer, and management consultant.

He is the Founder and President of the Asia Pacific Institute of Money and Entrepreneurship Development, Founder and CEO of The Human Capital Partner, and Chairman and Principal Consultant of H C P Consulting (Pvt.) Ltd. In addition to these leadership roles, he serves as an Independent Non-Executive Director on the boards of several listed companies such as Sathosa Motors PLC, the Lanka Hospitals Corporation PLC and Sanasa Development Bank PLC, and advises numerous private and public sector organizations.

Mr. Kumarasiri holds an impressive portfolio of academic and professional qualifications. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Association of Chartered Certified Accountants (UK), the Association of Accounting Technicians of Sri Lanka, and the Institute of Certified Management Accountants of Sri Lanka. Academically, he earned a B.Sc. in Accountancy (Special) with First-Class Honors from the University of Sri Jayewardenepura and an MBA in Finance from the University of Colombo. His professional achievements have been recognized with numerous accolades, including the ACCA National Advocate of the Year Award (2022), honoring his outstanding contributions to the accounting profession.

As a passionate corporate trainer and motivational speaker, Mr. Kumarasiri has empowered over one million individuals across Sri Lanka and beyond. A key influencer in the country's entrepreneurial ecosystem, he actively drives SME development and is a regular speaker on national television, radio, and digital platforms.

His extensive corporate experience includes senior roles such as Financial Controller at the Bank of Ceylon, Chief Financial Officer at The Lanka Hospitals Corporation PLC, Assistant Vice President at HSBC Securities Services, and Senior Manager – Assurance and Advisory at Ernst & Young, with an international secondment at EY LLP in New York. He has also served as a Commission Member of the Telecommunications Regulatory Commission of Sri Lanka.

Mr. Kumarasiri has played a pivotal role in the professional accounting community. He served two terms as a Governing Council Member of the Institute of Chartered Accountants of Sri Lanka, where he chaired several committees and task forces. Internationally, he served on the International Panel on Accountancy Education (IPAE) of the International Federation of Accountants (IFAC), representing the South Asia region from 2019 to 2024 and contributing to global accounting education reforms. Currently, he chairs the ACCA Sri Lanka Member Network Panel, further strengthening his commitment to advancing the profession both locally and internationally.

SENIOR MANAGEMENT



01. **MR. RAJIV GUNAWARDENA**
Executive Director /
Chief Executive Officer

02. **MR. ROSHAN DE SILVA GUNASEKERA**
Executive Director/
Chief Operating Officer

03. **MR. M.THIRUNEELAKANDAN**
Executive Director/
General Manager

04. **MS. GEETHIKA ELWALAGE**
Chief Finance Officer

05 **MR. JAYANTHA WEERAPULLIGE**
General Manager -
Operations

06. **MR. INDITHA JAYATHILAKA**
Deputy General Manager -
Information Technology

07. **MR. SAJITH ATAPATTU**
Deputy General Manager -
Risk Management

08. **MR. PRAVEEN PEIRIS**
Deputy General Manager -
Treasury

09. **MR. SAMIRA WEVELDENIYA**
Deputy General Manager -
Fixed Deposit

10. **MR. MAHESH KUMARA**
Deputy General Manager -
Credit & Recoveries

11. **MR. SUREN SUBRAMANIAM**
AGM Gold Loan -
Business Development

12. **MR. OSHAN KASTHURI ARACHCI**
AGM Gold Loan -
Business Development



SENIOR MANAGEMENT



13. **MR. KASUN FERNANDO**
Assistant General Manager - Eastern Region

14. **MR. BUDDHIKA NANAYAKKARA**
Assistant General Manager - Recoveries and Legal Operations

15. **MR. AKALANKA BATAPOLAARACHCHIGE**
Assistant General Manager - Collections

16. **MR. PRIYANTHA WIJESINGHE**
Chief Manager Leasing - Business Development.

17. **MR. PRAMOD HINIDUMA**
Chief Manager - Internal Audit

18. **MR. JOJI JOSEPH**
Chief Manager - Gold Loan Audit

19. **RATHEESH R. NAIR**
Chief Manager -
Gold Loan Operations

20. **MR. KOSALA WEERASEKARA**
Chief Manager Branding &
Business Promotions

21. **MR. RIENZIE ANDERSON**
Chief Manager -
Digital Transformation

22. **MR. MANOJ GAMAGE**
Chief Information Security Officer
(CISO)

23. **SUMINDA HETTIGE**
Regional Manager –
Uwa Region

24. **MR. RAVI PANAWALA**
Senior Manager -
Administration



SENIOR MANAGEMENT







25. **MR. SIVARAJAH LUXMAN**
Regional Manager - Northern - II

26. **MR. SANJEEV BALAN**
Senior Manager - Communications

27. **MR. NADEESHA SAPARAMADU**
Senior Manager - Micro Mortgage

28. **MR. AMALAS FERANDAO**
Regional Manager - Northern I

29. **MR. HISHAM MUHAMMATH NAZEER**
Senior Manager - Digital Products

30. **MR. PALITHA SURANGA FERNANDO**
Senior Manager - Forex and Money Transfer Product

31. **MR. RAVEEN S. PERERA**
Senior Regional Manager - Western and North Western Regions

32. **MS. SARANJA RATNASINGAM**
Head of Human Resource

33. **MRS. RADHIKA DILRUKSHI**
Head of Compliance

34. **MRS. TANIA JAYAWICKREMA**
Head of Policy Planning & Board Secretary

35. **MS. YUVENI DIAZ**
Head of CSR

36. **MS. RUWANI ANGAMMANA**
Company Secretary

37. **MRS. SHIRANTHI GUNAWARDENA**
Consultant - Legal















SENIOR MANAGEMENT

01. MR. RAJIV GUNAWARDENA

Executive Director / Chief Executive Officer

Mr. Rajiv Gunawardena has been serving as the Chief Executive Officer and Director of Asia Asset Finance PLC since his appointment to the Board in December 2009. In this dual role, he is entrusted with shaping the company's strategic direction, driving the realisation of its vision, and delivering sustained value through strong leadership and operational excellence.

Mr Gunawardena's academic credentials include a Bachelor of Science degree in Business and Information Systems from the United Kingdom and a Master of Professional Accounting from Monash University, Australia.

With over 16+ years of experience in the financial sector, He brings with him a wealth of experience. He was instrumental in Re-shaping Asia Asset Finance and have continued focus on the expansion and development of Asia Asset Finance, he has also served as a lecturer in Accounting at the Australian College of Business and Technology, contributing to the academic pursuits. Moreover, he serves as a Non-Executive Director of Evoke International Ltd, leveraging his broad expertise and strategic insight to drive continued impact within the corporate and financial sectors.

02. MR. ROSHAN DE SILVA GUNASEKERA

Executive Director / Chief Operating Officer

Mr. Gunasekera joined Asia Asset Finance PLC in April 2010. Mr. Gunasekera possesses more than 30 years of post-qualifying experience in the Finance Sector, having commenced his career as a Credit Officer at Commercial Leasing Company Limited in 1994. Mr. Gunasekera is a graduate from the University of Sri Jayewardenepura and holds an MBA from the University of Colombo. He has part qualifications from the Chartered Institute of Management Accountants (CIMA) UK. Mr. Gunasekera is a member of the Association for Overseas Technical Senior Management Scholarship (AOTS) - Japan and is a visiting lecturer in Financial Services Marketing at the University of Colombo - Sri Lanka. Mr. Gunasekera is currently reading for the Doctor of Business Administration at the University of Colombo.

03. MR. M. THIRUNEELAKANDAN

Executive Director / General Manager

He was part of the inaugural in setting up of AAF Plc in the years 2004 and joined the company. He is a Professional Banker with more than four decades of experience in Developing Banking including Project Financing, Credit Management, Foreign Exchange Management, Business and Financial Transformation and Diversification.

He has occupied various positions in the AAF including serving as General Manager. He has been involved within the Management in developing Branch networking throughout the Island.His ability to convince others with his persuasive consultancy skills and pleasing personality, led him to build up a massive high end corporate and individual clients.

He loves to build high performing teams which had lead to develop variety of programs at AAF for highly potential staffs. He believes in authentic leadership and is deeply passionate and committed to do so. He has performed extensive service to the company and being appointed as an Executive Director since November 2024.

04. MS. GEETHIKA ELWALAGE

Chief Finance Officer

Ms. Geethika Elwalage has varied exposure of over 16 years in the financial services sector. She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. She has additional experience of three years in the audit sector, having worked at BDO Partners. Further, she holds a master's degree in business administration from the University of Sri Jayewardenepura.

05. MR. JAYANTHA WEERAPULLIGE

General Manager - Operations

Mr. Jayantha Weerapullige joined Asia Asset Finance PLC in 2008. Currently he serves as the General Manager Operation having promoted in January 2025 from the position of DGM Product Operation, and he served as Senior Manager Lending for 3 years prior to being promoted as AGM and in 2022 he was promoted to DGM position. Mr. Jayantha Weerappulige holds a B. Com (Special) degree in Business Administration and an MBA from the University Colombo. He counts over 23 years of working experience in Marketing, Credit, Operations, Accounts of which 17 years were spent in the Finance sector and he also has the experience in the banking sector in his previous employment with Peoples Merchant Bank during the period from 2003 to 2008. He holds more than 15 years of experience in the top management of Asia Asset Finance PLC. He is responsible for overlooking branch network as well as overall operations of the branches which comprises Marketing, Credit, and Administrations & Recoveries.

He is further responsible for product & business development, strategic planning & implementation for the overall products of the company.

06. MR. INDITHA JAYATHILAKA

Deputy General Manager - Information Technology

Mr. Inditha Jayathilaka is the mastermind solution provider for all IT related tasks at Asia Asset Finance PLC. He has more than 12 years of experience in banking and finance solution development and implementation. He received his BSc in MIS from the University College of Dublin. Over the course of his career, he gained experience from various sectors, ultimately specialising in the financial sector by providing mission-critical software and infrastructure solutions. At present, he oversees the Information Technology department by providing IT related. infrastructure, software and security service.

07. MR. SAJITH ATAPATTU

Deputy General Manager - Risk Management

Mr. Sajith Atapattu joined Asia Asset Finance PLC in 2010 and currently holds the position of Deputy General Manager - Risk. Throughout this extensive period of 15 years, Mr. Atapattu has taken various roles and assumed increasing responsibilities, from Credit and Recovery to Operations, Administration and Risk, where he has amassed a wealth of experience in key areas of the organization. He has gained a comprehensive understanding of the interplay between different departments and the importance of aligning their efforts to achieve overarching organizational goals. Mr. Sajith Atapattu began his career at London Mutual Credit Union (UK), an organization dedicated to promoting f financial inclusion. During his tenure at LMCU, he has gained valuable insights into the intricacies of the financial sector and developed a deep understanding of the importance of providing accessible financial services to all individuals. He holds a bachelor's degree from the University of Keele - UK.

08. MR. PRAVEEN PEIRIS

Deputy General Manager - Treasury

Mr. Praveen Peiris joined Asia Asset Finance PLC in 2014 and has over 21 years of Financial and Treasury experience. He started his career at a Global Audit Firm in 2004 and joined the Non-Banking Financial Sector in 2008. Prior to joining Asia Asset Finance PLC, he worked as Manager - Treasury in a listed finance company. He has expertise in Treasury Management including Strategic Risk Management, Asset - Liability Management and Cash Management. He is Competent in Operational Management and has the capacity to handle financing of high-value projects. Mr. Peiris holds an MBA from the University of Wales, U.K and is a Finalist at the Chartered Institute of Management Accountants, U.K.

09. MR. SAMIRA WEVELDENIYA

Deputy General Manager - Fixed Deposit

Mr. Samira Weveldeniya joined AAF in June 2006 as the Negombo Branch Manager and was appointed to the post of Regional Manager - Fixed Deposit in 2009 followed by a subsequent appointment as the Senior Manager - Fixed Deposits in 2011. He was promoted as Assistant General Manager - Marketing in 2014. He has over 23 years of experience in Deposit Marketing in the Finance Sector and is currently working in the capacity of DGM-Fixed Deposits and contributes to the fund mobilization and branch development of the company. Prior to joining AAF, Mr. Weveldeniya worked at the Ceylinco Development Bank where he was awarded many times for his achievements in marketing. Mr. Weveldeniya holds an MBA from the Buckinghamshire New University in the UK and was conferred the Postgraduate professional status of Certified Professional Marketer- Asia (CPM - Asia) by The Asia Marketing Federation (AMF). He is also an Associate Member of The Certified Management Accountants - Australia (AMA-Australia). Apart from that he is also a Certified Member of Sri Lanka Institute of Marketing (SLIM).

10. MR. MAHESH KUMARA

Deputy General Manager - Credit & Recoveries

Mr. Mahesh Kumara received his BBA (Accounting) Degree from the University of Colombo in 2001 while working in industry from 1999. Subsequently, he gained experience in key finance sectors attached to several leading Finance companies as a member of the Senior Management. Mr. Kumara presently holds the position of Deputy General Manager - Credit & Recoveries with an industrial experience of over 26 years.

11. MR. SUREN SUBRAMANIAM

AGM Gold Loan - Business Development

Having joined Asia Asset Finance as an Executive in 2008, Mr.Suren Subramaniam has built a strong career within the company, gaining experience across Fixed Deposits, Loans, and Leasing. With over two decades in the financial industry, currently he serves as the Deputy General Manager for Gold Loans Operations, where he directs operations for all branches.

12. MR. OSHAN KASTHURI ARACHCI

AGM Gold Loan - Business Development

Mr. Oshan Kasthuri Arachci joined Asia Asset Finance Plc in 2014 as an Executive in the Gold Loan Division. He was promoted to Manager - Gold Loan in 2019 and currently holds the position of, AGM Gold Loan-Business Development overseeing 19 branches in the Central Province. He commenced his career in 2011 at LB Finance PLC and holds 15 years' experience in the finance sector.

SENIOR MANAGEMENT

13. MR. KASUN FERNANDO

Assistant General Manager - Eastern Region

Mr. Kasun Fernando brings over 25 years of experience in the finance sector. He began his career in 2000 as a Marketing Officer at Seylan Merchant Bank. In 2007, he joined Asia Asset Finance PLC as a Marketing Executive, marking the beginning of a distinguished career within the organization.

In 2010, Mr. Fernando was appointed as the Branch Manager of the Wennappuwa branch, a role he held for a decade. In recognition of his performance and expertise, he was promoted to Senior Manager - Fixed Deposits in 2020. He was subsequently appointed as Regional Manager - Eastern Province in 2022. Most recently, in January 2025, he assumed the role of Assistant General Manager – Eastern Province.

14. MR. BUDDHIKA NANAYAKKARA

Assistant General Manager - Recoveries and Legal Operations

Mr. Buddhika Nanayakkara joined Asia Asset Finance PLC in 2023 as the AGM of Recoveries and Legal Operations. He brings a wealth of experience to his role, holding a B. Sc in Business Studies in Financial Management from the Subaragamuwa University of Sri Lanka, as well as an MBA in Marketing from the University of Colombo. With over 20 years of experience in the financial sector, Mr. Nanayakkara is responsible for leading the recovery efforts at Asia Asset Finance and providing guidance and leadership for the company's legal operations.

15. MR. AKALANKA BATAPOLAARACHCHIGE

Assistant General Manager - Collections

Mr. Akalanka Batapolaarchchige is the Assistant General Manager (AGM) of Asia Asset Finance PLC, and he is responsible for the organization's Recovery Department. He joined AAF in September 2024 and has over 13 years of experience in the finance sector. He commenced his career at the Sri Lanka Police Department in 2009. And also he commenced his finance sector career in 2012. He holds a Diploma in Credit Management (DCM), Advanced Diploma in Credit Management (ADCM) and Advanced Professional Diploma in Credit Management (APDCM) from the SLICM. And also is a Master of Business Administration (MBA) of University of Staffordshire UK.

16. MR. PRIYANTHA WIJESINGHE

Chief Manager Leasing - Business Development.

Mr. Priyantha Wijesinghe joined AAF in October 2010 as a Branch Manager and was promoted as Senior Branch Manager in 2016. Currently Mr. Wijesinghe serves as a Regional Manager of the Company. He holds over 19 years' experience in the finance sector. He commenced his career in 1999 as a cashier at People's Bank before entering the University. Prior to joining Asia Asset Finance PLC Mr. Wijesinghe worked at Sampath Leasing & Factoring Ltd. At the time of leaving Sampath Leasing Limited Mr. Wijesinghe was the Assistant Branch Manager Kurunegala & Project Manager Micro Finance. He was instrumental in introducing Two Wheel Tractors to the product portfolio of Sampath Leasing and Factoring Ltd in 2007.
Mr. Wijesinghe also worked at SEEDS (GTE) Ltd as a Project Marketing Manager - EM Technology and Senior Training Officer of North Central Region till March 2005.
Mr. Wijesinghe holds a B.Sc. (Special) Degree in Agriculture (Specialized in Agricultural Extension). He also holds part qualification at The Chartered Institute of Marketing (CIM UK). He is currently reading for his MBA at the Wayamba University of Sri Lanka.

17. MR. PRAMOD HINIDUMA

Chief Manager - Internal Audit

Mr. Hiniduma, Chief Manager - Internal Audit, he joined AAF PLC in the year of 2019 and responsible for management of the Branch Operation Audit, Department Audit, Offsite Audit function & IS Audit in AAF. Mr. Hiniduma graduated from the University of Colombo and completed his Masters in the same University specialization in Finance. He is an Associate Member of Institute of Internal Auditor & SLIM Institute. Further, he is a Certified Business Accountant in CA Sri Lanka. Further he successfully completed the certificate course of Forensic Accounting in the year 2023. He has over 09 years of experience in the Finance Sector as an Internal Auditor and more than 03 years of experience as an External Auditor. He started his career as an Audit trainee at Ernst and Young.

18. MR. JOJI JOSEPH

Chief Manager - Gold Loan Audit

Mr. Joji Joseph joined Asia Asset Finance in 2019 and has over 16 years of experience in the audit sector. He served as the Regional Audit Manager for the Thanjavur region at Muthoot Finance from 2017 to 2019. Prior to this, he held the position of Mobile Audit In-Charge for the Chennai regions from 2011 to 2017. Mr. Joji Joseph holds a master's degree in commerce from Calicut University, Kerala, India.

19. RATHEESH R. NAIR

Chief Manager - Gold Loan Operations

Mr. Ratheesh Raveendran Nair joined Asia Asset Finance PLC in February 2024 as Chief Manager of Gold Loan Operations. He brings over 13 years of extensive experience in the gold loan sector, specializing in auditing, compliance, and business development.
He began his career as a teacher before transitioning to the financial sector in February 2011, when he joined Muthoot Finance Ltd as an Audit Executive. His exceptional performance led to his promotion to Regional Audit Manager at Muthoot Finance before being seconded to Asia Asset Finance in 2024.

Mr. Ratheesh holds a Bachelor's degree in Commerce from Kerala University, which he completed in 2010. His educational background combined with his extensive industry experience makes him a valuable asset to the AAF team.

20. MR. KOSALA WEERASEKARA

Chief Manager Branding & Business Promotions

Mr. Kosala Weerasekara joined Asia Asset Finance PLC in April 2024, bringing over 20 years of expertise in strategic branding, marketing communications, and financial services. He holds a Master's in Marketing from London Metropolitan University (UK) and a Bachelor's in Banking & Accounting, with professional experience in both Sri Lanka and the UK.

Before AAF, he held senior marketing roles at LB Finance PLC and Merchant Bank of Sri Lanka (MBSL), and worked internationally across consumer and financial sectors.

At AAF, Mr. Kosala leads the Branding, Communication & Business Promotions Division, driving marketing strategy, corporate campaigns, digital presence, and brand collaborations. Under his leadership, the company has launched impactful campaigns, strengthened internal branding, and aligned communications with long-term business goals.

21. MR. RIENZIE ANDERSON

Chief Manager / Digital Transformation Officer -Digital Transformation

Mr. Rienzie Anderson is an accomplished digital transformation leader with over 18 years of experience in driving innovation, operational excellence, and strategic change within the financial services sector. At Asia Asset Finance PLC, he spearheads the organization's digital transformation agenda, integrating Lean Six Sigma methodologies with modern technologies to deliver impactful, enterprise-wide improvements.

His previous leadership roles at Nations Trust Bank, HSBC Global Service Delivery, Tanfeeth LLC, and the Australian College of Business and Technology (ACBT) have enabled him to lead award-winning transformation initiatives recognized both locally and internationally. His notable achievements include:

- Gold Winner at the National Business Excellence Awards 2024 – Education Sector
- Best Financial Company Digital Transformation – Sri Lanka 2024 (Global Banking & Finance Review – UK)
- National Business Excellence Awards – Merit (2022)
- National Best Quality ICT Award 2016
- HSBC 100 Club Semi-Finalist

Mr.Rienzie holds a master's and bachelor's degree in management from University College Dublin. He is also a Certified Lean Six Sigma Black Belt (SSMI – USA) and an IBM

Design Thinking Practitioner and a member of American Society of Quality (ASQ USA), Associate member of Lean & Six Sigma World Organization.

A strong advocate for people-driven transformation, Mr.Rienzie promotes a culture of innovation and digital readiness throughout the organization. His leadership continues to play a pivotal role in delivering simple, seamless, and value-driven digital solutions for the customers, employees, and stakeholders of Asia Asset Finance PLC.

22. MR. MANOJ GAMAGE

Chief Information Security Officer (CISO)

Mr. Manoj Gamage is the Chief Information Security Officer (CISO) of Asia Asset Finance PLC, and he is responsible for the overall security of the organization's information systems. He joined AAF in January 2015 and has over 10 years of Information and Technology experience. He commenced his career at a Software Company in 2013 as an IT Support Executive. He holds a Master of Business Administration (MBA) degree from the Malaysia University and is a Professional Member (MBCS) of the British Computer Society UK and a Passed Finalist of The Chartered Institute of IT UK. He is also a member of the Information Systems Audit and Control Association (ISACA).

23. SUMINDA HETTIGE

Regional Manager – Uva Region

Mr. Suminda Hettige graduated from the University of Sri Jayewardenepura in 2006 with a Bachelor of Science (Specialized in State Management and Valuation). He is currently reading for his MBA at the University of Ruhuna, Sri Lanka. Mr. Hettige joined AAF in January 2011 as a branch manager, and he was promoted as Regional Manager-North westerrn in 2015 and as a Regional Manager in 2021. Currently, Mr. Hettige serves as a Regional Manager – Uwa Region of the company. He commenced his career in 2006 at Sampath Leasing and Factoring (currently known as Siyapatha Finance PLC). He was also with Orient Finance in 2008 as a Branch Manager. He holds over 15 years' experience in the Finance Sector.

SENIOR MANAGEMENT

24. MR. RAVI PANAWALA

Senior Manager - Administration

Mr. Ravi Panawala joined Asia Asset Finance in 2007 and his career spans over 18 years of experience in the fields of Administration and procurement. His experience in the company enables him to provide the best of the administration operation to the organization.

25. MR. SIVARAJAH LUXMAN

Regional Manager - Northern - II

Mr. Sivarajah Luxman joined Asia Asset Finance PLC in August 2010 as a marketing officer at the Jaffna branch and was appointed as a Branch in Charge for Kilinochchi in 2012. He progressively rose up the career ladder up to Senior Manager Branch Supervision. He has over 11 years of experience at Asia Asset finance PLC. He also received a BSc degree at the University of Jaffna.

26. MR. SANJEEV BALAN

Senior Manager - Communications

Mr. Sanjeev Balan joined Asia Asset Finance PLC in 2014, initially serving as a Senior Executive. Over the years, he has held various roles within the organization, focusing on evaluating and facilitating business loans, corporate loans, and leasing products. With more than 19 years of experience in the financial sector, Mr. Balan currently serves as the Senior Manager of Communications. In this capacity, he oversees both internal and external communications, including all aspects of branding for the organization. Additionally, he manages the customer complaints unit, ensuring timely resolution and provision of necessary solutions and information.

27. MR. NADEESHA SAPARAMADU

Senior Manager - Micro Mortgage

Mr. Nadeesha Saparamadu joined Asia Asset Finance PLC as Head of Micro Mortgage in the year 2024 and is responsible for driving the Mortgage loan portfolio, Marketing, planning and future developments. He is a professional banker, started his banking and finance career at Seylan Bank PLC and later moved to Nations Trust Bank PLC. In year 2015, he has stepped out from commercial banking sector to finance sector and joined Merchant Bank of Sri Lanka and Finance PLC. He counts over 17 years' experience in Lending, Mortgage loans, Leasing, Credits, Recoveries, branch operations and factoring.

He is holding master's in financial economics from University of Colombo and BSc in Management from University College Dublin and also Advance Diploma in Business Management from NIBM.

28. MR. AMALAS FERANDAO

Regional Manager - Northern I

Mr. Fernando joined Asia Asset Finance PLC in February 2024 with 18 years of experience both in corporate and government sectors. He was previously attached to Commercial Leasing Company and possesses a Higher National Diploma (HNDA) from the Advanced Technological Institute, which is generally regarded as on par with a Bachelor of Commerce Degree.

29. MR. HISHAM MUHAMMATH NAZEER

Senior Manager - Digital Products

Hisham Muhammath Nazeer is a results-oriented professional with over a decade of diverse experience across telecommunications, electronics engineering, IT, digital financial services, and defence technology. He currently serves as Senior Manager – Digital Products at Asia Asset Finance PLC.

Hisham brings a unique blend of technical expertise and leadership, following a distinguished tenure as a Commissioned Officer in the Sri Lanka Air Force, where he was instrumental in deploying and maintaining advanced radar, telecommunication, electronics, and computing systems. His extensive career also includes technical and operational roles at Vodafone Australia, Mobitel, and Sri Lanka Telecom, providing him with both international and local experience in cutting-edge technology integration and service delivery excellence.

Academically, Hisham holds a BEng (Hons) in Digital Communication and Electronics Engineering from the University of Hertfordshire (UK), an MBA from Rajarata University of Sri Lanka, and is currently pursuing an MSc in Digital Transformation at London Metropolitan University. He is a certified member of IET (UK) and Engineers Australia, with additional credentials in FinTech, embedded systems, IoT and occupational safety.

30. MR. PALITHA SURANGA FERNANDO

Senior Manager - Forex and Money Transfer Product

Mr. Suranga Fernando serves as the Senior Manager - Forex and Money Transfer Product at Asia Asset Finance PLC, where he is responsible for the strategic development and management of the company's Foreign Currency Exchange and Money Transfer services. He joined AAF in November 2024. Bringing over 23 years of extensive experience in the Foreign Remittances and Forex industry, he has built a solid career marked by operational excellence and leadership in international financial services. Prior to joining AAF, he served as the Branch Operations Manager at Double-click Exchange in Seychelles from July 2023 to November 2024. Before that, he spent two decades at UAE Exchange Center Liaison

Office in Colombo, Sri Lanka, where he held the position of Senior Associate and played a pivotal role in remittance operations and customer service. Mr. Suranga Fernando's deep expertise and industry knowledge continue to strengthen AAF's position in the competitive financial services landscape.

31. MR. RAVEEN S. PERERA

Senior Regional Manager - Western and North Western Regions

With over 16 years of experience in the banking industry, Mr. Perera has served in various management roles across leading local banks in Sri Lanka. He is an Associate Member of the Institute of Bankers of Sri Lanka (AIB), bringing deep expertise in financial services and regional leadership.

Mr. Perera joined AAF in 2024 and currently heads the operations of the Western and North Western Regions, playing a key role in driving business performance and operational excellence.

He holds a Master's Degree in Business Administration (UK), along with a Diploma in Treasury and Risk Management (IBSL) and a Diploma in Banking and Finance (IBSL).

32. MS. SARANJA RATNASINGAM

Head of Human Resource

Ms. Saranja Ratnasingam (Head of Human Resource) joined Asia Asset Finance PLC in 2021 as Executive HR and subsequently promoted as the Manager HR. She holds a bachelor's degree in business management from the Uva Wellassa University and obtained Chartered Qualification in Human Resource Management from the Chartered Institute of Personnel Management.

33. MRS. RADHIKA DILRUKSHI

Head of Compliance

Mrs. Radhika Dilrukshi joined Asia Asset Finance PLC in 2023 and was enrolled as an Attorney -at - Law in 2020. She holds an LLB degree from the University of Colombo and an LLM degree from the University of West of England. Prior to joining the Company, she was a practicing Lawyer. She is a member of the Bar Association of Sri Lanka and the Compliance Forum of the Finance House Association.

34. MRS. TANIA JAYAWICKREMA

Head of Policy Planning & Board Secretary

Mrs. Tania Jayawickrema joined Asia Asset Finance in the year 2017. With a career spanning over three and half years of experience in the fields of Human Resources, she currently has experience in recovery, human resources, compliance, and policy planning. Currently, she is serving as the Head of Policy Planning and Board Secretary. In this role, she is responsible for developing and implementing strategic policies that align with our organizational goals and Secretary role in the Board, in addition to serving as the President of the Welfare Committee.

35. MS. YUVENI DIAZ

Head of CSR

Ms. Yuveni joined Asia Asset Finance in 2015 as the Personal Assistant to the Chief Executive Officer. Over time, she advanced to take on the role of Head of Corporate Social Responsibility (CSR) while continuing to oversee all operations within the CEO's Office. In her current role, Yuveni develops and implements comprehensive CSR strategies that align with the company's business objectives, ensuring initiatives are both sustainable and impactful. A strong advocate for ethical business practices, she is committed to initiatives that positively influence society and the environment. Yuveni envisions a future where businesses take an active role in driving sustainable development and creating a better world for future generations.

36. MS. RUWANI ANGAMMANA

Company Secretary

Ms. Ruwani Angammana was appointed as the Company Secretary of Asia Asset Finance PLC on 27th December 2024, with the approval of the Central Bank of Sri Lanka. She brings with her over five years of diverse experience across various service sectors. She is an Associate Member of the Institute of Chartered Corporate Secretaries of Sri Lanka. Additionally, she possesses nine years of experience in the company secretarial field, having primarily worked at SSP Corporate Services (Private) Limited, along with periods at DPR Corporate Services (Pvt) Ltd and Capital Management Services (Pvt) Ltd

37. MRS. SHIRANTHI GUNAWARDENA

Consultant - Legal

Mrs. Shiranthi Gunawardena was enrolled as an Attorney-at-Law in 1975 and she has been recognized as a senior instructing attorney by the President of Sri Lanka in the year 2024. She served as a Law Officer at the People's Bank up to the year 1986 and thereafter joined Mercantile Credit Limited as the Deputy General Manager - Legal. In the year 1992, a partnership was formed under the name Gunawardena and Ranasinghe Associates, wherein she is the senior partner and presently she is practicing under the name and style of Shiranthi Gunawardena Associates. Mrs. Shiranthi Gunawardena is also the Legal Consultant to the Finance House Association where all registered Finance Companies are members.
Mrs. Shiranthi Gunawardena currently serves as the president of Sri Lanka Women Lawyers Association. Mrs. Shiranthi Gunawardena is an honorary member of the executive committee of the Bar Association of Sri Lanka and is the Chairperson of the notarial committee of the Bar Association of Sri Lanka.

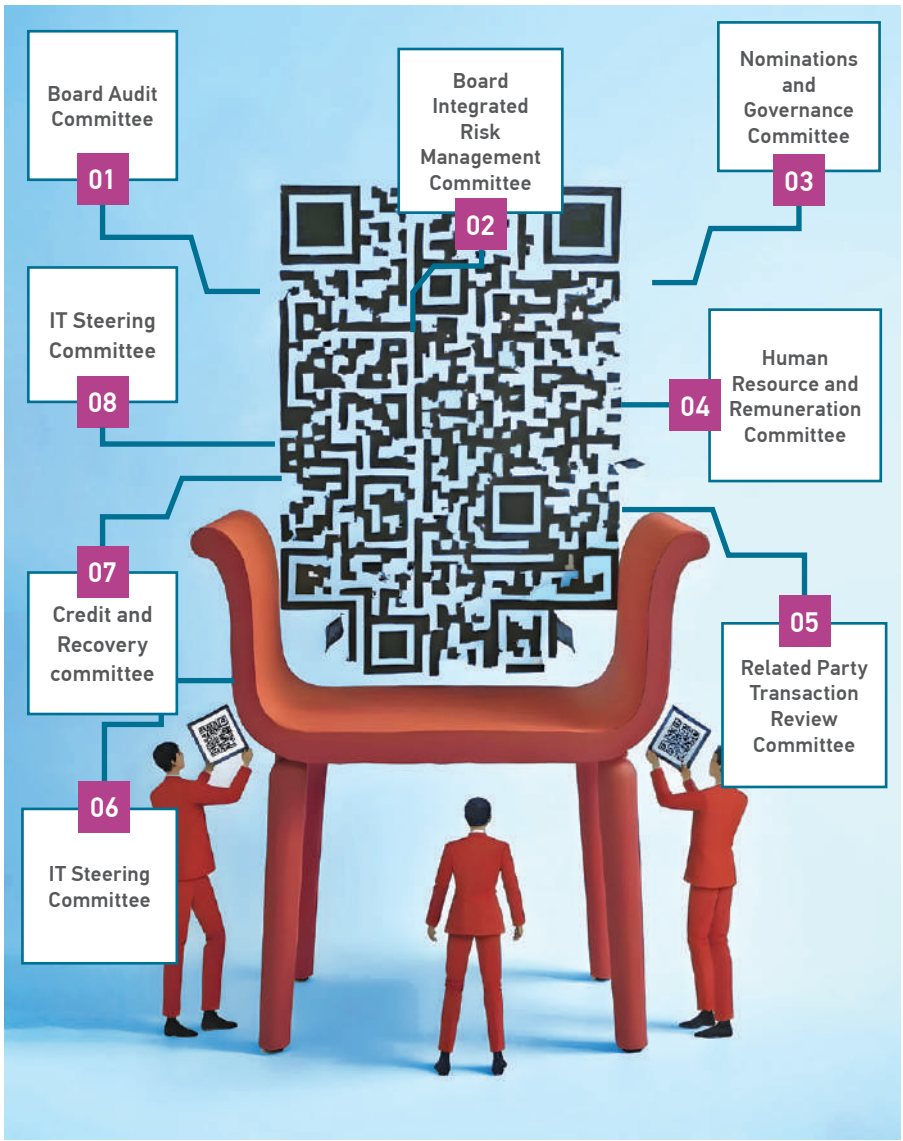
CORPORATE GOVERNANCE

At Asia Asset Finance PLC, corporate governance serves as the foundation of rules, practices, and processes that guide the company toward sustainable growth and long-term value creation. The Board of Directors, entrusted with primary governance responsibilities, along with the management, prioritises embedding strong systems and processes within the Corporate Governance Framework. This ensures that all company transactions are conducted with integrity and transparency, reinforcing accountability and delivering value to stakeholders while driving sustainable business growth.

GOVERNANCE TO CREATE VALUE

Our overall value creation process is a reflection of how we approach governance in our business to achieve sustained value, earn and maintain trust with our stakeholders. To this end, we treat governance as a business enabler and the Board, therefore, is committed to upholding the high standards of governance, driving accountability, transparency and integrity while balancing authority and decision-making abilities. Through continuous review and monitoring of our practices and processes, we are committed to acting in the best interest of our stakeholders.

GOVERNANCE STRUCTURE AND FRAMEWORKS GRI 2-9



THE BOARD OF DIRECTORS

GRI 2-12 GRI 2-13

The Board is comprised of Executive, Non-Executive, and Independent Directors, that provides a mix of good governance to the Company and upholds shareholder value. This also ensures impartiality and objectivity where different viewpoints converge to arrive at the best result for the Company through transparent and unbiased decision making. Holding overall responsibility for the management and oversight of the Company, the Board enables effective leadership that drives the Company's success and positions it to achieve its strategic goals.

The Board of Directors, along with the Senior Management, develops, approves and updates the organisational strategies and goals relating to sustainable development. They also oversee the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people.

While the BOD holds ultimate accountability, it delegates the day-to-day responsibility for managing these impacts to senior management and specialised committees. This delegation involves setting clear expectations, approving relevant policies, and ensuring appropriate governance structures are in place.

Senior management is responsible for developing and implementing strategies that align with the company's sustainability and social responsibility goals. This includes managing environmental risks, promoting ethical labour practices, ensuring regulatory compliance, and supporting economic development. Management also provides regular updates and performance reports to the BOD, enabling informed oversight and decision-making.

Board Composition



3	3	4
Executive Directors	Non-Independent Non-Executive Directors	Independent Directors

4 Members of the Board are Independent.

The Board is a confluence of knowledge, skill, exertise and experience to offer balanced and unbiased opinions towards making sound decisions. The Directors receive comprehensive training and updates, and newly appointed Directors are subject to a training in all operaitons of the Company.

01 Board Audit Committee
ID 4 | NINED 1

02 Board Integrated Risk Management Committee
ID 3 | NINED 1

03 Related Party Transactions Review Committee (RPTRC)
ID 2 | NINED 1

04 HR & Remuneration Committee
ID 3 | NINED 1



05 IT Steering Committee
ID 3 | Permanent member 1

06 Credit and Recovery Committee
ID 2 | NINED 1

07 Nominations and Governance Committee
ID 2 | NINED 2

KEY:
ID - Independent Directors
NINED - Non-Independent Non-Executive Director

THE BOARD NOMINATION AND SELECTION

GRI 2-10

The nomination and selection of the Board of Directors (BOD) and its committees is a thoughtful and inclusive process designed to bring together individuals who can best serve the mission, values, and future of the organisation.

It usually begins with a careful review of what the Board needs, skills, experiences, and diverse perspectives that reflect the communities and stakeholders the organisation serves. The Nominations and Governance Committee, often made up of current Board members, leads this process with fairness and transparency.

Potential candidates may come from within the organisation's network or through public calls for nominations. Every individual considered is evaluated not just for their professional qualifications, but also for their ability to collaborate, lead with integrity, and commit to the organisation's goals.

Those who are shortlisted are invited for interviews and background checks. The Nominations and Governance Committee then recommends individuals to the full Board, which reviews and approves the nominations. The final approval is obtained from the Central Bank of Sri Lanka.

For Board committees, such as those focused on audit, risk, or remuneration, members are chosen from the existing Board. Committee roles are assigned based on each member's strengths and areas of expertise, ensuring the right people are in the right roles to offer guidance and accountability.

Overall, the goal is to build a Board and committees that are capable, diverse, and deeply committed to the organisation's purpose and the people it serves.

THE BOARD EVALUATIONS

GRI 2-18

A self-appraisal process takes place to evaluate the performance of the Board and its sub-commitments. This is carried out by the Chairman and the Board and CEO's performance is evaluated in line with the level of achievement with the corporate plans and strategies, both in financial and operational aspects in comparison with the set targets.

THE BOARD SKILLS AND EXPERIENCE

GRI 2-17

In line with our commitment to enhancing the collective knowledge, skills, and experience of the Board of Directors (BOD) on sustainable development, several key initiatives were undertaken during the year. These initiatives were designed to equip the BOD with up-to-date insights and competencies necessary for guiding the organisation towards long-term sustainability goals. These include specialised IT-related training sessions focused on digital sustainability and cybersecurity as well as targeted training programs conducted by Centre for Banking Studies (CBS) covering a wide range of topics, including sustainable finance, regulatory frameworks, and environmental, social, and governance (ESG) considerations.

Furthermore, Board members actively participated in the Governance Symposium held during the year. This symposium served as a platform for dialogue and knowledge sharing among leaders and experts in corporate governance and sustainable development. The sessions helped strengthen the Board's strategic understanding of governance principles in the context of sustainability.

THE BOARD REMUNERATION

GRI 2-19

The company follows a Board-approved remuneration policy that governs the compensation of the Board of Directors (BOD) and senior management. All remuneration packages are subject to the prior approval of the Human Resource and Remuneration Committee to ensure alignment with the company's strategic goals, performance, and regulatory requirements. The policy aims to attract, retain, and motivate qualified individuals while promoting sound risk management practices and long-term value creation.

In adherence to the guidelines issued by the Central Bank of Sri Lanka (CBSL) on remuneration policies and disclosure, the company ensures full compliance with applicable regulatory standards. The remuneration structure is designed to be transparent, fair, and performance-based, reflecting both individual and organizational performance. It comprises a balanced mix of fixed and variable components, with incentives tied to pre-defined performance indicators and risk-adjusted returns.

Periodic reviews are conducted to ensure continued relevance and competitiveness of the remuneration framework in line with industry best practices and evolving regulatory expectations. Through these measures, the company maintains a robust governance framework, ensuring that all compensation practices are ethical, accountable, and aligned with stakeholder interests.

PROCESS TO DETERMINE REMUNERATION

GRI 2-20

The process for designing the company's remuneration policies begins with a thorough assessment of industry best practices, regulatory requirements, and the company's strategic objectives. The Board, with support from the Human Resources and Remuneration Committee, leads the development of a framework that balances competitiveness, fairness, and alignment with long-term value creation.

To determine remuneration, the Human Resource and Remuneration Committee conducts detailed evaluations considering individual roles, responsibilities, and performance metrics. This includes benchmarking against peer companies and market standards to ensure the company remains competitive in attracting and retaining talent. The committee also integrates risk management principles to align incentives with sustainable business performance.

Proposed remuneration packages are reviewed and approved by the HR & Remuneration Committee before submission to the Board for final endorsement. This multi-level approval process ensures transparency, accountability, and compliance with relevant regulatory guidelines, including those set by the Central Bank of Sri Lanka. The policies and remuneration decisions are periodically reviewed and updated to reflect changing market conditions and organisational goals.

ACCOUNTABILITY AND STEWARDSHIP

The Board is aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner, and a statement to this effect is given in the Statement of Directors' Responsibility on page 189. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements, which are prepared and presented in conformity with Sri Lanka Accounting Standards.

In line with the requirements, the Annual Report presents a fair and balanced review of the Company's financial position, performance, and prospects. The Board of Directors reviews and approves the Annual Report, and third-party assurance has been obtained where relevant, to enhance credibility.

Meeting attendance: The Board meets monthly and special meetings are convened on a need basis. Meeting agendas and Board papers are circulated to all Board members well in advance of each meeting to ensure adequate time is dedicated for preparation. The required information for the Board Sub-Committees is provided by the Management as per the frequency in which meetings are held. The Board/ Committee members call for additional information in case the Directors find that the information provided to them is inadequate or not clear. Further, the members of Corporate Management are invited to the meeting whenever the Board/Committee members need further information or clarifications on Board papers presented to the Board.

Meeting minutes: All proceedings of the meetings, including Directors' concerns regarding matters which are not resolved unanimously, are recorded in the Board minutes and Board minutes are circulated to Members.

Resolutions: The Articles of Association of the Company provides directions as to how Directors can call for a resolution to be presented to the Board.

THE ROLE OF THE BOARD IN SUSTAINABILITY REPORTING

GRI 2-14

The BOD is responsible for reviewing and approving the reported information, including the organisation's material topics.

OTHER AREAS OF OVERSIGHT

Fair Remuneration

The Company's HR framework is designed to attract and retain best talent to drive the business in accordance with strategic vision and positioning the Company as a market leader. Remuneration is defined for each category, based on the level of productivity expected, targets achieved and with a view to retaining top talent to transition to leadership roles. The Board considers skills and expertise, professional qualifications and business acumen, in benchmarking the remuneration package to each position or each segment of employees.

Human Resources and Remuneration Committee is responsible for suggesting and approving the Directors' remuneration. The Committee sets the principles, parameters and governance framework of the Company's remuneration policy and recommends the terms and conditions of employment of the Chairman of the Board, Executive Directors, and the Senior Management.

Directors' remuneration and other benefits of directors are stated in the note 09 on page 241 of the Financial Statements.

Values and Culture

Based on a strong framework of policies, the Board sets the tone for a value based corporate culture that permeates through the Company to all levels ensuring an ethical work place and a non-discriminatory work environment, that supports personal development and career growth.

The Company's Code of Conduct and Business Ethics are applicable to all employees, the Senior Management and the Board of Directors. The Code sets out the expected conduct of employees when interacting with stakeholders and includes considerations on labour and human rights as well as social and environmental sustainability. The Directors are expected to promote a culture of ethical behaviour and compliance and any issues related to the breach of this Code by any Director will be investigated by the Board.

There were no incidents of breaches of the Code of Business Conduct and Ethics by any member of the Company. Transparency is encouraged in all public disclosures, as well as in the way business and communication take place with all stakeholders.

The Company has also implemented a formal whistle-blowing procedure and encourages any employee who suspects misconduct at work, whether by management, peers or any other employee, to raise their concerns.

CONFLICT OF INTEREST

GRI 2-15

The Company maintains a clear and comprehensive Conflict of Interest Policy to ensure the integrity, transparency, and accountability of all decision-making processes. This policy applies to all employees, executives, and members of the Board of Directors (BOD), and is designed to identify, prevent, and address any situation where personal interests could improperly influence the performance of professional duties.

Furthermore, to ensure conflicts of interest are prevented and mitigated, the BOD follows a structured process. All board members are required to disclose any potential or actual conflicts of interest upon appointment and on an annual basis. In addition, they must immediately report any new conflicts that may arise during their tenure. These disclosures are reviewed by the Nominations and Governance Committee or the Related Party Transaction Review Committee.

If a conflict is identified, the affected individual may be asked to recuse themselves from related discussions or decisions. The BOD evaluates each case to determine appropriate actions, ensuring decisions remain unbiased and in the best interest of the company.

By upholding this policy, the company reinforces ethical governance practices and maintains the trust of shareholders, employees, and the wider community.

COMMUNICATION OF CRITICAL CONCERNS

GRI 2-16

The Company communicates critical concerns to the Board of Directors (BOD) in accordance with a Board-approved escalation policy. This policy provides a clear framework for identifying and escalating significant issues related to compliance, risk, operations, or reputation. The company strictly adheres to this policy to ensure that all critical matters are promptly brought to the attention of the BOD. Designated officials within the organization are responsible for initiating the escalation process and ensuring timely reporting through defined channels. This structured approach enables the BOD to make informed decisions and take necessary actions to address potential risks. The escalation policy is reviewed periodically to ensure its continued effectiveness and alignment with regulatory and organizational requirements.

SHAREHOLDER RELATIONS

The Annual Report and the Annual General Meeting are the primary form of communication between the Company and the shareholders, who are given adequate notice of the Annual General Meeting (AGM), to raise any concerns or issues relating to the business of the Company either verbally or in writing.

Annual General Meeting: The AGM provides shareholders with the opportunity to contribute their views and engage with the Board of Directors, including the Chairpersons of certain Sub-Committees and members of the Senior Management.

The Company Secretary maintains a record of all correspondence received and delivers as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.

Financial and other notices: The Company provides shareholders with timely information on performance and any other material developments. Numerous platforms are in place to disseminate information amongst shareholders, including publications on the CSE, press releases, emails, and the corporate webpage.

DIRECTORS' INTEREST REGISTER

In terms of the Companies Act No.07 of 2007, an Interest Register is maintained during the accounting period under review. This Annual Report also contains particulars of entries made in the Interest Register.

Designation	Name	Board Meetings	Audit Committee	IT Committee	Nomination & Governance Committee	Integrated Risk Management Committee	Human Resource &Remuneration Committee	RPTRC	Credit & Recovery Committee
Board Member	Mr. V. A. Prasanth	12 of 12	12 of 12	4 of 4	2 of 2	12 of 12	6 of 6		15 of 15
Board Member	Mr. R. J. A. Gunawardena	12 of 12		2 of 2		6 of 6	3 of 3		9 of 9
Board Member	Mr. R. A. B Basnayake	12 of 12	12 of 12	4 of 4	4 of 4		6 of 6	4 of 4	
Board Member	Mr. J. P. D. R. Jayasekara	12 of 12	12 of 12	4 of 4	4 of 4	12 of 12	6 of 6	4 of 4	15 of 15
Board Member	Mr. K. R. Bijimon	12 of 12			3 of 4	11 of 12		3 of 4	14 of 15
Board Member	Mr. K. G. K. Pillai	12 of 12	10 of 12						
Board Member	Mr. G. Alexander	10 of 12			4 of 4		6 of 6		
Board Member	Mr. Roshan D. S. Gunasekara	12 of 12				6 of 6			9 of 9
Board Member	Mr. T.C.D.Kumarasiri	12 of 12	12 of 12			12 of 12			
Board Member	Mr. M.Thiruneelakandan	4 of 4							

CORPORATE GOVERNANCE

The Company's Corporate Governance model has been built and enhanced based on the following requirements and guidelines.

- Compliance with the Finance Business Act Direction (Corporate Governance) No 05 of 2021 issued by the Central Bank of Sri Lanka.
- The Companies Act No. 7 of 2007
- The Listing Rules of the Colombo Stock Exchange (CSE)
- Compliance with the Code of Best Practice on Corporate Governance 2023 (The Code) issued by The Institute of Chartered Accountants of Sri Lanka

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Directors				
The Board should direct, lead, and control the Company	A.1	7.10.3 (a) & (c)	Complied	The Board of Directors currently comprises ten Members, including the Chairman. The day-to-day monitoring of operations of the Company has been delegated to the CEO and the Executive Committee, governed by policies, procedures, and the authority of the Board of Directors. They bring a wide range of Business, Financial, Legal, Technology, and Entrepreneurial knowledge, skills, and experiences.
Board Meetings				
Frequency of Board meetings	A.1.1	N/A	Complied	Board meetings are held once a month, twelve (12) times during a year, to review financial performance and consider other matters such as strategic and operational plans, and to review and evaluate the performance of the Company. The attendance of each member of the Board is provided on page 139 of this Annual Report.
Board Responsibilities				
Ensuring the formulation and implementation of a sound business strategy	A.1.2	N/A	Complied	The Board collectively work for the formulation, implementation and monitoring of business strategies. In order to do so, the Board appoints sub-committees to assist the Board in fulfilling its stewardship function by reviewing systems of internal control, internal and external audit, risk management, credit management and financial reporting to shareholders.
Competence of the CEO and Senior Management in implementing Business Strategies	A.1.2	N/A	Complied	The CEO provides the leadership for the management of the Company in accordance with the mandate defined by the Board, and he is accountable for the achievement of the financial and non-financial objectives as stipulated in the Company plan.
				The Senior Management / Management Committee consist of competent members who have skills, knowledge and experience and qualifications to carry out their respective functions effectively.
				The profiles of the Senior Management and the Management Committee are presented on pages 108 to 113 of this Annual Report.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Effective succession planning for the CEO and Senior Management	A.1.2	N/A	Complied	Continuous training programmes are put in place to ensure that the Senior Management is up to the required standard in filling a Vacant position.
Effective systems to secure the Integrity of Information, Internal Controls and Risk Management	A.1.2	N/A	Complied	To secure the integrity of information, internal controls, risk management policies and effective systems have been implemented by the Company. The effectiveness of such systems is continuously monitored by the management, internal and external auditors.
Independent Non-Executive Directors	N/A	7.10.2(b)	Complied	Each Non–Executive Director submits a signed and dated declaration annually of their independence or non-independence against specified criteria as set out in Appendix 7A of Colombo Stock Exchange listing rule Section 7.10.2(b).
Provision of relevant, quality and timely information	A.1.2	N/A	Complied	Board papers, agenda and previous Board minutes to be tabled at least three days prior to the Board meeting.
Compliance with Laws, Regulations, and Ethical Standards	A.1.2	N/A	Complied	The Company has been taking steps to follow ethical standards in carrying out operations. The Company has taken relevant measures to comply with the laws and regulations applicable to ethical business practices wherever possible.
Consideration of all stakeholders' interests in corporate decisions	A.1.2	N/A	Complied	The Chairman ensures effective communication with the shareholders and that their interests are taken into consideration in making decisions. The Board always makes an effort to minimise negative aspects towards any stakeholder in the corporate decision-making process.
Adoption of appropriate accounting policies and fostering compliance with financial regulations	A.1.2	N/A	Complied	The Company's Accounting Policies are reviewed annually and updated accordingly to reflect the true and fair financial position of the Company. Financial statements of the Company are prepared and presented in compliance with the Sri Lanka Accounting Standards (SLAS) and also comply with the requirements of the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011, and the directions issued thereunder. The Independent Auditor's Report is given on page 215 of this Report.
Independent professional advice	A.1.3	N/A	Complied	The Board members are permitted to obtain independent professional advice from third parties as deemed necessary, which includes the Company's external lawyers and auditors at the expense of the Company.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Company Secretary	A.1.4	N/A	Adopted	The Company Secretary possesses the required qualifications and expertise, and advises the Board on matters concerning the Companies Act and other relevant rules, regulations and regulatory guidelines. All governance activities are coordinated on behalf of the Board by the Company Secretary, who is accountable to the Board. A new Company Secretary has been appointed in compliance with the Corporate Governance Direction of CBSL. The appointment was confirmed by the CBSL on 24th December 2024
Independent Judgement	A.1.5	N/A	Complied	Each Director has independent judgment on issues of strategy, performance, resources and standards of business conduct. Non–Executive Directors have the necessary skills and experience to bring an objective judgement to bear on issues of strategy, performance and resources.
Dedication of adequate time and effort to matters of the Board and the Company	A.1.6	N/A	Complied	The Board Members dedicate adequate time to the affairs of the Company by attending Board Meetings, Board sub-committee meetings and by making decisions via circular resolutions. The number of meetings attended by each Director is presented on page 139 of this Annual Report.
Training for Directors	A.1.8	N/A	Complied	All Directors have the chance to receive training, including specialised sessions on the financial services industry. This training can be accessed through Board presentations and programs organised by CBSL, among other opportunities.
Division of responsibilities between the Chairman and CEO	A. 2	N/A	Complied	The roles of Chairman and Chief Executive Officer are separated, and are not performed by the same person.
Chairman's Role	A.3 & A.3.1	N/A	Complied	The Chairman is responsible for the leadership of the Board, managing Board meetings and the business undertaken threat. The Chairman, together with the Company Secretary, is responsible for ensuring all relevant issues are on the Board Agenda and Directors receive all appropriate information and documentation in a timely manner, thus facilitating the Directors to contribute to the deliberations.
Financial Acumen				
Availability of sufficient financial acumen and knowledge	A.4	N/A	Compliant	The AAF Director Board is equipped with qualified Directors in the field of Finance and Accountancy and possesses the necessary financial wisdom. AAF is fortunate to have highly qualified Directors to advise the Board on financial matters.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
				The Chief Financial Officer possesses vast experience in financial management, together with the necessary qualifications in finance, being an Associate Member of The Institute of Chartered Accountants of Sri Lanka, graduated and holds a Master's degree in Finance
				The Directors and Chief Financial Officer hold the required qualifications and experience in the financial service sector as set out in their profiles given on pages 94 to 101 and 108 of this Annual Report and provide the Company with the necessary financial guidance in conducting its business.
Board Balance				
Composition of the Board	A.5 & A.5.1	7.10.1	Compliant	The Board of Directors of the Company comprises seven Non-Executive Directors and three Executive Directors.
Independent Directors	A.5.2	7.10.2 & 7.10.3.(c)	Compliant	There are four Independent Non-Executive Directors, and they are free of any business or other relationship with the Company.
Criteria for evaluating Independence of Non-Executive Directors	A.5.3	7.10.2	Compliant	Independent Non-Executive Directors remained distant from management and free from any other business relationships that could impair independence in decision making. The Independent Non-Executive Directors comply with the independence criteria stipulated by the CBSL, SEC and ICASL guidelines during Financial year 2024/25.
Signed the independence declaration by the Non-Executive Directors	A.5.4	N/A	Compliant	Each Non-Executive Director is responsible for submitting an assigned and dated declaration on an annual basis of his/her independence/ non-independence. At present, Four Directors of the Company are Independent, and the other six Directors are Non-Independent.
Determination of the independence of Non–Executive Directors	A.5.5	N/A	Compliant	Based on the written submissions made by the following Non-Executive Directors, and taking into account the criteria specified in Section 3.7 of the Corporate Governance Direction issued by CBSL, the Board deems them as "Independent".
Requirement to appoint a Senior Independent Director	A.5.7	N/A	Not Applicable	Not Applicable
Supply of Information	A.6	N/A	Compliant	As a practice, an agenda together with high-quality information is circulated seven days prior to the Board meeting to discharge the Board's obligations effectively.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Information to the Board by management	A.6.1	N/A	Compliant	The Board receives regular reports and presentations on strategies and developments in relation to its business lines and geographical areas, and overall plans and performance. Regular reports also provide the Board and Board Subcommittees with information on risk appetite profile, emerging risks, risk management aspects, credit exposures, asset and liability management, including liquidity, compliance and other vital matters. The agenda and supporting papers are distributed in advance to the Board and Sub-Committees meetings to allow time for appropriate review and to facilitate full discussion at the meetings. All Directors have full and timely access to all relevant information. Executive Director briefs the Board on the functional areas of Credit, Finance and Recoveries that they oversee. The Board, on other functional matters, deals with the Chief Executive Officer or the heads of those respective departments when necessary. The Directors have free and open contact with management of all levels.
Adequate time for effective meetings	A.6.2	N/A	Compliant	The Company Secretary ensured that the required notice of meeting, agenda and information documents, including Board papers, were circulated to all Directors at least seven days prior to the holding of Board meetings. This ensured that the Board members have adequate time to study and analyse the related papers and prepare thoroughly for Board meetings.
Appointments to the Board				
Assessment of Board Composition	A.7	N/A	Compliant	The Board as a whole assesses its own composition to ascertain whether the combined knowledge and experience of the Board matches when the Company is faced with strategic demands facing the Company. The findings of such assessments are taken into account when making new appointments to the Board. This financial year, one new appointment was made to the Board by considering their industry experience and knowledge.
Disclosure of profiles of the newly appointed Director	A.7.4	7.10.3. (d)	Compliant	Mr. T.C.D. Kumarasiri appointed as an Independent Non-Executive Director w.e.f. 01/04/2024
Resignation of a Director	A.8.3		Compliant	Mr. K. G. K. Pillai resigned as an Alternate Director of Mr. K. R. Bijimon w.e.f. 28.02.2024
Period of Service	N/A	/A	Compliant	Mr. G. Alexander, Non-Independent Non-Executive Director and Mr. K. R. Bijimon, Non-Independent Non-Executive Director, have exceeded the period of nine years of holding the office of directors, and they have been permitted to continue their directorship under section 3.4 of the Finance Business Act Direction No. 05 of 2021.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Appraisal of Board performance				
Board appraisal	A.9 & A.9.1	N/A	Compliant	The Board periodically appraises their own performance and self–assessment to be undertaken by each Director in order to ensure that Board responsibilities are satisfactorily discharged. A self-assessment was carried out by each Director at the end of the financial year based on a specified evaluation checklist.
Fitness and Propriety of Directors	N/A	N/A	Compliant	All directors are limited in their directorships according to the regulations
Disclosure of Information in relation to each Director				
Information in relation to each Director	A.10	7.10.3 (c)	Compliant	The following information in relation to Directors is disclosed in the Annual Report. 1. Profiles of Directors - Pages 94 to 101 Corporate Governance Report – Pages 114 to 138 2. Details of Related Party Transactions – Page 287 Details of Directors, including names, transactions with a finance Company. 3. Board Meeting Attendance - Page 139 In terms of the Articles of Association of the Company, Directors abstain from voting on any Board resolution on a matter in which they or any of their relatives has a substantial interest and are not counted in the quorum for the relevant agenda item at the Board meeting.
Appraisal of the CEO	A.11	N/A	Compliant	The Board annually assesses the performance of the CEO.
Targets for Director/ Chief Executive Officer	A.11.1	N/A	Compliant	The Director/Chief Executive Officer, being the apex chief executive of the Company, is entrusted by the Board to conduct day-to-day operations effectively to attain broad strategic targets/goals after giving necessary consideration to market reality and changes in relevant variables. Performance of the Director/Chief Executive Officer is reviewed on an ongoing basis by the Board, evaluating the extent to which organisational objectives have been achieved overall, from an overall perspective.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Directors' Remuneration				
The level and make-up of Remuneration	B.2	N/A	Compliant	The Remuneration Committee, in deciding the remuneration of the Directors, according to the remuneration policy
Executive directors' remuneration should be designed to promote the short, medium, and long-term performance of the company.	B.2.5	N/A	Compliant	The remuneration of the executive directors is decided according to the CBSL guidelines and the remuneration policy
Disclosure of remuneration	B.3	9.13.8	Compliant	The remuneration paid to the Directors is disclosed on page 241 of this Annual Report.
Relations with Shareholders				
Constructive use of AGM and conduct of General Meetings	C.1	9.4	Compliant	The AGM is held in a participative way with the presence of the shareholders. The Board is responsible for encouraging all the shareholders to be present at AGMs of the Company.
Consideration of proxy votes	C.1.1	9.4	Compliant	The Company counts all proxy votes and indicates the level of proxies lodged on each resolution and the balance for and against the resolution.
Separate resolution for separate issues	C.1.2	N/A	Compliant	The Company proposes a separate resolution on each substantially separate issue, and the adoption of the Annual Report and accounts is proposed as a separate resolution.
Circulation of Notice of AGM and other documents	C.1.4	9.4	Compliant	The Annual Report, Financial Statements, copies of proposed resolutions to be passed at the AGM and the notice are sent to Shareholders with a notice period of at least 15 working days in compliance with the Companies Act.
Summary of the procedure governing voting at the General Meetings	C.1.5	N/A	Compliant	Instructions on appointing a Proxy with regard to representing the shareholder at the General Meeting to ensure the voting rights are sent to each shareholder.
Major Transactions				
Disclosure of major transactions	C.3	7.8	Complied	The Board of Directors disclose to all shareholders all proposed corporate transactions which, if entered into to would materially alter the Company's net asset base.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Accountability and Audit				
Financial Reporting	D.1	7.4	Complied	The Board ensures annual audited Financial Statements and periodically financial statements are prepared and published in accordance with the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, and the directions issued there, and the Financial Statements are presented in conformity with the Sri Lanka Accounting Standards. The Company has also complied with the requirements of the regulatory authorities such as the Central Bank of Sri Lanka, the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange.
Interim accounts, price-sensitive public reports, reports to regulators and information required by statute	D.1.1	7.4	Compliant	Interim and Annual Financial Statements and other price-sensitive information are disclosed to the CSE duly on a timely basis. All other regulatory reports are also submitted by the due dates. AAF's Audited Financials and the Half Year Financials have been published in newspapers in a timely manner in three languages and conform to State Language Policy and the regulatory interim publication format, and the applicable accounting standards and requirements specified in all other regulations mentioned in the previous paragraph.
Directors' Report	D.1.2	N/A	Compliant	Declarations by the Directors as required by the Code of Best Practice on Corporate Governance are presented on page 181 of this Annual Report.
Responsibilities of the Board and Auditors for the preparation of Financial Statements	D.1.3	9.13.5	Compliant	The statements of Directors' Responsibility for Financial Reporting and Independent Auditors' Report are presented on pages 190 and 215 of this Annual Report.
Declarations in the Directors' Report	D.1.4	N/A	Compliant	The Directors have made all their declarations in the "Annual Report of the Board of Directors" given on pages 181 to 188.
Statement of Directors' and Auditors responsibility for Financial Statements and Statement on Internal Controls	D.1.5	N/A	Compliant	The Statement of "Directors' Responsibility for Financial Reporting" is given on Page 190 of the Annual Report. The Auditor's reporting responsibility is given in their Report on the Financial Statements on page 217.
Management Discussion and Analysis	D.1.6	N/A	Compliant	"Management discussion and analysis" discussing the above issues; Industry structure and development, risk and concerns, financial performance and prospects of the future are presented on pages 56 to 91 of this Annual Report.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Requirement for calling for an EGM if the net assets fall below 50% of the shareholders' funds	D.1.7	N/A	Not applicable	Not Applicable
Disclosure of related party transactions in the Annual Report	D.1.8	9.14	Compliant	The Board ensures that the related party transactions are properly captured into the system of accounts, keeping proper records on them and making necessary disclosures in the Financial Statements accordingly.
Maintain a sound system of Internal Controls	D.2	9.13.5	Compliant	A Risk Management Report is presented on page 167 of this Annual Report. Review of the Effectiveness of the group's system of internal controls to safeguard shareholders' investment and the company's Assets.
Review of the effectiveness of the group's system of internal control	D.2.1	9.13.5	Compliant	The Audit Committee periodically assesses the effectiveness of the internal control systems. The Audit Committee Report on internal controls is given on page 191 of the Annual Report.
Internal Audit function	D.2.2.2	9.13.5	Compliant	AAF has entrusted its separate Internal Audit Division, with members who are well-qualified and experienced officers, to conduct independent audits in areas involving high risk, especially at the branch level, in keeping with the annual audit plan. monthly/quarterly full audit/spot audits are conducted by both sets of internal auditors based on approved annual audit programmes.
Board Committees				
Board Committees	D.3	7.10.5, 7.10.6 and 9.3	Compliant	The Company consists of the following Board Committees as required by the relevant statutory provisions; ❑ Audit Committee ❑ Integrated Risk Management Committee ❑ HR and Remuneration Committee ❑ Related Party Transaction Review Committee ❑ Nominations and Governance Committee ❑ Credit and Recovery Committee ❑ Information Technology (IT) Steering Committee Each of the above Committees directly reports to the Board and is responsible for presenting a report on performance, duties, and functions at the AGM.

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Sub Committees				
Audit Committee	D.3	7.10.6 and 9.13	Compliant	An Audit Committee is appointed by the Board of Directors. This Committee consists of four members of the Board, out of the four members, three of them is a Independent Directors. The Chairman of the Committee is an Independent Director who possesses qualifications and experience in accountancy. The composition and functions carried out by the Audit Committee are presented on page 194 of the Annual Report. The Committee met monthly.
Remuneration Committee	N/A	7.10.5. and 9.18.6	Compliant	A HR and Remuneration Committee was appointed by the Board of Directors during the year. The Chairman of the Committee is an Independent Director. The composition and functions carried out by the HR & Remuneration Committee are presented on page 201 of this Annual Report.
Integrated Risk Management Committee	D.4	N/A	Compliant	The Committee consists of 04 members. The committee periodically reviews the adequacy and the effectiveness of the risk management decisions taken by the Management.
Related Party Transaction Review Committee	D.5	9.14	Compliant	The Committee consists of 04 members. The committee periodically reviews the related party transactions carried out by the Company.
Credit and Recovery Committee	N/A	N/A	Compliant	The Committee consists of 3 members. The committee periodically reviews the credit and recovery status of the Company and the processes.
Nominations and Governance Committee	N/A	9.11	Compliant	The Committee consists of 5 members. The committee reviews and recommends any new appointments to the Board of Directors, subject to CBSL approval.
IT Steering Committee	N/A	N/A	Compliant	The Committee consists of 4 members. The committee periodically reviews the IT systems and processes of the Company.
Independence and objectivity of the Auditors	D.3	7.10.6 & 9.13	Compliant	The Audit Committee, in keeping with its terms of reference, monitors the objectivity, effectiveness and independence of the External Auditor of the Company. Audit Committee recommended Messrs KPMG as the External Auditor of the Company in 2024, in accordance with CBSL regulations on selecting regulatory-approved External Auditors for the sector. Audit Committee's selection and review of external auditor was based on capability, resource availability of the firm and their level of independence from AAF and its Board of Directors. The duties of the Audit Committee is given in the Audit Committee's report, which is set out on page 194 of this Annual Report.

CORPORATE GOVERNANCE

Principle	Reference to the Code of Best Practice issued by ICASL	Reference to the Listing Rules of CSE	Compliance Status	Level of Compliance
Adoption of a Code of Business Conduct	D.6	N/A	Compliant	The Company adopts a code of business conduct and ethics for Directors and members of the senior management team.
Practice of good Corporate Governance	D.7	9.2	Compliant	The Company adheres to the Corporate Governance directions issued by the Central Bank of Sri Lanka. Further, the Company has taken steps to be compliant with the Code of Best Practice on Corporate Governance jointly issued by the ICASL and SEC, as well as the Corporate Governance Rules for listed Companies listed by the CSE.
Inclusion of a Corporate Governance Report in the Annual Report	D.7.1	N/A	Compliant	The Corporate Governance Statement states to what extent the Company is compliant with the Corporate Governance guidelines.
Shareholders				
Institutional Investors				
Ensure institutional shareholders' voting intentions are translated into practice	E.1	N/A	Compliant	All shareholders are encouraged to participate and vote at the AGM. The names and the number of shares held by the 20 largest shareholders and the percentage of such shares are presented on pages 205 to 208 of this Annual Report, along with other shareholder information.
Regular and structured dialogue with shareholders	E.1.1	N/A	Compliant	The Company conducts a regular and structured dialogue with shareholders based on a mutual understanding of objectives. The primary mode of Communication between the Company and the Shareholders is through the Annual General Meeting. The Chairman ensures the views of shareholders are communicated to the Board as a whole.
Other Investors				
Investing/ Divesting Decisions	F.1	N/A	Compliant	The Annual Report is circulated to all shareholders in a timely manner and includes adequate information to enable the shareholders to make decisions relevant to their investment in the Company.
Encourage individual shareholders to participate in general meetings and exercise voting rights	F.2	N/A	Compliant	All shareholders are encouraged to participate and vote at the AGM.

COMPLIANCE WITH LISTING RULES

Compliance with the Rule 7.6 of Listing Rule – Section 7 (Continuing Listing Requirements) issued by the Colombo Stock Exchange.

Section	Governance Principle		Page Reference
7.6			
7.6 (i)	Names of persons who were Directors of the Company during the financial year.	Complied	183
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year.	Complied	181
7.6 (iii)	Information on 20 largest shareholders at the end of the year.	Complied	205, 208
7.6 (iv)	The public holding percentage.	Complied	207, 210
7.6 (v)	Directors' and Chief Executive Officer's holding in shares.	Complied	206,209
7.6 (vi)	Information pertaining to material foreseeable risk factors.	Complied	174-180
7.6 (vii)	Details of material issues pertaining to employees and industrial relations.	Complied	65-71
7.6 (viii)	Information on buildings/land holdings and investment properties as at the end of the year.	Complied	261 and 263 to 264
7.6 (ix)	Number of shares representing the stated capital as at the end of the year.	Complied	207,210
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and related information.	Complied	205-210
7.6 (xi)	Ratios and market price information on equity, debt, change in credit rating.	Complied	275
7.6 (xii)	Significant changes in the Company's or Subsidiaries' fixed assets.	Complied	259
7.6 (xiii)	Details of funds raised through a public issue, Rights Issue and a Private Placement during the year. There were no share issues, rights issues or private placements during the year.	Complied	N/A
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option schemes. The Company does not have any Employee Share Ownership or Stock Option Schemes at present.	Complied	N/A
7.6 (xv)	Disclosure pertaining to Corporate Governance practice in terms of Section 9 of the Listing Rules	Complied	132
7.6 (xvi)	Related party transactions exceeding 10% of the Equity or 5% of the total assets of the entity. The Company did not have any Related Party Transactions exceeding this threshold during the year.	Complied	N/A
7.6. (xvii)	Details of Foreign Currency Denominated Securities are listed. The Company did not invest in Foreign currency securites.	Complied	N/A
7.6 (xviii)	Details of sustainable Bonds are listed. The Company did not invest in sustainable bonds.	Complied	N/A
7.6 (xix)	Details of perpetual Debt Securities. The Company did not invest in perpetual Debt Securites.	Complied	N/A

CORPORATE GOVERNANCE

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.1	**Corporate Governance Rules**	
	Statement confirming the extent of compliance with the corporate governance rules	Complied with
9.2.1	Policies Establish, maintain and disclose of Company policies	The following policies and procedures are currently in place at the Company 1. Policy on the matters relating to the Board of Directors 2. Policy on Board Committees 3. Policy on Corporate Governance, Nominations and Re-election 4. Policy on Remuneration 5. Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities 6. Policy on Risk management and Internal controls 7. Policy on Relations with Shareholders and Investors 8. Policy on Environmental, Social and Governance Sustainability 9. Policy on Control and Management of Company Assets and Shareholder Investments 10. Policy on Corporate Disclosures 11. Policy on Whistleblowing 12. Policy on Anti-Bribery and Corruption The Company policies are fully aligned with the requirements of section 9.2.1 and disclosures have been made on such policies on the Asia Asset Finance PLC official website.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	Complied with There were no such waivers or exemptions granted during the year under review.
9.3	**Board Committees**	
9.3.1	Establishing and maintaining Board Committees	Complied with Following Board Sub-committees are established and functioning effectively as of the year end a. Nominations and Governance Committee b. Human Resources and Remuneration Committee c. Board Audit Committee d. Related Party Transactions Review Committee. e. Board Integrated Risk Management Committee

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.3.2	Board Composition responsibilities and disclosures	Complied with The Company complies with the composition and responsibilities of Board Sub Committees with effect from 1st October 2024. Please refer the Board Sub Committee reports from page 193 to 204.
9.3.3	Chairperson of Board Committees	The Chairperson of the Board of Directors of the Company is not the Chairperson of the Board Sub Committees referred to in Section 9.3.1 above with the re constitution of the board sub-committees with effect from 1st October 2024
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**	
9.4.1	Records of General meetings	Complied with The Company maintains records of all resolutions which are being considered at the Annual General Meeting with information specified in 9.4.1 of listing rules. These records are maintained with the Company Secretary and copies can be provided upon request by the Exchange and/or the SEC
9.4.2	Communication and relations with shareholders and investors	Complied with Board approved Communication Policy is in place (Policy on Relations with Shareholders and Investors) for maintaining an effective communication and relations with shareholders and investors and existence of the same is disclosed in the Annual Report and the website of the Company The Company Secretary is identified as the contact person for such communication and contact details are disclosed in the Annual report and Company Website. Major issues or concerns of shareholders/investors which require the attention of Directors are brought to the attention of the Board by the CEO or Company Secretary and the Policy on Relations with Shareholders and Investors covers this aspect. The shareholder meetings were conducted during the year under review.
9.5	**Policy on matters relating to the Board of Directors**	
9.5.1 9.5.2.	Compliance with matters related to Board of Directors	Policy on matters relating to the Board of Directors is implemented and the company is complied
9.6	**Chairperson and CEO**	
9.6.1	Roles of Chairperson and CEO	Complied with the regulations
9.6.3		The roles and responsibilities of the Chairperson and CEO are distinct, and they are defined in the Policy on matters relating to the Board of Directors The Chairman of the Board is an Independent Director as of 31st March 2025 There was no requirement for the appointment of a Senior Independent Director during the financial year.

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.7	**Fitness of Directors and CEOs**	
9.7.1 To 9.7.5	Fit and proper assessment	Complied with All Director appointments are based on recommendations of the Nominations and Governance Committee on the fitness and propriety of each of the Directors. The Company has obtained Annual declarations from Directors as per the criteria detailed in rule No.9.7.3 confirming that they have satisfied these criteria during the year under review
9.8	**Board Composition**	
9.8.1 To 9.8.5	Composition requirements	Complied with The Board consists of 10 Directors which include 5 Independent Directors satisfying the criteria set out under listing rules 9.8.3. The composition of the Board has changed during the year as follows. Mr. T.C.D.Kumarasiri –Independent Directors was appointed on 1st April 2024 and Mr. M.Thiruneelakandan was appointed as an Executive Director on 30th November 2024. The Board reviews the independence of Non-executive Directors on an annual basis and as and when circumstances change, based on the self-declaration. The Company has revised the criteria for determining independence of a Director taking into account the section 9.8.3 of the listing rules. Signed independence declarations were submitted by all five Independent Directors. There were no changes to the independence status of individual Directors during the financial year. Profiles of the Board of Directors are given on pages 94 to 101.
9.9	**Alternative Director**	
9.9.1	Appointment of Alternate Directors	There were no Alternative Directors appointed during the year.
9.10	**Disclosures relating to Directors**	
9.10.1	Directorships a Board member is permitted to hold	Complied with The Company has stipulated the maximum number of Directorships a Board member is permitted to hold in its Policy on matters relating to the Board of Directors and all the Directors have compiled with that requirement during the year
9.10.2	Appointment of a new Director	During the year Mr. T.C.D.Kumarasiri was appointed as an Independent Director on the board of Asia Asset Finance PLC with effective from 1st April 2024 and Mr M. Thiruneelakandan was appointed as Executive with effect from 30th November 2024. The Market Announcements were made on 03rd April 2024 and 03rd December 2024. These announcements included the brief resume of the Directors, their capacity of directorship and statement by the Company indicating that this appointment has been reviewed by the Nominations and Governance Committee of the Company.

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.10.3	Changes to the composition of the Board Committees	As recommended by the Nominations and Governance Committee at their meeting held on 30th September, 2024, changes to the composition of the board sub-committees were proposed, to comply with the regulatory requirements under the Finance Business Act Direction No 5 of 2021 and Listing Rules of the Colombo Stock Exchange Section 9 – Corporate Governance, with effect from 01 July 2024 In terms of section No. 9.3.1 of the Listing Rules of the Colombo Stock Exchange, the Nomination Committee was renamed as Nominations and Governance Committee of the Company with effect from 19th July 2024. In terms of section No. 9.3.3 of the Listing Rules of the Colombo Stock Exchange, Mr. R.A.B. Basnayake - Independent Non-Executive Director was appointed as the Chairman to the Remuneration Committee of the Company with effect from 19th July 2024; Mr. V.A.Prasanth - Independent Director was appointed to the Nominations and Governance Committee with effect from 30th September 2024. Additionally, Mr. T. C. D. Kumarasiri (Independent Director) was appointed as the chairman of the to the Board Integrated Risk Management Committee (BIRMC) with effective from 30th September 2024. The market announcement was made on 30th September 2024 regarding this change.
9.10.4	Details relating to Directors disclosed in the Annual Report	Profiles of the Directors are disclosed from pages 94 to 101 of this report. There is no material business relationships by either the Director or close family member with other Directors of the Listed Entity; Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity is disclosed on pages 94 to 101 of the Annual Report. Attendance details of the Directors for the Board and Board Sub Committees are disclosed on pages 139 to 141 of this report.
9.11	**NOMINATIONS AND GOVERNANCE COMMITTEE**	
9.11.1 To 9.11.6	Nominations and Governance Committee	Complied with. Nominations and Governance Committee is in place. During the year the composition and the scope of the Committee was improved to be fully compliant with section 9 of Listing Rules of the Colombo Stock Exchange – Corporate Governance. Functions of the Committee are described in the Board approved TOR which is in line with applicable governance requirements. The Nominations and Governance compromise with the 5 members and out of them three members are Independent Directors. Nominations and Governance Committee Report is published on pages 199 to 200 of this Annual Report covering disclosure requirements

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.12	**HUMAN RESOURCES AND REMUNERATION COMMITTEE**	
9.12.1 To 9.12.7	Requirements for the Human Resources and Remuneration Committee	The Board appointed Human Resources and Remuneration Committee is in place with written terms of reference defining its scope, authority, duties and matters pertaining to the quorum of meetings. The Committee makes recommendations to the Board regarding the remuneration packages for the CEO, Executive Directors, and senior members of the management team. External professional advice is obtained where necessary. This Committee is responsible for formulating a compensation Policy for senior management. Their role encompasses ensuring the efficient execution of this Policy and providing recommendations to the Board regarding the remuneration packages for the CEO, Executive Directors, and senior members of the management team. The Human Resources and Remuneration Committee has established and maintains a formal and transparent procedure for developing a policy on Executive Directors' remuneration and for fixing the remuneration. A separate policy is in place for Remuneration of Non-Executive Directors complying with the direction requirements. Non-executive Directors receive fees for their service on the Board and its Sub-Committees. The fee structure is periodically reviewed and updated by the entire Board. No Director gets involved in fixing his/her own remuneration. The committee is compromise with four directors and three of them are Independent Directors. Human Resources and Remuneration Committee Report is published on page 201 of this Annual Report.
9.12.8	Other Disclosure requirements	Complied with
	The aggregate remuneration of the Executive and Non- Executive Directors.	The aggregate remuneration of the Executive and Non-Executive Directors are disclosed in note 9 on page 241 of this report.

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.13	**BOARD AUDIT COMMITTEE**	
9.13.1 to 9.13.5	Requirements for the Audit Committee	Complied with The Company currently has two separate committees in operation as Board Audit Committee and Board Integrated Risk Management Committee. Functions performed by the Board Integrated Risk Management Committee are described on pages 196. The Board Audit Committee compromised with four Independent Directors and one Non Executive Non Independent Director. The Board Integrated Risk Management Committee compromised with Three Independent Directors and once Non Executive Non Independent Director. CEO and COO has attended Board Audit Committee meetings and the Board Integrated Risk Management Committees as an invitee. CFO was also invited for all Board Audit committee meetings. In addition, other Senior Members of the Management team were also invited time to time for the meeting as required. An Audit Committee terms of reference (TOR) is in place covering the scope, authority and duties of the committee. During the year there were 12 committee meetings satisfying the meeting frequency requirements under the Corporate Governance Directions of CBSL. The quorum of the meeting was satisfied at each meeting. Functions of the Committee are described under the Audit Committee TOR in compliance with section 9.13.4 (1) and the TOR was last updated in September 2024. Functions handled by BIRMC are covered under the TOR of that committee as described. Board Audit Committee report included on pages 194 to 195 and Board Integrated Risk Management Committee report included on page 196 complies with disclosure requirements under section 9.13 relating to functions and disclosures in the annual report relating to the Board Audit Committee

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.14	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**	
9.14.1 To 9.14.10	Requirements of Related Party Transactions Review Committee.	Related Party Transactions Review Committee (RPTRC) is in place to oversee matters relating to related party transactions. The Committee has established and maintains a clear policy, procedure, and process for identifying, clarifying, and reporting related party transactions across the entity's operations. The RPTRC is directed by the Board approved terms of reference which sets out authority and responsibility of the Committee. RPTRC meetings are held on a quarterly basis and minutes are forwarded to the Board. The Committee comprised three Directors out of which two are independent. Chairperson of the Committee is an independent Director. The related party transactions are being currently reviewed and recommended by RPTRC in compliance with Company related party transactions policy and procedure subject to exemptions stated in 9.14.10. The RPTRC has issued guidelines for the senior management to follow in transacting and reporting of recurrent related party transactions of revenue nature, and which is necessary for day-to- day operations of the Company and, in the opinion of the Committee, terms are not more favorable to the related party than those generally available to the public. No non-recurrent related party transactions or specified transactions requiring shareholder approval through a special resolution were observed during the year. However, the Company will ensure compliance with the requirements. The Related Party Transactions Review Committee obtains competent independent professional and experts advice, to assess related party transactions, if necessary. Please refer page numbers 197 to 198 of the annual report for Related Party Transactions Review Committee report

MEETING ATTENDANCE

BOARD MEETING ATTENDANCE

	23.04.2024	27.05.2024	20.06.2024	19.07.2024	21.08.2024	18.09.2024	22.10.2024	20.11.2024	20.12.2024	21.01.2025	21.02.2025	21.03.2025
MR. V.A. PRASANTH	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. R.J.A. GUNAWARDENA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. R.A.B. BASNAYAKE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. J.P.D.R. JAYASEKARA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. K.R. BIJIMON	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. K.G.K. PILLAI	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. G. ALEXANDER	✓	✓	✓	✓	✓	✓	✓	✓	✓	AB	AB	✓
MR. T.C.D. KUMARASIRI	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. S.S.R.D.D.S. GUNASEKARA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. M. THIRUNEELAKANDAN	Not Appointed								✓	✓	✓	✓

BOARD AUDIT COMMITTEE

	25.04.2024	28.05.2024	25.06.2024	29.07.2024	27.08.2024	25.09.2024	30.10.2024	29.11.2024	19.12.2024	24.01.2025	25.02.2025	27.03.2025
MR. T.C.D.KUMARASIRI	Not Appointed	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. R.A.B. BASNAYAKE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. V.A. PRASANTH	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. J.P.D.R. JAYASEKARA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. K.G.K. PILLAI	✓	✓	AB	AB	✓	✓	✓	✓	✓	✓	✓	✓

MEETING ATTENDANCE

NOMINATION & GOVERNANCE COMMITTEE

	23.04.2024	08.07.2024	21.10.2024	20.01.2025
MR.R.A.B.BASNAYAKE	✓	✓	✓	✓
MR.J.P.D.R.JAYASEKARA	✓	✓	✓	✓
MR.G.ALEXANDER	✓	✓	✓	✓
MR.K.R.BIJIMON	✓	AB	✓	✓
Mr. V.A. PRASANTH	Not appointed	Not appointed	✓	✓

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

	26.04.2024	27.05.2024	28.06.2024	25.07.2024	23.08.2024	20.09.2024	28.10.2024	26.11.2024	19.12.2024	28.01.2025	20.02.2025	27.03.2025
MR.V.A.PRASANTH	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR.J.P.D.R.JAYASEKARA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR.T.C.D.KUMARASIRI	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR.K.R.BIJIMON	✓	✓	✓	✓	AB	✓	✓	✓	✓	✓	✓	✓
MR.R.J.A.GUNAWARDENA	✓	✓	✓	✓	✓	✓	BI	BI	BI	BI	BI	BI
MR.S.S.R.D.D.S.GUNASEKARA	✓	✓	✓	✓	✓	✓	BI	BI	BI	BI	BI	BI

IT STEERING COMMITTEE

	26.06.2024	23.09.2024	18.11.2024	14.02.2025
MR.R.A.B.BASNAYAKE	✓	✓	✓	✓
MR.V.A.PRASANTH	✓	✓	✓	✓
MR.J.P.D.R.JAYASEKARA	✓	✓	✓	✓
MR. INDITHA JAYATHILAKE (DGM -IT)	✓	✓	✓	✓
MR.R.J.A.GUNAWARDENA	✓	✓	BI	BI

CREDIT AND RECOVERY COMMITTEE

	22.04.2024	29.04.2024	17.05.2024	18.05.2024	28.06.2024	24.07.2024	08.08.2024	27.08.2024	19.09.2024	23.10.2024	20.11.2024	20.12.2024	21.01.2025	21.02.2025
MR. V.A. PRASANTH	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. R.J.A. GUNAWARDENA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. K.R. BIJIMON	✓	✓	✓	✓	✓	✓	✓	✓	AB	✓	✓	✓	✓	✓
MR. S.S.R.D.D.S. GUNASEKARA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. J.P.D.R. JAYASEKARA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

HR & REMUNERATION COMMITTEE

	07.05.2024	14.06.2024	13.09.2024	24.10.2024	10.03.2025	25.03.2025
MR. R.A.B.BASNAYAKE	✓	✓	✓	✓	✓	✓
MR. J.P.D.R.JAYASEKARA	✓	✓	✓	✓	✓	✓
MR. G.ALEXANDER	✓	✓	✓	✓	✓	✓
MR. V.A.PRASANTH	✓	✓	✓	✓	✓	✓
MR. R.J.A. GUNAWARDENA	✓	✓	✓	✓	BI	BI

RELATED PARTY TRANSACTION COMMITTEE

	27.05.2024	21.08.2024	22.10.2024	21.02.2025
MR. J.P.D.R. JAYASEKARA	✓	✓	✓	✓
MR. R.A.B. BASNAYAKE	✓	✓	✓	✓
MR. K.R. BIJIMON	✓	AB	✓	✓

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE REQUIREMENTS OF THE DIRECTIVE ON CORPORATE GOVERNANCE ISSUED BY THE CENTRAL BANK OF SRI LANKA

KPMG
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To the Board of Directors of Asia Asset Finance PLC

PURPOSE OF THIS AGREED-UPON PROCEDURES REPORT

Our report is solely for the purpose of assisting Asia Asset Finance PLC in determining whether your company is meet the compliance requirements of the directive on corporate governance issued by the Central Bank of Sri Lanka and may not be suitable for another purpose. This report is intended solely for Asia Asset Finance PLC and intended users, and should not be used by, or distributed to, any other parties.

RESPONSIBILITIES OF THE ENGAGING PARTY AND THE RESPONSIBLE PARTY

Asia Asset Finance PLC has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

Management, as identified by Asia Asset Finance PLC, is responsible for the subject matter on which the agreed-upon procedures are performed.

PRACTITIONER'S RESPONSIBILITIES

We have conducted the agreed-upon procedures engagement in accordance with the Sri Lanka Standard on Related Services (SLSRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Asia Asset Finance PLC, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

PROCEDURES AND FINDINGS

We have performed the procedures described below, which were agreed upon with Asia Asset Finance PLC, on the compliance requirements of the directive on corporate governance issued by the Central Bank of Sri Lanka.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

05 August 2025

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T.J.S. Rajakarier FCA
W.K D.C. Abeyrathne FCA
Ms. B.K D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

Section	Procedure	Finding
1 Board's Overall Responsibilities		
1 (1)	Confirm that the Board's overall responsibility and accountability for the operations of the Finance Company (FC), are established by setting up the strategic direction, governance framework, corporate culture and compliance with regulatory requirements, by carrying out the following procedures: ❑ Obtain approved board policy ❑ Read and understand policy to determine whether Board is assigned with the expected level of responsibility. ❑ Read the meeting minutes of the Board/Board sub committees to understand execution of the assigned responsibilities.	Complied
1 (2) Business Strategy and Governance framework	(a) Confirm the Board has approved and overseen the implementation of overall business strategy, by carrying out the following procedure: ❑ Read board minutes and note whether measurable goals for next three years have been set and updated the same annually in view of the developments in the business environment. (b) Confirm the Board has approved and implemented governance framework commensurate with the FC's size, complexity, business strategy and regulatory requirements. By carrying out the following procedure: ❑ Read the approved governance framework. (c) Confirm the Board has assessed the effectiveness of its governance framework, by carrying out the following procedure: ❑ Read board minutes and note whether Board has assessed the effectiveness of its governance framework periodically. ❑ Document the month and year it was last assessed. (d) Confirm the Board has appointed the Chairperson and the Chief Executive Officer (CEO) and defined their roles and responsibilities, by reading the Terms of Reference/ Job Description for Chairperson and CEO.	Complied
1 (3) Corporate culture and values	(a) Confirm the Board has adopted a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior by carrying out the following procedure: ❑ Read Board Audit committee meeting minutes to determine whether Board has given due priority to establish: independent and adequately resourced internal audit; compliance and risk management functions; together with monitoring and implementing the code of conduct. ❑ Read the approved Code of Conduct and together with monitoring and implementing the code of conduct ❑ Board Audit committee meeting minutes to note whether Board has given due priority to establish: ❑ independent and adequately resourced internal audit; ❑ compliance and risk management functions; ❑ a process to monitor and implement the code of conduct.	Complied

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE REQUIREMENTS OF THE DIRECTIVE ON CORPORATE GOVERNANCE ISSUED BY THE CENTRAL BANK OF SRI LANKA

Section	Procedure	Finding
1 (3) Corporate culture and values (Contd.)	(b) ❑ Read the Board meeting minutes and determine the Board has played a lead role in establishing the FC's corporate culture and values, ❑ Confirm whether the Board has approved the code of conduct in compliance with the section 14.1 of Corporate Governance Direction. ❑ Confirm that a written and approved process is set up to: ❑ Manage conflict of interest ❑ Record breaches of code of conduct and ❑ Record actions taken on such breaches (c) Observe the Board has promoted sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies. (d) Confirm the Board has approved the policy of communication with all stakeholders, including depositors, shareholders, borrowers and other creditors, in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators.	Complied
1 (4) Risk Appetite, Risk Management and Internal Controls	(a) ❑ Inspect the Board has established and reviewed the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework. ❑ Read Board meeting minutes to understand whether the Board has used RAS in relevant key discussions. (b) ❑ Observe the Board has implemented appropriate systems and controls to identify, mitigate and managed risks prudently. ❑ Read the previous year's External Auditor's certification and Directors' Responsibility Statement on Internal Control Systems Over Financial Reporting and determine whether matters noted have been actioned with appropriate timelines. ❑ Read the previous year's External Auditor's Management Letter and determine whether matters noted have been actioned with appropriate timelines. (c) ❑ Confirm the Board has adopted and reviewed the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically. ❑ Read the meeting minutes of the Board/ Board sub-committees to determine whether measures have been/ are being taken to address the concerns identified by the regulators, external or internal auditors on the internal control systems and management information systems. (d) ❑ Confirm the Board has approved and overseen business continuity and disaster recovery plan for the FC. ❑ Inquire and document the latest BCP testing conducted by the FC.	Complied

Section	Procedure	Finding
1 (5) Board Commitment and Competency	(a) Observe all members of the Board devote sufficient time on dealing with the matters relating to affairs of the FC by carrying out the following procedures: ❑ Read the Board meeting minutes and confirming attendance of members of the Board. ❑ Read the attendance records provided by the Board secretary and confirm attendance of members of the Board. (b) Confirm that all members of the Board possess necessary qualifications, adequate skills, knowledge, and experience. ❑ By reading the profile provided by the Board secretary ❑ In respect of the Board members approved during the year, read the Fitness and propriety letter from CBSL along with the affidavits/declarations submitted to the regulator. (c) Inspect the Board has regularly reviewed and agreed the training and development needs of all the members, by carrying out the following procedures: ❑ Observe the assessment of the training needs of Board ❑ Read the relevant documents to note actual training and development activities taken place during the year (d) ❑ Confirm the Board has adopted a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Board as a whole and that of its committees and observe whether the FC has maintained records of such assessments. ❑ Read relevant records of such assessments conducted during the year. (e) ❑ Read the Board approved procedure established to enable the Board to seek external independent professional advice and determine whether the areas where Board will seek such advice, exemptions and the details of procedure are included. ❑ Observe whether the Board has resolved to obtain external independent professional advice in line with established procedure by reading the Board meeting minute	Complied
1 (6) Oversight of Senior Management	(a) Obtain the latest Board approved senior management list and observe whether the Board has identified and designated senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management. (b) Inspect the job descriptions of the senior management or any other relevant document that defines the areas of authority and key responsibilities for the senior management. (c) ❑ Read the Nomination Committee meeting minutes and observe approval of the senior management members to such roles. ❑ Read other relevant documents that carry information about approved senior management members that possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives. (d) Observe whether the Board ensures that there is an appropriate oversight of the affairs of the FC by senior management. For e.g: Read org chart, Read board papers submitted, Delegated authority approval.	Complied

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE REQUIREMENTS OF THE DIRECTIVE ON CORPORATE GOVERNANCE ISSUED BY THE CENTRAL BANK OF SRI LANKA

Section	Procedure	Finding
1 (6) Oversight of Senior Management (Contd.)	(Confirm the Board has approved the succession plan for senior management). ❑ Read of the succession plan and note it adequately covers key positions and its appropriates. (f) Confirm the Board meets the senior management regularly to review policies, establish lines of communication and monitor progress towards strategic objectives, by reading the Board minutes and sub-committee meeting minutes	Complied
1 (7) Adherence to the Existing Legal Framework	(a) Confirm the Board ensures that the FC does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders, by carrying out the following procedures. ❑ Read relevant Board minutes and sub-committee meeting minutes. ❑ Observe whether relevant minutes refers to follow-up procedures of noted non-compliances ❑ Observe that internal audit process and compliance process have been established (b) Inspect the Board adheres to the regulatory environment and ensure compliance with relevant laws, regulations, directions and ethical standards, by reading the relevant minutes of internal audit process and compliance process that includes specific planned work to establish compliance in relation to relevant laws, regulations, directions and ethical standards. (c) Observe the Board acts with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently, by carrying out the following: ❑ Read legal correspondences ❑ Read minutes of meetings related to risk management process	Complied
2 Governance Framework		
2 (1)	❑ Confirm the Board has developed and implemented a governance framework in line with the CBSL directions and including but not limited to the following. a) role and responsibilities of the Board b) matters assigned for the Board. c) delegation of authority. d) composition of the Board. e) the Board's independence. f) the nomination, election and appointment of directors and appointment of senior management. g) the management of conflicts of interests h) access to information and obtaining independent advice. i) capacity building of Board members, j) the Board's performance evaluation. k) role and responsibilities of the chairperson and the CEO. 1) role of the company secretary, m) Board sub committees and their role; and n) limits on related party transactions ❑ Read the relevant policies/ procedures connected with the approved governance framework and evidence for appointment of sub committees established to implement the board governance framework.	Complied

Section	Procedure	Finding
3 Composition of Board		
3 (1)	Confirm the Board's composition to ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the FC.	Complied
3 (2)	Confirm number of directors on the Board which shall not be less than seven (07) and not more than thirteen (13).	Complied
3 (3)	Confirm whether the total period of service of a director other than a director who holds the position of CEO/ executive director, shall not exceed nine years, subject to direction 3.4.	
3 (4)	❑ Confirm whether is there any non-executive director who holds office exceeding 9 years of service. If yes, confirm whether the FC has obtained prior approval from the Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. **Non-executive directors,** ❑ who directly or indirectly holds more than 10% of the voting rights or ❑ who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence ❑ Confirm whether the number of non- executive directors eligible to exceed 9 years (if any) are limited to one-fourth (1/4) of the total number of directors of the Board.	Complied
3 (5) Executive Director		
(a)	❑ Confirm whether, only an employee of a FC has been nominated, elected and appointed, as an executive director of the FC. ❑ Confirm whether the number of executive directors has not exceeded one-third (1/3) of the total number of directors of the Board. ❑ Read of contract of employment for executive directors, if any.	Complied
(b)	Confirm whether FC has appointed any executive director or as senior management, who is a shareholder who directly or indirectly holds more than 10% of the voting rights of the FC. Confirm whether are there existing executive directors with a contract of employment and functional reporting line and existing senior management who are allowed to continue as an executive director/senior management until the retirement age of the FC and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3. Confirm whether are there any existing executive directors without a contract of employment and functional reporting line. If yes, confirm whether such executive director step down from the position of executive director from the effective date of this direction and observe whether he/she has reappointed as a non-executive director subject to provisions contained in direction 4.2 and 4.3.	Complied
(c)	Confirm whether the CEO is one of the executive directors and is designated as the managing director of the FC, in the event of having executive directors on the Board.	Complied
(d)	Observe whether all Executive directors have a functional reporting line in the organization structure of the FC.	Complied
(e)	Observe whether executive directors are required to report to the Board through the CEO by reading the latest approved organization structure.	Complied
(f)	Confirm whether Executive directors have refrained from holding executive directorships or senior management positions in any other entity through a written confirmation by the Board secretary.	Complied

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE REQUIREMENTS OF THE DIRECTIVE ON CORPORATE GOVERNANCE ISSUED BY THE CENTRAL BANK OF SRI LANKA

Section	Procedure	Finding
3 (6) Non- Executive Directors		
(a)	❑ Observe by reading the fitness and propriety approval from CBSL along with the affidavits/declarations submitted to the regulator, whether non-executive directors possess credible track records, ❑ By reading the profile provided by the Board secretary understand if Non-executive directors have necessary skills, competency and experience to bring independent judgment on the issues of strategy, performance, resources and standards of business conduct.	Complied
(b)	Obtain the confirmation from company secretary if a non-executive director is appointed or functions as the CEO/executive director of the FC.	Complied
3 (7) Independent Directors		
(a)	Confirm the number of independent directors of the Board, which shall be at least three (03) or one-third (1 / 3) of the total number of directors, whichever is higher.	Complied
(b)	❑ Observe by reading the fitness and propriety approval from CBSL along with the affidavits/declarations submitted to the regulator, whether independent directors possess proven track records. ❑ By reading the profile provided by the Board secretary determine whether independent directors have necessary skills, competency and experience.	Complied
(c)	❑ Inspect the independence criteria of independent non-executive directors A non-executive director shall not be considered independent if such: i. Director has a direct or indirect shareholding exceeding 5% of the voting rights of the FC or exceeding 10% of the voting rights of any other FC. ii. Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position. iii. Director has been employed by the FC or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director. iv. Director has been an advisor or consultant or principal consultant/ advisor in the case of a firm providing consultancy to the FC or its affiliates during the one year preceding the appointment as director. v. Director has a relative, who is a director or senior management of the FC or has been a director or senior management of the FC during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the FC or exceeding 20% of the voting rights of another FC. vi. Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC. vii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, in which any of the other directors of the FC is employed or is a director. viii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, which has a transaction with the FC as defined in direction 12.1(c), or in which any of the other directors of the FC has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC. ❑ Obtain confirmation from the Board secretary to this extent.	Complied

Section	Procedure	Finding
(d)	❑ Confirm whether the nomination committee and Board have determined whether there is any circumstance or relationship, which is not listed at direction 3.7, which might impact a director's independence, or the perception of the independence. ❑ Obtain confirmation from the Board secretary to this extent.	Complied
(e)	❑ Confirm whether independent directors have immediately disclosed to the Board on any change in circumstances that may affect the status as an independent director. ❑ Confirm whether the Board has reviewed such director's designation as an independent director and observe whether it has been notified to the Director, Department of Supervision of Non-Bank Financial Institutions in writing of its decision to affirm or change the designation.	Complied
3 (8) Alternative Directors		
(a)	❑ Confirm whether FC has appointed any alternate directors. If yes, confirm whether such representation is allowed in this Direction. Representation through an alternate director is allowed only; i) With prior approval of the Director, Department of Supervision of Non-Bank Financial Institutions under Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) or as amended; and ii) If the current director is unable to perform the duties as a director due to prolonged illness or unable to attend more than three consecutive meetings due to being abroad. ❑ Observe by reading the fitness and propriety approval from CBSL for Alternate Directors along with the affidavits/declarations submitted to the regulator.	Complied
(b)	❑ Observe whether any existing directors of the FC are appointed as an Alternate Director to another existing FC as director. ❑ Observe whether a current existing director of the Board is not appointed as an Alternate Director as the objective is to appoint a person outside the existing Board.	Complied
(c)	Report any person appointed as an alternate director to one of the directors who has also extended the role as an alternate director to another director in the same Board.	Complied
(d)	Confirm whether any alternate director is appointed to represent an executive director.	Complied
(e)	Confirm whether the alternate director who is appointed to represent an independent director, meets with the criteria for independent directors.	Complied
3 (9) Cooling off periods		
(a)	❑ Confirm whether is there a cooling off period of six months prior to an appointment of any person as a director, CEO of the FC, who was previously employed as a CEO or director, of another FC. ❑ Observe whether if there is any variation thereto in exceptional circumstances where expertise of such persons requires to reconstitute a Board of a FC which needs restructuring and confirm that it has made with prior approval of the Monetary Board. ❑ Observe by reading the fitness and propriety approval from CBSL for such Directors.	Complied
(b)	❑ Confirm whether a director, who fulfills the criteria to become an independent director, shall only be considered for such appointment after a cooling off period of one year if such director has been previously considered as non-independent under the provisions of this Direction. ❑ Observe by reading the fitness and propriety approval from CBSL for such Director.	Complied

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE REQUIREMENTS OF THE DIRECTIVE ON CORPORATE GOVERNANCE ISSUED BY THE CENTRAL BANK OF SRI LANKA

Section	Procedure	Finding
3 (10) Common Directorships	❑ Confirm whether any director or a senior management of a FC has nominated, elected or appointed as a director of another FC except where such FC is a parent company, subsidiary company or an associate company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f). ❑ Observe the same by reading Directors interest declaration. ❑ Obtain confirmation from the Board secretary to this extent.	Complied
3 (11)	❑ Observe the Board has determined the appropriate limits for directorships that can be held by directors. ❑ Confirm any director of a FC holds office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/bodies, including subsidiaries and associates of the FC. ❑ Obtain confirmation from the Board secretary to this extent.	Complied
4 Assessment of Fitness and propriety Criteria		
4 (1)	❑ Confirm whether the nominated, elected or appointed director of the FC or who continues as a director of such FC is a fit and proper person to hold office as a director of such FC in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended. ❑ Observe by reading the fitness and propriety approval from CBSL for such matter. ❑ Read the Nomination committee minutes to determine such matter.	Complied
4 (2)	Confirm any person serving as a director of the FC who is over the age of 70 years. (Note: A Director will be allowed to exceed 70 years only up to 31.03.2025.)	Complied
4 (3)	Report any director who exceeds 70 years of age up to maximum of 75 years of age subject to the following, a) Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction. b) Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a). c) The maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors. d) The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	Complied
5 Appointment and registration of directors and senior management		
5 (1)	❑ Inspect whether the appointments, resignations or removals are made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons [KRP]) Direction. ❑ Observe the CBSL approval for resignation/retirement or removal of a member of the Board or CEO. ❑ Observe whether resignation/retirement or removal of KRP informed to CBSL.	Complied
6 The Chairperson and the CEO		
6 (1)	❑ Observe whether there is a clear division of responsibilities between the chairperson and CEO and note that responsibilities of each person are set out in writing. ❑ Observe this matter by reading the ToR of chairman and CEO.	Complied

Section	Procedure	Finding
6 (2)	Observe the chairperson is an independent director, subject to 6.3 below.	Complied
6 (3)	❑ Confirm whether the Board has appointed one of the independent directors as a senior director, with suitably documented terms of reference, in case where the chairperson is not independent, to ensure a greater independent element. ❑ Observe whether Senior director has served as the intermediary for other directors and shareholders. ❑ Confirm Non-executive directors including senior director shall assess the chairperson's performance at least annually.	Complied
6 (4) Responsibilities of the Chairperson	❑ Confirm the responsibilities of the chairperson which at least include the following: a) Provide leadership to the Board. b) Maintain and ensure a balance of power between executive and non-executive directors. c) Secure effective participation of both executive and non-executive directors. d) Ensure the Board works effectively and discharges its responsibilities. e) Ensure all key issues are discussed by the Board in a timely manner. f) Implement decisions/directions of the regulator. g) Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary. h) Not engage in activities involving direct supervision of senior management or any other day to day operational activities. i) Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board. j) Annual assessment on the Performance and the contribution during the past 12 months of the Board and the CEO. ❑ Read board minutes to determine this aspect ❑ Read the approved Code of conduct to determine this aspect ❑ Observe the ToR of chairman, special Directions issued by the DSNBFI and the implementation status of the same and Annual Assessment of the Chairman	
6 (5) Responsibilities of the CEO	❑ Confirm the CEO has functioned as the apex executive-in-charge of the day-to-day management of the FC's operations and business. The responsibilities of the CEO shall at least include: a) Implementing business and risk strategies in order to achieve the FC's strategic objectives. b) Establishing a management structure that promotes accountability and transparency throughout the FC's operations and preserves the effectiveness and independence of control functions. c) Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior. d) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator. e) Strengthening the regulatory and supervisory compliance framework. f) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.	Complied

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Section	Procedure	Finding
6 (5) Responsibilities of the CEO (Contd.)	g) CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another company, subject to Direction 3.10. For Eg: ❑ Read TOR or job description of the CEO ❑ Read minutes of relevant Board meetings including Budget/Strategy discussions meetings to determine this aspect. ❑ Read the ToR / Job Description of CEO, Directions issued by the Director, SNBFI and the actions initiated by the CEO to maintain the level of compliance with the same etc	Complied
7 Meetings of Board		
7 (1)	❑ Confirm the Board has met at least twelve times a financial year at approximately monthly intervals. ❑ Obtain a list of agenda items from the Board secretary that were subject to circulation of papers and determine such matters that led to circulation was practical in that circumstances.	Complied
7 (2)	❑ Observe the Board has ensured that arrangements are in place to enable matters and proposals by all directors of the Board to be represented in the agenda for scheduled Board Meetings. ❑ Read the Board meeting minutes that refers to this aspect.	Complied
7 (3)	❑ Confirm whether at least 3 days' notice has been given for a scheduled Board meeting. ❑ Observe whether reasonable notice has been given for all other Board meetings.	Complied
7 (4)	❑ Observe whether a director has devoted sufficient time to prepare and attend Board meetings and actively contributed by providing views and suggestions, by reading Board meeting minutes.	Complied
7 (5)	❑ Confirm whether a meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one fourth (1/4) of the number of directors that constitute the quorum at such meeting are independent directors. ❑ Obtain confirmation from the Board secretary to this extent.	Complied
7 (6)	❑ Confirm whether the chairperson has held meetings at least twice a year, only with the non-executive directors, without the executive directors being present, as necessary.	Complied
7 (7)	❑ Inspect whether a director has abstained from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested. ❑ If yes, confirm whether he has not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied
7 (8)	❑ Inspect whether FC has ceased to be a director who has not attended at least two-thirds (2 /3) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held.	Complied
7 (9) Scheduled Board Meetings and Ad Hoc Board Meetings	Observe whether, for the scheduled meetings, FC has encouraged the participation in person and for ad hoc meetings, participation through electronic means is acceptable where director cannot attend on a short notice.	Complied

Section	Procedure	Finding
8 Company Secretary		
8 (1) (a)	❑ Confirm the Board has appointed a company secretary. ❑ Read TOR or job description of the Company Secretary. ❑ Observe by reading the fitness and propriety approval from CBSL for Company Secretary.	Complied
(b)	❑ Confirm the Board has appointed its company secretary, subject to relevant transitional provision, and complying with such requirements in the Companies Act, No. 07 of 2007. ❑ Observe the appointed the company secretary is an employee of FC and shall not become an employee of any other institution.	Complied
8 (2)	Confirm all directors have access to advice and services of the company secretary with a view to ensure the Board procedures, laws, directions, rules and regulations are followed.	Complied
8 (3)	Observe the company secretary is preparing the agenda, in the event chairperson has delegated carrying out such function.	Complied
8 (4)	Observe the company secretary has maintained minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	Complied
8 (5)	Observe the company secretary is maintaining minutes following the proper procedure laid down in the Articles of Association of the FC.	Complied
8 (6)	❑ Observe whether minutes of the Board meetings has recorded in sufficient detail to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following: (a) a summary of data and information used by the Board in its deliberations; (b) the matters considered by the Board; (c) the fact-finding discussions and the issues of contention or dissent, including contribution of each individual director; (d) the explanations and confirmations of relevant parties, which indicate compliance with the Board's strategies and policies and adherence to relevant laws, regulations, directions; (e) the Board's knowledge and understanding of the risks to which the FC is exposed and an overview of the risk management measures adopted; and (f) the decisions and Board resolutions.	Complied
8 (7)	Observe whether the minutes are open for inspection at any reasonable time, on reasonable notice by any director.	Complied
9 Delegation of Functions by the Board		
9 (1)	❑ Confirm the Board has approved a Delegation of Authority (DA) ❑ Confirm Board has given clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	Complied
9 (2)	Observe all the functions to be carried out by sub committees are covered by the Board itself, in the absence of sub committees.	Complied
9 (3)	Observe the Board has established appropriate senior management level subcommittees if determined by the Board as required, with appropriate DA to assist in Board decisions.	Complied

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9 (4)	Confirm the Board has not delegated any matters to a board sub-committee, executive directors or senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied
9 (5)	❑ Confirm the Board has reviewed the delegation processes in place on a periodic basis, to ensure that they remain relevant to the needs of the FC. ❑ Document the last approved date for DA limits.	Complied
10 Board Sub- Committee		
10 (1) (a)	**For FCs with asset base of more than Rs. 20 bn** ❑ Confirm FC has established a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination Committee, Human Resource and Remuneration Committee and Related Party Transactions Review Committee. **For FCs with asset base of less than Rs. 20 bn** ❑ Confirm FC has established at least BAC, BIRMC and Related Party Transactions Review Committee. ❑ Confirm whether BAC and BIRMC meetings have been held at least quarterly, by referring to meeting minutes. ❑ Confirm whether other committees have met at least annually, by referring to meeting minutes.	Complied
(b)	❑ Inspect each Board sub-committee has a board approved written terms of reference specifying clearly its authority and duties. ❑ Document the last approved date of terms of reference.	Complied
(c)	Confirm the Board has presented a report at the annual general meeting of the FC on the performance of duties and functions of each Board sub-committee.	Complied
(d)	❑ Confirm whether each sub-committee has appointed a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee. ❑ Note the comprehensiveness of meeting minutes maintained by the sub-committee secretary.	Complied
(e	Confirm each Board sub-committee consists of at least three Board members and is only consist of members of the Board, who have the skills, knowledge and experience relevant to the responsibilities of the committee.	Complied
(f)	❑ Observe the Board have considered occasional rotation of members and of the chairperson of Board sub-committees, as to avoid undue concentration of power and promote new perspectives. ❑ Observe if the Board has adopted an internal policy or incorporated necessary Terms and Conditions in the TOR on rotating the committee members.	Complied
10 (2) Board Audit Committee (BAC)		
(a)	❑ Confirm whether the chairperson of BAC is an independent director who possesses qualifications and experience in accountancy and/or audit. ❑ Obtain a confirmation from the Board secretary to this extent.	Complied
(b)	❑ Confirm the composition of BAC which includes non-executive directors and majority shall be independent directors with necessary qualifications and experience relevant to the scope of the BAC. ❑ Obtain a confirmation from the Board secretary to this extent.	Complied

Section	Procedure	Finding
(c)	Confirm whether the secretary to the BAC is the Chief Internal Auditor (CIA). (Note: This is not a mandatory requirement).	Complied
(d) External Audit Functions	i) Confirm the BAC has made recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the auditor. ii) Confirm whether the Engagement of an audit partner has not exceeded five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Confirm whether, FC has not used the service of the same external audit firm for not more than ten years consecutively. iii) Confirm whether the Audit partner of an FC has not be a substantial shareholder, director, senior management or employee of any FC. iv) Observe the committee has reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices. v) Confirm whether the Audit partner has not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. Inspect the BAC has developed and implemented a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity. vi) Confirm whether that, before the audit commences, the BAC has discussed and finalised with the external auditors the nature and scope of the audit, including: (i) an assessment of the FC's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between auditors where more than one auditor is involved. vii) Observe the BAC has reviewed the financial information of the FC, in order to monitor the integrity of the financial statements of the FC in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the FC's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements. viii) Confirm the BAC has discussed issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary. ix) Confirm the BAC has reviewed the external auditor's management letter and the management's response thereto within 3 months of submission of such, and report to the Board.	Complied

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(e)	❑ Confirm the BAC has at least annually conducted a review of the effectiveness of the system of internal controls. ❑ Confirm the FC has obtained a report reviewing the effectiveness of the internal control system.	Complied
(f)	❑ Observe the BAC has ensured that the senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to internal audit function of the FC. ❑ Confirm BAC follows up the internal audit findings, supervisory findings by reading the meeting minutes.	Complied
(g) Internal Audit Function	i) Confirm the committee has established an independent internal audit function (either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations Direction or as amended) that provides an objective assurance to the committee on the quality and effectiveness of the FC's internal control, risk management, governance systems and processes. ii) ❑ Confirm the internal audit function has a clear mandate, be accountable to the BAC, and be independent. ❑ Confirm if the Internal Audit Department has adequate resources, expertise and authority to carry out assignments of special nature (e.g., statutory reporting, IS auditing, Gold Loans/ Pawning etc.) effectively. ❑ Confirm whether the reporting line of the Internal Audit Department is to the Chairman of BAC ❑ Observe that the internal audit function has sufficient expertise and authority within the FC to carry out their assignments effectively and objectively.	Complied
(g) Internal Audit Function (Contd.)	iii) Confirm the BAC shall take the following steps with regard to the internal audit function of the FC: (i) Review the adequacy of the scope, functions and skills and resources of the internal audit department and ensure the internal audit department has the necessary authority to carry out its work. (ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure appropriate actions are taken on the recommendations of the internal audit. (iii) Assess the performance of the head and senior staff members of the internal audit department. (iv) Ensure the internal audit function is independent and activities are performed with impartiality, proficiency and due professional care. (v) Ensure internal audit function carry out periodic review of compliance function and regulatory reporting to regulatory bodies. (vi) Examine the major findings of internal investigations and management's responses thereto.	Complied
(h)	❑ Inspect the BAC has reviewed the statutory examination reports of the Central Bank of Sri Lanka (CBSL). ❑ Observe necessary corrective actions have been taken in a timely manner and monitored the progress of implementing the time bound action plan quarterly. ❑ Read the BAC meeting minutes, and determine the progress is reported regularly of rectifying supervisory concerns raised by CBSL examiners.	Complied

Section	Procedure	Finding
(b) Meetings of Committee	i) Confirm the BAC has met as specified in 10.1 above, with due notice of issues to be discussed and has recorded its conclusions in discharging its duties and responsibilities. ii) Confirm whether the other Board members, senior management or any other employee can attend meetings upon the invitation of the committee when discussing matters under their purview. iii) Confirm the BAC has met at least twice a year with the external auditors without any other directors/senior management/ employees being present. iv) Read the attendance reports and observe the required participation of the required members	Complied
10 (3) Board Integrated Risk Management Committee (BIRMC)		
(a)	Confirm the BIRMC is chaired by an independent director. ❑ Confirm the Board members appointed to BIRMC are non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. ❑ Confirm whether that the CEO and Chief Risk Officer (CRO) can attend the meetings upon invitation. ❑ Observe the BIRMC has worked with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee, by reading reports submitted by BIRMC to the Board ❑ Observe the Terms of Reference of BIRMC regarding the appropriateness of the members and their appointment.	Complied
(b)	Confirm the secretary to the committee is the CRO.	Complied
(c)	❑ Observe the committee has assessed the impact of risks, including credit, market, liquidity, operational, strategic, compliance and technology, to the FC at least on once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board. ❑ Read IRMC meeting minutes, Risk Appetite Statement and risk reports submitted to IRMC and observe the assessment of the impact of risks by the BIRMC.	Complied
(d)	❑ Read the FC's Risk Appetite Statement (RAS) and determine if it which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic business objectives. ❑ By reading the risk framework and minutes and risk management reports: ❑ Confirm the RAS has included quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. ❑ Observe the RAS has defined the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision making and establishing the means to raise risk issues and strategic concerns throughout the FC.	Complied
(e)	Confirm the BIRMC has reviewed the FC's risk policies including RAS, at least annually.	Complied
(f)	By reading the risk policy/framework, observe the BIRMC has reviewed the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Complied

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(g)	By reading the approved BCP and DRP, confirm the committee has assessed all aspects of risk management including updated business continuity and disaster recovery plans.	Complied
(h)	Confirm that BIRMC has annually assessed the performance of the compliance officer and the CRO.	Complied
(i) Compliance Function	i. Confirm BIRMC has established an independent compliance function to assess the FC's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations. ii. Confirm whether for FCs with asset base of more than Rs. 20 bn, has a dedicated compliance officer considered to be senior management with sufficient seniority, who is independent from day-to-day management to carry out the compliance function and report to the BIRMC directly. ❑ Observe the compliance officer has not have management or financial responsibility related to any operational business lines or income-generating functions, and there has not be 'dual hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management has not served as the compliance officer. iii) Confirm whether for FCs with asset base of less than Rs. 20bn, has an officer with adequate seniority considered to be senior management has appointed as compliance officer avoiding any conflict of interest. iv) Confirm the BIRMC has ensured responsibilities of a compliance officer would broadly encompass the following: (i) develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements; (ii) ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture; (iii) ensure reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards; (iv) understand and apply new legal and regulatory developments relevant to the business of FC; (v) secure early involvement in the design and structuring of new products and systems, to ensure conformity with the regulatory requirements, internal compliance and ethical standards; (vi) highlight serious or persistent compliance issues and where appropriate, work with the management to ensure that they are rectified within an acceptable time; and (vii) maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with highest integrity. ❑ Observe the reporting line of the Compliance Officer (whether to BIRMC or to any other officer). ❑ Read the Job Description of the Compliance Officer to ensure that s/he is not assigned with management or financial responsibility related to any operational business lines or income-generating functions.	Complied

Section	Procedure	Finding
(J) Risk Management Function	i) Confirm BIRMC has established an independent risk management function responsible for managing risk-taking activities across the FC. ii) Confirm whether for FCs with asset base of more than Rs.20 bn, has a separate risk management department and a dedicated CRO considered to be senior management to carry out the risk management function and report to the BIRMC periodically. iii) Observe the CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders. iv) Confirm the BIRMC has ensured that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers: (i) various potential risks and frauds; (ii) possible sources of such risks and frauds; (iii) mechanism of identifying, assessing, monitoring and reporting of such risks which includes quantitative and qualitative analysis covering stress testing; (iv) effective measures to control and mitigate risks at prudent levels; and (v) relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually. v) Observe the CRO has participated in key decision-making processes such as capital and liquidity planning, new product or service development, etc., and made recommendations on risk management vi) Confirm the CRO has maintained an updated risk register, which has submitted to the BIRMC on a quarterly basis. vii) Confirm the BIRMC has submitted a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions. viii) Read the Job Description of the CRO to determine the reporting line, job role, responsibilities in line with the stated requirements.	Complied
10 (4) Nomination Committee		
(a)	Confirm the Nomination committee has constituted with non-executive directors and the majority are independent directors. ❑ Confirm whether an independent director has chaired the committee. ❑ Observe whether the CEO can present at meetings by invitation of the committee.	Complied
(b)	Confirm whether the company secretary has appointed as the secretary to the nomination committee.	Complied
(c)	❑ Confirm the committee has implemented a formal and transparent procedure to select/appoint new directors and senior management. ❑ Confirm whether the Senior management has appointed with the recommendation of CEO, excluding CIA, CRO and compliance officer.	Complied
(d)	❑ Observe the committee has ensured that directors and senior management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction. ❑ Observe by reading the fitness and propriety approval from CBSL.	Complied
(e)	❑ Confirm the selection process has included reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities. ❑ Read the TOR of Nominations Committee to determine coverage of above.	Complied

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(f)	❑ Observe the committee has taken all reasonable steps to ensure that the Board composition was not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole. ❑ Read the contents of board meeting minutes to determine whether each member actively contributes for decision making and to ensure that no single person dominates the decisions.	Complied
(g)	Confirm the committee has set the criteria, such as qualifications, experience and key attributes required for eligibility, which to be considered for appointment to the post of CEO and senior management.	Complied
(h)	Confirm the committee has assigned the responsibility to the company secretary to disclose below to shareholders, upon the appointment of a new director to the Board; (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	Complied
(i)	Observe the committee has considered and recommended (or not recommend) the reelection of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	Complied
(J)	❑ Observe the committee has considered and recommended from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management. ❑ Read the approved succession plan to determine the above.	Complied
(K)	By reading the minutes of Nominations Committee, ❑ Confirm whether a member of the nomination committee has not participated in decision making relating to own appointment/ reappointment. ❑ Confirm the Chairperson of the board has not chaired the committee when it is dealing with the appointment of the successor.	Complied
10 (5) Human Resource and Remuneration Committee		
(a)	By reading the TOR of HRRC observe the following: ❑ Confirm the Human Resources and Remuneration committee is chaired by a non-executive director. ❑ Confirm whether the majority of the members are non-executive directors.	Complied
(b)	Confirm whether the company secretary has appointed as the secretary to the human resource and remuneration committee.	Complied
(c)	❑ Observe the committee has determined the remuneration policy (salaries, allowances, and other financial payments) relating to executive directors and senior management of the FC and fees and allowances structure for non-executive directors. ❑ Observe if the remuneration policy has been approved by the board. ❑ Documents the recent most date of approval of the remuneration policy.	Complied
(d)	❑ Confirm whether the FC has a formal and transparent procedure in developing the remuneration policy. ❑ Observe whether the Terms of Reference of the Human Resource and Remuneration Committee, if applicable, have provided adequate guidelines for developing and updating the remuneration policy.	Complied

Section	Procedure	Finding
(e)	❑ Observe whether the committee has recommended the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the FC. ❑ Confirm whether the policy was subject to periodic review of the Board, including when material changes are made. ❑ Confirm whether the board approval has been granted to periodic revisions	Complied
(f)	Observe whether the remuneration structure was in line with the business strategy, objectives, values, long-term interests and cost structure of the FC. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest.	Complied
(g)	❑ Confirm the committee has reviewed the performance of the senior management (excluding chief internal auditor, compliance officer, chief risk officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives. ❑ Observe whether the goals in the Goal Statements are compared with performance evaluation forms of the members of senior management.	Complied
(h)	Observe the committee has ensured that the senior management has abstained from attending committee meetings, when matters relating to them are being discussed.	Complied
11 Internal Controls		
11 (1)	By observing the presence of the internal audit charter, audit committee charter, operational risk management framework, updated Organization Chart with clear reporting lines, delegation of authorities, detailed manuals for operations: ❑ Confirm FCs adopts well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.	Complied
11 (2)	By reading the internal audit plan, reports and timeliness of submissions, and observing the mechanism established to collect and monitor the operational risks in terms of Key Risk Indicators (KRIs), and maintenance of database of KRIs: ❑ Observe that FC has a proper internal control system which: (a) promote effective and efficient operations; (b) provide reliable financial information; (c) safeguard assets; (d) minimize the operating risk of losses from irregularities, fraud and errors; (e) ensure effective risk management systems; and (f) ensure compliance with relevant laws, regulations, directions and internal policies.	Complied
11 (3)	Observe whether all employees are given the responsibility for internal controls as part of their accountability for achieving objectives, by reading a sample of letter of employment/ appointment letters to verify that a term/ clause in contained in such letters assigning the responsibility for internal controls at all level employees.	Complied

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Section	Procedure	Finding
12 Related Party transactions		
12 (1)	❑ Inspect whether the Board has established a policy and procedures for related party transactions, which covers the following a) All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director and the members shall consist of non-executive directors. b) All related party transactions shall be prior reviewed and recommended by the RPTRC. c) The business transactions with a related party that are covered in this Direction shall be the following: i. Granting accommodation. ii. Creating liabilities to the FC in the form of deposits, borrowings and any other payable. iii. Providing financial or non-financial services to the FC or obtaining those services from the FC. iv. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	Complied
12 (2)	❑ Observe the Related Party Transactions committee has taken the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, observe whether there is a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises. a) Directors and senior management. b) Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC. c) Subsidiaries, associates, affiliates, holding company, ultimate parent company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa. d) Directors and senior management of legal persons in paragraph (b) or (c). e) Relatives of a natural person described in paragraph (a), (b) or (d). f) Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest. ❑ Observe evidence obtained from the Company secretary to determine whether: i. the list of related parties is updated frequently to capture the changes in such parties; and ii. appropriate information and the duly completed declarations from applicable persons (KRPs) are collected from the related parties to confirm the relationship and transactions.	Complied

Section	Procedure	Finding
12 (3)	Confirm the committee has ensured that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, "more favorable treatment" shall mean: a) Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FCs regulatory capital, as determined by the committee. b) Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty. c) Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties. d) Providing or obtaining services to or from a related party without a proper evaluation procedure; or e) Maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions.	Complied
13 Group Governance		
13 (1) Responsibilities of the FC as a Holding Company		
(a)	By reading the following : ❑ Appointment of directors ❑ Board agenda includes discussion ❑ Monthly reports to C ❑ Observe whether the FC has exercised adequate oversight over its subsidiaries and associates while complying with the independent legal, regulatory and governance responsibilities that apply to them.	Complied
(b)	❑ Confirm the Board of the FC has: i) Ensured that the group governance framework clearly defined the roles and responsibilities for the oversight and implementation of group wide policies. ii) Ensured that the differences in the operating environment, including the legal and regulatory requirements for each company, are properly understood and reflected in the group governance framework. iii) Have in place reporting arrangements that promote the understanding and management of material risks and developments that may affect the holding FC and its subsidiaries. iv) Assessed whether the internal control framework of the group adequately addresses risks across the group, including those arising from intra-group transactions; and v) By reading the following : ❑ Governance framework of the group ❑ Code of conduct of the group ❑ Group internal audit scope ❑ Group risk management framework ❑ Observe that there are adequate resources to effectively monitor compliance of the FC and its subsidiaries with all applicable legal and regulatory requirements.	Complied

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE REQUIREMENTS OF THE DIRECTIVE ON CORPORATE GOVERNANCE ISSUED BY THE CENTRAL BANK OF SRI LANKA

Section	Procedure	Finding
(c)	❑ Observe whether the FC, as the apex entity, has ensured that the group structure does not undermine its ability to exercise effective oversight. ❑ Observe the Board has established a clearly defined process of approving the creation of new legal entities under its management and identifying and managing all material group-wide risks through adequate and effective policies and controls.	Complied
(d)	Observe the Board and senior management of the FC has validated that the objectives, strategies, policies and governance framework set at the group level are fully consistent with the regulatory obligations of the FC and ensure that company-specific risks are adequately addressed.	Complied
(e)	By reading the latest group structure obtained from the Board secretary/ CFO, confirm the FC has avoided setting up complicated structures that lack economic substance or business purpose that can considerably increase the complexity of the operations.	Complied
13 (2) Responsibility as a subsidiary	Confirm whether the FC has discharged its own legal and governance responsibilities, if the FC is a subsidiary of another financial institution subject to prudential regulation.	Complied
14 Corporate Culture		
14 (1)	Confirm whether a FC has adopted a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of company assets and fair treatment of customers.	Complied
14 (2)	Inspect the FC has maintained records of breaches of code of conduct and addressed such breaches in a manner that upholds high standards of integrity.	Complied
14 (3)	❑ Observe whether a FC has established a Whistleblowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. ❑ Observe whether employees are able to raise concerns about illegal, unethical or questionable practices in a confidence manner and without the risk of reprisal. ❑ Confirm whether the BAC shall review the policy periodically.	Complied
15 Conflict of interest		
15 (1) (a)	❑ Observe whether relationships between the directors have not exercised undue influence or coercion. ❑ Confirm whether a director has abstained from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has substantial interest, is interested, and such director has not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied
(b)	❑ Confirm whether the Board has a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall, i. Identify circumstances which constitute or may give rise to conflicts of interests. ii. Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest. iii. Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest. iv. Implement a rigorous review and approval process for director and senior management to follow before they engage in certain activities that could create conflicts of interest. v. Identify those responsible for maintaining updated records on conflicts of interest with related parties, and vi. Articulate how any non-compliance with the policy to be addressed.	Complied

Section	Procedure	Finding
16 Disclosures		
16 (1)	Confirm the Board has ensured that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. Confirm the Board has ensured that at least following disclosures are made in the Annual Report of the FC.	Complied
(i) Financial Statements	In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, ❑ A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. ❑ A statement of responsibility of the Board in preparation and presentation of financial statements.	Complied
(ii) Chairperson, CEO and Board related disclosures	❑ Name, qualification and a brief profile. ❑ Whether executive, non-executive and/or independent director. ❑ Details of the director who is serving as the senior director, if any. ❑ The nature of expertise in relevant functional areas. ❑ Relatives and/or any business transaction relationships with other directors of the company. ❑ Names of other companies in which the director/CEO concerned serves as a director and whether in an executive or non-executive capacity. ❑ Number/percentage of board meetings of the FC attended during the year; and ❑ Names of board committees in which the director serves as the Chairperson or a member.	Complied
(iii) Appraisal of board performance	An overview of how the performance evaluations of the Board and its committees have been conducted.	Complied
(iv) Remunerations	❑ A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non- financial, the procedure for setting remuneration, and the relationships between remuneration, performance, and value creation). ❑ The aggregate values of remuneration paid by the FC to its directors and senior management.	Complied
(v) Related Party transactions	❑ The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board. ❑ Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital. ❑ The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC.	Complied
(vi) Board appointment committees	The details of the chairperson and members of the board committees and attendance at such meetings.	Complied
(vii) Group structure	❑ The group structure of the FC within which it operates. ❑ The group governance framework.	Complied

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE REQUIREMENTS OF THE DIRECTIVE ON CORPORATE GOVERNANCE ISSUED BY THE CENTRAL BANK OF SRI LANKA

Section	Procedure	Finding
(viii) Director's report	A report, which shall contain the following declarations by the Board: ❑ The FC has not engaged in any activity which contravenes laws and regulations. ❑ The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested. ❑ The FC has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors. ❑ The business is a going concern with supporting assumptions; and ❑ The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness.	Complied
(ix) Statement of Internal Control	❑ A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. ❑ The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. ❑ A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. ❑ A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions.	Complied
(x) Corporate governance report	Shall disclose the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction.	Complied
(xi) Code of conducts	❑ FC's code of business conduct and ethics for directors, senior management and employees. ❑ The Chairperson shall certify that the company has no violations of any of the provisions of this code.	Complied
(xii) Management report	❑ Industry structure and developments ❑ Opportunities and threats ❑ Risks and concerns ❑ Sustainable finance activities carried out by the company ❑ Prospects for the future	Complied
(xiii) Communication with shareholders	❑ The policy and methodology for communication with shareholders. ❑ The contact person for such communications	Complied

R.J.A. Gunawardena
Executive Director & CEO

Radhika Dilrukshi
Compliance Officer

RISK MANAGEMENT

Risk Management plays a vital role in positively impacting a Company's short, medium, and long-term success. Therefore, having a robust risk management framework is vital for effectively identifying, assessing, and mitigating risks, ensuring resilience and sustainable growth in a dynamic business environment. Furthermore, a well-structured risk management framework enhances decision-making, promotes operational stability, and ensures long-term sustainability amid evolving uncertainties. At Asia Asset Finance PLC, the Board of Directors and Senior Management hold the primary responsibility for formulating and implementing the risk management framework.

GLOBAL RISK LANDSCAPE

The Global Risk Report 2024 showcases a pessimistic outlook for the world, with a focus on risks related to climate, technology, and societal polarisation. Concerns continue to persist about extreme weather events, AI-fueled misinformation, and societal division, particularly in the near term. The report also emphasises the need for stronger cooperation between the public and private sectors to build resilience and mitigate these risks.

Climate risks due to extreme weather events continue to be a major concern, while societal polarisation, particularly in its interconnectedness with economic downturns, potentially fuels and is fueled by misinformation and disinformation. There is also the potential for foreign and domestic actors to leverage misinformation to exacerbate societal and political divides. Technological risks emerging with the advancement of AI are also creating new challenges and potential disruptions. As for the economic risks, the cost-of-living crisis remains a significant concern, including the potential disruptions from the convergence of technology and geopolitical shifts. With regards to geopolitical risks, there is anticipation of increased competition amongst great and middle powers, potentially leading to a more fragmented global order.

SRI LANKA'S RISK LANDSCAPE

The Risk landscape is measured for the year under review through the application of the PETSEL analysis.

PETSEL ANALYSIS

We analysed risk in the context of Political, Economic, Technological, Social, Environmental, and Legal (PETSEL) considerations.

Sri Lanka's risk landscape in 2024 is characterised by a mix of economic recovery and ongoing challenges. Political uncertainty, economic vulnerabilities, and climate change-related risks are key factors that businesses and policymakers need to address to ensure sustainable growth and development. The country needs substantial investments to build resilience against climate change impacts and address social inequalities.

RISK MANAGEMENT

Political	The political landscape during 2024 was marked by political uncertainty against the backdrop of presidential and parliamentary elections, which impacted the policy implementation and economic stability. With the new government elected and the ongoing debt restructuring process, the Country progressed on a recovery path.
Economic	Sri Lanka's economy continues to rebound in 2024 after consecutive years of contraction, recording a GDP growth of 5%. This positive performance was largely driven by strong growth in the industrial and service sectors, particularly construction and tourism-related services. Inflation also remained within single digit levels, demonstrating stability while labour markets witnessed a high migration of people in search of better opportunities abroad. However, despite this recovery, significant challenges remain, including high poverty rates and struggling household incomes.
Social	Despite economic revival, poverty and inequality continue to persist, as household incomes, employment, and overall welfare remain below pre-crisis levels, with a high poverty rate. The economic crisis had a significant impact on living standards, and the recovery is expected to be gradual.
Technological	Sri Lanka demonstrated a mixed performance in technology, with improvements in certain areas while facing challenges in others. The country saw growth in the ICT sector, particularly in exports and digital adoption, but also experienced a widening trade deficit. The service sector, including IT-related activities, showed positive growth, indicating expansion in the tech-driven service industry. Sri Lanka continues to invest in infrastructure, which is a vital enabler for technological advancement. There was a rapid growth of FinTech companies in Sri Lanka that presents novel opportunities, though these raise concerns about risk management frameworks and regulatory compliance. Further, the increase in the adoption of new technologies to enhance various sectors may lead to increased risks in cybersecurity and infrastructure challenges.
Environmental	Climate change continues to pose a challenge as Sri Lanka remains highly vulnerable to climate change impacts, including heatwaves, sea-level rise, floods, landslides, and droughts. Also, the increase in extreme weather events and natural disasters may pose a threat to the economy, agriculture, and human health. Moreover, issues such as pollution and land mismanagement exacerbate environmental risks, impacting agriculture, water resources, and biodiversity.
Legal	In the ongoing effort to address the aftermath of the economic crisis, changes in the regulatory environment, particularly those related to trade and investment, continue to impact businesses and industries. Likewise, FinTech companies and other businesses are also compelled to navigate a complex regulatory landscape.

MANAGEMENT APPROACH

We remain dedicated to actively tracking emerging developments and adopting a proactive stance in identifying both risks and opportunities through robust risk management strategies and timely responses. Our goal is to enhance resilience and generate long-term, sustainable value for all our stakeholders.

An important part of this commitment is the continuous strengthening of our Risk Culture, fostering a more dynamic and forward-looking approach to risk management with the active involvement of all departments and branches. These collective efforts help reinforce our defences against potential risks, while empowering every team member to support the Company's resilience and long-term success.

The heightened market volatility demanded a swift and adaptive response from all business units across the company. Intensified exposures to market, credit, operational, liquidity, and financial risks prompted a thorough reassessment and refinement of our risk management strategies. In response, our risk management framework evolved to meet these emerging challenges. Key innovations, including process digitalisation, a revamped document management system, and improved customer communication practices, played a crucial role in strengthening our overall risk resilience.

These strategic initiatives reflected a progressive approach to risk management. The digitalisation efforts, in particular, not only addressed immediate operational risks but also enhanced the Company's ability to respond to future uncertainties with greater efficiency and adaptability. Additionally, the accelerated digital transformation enabled the adoption of modern customer communication strategies, strengthening the organisation's agility and resilience to thrive in an increasingly dynamic risk environment.

RISK STRATEGY

Although the economy was on a recovery trajectory, we maintained a stringent risk strategy, guided by cautious optimism surrounding the prospects for economic growth in 2024/25. Accordingly, we sustained comprehensive efforts in risk identification, monitoring, mitigation, and reporting throughout the year under review.

RISK GOVERNANCE

In line with the risks identified through the PETSEL analysis that influenced our Company's overall risk landscape, we continued to operate within a strong risk governance framework, supported by several dedicated Board Committees established for this purpose.

Board Integrated Risk Management Committee (BIRMC)	IRMC is the Board subcommittee responsible for overseeing the risk management function of the Company in line with the directions of the regulatory authorities and those of the Board of Directors.
Assets & Liability Management Committee (ALCO)	The Asset and Liability Committee (ALCO) is the formal Management Committee established to manage various risks that arise due to mismatches of contractual maturities of the assets and liabilities (Gap Analysis) of the Company and other operational risks related to liquidity, interest rate risks, exchange, and segment-wise credit exposures. The investment committee functions under ALCO to evaluate and make recommendations to ALCO on matters relating to investments.
Board Credit Committee	Board Credit Committee is established in order to evaluate and give Directions to the management at the time of new product developments and enhancements or curtailing current products. Further, the committee reviews the past actions and monitors the performance of the loan base.
Board Audit Committee	Board Audit committee ensuring the company adopts, maintains and applies appropriate accounting and financial reporting processes and procedures; Facilitating the independence of the external audit process and addressing issues arising from the audit process; and ensuring the company maintains effective risk management and internal control systems. Also reviewing financial statements and other financial information distributed externally, monitoring the procedures in place to ensure the company is in compliance with the Finance Business Act, CSE Listing Rules, CBSL Regulations and other legislative and reporting requirements.
Board IT Steering Committee	The Information Technology Committee (ITC) is an advisor to the Board and management on current and future information technology-related issues. It assists the Board in governing and overseeing the company's information technology-related matters. ITC monitors formulation and implementation of the company's IT strategy and strategic alignment, assesses value delivery, resource management, risk management and performance management of the AAF IT function in enabling the business strategies and functions of the company.

These committees were instrumental in strengthening the Company's risk management framework, providing essential oversight, guidance, and strategic direction. A key part of their mandate is to continuously promote and develop a strong risk culture across the organisation. By setting and monitoring risk appetite and tolerance levels, they ensure that all risk-taking activities align with our strategic goals, regulatory requirements, and stakeholder expectations.

The Risk Committee structure includes both management and board-level committees, aligning with the requirements of our corporate governance framework. Extending across all business units and branches, these committees function as a key line of defence against potential risks. They are vital in executing the directives of the Integrated Risk Management Committee (IRMC) and the Board of Directors (BOD), ensuring rigorous compliance with defined policies and procedures.

Furthermore, these committees play a vital role in offering thorough oversight, specialised expertise, and strategic guidance in risk management. Their contributions are essential to fostering sound risk practices that protect the organisation's reputation, maintain financial stability, and drive long-term success.

RISK MANAGEMENT

RISK MANAGEMENT

The Three Lines of Defence ensure that risks are promptly identified, mitigated, and reported. These defence layers operate throughout our business with varying degrees of involvement to guarantee a swift response. This comprehensive approach cultivates a culture of risk awareness and accountability across the organisation, strengthening our capacity to manage and mitigate risks effectively. Additionally, it supports a dynamic, agile risk management system that can rapidly adapt to emerging challenges and opportunities, protecting the company's assets and reputation while driving sustainable growth.



1st Line of Defense

- Credit Department
- Treasury Department
- Marketing Department
- Recoveries Department
- IT Department
- Operations Department
- Administration Department
- Branch Network
- Finance Department

2nd Line of Defense

- Credit and Recovery Committee
- IT Steering Committee
- Related Party Transactions Committee
- Remuneration Committee
- Integrated Risk Management Committee
- Risk Management Committee
- Compliance Department
- Policy & Planning Department
- Assets & Liabilities Committee (ALCO)

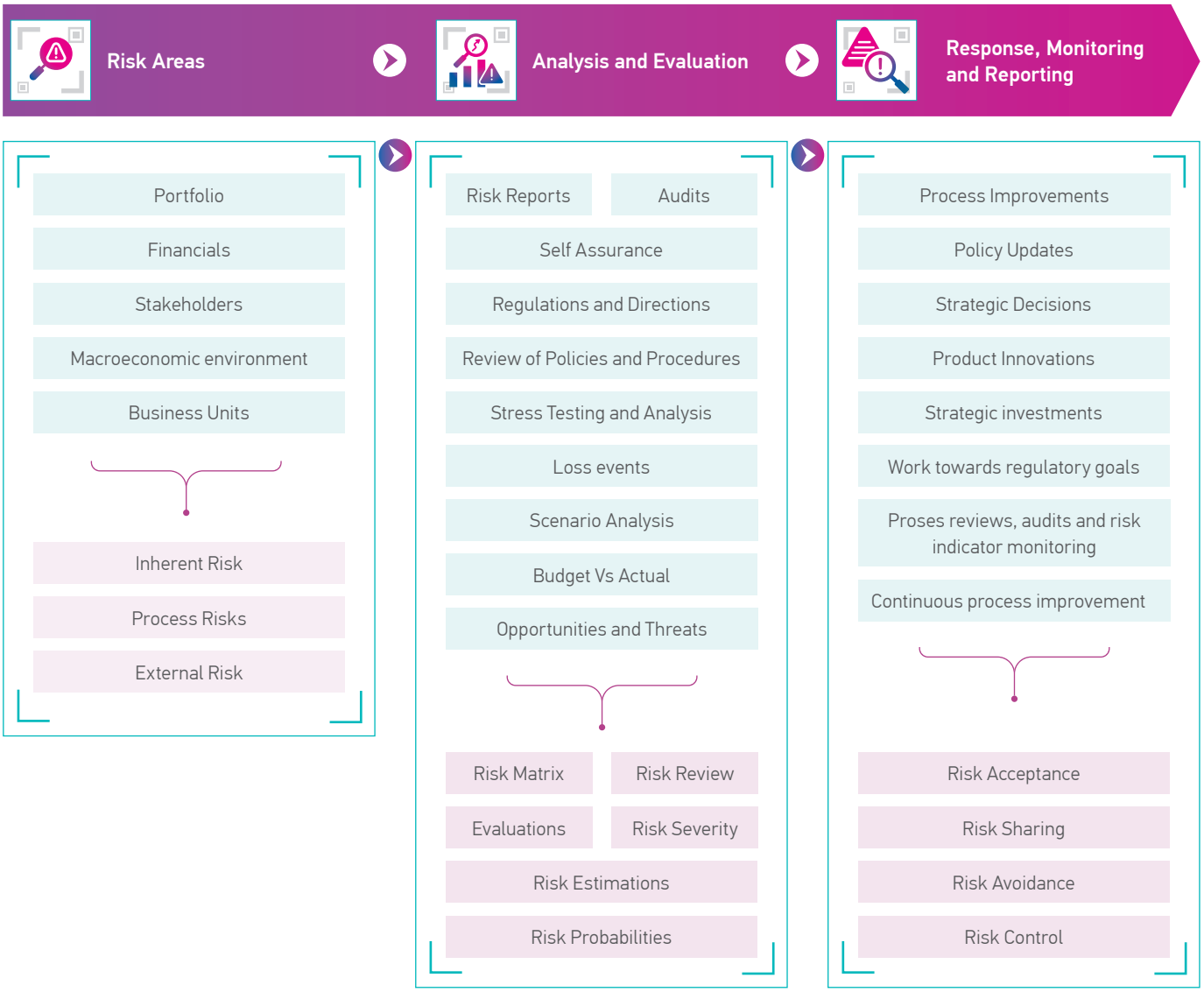
3rd Line of Defense

Board Audit Committee / Internal Audit Department

4th Line of Defense

Board of Directors

RISK MANAGEMENT FRAMEWORK



We follow a comprehensive, three-pronged risk management process comprising Risk Identification, Impact Analysis, Response, Monitoring, and Reporting. In 2024/25, we intensified this process to navigate the unprecedented uncertainties presented by the economy.

Risk Committees were pivotal in reinforcing the risk management framework, performing invaluable work to ensure that controls were effectively implemented and consistently followed by all employees amid the volatile risk landscape.

RISK MANAGEMENT

RISK APPETITE STATEMENT (RAS)

The Risk Appetite Statement (RAS) serves as the cornerstone of our Risk Management framework, reflecting the organisation's dedication to disciplined and informed risk-taking. This key document offers clear guidance to management, committees, and staff, helping them align their decisions and actions with the Company's established risk tolerance and strategic goals.

Over the past four financial years, marked by numerous challenges, the Company has shown exceptional resilience and adaptability.

The success of our response during these turbulent times is largely due to the dynamic and responsive design of the Risk Appetite Statement (RAS). By defining clear risk thresholds and mitigation strategies, the RAS has enabled us to proactively manage risks while capitalizing on opportunities aligned with our strategic objectives, thereby driving enhanced overall value.

In support of this, the Risk Committees have been instrumental in maintaining a current and relevant Risk Appetite Statement (RAS) that accurately mirrors the evolving risk landscape. Through frequent reviews and updates, they ensure the RAS adapts to internal developments and external market shifts. This continuous refinement is crucial for strategic decision-making, offering a strong framework that steers the organisation through complex situations and critical choices.

Moreover, this proactive risk management approach, guided by the RAS, has allowed us to sustain stability and pursue growth despite the challenges of an unpredictable global environment. It highlights the Company's commitment to thorough risk assessment and management, ensuring that all organisational levels comprehend and respect the defined risk boundaries. The updated RAS not only directs daily operations but also informs strategic initiatives, cultivating a culture of risk awareness throughout the entire Company.

TAX EXPOSURES

In determining the amount of current and deferred tax, AAF considers the potential favourable or adverse impacts on tax liabilities arising from assessments, legislative amendments, and similar changes. These adjustments may affect the tax expense in the period in which they are recognised, resulting in over- or under-provision.

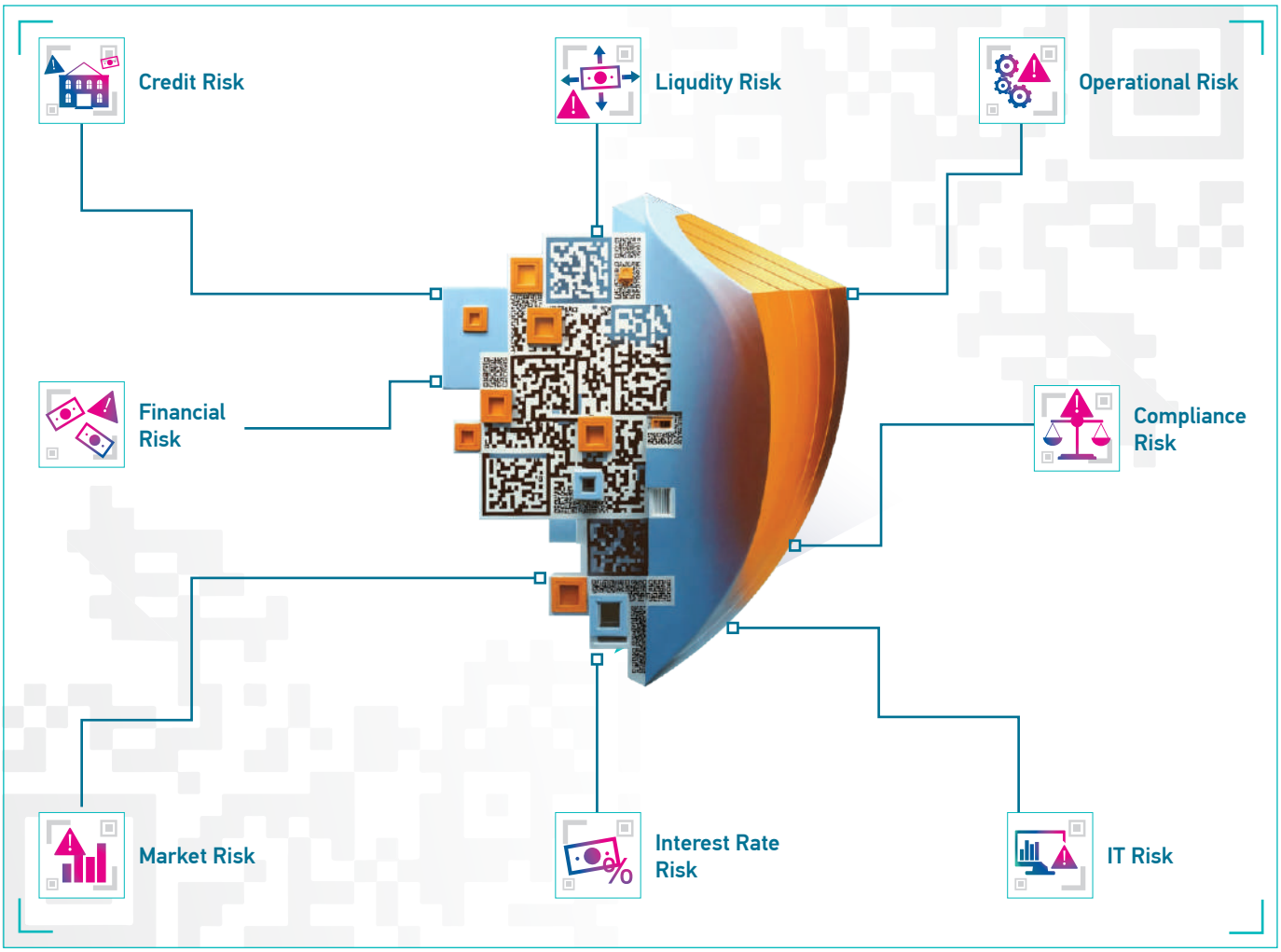
While the Finance department remained actively engaged in all tax-related computations, ensuring accuracy, transparency, and compliance with applicable regulations, all tax expense determinations were implemented in collaboration with engaged tax experts, ensuring technical accuracy and alignment with current tax laws and regulatory standards. For complex or uncertain matters, assistance is sought from the Tax authorities, ensuring its correct interpretation, risk mitigation, and further strengthening overall tax governance.

Moreover, the Senior Management and Board Members take an active role in continuously evaluating (third party eye) the accuracy of tax liability while the External Audit team is concurrently conducting independent verifications of the accuracy and completeness of tax liabilities recorded in the books of AAF, providing an added layer of assurance.

CURRENT TAXES

- Crop Insurance Levy (CIL)
- Withholding Tax (WHT) on dividends distributed by the AAF, subsidiaries and associate WHT on dividends distributed by the AAF
- Value Added Tax on Financial Services (VAT FS)
- Social Security Contribution Levy (SSCL)
- Value Added Tax (VAT)
- Introduction of New Tax Reforms

KEY RISKS FY 2024/25



INHERENT RISK

Credit Risk

Credit Risk for AAF is an inherent risk for the company stemming from the lending activities. AAF Credit risk is mainly governed by the Credit risk policy and the Product Credit Polices and Guidelines. Credit risk thresholds are introduced in the risk appetite statement in order to monitor and control the risk.

The Company has established rigorous credit risk assessment procedures to address the possibility of financial losses resulting from defaults, delayed or non-payments. These included evaluating the creditworthiness of borrowers, defining suitable lending limits, monitoring concentration patterns, early warning signals and loan portfolios to detect and mitigate credit risk. Product, Geographic and Sector-wise concentration levels were intrusively monitored to avoid losses.

Each product offered undergoes a rigorous evaluation process prior to its launch, encapsulated within a new product policy that incorporates both credit approvals and credit risk monitoring mechanisms. This policy ensures that each product aligns with the institution's overall risk management framework and strategic objectives. In addition to the steps taken at the time of product initiation and policy review, periodic risk reviews are also carried out, as it is integral to the ongoing risk management process. These reviews assess the product's performance against its expected financial outcomes and risk parameters. They provide an opportunity to adjust risk controls and product features in response to changes in the market environment or in the actual performance of the product.

The Governance structure around product policies is robust. All policies pertaining to new products are meticulously drafted with input all departments involved in the credit process, including Credit, Recoveries, IT, Compliance, Accounts and Risk. These policies are then reviewed and endorsed by the Internal Risk Management Committee (IRMC) or the Credit Committee before being submitted for final approval to the Board of Directors (BOD). This structured approval process ensures that all new products meet the required standards of risk management before they are offered to customers.

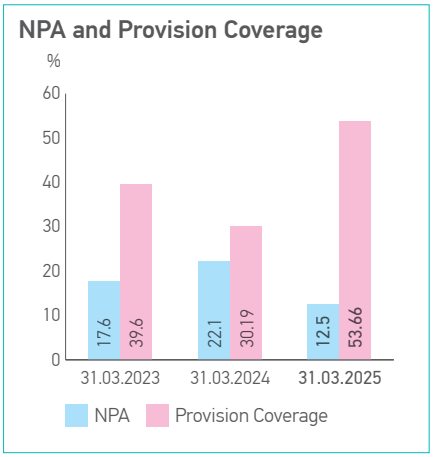
Each product within the lending portfolio is subjected to a thorough monthly screening, both at the portfolio level and individual contract levels. This analysis leverages Board of Directors-approved parameters such as bounce rates, tolerance levels, and threshold limits to monitor and manage credit risk effectively. These metrics serve as critical guidelines for management in implementing targeted credit risk mitigation strategies for the product. These are further analysed regional wise and Branch wise to address any credit concerns directly.

The system takes a detailed approach in assessing each contract. It considers factors such as the Loan-to-Value (LTV) ratio, customer profiles, repayment patterns, and macroeconomic indicators including inflation and sector-specific trends. This comprehensive evaluation enables management and staff to allocate resources efficiently, tailoring their efforts based on the risk profile of each customer.

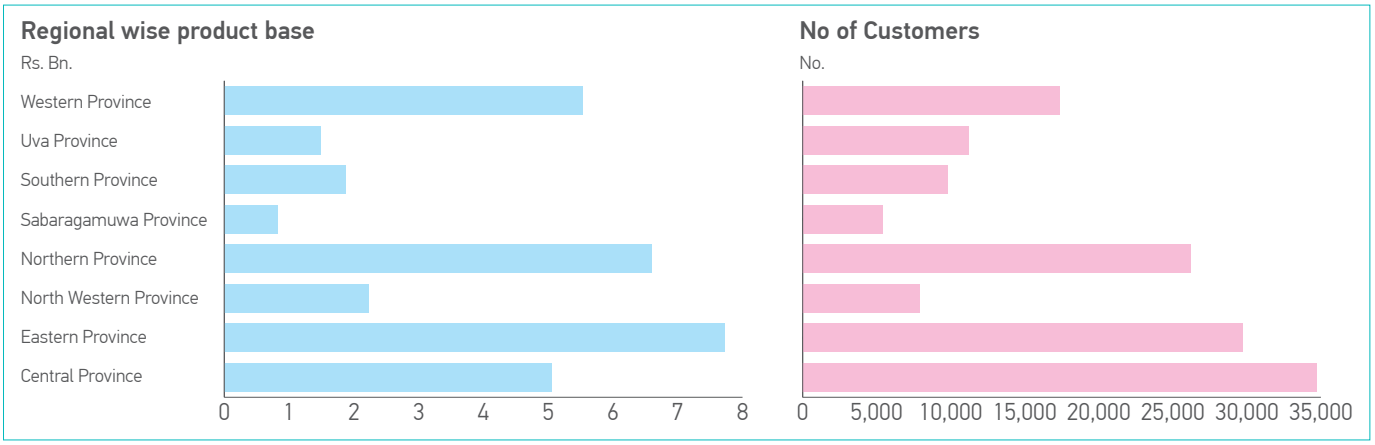
Adopting this granular, risk-based approach to managing credit has streamlined resource allocation and optimised the effectiveness of recovery efforts where necessary. The result is a more efficient use of time, improved work management, and enhanced overall resource management, making the institution's operations both more strategic and adaptive in addressing credit risk challenges.

In the post-COVID financial years, AAF primarily focused on gold loans, as they were best suited to the prevailing macroeconomic conditions. However, this strategic focus also led to an increased concentration risk for the company.

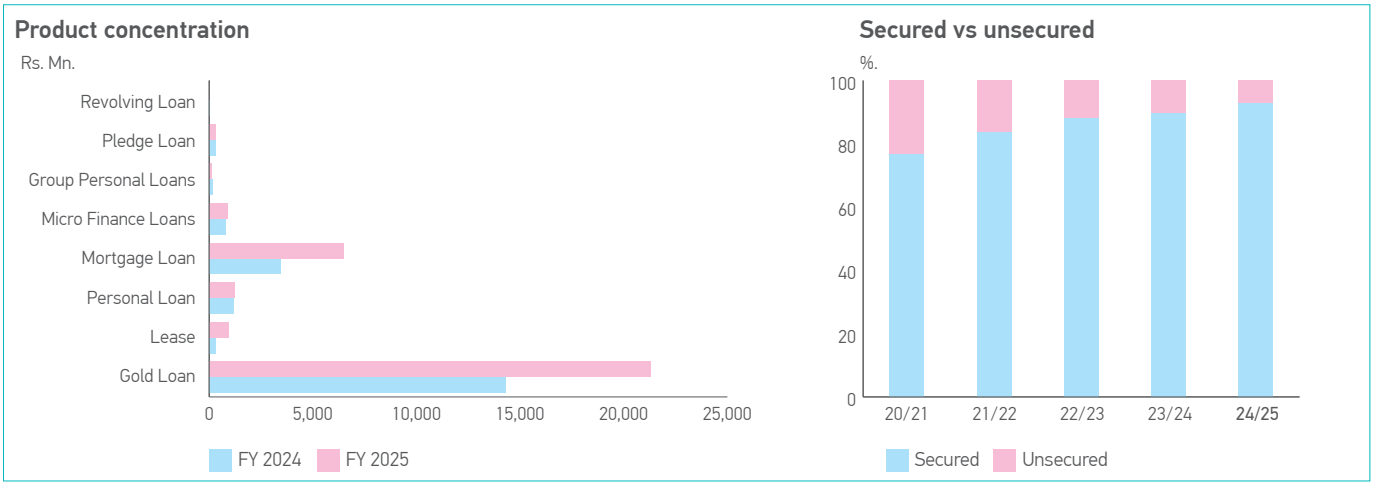
In the financial year 2024/25, AAF transitioned from being a single-product company by reintroducing significantly enhanced mortgage and leasing products. Although AAF had prior experience with these offerings, the relaunch focused on improved credit quality and more efficient, digitally driven delivery methods. This strategic move was carefully planned, incorporating historical insights into the credit policies and guidelines to strengthen credit quality. AAF's continued emphasis on secured products has contributed to building a more resilient portfolio with stronger underlying collateral, thereby reducing overall risk.



Geographical concentration is a key factor in managing credit risk. To address this, AAF initiated branch network expansion into rural areas, aiming to broaden its customer base while mitigating customer concentration risk.



These newly introduced products are shaping AAF's refreshed strategy, offering enhanced value to customers while effectively reducing product concentration risk.



A key strategic focus during the year was to strengthen two critical aspects of credit risk management. Accordingly, the Risk Department, in collaboration with business units, worked to gradually reduce Stage 3 advances (NPAs) and enhance the provision coverage ratio.

To mitigate product concentration risk, the Company has strategically relaunched its mortgage and leasing products, thereby diversifying its lending portfolio and broadening the revenue base. These initiatives are aimed at reducing dependency on a limited range of products while better catering to evolving market needs. In parallel, the branch network expansion strategy focuses on addressing geographical risk by establishing new branches in underserved and high-potential regions, thereby enhancing market penetration and regional balance. Furthermore, the Board Credit and Recovery Committee plays a vital role in providing oversight on credit quality, ensuring robust governance. This is further strengthened by the oversight of the Board Integrated Risk Management Committee (BIRMC), which continuously monitors the credit portfolio and associated risks to ensure proactive risk mitigation.

Liquidity Risk

Sound liquidity management practices were implemented to address the risk of insufficient funds to meet financial obligations as they arise. During the financial year under review, the Company faced significant liquidity challenges, primarily driven by the term deposit rates coming down, as well as changes in policy rates. These fluctuations led to a shift in customer investment preferences, with many opting for alternative investments like Treasury bills and money market accounts, which typically offer higher returns during periods of reducing interest rates. This shift affected the traditional deposit base, which is a key source of liquidity for most Financial Institutions.

Mitigating support was reinforced by the Fitch Rating of A+, positioning AAF as a low-risk investment in line with institutional investment guidelines. This favourable rating attracted significant interest from institutional and corporate investors, who viewed AAF as a secure option for fixed deposits, further validated by the Corporate Risk Rating of A+ assigned by Fitch. As a result, fixed deposit mobilisation remained strong, necessitating careful monitoring and proactive management of funding lines to ensure stability and sustainability.

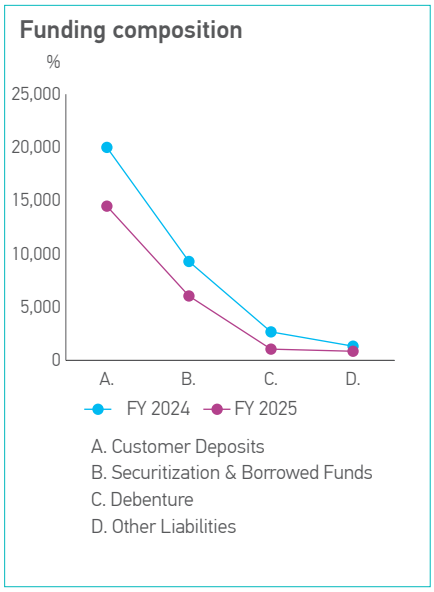
Additionally, the unstable interest rate environment made some planned funding activities untenable at their projected costs. This temporary impediment was managed by shelving certain funding initiatives to mitigate the impact of interest rate fluctuations and preserve its financial stability.

Furthermore, the improved credit rating of AAF facilitated access to additional funding avenues, including bank loans, securitisations, and debenture issuances.

The Asset-Liability Committee (ALCO) plays a pivotal role in managing liquidity risk at AAF PLC. The ALCO, comprising members from various departments, such as finance, risk management, and treasury, focuses on optimising the balance between assets and liabilities. They closely monitored market conditions, interest rate movements, and exchange rate fluctuations to proactively identify potential risks and opportunities.

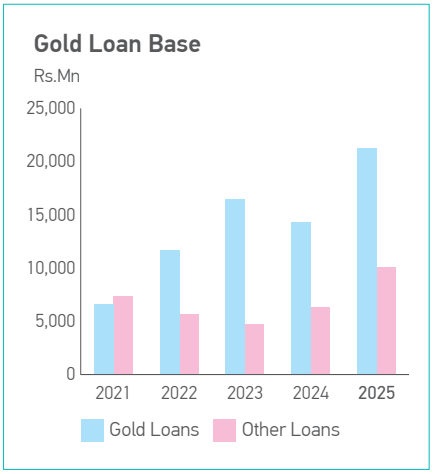
ALCO helps the Company to navigate complex financial landscapes, ensuring that the institution remains stable and can continue to meet its obligations. Through careful monitoring, strategic decision-making, and product innovation, ALCO works together to maintain a robust liquidity management framework that minimises risk and supports the institution's long-term financial goals. As part of the Risk mitigations, the Treasury department is working towards addressing the funding composition with more innovative products. Along with stress test updates, AAF PLC will take steps to reduce the cost of funds and risk through more innovative funding lines.

Treasury department further organised contingency funding lines, ensuring the consistent availability of contingency funding over the financial year.



Risk mitigation actions include AAF introducing its first innovative debenture, digital debenture.

Further, the maturity buckets cannot be assessed in a traditional sense, as nearly 70% of AAF's portfolio consists of short-term assets and funding lines that have maturities ranging between 12 months – 60 months. This is a unique situation where the rollover and renewal of the Gold loan portfolio provide support for bucket shortfall through the revolving gold loan base. The increase in the gold loan base and the reduction of the NPA values of the base are a testament to the sustainability of the loan base.



PROCESS RISK

Operational Risk

With monitoring and follow up on the actionable, Operational Risk is a controllable risk by the Company. We monitor operational risk by implementing Key Risk Indicators, which are set by the IRMC and monitored monthly.

Under Operational risk, AAF is focused on events that can lead to resources/assets loss including impact to the Company's reputation.

- Mainly focused on risks arising from the following activities;
  - Internal Fraud: Fraudulent activities involving internal parties.
  - External Fraud: Fraud perpetrated by third parties (e.g., theft, hacking).
  - Employment Practices & Workplace Safety: Issues related to employee relations and safety.
  - Business Disruptions & System Failures: Risks to Business Continuity from denial of systems or operational disruptions.
  - Execution, Delivery & Process Management.

Any new Risks are continuously monitored through business process analysis and SOP preparations for each product and function.

Furthermore, the Internal Audit Department plays a dual role in identifying risk and ensuring that the policies and procedures given in order to mitigate risk are followed by the business units. Therefore, the Internal Audit function is strategically structured into two distinct units to maximise oversight and ensure comprehensive risk management coverage. As such, the internal audit unit works within a live work environment, monitoring transactions in real time to improve the internal functions and business operations, while a field team visit branches to ensure the branch operations and their business activities are within the policy and procedure guidelines.

During the year, the Internal Audit function, comprising two teams conducting onsite and offsite audits, along with a dedicated operations audit team, played a pivotal role in minimising malpractices, internal fraud, and losses arising from policy deviations, through real-time transaction monitoring and enhanced oversight.

The Management Committees support the Internal Audit function through independent monitoring of the Company's policies and procedures, ensuring they remain robust and responsive to the changing dynamics of our business environment. These committees facilitate regular engagements with business unit heads, fostering a proactive risk management approach that ensures timely and strategic resolution of emerging issues.

The Company established a dedicated Policy and Planning Division, underscoring our commitment to maintaining the highest standards of governance and operational efficiency. This division has a critical role in ensuring that all policies and procedures within the organisation are current, comprehensive, and clearly communicated across all levels of the company. This division serves as the central point for coordinating policy updates. It ensures that all governing policies and procedures are not only up to date but also in line with industry standards and regulatory requirements. This involves regular reviews and revisions of existing policies, as well as the development of new policies as our business environment evolves. Further to the existing policies, new products and digitalisation improvements are all challenged through the Policy and Planning Unit, covering all aspects of the implementation to ensure successful launches.

The division is responsible for the clear communication of policies and procedures throughout the organisation. This ensures that all business units are aware of and understand their roles and responsibilities in relation to these policies, which is crucial for effective implementation and compliance. Through its comprehensive and proactive approach, the Policy and Planning Division plays a pivotal role in minimising and preventing operational risks. By ensuring that policies are robust, current, and effectively communicated, the division helps safeguard the organisation against potential risks and enhances overall operational resilience.

Training and development play a key role in gearing up the workforce to mitigate operational risks in their daily work routines and to escalate any new risks to the management. The Human Capital section of this report carries the training programs we conducted during 2024/25.

One of the key issues faced over the last three years was the staff turnover. With the current vacuum in the job market and the evolving perceptions of the younger generation have brought forth staff turnover as a risk factor that has to be taken into consideration. This situation has exerted pressure on the resources from recruiting to training and development.

Furthermore, Business disruptions due to system or support services were not reported during the year. Although certain localised situations took place due to extreme weather conditions, steps were taken to ensure uninterrupted services for the customers.

MARKET RISK

Market risk refers to the potential losses that may arise from financial market fluctuations, especially due to market price and interest rate movements. As these factors are often beyond the control of the Company, effective monitoring and management of market risk is essential to safeguard financial stability and ensure sustainable growth.

Market risk is external, and the Company needs to be vigilant to detect market conditions that may trigger adverse impacts seen in the market. Under Market Risk, there are three main factors that impact our business lines directly.

1. Interest Rate
2. Commodity price of Gold
3. Exchange Rate

Interest rate risk is a critical concern for financial institutions, primarily because it affects both sides of the balance sheet, impacting the rates they can charge on loans and the rates they must pay on deposits and other borrowings. During the financial year 2024/25, interest rate cuts continued to impact the repricing of the lending portfolio and the overall cost of borrowings. Income from investments in government securities also declined due to falling interest rates, requiring certain investments to be reinvested under a revised strategy during the past financial year.

Furthermore, Deposit holder yields have declined, prompting depositors to explore alternative investment options, making traditional term deposits increasingly challenging to sustain.

AAF has also developed a range of products: Gold (typically short-term), Small Vehicle Leasing (typically medium-term), and Mortgages (typically long-term) - each with varying interest rates and maturity periods. This product mix is designed to address maturity mismatches and sustain the Net Interest Margin (NIM) amid a challenging policy environment.

Commodity price fluctuations posed challenges to the gold market. Although it demonstrated steady growth, this was largely driven by geopolitical tensions and underwhelming economic indicators in developed economies, leading to price volatility. This vulnerability impacted the gold loan portfolio; however, it was effectively managed through LTV-based lending and carefully structured gold schemes that aimed to maximise opportunities while minimising risk.

The vehicle market also experienced volatility during the financial year, driven by market speculation and asymmetric information regarding the potential resumption of vehicle imports. This uncertainty led to erratic behaviour in the second-hand market, making strategic decisions based on vehicle pricing particularly challenging. In contrast, the mortgage product backed by land property saw steady growth, supported by the consistent appreciation in land values.

Foreign exchange movements were also volatile, influenced by both local and global factors such as the easing of import restrictions, rising remittances, increased tourism, and geopolitical developments. These fluctuations had a direct impact on gold prices, necessitating close and continuous monitoring.

The Company utilise extensive stress testing to assess the potential impact of interest rate changes on its financial stability. These stress tests involve various interest rate movements, ranging from sharp increases to gradual shifts, to evaluate how these movements could affect the institution's liquidity, earnings, and capital adequacy. This has enabled us to identify potential vulnerabilities and encourage the institution to develop strategies to mitigate those risks effectively.

The weekly monitoring of Treasury Bill (T-Bill) rates provided us with valuable insights into short-term interest rate trends. T-Bills, often used as a benchmark for other interest rates, serve as a good indicator of the market's interest rate expectations. Further, by analysing the forward monetary policy outlook of the Central Bank of Sri Lanka (CBSL), we could gauge potential future changes in interest rates. This analysis is crucial for anticipating market trends and adjusting the portfolio strategy accordingly to mitigate adverse effects on the institution's financial performance.

Net Interest Margin (NIM), which is a key indicator of the interest rate risk, was monitored and stress tested monthly. NIM reflects the difference between the interest income generated by the Company and the amount of interest paid out to its lenders, relative to the amount of interest-earning assets. By focusing on NIM, management could assess the immediate financial impact of interest rate changes and adjust their asset and liability management strategies to optimise the margin.

The combination of stress testing, close observation of market indicators, and strategic adjustments based on predictive analyses enabled the institution to maintain stability in its NIM, even in a volatile interest rate environment.

COMMODITY PRICE RISK

Commodity Price Risk, which is part of the market risk, is one of the critical risks under the risk radar. This is mainly due to the impact of the gold prices on the collateral, which will impact the security value of the gold portfolio. Gold Portfolio strength is mainly monitored through the Loan to Value ratio, which will have an adverse impact in the event price falls. Gold Commodity prices are important not only to monitor the portfolio risk, but certain competitor strategies are also ignited as price competition considering the gold prices.

Hence, there should be a clear understanding of how to mitigate the portfolio risk of reducing gold prices. Mitigation of commodity risk includes LTV based lending to ensure risk is controlled, and at the same time, timely recovery of the interest to ensure the LTV is maintained at manageable levels. Special Gold Audits are done to ensure there are no discrepancies in the gold quality and would withstand any sudden price reductions in gold. Further, the risk is evaluated through Stress testing and with possible impact on the bottom line and CAR.



EXCHANGE RATE RISK

Volatility in exchange rate risk impacts the local gold prices. Other than that, the Company is not exposed to any foreign loans or borrowings. Hence, the Exchange rate is monitored on what sort of impact it will have in the local gold price and is monitored in connection with the commodity gold price risk.

COMPLIANCE RISK

At AAF, strict compliance with all laws, regulations, guidelines, and rulings is non-negotiable. This commitment ensures our business's sustainable development and reinforces our role as a responsible corporate citizen.

Compliance risk is a critical focus for AAF, ensuring adherence to all applicable laws, regulatory guidelines, directions, and general codes of conduct. By mitigating compliance risk, we aim to protect the company's reputation and the interests of our stakeholders.

In response to economic downturns and rapid technological advancements, the enforcement of new directions and regulations has intensified. Consequently, our management teams, board committees, and Board of Directors have placed significant emphasis on ensuring that AAF operates within the prescribed guidelines and laws established by statutory authorities and the country's legal framework.

At present, the regulatory landscape is shaped by the challenges arising from the recent financial crisis and the increased demand for improved oversight and compliance. As a result, Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) procedures have improved, where the AAF system and procedures have also changed accordingly.

Furthermore, the requirement for financing for sustainable activities is also becoming a considerable part of the financial institution's responsibility. While this requires cautious evaluation to benefit all stakeholders as well as achieve the objectives of such a policy, AAF has initiated its sustainable lending activities focusing on supporting sustainable energy and improving the agricultural and fisheries activities.

As AAF expanded its branch network to 100 branches, our management teams and relevant stakeholders have successfully complied with these new compliance measures. AAF recognises the importance of robust compliance procedures and frameworks to address the evolving regulatory landscape. The company actively monitors changes in laws and regulations to ensure ongoing compliance and mitigate compliance-related risks.

By diligently following directions and guidelines from regulatory bodies and operating within the legal framework, AAF strives to uphold its commitment to compliance. This approach not only protects the company's reputation but also instils confidence in our stakeholders, ensuring transparency and ethical practices throughout our operations.

IT RISK

We made significant investments in upgrading our technological platforms and digital products. The trade-off was a 100% paperless workplace that has reduced costs and positively contributed to the environment.

Simultaneously, we are cognizant about cybercrime and have laid out tight IT security platforms and a security centre fully dedicated to capturing any intrusions. To oversee IT risk management, an IT steering committee comprising members appointed by the Board of Directors, Head of IT, Chief Information Security Officer (CISO), Internal Audit, and Risk Management was established. This committee played a pivotal role in ensuring that disaster recovery plans, business continuity strategies, IT policies, and IT security policies were regularly updated. Compliance with these policies was paramount to involving all relevant stakeholders and building a strong IT risk framework.

Continuous engagement, both internally and externally, played a crucial role in maintaining an effective IT risk framework. Regular communication and collaboration with internal teams and external experts ensured that the risk framework remained up to date and aligned with the evolving IT landscape. By staying proactive and engaging in ongoing discussions, the Company aimed to stay ahead of potential IT risks and protect itself from cybercrime.

Emerging IT Risk	Precautions to be Taken
Phishing and Social Engineering Attacks	Conduct regular employee awareness and implement multi-factor authentication (MFA) and strengthen endpoint protection
Ransomware and Malware Attacks	Regular security patching, robust backup & disaster recovery solutions, maintain offline backups.
Data Breaches & Privacy Non-compliance (PDPA)	Comprehensive compliance framework implementation; conduct Data Protection Impact Assessments (DPIAs); appoint Data Protection Officers (DPOs).
Insider Threats (Malicious or Negligent)	Employ strict access controls, real-time monitoring solutions, and behavioural analytics; implement a strong internal control framework.
Third-Party and Supply Chain Security Risks	Regular third-party audits and assessments; clearly defined vendor management frameworks.
Mobile & Digital Banking Security Risks	Use end-to-end encryption, multi-layered mobile security solutions, and robust mobile app security testing.

STRATEGIC RISK

This refers to potential losses that may arise due to flaws in the company's future business plans and the risk of strategies being insufficient to address dynamic changes in the operating landscape. It's crucial to proactively assess and adapt to mitigate these risks. We have established a robust mechanism for strategy formulation with the input of the Board and the Corporate Management Team, which assesses the operating environment considering the stakeholder needs. Strategic priorities are calibrated in line with emerging business realities. Continuous performance monitoring against set targets helps assess strategic risk exposures.

The management diligently executed the Board's strategic plans, emphasising external factors and market conditions. Regular monitoring and updates ensured timely adjustments. The management exercised caution, consulting with the Board and assessing risks during plan execution. Prudent capital expenditures are aligned with risk management. This collaborative approach balanced growth opportunities with risk awareness. Overall, the Company's commitment to strategic execution and risk management is evident in the success it achieved in the year under review.

RISK, STRATEGY AND RESOURCE ALLOCATION

When defining strategy and allocating resources, we focus on the many factors in the risk universe as enumerated in the previous pages. Effective risk strategy and resource allocation are critical components of organisational management. They involve identifying potential risks, assessing their impact, and strategically allocating resources to mitigate them. We ensure that regulatory and enforcement efforts are focused where they are most needed, optimising the use of resources across a broad range of risk exposures. By integrating risk considerations into strategic planning, we can prevent losses, seize opportunities, and enhance overall efficiency.

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ASIA ASSET FINANCE PLC

The Board of Directors of Asia Asset Finance PLC has pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 March 2025 to the shareholders, which was approved by the Board of Directors on 09th June 2025.

The Annual Report, together with the Audited Financial Statements, for Asia Asset Finance PLC for the financial year ending on 31 March 2025, is being presented to the shareholders by the Board of Directors. The report was approved by the Board of Directors on 9th June, 2025.

The details set out here provide information required by the Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011 and the Listing Rules of the Colombo Stock Exchange and recommendations of best accounting practices.

DOMICILE AND LEGAL FORM

Asia Asset Finance PLC is a public limited liability Company domiciled in Sri Lanka, incorporated under the Companies Act No. 51 of 1938 on 29 December 1968 bearing Registration No. PB 139 PQ and registered under the Finance Company Act No. 78 of 1988 which was replaced by the Finance Business Act No. 42 of 2011. The Company was re-registered under the Companies Act No. 07 of 2007. Asia Asset Finance PLC is listed in the Main Board of the Colombo Stock Exchange with effect from 22 March 2011.

The registered office of the Company is situated at No.76, Park Street, Colombo 02.

VISION AND MISSION

The Company's vision and mission are stated in page 7 of this report.

PRINCIPAL ACTIVITIES AND OPERATIONS

The principal lines of business of the Company include providing financial accommodation in the form of finance gold loan, micro mortgage loans, leases, hire purchase, commercial loans and corporate loans.Additional lines of business include the acceptance of public deposits in the form of term deposits and savings deposits.

MANAGEMENT AND FINANCIAL REVIEW OF BUSINESS

A detailed description and analysis of the operations of the Company for the year under review is contained in the Chairman's Message (on pages 26 to 27), the Group Managing Director/CEO's Review (on pages 24 to 25 and 28 to 29) and Value Creation (on pages 20 and 21) and Capital Formation (on pages 56 to 91) section. These reports together with the audited financial statements provide an overall assessment of the performance of the Company during the financial year.

BRANCH EXPANSION AND FUTURE DEVELOPMENT

Asia Asset Finance PLC has 100 branches in operation Island wide. Preparations are underway to open 20 new branches in the coming financial year, as per the branch expansion strategy of the Company.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Financial Statements of the Company duly approved by two Directors are given on pages 220.

The Directors are responsible for the preparation of Financial Statements, the maintaining of proper accounting records and disclosures regarding accounting policies and principles of the Company.

The Directors are of the view that the Financial Statements presented give a true and fair view of the affairs of the Company as at 31 March 2025 and the profit of the year then ended and has been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007, Finance Companies Act No. 78 of 1988 which was replaced by the new Finance Business Act No. 42 of 2011 and the amendments to these Acts and provide appropriate disclosures as required by the Central Bank of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Directors of the Company are responsible for setting out the policy regarding internal control over financial reporting. A statement on the general control mechanisms adopted by the Company as per Section 16.1 (ix) of Finance Companies (Corporate Governance) Direction No. 05 of 2021 is given on page 190 of this report.

The Board has obtained an Assurance Report from the Independent Auditors on the Directors' Statement on Internal Controls over Financial Reporting as referred to in pages 191 to 192 of said statement.

AUDITOR'S REPORT

The Auditors of the Company Messrs. KPMG, Chartered Accountants performed the audit on the separate and the Consolidated Financial Statements for the year ended 31 March 2025. The Auditor's Report issued thereon is given on pages 215 to 217 of this Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ASIA ASSET FINANCE PLC

ACCOUNTING POLICIES

The accounting policies adopted in preparing and presenting of these Financial Statements are given on pages 224 to 306 of this Annual Report.

The Company prepared the Financial Statements for all periods up to and including the year ended 31 March 2025 in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by the Institute of Chartered Accountants of Sri Lanka, which has converged with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

There were no significant changes to the accounting policies adopted by the Company during the year.

DIRECTORS INTERESTS

As required by the Section 192 (1) and (2) of the Companies Act, all Directors have made declarations of the interests with the Company. The share ownership of Directors is disclosed on page 186 of this report.

REMUNERATION AND OTHER BENEFITS OF DIRECTORS

Directors' remunerations in respect of the Company is LKR 26,139,400 (2024 – LKR 23,040,164 /-) for the financial year under review.

RELATED PARTY TRANSACTIONS

The Directors have disclosed the transactions that could be classified as related party transactions in terms of Sri Lanka Accounting Standard 24, "Related Party Disclosures", in the Financial Statements, and accordingly given in Note 46 on page 287 of this Annual Report.

The Directors confirm that the transactions carried out with the related parties during the year ended 31 March 2025 are in line with the provision contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and such transactions have been reviewed by the Board Related Party Transactions Review Committee and observations of the Committee have been duly communicated to the Board.

DONATIONS

A sum of 3,193,576 (CSR)LKR (2024 – LKR 8.149,235 /-) was paid out by way of donations during the financial year under review.

INCOME

The income generated by the Company during the financial year comprise of the following:

	Company	
	2025 Rs.	2024 (Re-stated) Rs.
Interest income	5,972,861,421	5,634,907,959
Fee and commission income	803,547,185	879,577,589
Other income	124,417,625	59,639,969
Total	6,900,826,232	6,574,125,517

Further analysis of which is given in Note 4 and 8 of the Financial Statements on pages 238 and 240 of this report.

PROFIT AND APPROPRIATIONS

Details of appropriation of profit of the Company is given below,

	2025 Rs.	2024 Rs.
Profit before income taxation	635,809,540	373,487,839
Income taxation paid	(194,665,870)	(29,301,136)
Profit for the period	441,143,670	344,186,703
Other comprehensive income/(loss) net of income tax	7,217,401	39,369,087
Balance brought forward	794,058,041	588,534,571
Adjustments	-	-
Profit available for appropriation	448,361,071	Re-stated 383,555,790
Appropriated as follows,		
Transfers to statutory reserve fund	19,843,073	118,595,600
Dividends paid/provision	28,978,958	28,978,958
Un-appropriated profit carried forward	1,186,312,121	794,058,041

DIVIDENDS

The Company made a dividend payout for the preferential shareholders which was amounting to Rs. 28.9 Mn, which was paid during June 2025. (2024- 28.9Mn -2023 Proposed Dividends). Details on divided declarations, payments, and the dividend policy are available in shareholder and investor capital on page 205 of the report.

TAXATION

The Company accounts for deferred taxation under the liability method on all timing differences. Details are disclosed in Note 14 on page 244 of this report.

RESERVES

The aggregate reserves of the Company as at 31 March 2025 amounted to Rs. 387 Mn, the aggregate reserves as at 31 March 2024 were Rs. 365.9 Mn. Movement in reserves during the year is given in Statement of Changes in Equity on page 221 of this report.

CAPITAL EXPENDITURE

The total capital expenditure for the year amounted to Rs. 478,055,127 (2024 – Rs.142,266,165 Mn).

Details of property, plant and equipment are available on pages 258 to 261 of this report. Details relating to the depreciation charge for the year are also available on page 260.

MARKET VALUE OF FREEHOLD ASSETS

The value of the freehold property and investment property of the Company has been obtained from the reports issued by external independent property Valuers as at 31st March 2025. The valuers have appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The valuation has been carried out based on open market value of similar properties. These values have not been incorporated in the Financial Statements. Details of free hold property owned by the Company including extent, location and number of buildings are given in note 23 and note 25 of the Financial Statements on pages 261 and 263 to 266 this report.

ISSUE OF SHARES AND DEBENTURES

Stated capital

Asia Asset Finance PLC has in issue 124,195,533 ordinary shares with a book value of LKR 1,791,478,691.00 and. preference shares 41,398,511 with a book value of LKR 413,985,110.00 as at 31 March 2025. No new shares were issued during the year under review. The Company does not have any other categories of shares in issue.

Details of the stated capital are given in Note 34 of the Financial Statements on pages 275 to 276 of this report.

Debentures

Details of debentures in issue as at 31 March 2025 are given in detail in Note 34 of the Financial Statements on pages 275 to 276 respectively.

SHARE INFORMATION

Information relating to earnings per share, dividends per share net assets per share, market price per share and the distribution of shareholding is stated on pages 205 to 210, under shareholder and investor capital section. The twenty largest shareholders as at 31 March 2025 together with an analysis of the shareholding are also stated therein.

EQUITABLE TREATMENT TO SHAREHOLDERS

The Company has taken all possible steps to ensure equitable treatment to all its shareholders.

DIRECTORS

The Board of Directors of Asia Asset Finance PLC consists of Directors with financial and commercial experience. The Directors are subject to an annual assessment of their fitness and propriety to continue as Directors in terms of Finance Business Act Directions No.06 of 2021. and Fit and Proper Assessment Criteria" outlined in Rule 9.7.3.of the Colombo Stock Exchange listing rules.

A brief profile of the Directors with their qualifications and experience is detailed on pages 94 and 101 of this report.

Following were the Directors of the Company during the year;

- Mr. V.A. Prasanth
- Mr. G.M. Alexander
- Mr. K.G.K. Pillai
- Mr. K.R. Bijimon
- Mr. R.J.A. Gunawardena
- Mr. R.A.B. Basnayake
- Mr. J.P.D.R. Jayasekara
- Mr. S.S.R.D.D.S. Gunasekera
- Mr. T.D.C.K. Kumarasiri
- Mr. M. Thiruneelkandan (Appointed with effect from 30th November 2024)

INDEPENDENCE OF DIRECTORS

The Board has carried out a determination of the independence or non-independence status of its non-executive Directors in accordance with the Section 9.8.3. of the amended Continuous Listing Rules of the CSE. Particulars of independence of Directors are set out in pages 123 and 149 of this Report along with a brief profile of the Director.

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ASIA ASSET FINANCE PLC

DIRECTORS' DECLARATIONS IN TERMS OF RULE 9.17 OF THE LISTING RULES OF THE CSE

The Directors declare that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director was materially interested in a contract or a proposed contract with the Company, they have refrained from voting on such contracts. It is further declared that during the year under review, the Company did not enter in to any contracts in which any Director was interested.

DIRECTORS' DECLARATIONS IN TERMS OF SECTION 16.1(II) AND (V) OF FINANCE BUSINESS ACT DIRECTIONS NO. 5 OF 2021 AND RULE 9.10.4 (C) OF THE LISTING RULES OF THE CSE

The Chairman and the Directors of the Company have made declarations as per the requirements in the above Directions / Rules, that there is no financial, business, family or other material/ relevant relationship(s) between the Chairman and the Chief Executive Officer and/or amongst the members of the Board.

BOARD AND COMMITTEE MEETINGS

A number of Board meetings, Board Audit Committee meetings, Human Resource and Remuneration Committee meetings, Integrated Risk Committee meetings, IT Steering Committee Meetings, Nomination & Governance Committee meetings and Related Party Transaction Review Committee meetings were held during the year at the Registered Office of the Company and virtually.Members of each of these committees have attended the meetings on a regular basis. Details of the members and their attendance is given in pages 183 and 139 of this report.

RECOMMENDED FOR RE-ELECTION

In accordance with the Finance Business Act Directions No. 05 of 2021 (Corporate Governance), following of the Directors of the Company are coming up for re-election.

1) To re-elect Mr. J. P. D. R. Jayasekara who retires by rotation in accordance with Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election in terms of Article 88 of the Articles of Association.

2) To re-elect Mr. Markandan Thiruneelakandan who was appointed to office on 30th November 2024 will cease to be a Director and being eligible, offers himself for re-election under to Article 94 of the Articles of the Association.

3) To re-elect Mr. K. R. Bijimon who was appointed to office on 6th February 2015 and having completed 9 years on the Board and being eligible, offers himself to be re-elected as a Director of the Company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first.

4) To re-elect Mr. G. Alexander who was appointed to office on 6th February 2015 and having completed 9 years on the Board and being eligible, offers himself to be re-elected as a Director of the Company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first.

Name of Director	Applicable Article of the Articles of Association/ Section of the Companies Act/ Finance Business Act Directions
Mr. J.P.D.R. Jayasekera	According to Articles 87 and 88, the Directors to retire by rotation at the Annual General Meeting are those who (being subject to retirement by rotation) have been longest in office since their last election or appointment. If one – third (1/3) of the Directors eligible for retirement by rotation is not a multiple of three (03), the number nearest to (but not greater than) one – third (1/3) shall retire from office. As per Article 87, in calculating the said number, a Director appointed to the office of Chairman, Deputy Chairman, Chief Executive, Managing or Joint Managing Director or other Executive Officer shall be excluded from retirement by rotation. (In accordance with the Finance Business Act Directions No. 05 of 2021 Corporate Governance and in terms of Amended listing Rules section 9. 8.3, Mr. R.A.B. Basnayake and Mr.K.G.K.Pillai are supposed to retirement after the nine (9) Years of service, and the retirement will effect from August 2025 Accordingly, after excluding the Chairman, Deputy Chairman, Chief Executive, Managing or Joint Managing Director or other Executive Officer the number of Directors subject to retirement by rotation is three (03) and therefore one (01) Director should retire by rotation. Accordingly, Mr. J.P.D.R. Jayasekera who have been the longest in office since their re election retire and offer themselves for re election at the forthcoming AGM. The Company has applied to the Director – Department of Supervision of Non – Bank Financial Institutions of the Central Bank of Sri Lanka for the requisite regulatory approval in terms of Section 5.1.2 of the Finance Business Act Directions No.06 of 2021 with respect to the said re election and continuation. A Resolution of the shareholders at the forthcoming AGM for the re election of the said Director which will be effective upon receipt of the requisite Regulatory approval as aforesaid.
Mr. Markandan Thiruneelakandan	As per Article 94 of the Articles of Association of the Company the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these presents. Any Director so appointed shall be subject to election by Shareholders at the first general meeting after their appointment as set out in the applicable Statutory Regulations. Accordingly, Mr. Markandan Thiruneelakandan was appointed to the Board of Directors of Asia Asset Finance PLC on 30th November 2024 is subject for re election at the next Annual General Meeting. The Company has applied to the Director – Department of Supervision of Non – Bank Financial Institutions of the Central Bank of Sri Lanka for the requisite regulatory approval in terms of Section 5.1.2 of the Finance Business Act Directions No.06 of 2021 with respect to the said re election and continuation until January 2026 as he will be reaching 70 years of age. A Resolution of the shareholders at the forthcoming AGM for the re election of the said Director which will be effective upon receipt of the requisite Regulatory approval as aforesaid.
Mr. K.R Bijimon and Mr. G. Alexander	As per the Articles of Association of the Company the Directors appointed during the year under review are subject to re election at the relevant Annual General Meeting. Accordingly, Messrs K.R Bijimon and G. Alexander was appointed to the Board of Directors of Asia Asset Finance PLC on 6th February 2015 and are subject for re election at the next Annual General Meeting. The Company has applied to the Director – Department of Supervision of Non – Bank Financial Institutions of the Central Bank of Sri Lanka for the requisite regulatory approval in terms of Section 5.1.2 of the Finance Business Act Directions No.06 of 2021 with respect to the said re election and continuation. A Resolution of the shareholders at the forthcoming AGM for the re election of the said Director which will be effective upon receipt of the requisite Regulatory approval as aforesaid.

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ASIA ASSET FINANCE PLC

Name of Director	Applicable Article of the Articles of Association/ Section of the Companies Act/ Finance Business Act Directions
5 other Directors	In terms of Section 3.3 of the said Directions, the fitness and propriety of the continuing Board Directors is subject to annual assessment by the Director, Department of Supervision of the Non – Financial Institutions of the Central Bank of Sri Lanka. The Company has applied to the Director – Department of Supervision of Non – Bank Financial Institutions of the Central Bank of Sri Lanka for the requisite regulatory approval with respect to the said re election and continuation in terms of the said Directions and the continuation of the office of the said Directors is subject to receiving the requisite Regulatory approval.

DIRECTORS' SHAREHOLDINGS

Details of each Director's shareholding of the Company at the beginning and at the end of the financial year is given below:

Asia Asset Finance PLC - Preferencial Shares

Directors' Shareholding as at 31st March 2025

Name of the Directors	No. of Shares	%
Mr. V.A. Prasanth	NIL	NIL
Mr. R.J.A. Gunawardena	NIL	NIL
Mr. S.S.R.D. De Silva Gunasekera	NIL	NIL
Mr. G.M. Alexander	NIL	NIL
Mr. K.R. Bijimon	NIL	NIL
Mr. K.G.K. Pillai	NIL	NIL
Mr. R.A.B. Basnayake	NIL	NIL
Mr. J.P.D.R. Jayasekera	NIL	NIL
Mr. T.C.D. Kumarasiri	NIL	NIL
Mr. M. ThiruNeelkandan	NIL	NIL

Asia Asset Finance PLC - Ordinary Shares

Directors' Shareholding as at 31st March 2025

Name of the Directors	No. of Shares	%
Mr. V.A. Prasanth	NIL	NIL
Mr. R.J.A. Gunawardena	NIL	NIL
Mr. S.S.R.D. De Silva Gunasekera	6,000	0.005
Mr. G.M. Alexander	NIL	NIL
Mr. K.R. Bijimon	NIL	NIL
Mr. K.G.K. Pillai	NIL	NIL
Mr. R.A.B. Basnayake	NIL	NIL
Mr. J.P.D.R. Jayasekera	NIL	NIL
Mr. T.C.D. Kumarasiri	NIL	NIL
Mr. M. ThiruNeelkandan	28,071	0.023

ENVIRONMENT

The Directors are of the belief that the Company does not engage in any form of activity that is detrimental to the environment. Compliance with all environmental regulations has been adhered to during the year.

STATUTORY PAYMENTS

The Directors are of the view that all statutory payments in relation to government agencies and employees have been made up to date.

RETIREMENT AND APPOINTMENT OF EXTERNAL AUDITORS

The Financial Statements of the year under review have been audited by Messrs. KPMG, Chartered Accountants.

AUDITOR'S REMUNERATION, OTHER FEES AND PAYABLES

The Auditors, Messrs. Messrs. KPMG, Chartered Accountants was paid audit fees of LKR. 2,750,000(2024 –Rs2,862,000.) by the Company for the period under review. In addition they were paid Rs.4,540,000(2024 – Rs. 2,840,548), for permitted non-audit related services of the Company. This information is disclosed as required by the Section 168 (1) of the Companies Act No. 7 of 2007.

As far as the Directors are aware, the auditors do not have any other relationship or interest in contract with the Company.

RISK MANAGEMENT

Information pertaining to material foreseeable risk factors and specific steps taken by the Company in managing such risks are detailed in the risk management section on pages 172 to 180 of this Report.

CORPORATE GOVERNANCE

The Board place great emphasis on maintaining effective corporate governance practices. Policies and systems are structured accordingly and reviewed time to time to enhance transparency and accountability. The report on corporate governance is given on pages 114 to 166 of the Annual Report.

INTERNAL CONTROL

The Directors of the Company are responsible for setting out the policy regarding internal control. The set of internal control procedures laid down seek to manage against material errors or omissions, losses, fraudulent practices and to safeguard assets and secure as far as is possible the accuracy and reliability of the records.

Board priorities the maintenance of good corporate governance procedures, ensuring that policies and processes are appropriately structured and regularly evaluated to improve accountability and transparency. The report on corporate governance is provided on pages 114 to 166 of the Annual Report.

APPRAISAL OF BOARD PERFORMANCE

A scheme of self-assessment is undertaken annually by each Director in conformity with the Section 1.5 (d) of the Finance Business Act Directions No. 05 of 2021 by answering a self-assessment questionnaire. In terms of the said Direction, the Board also carried out an annual self-evaluation of its own performance and that of the Sub-Committees to ensure that they discharge their duties and responsibilities satisfactorily in terms of the Companies Act No. 07 of 2007, Finance Business Act Direction No. 05 of 2021, Listing Rules of Colombo Stock Exchange and Best Practices on Corporate Governance.

EMPLOYMENT POLICIES

The Company is an equal opportunity employer. In its goals and objectives, it seeks to achieve excellence and market orientation in its service. Continuous training and social participation amongst employees are encouraged.

A holistic approach prevails in the Company's strategic outlook where a participatory management style ensures that employees are involved in the decision-making process. Incentive schemes which are related to employee performance are one of the ways in which the Company ensures that rewards are directly related to performance. Human Resources & Remuneration Committee ensures that a balance is struck between performance and related employee rewards structures.

The Company has also set up an in-house training facility in order to ensure that all employees meet certain standard requirements before job placement and also to enhance the existing skills of its staff. During the year under review the Company initiated both physical and online training programs to update staff on latest developments on policies, procedures and other operational related systems. The Company had 1054 employees as at 31 March 2025 (2024 -564).

The Company does not have any Employee Share Option Schemes (ESOS) or Employee Share Purchase Schemes (ESPS) as at the date of this report.

There had been no material issues pertaining to employees and industrial relations of the Company or its subsidiaries during the year under review.

GOING CONCERN

The Directors are satisfied that the Company has at its disposal adequate resources to continue in business in the foreseeable future; and hence the going concern concept is adopted in the preparation of the Financial Statements.

COMMUNICATION WITH SHAREHOLDERS

Asia Asset Finance PLC priorities the maintenance of open and transparent communication with our esteemed shareholders. We consider that efficient shareholder communication is crucial for establishing trust, cultivating significant connections, and integrating our strategic objectives with their interests. The objective of our communication policy is to ensure prompt and pertinent distribution of information while adhering to regulatory compliance and best practices.

We maintain consistent and proactive contact with our shareholders through a range of channels. These include several investor relations platform, such as annual general meetings, quarterly updates, and the company's website. Throughout these interactions, we offer comprehensive updates regarding our financial performance, strategic plans, market trends, and any other significant changes that might impact the Company.

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ASIA ASSET FINANCE PLC

In addition, we actively encourage interactive engagement with shareholders, enabling them to raise enquiries, express concerns, and provide comments. We make every effort to immediately and thoroughly respond to their enquiries, ensuring that we listen to their views and consider their opinions. The Company Secretary acts as the main contact person for shareholder enquiries and helps in relaying them to the Board while arranging appropriate and prompt solutions. Please send any written messages to the Company Secretary at the address mentioned below:

Central Depository Systems (Pvt) Ltd
M&M Center,
Ground Floor,
341/5 Kotte Rd, 10107.

Beyond what is required by law, we are dedicated to providing shareholders with effective communication. Our company is dedicated to maintaining an active, clear, and reliable strategy to keep shareholders to well-informed about the company's performance, future prospects, and important events. Through efficient communication, we strive to cultivate strong relationships with our shareholders, with the goal of establishing a mutual comprehension of our goals, promoting enduring loyalty, and optimising value for all parties involved.

Further details on engagement with the Shareholders of the Company is provided under stakeholder engagement section on pages 42 to 45 of the Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Directors are of the belief that the Company has not engaged in any activities contravening the law and has complied with all applicable regulations.

ANNUAL GENERAL MEETING

The Thirteenth Annual General Meeting will be held on 22nd September 2025 at 10.00 a.m. virtually.

The notice of the Annual General Meeting appears on page 349.

This Annual Report is signed for and on behalf of the Board of Directors by



V.A. Prasanth
Chairman



R.J.A. Gunawardena
Executive Director & CEO



Ruwani Angammana
Company Secretary

31 July 2025
Colombo

RESPONSIBILITY OF THE DIRECTORS OF THE COMPANY

The responsibility of the Directors in relation to the financial statements of the company is set out in the following statement. The responsibility of the Auditors, in relation to the financial statements, prepared in accordance with the provision of the Companies Act No.07 of 2007,is set out in the independent Auditors' report appearing on pages 215 to 217. The Directors are required by the companies Act No.07 of 2007 to prepare financial statements for each financial year, which give a true and fair view of the statements of affairs of the Company as at the end of the financial year and the profit and loss and cash flows of the Company for the financial year.

The Directors confirm that the financial statements of the Company for the year ended 31st of March 2025 have been prepared and presented in accordance with Sri Lanka Accounting Standards and Companies Act No.07 of 2007.In preparing the financial statements appropriate accounting policies have been selected and applied consistently, whilst reasonable and prudent judgments and estimates have been made.

The Board of Directors of Asia Asset Finance PLC ("Board") holds the responsibility of approving and monitoring the strategic objectives and corporate values of the Company. Further they ensure that these strategies are communicated within the organization, Stakeholders, lenders and creditors. This strategic responsibility extends to cover the overall risk policy and risk management procedures for at least the subsequent three years.

The obligations of the Board also extend to reviewing internal structure and management of the organization.

The hierarchy of the organization must be monitored and continually assessed resulting in the identification of capable and qualified personnel whose position must be defined so as to review and oversee the policies, management and the strategic objectives of the business. This periodic assessment of the organization would result in selection and nomination of Directors to the Board and other personnel to different positions in the hierarchy. The interests of all personnel are brought to notice with the objective of reducing conflicts of interests between such persons, their benefits and the Company.

This assessment would result in a diverse hierarchy spanning personnel from different fields of expertise representing a wide range of operational and business aspects.

The Board must also draft and implement a succession plan for key management personnel. Communication of such plans, risk policies and other strategic objectives requires regular meetings of the Board. The hiring of Auditors is a duty of the Board so as to ensure that a third party without vested interest in the Company, reviews its operations or assets and examines the conduct of the personnel and the Company in detail, on a regular basis. Such a review must be communicated to all stakeholders with an interest in the operations of the Company so as to improve transparency and trust between the Company and such persons.

The Board has the power to appoint a Chairman and a Chief Executive Director in accordance with the Financing Leasing (Corporate Governance) Direction No.04 of 2009. The Board could seek for independent advice and assistance to supplement the Board in discharging their duties. However, the procedure to receive such assistance should be as resolved by the Board. Independence of the Directors could be maintained by ensuring that a Director who has a direct or indirect interest, whether monetarily or personal could abstain from voting for a Board resolution of such a matter and such a Director would not be considered to constitute the quorum.

The Board shall, if it considers that the relevant establishment is, or is likely to be, unable to meet its obligations or is about to become insolvent or is about to suspend payments due to lenders and other creditors, forthwith inform the Director of the Department of Supervision of Non-Bank Financial Institutions, Central Bank of Sri Lanka, of the situation of the relevant establishment prior to taking any decision or action. The Board shall include in the relevant Establishment's Annual Report, an annual corporate governance report setting out the compliance with this Direction. The Board is responsible for ensuring that the Company maintains proper books of accounts of all transactions and prepares financial statements for each financial year which gives a true and fair view of the Company's state of affairs for that time period which is a statutory obligation under Section 150 of the Companies Act No.07 of 2007. The Board shall adopt a scheme of self- assessment to be undertaken by each director annually and maintain records of such assessments. The Directors have adopted the "going concern basis" in preparing the Financial Statements. Having reviewed the Company's business plans, the Directors are satisfied that the Company has adequate resources to continue in operation.

The Directors also confirm that to the best of their knowledge all taxes and levies payable by the Group, all contributions, levies and taxes payable on behalf of and in respect of the employees and all other statutory obligations including retirement gratuities as were due as at the Balance Sheet date have been either duly paid or have been appropriately provided for in the Financial Statements.

On behalf of the Board of Directors;



V.A. Prasanth
Chairman



R.J.A. Gunawardena
Director/CEO

31 July 2025

DIRECTORS STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

RESPONSIBILITY

In accordance with Section 16(1) (ix) of the Finance Business Act Direction No.05 of 2021 – Corporate Governance, and Principle D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, the Board of Directors ("Board") of Asia Asset Finance PLC ("Company") presents this report on internal control over financial reporting. The Board holds overall responsibility for the adequacy and effectiveness of the Company's internal control over financial reporting. The internal control system is designed to manage key risk are within an acceptable risk profile. It is important to recognize that while the internal control system provides reasonable assurance, it cannot offer absolute assurance against material misstatements, financial losses, or fraud. Accordingly, the Board has instituted a continuous process for identifying, evaluating, and managing the Significant risks faced by the Company.

KEY FEATURES OF THE INTERNAL CONTROL PROCESS

The Company's internal control system over financial reporting is enhanced regularly, particularly in response to changes in the business environment or regulatory guidelines. The Board conducts regular reviews of this process, evaluating key risk areas against compensating controls that impact Significant accounts. Management supports the Board by implementing policies and procedures related to risk and control, identifying and assessing risks, and contributing to the design, operation, and monitoring of internal controls to mitigate these risks.

The Board is confident in the adequacy of the internal control system to provide reasonable assurance regarding the reliability of financial reporting, ensuring that financial statements are prepared in accordance with relevant accounting principles and regulatory requirements. Specialized sub-committees have been established to ensure the effectiveness of the Company's operations in alignment with corporate objectives, strategies, annual budgets, and approved policies. All policies, charters, and procedures are regularly reviewed and approved by the Board. The Board Audit Committee oversees these reviews through the Compliance Officer to ensure timely updates.

The Internal Audit Department continuously monitors compliance with policies and procedures, assessing their design and effectiveness. The risk based annual audit plan is reviewed and approved by the Board Audit Committee, which audits branches and service departments to provide independent assurance on operations and performance. Additionally, specialized information systems audit teams independently assess information systems and technology infrastructure to ensure the confidentiality, integrity, and availability of data processing technologies.

The Board Audit Committee reviews internal control issues identified by the Internal Audit Department, External Auditor, regulatory authorities, and management, evaluating the adequacy and effectiveness of risk management and internal control systems. A continuous monitoring process has been established to mitigate risks related to financial reporting misrepresentations. Process owners regularly review and update procedures and controls related to Significant accounts and disclosures. The risk department verifies the design and effectiveness of these controls, while the Internal Audit Department assesses compliance and reports to the Board Audit Committee as necessary.

CONFIRMATION

Based on the outlined processes, the Board affirms that the Company's financial reporting system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in compliance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

STATEMENT ON PRUDENTIAL REQUIREMENTS, REGULATIONS, AND LAWS

The Company confirms that there have been no material non-compliances with prudential requirements, regulations, laws, or internal controls. There have been no supervisory concerns regarding the Company's Risk Management Systems, and no non-compliance issues have been identified by the Director of Non-Bank Supervision of the Central Bank of Sri Lanka that necessitated disclosure by the Monetary Board. As no such lapses or directives have occurred, there are no additional measures or disclosures required in this regard

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

Messrs. KPMG, Chartered Accountants, reviewed this Director's Statement on Internal Control over Financial Reporting, with their report included in the Company's Annual Report for the year ended 31 March 2025. They have reported to the Board that their review did not reveal any inconsistencies with their understanding of the process adopted by the Board regarding the internal control over financial reporting. Their report is detailed on page 190 of this Annual Report.



T.C.D. Kumarasiri
Chairman
Board Audit Committee



R.J.A. Gunawardena
CEO/ Executive Director

31 July 2025

ASSURANCE REPORT ON THE DIRECTOR'S STATEMENT ON INTERNAL CONTROL



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

THE BOARD OF DIRECTORS OF ASIA ASSET FINANCE PLC.

Report on the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Asia Asset Finance PLC ("License Finance Company") to provide assurance on the Director's Statement on Internal Control ("Statement") included in the annual report for the year ended 31st March 2025.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of License Finance Company on the Directors' Statement on Internal Control" issued in compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance by the Institute of Chartered Accountants of Sri Lanka.

Our Independence and Quality Control

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

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the License Finance Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3051, Assurance Report for License Finance Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This standard requires that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purposes of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed and audit or review of the financial information.

Summary of work performed

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

To achieve this objective, appropriate evidence has been obtained by performing the following procedures:

(a) Enquired the Directors to obtain an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the Statement made by the Directors in the annual report.

(b) Reviewed the documentation prepared by the Directors to support their Statement made.

(c) Related the Statement made by the Directors to our knowledge of the License Finance Company obtained during the audit of the financial statements.

(d) Reviewed the minutes of the meetings of the Board of Directors and of relevant Board Committees.

(e) Attended meetings of the Audit Committee at which the annual report, including the Statement on Internal Control is considered and approved for submission to the Board of Directors.

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T.J.S. Rajakarier FCA
W.K D C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

ASSURANCE REPORT ON THE DIRECTOR'S STATEMENT ON INTERNAL CONTROL

(f) Considered whether the Director's Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.

(g) Obtained written representations from Directors on matters material to the Statement on Internal Control where other sufficient appropriate audit evidence cannot reasonably be expected to exist.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls, or to form an opinion on the effectiveness of the License Finance Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the License Finance Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included of this annual report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the License Finance Company.

CHARTERED ACCOUNTANTS

Colombo

01 August 2025

BOARD AUDIT COMMITTEE REPORT

COMPOSITION

In accordance with Section 9.13.3(1) of the Listing Rules of the Colombo Stock Exchange, Mr. T.C.D. Kumarasiri, Independent Non-Executive Director, was appointed as Chairman and member of the Board Audit Committee with effect from 23rd April 2024. The Audit Committee comprises five Non-Executive Directors, of whom four are Independent.

Members of the Committee during the year under review were:

- Mr. T.C.D. Kumarasiri – Chairman (INED)
- Mr. R.A.B. Basnayake – Member (INED)
- Mr. V.A. Prasanth – Member (INED)
- Mr. J.P.D.R. Jayasekera – Member (INED)
- Mr. K.G.K. Pillai – Member (NINED)

INED - Independent Non-Executive Director
NINED - Non Independent Non-Executive Director

The composition complies with Rule 7.10.6 and Rule 9 of the Listing Rules of the Colombo Stock Exchange, as well as the Finance Business (Corporate Governance) Direction No. 05 of 2021.

ROLE OF THE AUDIT COMMITTEE

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the Company's financial reporting process, internal controls, internal audit function, and the independence and performance of external auditors. Through this role, the Committee seeks to uphold the interests of shareholders and other stakeholders by ensuring financial integrity and robust governance practices.

The Committee serves as a key channel of communication between the Board, internal audit, and external audit. Its responsibilities are further governed by the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

TERMS OF REFERENCE

The Audit Committee operates under a Board-approved Terms of Reference that clearly outlines its authority, responsibilities, and reporting obligations. These terms are reviewed periodically by the Board of Directors to ensure continued alignment with evolving regulatory expectations and best practices in corporate governance.

ACTIVITIES OF THE COMMITTEE

During the year, the Audit Committee undertook the following responsibilities in accordance with its mandate:

- Reviewed all matters related to the Company's financial affairs and reporting processes
- Recommended to the Board the appointment, re-appointment, partner rotation, removal, and audit fees of external auditors
- Monitored the inspection programmes and reviewed reports of both internal and external audits, and followed up on implementation of recommendations
- Reviewed the efficiency and adequacy of internal control systems and procedures
- Evaluated the quality and application of accounting policies and ensured compliance with relevant statutory and regulatory frameworks
- Ensured the existence of a well-managed financial reporting system that delivers accurate, timely, and reliable information to the Board, regulators, management, and other stakeholders
- Ensured adherence to high standards of corporate governance and ethical conduct in Company operations
- Reviewed the Central Bank of Sri Lanka's statutory examination reports and monitored the progress of corrective actions taken under an agreed time-bound action plan

MEETINGS

The Audit Committee convened twelve (12) meetings during the financial year under review. Attendance by members was as follows:

Mr. T.C.D. Kumarasiri	11/11*
Mr. R.A.B. Basnayake	12/12
Mr. V.A. Prasanth	12/12
Mr. J.P.D.R. Jayasekera	12/12
Mr. K.G.K. Pillai	10/12

* Mr. Kumarasiri was appointed after the first meeting of the year.

Minutes of all meetings were formally documented and tabled at Board meetings.

The Director/CEO, COO, DGM – Finance, and senior internal audit personnel were invited to all meetings. Members of the senior management were invited to participate when necessary. The external audit engagement partner also attended meetings when matters related to external audit were discussed. The Chief Internal Auditor functioned as Secretary to the Audit Committee.

FINANCIAL REPORTING OVERSIGHT

The Committee, having received assurance from the CEO and CFO of the company's operation and finances, reviewed and assessed the adequacy and effectiveness of the financial reporting system to ensure that disclosures were timely, accurate, and compliant with Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, SEC Act No. 10 of 2021, and the Finance Business Act No. 42 of 2011.

BOARD AUDIT COMMITTEE REPORT

In its commitment to continuous improvement, the Committee took steps to strengthen internal financial controls during the year. This included enhancements to the control framework, increased automation, improved training and awareness, and the introduction of new policies and risk parameters as part of overall governance improvement.

INDEPENDENCE AND OBJECTIVITY OF THE EXTERNAL AUDITORS

The Committee ensured that the external auditors had unrestricted access to carry out their duties independently and without compromise to their objectivity. In compliance with the Companies Act No. 07 of 2007, a formal declaration was obtained from the external auditors confirming that they have no relationships or interests with the Company that may impair their independence.

Prior to the commencement of the annual audit, the Committee held detailed discussions with the external auditors on their audit plan, approach, procedures, and the scope of the audit. Upon completion of the audit, the Committee reviewed the results in detail and approved the annual financial statements for presentation to the Board.

To ensure full transparency and independence, the Committee provided the external auditors the opportunity to meet with the Non-Executive Directors, without the presence of any Executive Directors or management. This practice provided assurance that auditors were given complete access to all information and could freely express their opinions.

The Committee also monitored the provision of non-audit services by the external auditors to ensure that such services did not impair their objectivity or independence.

The Audit Committee also discussed matters arising from the interim and final audits with the external auditors, including the previous year's management letter and the corresponding responses provided by management.

In line with best practices and regulatory directives, the Committee ensured that the audit partner's engagement period did not exceed five years. Re-engagement of the same audit partner is prohibited before a three-year cooling-off period, as stipulated in Section 10.2 (d) (ii) of the Finance Business Act Direction No. 05 of 2021. The Committee has further taken measures to ensure that the Company does not retain the same audit firm for a period exceeding ten consecutive years.

REGULATORY COMPLIANCE

The Committee placed continued emphasis on ensuring the Company's full compliance with all applicable regulatory and statutory obligations. In this regard, the Committee reviewed the Company's adherence to the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, and reporting requirements prescribed by the Central Bank of Sri Lanka (CBSL), the Securities and Exchange Commission (SEC), the Colombo Stock Exchange (CSE), and the Finance Business (Corporate Governance) Direction No. 05 of 2021.

INTERNAL AUDIT

The Committee exercised full oversight over the internal audit function. The internal audit plan for the year was approved at the beginning of the period and its progress was monitored regularly. Internal audit reports, presented periodically, assigned risk ratings to issues to prioritise focus on high-risk areas. These reviews included an evaluation of management's responses and action plans for resolving identified concerns.

Audit frequency and scope were risk-based, with high-risk areas receiving more frequent and detailed audits. The Committee ensured that the internal audit function-maintained independence from the activities it reviewed and operated with due professional care, objectivity, and proficiency.

INTERNAL CONTROLS

The Audit Committee, through its supervision of the internal audit function, assessed the adequacy of the Company's internal control framework across all operations, including IT-related controls. The Committee is satisfied that effective systems are in place to safeguard Company assets and ensure the accuracy and reliability of financial reporting.

The Committee also reviewed newly identified risks and associated mitigation measures to enhance the internal control system. The Company's IT-based offsite audit functions were enhanced to include real-time monitoring, automated alerts, and exception reporting. Recognising the Company's increased reliance on advanced IT infrastructure, the Committee prioritised IT governance, application integrity, and infrastructure security.

During the year under review, the Company undertook comprehensive IT Risk Advisory services, including cybersecurity assessments, system resilience evaluations, and data protection compliance. In parallel, the internal IT assurance program addressed key domains such as network security, application-level controls, access management, and disaster recovery planning. The role of the internal auditor in information security assurance was also strengthened.

SRI LANKA ACCOUNTING STANDARDS

The Committee reviewed all revised policy decisions relating to the adoption and implementation of new and amended Sri Lanka Accounting Standards (SLFRS/ LKAS) applicable to the Company. Ongoing compliance with applicable standards was monitored, and necessary recommendations were made to the Board. Particular attention was given to accounting judgments, estimates, and underlying assumptions, ensuring that revisions were appropriately recognised in the relevant accounting periods.

WHISTLE BLOWER POLICY

The Committee ensured that the Company's Whistle blower Policy and associated procedures were up to date and effectively implemented. The policy guarantees confidentiality and encourages independent investigation of all reported or suspected irregularities. During the year under review, no whistle blower complaints or incidents were reported.

CONCLUSION

Based on its oversight activities, the Audit Committee is of the view that adequate internal controls, robust compliance frameworks, and sound financial reporting systems were in place during the year. The financial statements presented are free from material misstatement and reflect the true financial position of the Company.



Mr. T.C.D. Kumarasiri

Chairman

Board Audit Committee

31 July 2025

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

THE COMPOSITION OF THE COMMITTEE

The Board Integrated Risk Management Committee (BIRMC) operates as a Board Sub-Committee in line with Section 8 of the Finance Companies (Corporate Governance) Direction No. 3 of 2008.

The Committee functions under a Board-approved Terms of Reference and is responsible for assisting the Board in overseeing the Company's risk management framework. This includes setting the risk appetite, determining appropriate tolerable limits, and monitoring compliance with these limits, on an ongoing basis. The BIRMC is also responsible for the oversight of the Company's Compliance Function and reports directly to the Board of Directors.

During the year under review, Mr. T. C. D. Kumarasiri was appointed as Chairman and as a member of the BIRMC with effect from 30th September 2024, in line with Section 9.3.3 of the Listing Rules of the Colombo Stock Exchange. Following this appointment, the Committee's composition was as follows:

- Mr. T.C.D. Kumarasiri - Chairman (INED)
- Mr. V.A. Prasanth - Member (INED)
- Mr. J.P.D.R. Jayasekera - Member (INED)
- Mr. K.R. Bijimon - Member (NINED)

INED - Independent Non-Executive Director
NINED - Non Independent Non-Executive Director

TERMS OF REFERENCE

The main objective of the Committee is to support the Board in effectively carrying out its responsibilities in relation to financial, compliance, and risk-related matters, thereby safeguarding stakeholder interests. During the year, the Terms of Reference were updated to reflect the revised requirements introduced by the Listing Rules of the Colombo Stock Exchange.

The Committee is tasked with assessing key risk exposures faced by the Company, including credit, market, liquidity, operational, compliance, and strategic risks; and ensuring appropriate mitigation measures are implemented.

In line with its mandate, the Committee is empowered to:

- Review the quality of the credit portfolio, monitor delinquencies, and evaluate the adequacy of impairment allowances
- Assess liquidity and funding risk exposures
- Review financial performance and capital adequacy
- Oversee the operational risk framework, including information technology risks
- Review the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)
- Evaluate the effectiveness of management-level committees, specifically the Credit Committee and Asset and Liability Committee (ALCO)
- Monitor compliance with relevant legal and regulatory requirements
- Recommend corrective actions where required as part of the risk mitigation process
- Review the Asset and Liability Management (ALM) Policy and ensure adherence to specific risk limits

MEETINGS

The Committee met twelve (12) times during the financial year, given the importance of active and continuous risk oversight. Senior management was also invited to participate in meetings when necessary. The proceedings of all BIRMC meetings are formally reported to the Board of Directors.

The attendance of Committee members was as follows:

Mr. T.C.D. Kumarasiri	12/12
Mr. V.A. Prasanth	12/12
Mr. J.P.D.R. Jayasekera	12/12
Mr. K.R. Bijimon	11/12

As of 30th September 2024, Mr. R. J. A. Gunawardena and Mr. Roshan De Silva Gunasekera resigned from the BIRMC in compliance with listing rules, which prohibit Executive Directors from serving as members of subcommittees. Following their resignation, both Directors continued to attend Committee meetings by invitation.

REGULATORY COMPLIANCE

The Committee maintained close supervision over the Company's systems and processes to ensure ongoing compliance with finance company regulations and other applicable statutory requirements throughout the year.



Mr. T.C.D. Kumarasiri

Chairman

Board Integrated Risk Management Committee

31 July 2025

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

REGULATORY CONTEXT

The Board Related Party Transactions Review Committee, appointed by the Board of Directors of the Company, functions in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange. The Committee's core responsibility is to ensure compliance with the said rules and thereby strengthen the Company's internal control mechanisms.

The Committee comprises the following Independent Non-Executive Directors, each bringing substantial expertise and experience in the Finance Industry:

- Mr. J.P.D.R. Jayasekara - Chairman (INED)
- Mr. K.R. Bijimon - Member (NINED)
- Mr. R.A.B. Basnayake - Member (INED)

INED - Independent Non-Executive Director
NINED - Non Independent Non-Executive Director

MANDATE AND ROLE

The Related Party Transactions Review Committee is responsible for overseeing the management of the Company's relationships with related parties, promoting good governance and safeguarding the Company's best interests.

The Committee is also responsible for evaluating the Company's Policy on related party transactions on an annual basis and recommending amendments to the Board when deemed necessary.

Its mandate is to promote fairness, enhance corporate transparency, and ensure that all related party transactions are conducted in a manner that is consistent with the principles of sound governance. In fulfilling this mandate, the Committee reviews all related party transactions to ensure such parties are treated on par with other shareholders and stakeholders. The Committee also determines whether any related party transaction requires the approval of the Board or shareholders.

The Committee conducts its activities in accordance with its Charter, Policy, and Guidelines, and is entrusted with the reviews of all related party transactions except those specifically exempted under the Listing Rules of the Colombo Stock Exchange.

OBJECTIVES, RESPONSIBILITIES AND DUTIES

The Committee's key responsibilities include:

- Ensuring that all related party transactions are conducted in a manner which protects the Company from potential conflicts of interest.
- Ensuring that proper review and approval procedures are followed, either before the transaction is entered into or, where applicable, before its completion if the transaction is conditional on such approval.
- Monitoring the disclosure of transactions with related parties to ensure full compliance with regulatory requirements as stipulated by the Listing Rules of the Colombo Stock Exchange, the Central Bank of Sri Lanka, and Sri Lanka Financial Reporting Standards.
- Monitoring all financial accommodations granted to Key Management Personnel, major shareholders, and other related parties.
- Reviewing business transactions with institutions where the Company's Directors hold interests, either as Directors or major shareholders.
- Ensuring that all related party transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company or its stakeholders.

ACCESS TO INDEPENDENT ADVICE

The Committee ensures that it has access to both internal and external resources, as required. It may obtain professional advice from external auditors, legal counsel, or other independent advisers, consultants, or specialists on any matters pertaining to its powers or responsibilities in relation to related party transactions. This advice is obtained as needed to ensure the effective discharge of the Committee's duties.

MEETINGS AND ATTENDANCE

The Committee met **four times** during the financial year to review and discuss related party transactions. Member attendance was as follows:

Mr. J.P.D.R. Jayasekara (Chairman)	4/4
Mr. K.R. Bijimon	3/4
Mr. R.A.B. Basnayake	4/4

The minutes of all meetings were submitted to the Board of Directors for review and oversight.

KEY ACTIVITIES IN FY 2024/25

All related party transactions during the year were reviewed in advance and recommended by the Committee. The business transactions with related parties during the year fell into the following categories:

a) Granting accommodation

b) Creating liabilities to the Company in the form of deposits, borrowings, and any other payables

c) Providing or obtaining financial or non-financial services

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Committee took necessary measures to prevent any conflicts of interest arising from the Company's dealings with any party, particularly with the following categories of persons or institutions deemed as "related parties." A list of such parties both natural persons and institutions is maintained and periodically reviewed. These related parties include:

a) Directors and senior management of the Company

b) Directors and senior management of legal entities

c) Relatives of a natural person affiliated with Asia Asset Finance PLC

d) Any concern in which any of the Company's directors, senior management, or their relatives have an interest

The Committee ensured that the Company did not conduct business with related parties in a manner that grants them "more favourable treatment" than that accorded to other comparable constituents of the Company. "More favourable treatment" includes, but is not limited to:

a) Granting total accommodation to a related party that exceeds a prudent percentage of the Company's regulatory capital, as determined by the Committee

b) Charging a lower rate of interest or paying a higher rate of interest than would be applicable in a comparable transaction with an unrelated counterparty

c) Offering preferential terms that extend beyond those granted in the normal course of business

d) Providing or obtaining services without conducting a proper evaluation process

The Committee also monitored information flows and reporting lines between the Company and any related party to ensure that proprietary, confidential, or sensitive information was not shared inappropriately. Such information may only be shared when strictly required for the performance of legitimate duties and responsibilities.

FUTURE OUTLOOK

Looking ahead, the Committee will continue to closely monitor and review all related party transactions to ensure that the Company remains in full compliance with its governance framework. The Committee also aims to further strengthen its practices by adopting new policies and procedures and will engage external expertise where appropriate to ensure that its operations reflect the highest standards of governance.



Mr. J.P.D.R. Jayasekara

Chairman

Related Party Transaction Committee

31 July 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

In compliance with the updated Listing Rules of the Colombo Stock Exchange (CSE), the Board resolved to rename the existing Nomination Committee as the Nominations and Governance Committee, effective 19th July 2024. This change reflects the Company's continued commitment to enhanced governance standards.

As at 31st March 2025, the Committee comprised five Non-Executive Directors, of whom three are Independent Non-Executive Directors, thereby meeting the requirements of CSE Listing Rule 9.11 and Section 10.4 of the Finance Business Act (Corporate Governance) Direction No. 5 of 2021.

The members of the board-appointed Nominations and Governance committee in the year under review were:

Board Members and attendance

Mr. R.A.B. Basnayake - (Chairman) INED	4/4
Mr. G.M. Alexander - NINED	4/4
Mr. K.R. Bijimon - NINED	3/4
Mr. J.P.D.R. Jayasekara - INED	4/4
Mr. V.A. Prasanth - INED (Appointed w.e.f. 30.09.2024)	2/2

INED - Independent Non-Executive Director
NINED - Non Independent Non-Executive Director

Proceedings of the Committee meetings which also included activities under its Charter were regularly reported to the Board of Directors.

POLICIES AND PROCEDURES

The Terms of Reference (ToR) of the Committee were reviewed taking into consideration the requirements of the listing Rules conforming to the requirements set out in Rule 9.11 of the Colombo Stock Exchange and Corporate Governance requirements of the rule 10.4 of the Finance Business Act (Corporate Governance) Direction No. 5 of 2021. The Nominations and Governance Committee operates within the terms of reference as approved by the Board. As per the said terms of reference, the Committee shall be constituted with Non Executive Directors, majority of whom may preferably be Independent Non-Executive Directors. The Committee shall meet at least once in a financial year and additional meetings may be called at any time at the Chairman's discretion or by a member in consultation with the Chairman.

FUNCTIONS OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

1. Implementation of formal and transparent procedure to select/ appoint new Directors and Senior Management. The Senior Management shall be appointed with the recommendation of the Director/ Chief Executive Officer, excluding the Chief Internal Auditor, Chief Risk Officer, and Compliance Officer.
2. The Committee shall ensure that the Directors and Senior Management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of Fitness and Property of Key Responsible Persons) Direction. No. 06 of 2021.
3. The committee shall set the criteria, such as qualifications, experience, and key attributes required for eligibility, to be considered for appointment to the post of CEO and Senior Management.
4. The committee shall consider and recommended from time to time, the requirements of additional/ new expertise and the succession arrangements for retiring directors and senior management.
5. Ensuring Directors' Independence, and that conflicts of interest are appropriately managed.
6. The committee shall review and recommend the overall corporate governance framework, taking into account the Listing Rules of the Exchange, other applicable, regulatory requirements and industry/international best practices.
7. Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
8. To make recommendations on other related matters referred to the Committee by the Board of Directors. As per Listing Rules 9.11 of Colombo Stock Exchange, the Nominations and Governance Committee :
9. Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account;
   - the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
10. Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity.
11. Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

ACTIVITIES DURING THE YEAR

The Committee met four times during the year,

a.) to deliberate on appointment and succession planning for key management personnel and to assess additional/ new expertise and succession arrangements for new directors and retiring directors

b.) Carefully evaluated and recommend the re-appointment/re-election of current Directors and new director appointments.

c.) To Review and ensure compliance with the revised corporate governance requirements of the CSE in accordance with the respective effective dates stipulated therein

d.) To formulate Review and recommend the overall Corporate Governance Framework of the company in terms of the applicable rules and regulations.

e.) To review the composition of each of the Board Sub Committees taking into consideration, the proposed appointments to the Board as well as the Rules pertaining to the Board Sub Committee compositions as stipulated in the Finance Business Act (Corporate Governance) Direction No. 5 of 2021and as well as the Listing Rules of the CSE.

f.) To Review, recommend, monitor implementation of mandatory policies in terms of the requirement given in Rule No. 9.2 of the Listing Rules of the CSE.

(a) Policy on the matters relating to the Board of Directors

(b) Policy on Board Committees

(c) Policy on Corporate Governance, Nominations and Re-election

(d) Policy on Remuneration

(e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

(f) Policy on Risk Management and Internal Controls

(g) Policy on Relations with Shareholders and Investors

(h) Policy on Environmental, Social and Governance Sustainability

(i) Policy on Control and Management of Company Assets and Shareholder Investments

(j) Policy on Corporate Disclosures

(k) Policy on Whistleblowing

(l) Policy on Anti-Bribery and corruption

THE COMMITTEE CONFIRMS THE FOLLOWING:

- The Board's composition ensures a balance of skills, gender, experience, and age diversity.
- Awareness programs conducted for all the Directors, supported by the Compliance Department.
- Annual governance updates were provided to the full Board, covering changes in regulatory and capital market requirements.
- Board evaluations were conducted, covering the performance of the Chairman, Board, and CEO in line with CSE Listing Rule 9.11.5.
- Independent Directors are provided with opportunities to meet and deliberate on major issues separately.
- A clear succession plan is in place for Board and Key Management Personnel.
- All Directors have declared compliance with the criteria for independence and conflict of interest management.
- The Company is fully compliant with all relevant provisions of the Corporate Governance framework, including the Listing Rules of the CSE.

The Nominations and Governance Committee remains committed to upholding the highest standards of corporate governance, ensuring Board effectiveness, transparency in appointments, and strong alignment with regulatory and strategic imperatives. The Committee will continue to guide and support the Board in building a future-ready, performance-driven, and well-governed organization.



Rajitha A.B. Basnayake

Chairman

Nominations and Governance Committee

31 July 2025

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

COMPOSITION

The Human Resourses and Remuneration Committee appointed by the Board of Directors includes the following Directors:

- Mr. R.A.B. Basnayake – Chairman – (INED) appointed w.e.f 19th July 2024 (INED)
- Mr. V.A. Prasanth – Chairman until 19th July 2024 INED
- Mr. G. Alexander - NINED
- Mr. J.P.D.R. Jayasekara – INED

INED - Independent Non-Executive Director
NINED - Non Independent Non-Executive Director

The Chairman of the Committee, Mr. R.A.B Basnayake, Mr. V.A. Prasanth and Mr. J.P.D.R. Jayasekara are Independent Non Executive Directors.

HUMAN RESOURCES & REMUNERATION POLICY

The Asia Asset Finance Remuneration Policy aims to draw, motivate and retain talent in a competitive environment. The policy aims to ensure that the total remuneration package is adequately competitive to attract the best talent from the industry. The Company's remuneration framework for the Chief Executive Officer, Directors and Corporate Management Team is structured to identify the contributions made by them and to remunerate appropriately. The policy further takes into consideration both short-term and longterm objectives of the Company when finalizing incentives.

"TERMS OF REFERENCE" (TOR) OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE (HRRC)

The ToR of the HRRC sets out the constitution and the composition of the Committee, whereas the majority and the chairman of the Committee should be independent. Moreover, the Committee shall meet at least twice a year and at such other times as requested by the members.

The committee's purpose is to ensure, establish a documented, formal and transparent procedure for assessing and reviewing the remuneration packages of the Directors, CEO, KRPs, and all other employees of the company that link rewards to corporate and individual performance. The committee is a subcommittee of the Board and further ensure that the Human Resources (HR) arrangements support the strategic aims of company and enable the recruitment, motivation and retention of staff while complying with the requirements of regulatory and governance bodies, satisfying the expectations of its members and remaining consistent with the expectations of the wider target employee population.

The Human Resourses and Remuneration Committee evaluates and recommends to the Board of Directors the remuneration packages, annual increments, incentive plans and bonuses of the Chief Executive Officer and the members of the Senior Management in addition to recommending the Directors fees payable to Non Executive Directors. The Chief Executive Officer, who is responsible for the overall management of the Company, attends meetings by invitation and participates in evaluations except in instances where his own interest, performance and compensation packages are discussed. The Committee also evaluates and recommends the bonuses, incentives and special performance allowances pertaining to the Management level against key performance indicators and goals set out at the beginning of the year.

The succession plan in the Company is also evaluated by the Committee.

SECRETARY

The company secretary shall act as secretary to the committee. The secretary, in conjunction with the chairperson, shall draw up an agenda, which shall be circulated, to the members of the committee.

The company secretary shall record, prepare and circulate the minutes of the meetings of the committee and ensure that the minutes are properly kept and produced for inspection if required.

MEETINGS

Meetings shall be held at least once a year and as frequently as may be required. The minutes of the committee meetings, shall be circulated to members of the committee and shall be circulated to the board for the record. Meeting can be conducted either physically or through digital conference mode. The Committee is authorized by the Board to obtain, external legal or other professional advice on any matters within its terms of reference.

CIRCULAR RESOLUTIONS

The committee is authorized to pass circular resolutions to recommend decisions requiring immediate action when a meeting cannot be convened, with the recommendations subject to Board approval.

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

PURPOSE/RESPONSIBILITIES

I. The committee shall review and recommend to the Board the framework of remuneration of the Directors and company employees, taking into account the performance of the individual, the inflation price index, LKR exchange rate and information from independent sources on the rates of salary for similar jobs in the selected group of comparable companies.

II. The committee shall review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for company KRPs, depending on various performance measurements of the company. The review of the remuneration of the CEO should take into consideration fee levels and trends for similar positions in the market, the time commitment required from the CEO, and any additional responsibilities. The individuals concerned should abstain from the discussion of their own remuneration.

IV. The committee shall advice to the Board for final decision-making on terms of employment of executives, including, without limitation, salaries, bonuses, benefits in kind, and the duration of their contracts.

V. The committee shall make recommendations to the Board on strategic policy issues around human resources and remuneration.

VI. The committee shall provide a report summarizing its activities for the year in compliance with the CG Direction, Listing Rules and any relevant regulations. The principal responsibilities of the Committee are stipulated in accordance with section 10.5 of the FBA, Corporate Governance Direction and section 9.12 of the Listing rules of the Colombo Stock Exchange

FEES

All Non-Executive Directors receive a fee for attendance at Board meetings and for serving on sub-committees.

COMMITTEE MEETINGS

A formal meeting of the Committee takes place whenever necessary. During the financial year 2024-25, the Committee met on six(6) occasions.

NO. OF MEETINGS ATTENDED

Mr. R.A.B. Basnayake	6/6
Mr. V.A. Prasanth	6/6
Mr. G. Alexander	6/6
Mr. J.P.D.R. Jayasekara	6/6

KEY DECISIONS AND POLICY UPDATES

The Committee during the year,

a. Reviewed and recommended amendments to the salary structures and increments for KRP and Senior staff members based on an extensive industry analysis in order to attract, inspire and retain skilled employees with appropriate expertise and professional skills necessary to achieve Company goals.

b. Reviewed and made recommendations to company's succession plan

c. Reviewed and approved the proposals for annual bonus payments linked to company's key performance indicators.

d. Reviewed and enhanced performance based remuneration policy applicable for directors and senior management focusing on financial and non-financial factors consistent with long term objectives and financial soundness of the company.

e. With a view to nurturing human capital, evaluated proposals for innovative incentive plans to be introduced in FY 25/26.



Rajitha A.B. Basnayake

Chairman

Human Resources & Remuneration Committee

31 July 2025

INFORMATION TECHNOLOGY STEERING COMMITTEE REPORT

THE COMPOSITION OF THE COMMITTEE

The Information Technology Steering Committee (ITSC) functions as a Board Sub-committee with board approved terms of reference.

The Information Technology Steering Committee (ITSC) has been established to advise the Board and management on current and future information technology related issues. It assists the Board in governing and overseeing Company's information technology related matters.

The Committee comprised of the following members,

- Mr. Rajitha Basnayake - Chairman (INED)
- Mr. V.A. Prasanth - Member (INED)
- Mr. J.P.D.R. Jayasekara - Member (INED)
- Mr. Inditha Jayatileke (DGM IT)

INED - Independent Non-Executive Director
NINED - Non Independent Non-Executive Director

The Committee is responsible and reports to the Board of Directors. Mr. Rajitha Basnayake, Mr. J.P.D.R. Jayasekara and Mr. V.A. Prasanth are Independent Non Executive Directors.

TERMS OF REFERENCE

The Committee, by providing insight and timely advice and discussion, assists the Board of Directors to effectively carry out its responsibilities in relation to Information technology matters of the company.

ITSC monitors formulation and implementation of company's IT strategy and assess strategic alignment, value delivery, resource management, risk management and performance management of company's IT function in enabling the business strategies and functions of the company.

AUTHORITY

The Information Technology Steering Committee operates at the Board level but does not assume the Board's accountability. Nor does it play a role in day-to-day management.

The ITSC must work in partnership with the other board committees to provide input to, review and amend the aligned corporate and IT strategies. Possible partnerships with:

- The Audit committee on major IT risks
- The Integrated Risk Management committee on technology risk,value delivery and alignment
- Remuneration committee, on performance measurement.

The Committee has been empowered to:

1. Provide guidance on the overall IT strategy and monitor progress
2. Review IT capital and annual expenditure budgets and significant IT investment decisions, prior to them being sent to the Board of Directors for approval
3. Review formulations and amendments to IT policies and procedures and periodically assess the effectiveness of implementation and adherence
4. Provide guidance in strengthening systems and processes in relation to technology risk management and resilience
5. Scan emerging technologies, advise on digital transformation initiatives, and its potential use for competitive advantage and risk mitigation.

MEETINGS

The Committee held four meetings during the year under review.

Mr. Rajitha Basnayake	4/4
Mr. V.A. Prasanth	4/4
Mr. J.P.D.R. Jayasekara	4/4
Mr. Inditha Jayathilake	4/4

As of 30th September 2024, Mr. R.J.A. Gunawardena resigned from the IT Steering Commitee in compliance with listing rules, which prohibit Executive Directors from serving as members of subcommittees. Following their resignation, he continued to attend Committee meetings by invitation.

Senior Management staff, chief information security officer (CISO), Managers representing Digital Transformation team are also invited to attend IT meetings as and when required. The proceedings of the IT Committee meetings are reported to the Board of Directors. The minutes of the Committee meetings are tabled and ratified at meetings of the Board and approval of the Board is thus obtained for implementation of the recommendations made by the Committee. Follow up action will be taken on outstanding matters on a regular basis.

KEY ACTIVITIES DURING THE PERIOD UNDER REVIEW

During the year under review, the IT Steering Committee continued to play a pivotal role in guiding and overseeing key technology initiatives aligned with the company's strategic direction and regulatory framework. The committee reviewed the implementation of IT governance, risk management, cybersecurity, and Personal Data Protection Act (PDPA) compliance initiatives to reinforce the company's information security posture and ensure adherence to applicable legal and regulatory requirements.

INFORMATION TECHNOLOGY STEERING COMMITTEE REPORT

Significant focus was placed on enhancing the effectiveness of Security Operations Center (SOC) and Network Operations Center (NOC) to strengthen the company's cyber resilience.

The Committee also provided oversight in the successful launch of the company's next-generation Fintech solution, which delivered improved customer experience and advanced functionality while adhering to mobile application security standards.

In view of the company's expanding branch network and increased operational activity, the Committee evaluated various proposals and business cases aimed at optimizing recurring IT infrastructure and data communication costs, including options for transitioning from outsourced services to more efficient solutions.

The Committee further guided the strategic introduction of Business Analytics platforms, Generative AI, and Robotic Process Automation (RPA) based productivity solutions to drive innovation, operational efficiency, and data-driven decision-making across the organization.

Additionally, the Committee monitored the implementation of the IT Roadmap and provided strategic input to enhance its scope with initiatives encompassing cybersecurity, risk and governance, core business applications, business intelligence, artificial intelligence, and infrastructure-thereby supporting the execution of the company's broader digital transformation and strategic objectives.

The Committee also reviewed significant IT capital and recurring expenditure items proposed for procurement and recommended them for approval by the Board of Directors.



Rajitha A.B. Basnayake

Chairman

Information Technology Committee

31 July 2025

SHAREHOLDER AND INVESTOR CAPITAL

A LEGACY OF GROWTH, A FUTURE OF OPPORTUNITY

Asia Asset Finance PLC has proudly stood as a listed entity on the Main Board of the Colombo Stock Exchange since January 2012. Marking a major milestone in our journey, the strategic partnership formed in 2014 with Muthoot Finance PLC one of India's most respected financial institutions - has been instrumental in accelerating our growth and strengthening our foundations.

Under this robust leadership, we have pursued a path of responsible and consistent expansion, earning the trust of a growing number of stakeholders. Our track record reflects not only financial resilience but also a clear commitment to transparency, accountability, and long-term value creation.

At the heart of our growth lies our shareholders. Shareholder capital represents more than a financial contribution - it signifies belief in our vision and a shared stake in our future. We honour this trust by deploying capital with discipline, guided by the principles of integrated reporting to ensure that every investment decision contributes to sustainable success.

By focusing on efficient capital management, risk mitigation, and strategic innovation, Asia Asset Finance PLC remains firmly positioned to deliver steady, long-term returns while building lasting value for all who believe in our journey.

SHAREHOLDER INFORMATION

ORDINARY SHARES

Twenty largest shareholders

		As at 31st March 2025		As at 31st March 2024	
		No. of Shares	%	No. of Shares	%
1	MUTHOOT FINANCE LIMITED	90,558,778	72.916	90,558,778	72.916
2	FINCO HOLDINGS (PRIVATE) LIMITED	12,078,160	9.725		
3	J.B. COCOSHELL (PVT) LTD	8,331,107	6.708	8,477,676	6.826
4	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	811,051	0.653	3,000,276	2.416
5	BANSEI SECURITIES CAPITAL (PVT) LTD/I.S.P. PERERA	600,000	0.483		
6	MR. A.S. DISSANAYAKE	533,500	0.430	119,227	0.096
7	MR. C.W. GUNASEKARA	500,000	0.403	500,000	0.403
8	MR. L.T.R.S.L. JAYAWARDHANA	500,000	0.403		
9	ASSETLINE FINANCE LIMITED/C.DISSANAYAKE	475,000	0.382		
10	MR. A. SITHAMPALAM	375,433	0.302		
11	MR. H.S. DISSANAYAKE	326,611	0.263		
12	HATTON NATIONAL BANK PLC/PULAHINGAGE GNANAPRIYA CHARITH RODRIGO	230,000	0.185	42,939	0.035
13	SAMPATH BANK PLC/MR. ABISHEK SITHAMPALAM	229,389	0.185	229,389	0.185
14	ARUNA EQUITY CARE (PVT) LTD	218,969	0.176		
15	MR. M.M.N. KUMAR	170,000	0.137		
16	FAST GAIN INTERNATIONL LIMITED	159,000	0.128	159,000	0.128
17	MR. S. WEERARATNE & MR. P.N.WEERARATNE	144,200	0.116		
18	MR. U.C. BANDARANAYAKE & MRS. L.BANDARANAYAKE	140,000	0.113	150,000	0.121
19	SEYLAN BANK PLC/KASMODERA LIYANAGE JANAKA PRASANNA LIYANAGE	130,405	0.105		
20	MR. P.H. SUSIL RANATUNGA	129,242	0.104		
		116,640,845	93.917	103,237,285	83.126
	OTHERS	7,554,688	6.083	20,958,248	16.874
	TOTAL	124,195,533	100.000	124,195,533	100.000

SHAREHOLDER AND INVESTOR CAPITAL

ORDINARY SHARES

DIRECTORS' SHAREHOLDINGS

As at 31st March	2025		2024	
	No. of Shares	%	No. of Shares	%
Mr. V.A. Prasanth	-	-	-	-
Mr. R.J.A. Gunawardena	-	-	-	-
Mr. S.S.R.D. De Silva Gunasekera	6,000	0.005	6,000.00	0.005
Mr. G.M. Alexander	-	-	-	-
Mr. K.R. Bijimon	-	-	-	-
Mr. K.G.K. Pillai	-	-	-	-
Mr. R.A.B. Basnayake	-	-	-	-
Mr. J.P.D.R. Jayasekera	-	-	-	-
Mr. T.C.D. Kumarasiri	-	-	-	-
Mr. M. Thiruneelakandan	28,071	0.023	N/A	N/A

DISTRIBUTION OF SHAREHOLDERS

Shareholding as at 31st March	2025			2024		
	No. of holders	No. of Shares	%	No. of holders	No. of Shares	%
1 - 1,000	1,585	366,657	0.2952	1,315	260,815	0.21
1,0010 - 10,000	462	1,756,556	1.4143	340	1,347,032	1.08
10,001 - 100,000	147	4,723,223	3.8031	115	3,660,617	2.95
100,001 - 1,000,000	23	6,381,052	5.1379	17	4,459,039	3.59
Over 1,000,000 Shares	3	110,968,045	89.3495	4	114,468,030	92.17
	2,220	124,195,533	100.0000	1791	124,195,533	100

RESIDENTIAL AND NON - RESIDENTIAL SHAREHOLDERS

Shareholding as at 31st March	2025			2024		
	No. of holders	No. of Shares	%	No. of holders	No. of Shares	%
Resident shareholders	2,207	33,403,385	26.8958	1778	33,403,552	26.90
Non - resident shareholders	13	90,792,148	73.1042	13	90,791,981	73.10
	2,220	124,195,533	100.0000	1791	124,195,533	100.00

ORDINARY SHARES

INSTITUTIONAL AND INDIVIDUAL SHAREHOLDERS

Shareholding as at 31st March	2025			2024		
	No. of holders	No. of Shares	%	No. of holders	No. of Shares	%
Individuals	2,138	8,924,843	7.1861	1733	7,301,579.00	5.88
Institutiions	82	115,270,690	92.8139	58	116,893,954.00	94.12
	2,220	124,195,533	100.0000	1791	124,195,533.00	100.00

MARKET PRICE AND TRADE INFORAMTION

For the year ended 31st March	2025	2024
Highest price (LKR)	30.30	15.70
Highest price date	30.01.2025	14.03.2024
Lowest price (LKR)	11.00	7.80
Lowest price date	04.09.2024	12.04.2023
Last traded price (LKR)	27.60	15.00
Last traded date	28.03.2025	28.03.2024
Number of transactions	6,680	2,978
Number of share traded	29,004,148	12,905,397
Value of share traded (LKR)	612,370,940.00	159,576,591.40

INFORMATION ON PUBLIC HOLDING AND MARKET CAPITALISATION

For the year ended 31st March	2025	2024	2024
Public holding (%)	27.02%	27.08%	10%
Number of public shareholders	2,213	1,788	500
the float adjusted market capitalization (LKR)	926,106,766.80	504,458,460.00	2,500,000,000

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1(i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the holding requirement applicable under the said option.

SHAREHOLDER AND INVESTOR CAPITAL

PREFERENCE SHARES

Twenty largest shareholders

		As at 31st March 2025		As at 31st March 2024	
		No. of Shares	%	No. of Shares	%
1	MUTHOOT FINANCE LIMITED	39,687,516	95.867	39,687,516	95.867
2	J.B. COCOSHELL (PVT) LTD	1,377,262	3.327	1,377,262	3.327
3	MR. Y.R.P. DE SILVA	58,479	0.141	37,798	0.091
4	COCOSHELL ACTIVATED CARBON COMPANY (PRIVATE) LIMITED	50,000	0.121	50,000	0.121
5	SENKADAGALA FINANCE PLC/G.B.R.P.GUNAWARDANA	24,824	0.06		
6	BANSEI SECURITIES CAPITAL (PVT) LTD/N.A.WAKISHTA	24,707	0.06	22,495	0.054
7	MRS N.N.T WEERASINGHE	20,000	0.048		
8	DFCC BANK PLC/MR.K.S.D.SENAWEERA	17,507	0.042	37,136	0.09
9	MR. N.A. WAKISHTA	13,905	0.034	13,720	0.033
10	MR. S.M.C.N. SAMARAKOON	12,613	0.03	12,768	0.031
11	MR. G.R. SELLAHEWA	11,500	0.028	15,000	0.036
12	MISS. K.H.S.T. KUMARASINGHE	10,429	0.025		
13	MR. S.S. KUMARA	9,403	0.023		
14	MR. M.H.V.U. GUNATILAKA	7,497	0.018	7,497	0.018
15	MISS M.A.B.C. MANCHANAYAKE	7,389	0.018	7,389	0.018
16	ASSETLINE FINANCE LIMITED/C.DISSANAYAKE	6,200	0.015		
17	MR. K. VEERABAGU	5,000	0.012		
18	MR. A.S. ATAPATTU	4,725	0.011		
19	MR. L.L. MIGARA	4,279	0.01	4,279	0.01
20	MR. G.V. SANJAYA	4,000	0.01	15,007	0.036
		41,357,235	99.9	41,287,867	99.732
	OTHERS	41,276	0.1	110,644	0.268
	TOTAL	41,398,511	100.000	41,398,511	100.000

PREFERENCE SHARES

DIRECTORS' SHAREHOLDINGS

As at 31st March	2025		2024	
	No. of Shares	%	No. of Shares	%
Mr. V.A. Prasanth	-	-	-	-
Mr. R.J.A. Gunawardena	-	-	-	-
Mr. S.S.R.D. De Silva Gunasekera	-	-	-	-
Mr. G.M. Alexander	-	-	-	-
Mr. K.R. Bijimon	-	-	-	-
Mr. K.G.K. Pillai	-	-	-	-
Mr. R.A.B. Basnayake	-	-	-	-
Mr. J.P.D.R. Jayasekera	-	-	-	-
Mr. T.C.D. Kumarasiri	-	-	-	-
Mr. M. Thiruneelakandan	-	-	-	-

DISTRIBUTION OF SHAREHOLDERS

Shareholding as at 31st March	2025			2024		
	No. of holders	No. of Shares	%	No. of holders	No. of Shares	%
1 - 1,000	115	16,961	0.0410	73	11,645	0.03
1,0010 - 10,000	20	72,808	0.1759	11	38,146	0.09
10,001 - 100,000	10	243,964	0.5893	10	283,942	0.69
100,001 - 1,000,000	-	-	-	-	-	-
Over 1,000,000 Shares	2	41,064,778	99.1939	2	41,064,778	99.14
	147	41,398,511	100.000	96	41,398,511	100

RESIDENTIAL AND NON - RESIDENTIAL SHAREHOLDERS

Shareholding as at 31st March	2025			2024		
	No. of holders	No. of Shares	%	No. of holders	No. of Shares	%
Resident shareholders	145	1,710,662	4.13	94	1,710,662	4.13
Non - resident shareholders	2	39,687,849	95.87	2	39,687,849	95.87
	147	41,398,511	100.00	96	41,398,511	100.00

SHAREHOLDER AND INVESTOR CAPITAL

PREFERENCE SHARES

INSTITUTIONAL AND INDIVIDUAL SHAREHOLDERS

Shareholding as at 31st March	2025			2024		
	No. of holders	No. of Shares	%	No. of holders	No. of Shares	%
Individuals	136	208,448	0.5035	85	141,876	0.34
Institutiions	11	41,190,063	99.4965	11	41,256,635	99.66
	147	41,398,511	100.0000	96	41,398,511	100.00

MARKET PRICE AND TRADE INFORAMTION

For the year ended 31st March	2025	2024
Highest price (LKR)	32.90	15.30
Highest price date	17-01-25	14.03.2024
Lowest price (LKR)	12.10	8.70
Lowest price date	2024-09-04	01.06.2023
Last traded price (LKR)	28.00	15.10
Last traded date	28-03.2025	25.03.2024
Number of transactions	589	338
Number of share traded	177,490	216,300
Value of share traded (LKR)	4,882,247.50	2,610,006.10

INFORMATION ON PUBLIC HOLDING AND MARKET CAPITALISATION

For the year ended 31st March	2025	2024
Public holding (%)	4.122%	4.133%
Number of public shareholders	145	95
the float adjusted market capitalization (LKR)	47,775,560	25,836,024.50



FINANCIAL REPORTS

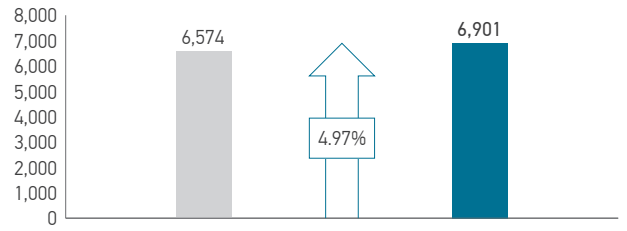
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FINANCIAL PERFORMANCE

Gross Income

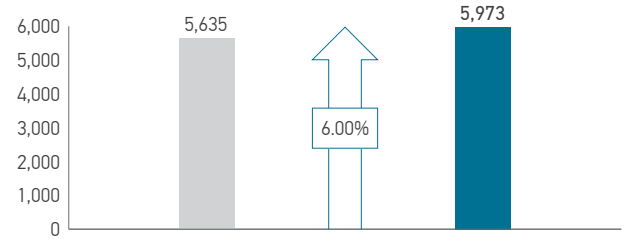
Rs.Mn.



2024	2025
6,574	**6,901**

Interest Income

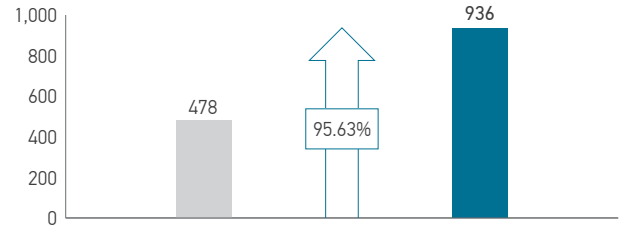
Rs.Mn.



2024	2025
5,635	**5,973**

Operating Profit before Taxes on Financial Services

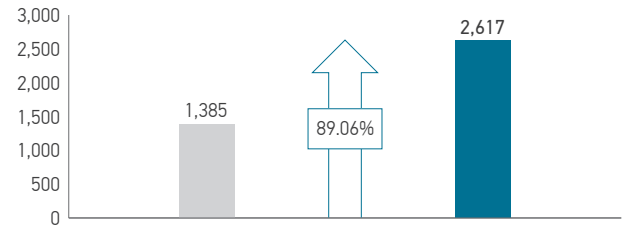
Rs.Mn.



2024	2025
478	**936**

Net Interest Income

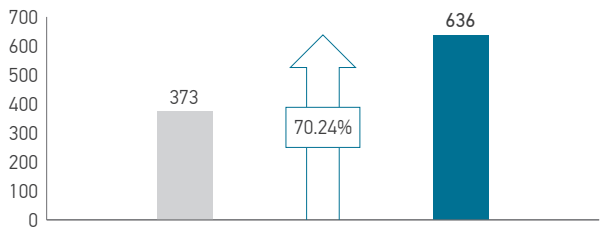
Rs.Mn.



2024	2025
1,385	**2,617**

Profit before Taxation

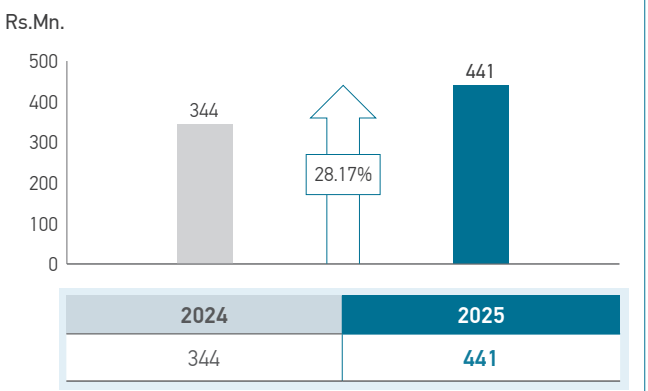
Rs.Mn.



2024	2025
373	**636**

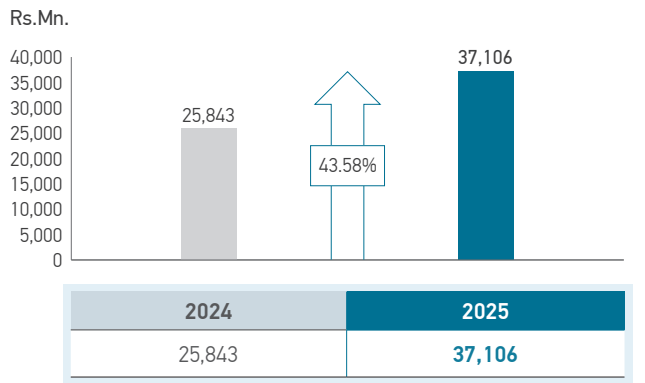
FINANCIAL PERFORMANCE

Profit for the Year



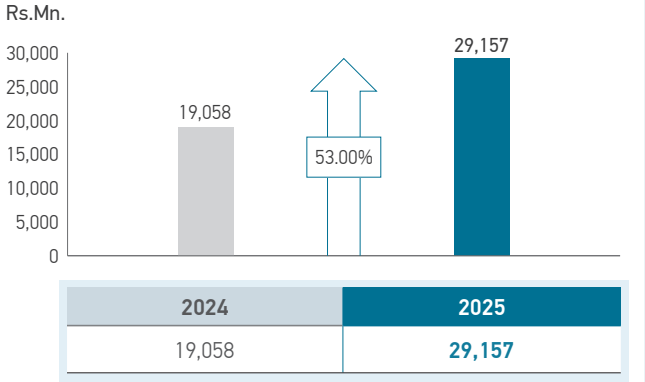
2024	2025
344	**441**

Total Assets



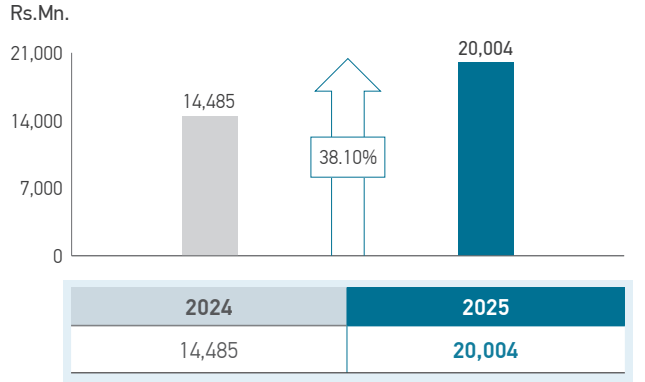
2024	2025
25,843	**37,106**

Financial Assets at Amortised Cost - Loans and Advances



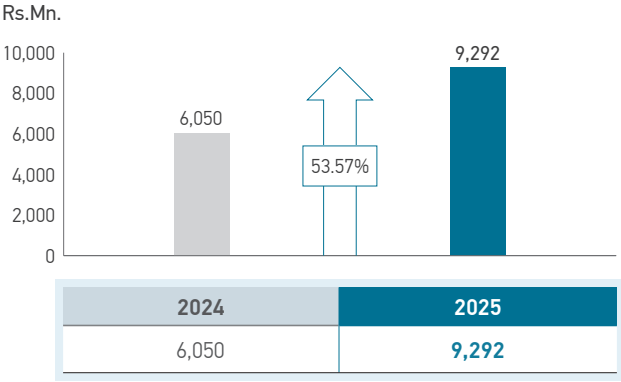
2024	2025
19,058	**29,157**

Due to Customers



2024	2025
14,485	**20,004**

Financial Liabilities - Other Borrowed Funds



2024	2025
6,050	**9,292**

INDEPENDENT AUDITORS' REPORT



KPMG
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TO THE SHAREHOLDERS OF ASIA ASSET FINANCE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asia Asset Finance PLC ("the Company"), which comprise the statement of financial position as at March 31, 2025, and the income statement and statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information set out on page no 218 to 306.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2025, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for Expected Credit Losses of Financial Assets measured at Amortised Cost

Allowance for expected credit losses of financial assets measured at amortised cost as stated in Note 19 is determined by management in accordance with the accounting policies described in Note 3.1.11.

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Ms. P.M.K. Sumanasekara FCA
T.J.S. Rajakarier FCA
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Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
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W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

INDEPENDENT AUDITORS' REPORT

Risk Description	Our Response:
The Company uses the Expected Credit Loss (ECL) model to calculate the allowance for expected credit losses in accordance with SLFRS 9- Financial Instruments (SLFRS 9). High degree of complexity and judgment are involved in estimating ECL. There are also a number of key assumptions made by the Company in applying the requirements of SLFRS 9 to the models including the identification of loss stage, forward looking probability of default (PD), loss given default (LGD), macroeconomic scenarios including their weighting and judgments over the use of data inputs required. Additional subjectivity and judgement are required due to the heightened uncertainty associated with the impact of the economic outlook and its impact on customers, increasing our audit effort thereon. We have identified the allowance for expected credit losses as a key audit matter due to the significance of the loans and advances to these financial statements, the inherent complexity of the Company's ECL models used to measure ECL allowances.	Our audit procedures included: ❑ Understanding and assessing the design and implementation and operating effectiveness of management key internal controls over the approval, recording and monitoring financial assets and the measurement of provision for impairment. ❑ Assessing the methodology inherent within the impairment models against the requirements of SLFRS 9, specially taking into consideration the prevailing uncertain and volatile macro-economic environment; ❑ Challenging the key assumptions in the ECL models, including staging, PD, and LGD and evaluating the reasonableness of Management's key judgments and estimates; ❑ Testing the accuracy and completeness of the data inputs to the systems and ECL models and challenging the economic information used within, and weightings applied to, forward looking scenarios; ❑ Recalculating the ECL on sample basis, by using the key assumptions used in the models, such as PD and LGD; ❑ Assessing the reasonableness of the Company's considerations of the prevailing uncertain and volatile macro-economic environment; ❑ Working with our internal FRM specialists in order to assess the management computation of ECL model including staging, PD, LGD, and appropriateness of incorporating the forward-looking factors, and assumptions to the ECL model; ❑ Assessing the adequacy of disclosures made in the financial statements in compliance with relevant accounting standards requirements.

Other Matter

The financial statements of Asia Asset Finance PLC for the year ended March 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on May 06, 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

KPMG

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

KPMG
Colombo, Sri Lanka

16 June 2025

INCOME STATEMENT

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Interest income	4	**5,972,861,421**	5,634,907,959
Less: Interest expenses	5	**(3,355,391,936)**	(4,250,407,673)
Net Interest income	6	**2,617,469,485**	1,384,500,286
Fees and commission income	7	**803,547,185**	879,577,589
Other operating income	8	**124,417,625**	59,639,969
Less: Operating expenses			
Personnel expenses	9	**(647,509,378)**	(450,124,348)
Depreciation and amortisation cost	10	**(186,661,475)**	(145,311,174)
General and administrative expenses		**(1,055,288,036)**	(745,051,290)
Impairment charge for loans and advances	11	**(720,473,852)**	(505,038,637)
Operating profit before taxes on financial services	12	**935,501,554**	478,192,395
Taxes on financial services	13	**(299,692,014)**	(104,704,556)
Profit before taxation		**635,809,540**	373,487,839
Income tax expenses	14	**(194,665,870)**	(29,301,136)
Profit for the year		**441,143,670**	344,186,703
Earnings per share - basic	38.1	**3.55**	2.77
Earnings per share - diluted	38.2	**2.48**	1.94

Figures in brackets indicate deductions.

The accounting policies and notes on pages 224 to 306 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Profit for the year		**441,143,670**	344,186,703
Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of tax)			
Revaluation gain on property, plant and equipment	23	**12,954,787**	43,511,089
Remeasurment of unquoted shares	22.1	**(206,659)**	-
Deferred tax charge on revaluation gain	14	**(3,886,436)**	(13,053,327)
Actuarial (loss) / gain on retirement benefit obligations	35.2	**(2,348,987)**	12,730,464
Deferred tax reversal / (charge) on acturial gain / (losses)	14	**704,696**	(3,819,139)
Other comprehensive income for the year, net of tax		**7,217,401**	39,369,087
Total comprehensive income for the year		**448,361,071**	383,555,790

Figures in brackets indicate deductions.

The accounting policies and notes on pages 224 to 306 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March,	Note	2025 Rs.	2024 Rs.
ASSETS			
Cash and cash equivalents	17	**3,150,043,244**	1,383,706,511
Other financial assets at amortized cost	18	**2,846,501,028**	4,259,458,514
Financial assets at amortised cost - loans and advances	19	**29,157,077,081**	19,057,508,451
Other non financial assets	20	**178,393,443**	130,133,093
Advances, deposits and prepayments	21	**199,349,206**	102,813,725
Financial assets - fair value through other comprehensive income	22	**300,000**	506,659
Property, plant and equipment	23	**710,455,188**	313,284,112
Right-of-use assets	24	**390,830,477**	186,439,061
Investment property	25	**425,274,403**	324,299,107
Deferred tax assets	14.2	**-**	38,550,183
Intangible assets	26	**48,132,285**	46,617,448
Total assets		**37,106,356,355**	25,843,316,864
LIABILITIES			
Due to banks	27	**50,418,316**	47,637,705
Other liabilities	28	**789,783,292**	558,484,227
Dividend payable	29	**29,455,778**	475,406
Income tax payable	30	**17,102,880**	17,953,458
Deferred tax liabilities	14.2	**5,508,866**	-
Financial liabilities - other borrowed funds	31	**9,291,880,609**	6,050,495,203
Lease liabilities	32	**411,187,318**	219,443,235
Due to customers	33	**20,004,208,401**	14,485,136,166
Debenture	34	**2,677,894,881**	1,058,730,444
Retirement benefit obligations	35	**50,096,525**	39,543,426
Total liabilities		**33,327,536,866**	22,477,899,270
EQUITY			
Stated capital	36	**2,205,463,801**	2,205,463,801
Retained earnings		**1,186,312,121**	794,058,041
Statutory reserve fund and other reserves	37	**387,043,567**	365,895,752
Total equity		**3,778,819,489**	3,365,417,594
Total equity and liabilities		**37,106,356,355**	25,843,316,864
Contingent liabilities and commitments	39	**431,500,000**	377,906,783
Net assets value per share	38.3	**30.43**	27.10

Figures in brackets indicate deductions.

The accounting policies and notes on pages 224 to 306 form an integral part of these financial statements.

These financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.



Geethika Elwalage
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board.



R.J.A. Gunawardena
Director/Chief Executive Officer



T.C.D. Kumarasiri
Director/Chairman of the Audit Committee

9th June 2025
Colombo

STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital	Preference share capital	General reserve	Statutory reserve fund	Revaluation reserve fund	Regulatory loss allowance reserve	Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2023		1,791,478,691	413,985,110	3,000,000	139,131,735	-	74,710,655	588,534,571	3,010,840,762
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	344,186,703	344,186,703
Revaluation gain on property, plant and equipment	23	-	-	-	-	43,511,089	-	-	43,511,089
Actuarial gain on retirement benefit obligation	35.2	-	-	-	-	-	-	12,730,464	12,730,464
Deferred tax charge on revaluation and acturial gain	14	-	-	-	-	(13,053,327)	-	(3,819,139)	(16,872,466)
Total comprehensive income for the year		1,791,478,691	413,985,110	3,000,000	139,131,735	30,457,762	74,710,655	941,632,599	3,394,396,552
Transactions with equity holders recognized directly in equity									
Dividend paid - Preference shares	29	-	-	-	-	-	-	(28,978,958)	(28,978,958)
Transfers to reserves		-	-	-	68,837,340	-	49,758,260	(118,595,600)	-
Total transactions with equity holders		-	-	-	68,837,340	-	49,758,260	(147,574,558)	(28,978,958)
Balance as at 31st March 2024		1,791,478,691	413,985,110	3,000,000	207,969,075	30,457,762	124,468,915	794,058,041	3,365,417,594
Balance as at 01st April 2024		1,791,478,691	413,985,110	3,000,000	207,969,075	30,457,762	124,468,915	794,058,041	3,365,417,594
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	441,143,670	441,143,670
Actuarial loss on retirement benefit obligations	35.2	-	-	-	-	-	-	(2,348,987)	(2,348,987)
Revaluation gain on property, plant and equipment	23	-	-	-	-	12,954,787	-	-	12,954,787
Deferred tax reversal/(charge) on revaluation (gain) and actuarial loss	14	-	-	-	-	(3,886,436)	-	704,696	(3,181,740)
Remeasurment of unquoted shares	22.1	-	-	-	-	-	-	(206,659)	(206,659)
Total comprehensive income for the year		1,791,478,691	413,985,110	3,000,000	207,969,075	39,526,113	124,468,915	1,233,350,761	3,813,778,665
Transactions with equity holders recognized directly in equity									
Dividend paid during the year	29	-	-	-	-	-	-	(28,978,958)	(28,978,958)
Excess depreciation charge on revaluation		-	-	-	-	(5,980,218)	-	-	(5,980,218)
Reversals of revaluation gains on disposed assets		-	-	-	-	(1,783,391)	-	1,783,391	-
Transfers to reserves		-	-	-	88,228,734	-	(68,385,661)	(19,843,073)	-
Total transactions with equity holders		-	-	-	88,228,734	(7,763,609)	(68,385,661)	(47,038,640)	(34,959,176)
Balance as at 31st March 2025		1,791,478,691	413,985,110	3,000,000	296,197,809	31,762,504	56,083,254	1,186,312,121	3,778,819,489

Figures in brackets indicate deductions.

The accounting policies and notes on pages 224 to 306 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Cash flows from operating activities			
Profit before taxation		**635,809,540**	373,487,839
Adjustments for ;			
Depreciation and amortisation of property, plant and equipment, investment property and intangible assets	10	**97,779,098**	78,086,569
Amortisation of right of use assets	10	**88,882,377**	67,224,605
Interest expenses on lease liabilities	32	**58,079,380**	42,338,086
Impairment of lease, hire purchase, loans and advances	11	**720,473,852**	505,038,637
Loss on disposal of property, plant and equipment	8	**1,402,225**	1,077,345
Gain on expiration of operating lease during the year		**(3,094,700)**	-
Gain on adjustments on operating lease during the year		**(38,616,297)**	-
Interest expense on other borrowings	31	**901,822,806**	1,183,003,442
Interest expense on debentures	34	**177,111,430**	361,151,772
Provision for retirement benefit obligations	35	**10,814,992**	14,035,862
Operating profit before working capital changes		**2,650,464,703**	2,625,444,157
Changes in ;			
Financial assets at amortised cost - loans and advances		**(10,922,578,522)**	(84,246,314)
Other non financial assets		**(48,260,350)**	(2,573,439)
Advances, deposits and prepayments		**(119,023,247)**	(27,286,173)
Due to customers		**5,519,072,235**	1,210,167,594
Other liabilities		**231,299,065**	329,849,473
Cash generated from / (used in) operations		**(2,689,026,116)**	4,051,355,298
Taxes paid	30	**(148,421,372)**	(247,115)
Gratuity paid	35	**(2,610,880)**	(7,484,505)
Dividend paid	29	**-**	(28,799,307)
Returned dividend	29	**1,414**	4
Interest paid		**(1,025,019,799)**	(1,508,675,138)
Net cash generated from / (used in) operations		**(3,865,076,753)**	2,506,149,237

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Cash flows from investing activities			
Acquisition of property, plant and equipment	23	**(478,055,127)**	(142,266,165)
Acquisition of intangible assets	26	**(11,716,796)**	(8,472,875)
Acquisition of investment property	25	**-**	(1,452,837)
Net investments in other financial assets at amortized cost	18	**1,412,957,486**	(1,814,628,473)
Proceeds from sale of property, plant and equipment		**440,000**	8,557,452
Net cash generated from / (used in) investing activities		**923,625,563**	(1,958,262,898)
Cash flows from financing activities			
Repayment of other borrowed funds		**(5,283,614,594)**	(4,019,200,696)
Proceeds from other borrowed funds	31	**8,525,000,000**	3,843,000,000
Proceeds from debenture issue	34	**2,000,000,000**	-
Repayment of debenture	34	**(434,750,000)**	(1,000,000,000)
Repayment of operating lease rental	32	**(101,628,094)**	(94,982,460)
Net cash generated from / (used in) financing activities		**4,705,007,312**	(1,271,183,156)
Net increase / (decrease) in cash and cash equivalents		**1,763,556,122**	(723,296,817)
Cash and cash equivalents at the beginning of the year		**1,336,068,806**	2,059,365,623
Cash and cash equivalents at the end of the year		**3,099,624,928**	1,336,068,806
At the end of the year			
Cash and cash equivalents	17	**3,150,043,244**	1,383,706,511
Bank overdraft	27	**(50,418,316)**	(47,637,705)
		3,099,624,928	1,336,068,806

Figures in brackets indicate deductions.

The accounting policies and notes on pages 224 to 306 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

This section provides general information about Asia Asset Finance PLC.

1.1 General

Asia Asset Finance PLC is a Public Limited Liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company has been registered with the Central Bank of Sri Lanka as a Finance company under the provisions of the Finance Business Act No. 42 of 2011 (formerly the Finance Companies Act No.78 of 1988). The company was re-registered under the Companies Act No. 07 of 2007. The registered office of the Company and the principal place of business are located at No 76, Park Street, Colombo 03.

1.2 Principal activities and nature of operations

The principal activities of the Company comprise granting leases, hire purchase, mortgage loans, personal loans, group personal loans, gold loans, micro finance loans, pledge loans, cheque and invoice discounting and mobilization of public deposits.

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3 Parent entity and ultimate parent entity

The company's immediate and ultimate parent entity as at 31st March 2025 is Muthoot Finance Limited which was incorporated in India.

1.4 Number of employees

The staff strength of the Company as at 31st March 2025 was 1054 (564 as at 31st March 2024).

2. BASIS OF PREPARATION AND OTHER MATERIAL ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (commonly referred to as "SLFRS"/"LKAS") issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) further compliance with the requirements of the Companies Act No. 7 of 2007.

The financial statements of the Company

- A summary of other material accounting policies affecting the results and financial position of the Company, including changes in accounting policies and disclosures during the year.
- Standards that have been issued which the Company has not adopted.

2.1 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis except for the following items in the statement of financial position:

Item	Basis of measurement
Financial assets measured at fair value through other comprehensive income (Note 22)	Fair value
Freehold land and buildings (Note 23)	Measured at cost at the time of acquisition
Retirement benefit obligation (Note 35)	Liability is recognized as the present value

2.2 Going concern

The Company has prepared the financial statements for the year ended 31 March 2025 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31 March 2025, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern.

2.3 Statement of compliance

The financial statements of the Company as at 31st March, 2025 and for the year then ended, have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

These financial statements include the following components:

- An Income Statement and the Statement of profit and loss and other comprehensive during the year under review of the Company
- A statement of financial position providing the information on the financial position of the Company as at the year end
- A statement of changes in equity depicting all changes in shareholders' equity during the year under review of the Company
- A statement of cash flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of the entity to utilize those cash flows and
- Notes to the financial statements comprising accounting policies and other explanatory information.

2.4 Statement of presentation

The financial statements s have been presented in compliance with the requirement of the Companies Act No. 07 of 2007, the Finance Business Act No 42 of 2011 and the Listing Rules of the Colombo Stock Exchange.

2.5 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of these financial statements as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.6 Approval of financial statements by the Board of Directors

The financial statements of Asia Asset Finance PLC for the year ended 31st March 2025 (including comparatives) were approved and authorized for issue on 9th June 2025 in accordance with a resolution of the Board of Directors on 9th June 2025.

2.7 Presentation of financial statements

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

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless it is required or permitted by any accounting standard or interpretation.

2.8 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.9 Functional and presentation currency

The financial statements have been presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency.

2.10 Materiality and aggregation

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

2.11 Rounding

The amounts in the financial statements have been rounded-off to the nearest Rupee, except where it is otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements'.

2.12 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency which is the Sri Lankan Rupee (Rs.) at the spot exchange rate prevailing at the date of the transactions being affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot rate of exchange ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

2.13 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements of the Company in conformity with SLFRS and LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Further, the management is also required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant accounting judgments, estimates and assumptions involving uncertainty are discussed below, whereas the respective carrying amounts of such assets and liabilities are given in the related notes.

2.13.1 Classification of financial assets and liabilities

As per SLFRS 9, the Material Accounting Policies of the Company provide scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortized Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL) based on the following criteria:

- The entity's business model for managing the financial assets is set out in note 3.1.3.1.
- The contractual cash flow characteristics of the financial assets is set out in note 3.1.3.2.

2.13.2 Impairment Losses on Financial assets

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are based on the assumptions of a number of factors and the actual results may differ, resulting in future changes to the allowance.

Refer note 3.1.11 for more details relating to impairment loss assessment on financial assets.

2.13.3 Taxation

The Company is subject to income taxes and other taxes including VAT on financial services. Significant judgment is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to interpretation of the applicability of tax laws, at the time of preparation of these financial statements.

The Company recognizes assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

2.13.4 Deferred tax assets /Liability

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with the future tax planning strategies.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority.

2.13.5 Retirement benefit obligation

The cost of the retirement benefit obligation of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, staff turnover, and retirement age and going concern of the Company. Due to the long-term nature of such obligation, these estimates are subject to significant uncertainty. Further details are given in note 35 to the financial statements.

2.13.6 Useful lives of property, plant and equipment, investment property and intangible assets

The Company depreciates/amortizes the property plant and equipment, investment property and intangible assets using the straight-line method over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects the management's estimate of the period that the Company intends to derive future economic benefits from the use of the property, plant and equipment, investment property and intangible assets.

The residual value reflects the management's estimated amount that the Company would currently obtain from the disposal of the asset, after deducting the estimated disposal, as if the asset were already of the age and in the conditions expected at the end of its useful life.

Changes in the expected level of usage and technological developments could affect the economic useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

2.13.7 Leases

2.13.7.1 Determination of the lease term for lease contracts with renewal and termination options (company as a lessee)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options.

The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

2.13.7.2 Estimating the incremental borrowing rate

As the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Company estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

2.14 Accounting policy

Material Accounting Policies - General	Note	Page Reference
Cash and cash equivalents	17	250-251
Other financial assets at amortized cost	18	251-252
Financial assets at amortised cost - loans and advances	19	252-256
Other non-financial assets	20	256
Financial assets - Fair value through other comprehensive income	22	257-258
Property, plant and equipment	23	258-261
Right-of-use assets	24	262
Investment property	25	263-266
Deferred tax assets/liabilities	14.2	246-247
Intangible assets	26	266-267
Due to banks	27	267
Other liabilities	28	268
Dividend payable	29	268
Financial liabilities - other borrowed funds	31	269-272
Lease liabilities	32	272-273
Due to customers	33	274
Debenture	34	275-276
Retirement benefit obligations	35	277-279

Material accounting policies – Recognition of income and expenses	Note	Page Reference
Interest income	4	238
Interest expense	5	239
Net interest income	6	239
Fees and commission income	7	240
Other operating income	8	240
Personnel expenses	9	241
Depreciation and amortization cost	10	242
Impairment charge for loans and advances	11	242-243
Income tax expenses	14	244-245

2.15 Changes in Accounting Policies

The Company has consistently applied the Accounting Policies to all periods presented in these financial statements, except for the changes arising out of amendments to Accounting Standards as set out below.

2.15.1 Changes to already existing accounting standards

The Company applied for the first time certain standards and amendments, if applicable, which are effective for annual periods beginning on or after 1 April 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments to the following Accounting Standards, did not have a material impact on the Financial Statements of the Company.

- Non-current Liabilities with Covenants – Amendments to LKAS 1
- Classification of Liabilities as Current or Non-current – Amendments to LKAS 1
- Lease Liability in a Sale and Leaseback – Amendments to SFRS 16
- Supplier Finance Arrangements – Amendments to LKAS 7 and SLFRS 7

2.15.2 New accounting standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

The Company intends to adopt this amended standard and interpretation, if applicable, when it becomes effective.

Accounting Standard	Description	Effective Date
Sri Lanka Accounting Standard - SLFRS 17 "Insurance Contracts"	SLFRS 17 Liability Recognition: Presents future cash flows as present value with risk adjustment and Contractual Service Margin (CSM), groups contracts by risk and profitability, and recognizes losses directly in the income statement. New Insurance Revenue Measure: Shifts revenue measurement to service delivery, excluding investment-related premiums, and necessitates calculating deferred profit (CSM) at transition.	1st January 2026
Exemption - Sri Lanka Accounting Standard - SLFRS 9 "Financial Instruments	Temporary Exemption: SLFRS 9, which addresses financial instruments accounting, became effective from 1st January 2018	1st January 2026

The company will conduct a gap analysis on the applicability of Sustainability Accounting standards IFRS S1 – General requirements for Disclosure of Sustainability-related financial information and IFRS S2 – Climate related Disclosures and will make appropriate disclosures commencing from the year ending 31st March 2026.

3. MATERIAL ACCOUNTING POLICIES

3.1 Financial instruments – initial recognition, classification and subsequent measurement

3.1.1 Date of recognition

The Company initially recognizes loans and advances, deposits and subordinated liabilities, etc., on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

3.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments. Refer Notes 3.1.3 and 3.1.4 for further details on classification of financial instruments.

A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss as per SLFRS 9 and trade receivables that do not have a significant financing component as defined by SLFRS 15.

The transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss is dealt with through the income statement. Trade receivables that do not have significant financing components are measured at their transaction price at initial recognition as defined in SLFRS 15. When the fair value of financial instruments (except trade receivables that do not have significant financing components) at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

3.1.2.1 "Day 1" profit or loss

When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognizes the difference between the transaction price and fair value in net gains/(losses) from trading. In those cases, where the fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is de-recognized.

3.1.3 Classification and subsequent measurement of financial assets

As per SLFRS 9, the Company classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

3.1.3.1 Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by- instrument basis because this best reflects the way the business is managed, and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or 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 in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.1.3.2 Assessment of whether contractual cash flows are solely the payments of principal and interest (SPPI test)

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

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely the payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely the payments of principal and interest on the principal amount outstanding, 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 the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Refer Notes 3.1.3.3 to 3.1.3.4. below for details on different types of financial assets recognized in the Statement of Financial Position.

3.1.3.3 Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are given in notes 3.1.3.3.1 to 3.1.3.3.3 below.

3.1.3.3.1 Financial assets at amortised cost - Loans and Advances

Loans and advances to customers include loans and advances, and lease, gold loans, and mortgage loans of the Company.

Details of "Loans and advances " are given in note 19.

3.1.3.3.2 Other financial assets at amortized cost

Details of "Other financial assets at amortized cost" are given in note 18.

3.1.3.3.2.1 Investment in reverse repurchase agreements against the treasury bills and bonds

When the Company purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (reverse repo), the arrangement is accounted for as a financial asset in the SOFP reflecting the transaction's economic substance as a loan granted by the Company. Subsequent to initial recognition, these securities issued are measured at amortized cost using the EIR with the corresponding interest income/receivable being recognized as interest income in income statement.

Details of Reverse repurchase agreements against treasury bills and bonds" are given in note 18.

3.1.3.3.3 Cash and cash equivalents

Details of "Cash and cash equivalents" are given in note 17.

3.1.3.4 Financial assets measured at FVOCI

Financial assets at FVOCI include equity instruments measured at fair value through other comprehensive income.

3.1.3.4.1 Equity instruments designated at FVOCI

Upon initial recognition, the Company elects to classify irrevocably some of its equity investments held for strategic and statutory purposes as equity instruments at FVOCI. Details of "Equity instruments at FVOCI" are given in note 22.

3.1.4 Classification and subsequent measurement of financial liabilities

As per SLFRS 9, the Company classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- Financial liabilities at fair value through profit or loss, and within this category are,
  - Held-for-trading; or
  - Designated at fair value through profit or loss;
- Financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification.

3.1.4.1 Financial liabilities at amortized cost

Financial liabilities issued by the Company that are not designated at FVTPL are classified as financial liabilities at amortized cost under "Due to banks", "Due to customers", "Other borrowings" or "Subordinated debts" as appropriate, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included in "Interest expense" in the income statement. Gains and losses are also recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process.

3.1.4.1.1 Due to banks

Details of "Due to banks" are given in note 27.

3.1.4.1.2 Due to customers

Details of "Due to customers" are given in note 33.

3.1.4.1.3 Other borrowed funds

Details of "Other borrowed funds" are given in note 31.

3.1.4.1.4 Debentures

Details of "Debentures" are given in note 34.

3.1.5 Reclassification of financial assets and liabilities

As per SLFRS 9, Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the company changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial Liabilities are not reclassified as such re-classifications are not permitted by SLFRS 9.

3.1.5.1 Timing of reclassification of financial assets

Consequent to the change in the business model, the Company reclassifies all affected assets prospectively from the first day of the first reporting period following the change in the business model (the reclassification date). Accordingly, prior periods are not restated.

3.1.5.2 Measurement of reclassification of financial assets

3.1.5.2.1 Reclassification of Financial Instruments at 'Fair value through other comprehensive income'

- To Fair value through profit or loss

The accumulated balance in OCI is reclassified to profit or loss and comprehensive income on the reclassification date.

- To Amortized Cost

The financial asset is reclassified at fair value. The cumulative balance in OCI is removed and is used to adjust fair value on the reclassification date. The adjusted amount becomes the amortized cost.

EIR determined at initial recognition and gross carrying amount are not adjusted as a result of reclassification.

3.1.5.2.2 Reclassification of Financial Instruments at "Amortized Cost"

- To Fair value through other comprehensive income

The asset is remeasured to fair value, with any difference recognized in OCI. EIR determined at initial recognition is not adjusted as a result of reclassification.

- To Fair value through profit or loss

The fair value on the reclassification date becomes the new carrying amount. The difference between amortized cost and fair value is recognized in the income statement.

3.1.6 De-recognition of financial assets and financial liabilities

3.1.6.1 Financial assets

The Company de-recognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when:

- The contractual rights to receive the cash flows from the asset have expired; or
- The Company has transferred its rights to receive the contractual cash flows from the asset, and either:
  - it has transferred substantially all the risks and rewards of ownership of the asset; or
  - it has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the asset is not de-recognized. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

3.1.6.2 Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3.1.7 Modification of financial assets and financial liabilities

3.1.7.1 Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognised at fair value.

As per SLFRS 9, if 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 using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating rate financial assets, the original effective interest rate is used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

3.1.7.2 Financial liabilities

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in income statement.

3.1.8 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

3.1.9 Amortized cost and gross carrying amount

The "amortized cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance.

The "gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any ECL allowance.

3.1.10 Fair value of financial instruments

Fair value measurement of financial instruments including the fair value hierarchy is explained below,

The fair value of mixed rate financial assets and liabilities carried at amortized cost are estimated based on the Discounted Cash Flow approach. This approach employs the current market interest rates of similar financial instruments as a significant unobservable input in measuring the fair value and hence, it is categorized under level 3 in the fair value hierarchy.

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.

3.1.11 Identification and measurement of impairment of financial assets

3.1.11.1 Overview of the ECL principles

As per SLFRS 9, the Company records an allowance for expected credit losses for loans and advances to customers, debt and other financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and loan commitments.

SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

- Stage 1: A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses (LTECL) that result from default events possible within the next 12 months (12M ECL).
- Stage 2: If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Company records an allowance for LTECL. Refer Note 3.1.11.2 for a description on how the Company determines when a significant increase in credit risk has occurred.
- Stage 3: If a financial asset is credit- impaired, it is moved to Stage 3 and the Company recognizes an allowance for LTECL, with probability of default at 100%. Refer Note 3.1.11.4 for a description on how the Company defines credit impaired and default.
- Purchased or originated credit impaired (POCI) financial assets: Financial assets which are credit impaired on initial recognition are categorized within Stage 3 with a carrying value already reflecting the lifetime expected credit losses. The Company does not have POCI loans as at the reporting date.

The key judgments and assumptions adopted by the Company in addressing the requirements of SLFRS 9 are discussed below:

3.1.11.2 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 analysis, based on the Company's historical experience and expert credit assessment including forward looking information.

The Company considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in SLFRS 9.

The Company individually reviews at each reporting date, loans and advances above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default. Such indicators include, inter alia:

- When reasonable and supportable forecasts of future economic conditions directly affect the performance of a customer/group of customers, portfolios or instruments
- When there is a significant change in the geographical locations or natural catastrophes that directly impact the performance of a customer/group of customers or instruments
- When the value of collateral is significantly reduced and/or realizability of collateral is doubtful
- When a customer is subject to litigation that significantly affects the performance of the credit facility
- Modification of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants
- When the customer is deceased/insolvent
- When the Company is unable to contact or find the customer

Credit facilities/exposures which have one or more of the above indicators are treated as facilities with significant increase in credit risk and assessed accordingly in ECL computations. The Company regularly monitors the effectiveness of the criteria used to identify significant increase in credit risk to confirm that the criteria is capable of identifying significant increase in credit risk before an exposure is in default.

3.1.11.3 Definition of default and credit impaired assets

The company considers loans and advances to customers to be defaulted when:

- The borrower is unlikely to pay its obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The borrower becomes 90 days past due on its contractual payments.

In addition, the Company classifies the financial investments under Stage 3 when the external credit rating assigned to the particular investment is in "default".

In assessing whether a borrower is in default, the Company reviews its individually significant loans and advances above a predefined threshold at each reporting date. The Company considers non-performing credit facilities/customers with one or more of indicators set out in Note 3.1.11.2 above as credit impaired.

3.1.11.4 Movement between the stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described in Note 3.1.11.2. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

3.1.11.5 Grouping financial assets measured on collective basis

The Company calculates ECLs either on a collective or an individual basis. Asset classes where the Company calculates ECL on individual basis include credit impaired facilities of individually significant customers.

An individual assessment is performed for credit-impaired exposures that are individually significant, such as non-performing or high-value facilities. These are assessed separately to determine the appropriate level of expected credit loss.

For the purpose of calculating ECLs on a collective basis, financial assets are grouped into portfolios based on shared credit risk characteristics. These characteristics may include Product type, Customer segment Industry, collateral type, credit risk rating score.

For the purpose of ECL calculation on collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to customers are grouped into homogeneous portfolios, based on a combination of product and customer characteristics.

3.1.11.6 The Calculation of Expected Credit Loss Principle (ECL)

The Company calculates ECL based on 3 probability weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the EIR.

A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculation are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The Gold Loan PD calculation is computed default over a given time horizon.
- EAD: Exposure At Default is the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of the principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities and accrued financing income from missed payments.

- LGD: Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lenders would expect to receive, including realization of any collateral. The weighted average LGDs are used and the weighted average LGD is determined by dividing the total loss for the year by the total exposure of settled defaults of each year. The calculation basically consist, written off, virtually closed and settled contracts where arrears age exceed 90 days.
- LGD Gold Loan: Company uses non-performing gold loans which are over 90 days past due for LGD calculation of gold loans. Since the physical gold is in the custody of the Company, a forecasted gold value of respective facility is calculated assuming 25% drop of current gold market price. The ratio between total receivable and the difference in forecasted gold value and total receivable is considered as LGD ratio for respective facilities. A simple average of the LGD of all non-performing gold loan is considered as the LGD ratio of gold loan product.
- Management Overlays: Management overlays may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk. Management overlay 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. The use of management overlay may impact the amount of ECL recognised. This decision was based on a detailed portfolio risk review and aimed to adjust for sector specific concerns including rising delinquency trends and reduced recovery potential.

3.1.11.7 Forward-looking information

The Company incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has identified key drivers of credit risk both quantitative and qualitative for various portfolio segments. Quantitative economic factors are based on economic data and forecasts published by CBSL and supranational organizations such as IMF.

Quantitative drivers of credit risk

- GDP growth
- Unemployment rate
- Interest rate (AWPLR)
- Rate of inflation
- Exchange rate

Qualitative drivers of credit risk

- Regulatory impact
- Government policies
- Status of industry business

3.1.12 Write-off of loans and advances

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or portion thereof. This is generally the case when the Company determines that the borrower does not have assets or source of income that could generate sufficient cash flow to repay the amounts subject to the write-off. This assessment is carried out at individual asset level. Recoveries of amounts previously written off are recognized when cash is received and are included in 'other operating income' in the income statement.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.2. Property, plant and equipment

Details of "Property, plant and equipment" are given in Note 23.

3.2.1. Depreciation

Details of "Depreciation" are given in Note 10.

3.3. Intangible assets

Details of "Intangible assets" are given in Note 26.

Amortization recognised during the year in respect of intangible assets is included under the item of "Amortization of intangible assets" under "Depreciation and amortization cost" .

3.4 Investment property

Details of "Investment Property" are given in Note 25.

3.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to assess whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash – generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the other comprehensive income and to the extent that it reverses a previous revaluation surplus.

3.6 Deferred tax assets / Liabilities

Details of "Deferred tax assets" are given in Note 14.2.

3.7 Fiduciary assets

The Company provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in these financial statements as they do not belong to the Company.

3.8 Other Non-Financial Assets

Details of "Other non-financial assets" are given in note 20.

3.9 Provisions

Provisions are recognized in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with the Sri Lanka Accounting Standard – LKAS 37 on 'Provision, Contingent Liabilities and Contingent Assets'. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. The expense relating to any provision is presented in the income statement net of any reimbursement.

3.10 Leases

The Company uses its judgment to determine whether an operating lease contract qualifies for recognition of right of- use assets. It also uses judgement in the determination of the discount rate in the calculation 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. As the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate to measure the lease liability.

The incremental borrowing rate is the rate of interest that the Company would have to pay, to borrow an amount similar to the value of the lease asset, over a similar term and with similar security in similar economic environment. Further, the Company applies judgement in evaluating whether it is reasonably certain to renew or terminate the lease at the end of the lease term. That is, it considers all relevant factors that create an economic benefit for it to exercise, either the renewal or termination option.

3.10.1 Right-Of-Use Assets – Company as a Lessee

Details of "Rights of use assets" are given in note 24.

3.10.2 Lease Liability

Details of "Lease liability" are given in note 32.

3.10.3 Finance leases - Company as a lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Company recognizes assets held under finance lease in the statement of financial position and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal the fair value of the underlying asset and initial direct costs. The Company's net investment in lease is included in note 19 on financial assets at amortized cost - Loans and Advances", as appropriate. The finance income receivable is recognised in "interest income" over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases.

3.11 Other liabilities

Other liabilities includes VAT on Financial Services payable, customer related payable and other amount payable. These liabilities are recorded at amounts expected to be payable at the reporting date.

3.12 Retirement benefit obligation

Details of "Retirement benefit obligation" are given on note 35.

3.13 Dividends payable

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are recommended by and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from equity when they are declared and are payable at the discretion of the Company. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date in accordance with the Sri Lanka Accounting Standard - LKAS 10 on 'Events after the Reporting period'.

3.14 Income

Income is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. The specific recognition criteria, for each type of gross income, are as follows:

3.14.1 Net interest income

3.14.1.1 Interest income and interest expense

Interest income and expense are recognised in the income statement using the effective interest rate (EIR) method.

As per SLFRS 9, the interest income and expense presented in the income statement include:

- Interest on financial assets measured at amortised cost calculated using EIR method;
- Interest on financial liabilities measured at amortised cost calculated using EIR method.

Effective Interest Rate (EIR)

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECLs). For credit-impaired financial assets which are classified under Stage 3, a credit-adjusted EIR is calculated using estimated future cash flows including ECLs. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.14.2 Net Fee and Commission Income

Fee and commission income is earned from a diverse range of services provided by the Company to its customers. Fees and commission income is accounted for as follows:

- Income earned on the execution of a significant act is recognised as revenue when the act is completed and
- Income earned from the provision of services is recognised as revenue as the services are provided.

3.14.3 Other operating income

Other operating income includes gains on disposal of property, plant and equipment, rent income, dividend income .

3.14.3.1 Dividend income

Dividend income is recognized when the Company's right to receive the income is established.

3.14.3.2 Gain or losses on disposal of property plant and equipment, Investment property and real estates

Gains or losses resulting from the disposal of property, plant and equipment, investment properties are accounted for on realized basis in the income statement, in the period in which the sale occurs.

3.14.3.3 Other Income

Other income is recognized on an accrual basis.

3.15 Personnel expenses

Details of "Personnel expenses" are given in note 9.

3.16 General and administrative expense

General and administration expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the income statement in arriving at the profit for the year.

3.17 Income tax expense

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid, to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto at the rate of 30%.

3.18 Events after the reporting period

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue.

In this regard, all material and important events that occurred after the reporting period have been considered and appropriate disclosures are made in the financial statements, where necessary.

3.19 Statement of cash flows

The statement of cash flows has been prepared by using 'The Indirect Method' in accordance with the Sri Lanka Accounting Standard – 'LKAS 7' – 'Statement of Cash Flows', whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized. Cash and cash equivalents mainly comprise cash in hand, balances at banks and bank overdrafts.

3.20 Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted pricing in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value of an asset or a liability is measured using the assumptions that market participants would use the fair value hierarchy when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. INTEREST INCOME

Accounting Policy

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria, for each type of income, are given below. For all financial instruments measured at amortised cost, interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

Interest income on financial assets that are credit-impaired (classified under Stage 3 of the expected credit loss model) is recognised using the effective interest rate (EIR), applied to the net carrying amount of the financial asset. This treatment applies even if the contractual terms of the asset no longer require interest payments when a facility has expired), as per the requirements of SLFRS 9 – Financial Instruments.

Interest on Overdue Rentals

Interest from overdue rentals have been accounted for on a cash basis.

Recognition of Moratorium interest income for credit facilities under moratoriums

The Company recognises the moratorium interest income on the concessionary rate during the moratorium period.

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Interest on leases	4.1	**95,366,957**	23,207,288
Interest on loans	4.1	**1,446,335,771**	467,331,687
Overdue interest		**99,696,499**	71,288,122
Interest income on early terminated contracts		**25,513,596**	10,044,184
Interest on treasury bills in reverse repurchase agreements	4.1	**171,874,193**	573,114,410
Interest on bank deposits		**362,431,994**	443,550,123
Interest on gold loans	4.1	**3,771,642,411**	4,046,372,145
		5,972,861,421	5,634,907,959

4.1 Interest on loans, interest on leases, interest on gold loans and Interest on treasury bills in reverse repurchase agreementswhere interest is accrued by applying the EIR to the gross carrying amount of the financial asset.

5. INTEREST EXPENSES

Accounting Policy

Under SLFRS 9, interest income and Interest expense are recorded using the Effective Interest Rate method for all financial assets measured at amortised cost and all financial labilities measured at amortised cost respectively. Interest expenses presented in the income statement includes finance liabilities measured at amortised cost and interest on lease liabilities.

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Interest on fixed deposits		**2,217,128,088**	2,663,300,660
Interest on savings deposits		**1,250,232**	613,713
Interest on other borrowings	31.1	**548,136,720**	956,702,679
Interest on leased liability	32	**58,079,380**	42,338,086
Interest on debenture	34.3	**177,111,430**	361,151,772
Interest on bank loans	31.3	**353,686,086**	226,300,763
		3,355,391,936	4,250,407,673

6. NET INTEREST INCOME

Accounting Policy

Net interest margin is the difference between the interest income generated and the amount of interest paid out to lenders. A positive net interest margin indicates the efficiency in investing.

For the year ended 31st March,	2025 Rs.	2024 Rs.
Interest income	**5,972,861,421**	5,634,907,959
Interest expenses	**(3,355,391,936)**	(4,250,407,673)
	2,617,469,485	1,384,500,286

7. FEE AND COMMISSION INCOME

Accounting Policy

The Company earns fees and commission income from a diverse range of services it provides to its customers. Fees and commission income are accounted for as follows:

- Income earned on the execution of a significant act is recognised as revenue when the act is completed and
- Income earned from the provision of services is recognised as revenue as the services are provided.

For the year ended 31st March,	2025 Rs.	2024 Rs.
Documentation charges and service charges	**847,973,535**	906,879,246
Fee and commission expenses	**(48,346,033)**	(29,425,560)
Insurance commission income	**3,919,683**	2,123,903
	803,547,185	879,577,589

8. OTHER OPERATING INCOME

Accounting Policy

Other operating income includes income earned on other sources, which are not directly related to the normal operations of the Company and is recognised on cash basis.

Recovery of written-off debts/disposal losses

Recovery of amounts previously written-off as bad and doubtful debts is recognised on a cash basis.

For the year ended 31st March,	2025 Rs.	2024 Rs.
Loss on disposal of property, plant and equipment	**(1,402,225)**	(1,077,345)
Dividend income	**268,900**	179,520
Recovery of written off contracts	**72,789,439**	47,493,670
Sundry income	**11,549,285**	14,069,152
Loss from foreign currency savings	**(498,771)**	(1,043,028)
Rent income from investment property	**-**	18,000
Gain on expiration of operating lease agreements and other adjustment	**41,710,997**	-
	124,417,625	59,639,969

9. PERSONNEL EXPENSES

Accounting Policy

Personnel expenses include salaries, bonus, terminal benefit charges and other related expenses. The provision for bonus is recognised when it is probable that an outflow of resources embodying the economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. Employees are eligible for Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions in accordance with the respective statutes and regulations. Retirement benefit obligation is recognised in the Statement of Income based on an actuarial valuation carried out for the gratuity liability in accordance with Sri Lanka Accounting Standard - LKAS 19 - Employee Benefits.

For the year ended 31st March,	2025 Rs.	2024 Rs.
Directors' remuneration	**26,139,400**	23,040,164
Salaries and bonus	**375,597,725**	288,962,891
Defined contribution plan costs - EPF and ETF	**56,345,752**	38,646,107
Other staff related expenses	**178,611,509**	85,439,324
Provision for staff retirement benefits	**10,814,992**	14,035,862
	647,509,378	450,124,348

10. DEPRECIATION AND AMORTISATION COST

Accounting Policy

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the income statement.

The estimated useful lives are as follows;

Furniture and fittings	6 years
Office equipment	6 years
Motor vehicles	6.5 years
Computer hardware	6 years
Investment property building	15 years
Building	15 years

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year are given in Note 23.

Amortisation of right-of-use-assets

Right-of-use assets are depreciated over the lease term of the assets in the absence of reasonable certainty that the Company will obtain the ownership of such assets by the end of the lease term.

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Depreciation of property, plant and equipment and investment property		**87,577,139**	68,554,916
Amortisation of right-of-use assets	24	**88,882,377**	67,224,605
Amortisation of intangible assets	26	**10,201,959**	9,531,653
		186,661,475	145,311,174

11. IMPAIRMENT CHARGE FOR LOANS AND ADVANCES

Accounting Policy

The Company recognises the changes in the impairment provisions for loans and receivables which are assessed as per the SLFRS 9 - Financial Instruments. The methodology adopted by the Company in determining the same is explained in Note 19 to these financial statements.

For Loans and advance defined in as threshold, the Company assesed for significant increases in credit risk (SICR). If a particular loan is individually impaired, the amount of losses is measured as the difference between the assests carrying amount and the present value of estimated future cashflows and the haircut value of the securities if available. If any loans and advances have no provisions under individual assessment, such financials assests are then collectively assessed for impairments along with remaining maturity portfolios.

For the year ended 31st March,	2025 Rs.	2024 Rs.
Individual impairment charge	**474,577,827**	579,670,795
Collective impairment charge / (reversal)	**245,896,025**	(74,632,158)
	720,473,852	505,038,637

11.1 Product wise Impairment charge / (reversal)

For the year ended 31st March,	2025 Rs.	2024 Rs.
Lease rentals receivable	**76,630,868**	(21,711,808)
Mortgage loans	**(60,244,093)**	8,669,420
Micro mortgage loans	**2,630,112**	3,107,000
Personal and corporate loans	**420,540,478**	(100,021,126)
Group personal loans	**63,169,429**	99,110,902
Micro finance loans	**380,554,638**	177,751,618
Project financing loan	**(495,575)**	(11,970)
Gold loan	**(162,312,005)**	338,144,601
	720,473,852	505,038,637

12. OPERATING PROFIT BEFORE TAXES ON FINANCIAL SERVICES

Accounting Policy

Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement. For the purpose of presentation of the statement of profit or loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Operating profit before taxes on financial services is stated after charging all expenses including the following;			
Depreciation and amortisation	10	**97,779,098**	78,086,569
Depreciation on right of use assets	10	**88,882,377**	67,224,605
Auditors' remuneration - external audit current year		**2,750,000**	2,862,000
- Non-audit		**4,540,000**	2,840,548
Advertising and business promotion		**120,155,044**	64,582,545
Professional and legal fees		**56,916,067**	26,879,453
Operational expenses on investment property		**1,295,457**	10,000
		372,318,043	242,485,720

13. TAXES ON FINANCIAL SERVICES

Accounting Policy

VAT on Financial services

VAT on Financial services is calculated in accordance with Value Added Tax (VAT) Act No. 14 of 2002 and subsequent amendments thereto. The base for value added tax on financial services is calculated by adjusting the economic depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before income tax and emoluments payable. Emoluments payable include cash benefits, non-cash benefits including terminal benefits. VAT on Financial services is charged at the rate of 18%.

Social Security Contribution Levy

Social Security Contribution Levy (SSCL) was imposed with effect from October 01, 2022, at the rate of 2.5% by the Social Security Contribution Levy Act, No. 25 of 2022 (SSCL Act).

For the year ended 31st March,	2025 Rs.	2024 Rs.
VAT on financial services	**268,797,473**	87,399,981
Social security contribution levy	**30,894,541**	17,304,575
	299,692,014	104,704,556

14. INCOME TAX EXPENSES

Accounting Policy

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised directly in the income statement except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current taxes

Current tax assets and liabilities consist of amounts expected to be recovered from, or paid to the taxation authorities in respect of the current as well as prior years. The tax rates and tax laws used to compute the amounts are those that are enacted or substantially enacted by the reporting date. Accordingly, provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto. This note also includes the major components of tax expense, the effective tax rates and a reconciliation between the accounting profit before tax and taxable income as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Major components of income tax expense			
Income Statement			
Current income tax charge	14.1	**198,726,323**	47,054,021
Previous year under / (over) provision		**(44,937,762)**	247,115
Deferred tax expense / (reversal)		**40,877,309**	(18,000,000)
Total current income tax reported in the profit or loss		**194,665,870**	29,301,136
Statement of profit or loss and other comprehensive income			
Deferred tax effect on revaluation gain		**3,886,436**	13,053,327
Deferred tax effect on acturial gain / (loss)		**(704,696)**	3,819,139
Total income tax expenses reported in the other comprehensive income		**3,181,740**	16,872,466
Net effect to the profit or loss and other comprehensive income		**197,847,610**	46,173,602

14.1 Reconciliation of accounting profit before tax and taxable income

For the year ended 31st March,	2025		2024	
	Effective Tax Rate (%)	Rs.	Effective Tax Rate (%)	Rs.
Profit before taxation		**635,809,540**		373,487,839
Disallowable expenses	**199%**	**1,266,049,362**	215%	801,574,414
Allowable expenses	**-191%**	**(1,213,946,974)**	-226%	(844,340,778)
Exempt income	**-4%**	**(25,490,850)**	-3%	(11,705,637)
Assesable income	**0%**	**-**	-2%	(7,169,101)
Statutory income	**104%**	**662,421,078**	83%	311,846,737
Tax loss brought forwarded and utilized	**0%**	**-**	-42%	(155,000,000)
Taxable income	**104%**	**662,421,078**	42%	156,846,737
Income tax expense	**31%**	**198,726,323**	13%	47,054,021

14.2 Deferred tax assets / (liabilities)

Accounting Policy

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised.

The carrying amount of deferred tax assets/ liability is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

14.3 Movement in Deferred Tax Asset / (Liabilities)

As at 31st March,	Note	2025 Rs.	2024 Rs.
Balance at the beginning of the year		**38,550,183**	37,422,647
Charge / (reversal) during the year	14.4	**44,059,049**	(1,127,534)
Balance as at the end of the year		**(5,508,866)**	38,550,183

14.4 Charge / (reversal) for deferred taxation recognized in,

For the year ended 31st March,	2025 Rs.	2024 Rs.
Profit or loss	**40,877,309**	(18,000,000)
Other comprehensive income	**3,181,740**	16,872,466
	44,059,049	(1,127,534)

14.5 Deferred tax assets / (liabilities) relate to the following:

As at 31st March,	Note	2025 Rs.	2024 Rs.
Recognised under assets	14.5.2	**162,887,044**	129,016,977
Recognised under liabilities	14.5.1	**(168,395,910)**	(90,466,794)
Deferred tax assets / (liabilities) balance		**(5,508,866)**	38,550,183

14.5.1 Deferred tax liabilities

As at 31st March,	2025		2024	
	Temporary Difference Rs.	Tax Effect on Temporary Difference Rs.	Temporary Difference Rs.	Tax Effect on Temporary Difference Rs.
Revaluation reserve	**(56,465,877)**	**(16,939,763)**	(43,511,090)	(13,053,327)
Property, plant and equipment	**(114,023,345)**	**(34,207,004)**	(71,605,830)	(21,481,749)
Right of use assets	**(390,830,478)**	**(117,249,143)**	(186,439,061)	(55,931,718)
	(561,319,700)	**(168,395,910)**	(301,555,981)	(90,466,794)

14.5.2 Deferred tax assets

As at 31st March,	2025		2024	
	Temporary Difference Rs.	Tax Effect on Temporary Difference Rs.	Temporary Difference Rs.	Tax Effect on Temporary Difference Rs.
Retirement benefit obligation	**50,096,525**	**15,028,957**	39,543,427	11,863,028
Carried forward tax loss and unused tax credit	**-**	**-**	96,539,320	28,961,796
Transitional adjustment	**-**	**-**	47,705,850	14,311,755
Lease liabilities	**411,187,318**	**123,356,195**	219,443,237	65,832,971
Provision for impairment of loans and receivables	**81,672,973**	**24,501,892**	26,824,757	8,047,427
	542,956,816	**162,887,044**	430,056,591	129,016,977
Net deferred tax assets / (liabilities)	**(18,362,884)**	**(5,508,866)**	128,500,610	38,550,183

14.6 With the enactment of the inland revenue (Amendment) Act No. 45 of 2022, income tax rate was revised from 30% effective from 01st October 2022 of the year of assessment 2022/2023. Accordingly, income tax rate of 30% was applied on the taxable income of the Company for the year ended 31st March 2024 and 2025.

15. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Accounting Policy

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standard - SLFRS 9 'Financial Instruments' under the headings of the Statement of Financial Position.

As at 31st March,	Note	2025		
		FVOCI Rs.	Amortized Cost Rs.	Total Rs.
Assets				
Cash and cash equivalents		-	3,150,043,244	3,150,043,244
Other financial assets at amortized cost		-	2,846,501,028	2,846,501,028
Financial assets at amortised cost - loans and advances		-	29,157,077,081	29,157,077,081
Financial assets - fair value through other comprehensive income	15.2	300,000	-	300,000
Total financial assets		300,000	35,153,621,353	35,153,921,353
Liabilities				
Due to banks		-	50,418,316	50,418,316
Dividend payable		-	29,455,778	29,455,778
Financial liabilities - other borrowed funds		-	9,291,880,609	9,291,880,609
Lease liabilities		-	411,187,318	411,187,318
Due to customers		-	20,004,208,401	20,004,208,401
Debenture		-	2,677,894,881	2,677,894,881
Total financial liabilities		-	32,465,045,304	32,465,045,304

As at 31st March,	2024		
	FVOCI Rs.	Amortized Cost Rs.	Total Rs.
Assets			
Cash and cash equivalents	-	1,383,706,511	1,383,706,511
Other financial assets at amortized cost	-	4,259,458,514	4,259,458,514
Financial assets at amortised cost - loans and advances	-	19,057,508,451	19,057,508,451
Financial assets - fair value through other comprehensive income	506,659	-	506,659
Total financial assets	506,659	24,700,673,476	24,701,180,135
Liabilities			
Due to banks	-	47,637,705	47,637,705
Dividend payable	-	475,406	475,406
Financial liabilities - other borrowed funds	-	6,050,495,203	6,050,495,203
Lease liabilities	-	219,443,235	219,443,235
Due to customers	-	14,485,136,166	14,485,136,166
Debenture	-	1,058,730,444	1,058,730,444
Total financial liabilities	-	21,861,918,159	21,861,918,159

15.1 Determination of fair value and fair value hierarchy

The following is a description of how fair values are determined for financial assetsrecorded at fair value using the valuation techniques. They incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments. As at 31 March 2025 the Company uses the following hierarchy for determining and disclosing the fair value of those assets by valuation technique:

15.2 Assets measured at fair value

As at 31st March,	2025			
	Total Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.
Financial assets - fair value through other comprehensive income	300,000	-	-	300,000

As at 31st March,	2024			
	Total Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.
Financial assets - fair value through other comprehensive income	506,659	-	-	506,659

16. OFF SETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under LKASs/SLFRSs, or for gains and losses arising from a Companyof similar transactions. During the year Company has not offset any financial assets and financial liabilities in the Statement of Financial Position. Offsetting of financial instruments based on the rights of set off relating to the financial instruments and cash collateral is as follows;

The financial instruments and cash collateral amounts have been recorded at amortised cost. The rights of set off relating to the financial instruments and cash collateral are conditional upon the default of the counterparty.

As at 31st March,	2025		
	Gross Amounts Rs.	Cash Collateral Rs.	Net Amount Rs.
Financial assets			
Financial assets at amortised cost - loans and advances	31,334,289,469	332,393,832	31,001,895,637
Financial liabilities			
Due to customers	20,004,208,401	332,393,832	19,671,814,569

As at 31st March,	2024		
	Gross Amounts Rs.	Cash Collateral Rs.	Net Amount Rs.
Financial assets			
Financial assets at amortised cost - loans and advances	20,564,656,009	336,885,568	20,227,770,441
Financial liabilities			
Due to customers	14,485,136,166	336,885,568	14,148,250,598

17. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash in hand and balances placed with banks. These are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. They are brought to financial statements at their face values or the gross values, where appropriate.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

As at 31st March,	2025 Rs.	2024 Rs.
Cash in hand	**261,535,809**	158,229,824
Cash in hand in foreign currency	**4,830,954**	147,215
Cheque in hand	**40,404,437**	63,258,306
Current accounts with banks	**251,157,349**	90,964,848
Savings accounts with banks	**2,580,602,789**	1,059,328,427
Savings accounts with banks in foreign currency	**11,511,906**	11,777,891
	3,150,043,244	1,383,706,511

18. OTHER FINANCIAL ASSETS AT AMORTIZED COST

Accounting Policy

These include Securities under Reverse Repurchase Agreements, where we are the transferee, investment in government securities and investments in fixed deposits with banks and other financial institutions. Securities purchased under agreements to re-sell at a specified future date are recognised in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, reflecting the transaction's economic substance as a loan provided by the Company. The difference between the purchase and resale prices is recorded in 'Interest income' and is accrued over the life of the agreement using the EIR.

As at 31st March,	Note	2025 Rs.	2024 Rs.
Reverse repurchase agreements against treasury bills and bonds		**2,063,167,575**	1,690,988,386
Debenture Investments	18.1	**64,958,743**	64,483,914
Short-term investments	18.2	**718,374,710**	2,503,986,214
		2,846,501,028	4,259,458,514

18.1 Debenture Investments - Counterparty External Credit Ratings

As at 31st March,	2025 Rs.	2024 Rs.
Seylan Bank - 'BBB(lka)	**64,958,743**	64,483,914
	64,958,743	64,483,914

(Ratings are based on Fitch Ratings Lanka Ltd.)

18.2 Short Term Investments - Counterparty External Credit Ratings

As at 31st March,	2025 Rs.	2024 Rs.
Sampath Bank - AA- (lka)	**15,780,364**	15,720,610
NDB Bank - A- (lka)	**-**	77,286,795
Senfin Asset Management (Pvt) Ltd - AAf (lka)	**153,365,505**	-
JB Vantage Money market fund - A- (f)	**9,814,883**	461,909,965
First capital, NDB wealth money market fund & Capital Alliance Investment - Unrated	**69,387,109**	1,485,235,968
LOLC - A	**470,026,849**	463,832,876
	718,374,710	2,503,986,214

19. FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES

Accounting Policy

Loans and receivables are measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest income' in the income statement. The losses arising from impairment are recognised in the income statement in "impairment charges for loans and receivables and other losses".

Leasing

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the assets.

Gold Loans

Gold loan is a secured loan taken by the borrower from a lender by pledging their gold articles (within the range of 18-24 carats) as a collateral. The loan amount provided is a certain percentage of the gold, based on the current market value and quality of gold.

Restructured Loans and Receivables

The Company seeks to restructure loans and receivables with additional collateral when the client does not meet payments on a timely manner. This may involve extending the payment arrangements and the agreement of new receivable conditions. Once the terms have been re-negotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the receivable is no longer considered past due. Management continually reviews renegotiated loans and receivables to ensure that all criteria are met and that future payments are likely to occur. The loans and receivables continue to be measured at amortised cost using the original EIR and are subject to an individual or collective impairment assessment.

As at 31st March,	2025 Rs.	2024 Rs.
Gross loans and advances	**31,334,289,469**	20,564,656,009
Provision for impairment - Collective	**(803,752,286)**	(557,856,261)
Provision for impairment - Individual	**(1,369,857,707)**	(945,688,902)
Net interest margin	**(3,602,395)**	(3,602,395)
Net loans and advances	**29,157,077,081**	19,057,508,451

19.1 Loans and advances - Analysis by product

As at 31st March,	2025 Rs.	2024 Rs.
Lease rentals receivable	**950,456,736**	336,858,881
Pledge loans	**332,393,832**	336,885,568
Personal and corporate loans	**1,241,076,690**	1,170,489,300
Group personal loans	**141,035,932**	159,570,137
Mortgage loans	**1,723,487,254**	1,807,831,101
Micro mortgage loans	**4,759,108,920**	1,621,628,495
Micro finance loans	**902,219,917**	809,062,724
Project financing loan	**-**	689,467
Gold loan	**21,284,510,188**	14,321,640,336
	31,334,289,469	20,564,656,009

19.2 Impairment Provision - Analysis by product

As at 31st March,	2025 Rs.	2024 Rs.
Lease rentals receivable	**147,645,086**	71,014,218
Mortgage loans	**104,186,199**	164,430,292
Micro mortgage loans	**5,737,112**	3,107,000
Personal and corporate loans	**948,546,417**	528,103,919
Group personal loans	**125,631,478**	62,462,049
Micro finance loans	**819,914,653**	439,360,017
Project financing loan	**-**	495,575
Gold loan	**21,949,048**	234,572,093
	2,173,609,993	1,503,545,163

19.3 Net Interest Margin - Analysis by product

As at 31st March,	2025 Rs.	2024 Rs.
Lease rentals receivable	**225,522**	225,522
Mortgage loans	**830,840**	830,840
Personal and corporate loans	**507,732**	507,732
Group personal loans	**16,703**	16,703
Micro finance loans	**13,784**	13,784
Care gold loan	**2,007,814**	2,007,814
	3,602,395	3,602,395

19.4 Impairment charge / (reversal) to the income statement

For the year ended 31st March,	2025 Rs.	2024 Rs.
Stage 1	**(33,052,008)**	(13,003,264)
Stage 2	**(19,188,619)**	(73,868,009)
Stage 3	**772,714,479**	591,909,910
Total	**720,473,852**	505,038,637

19.5 Financial assets at amortised cost – Loans and advances

As at 31st March,	2025				2024			
	Rs.				Rs.			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross loans and advances	24,899,734,478	2,523,902,357	3,910,652,634	31,334,289,469	15,152,724,097	865,399,276	4,546,532,636	20,564,656,009
Provision for impairment	(68,066,094)	(10,725,818)	(2,094,818,081)	(2,173,609,993)	(101,118,102)	(29,914,437)	(1,372,512,624)	(1,503,545,163)
Provision net interest margin	-	-	(3,602,395)	(3,602,395)	-	-	(3,602,395)	(3,602,395)
Net Loans and advances	24,831,668,384	2,513,176,539	1,812,232,158	29,157,077,081	15,051,605,995	835,484,839	3,170,417,617	19,057,508,451

19.5.1 Movement in stage wise impairment provision

As at 31st March,		2025				2024			
		Rs.				Rs.			
	Note	Movement in stage 1 impairment	Movement in stage 2 impairment	Movement in stage 3 impairment	Movement in total impairment	Movement in stage 1 impairment	Movement in stage 2 impairment	Movement in stage 3 impairment	Movement in total impairment
Balance at the beginning of the year		101,118,102	29,914,437	1,372,512,624	1,503,545,163	114,121,366	103,782,446	1,472,546,877	1,690,450,689
Charge / (reversal) to the income statement		(33,052,008)	(19,188,619)	772,714,479	720,473,852	(13,003,264)	(73,868,009)	591,909,910	505,038,637
Write off of during the year - Non-gold loan	19.5.1.1	-	-	(97,982)	(97,982)	-	-	(491,469,211)	(491,469,211)
Write off of during the year - Gold loan	19.5.1.1	-	-	(50,311,040)	(50,311,040)	-	-	(228,637,712)	(228,637,712)
Transfered from NIM		-	-	-	-	-	-	28,162,760	28,162,760
Balance at the end of the year		68,066,094	10,725,818	2,094,818,081	2,173,609,993	101,118,102	29,914,437	1,372,512,624	1,503,545,163

19.5.1.1 The Company is currently engaged in ongoing legal proceedings aimed at the recovery of written off balances of Rs. 50,409,022. As of the reporting date, legal actions are underway against several counter parties, with the objective of recovering part or all of the outstanding balances. While the Company believes it has valid claims, the outcome of these proceedings remains uncertain and subject to court rulings and enforcement processes. Management will continue to monitor the progress of these cases, and any amounts recovered will be recognized in income statement.

19.6 Movement in stage wise loans and advances

As at 31st March,	2025				2024			
	Rs.				Rs.			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	15,152,724,097	865,399,276	4,546,532,636	20,564,656,009	15,641,799,036	1,836,234,257	3,722,483,326	21,200,516,619
Transfer to stage 01	60,612,648	(3,617,294)	(56,995,354)	-	181,060,735	(145,118,330)	(35,942,405)	-
Transfer to stage 02	(216,269,662)	226,457,846	(10,188,184)	-	(893,869)	12,609,019	(11,715,150)	-
Transfer to stage 03	(143,414,786)	(28,714,973)	172,129,759	-	(43,301,035)	(484,533,892)	527,834,927	-
New assets originated or purchased	23,423,202,836	2,304,559,221	998,380,567	26,726,142,624	14,938,937,446	818,299,754	1,343,005,953	17,100,243,153
Financial assets derecognised or repaid	(13,377,120,655)	(840,181,719)	(1,688,797,768)	(15,906,100,142)	(15,564,878,216)	(1,172,091,532)	(279,027,092)	(17,015,996,840)
Write-offs	-	-	(50,409,022)	(50,409,022)	-	-	(720,106,923)	(720,106,923)
Balance as at the end of the year	24,899,734,478	2,523,902,357	3,910,652,634	31,334,289,469	15,152,724,097	865,399,276	4,546,532,636	20,564,656,009

19.7 Loans and advances - product analysis by stagewise

As at 31st March,	2025				2024			
	Rs.				Rs.			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gold loan	16,908,701	2,159,287	2,881,060	21,949,048	105,949,907	22,620,000	106,002,186	234,572,093
Non gold loan	51,157,393	8,566,530	2,091,937,022	2,151,660,945	(4,831,805)	7,294,437	1,266,510,438	1,268,973,070
	68,066,094	10,725,817	2,094,818,082	2,173,609,993	101,118,102	29,914,437	1,372,512,624	1,503,545,163

19.8 The following table provides an explanation of how significant changes in gross loans and advances during the period contributed to changes in impairment provision.

As at 31st March,	2025 Impact : Increase/(Decrease) Rs.			
	Stage 1	Stage 2	Stage 3	Total
Due to the branch expansion and the change in the product strategy				
Gross gold loan	6,306,590,732	1,228,904,990	(572,625,870)	6,962,869,852
Provision for impairment	(89,041,206)	(20,460,713)	(103,121,126)	(212,623,045)
	6,395,631,938	1,249,365,703	(469,504,744)	7,175,492,897
Due to the branch expansion and the change in the business strategy to mitigate the concerntration risk				
Gross non gold loan	3,440,419,649	429,598,091	(63,254,132)	3,806,763,608
Provision for impairment	55,989,198	1,272,093	825,426,584	882,687,875
	3,384,430,451	428,325,998	(888,680,716)	2,924,075,733

20. OTHER NON FINANCIAL ASSETS

Accounting Policy

Other non-financial assets mainly comprise the advance payments, admin consumable stock and sundry receivable. Admin consumable stock is recognized as an inventory item under other non-financial assets. Valued at cost. Expensed to the income statement when issued or consumed. Reviewed periodically for obsolete or damaged items, which are written off as necessary.

Other Assets

Payments made by a company for goods or services to be received or consumed in future accounting periods. Since the benefit of the expense extends beyond the current period, the cost is not immediately recognized in the income statement but is recorded as an asset and gradually expensed over time.

As at 31st March,	2025 Rs.	2024 Rs.
Admin consumable stock	24,058,581	-
Other assets	154,334,862	130,133,093
	178,393,443	130,133,093

21. ADVANCES, DEPOSITS AND PREPAYMENTS

Accounting Policy

Advance payments are carried at historical cost.

As at 31st March,	2025 Rs.	2024 Rs.
Advances and prepayments	22,751,020	7,714,746
Refundable deposits	53,839,600	36,389,800
Other receivables	122,758,586	58,709,179
	199,349,206	102,813,725

22. FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	No. of Shares	Fair value as at 31.03.2025 Rs.	Fair value as at 31.03.2024 Rs.
Unquoted Ordinary shares				
Finance Houses Association of Sri Lanka	22.1	20,000	200,000	200,000
Credit Information Bureau of SL (CRIB)	22.1	100	100,000	306,659
		20,100	300,000	506,659

22.1 Remeasurement recognized to OCI

For the year ended 31st March 2025,	Notes	Finance Houses Association of Sri Lanka Rs.	Credit Information Bureau of SL (CRIB) Rs.	Total Rs.
Balance at the beginning of the year		200,000	306,659	506,659
Remeasurement recognized to OCI	22.2	-	(206,659)	(206,659)
Balance at the end of the year		200,000	100,000	300,000

22.2 As these investments are unquoted and have no active market from which a reliable fair value could be obtained. As a result, these are valued using the respective net asset values attributable to the investee which is Rs. 1,000 per share as at 31st March 2025. This fair valuation can be classified as a level 3 valuation as per SLFRS 13 - "Fair Value Measurement".

22.3 The Company classifies equity investments under fair value through other comprehensive income (FVOCI) in accordance with SLFRS 9. The Company designated these investments as FVOCI because these investments represent investments, that Company intends to hold for long-term strategic purposes.

22.4 The change in fair value does not arise from a startegic disposal, and solely from the period end fair value adjustments, reflecting the updated market values.

22.5 Sensitivity of the fair value measurement of the of the Company financial Assets - FVOCI

Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Net assets per share	if net assets per share increase / (decrease) ; fair value increase / (decrease)

22.6 There are no transfers between the level 01 and level 02 of the fair value hierarchy during the year ended 31st March 2025.

23. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of Recognition

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes, and are expected to be used for more than one year.

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

Basis of measurement

Cost Model

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, or replace a part of it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring at the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The Company applies the cost model to land and building, office equipment, computers, furniture and fittings records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Company revalues its motor vehicles which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of motor vehicles, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it off sets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

The Company carries its motorvehicle at fair value, valuations of the motor vehicles were carried out as at 31st March 2025 by S&T Vehicle Valuation Center (Pvt) Ltd. Open market value method uses prices and other relevant information generated by market tranactions involving identical or comparable assets (Level 3).

The carrying valaue of revalued assets as at 31st March 2025 that would bave been included in the financials statmenets of the Company had the assets been arried at cost less depreciation is as follows,

	Cost Rs.	Accumulated Depreciation Rs.	Carrying Value Rs.
Motor vehicle	54,163,268	46,071,358	8,091,910

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of day today servicing of property, plant and equipment is charged to the income statement as incurred.

Repairs and maintenance

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Derecognition

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognized.

Depreciation

Depreciation is recognised in the income statement on a straight–line basis over the estimated useful lives of each part of an item of property, plant and equipment since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The depreciation rates are determined separately for each significant part of an item of property, plant and equipment, and commence to depreciate when they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management. Depreciation methods, useful lives and residual values are re-assessed at each reporting date and adjusted, if appropriate.

Gross carrying amounts	Land & building	Motor vehicle	Office equipment	Computers	Furniture and fittings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost / Revaluation						
Balance at 01 April 2024	-	56,543,473	305,796,788	92,081,220	85,693,958	540,115,439
Additions during the year	249,599,000	941,527	124,672,527	60,849,946	41,992,127	478,055,127
Disposals during the year	-	(2,080,000)	-	(156,100)	-	(2,236,100)
Revaluation adjustment on accumulated depreciation	-	(10,284,787)	-	-	-	(10,284,787)
Revaluation gain	-	12,954,787	-	-	-	12,954,787
Balance at 31 March 2025	249,599,000	58,075,000	430,469,315	152,775,066	127,686,085	1,018,604,466

Accumulated depreciation	Land & building	Motor vehicle	Office equipment	Computers	Furniture and fittings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 01 April 2024	-	1,186,964	141,913,149	49,587,521	34,143,693	226,831,327
Charge for the year	494,027	10,070,322	49,890,190	16,660,103	14,881,971	91,996,614
Disposals during the year	-	(296,609)	-	(97,266)	-	(393,875)
Revaluation adjustment on accumulated depreciation	-	(10,284,787)	-	-	-	(10,284,787)
Balance at 31 March 2025	494,027	675,890	191,803,339	66,150,358	49,025,664	308,149,278

As at 31st March,	2025	2024
	Rs.	Rs.
Net Book value		
Land & building	**249,104,973**	-
Motor vehicle	**57,399,110**	55,356,509
Office equipment	**238,665,976**	163,883,639
Computers	**86,624,708**	42,493,699
Furniture and fittings	**78,660,421**	51,550,265
	710,455,188	313,284,112

23.1 During the 12 months year ended 31st March 2025, the Company acquired property, plant and equipment to the aggregate value of Rs. 478,055,127 (2024 - Rs. 142,266,165). Cash payments amounting to Rs. 478,055,127 (2024 - 142,266,165) were paid during the period for the purchases of property, plant and equipment. During the year the Company has perfomed a valuation for the moter vehicles as a result Rs. 12,954,787 revaluation gain has occurred and transfered it to the revaluation reserves.

23.2 Property, plant and equipment include fully depreciated assets having a gross carrying amount of Rs. 122,416,640 (2024 - Rs. 147,601,392).

23.3 There were no property, plant and equipment idling as at 31st March 2025 and 31st March 2024.

23.4 There was no restriction on the title of property, plant and equipment as at 31st March 2025 and 31st March 2024.

23.5 There were no items of property, plant and equipment pledged as securities for liabilities as at 31st March 2025 and 31st March 2024.

23.6 There was no capitalised borrowing cost related to the acquisition of property, plant and equipment during the financial year 2025 and 2024.

23.7 The Board of Directors has assessed the potential impairment loss on property, plant and equipment as at 31st March 2025. Based on the assessment, no impairment provision is required to be made in the financial statements as at reporting date.

23.8 Information on the Land and Building

The valuations of the Freehold Land and Buildings of the Company are carried out at minimum once in every three years or more frequently if the fair values previously disclosed are substantially different from the fair values as at the reporting date.

The Company engages independent professional valuers for revaluation of its freehold land and buildings as specified by the Direction No. 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by the Central Bank of Sri Lanka.

Information on the land and buildings as required by the Rule No 7.6 (viii) of the 'Continuing Listing Requirements' of the Colombo Stock Exchange.

Location	Number of Buildings	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Extent - Land	Extent - Building	Fair Value
No 76, Dharmapala Mawatha Colombo 03	01	Contractor's Method	Rs. 21,000,000 p.p. /	00A 00R 8.80 P	3907.6 sq.ft	241,000,000
		Price per Perch / Price per Square Feet	Rs. 14,500 p.sq.ft.	(0. 223 hectares)		

Land and building of the Company are considered under Level 3 of fair value hierarchy.

Valuation of land and buildings was carried out as at by Daya Lalith Palihakkara. Royal Institution of Chartered Surveyors (RICS) - UK, incorporated valuer.

23.9 Valuation techniques and sensitivity of the fair value measurement of the land and building of the Company

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Contractor's Test Method	Price per Perch of Land / Price per Square Feet	Estimated fair value would increase / (decrease) if ; Price p.p of Land /sq.ft. increase / decrease

23.10 Valuation techniques and sensitivity of the fair value measurement of the property, plant and equipment of the Company

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market comparison approach	Estimated resale value	Estimated fair value would increase / (decrease) if ; estimated resale value increase / (decrease)
	Adjustment for physical condition	Estimated fair value would increase / (decrease) if ; adjustment for physical condition (decrease) / increase
	Usage adjustment (Mileage, Age)	Estimated fair value would increase / (decrease) if ; usage adjustment (decrease) / increase

24. RIGHT-OF-USE ASSETS

Accounting Policy

Basis of recognition

The Company applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all leasehold rights except for short-term leases, which are held for use in the provision for services.

Basis of Measurement

The Company recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Amortisation

Right-of-use assets are amortised over the lease term of the assets as there is no reasonable certainty that the Company will obtain the ownership of such assets by the end of the lease term.

Derecognition / Termination

Right-of-use assets are derecognised on termination of the agreement with the lessor or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is recognised in 'Other operating income' in the income statement in the year, the asset is derecognised.

As at 31st March,	2025 Rs.	2024 Rs.
Cost		
Balance at the beginning of the year	**440,081,146**	367,059,688
Additions during the year	**297,962,412**	73,021,458
Disposal during the year	**(52,862,004)**	-
Other adjutments during the year	**(72,205,974)**	-
Balance at the end of the year	**612,975,580**	440,081,146
Accumulated amortisation		
Balance at the beginning of the year	**253,642,085**	186,417,480
Amortisation for the year	**88,882,377**	67,224,605
Disposal during the year	**(40,163,147)**	-
Other adjutments during the year	**(80,216,212)**	-
Balance at the end of the year	**222,145,103**	253,642,085
Net book value	**390,830,477**	186,439,061

25. INVESTMENT PROPERTY

Accounting Policy

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, to be used in the production or supply of goods or services or for administrative purposes.

Investment properties are initially recognized at cost. Subsequent to initial recognition, the investment properties are stated at cost.

De-recognition

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognized in the income statement in the year of retirement or disposal.

Subsequent transfers to / from investment property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

For a transfer from investment property to owner occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

For a transfer from loans and advances to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the income statement. When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

The estimated useful life of the buildings is assessed as 15 years.

As at 31st March,	2025 Rs.	2024 Rs.
Cost		
Balance at the beginning of the year	**334,011,484**	332,558,647
Additions during the year	**-**	1,452,837
Transfers from loans and advances during the year	**102,536,040**	-
Balance at the end of the year	**436,547,524**	334,011,484
Accumulated Depreciation		
Balance at the beginning of the year	**9,712,377**	8,496,456
Charge for the year	**1,560,744**	1,215,921
Balance at the end of the year	**11,273,121**	9,712,377
Net book value	**425,274,403**	324,299,107

Fair value of the investment property for the purpose of disclosure in note 25.3 was ascertained by valuations carried out by independent valuers as required by LKAS 40.

25.1 Rent income recoginized in respect to the above investment property is disclosed in Note 08.

25.2 Advance Received for Investment Property

As at 31st March,	2025 Rs.	2024 Rs.
No:723/53, "Lake Terrace" Jayasinghe Mawatha, Korathota Road, Athurugiriya.	1,063,000	1,063,000
	1,063,000	1,063,000

25.3 Fair value of the investment property

As at 31st March,			2025		2024	
Locations of the land & Building	Valuer's name and report date	Total extent	Fair value Rs.	Cost Rs.	Fair value Rs.	Cost Rs.
Lot 05, Dangahahena Land, Anamaduwa Road, Andigama.	D. Jayawardene (Incorporated Valuer) - valuation report dated 11th November 2022	0A-0R-39.04 P (0.09965 Ha)	12,000,000	1,250,000	12,000,000	1,250,000
No 25/20, Kalyani Mawatha, Mabola, Wattala.	D. Jayawardene (Incorporated Valuer) - valuation report dated 10th Novemebr 2022	0A-0R-20.93 P	11,000,000	12,453,317	11,000,000	12,453,317
No;21,14th Lane,I.Jothipala Mawatha,Malabe.	D. Jayawardene (Incorporated Valuer) - valuation report dated 10th October 2023	0A-0R-10.00 P (0.0253 Ha)	22,000,000	15,018,703	22,000,000	15,018,703
Lot 1-46 Plan no;3393 at Tembiligaha, Pallegama, Gampola.	D. Jayawardene (Incorporated Valuer) - valuation report dated. 02nd April 2023	02A-02R-15 P	23,000,000	15,064,221	23,000,000	15,064,221
Lot no;1 in Plan no;5644 at Lenadora,Dambulla.	D. Jayawardene (Incorporated Valuer) - valuation report dated 04th April 2023	01A-02R-02.60 P (06122 Ha)	51,000,000	16,644,799	51,000,000	16,644,799
Oslo Furnitures Industries (Pvt) Ltd, Welagane, Maspotha,Kurunegala.	D. Jayawardene (Incorporated Valuer) - valuation report dated 04th April 2023	0A-01R-35.00 P (0.1897 Ha)	57,000,000	46,344,685	57,000,000	46,344,685
Karukottiheevu,Thamputtai 02,Akkaraipattu.	D. Jayawardene (Incorporated Valuer) - valuation report dated 02nd April 2023	10A-01R-05P (4.1602 Ha)	123,000,000	95,236,734	123,000,000	95,236,734
Galapitamillahena, Polarambegama, Kegalle.	D. Jayawardene (Incorporated Valuer) - valuation report dated 02nd April 2023	0A-01R-00P (1.4693 Ha.)	28,000,000	25,374,000	28,000,000	25,374,000
No;95, Mallattawela, Wellawaya	D. Jayawardene (Incorporated Valuer) - valuation report dated 02nd April 2023	01A-0R-11.80 P (0.04346 Ha)	15,500,000	5,255,135	15,500,000	5,255,135
Lot No;153B in Plan no;4813/99 at Udangawa, Ambanpola.	D. Jayawardene (Incorporated Valuer) - valuation report dated 05th April 2021.	0A-03R-10.00 P (0.325 Ha)	13,000,000	12,103,870	13,000,000	12,103,870

As at 31st March,			2025		2024	
Locations of the land & Building	Valuer's name and report date	Total extent	Fair value Rs.	Cost Rs.	Fair value Rs.	Cost Rs.
Lot No;1 in Plan no;1520 & Lot no;1 in Plan no;1522, "EVERTON ESTATE", Pothupitiya Road, Rakwana	D. Jayawardene (Incorporated Valuer) - valuation report dated 02nd April 2023	73A-03R-17.50 P	**64,500,000**	**27,357,720**	64,500,000	27,357,720
No:723/53, "Lake Terrace" Jayasinghe Mawatha, Korathota Road, Athurugiriya.	D. Jayawardene (Incorporated Valuer) - valuation report dated 02nd April 2021.	0A-0R-23.52 P	**7,500,000**	**6,016,123**	7,500,000	6,016,123
"Kopiwatta" Lot No:A, Plowatta Road, Minuwangoda.	D. Jayawardene (Incorporated Valuer) - valuation report dated 05th April 2021.	01A-0R-01.49P (0.4085 Ha.)	**55,000,000**	**55,892,177**	55,000,000	55,892,177
No 95/10/6, Godagamawatta, Godagma, Homagama	W.D.Siripala (BSc Estate Management & valuation Fellow Member) Valuation report dated 24th October 2024.	0A-0R-12.76 P	**13,000,000**	**13,992,245**	-	-
No 38/7, Subasadaka Mawatha, Beddagana North, Kotte (Manju Trading)	L.P.K. Rasaputhra (BSc Estate Management & valuvation - Fellow Member) Valuation report dated 22nd March 2024.	23.50P	**94,000,000**	**88,543,795**	-	-
			589,500,000	**436,547,524**	482,500,000	334,011,484

25.4 There are no restrictions on the realisability of the investment property.

There are no contractual obligations to construct or develop investment properties or for repairs, maintenance or enhancements.

25.5 Measurement of fair values

25.5.1 Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, with appropriately recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio once in three years. The fair value of all the properties have been determined based on valuation performed by Mr. D. Jayawardene, W.D Siripala and L.P.K. Rasaputhra Incorporated Valuer, B. Sc. Estate Mgt. & Valuation (Special) A.I.V. (Sri Lanka).

25.5.2 Valuation technique

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Interrelationship between key unobservable input and fair value measurement
Market comparison method - value derived based on recent transactions of similar properties	Per perch value was derived based on similar property values. The value of a perch in the property portfolio ranges from Rs. 400,000 to Rs. 10,000,000 in the Colombo area and Rs. 28,000 to Rs. 400,000 outside the Colombo area	The estimated fair value would increase/(decrease) if: Per perch value was higher / (lesser)
Depreciated replacement cost method	Value per square feet is determined based on similar properties value and depreciated for period used	The estimated fair value would increase / (decrease) if: Depreciation rate for building was lesser / (higher)

26. INTANGIBLE ASSETS

Accounting Policy

The Company's intangible assets include the value of computer software.

Basis of recognition

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company in accordance with the Sri Lanka Accounting Standard- LKAS 38 on 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated in the statement of financial position at cost less any accumulated amortisation and any accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Useful economic lives, amortisation and impairment

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of income in the expense category consistent with the function of the intangible asset. Indefinite-lived intangible assets are not amortized, but are tested for impairment annually or more frequently if events or circumstances indicate the asset may be impaired. Only finite-lived intangible asset is computer software of the Company. There are no indefinite-lived intangible assets which are subject to annual impairment test. amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. The Company assumes that there is no residual value for its intangible assets.

Amortisation is calculated using the straight– line method to write down the cost of intangible assets to their residual values over their estimated useful economic lives at the rates as specified below;

Computer software - 8 years

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the profit or loss in the year the asset is derecognized.

As at 31st March,	2025 Rs.	2024 Rs.
Cost		
Balance at the beginning of the year	**85,156,917**	76,684,042
Additions during the year	**11,716,796**	8,472,875
Balance at the end of the year	**96,873,713**	85,156,917
Amortisation		
Balance at the beginning of the year	**38,539,469**	29,007,816
Charge for the year	**10,201,959**	9,531,653
Balance at the end of the year	**48,741,428**	38,539,469
Net book value as at 31st March	**48,132,285**	46,617,448

26.1 There were no restrictions on the title of the intangible assets as at the reporting date. Further, there were no items pledged as securities for liabilities.

27. DUE TO BANKS

Accounting Policy

Due to banks include bank overdrafts and 'interest expenses' in the income statement.

As at 31st March,	2025 Rs.	2024 Rs.
Due to banks	**50,418,316**	47,637,705
	50,418,316	47,637,705

27.1 Underlien Fixed Deposit

A fixed deposit amounting to Rs. 13,174,721 pledged with Sampath Bank PLC as security for an overdraft facility of Rs. 47,000,000 sanctioned in favor of the company. The overdraft facility is repayable on demand and carries an interest.

28. OTHER LIABILITIES

Accounting Policy

Other liabilities include, VAT on financial services payable, crop insurance levy payable, tax payable, accrued expenses payable, and customer related payable. These liabilities are recorded at amounts expected to be payable at the reporting date.

As at 31st March,	2025 Rs.	2024 Rs.
VAT on FS payable / (receivable)	**14,020,619**	(19,969,111)
Customer related payables	**748,051,700**	536,231,883
Tax payable	**11,166,515**	12,420,605
Accrued expenses	**16,544,458**	29,800,850
	789,783,292	558,484,227

29. DIVIDEND PAYABLE

As at 31st March,	2025 Rs.	2024 Rs.
Balance at the beginning of the year	**475,406**	295,751
Proposed final prefernce share dividend	**28,978,958**	28,978,958
Returned dividend	**1,414**	4
Dividend paid during the year	**-**	(28,799,307)
Balance at the end of the year	**29,455,778**	475,406

29.1 Compliance with Sections 56 and 57 of Companies Act No. 07 of 2007

As required by the Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with the Section 57, prior to recommending the dividend. A statement of solvency completed and duly signed by the Directors on 17th December 2024 has been audited by external auditor, Messrs. KPMG.

30. INCOME TAX PAYABLE / (RECEIVABLE)

As at 31st March,	2025 Rs.	2024 Rs.
Balance at the beginning of the year	**17,953,458**	(27,593,548)
Income tax expense for the year	**198,726,323**	47,054,021
Under / (Over) provision for previous year	**(44,937,762)**	247,115
Taxes paid during the year	**(148,421,372)**	(247,115)
WHT paid during the year	**(6,217,767)**	(1,507,015)
Balance at the end of the year	**17,102,880**	17,953,458

31. FINANCIAL LIABILITIES - OTHER BORROWED FUNDS

Accounting Policy

Other borrowed funds include other long-term and short term loans obtained from banks and Financial Institutions. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. EIR is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the income statement. Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the EIR amortisation process.

As at 31st March,	Note	2025 Rs.	2024 Rs.
Securitised borrowings	31.1	**4,033,356,343**	4,267,520,832
Bank loans	31.3	**5,258,524,266**	1,782,974,371
		9,291,880,609	6,050,495,203

31.1 Securitised borrowings

Securitised borrowings	As at 01.04.2024 Rs.	Loans obtained Rs.	Interest for the period Rs.	Repayments Rs.	As at 31.03.2025 Rs.
Securitisation Loan 38 HNB Bank Trust	627,828,939	-	33,818,459	(661,647,398)	-
Securitisation Loan 41 Peoples Bank Trust	78,825,271	-	1,574,729	(80,400,000)	-
Securitisation Loan 42 Peoples Bank Trust	221,862,917	-	3,693,968	(225,556,885)	-
Securitisation Loan 43 NDB Bank Trust	451,684,056	-	30,484,839	(482,168,895)	-
Securitisation Loan 44 NDB Bank Trust	818,329,952	-	50,418,480	(868,748,432)	-
Securitisation Loan 45 NDB Bank Trust	1,041,103,871	-	57,569,538	(1,098,673,409)	-
Securitisation Loan 46 NDB Bank Trust	1,027,885,826	-	119,831,300	(551,897,984)	**595,819,142**
Securitization Loan 47 NDB Bank Trust	-	1,725,000,000	198,473,044	(38,208,206)	**1,885,264,838**
Securitization Loan 48 NDB Bank Trust	-	1,500,000,000	52,272,363	-	**1,552,272,363**
	4,267,520,832	3,225,000,000	548,136,720	(4,007,301,209)	**4,033,356,343**

31.2 Contractual Maturity Analysis of Securitised Borrowings

As at 31st March,	2025 Rs.	2024 Rs.
Within next 12 Months	**2,610,401,974**	3,969,093,002
Between 1-3 Years	**1,422,954,369**	298,427,830
	4,033,356,343	4,267,520,832

31.3 Bank loans

Securitised borrowings	As at 01.04.2024 Rs.	Loans obtained Rs.	Interest for the period Rs.	Repayments Rs.	As at 31.03.2025 Rs.
HNB Bank Loan 04	87,560,000	-	4,581,942	(92,141,942)	-
DFCC Vardhana Bank 05	96,467,371	-	7,587,343	(84,761,263)	19,293,451
DFCC Vardhana Bank 06	103,125,000	-	7,933,870	(111,058,870)	-
DFCC Vardhana Bank Revolving Loan	500,000,000	500,000,000	7,617,191	(507,617,191)	500,000,000
Nations Trust Bank Loan 03	100,000,000	-	6,711,754	(106,711,754)	-
NDB Loan 1	249,992,000	-	22,171,695	(147,175,695)	124,988,000
Nations Trust Bank Loan 04	-	500,000,000	41,585,668	(180,474,557)	361,111,111
DFCC Vardhana Bank 07	-	2,000,000,000	134,684,144	(465,714,440)	1,668,969,704
Commercial Bank Loan	-	800,000,000	40,679,334	(121,079,334)	719,600,000
HNB Bank - Loan 5	-	500,000,000	12,326,768	(43,586,768)	468,740,000
Nations Trust Bank Revolving Loan	-	250,000,000	5,038,233	(5,038,233)	250,000,000
Sampath Bank Loan	645,830,000	-	62,768,144	(312,776,144)	395,822,000
NTB Loan 5	-	750,000,000	-	-	750,000,000
	1,782,974,371	5,300,000,000	353,686,086	(2,178,136,191)	5,258,524,266

31.4 Contractual Maturity Analysis of Bank Loans

As at 31st March,	2025 Rs.	2024 Rs.
Within next 12 Months	**2,373,725,258**	1,242,870,921
Between 1-3 Years	**2,884,799,008**	540,103,450
	5,258,524,266	1,782,974,371

31.5 Loan details

Bank	Balance as at 31st March 2025 (Rs.)	Approved facility (Rs. Mn)	Purpose	Term of the loan	Security	Underline security amount for outstanding balance Rs. Mn
Securitisation loan 48	1,552,272,363	1,500	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 1,950 Mn with collateral margin of 1.3 times	2,018
Securitisation loan 46	595,819,142	1,000	Working capital requirements	24 monthly instalments	Mortgage bond gold loan receivable Rs. 1,336 Mn with collateral margin of 1.3 times	775
Securitisation loan 47	1,885,264,838	1,725	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 2,242.5 Mn with collateral margin of 1.3 times	2,451
DFCC Bank Loan 05	19,293,451	300	Working capital requirements	48 monthly instalments	Promissory note for Rs. 300 Mn	N/A
Nations Trust Bank Loan 04	361,111,111	500	Working capital requirements	36 monthly instalments	Primary mortgage for Rs. 500 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	542
Samapth Bank Loan	395,822,000	750	Working capital requirements	36 monthly instalments	Primary mortgage for 750 Mn over gold loan receivable portfolio with collateral margin of 1.3 times	515
DFCC Vardhana Bank Revolving Loan	500,000,000	500	Working capital requirements	Within 03 months	Primary mortgage for Rs. 500 Mn over gold loan receivable portfolio with collateral margin of 1.3 times	650
NDB Loan 1	124,988,000	500	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 500 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	187
DFCC Bank Loan 07	1,668,969,704	2,000	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 2000 Mn over gold loan receivable portfolio with collateral margin of 1.3 times	2,170
NTB Bank Loan 5	750,000,000	750	Working capital requirements	36 monthly instalments	Primary mortgage for Rs. 750 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	1,125
HNB Bank Loan 5	468,740,000	500	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 750 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	703
Commercial Bank Loan 1	719,600,000	800	Working capital requirements	60 monthly instalments	Primary mortgage for Rs. 800 Mn over gold loan receivable portfolio with collateral margin of 1.34 times	964
Nations Trust Bank Revolving Loan	250,000,000	250	Working capital requirements	Within 03 months	Loan agreement for Rs. 750 Mn with collateral margin of 1.5 times	375
	9,291,880,609					

31.6 Changes in Liabilities Arising from Financing Activities

Sri Lanka Accounting Standard - LKAS 07 (Statement of Cash Flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended are disclosed below.

As at 31st March 2025,	Debt Funding from Banks Rs.	Debt Instruments Issued and Other Borrowed Funds Rs.
Balance as at the beginning of the year	1,782,974,371	5,326,251,276
Net cash flows from financing activities	3,121,863,809	8,674,354,216
Net accrual for interest expense	353,686,086	725,248,150
Balance as at the end of the year	5,258,524,266	14,725,853,642
Within 12 months	2,373,725,258	2,608,203,623
After 12 months	2,884,799,008	12,117,650,019
	5,258,524,266	14,725,853,642

31.7 The Company did not have any defaults of principal or interest or other breaches with respect to its borrowed funds during the year ended 31st March 2025 and 31st March 2024.

32. LEASE LIABILITIES

Accounting Policy

At the commencement date of the lease, the Company recognises lease liabilities, measured at present value of lease payments to be made over the lease term. The present value of lease commitments has been calculated using the weighted average incremental borrowing rate.

As at 31st March,	2025 Rs.	2024 Rs.
Balance at the beginning of the year	219,443,235	199,066,151
Additions during the year	281,692,412	73,021,458
Accretion of interest	58,079,380	42,338,086
Payments made during the year	(101,628,094)	(94,982,460)
Disposals during the year	(15,793,556)	-
Other adjustments during the year	(30,606,059)	-
Balance at the end of the year	411,187,318	219,443,235
Weighted average incremental borrowing rate	11%	15%

32.1 Sensitivity of right of use assets / lease liabilities to key assumption

Sensitivity to incremental borrowing rate

Increase / (decrease) in incremental borrowing rate as at 31st March 2025 by 1%, would have (decreased) / increased the lease liabilities by approximately Rs 11.68 Mn (Rs. 5.1 Mn as at 31st March 2024) with a similar (decrease / increase) in Right-of-use assets. Had the Company increased / (decreased) the incremental borrowing rate by 1%, the Company's profit before tax for the year would have (decreased) / increased by approximately Rs. 1.96 Mn (Rs. 0.034 Mn 31st March 2024).

32.2 Future Minimum Lease Payments (Un discounted)

As at 31st March,	2025 Rs.	2024 Rs.
Less than one year	**118,190,214**	92,748,102
Between 1-5 years	**334,092,815**	204,264,743
More than Five Years	**200,112,796**	54,500,592
	652,395,825	351,513,437

32.3 Maturity Analysis of Lease Liabilities (Discounted)

As at 31st March,	2025 Rs.	2024 Rs.
Less than one year	**59,117,068**	62,927,258
Between 1-5 years	**201,558,971**	125,959,134
More than Five Years	**150,511,279**	30,556,843
	411,187,318	219,443,235

32.4 Amounts recognised in statement of cash flows in respect of operating lease liabilities during the year ended 31st March 2025 amounts to Rs. 102 Mn (2024 - Rs. 95 Mn).

32.5 Amounts recognized in profit or loss

For the year ended 31st March,	2025 Rs.	2024 Rs.
Amortization on right of use assets	**88,882,377**	67,224,605
Interest expense on lease liability	**58,079,380**	42,338,086
Gain on expiration of operating lease agreements and other adjustment	**41,710,997**	-
	188,672,754	109,562,691

33. DUE TO CUSTOMERS

Accounting Policy

Due to customers include fixed deposits and savings deposits. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. EIR is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the income statement. Gains and losses are recognized in the income statement when the liabilities are derecognised.

In compliance with the Finance Companies (Insurance of Deposit Liabilities) Direction No. 02 of 2010, all the eligible deposit liabilities have been insured with the Sri Lanka Deposit Insurance and Liquidity Support Scheme, as a safety net measure that will safeguard the customer's rights and confidence. The Company has paid Rs. 25,099,972 as the premium for the above insurance scheme during the year (2024 - Rs. 21,471,434).

As at 31st March,	2025 Rs.	2024 Rs.
Fixed deposits	**19,975,783,755**	14,472,621,940
Savings deposits	**28,424,646**	12,514,226
	20,004,208,401	14,485,136,166

33.1 Contractual Maturity Analysis of due to customers

As at 31st March,	2025 Rs.	2024 Rs.
Less than One Year	**15,169,419,075**	11,364,046,440
Between One to Five Years	**4,834,789,326**	3,121,089,726
	20,004,208,401	14,485,136,166

33.2 Deposits amounting to Rs. 538,366,907 (2024 - Rs. 592, 812,733) held as collateral against loans are included under due to customers.

34. DEBENTURE

Accounting Policy

Debentures issued represent the funds borrowed by the Company for long term and short term liquidity fund requirements. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. EIR is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the income statement. Gains and losses are recognised in the income statement when the liabilities are derecognized.

The Company debenture comprises Rs. 1Bn, listed rated, (asset backed), Senior redeemable debentures each worth Rs. 100 issued in August 2021 and with a tenure of 3 years and 5 years. These 3 years debentures outstanding of Rs. 434.75 Mn were settled in August 2024 and the current capital outstanding of the 5 years of Rs. 565.25 Mn debentures will be matured in August 2026 .The debentures are listed in the Colombo Stock Exchange .

During the year Company issue debenture worth of Rs. 2 Bn, listed, rated, unsecured senior redeemable debentures each worth Rs. 100 with a tenure of 3 years and 5 years. These debentures are listed in the Colombo Stock Exchange .

The Fitch Rating Agency issued a rating of A+ with a Stable outlook which was announced on 28th Feb 2025.

As at 31st March,	2025			2024		
	No.	Transaction Cost Rs.	Amount Rs.	No.	Transaction Cost Rs.	Amount Rs.
Type A2 Debenture	-	-	-	1,005,100	810,367	106,216,299
Type B2 Debenture	-	-	-	3,342,400	2,695,918	335,619,347
Type C Debenture	15,500	9,339	1,705,251	15,500	9,339	1,655,855
Type D Debenture	5,637,000	4,458,606	606,332,099	5,637,000	4,458,606	615,238,943
Type A Debenture	1,309,800	1,099,543	135,143,696	-	-	-
Type B Debenture	66,000	55,405	6,808,279	-	-	-
Type C Debenture	18,469,900	15,504,994	1,911,943,324	-	-	-
Type D Debenture	154,300	129,531	15,962,232	-	-	-
	25,652,500	21,257,418	2,677,894,881	10,000,000	7,974,230	1,058,730,444

34.1 Interest Rate of the debentures

Instrument Type	Allotment date	Interest Frequency (Fixed Rate)	Coupon rate (% p.a)	Interest yield as at last trade	Yield to maturity as at last trade	Interest rate of comparable Government security
Type C Debenture	20th Aug 21	Annually	9.26%	Not Traded	Not Traded	8.25%
Type D Debenture	20th Aug 21	Annually	14.18%	Not Traded	Not Traded	8.25%
Type A Debenture	18th Dec 24	Annually	12.20%	Not Traded	Not Traded	8.25%
Type B Debenture	18th Dec 24	Semi-Annual	11.85%	Not Traded	Not Traded	8.25%
Type C Debenture	18th Dec 24	Annually	13.00%	Not Traded	Not Traded	8.25%
Type D Debenture	18th Dec 24	Semi-Annual	12.60%	Not Traded	Not Traded	8.25%

34.2 Market price and issue prices of debentures recorded during the year ended 31st March 2025 are as follows:

Instrument Type	Issued Price Rs.	Highest Price Rs.	Lowest Price Rs.	Last Traded Price Rs.	Last traded Date
Type A Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type B Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type A2 Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type B2 Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type C Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type D Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type A Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type B Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type C Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type D Debenture	100	Not Traded	Not Traded	Not Traded	N/A

34.3 Movement of the Debenture

As at 31st March,	2025 Rs.	2024 Rs.
Balance at the beginning of the year	**1,058,730,444**	2,187,519,137
Issued during the year	**2,000,000,000**	-
Interest expense on subordinated debt	**177,111,430**	361,151,772
Settled during the year	**(434,750,000)**	(1,000,000,000)
Interest paid on subordinated debt	**(123,196,993)**	(489,940,465)
Balance at the end of the year	**2,677,894,881**	1,058,730,444

35. RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

The Company measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan with the advice of an independent professional actuary using the 'Projected Unit Credit method' (PUC) as required by the Sri Lanka Accounting Standard- LKAS 19 on 'Employee Benefits'.

The Defined Benefit Plan of on entity is for a retired employee to receive a payment equal to half of the last drawn monthly salary multiplied by the number of completed years of service. However, as per the Statute, the Company is liable to pay gratuity only upon the completion of 5 continuous years of service.

Recognition of actuarial gains and losses

The Company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in other comprehensive income during the period in which it occurs.

Funding arrangements

The gratuity liability is not externally funded.

Defined contribution plans - Employees' Provident Fund

The Company and the employees contribute to the Employees' Provident Fund managed by the Central Bank of Sri Lanka at 12% and 8% respectively on the gross salary of each employee.

Defined contribution plans - Employees' Trust Fund

The Company contributes to the Employees' Trust Fund at 3% on the gross salary of each employee.

As at 31st March,	Note	2025 Rs.	2024 Rs.
Balance at the beginning of the year		**39,543,426**	45,722,533
Current service cost for the year	35.1	**5,911,607**	7,177,482
Interest cost for the year	35.1	**4,903,385**	6,858,380
Actuarial loss / (gain) during the year	35.2	**2,348,987**	(12,730,464)
Payments made during the year		**(2,610,880)**	(7,484,505)
Balance at the ending of the year		**50,096,525**	39,543,426

35.1 Amounts recognized in the profit or loss

For the year ended 31st March,	2025 Rs.	2024 Rs.
Current service cost for the year	**5,911,607**	7,177,482
Interest cost for the year	**4,903,385**	6,858,380
	10,814,992	14,035,862

35.2 Amounts recognized in the other comprehensive income

For the year ended 31st March,	2025 Rs.	2024 Rs.
Actuarial loss / (gain) during the year	2,348,987	(12,730,464)
	2,348,987	(12,730,464)

35.3 Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the retirement benefit obligation for Asia Asset Finance PLC as at 31 March, 2025. The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Method' recommended by LKAS 19.

35.4 Actuarial assumptions used in calculating the gratuity liability are given below:

As at 31st March,	Note	2025 Rs.	2024 Rs.
Financial Assumptions			
Discount rate		10.0%	12.4%
Salary increment rate	35.4.1	5%	5%

As at 31st March,	Age Group	2025 Rs.	2024 Rs.
Staff turnover	20-24	13%	17%
	25 - 49	21%	17%
	50-54	7%	17%

As at 31st March,	2025 Rs.	2024 Rs.
Demographic Assumptions		
Retirement age	60 years	60 years
Mortality	A 1967/70 Mortality Table (Institute of Actuaries, London)	

35.4.1 The discount rate used to determine the present value of the defined benefit obligation as at the reporting date was 10% per annum (2024: 12.4% per annum). This rate was determined by reference to the market yield on long-term government bonds as of 31 March 2025, consistent with the estimated average duration of the defined benefit obligation, which is approximately 4.3 years.

As there is no deep market in high-quality corporate bonds in Sri Lanka, the company uses the yield on long-term government securities as the basis for the discount rate, in accordance with paragraph 83 and 144 of LKAS 19.

35.5 An actuarial loss of Rs 2,348,987 was recognized during the year, comprising losses from changes in financial assumptions of Rs.4,316,351 and demographic assumptions Rs.239,976, offset by a gain from experience adjustments of Rs. 2,207,340.

35.6 Sensitivity analysis

The impact arising from the possible changes in the discount rate and salary escalation rates on the gratuity valuation of the Company is as follows;

As at 31st March,	2025 Rs.	2024 Rs.
Discount rate		
Effect on retirement benefit obligation due to 1% increase	**(1,899,333)**	(1,474,616)
Effect on retirement benefit obligation due to 1% decrease	**2,063,896**	1,594,429
Salary increment rate		
Effect on retirement benefit obligation due to 1% increase	**2,014,354**	1,806,724
Effect on retirement benefit obligation due to 1% decrease	**(1,883,752)**	(1,692,927)

35.7 Analysis of retirement benefit obligation by maturity profile

The following note analyses the defined benefit obligation by the expected future working life time of each individual employee. The expected future working life time considers the probability of an employee's exit due to withdrawal, death or disability prior to the retirement date.

As at 31st March,	2025 Rs.	2024 Rs.
Within next 12 Months	**10,157,871**	9,885,856
Between 1-5 Years	**28,505,787**	15,817,370
Beyond 5 years	**11,432,867**	13,840,200
	50,096,525	39,543,426

35.8 Weighted Average Duration of the Defined Benefit Obligation : 4.3 years (2024 - 4.3 years)

35.9 For the year ending 31 March 2026, the Company expects to contribute approximately Rs. 12,000,000 toward its defined benefit obligations. This includes both benefit payments to retirees and additional provision for current service costs.

36. STATED CAPITAL

Accounting Policy

The Company maintains an actively managed capital base to cover the risks inherent to the business and is meeting the capital adequacy requirements of the Central Bank of Sri Lanka. The adequacy of the Company's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Sri Lanka.

As at 31st March,	2025		2024	
	No.	Rs.	No.	Rs.
Ordinary shares (fully paid)	**124,195,533**	**1,791,478,691**	124,195,533	1,791,478,691
Preference shares	**41,398,511**	**413,985,110**	41,398,511	413,985,110
	165,594,044	**2,205,463,801**	165,594,044	2,205,463,801

36.1 Rights of shareholders

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at the meeting. All shares rank equally with regard to the Company's residual assets.

These convertible, irredeemable preference shares to be deemed converted to ordinary shares, immediately upon the completion of five years from the date of issue and to be listed subsequently. As such, these shares are considered as a part of equity.

37. STATUTORY RESERVE FUND AND OTHER RESERVES

As at 31st March,		2025 Rs.	2024 Rs.
Statutory reserve fund	37.1	**296,197,809**	207,969,075
General reserve	37.2	**3,000,000**	3,000,000
Regulatory loss allowance reserve	37.3	**56,083,254**	124,468,915
Revaluation reserve fund	37.4	**31,762,504**	30,457,762
		387,043,567	365,895,752

37.1 Statutory reserve fund

Statutory reserve fund is a capital reserve which contains profits transferred as required by Section 3 (b) (ii) of the Finance Companies (Capital Funds) Direction No. 1 of 2003. The Company transfers a sum equal to not less than twenty (20) per cent of the net profits; so long as the capital funds are less than twenty five (25) per cent of total deposit liabilities, but not less than ten (10) per cent.

37.2 General reserve

General reserve represents the amounts set aside by the directors for general application.

37.3 Regulatory loss allowance reserve

Statutory reserve fund is a reserve which contains profits transferred as required by Section 7.1.3 of the Finance Companies Classiifcation and Measurement of Credit Facilities Direction No. 1 of 2020.

37.4 Revaluation reserve

The Revaluation Reserve represents the cumulative gains arising from the revaluation of property, plant and equipment to fair value, net of any related deferred tax effects. These revaluation gains are recognized in other comprehensive income and accumulated under equity in accordance with LKAS 16 – Property, Plant and Equipment.

The reserve is not available for distribution to shareholders as dividends.

The purpose of the revaluation reserve is to reflect the fair value adjustments to assets that are measured using the revaluation model rather than the cost model. It ensures that such unrealized gains are clearly separated from retained earnings, and it supports transparency in financial reporting.

38. EARNINGS PER SHARE

Accounting Policy

Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares into ordinary shares.

38.1 Basic earnings per share

The following reflects the income and share data used in the basic earnings per share computation.

For the year ended 31st March,	2025	2024
Amounts used as the numerator		
Profit attributable to ordinary shareholders for basic earnings per share (Rs.)	**441,143,670**	344,186,703
Amounts used as the denominator		
Weighted average number of ordinary shares in issue	**124,195,533**	124,195,533
Basic earnings per share (Rs.)	**3.55**	2.77

38.2 Diluted earnings per share

The following reflects the income and share data used in the diluted earnings per share computation.

For the year ended 31st March,	Note	2025	2024
Amounts used as the numerator			
Profit attributable to ordinary shareholders for basic earnings per share (Rs.)		**441,143,670**	344,186,703
Number of ordinary shares used as denominator for basic earnings per share			
Adjusted weighted average number of ordinary shares in issue	38.2.1	**177,544,130**	177,544,130
Diluted earnings per share (Rs.)		**2.48**	1.94

38.2.1 Adjusted weighted average number of ordinary shares in issue

For the year ended 31st March,	Note	2025 Rs.	2024 Rs.
Weighted average number of ordinary shares in issue before dilution		**124,195,533**	124,195,533
Number of ordinary shares in convertible preference shares	38.2.1.1	**53,348,597**	53,348,597
Adjusted weighted average number of ordinary shares in issue		**177,544,130**	177,544,130

38.2.1.1 Number of ordinary shares in convertible preference shares

The Preference Shares would be deemed converted immediately upon the completion of Five (05) years from the date of issue, namely 10th August 2026 (via a Private Placement). The Convertible Price shall be Rs. 7.76.

38.3 Net assets value per share

As at 31st March,	2025 Rs.	2024 Rs.
Total Equity attributable to ordinary shareholders	**3,778,819,489**	3,365,417,594
Number of ordinary shares as at the year end	**124,195,533**	124,195,533
Net assets value per share	**30.43**	27.10

39. CONTINGENT LIABILITIES AND COMMITMENTS

Accounting Policy

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard, LKAS 37 - 'Provisions, Contingent Liabilities and Contingent Assets'. In the normal course of business, the Company makes various commitments and incurs contingent liabilities. No material losses are anticipated as a result of these transactions.

As at 31st March,		2025 Rs.	2024 Rs.
Commitments			
Promissory note to DFCC Bank PLC loans	39.1	**300,000,000**	300,000,000
Bank guarantee	39.2	**2,500,000**	70,308,228
Capital commitments	39.3	**129,000,000**	7,598,555
		431,500,000	377,906,783

39.1 Promissory notes

The related loan balances on issued promissory notes as at the reporting date.

	Promissory note value	Loan outstanding
	Rs.	Rs.
DFCC Bank Loan 05	300,000,000	19,293,451
	300,000,000	19,293,451

39.2 Bank Guarantee

Purpose	Issue Bank	Bank Guarantee No	Period	As at 31 March 2025	As at 31 March 2024
				Rs.	Rs.
Tax appeal	NDB Bank	LG/G24/0439	From 23rd January 2024 up to 22nd January 2025	-	1,051,182
Tax appeal	NDB Bank	LG/G24/0440	From 23rd January 2024 up to 22nd January 2025	-	2,716,302
Foreign Currency Buying and Selling	Sampath Bank	398720220010	From 15th May 2023 up to 14th May 2024	2,500,000	2,500,000
Tax appeal	NDB Bank	LG/G24/0436	From 23rd January 2024 up to 22nd January 2025	-	56,439,716
Tax appeal	NDB Bank	LG/G24/0438	From 23rd January 2024 up to 22nd January 2025	-	2,813,633
Tax appeal	NDB Bank	LG/G24/0437	From 23rd January 2024 up to 22nd January 2025	-	4,787,395
				2,500,000	70,308,228

39.3 Capital Commitments

The Company has implemented several IT enhancements to improve its overall operations. One of the key enhancements is the development of a mobile application that is linked with the core banking solution. This app enables customers to access their accounts and perform banking transactions on the go. The Company has also implemented IT security enhancements to safeguard its data from cyber threats. These include advanced firewalls, intrusion detection systems, and encryption technologies. Capital commitments amounting to Rs. 129,000,000/- includes the cost committed to implement a customer digital onboarding mechanism using mobile based interface to provide a cutting edge digital experience to the customers.

40. LITIGATIONS & CLAIMS

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Company has formal controls and policies for managing legal claims. In respect of pending legal claims where the Company had already made provisions for possible losses in the Financial Statements or has a realisable security to cover the damages are not included below as the Company does not expect cash outflows from such claims. However, further adjustments are made to the Financial Statements if necessary on the adverse effects of legal claims based on the professional advice obtained on the certainty of the outcome and also based on a reasonable estimate. Given below are the unresolved legal claims against the Company as at 31st March 2025 for which, adjustments to the Financial Statements have not been made due to the uncertainty of its outcome. The Company's legal counsel is of the opinion that litigation which is currently pending, will not have a material impact on the reported financial results or future operations of the Company.

As at 31st March,	2025	2024
	Rs.	Rs.
Cases pending against the Company	241,030,222	460,756,723

41. CONTINGENT LIABILITIES

Except for the contingent liabilities disclosed above, the Company does not have any other significant contingent liabilities as at the reporting date.

42. ASSETS PLEDGED

The assets pledged as securities for liabilities have been disclosed under Note 31.5.

43. MATURITY ANALYSIS

The table below summarises the maturity profile of the undiscounted cash flows of the Company's Financial assets and liabilities as at 31 March 2025.

	Less than 3 months Rs.	3-12 months Rs.	1-3 years Rs.	Over 3 years Rs.	Total Rs.
Assets					
Cash and cash equivalents	3,150,043,244	-	-	-	**3,150,043,244**
Other financial assets at amortized cost	632,567,497	2,254,530,682	-	66,230,400	**2,953,328,579**
Financial assets at amortised cost - loans and advances	14,525,201,503	12,667,243,509	6,099,690,956	2,923,195,923	**36,215,331,891**
Financial assets - fair value through other comprehensive income	-	-	-	300,000	**300,000**
	18,307,812,244	14,921,774,191	6,099,690,956	2,989,726,323	**42,319,003,714**
Liabilities					
Due to banks	50,418,316	-	-	-	**50,418,316**
Dividend Payable	29,455,778	-	-	-	**29,455,778**
Financial liabilities - other borrowed funds	1,971,149,206	3,175,676,625	4,582,279,002	696,938,819	**10,426,043,652**
Lease liabilities	30,347,624	87,842,590	204,356,063	329,849,548	**652,395,825**
Due to customers	6,160,066,351	9,299,904,449	5,084,651,874	896,564,292	**21,441,186,966**
Debenture	1,363,140	337,527,590	1,539,237,500	2,348,219,290	**4,226,347,520**
	8,242,800,416	12,900,951,254	11,410,524,439	4,271,571,949	**36,825,848,058**
Net amount	10,065,011,828	2,020,822,937	(5,310,833,483)	(1,281,845,626)	**5,493,155,656**

44. CURRENT / NON-CURRENT ANALYSIS

As at 31st March,	2025			2024		
	Within 12 months Rs.	After 12 months Rs.	Total Rs.	Within 12 months Rs.	After 12 months Rs.	Total Rs.
Assets						
Cash and cash equivalents	**3,150,043,244**	**-**	**3,150,043,244**	1,383,706,511	-	1,383,706,511
Other financial assets at amortized cost	**2,781,542,285**	**64,958,743**	**2,846,501,028**	4,194,974,600	64,483,914	4,259,458,514
Financial assets at amortised cost - loan and advances	**22,610,005,026**	**6,547,072,055**	**29,157,077,081**	13,844,128,176	5,213,380,275	19,057,508,451
Other non financial assets	**100,247,493**	**78,145,950**	**178,393,443**	112,316,207	17,816,886	130,133,093
Advances, deposits and prepayments	**13,111,200**	**186,238,006**	**199,349,206**	66,423,925	36,389,800	102,813,725
Financial assets - fair value through other comprehensive income	**-**	**300,000**	**300,000**	-	506,659	506,659
Right-of-use assets	**85,765,366**	**305,065,111**	**390,830,477**	35,362,520	151,076,541	186,439,061
Property, plant and equipment	**1,951,650**	**708,503,538**	**710,455,188**	-	313,284,112	313,284,112
Investment property	**-**	**425,274,403**	**425,274,403**	101,242,366	223,056,741	324,299,107
Deferred tax assets	**-**	**-**	**-**	38,550,183	-	38,550,183
Intangible assets	**7,998**	**48,124,287**	**48,132,285**	-	46,617,448	46,617,448
Total assets	**28,742,674,262**	**8,363,682,093**	**37,106,356,355**	19,776,704,488	6,066,612,376	25,843,316,864
Liabilities						
Deferred tax liabilities	**5,508,866**	**-**	**5,508,866**	-	-	-
Due to banks	**50,418,316**	**-**	**50,418,316**	47,637,705	-	47,637,705
Other liabilities	**789,783,292**	**-**	**789,783,292**	558,484,227	-	558,484,227
Dividend Payable	**29,455,778**	**-**	**29,455,778**	475,406	-	475,406
Financial liabilities -Other borrowed funds	**4,559,449,705**	**4,732,430,904**	**9,291,880,609**	4,911,728,407	1,138,766,796	6,050,495,203
Lease liabilities	**59,117,068**	**352,070,250**	**411,187,318**	41,622,532	177,820,703	219,443,235
Debenture	**(2,198,352)**	**2,680,093,233**	**2,677,894,881**	494,290,164	564,440,280	1,058,730,444
Due to customers	**15,169,419,076**	**4,834,789,325**	**20,004,208,401**	11,364,046,440	3,121,089,726	14,485,136,166
Retirement benefit obligation	**10,157,871**	**39,938,654**	**50,096,525**	9,885,856	29,657,570	39,543,426
Income tax payable	**17,102,880**	**-**	**17,102,880**	17,953,458	-	17,953,458
Total liabilities	**20,688,214,500**	**12,639,322,366**	**33,327,536,866**	17,446,124,195	5,031,775,075	22,477,899,270
Net balance	**8,054,459,762**	**(4,275,640,273)**	**3,778,819,488**	2,330,580,292	1,034,837,301	3,365,417,594

45. FINANCIAL REPORTING BY SEGMENT

As per the provisions of Sri Lanka Financial Reporting Standard, SLFRS- 8, the operating segment of the Company have been identified based on the product and services offered by the Company of which level of risk and rewards is significantly different from one another. Top management of the Company considers the operating results and condition of its business segments in their decision making process and performance evaluation. Types of products and services from which each operating segment derives its revenues are described as follows.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Senior Management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Senior Management Personnel and the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Types of products and services from which each operating segment derives its revenues described as follows;

Finance Lease	This segment includes leasing and hire purchase products offered to the customers.
Gold Loans	This segment includes gold loan products offered to the customers.
Investment	This segment includes treasury investments.
Loans and adavances	This segment includes loan products offered to the customers other than the above segments.

	Finance lease		Gold loans		Other loans and advances		Investment		Total	
For the year ended 31st March,	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2025	**2025**	2024
	Rs. 000	Rs. 000	**Rs. 000**	Rs. 000	**Rs. 000**	Rs. 000	**Rs. 000**	Rs. 000	**Rs. 000**	Rs. 000
Interest income	**112,139**	50,619	**4,298,397**	4,046,372	**1,028,019**	521,252	**534,306**	1,016,665	**5,972,861**	5,634,908
Other income	**7,677**	52,534	**526,754**	657,741	**393,265**	228,763	**269**	180	**927,965**	939,218
Total revenue	**119,816**	103,153	**4,825,151**	4,704,113	**1,421,284**	750,015	**534,575**	1,016,845	**6,900,826**	6,574,126
Segmental result	**16,243**	7,731	**654,115**	340,646	**192,675**	56,181	**72,469**	73,634	**935,502**	478,192
Interest Expenses	**(76,630)**	(45,706)	**(2,029,559)**	(2,423,660)	**(676,820)**	(809,918)	**(572,383)**	(971,124)	**(3,355,392)**	(4,250,408)
Depreciation and Amortization	**(4,263)**	(1,563)	**(112,902)**	(82,859)	**(37,655)**	(27,689)	**(31,841)**	(33,200)	**(186,661)**	(145,311)
Impairment charge for loans and other losses	**76,631**	(21,712)	**(162,312)**	338,145	**(634,793)**	188,606	**-**	-	**(720,474)**	(505,039)
Taxes on Financial Services	**(6,844)**	(1,126)	**(181,268)**	(59,704)	**(60,458)**	(19,952)	**(51,122)**	(23,923)	**(299,692)**	(104,705)
Profits from operations	**14,520**	4,016	**384,567**	212,970	**128,266**	71,168	**108,457**	85,334	**635,810**	373,488
Income tax Expense	**(4,446)**	(315)	**(117,743)**	(16,708)	**(39,271)**	(5,583)	**(33,206)**	(6,695)	**(194,666)**	(29,301)
Net profit for the year	**10,074**	3,701	**266,824**	196,262	**88,995**	65,585	**75,251**	78,639	**441,144**	344,187
As at 31st March,										
Segment assets	**802,812**	265,619	**21,262,561**	14,085,060	**7,091,704**	4,706,829	**5,996,544**	5,643,672	**35,153,621**	24,701,180
Unallocated assets	**-**	-	**-**	-	**1,952,735**	1,142,137	**-**	-	**1,952,735**	1,142,137
Total assets	**802,812**	265,619	**21,262,561**	14,085,060	**4,706,829**	5,848,966	**5,996,544**	5,643,672	**37,106,356**	25,843,317
Segment liabilities	**731,349**	232,723	**19,369,862**	12,340,660	**6,460,432**	4,123,900	**5,462,759**	4,944,717	**32,024,402**	21,642,000
Unallocated liabilities	**-**	-	**-**	-	**1,303,135**	835,899	**-**	-	**1,303,135**	835,899
Total liabilities	**731,349**	232,723	**19,369,862**	12,340,660	**7,763,567**	4,959,799	**5,462,759**	4,944,717	**33,327,537**	22,477,899
For the year ended 31st March,										
Cash generated from / (used in) operations	**(88,742)**	25,680	**(2,350,349)**	1,361,745	**(783,912)**	455,057	**(662,854)**	545,631	**(3,885,857)**	2,388,113
Unallocated cash flows										
Property, plant and equipment	**-**	-	**-**	-	**(390,151)**	(63,018)	**-**	-	**(390,151)**	(63,018)
Intangible assets	**-**	-	**-**	-	**88,882**	67,225	**-**	-	**88,882**	67,225
Other expenditure	**-**	-	**-**	-	**(167,284)**	(28,353)	**-**	-	**(167,284)**	(28,353)
Net cash generated from / (used in) operations	**(88,742)**	25,680	**(2,350,349)**	1,361,745	**(1,252,465)**	430,911	**(662,854)**	545,631	**(4,354,410)**	2,363,967
Net cash generated from /(used in) investing activities	**32,268**	(19,529)	**854,623**	(1,035,562)	**285,043**	(346,056)	**241,024**	(414,934)	**1,412,958**	(1,816,081)
Net cash generated from / (used in) financing activities	**107,449**	(13,669)	**2,845,809**	(724,852)	**949,163**	(242,225)	**802,585**	(290,437)	**4,705,006**	(1,271,183)
Net increase / (decrease) in cash and cash equivalents	**50,975**	(7,518)	**1,350,083**	(398,669)	**(18,259)**	(157,370)	**380,755**	(159,740)	**1,763,554**	(723,297)

45.1 In determining segment results, expenses have been allocated on proportionate basis on interest income and the segment liabilities have been proportionately allocated based on segment assets. The Company functions in one geographic location. Accordingly, geographic information is not presented in these financial statements.

46. RELATED PARTY DISCLOSURES

As per the Sri Lanka Accounting Standard - LKAS -24 "Related Party Disclosures", the KMPs include those who have the authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors of the Company, Immediate parent Company and members of the Corporate Management of the Company have been classified as KMPs of the Company. The Company carries out transactions with KMPs and their close family members in the ordinary course of its business on an arms length basis at commercial rates. Close family members of KMPs are those family members who may be expected to influence, or be influenced by, those KMPs in their dealing with the entity. During the period under review there were no non-recurrent related party transactions which exceeded 10% of the equity or 5% of the total assets, whichever is lower, in the Company. During the period under review, there were no recurrent related party transactions which exceeded 10% of the gross revenue/income.

The Company carries out transactions in the ordinary course of its business on an arm's length basis at commercial rates with related parties. Details of significant related party disclosures are as follows:

46.1 Parent and ultimate controlling party

The ultimate parent of the Company as at 31st March 2025 is Muthoot Finance Limited.

46.2 Transactions with related entities

46.2.1 Muthoot Finance Limited

Relationship - Ultimate parent

For the year ended 31st March,	2025 Rs.	2024 Rs.
Transactions during the year		
Expenses incurred for Muthoot Finance Limited	-	1,316,741

46.3 Transactions with key management personnel of the Company

The key managerial personnel of the Company are the members of its Board of Directors and the parent Company. The following transactions were entered into between the Company and its key management personnel and their close family members.

46.3.1 Key management personnel compensation

For the year ended 31st March,	2025 Rs.	2024 Rs.
Short-term employment benefits paid - Directors	**26,139,400**	23,040,164

46.3.2 Other transactions with key management personnel

	Board of Directors		Key Management Personnel	
	2025	2024	2025	2024
(a) Items in the Statement of Financial Position				
Assets - loan and advances (Rs.)	**1,970,704**	2,933,153	**7,221,455**	5,760,069
Liabilities (Rs.)	**148,558,151**	25,357,184	**100,359,907**	80,864,963
(b) Items in the Statement of Income				
Interest income (Rs.)	**705,925**	626,098.47	**252,086**	70,845
Interest expenses (Rs.)	**33,243,658**	4,396,385	**13,494,600**	15,588,771
46.3.3 Accommodation outstanding of the Company's Capital Fund (%)				
Loan and advances	**0.0005**	0.0009	**0.0019**	0.0017
46.3.4 Share transactions with key management personnel				
Number of ordinary shares held at the year end	**34,071**	6,000	**47,900**	26,535
46.3.5 Senior management personnel compensation				
Short-term employment benefits paid to Senior Management (Rs.)			**47,464,000**	61,738,556
Post-employment benefits (Rs.)			**29,585,318**	23,417,373

47. RISK MANAGEMENT

As a financial institution, the Company is exposed to various types of risks including credit, market, liquidity and operational risks which are inherent to the Company's activities. Managing these risks is critical for the sustainability of the Company and plays a pivotal role in all activities of the Company. The Company has developed a culture within the organisation, which shapes and influences the risk decisions taken by the management and the employees. The adequacy and the effectiveness of the risk management decisions taken by the Company's management will be reviewed regularly through its committees and reported to the "Integrated risk management committee" for reference and guidance. The Company believes that successful risk management will enable it to be resilient to any unfavourable event caused by internal or external factors.

47.1 Market risk

The Company defines market risk as the potential loss resulting from changes in market variables such as interest rates, gold prices, foreign exchange rates, and macroeconomic conditions. These risks affect earnings and cash flows through adverse movements in financial markets. The Company is exposed to various aspects of market risk, primarily through interest rate fluctuations in both trading and non-trading books, and through gold price and foreign exchange volatility linked to its gold portfolio.

47.1.1 Commodity Price Risk

Commodity price risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. Given the significance of the Gold Loans business to Compnay's overall loan book, sharp fluctuations to the gold prices could have an adverse impact to earnings. Gold price fluctuations lead to market risk which is the primary source of credit risk associated with this product.

Shorter product life:The Company's credit risk management strategy lends for shorter periods allowing it to initiate its recovery process faster

Frequent revisions to Loan-to-Value (LTV) Ratio: Company practices a process of revising advance offered per gold sovereign to reflect market value fluctuations to maintain the desired healthy Loan to Value Ratio.

Timely auction of gold stocks : The gold stock of defaulted facilities are auctioned on frequent basis, avoiding pilling up of gold stock which would lead to larger losses at a sudden drop in the gold prices.

47.2 Risk management committees

47.2.1 Assets and liability committee (ALCO)

ALCO is chaired by the Chief Executive Officer and its representatives are the Chief Operating Officer, General Manager, the Chief Manager - Finance, the Deputy General Manage Marketing and Operation the Deputy General Manager - Treasury and the Deputy General Manage-Fixed Deposit. The committee meeting is held once a month to monitor and manage the assets and liabilities of the Company and the overall liquidity position to keep the Company's liquidity at healthy levels whilst satisfying regulatory requirements.

47.2.2 Board Audit Committee (BAC)

Audit committee has set up internal audit teams to ensure that the guidelines and processes in the business operations are adhered to in compliance with the policy and procedures. Internal audit plan covers the full scope of the business operations and reports to the BAC on continuous improvements required for the risk management frame work. BAC will oversee financial reporting, Risk Management and Internal controls.

47.2.3 Integrated Risk Management.

IRMC established by the BOD is to evaluate and protect the Company from financial and non-financial losses. IRMC meets and discuss the risk framework of AAF on a monthly basis. IRMC will guide the management to navigate risk events, scenarios depending on this risk appetite of the Board in order to ensure that the overall business strategy is achieved and the stakeholders of the Company receive the maximum returns. IRMC strives to improve the risk culture of AAF policies and procedures, technological advancements and training.

47.3 Capital Management

The Company's capital management is performed primarily considering regulatory capital. The Company's lead regulator, the Central Bank of Sri Lanka (CBSL) sets and monitors capital requirements for the Company. The Company is required to comply with the provisions of the Finance Companies (Capital Funds) Direction No.01 of 2003, Finance Companies (Capital Adequacy Requirements) Direction No.03 of 2018 and Finance Companies (Minimum Core Capital) Direction No.02 of 2017 in respect of regulatory capital.

The Company's regulatory capital consists of tier 1 capital, which includes ordinary share capital, retained earnings and statutory reserves. Other negative reserves are included under prudence basis. Tier II capital includes unsecured subordinated debentures, which is included in the capital base consequent to obtaining the approval of CBSL. The Company's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

As per Finance Business Act Directions No 3 of 2018, regulatory capital consists of Tier 1 capital, which comprises stated capital, statutory reserved fund, retained earnings including current year profit and general and other reserves less the goodwill, other intangible assets, other comprehensive income losses, deferred tax assets, shortfall of the cumulative impairment to total provisions and interest in suspense and 50% of investment in banking and financial companies.

As per the Finance Business Act Direction No 3 of 2018, the Licensed Finance Companies (LFCs) with assets of less than Rs. 100 Bn required to maintain a minimum Capital Adequacy Ratio (CAR) of 12.5% and a Core Capital Ratio (Tier 1) of 8.5% by 01st July 2022.

As of 31st March 2025, the Company has maintained Risk Weighted Capital Adequacy Ratios above the CBSL's minimum capital requirements.

Components of Capital

As at 31st March,	2025 % Actual	2024 % Actual
Tier 1 Capital	**29.46**	21.22
Tier 2 Capital	**29.25**	20.87
Total Risk Weighted Assets LKR Bn	**9,622**	12,101

As at 31st March,	2025		2024	
	Actual	Required	Actual	Required
Tier 1 Capital Ratio / Core capital ratio	**29.46**	**8.5**	21.22	8.5
Total Capital Ratio / Total risk weighted capital ratio	**29.25**	**12.5**	20.87	12.5

47.4 Management of Market Risk

The Company separates its exposure to market risk between trading and nontrading portfolios.Trading portfolio includes financial assets and liabilities that are managed on a fair value basis. A. Non trading portfolio is managed in accordance with the purpose and strategic benefits of such investments, rather than purely on fair value basis.

The following table sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

As at 31st March,	Note	2025		
		Market Measurment Risk		
		Carrying Amount Rs.	Trading Portfolio Rs.	Non Trading Portfolio Rs.
Assets subject to market risk				
Cash and cash equivalents	17	3,150,043,244	-	3,150,043,244
Other financial assets at amortized cost	18	2,846,501,028	2,128,126,318	718,374,710
Financial assets at amortised cost - loans and advances	19	29,157,077,081	-	29,157,077,081
Financial assets - Fair value through other comprehensive income	22	300,000	-	300,000
		35,153,921,353	2,128,126,318	33,025,795,035
Liabilities subject to market risk				
Financial liabilities - Due to banks	27	50,418,316	-	50,418,316
Financial liabilities - Other borrowed funds	31	9,291,880,609	-	9,291,880,609
Due to customers	33	20,004,208,401	-	20,004,208,401
Debenture	34	2,677,894,881	2,677,894,881	-
		32,024,402,207	2,677,894,881	29,346,507,327

As at 31st March,	Note	2024		
		Market Measurment Risk		
		Carrying Amount Rs.	Trading Portfolio Rs.	Non Trading Portfolio Rs.
Assets subject to market risk				
Cash and cash equivalents	17	1,383,706,511	-	1,383,706,511
Other financial assets at amortized cost	18	4,259,458,514	1,755,472,300	2,503,986,214
Financial assets at amortised cost - loans and advances	19	19,057,508,451	-	19,057,508,451
Financial assets - Fair value through other comprehensive income/available for sale	22	506,659	-	506,659
		24,701,180,135	1,755,472,300	22,945,707,835
Liabilities subject to market risk				
Financial liabilities - Due to banks	27	47,637,705		47,637,705
Financial liabilities - Other borrowed funds	31	6,050,495,203		6,050,495,203
Due to customers	33	14,485,136,166		14,485,136,166
Debenture	34	1,058,730,444	1,058,730,444	
		21,641,999,518	1,058,730,444	20,583,269,074

47.4.1 Re-Investment risk

These are uncertainties with regard to interest rate at which the future cash flows could be re-invested. On an increasing trend, this would be beneficial for Asia Asset Finance PLC.

47.4.2 Liquidity risk

Liquidity is the ability to efficiently accommodate deposit as also reduction in liabilities and to fund the loan growth and possible funding of the off-balance sheet claims. Liquidity risk arises through maturity mismatch of loans and deposits.

In compliance with Finance Companies (Liquid Assets) Direction No: 4 of 2013 which shall not as the close of the business on any day, be less than the total of;

(a) 10% of the outstanding value of the time deposits and accrued interest payable at the close of the business on such day and

(b) 15% of outstanding value of the saving deposit and accrued interest payable at the close of the business on such day and

(c) 10% of the total outstanding borrowings

The Company shall maintain liquid assets in the form of Sri Lankan government Treasury Bills and Government securities equivalent to 7.5% of the average of its month end total deposit liabilities and borrowings of the 12 months preceding financial year.

As at 31st March,	2025 Rs.	2024 Rs.
Total liquid assets		
Cash in hand	**261,535,809**	158,229,824
Balances in current accounts	**251,157,349**	90,964,848
Deposits in commercial banks	**2,592,114,695**	1,071,106,318
Treasury bills and treasury bonds	**2,063,167,575**	1,690,988,386
	5,167,975,428	3,011,289,376
Available liquid assets	**5,167,975,428**	3,011,289,376
Required liquid assets	**2,210,713,250**	1,458,591,841
Liquid assets to deposit (%)	**0.26**	0.21
Advances to deposit (%)	**157%**	142%
Advances to deposit (Times)	**1.566**	1.420

47.4.3 Financial Assets Available for Future Funding

The total financial assets recognised in the Statement of Financial Position as at 31 March 2025 and 2024 that can be use for the future funding is shown in the following tables;

As at 31st March 2025,	Encumbered	Unencumbered		Total
	Pledged as Collateral	Available as Collateral	Other	
Cash and cash equivalents	15,780,364	767,553,090	2,366,709,791	3,150,043,245
Other financial assets at amortized cost	-	2,846,501,028	-	2,846,501,028
Financial assets at amortised cost - loans and advances (Gross)	12,474,115,128	16,330,135,820	2,530,038,521	31,334,289,469
Financial assets measured at fair value through other comprehensive income	-	-	300,000	300,000
Total	12,489,895,492	19,944,189,939	4,897,048,312	37,331,133,742

As at 31st March 2024,	Encumbered	Unencumbered		Total
	Pledged as Collateral	Available as Collateral	Other	
Cash and cash equivalents	-	1,059,328,427	324,378,084	1,383,706,511
Other financial assets at amortized cost	-	4,259,458,514	-	4,259,458,514
Financial assets at amortised cost - loans and advances (Gross)	8,610,700,000	9,478,732,129	2,475,223,880	20,564,656,009
Financial assets measured at fair value through other comprehensive income	-	-	506,659	506,659
Total	8,610,700,000	14,797,519,070	2,800,108,623	26,208,327,693

47.5 Foreign exchange (FOREX) and country risk

FOREX is the risk that finance companies may suffer loss, as a result of adverse exchange rate movements. Country risk is the risk that arises due to cross border transactions. The uncertainty caused by the current economic crisis could lead to increased pressure on the local currency resulting in higher foreign exchange risk. However, since Asia Asset Finance PLC does not have any foreign borrowings or foreign transactions, the Company concludes that negative impact on economic crisis will not be substantial on the Company to conduct an in-depth analysis. However, there is a slight impact when budgeting for this cost. The above risks are triggered by the treasury operations.

47.6 Sensitivity analysis interest rate risk

The following table demonstrates the sensitivity of the Net Interest margin on a 100 basis point (1%) increase or decrease in market interest rates, assuming all other variables remain constant:

As at 31st March,	2025		2024	
	Parallel Increase 100 bps	Parallel Decrease 100 bps	Parallel Increase 100 bps	Parallel Decrease 100 bps
Annual Impact	259,494,727	(259,494,727)	200,214,784	(200,214,784)

47.7 Foreign Currency Risk Sensitivity

As the Company holds balances in foreign currencies (e.g., USD, EUR), the following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

As at 31st March 2025

Type of the Currency	Outstanding Balance	Exchange rate as at the year end	Increase / (decrease) in exchange rates	Effect on PBT (Rs.)
USD	39,771	296	(+) 5%	589,301
			(-) 5%	(589,301)
AUD	50	187	(+) 5%	466
			(-) 5%	(466)
CAD	20,765	207	(+) 5%	214,997
			(-) 5%	(214,997)
EUR	510	320	(+) 5%	8,156
			(-) 5%	(8,156)
GBP	220	384	(+) 5%	4,222
			(-) 5%	(4,222)

As at 31st March 2024

Type of the Currency	Outstanding Balance	Exchange rate as at the year end	Increase / (decrease) in exchange rates	Effect on PBT (Rs.)
USD	39,088	299	(+) 5%	588,895
			(-) 5%	(588,895)

47.8 Interest rate risk

Interest rate risk arises from fluctuations in market interest rates that affect the value and cash flows of financial instruments. The Company manages this risk through a balanced mix of fixed and variable rate borrowings and by offering products with varied maturities across Gold, Mortgage, and Leasing portfolios. Risk is assessed using techniques such as Maturity Gap Analysis, Value at Risk and Earnings at Risk, with rate-sensitive assets and liabilities categorized into time buckets to evaluate exposure.

47.8.1 Interest Rate Exposure on Financial Assets and Liabilities

The table below analyses the Company's interest rate risk exposure on non–trading financial assets and liabilities. The Company's assets and liabilities are included at the carrying amount and categorised by the earlier of contractual re pricing or maturity dates.

As at 31st March,	2025						
	Carrying amount Rs.	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 3 years Rs.	3 to 5 years Rs.	Over 5 years Rs.
Assets							
Cash and cash equivalents	3,150,043,244	3,150,043,244	-	-	-	-	-
Other financial assets at amortized cost	2,846,501,028	-	678,033,296	2,103,508,989	-	64,958,743	-
Loans and advances - amortized cost	29,157,077,081	809,418,280	12,786,662,750	9,017,796,804	2,412,225,915	4,058,337,339	72,635,993
Financial assets - fair value through other comprehensive income	300,000	-	-	-	-	-	300,000
Total	35,153,921,353	3,959,461,524	13,464,696,046	11,121,305,793	2,412,225,915	4,123,296,082	72,935,993
Liabilities							
Due to banks	50,418,316	50,418,316	-	-	-	-	-
Due to customers	20,004,208,401	28,424,646	6,428,836,180	8,712,158,250	4,259,894,109	574,895,216	-
Debenture	2,677,894,881	-	(83,040,976)	80,842,625	748,135,330	1,931,957,902	-
Financial liabilities - other borrowed funds	9,291,880,609	-	1,763,565,990	2,795,883,715	4,220,014,524	512,416,380	-
Lease liabilities	411,187,318	-	14,592,816	44,524,252	120,490,932	222,561,103	9,018,215
Total	32,435,589,525	78,842,962	8,123,954,010	11,633,408,842	9,348,534,895	3,241,830,601	9,018,215
Total interest sensitivity gap	2,718,331,828	3,880,618,562	5,340,742,036	(512,103,049)	(6,936,308,980)	881,465,481	63,917,778

As at 31st March,	2024						
	Carrying amount Rs.	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 3 years Rs.	3 to 5 years Rs.	Over 5 years Rs.
Assets							
Cash and cash equivalents	1,383,706,511	1,383,706,511	-	-	-	-	-
Other financial assets at amortized cost	4,259,458,514	-	2,410,978,810	1,783,995,791	-	64,483,913	-
Financial assets at amortised cost - loans and advances	19,057,508,451	909,597,432	8,748,092,388	4,186,438,313	4,329,676,747	835,456,933	48,246,638
Financial assets - fair value through other comprehensive income	506,659	-	-	-	-	-	506,659
Total	24,701,180,135	2,293,303,943	11,159,071,198	5,970,434,104	4,329,676,747	899,940,846	48,753,297
Liabilities							
Due to banks	47,637,705	47,637,705	-	-	-	-	-
Due to customers	14,485,136,166	12,514,226	5,168,395,872	6,183,136,342	2,476,273,363	644,816,363	-
Debenture	1,058,730,444	-	541,355,685	517,374,760	-	-	-
Financial liabilities - other borrowed funds	6,050,495,203	-	1,838,040,823	3,073,687,585	1,138,766,796	-	-
Lease liabilities	219,443,235	-	10,405,634	31,216,898	84,516,862	84,285,626	9,018,215
Total	21,861,442,753	60,151,931	7,558,198,013	9,805,415,585	3,699,557,021	729,101,989	9,018,215
Total interest sensitivity gap	2,839,737,382	2,233,152,012	3,600,873,185	(3,834,981,482)	630,119,727	170,838,857	39,735,082

47.9 Operational risk

Operational risk is the risk of losses arising from failed internal processes, systems failure, human error, fraud or external events. Operational risks exist in the natural course of business activities, products and processes. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or lead to financial loss. Operational risks cannot be fully eliminated. However, the Company's objective is to contain it within the acceptable levels as determined by the Company's Board of Directors. The Company's operational risk management framework clearly articulates the policies, structures and processes in place to manage the different types of operational risk exposures. The Board of Directors, supported by the IRM is responsible for formulating a policy and ensuring the robustness of the operational risk management framework. Loss events are recorded and periodically reported through the Risk Management Unit to the Board of Directors. Meanwhile, Internal Audit also provides assurance to the Board on the effectiveness on the operational risk management processes in place.

47.10 Credit risk

Credit risk is the likelihood that a borrower or counterparty will not honour its obligations in accordance with the terms of agreement. i.e. the risk of default which is one of the most vulnerable risks faced by any financial institution. Credit risk is inherent to all financial institutions where the main business is lending. The main aim of the "credit risk management" is to minimize the risk and to maximize the risk adjusted rate of return of the financial institution. There are no financial or non financial assets during the period by taking possession of collateral that it holds as security or calling on other credit enhancements.

47.10.1 Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. "Settlement risk" is the risk of loss due to the failure of a customer or a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The Company conducted an in-depth analysis on the probable customers who would get affected and the scale of impact it may have on the Company's lending portfolio due to the prevailing macro-economic uncertainty and COVID-19 and the related impacts to our customers on account of elevated inflation and interest rates. The Company manages this by diversifying the lending portfolio across a wide range of products and customer segments which in turn would ensure the resilience of the Company in an economic shock of this nature. The Company is comfortable with the existing composition of its loan portfolio and continuous monitoring activities are being carried out to avoid accumulation of exposures to risky segments.

47.10.2 Management of Credit Risk

Board Credit Committee has oversight responsibility for the management of credit. Risk Management Division (RMD) is a separate vertical independent of business units, established to assess the credit risk of credit proposals and submit independent observations to all approving authorities. Other responsibilities of RMD are as follows: - Formulating credit policies and guidelines in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements. - Formalise approval of such policies and guidelines from the Board of Directors upon clearance by relevant Board Subcommittees. - Establishing the credit approval structure with delegated authority limits for the approval and renewal of credit facilities. The delegated authority limits are assigned to identified individuals. Larger credit facilities require approval by the Board Credit Committee or the Board of Directors as appropriate.

Setting the risk appetite for exposures to counterparties, geographies and industries (for loans and advances and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities). - Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk. Identification of elevated risk industries and the adequacy of any overlay adjustment made outside the ECL model, as part of model adjustments to address the potential implications of the prevailing economic conditions. Each business unit is required to implement Company's credit policies and guidelines, with credit approval authorities delegated from the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios. Regular audits of business units and credit processes are undertaken by Internal Audit Division.

47.10.3 Credit Quality Analysis

Collateral and other credit enhancements

The amount and type of collateral required depends on the counterparty credit risk assessment. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The Board Credit Committee holds overall oversight responsibility for the management of credit risk, while the Risk Management Division (RMD) operates as an independent unit, separate from business operations, to assess credit proposals and provide unbiased observations to approving authorities. RMD is responsible for formulating credit policies and guidelines—covering collateral requirements, credit assessments, risk grading, legal and documentary standards, and regulatory compliance—in consultation with business units. These policies are formalized through Board approval after clearance by relevant subcommittees. RMD also establishes the credit approval framework, with delegated authority limits assigned to specific individuals, while larger facilities require Board or Board Credit Committee approval. It defines the Company's risk appetite across counterparties, sectors, geographies, and asset classes, and advises business units to ensure best practices in credit risk management. RMD further identifies elevated-risk industries and assesses overlay adjustments beyond the Expected Credit Loss (ECL) model, reflecting current economic conditions. Business units are responsible for implementing credit policies, managing the quality of their portfolios, and monitoring credit risk, while regular audits by the Internal Audit Division and RMD ensure ongoing compliance and control.

47.10.4 Company's approach to credit risk

Under SLFRS 9: "Financial Instruments: Recognition and Measurement", the AAF assess the impairment of loans and advances individually or collectively based on the principles of "expected credit loss" (Refer Note 19 for details) model which is expected to capture future trends in the economy. However, the regulatory provisions made on loans and advances under Direction No. 01 of 2020 on "Classification and Measurement of Credit Facilities, (and subsequent amendments thereof) issued by the CBSL .

Further, under SLFRS 9, other debt financial assets not held at FVTPL, together with loan commitments and other off balance sheet exposures such as financial guarantees and letter of credits, are subject to impairment provision, whereas no such regulatory provision is required for those financial assets as per the CBSL Direction. As a result, SLFRS 9 recognises higher impairment provisions compared to CBSL guidelines. Financial investments and financial liabilities (other than FVTPL) are carried at "cost" for regulatory reporting purposes while they are classified as "Financial assets measured at fair value through other comprehensive income" carried at fair value or Financial assets/liabilities at amortized cost under SLFRS 9. The "Fair value" is defined as the best estimate of the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A variety of valuation techniques combined with the range of plausible market parameters as at a given point in time may still generate unexpected uncertainty beyond fair value. An "amortized cost" of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment. Hence, the amortised cost of financial investments and financial liabilities under SLFRS 9 are different to the carrying value for regulatory reporting which is the "cost".

47.10.5 Impairment assessment

The Company considers a financial instrument defaulted and, therefore, stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes more than 90 days past or three instalments in arrears due on its contractual payments or when classified as Non-Performing Loan(NPL) as per directions issued by the Central Bank of Sri Lanka (CBSL).

47.10.6 Individually assessed allowances

The allowance is appropriate for each individually significant loan or advance on an individual basis if there is any objective evidence of a potential loss. Every customer having an aggregate exposure above that limit is individually assessed for objective evidence of incurred loss. Items considered when determining allowance amounts include, the sustainability of the counterparty's business plan, its ability to improve performance, if it is in a financial difficulty, projected receipts and the expected payout should a bankruptcy arise, the availability of other financial support, the realizable value of collateral and the timing of the expected cash flows. Gold Loan individually assesess through Dud and Suspious articles Low quality articles, Caratage differences articles Weight differences articles which identiifed Company internal audit review process.

47.10.7 Collectively assessed allowances

Allowances are assessed collectively for losses on loans and receivables that are not individually assessed. The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as loan types, industry codes, and level of arrears). The AAF applies a three-stage approach to measure expected credit losses (ECLs). Financial assets shift through the following three stages based on the change in credit risk since initial recognition.

47.10.8 Impact Assessment of Stressed Economic Conditions

The Company's Integrated Risk Management Framework aims to proactively manage the impact of unfavourable economic and market conditions while achieving the Company's risk-return objectives. This has been demonstrated by the Company's ability to maintain a lower level of non-performing loans (NPLs) compared to the industry average (LFCs and SLCs). The Company has always acted with due diligence and taken prudent measures to ensure effective and efficient repayment behaviour from credit customers, while also safeguarding the interests of stakeholder.

47.10.9 Analysis of credit quality - Maximum exposure to credit risk by class of financial assets

As at 31st March 2025,	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Life time ECL - not credit impaired (Stage 2)	Subject to Life time ECL - credit impaired (Stage 3)
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	3,150,043,244	3,150,043,244	-	-	-
Other financial assets at amortized cost	2,846,501,028	2,846,501,028	-	-	-
Loans and advances at amortized cost					
Gross loans and advances	31,334,289,469	332,393,832	24,567,340,646	2,523,902,357	3,910,652,634
Provision for Impairment	(2,173,609,993)	-	(68,066,094)	(10,725,818)	(2,094,818,081)
Net interest margin	(3,602,395)	-	-	-	(3,602,395)
Net carrying amount	29,157,077,081	332,393,832	24,499,274,552	2,513,176,539	1,812,232,158

47.10.10 Analysis of credit quality - Maximum exposure to credit risk by class of financial assets

As at 31st March 2024,	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Life time ECL - not credit impaired (Stage 2)	Subject to Life time ECL - credit impaired (Stage 3)
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	1,383,706,511	1,383,706,511	-	-	-
Other financial assets at amortized cost	4,259,458,514	4,259,458,514	-	-	-
Loans and advances at amortized cost					
Gross loans and advances	20,564,656,009	336,885,568	14,815,838,529	865,399,276	4,546,532,636
Provision for Impairment	(1,503,545,163)	-	(101,118,102)	(29,914,437)	(1,372,512,624)
Net Interest Margin	(3,376,873)	-	(3,602,395)	-	-
Net carrying amount	19,057,733,973	336,885,568	14,711,118,032	835,484,839	3,174,020,012

47.10.11 Analysis of ECL Model under multiple economic scenarios

ECLs must reflect an unbiased and probability weighted estimate of credit losses over the expected life of the financial instrument. The main objective of the probability weighted economic estimates is to convert the historical statistics into more futuristic indicators. Also Primarily Economic factor adjustment is used to convert the Through the Cycle (TTC) PD in to Point in Time (PiT) PDs.

The Company obtains the data from reliable third party sources such as CBSL, International Monetary Fund and/or the World Bank in all instances where such projections are available. The key drivers of expected loss and the assumptions used for the AAF's base case estimate, ECLs based on the base case plus the effect of the use of multiple economic scenarios as at 31 March 2025 and 2024.

Base Scenario

Economic Factor Adjustment (EFA) model of the Company features a decrease in non-performing advances in 2025 and 2026 according to the Base Scenario in line with the improving macroeconomic conditions.

Despite the sharp contraction in economic activities, the measures from Government and the Central Bank of Sri Lanka including tightening the policy interest rates, debt restructuring and measures for funding markets supported the economy and the financial system. Such support ensures economic activities will improve in long term. In addition, the proposed changes to fiscal policies and government finances mark a significant step forward in strengthening the economy and will ease the pressure on budget deficit, interest rates and exchange rates. We expect proposed changes and developments to contribute positively on recovery prospects.

Upside Scenario

Compared with the Base Scenario, the Upside Scenario features a faster recovery in economic activities during the first two years and beyond. These include the timely implementation of proposed changes which will strengthen the overall economy, speedy recovery of all the industries that were affected by the adverse macroeconomic conditions.

Downside Scenario

In the Downside Scenario, economic recovery is considerably weaker compared with the Base Scenario. GDP growth remains weak, unemployment rates stay highly elevated and asset and commodity prices fall before gradually recovering towards their long-run trends.

	2025	2026	2027	2028	2029	2030	2031
Base Scenario	20%	18%	16%	14%	12%	10%	8%
Upside Scenario	10%	13%	16%	19%	22%	25%	28%
Downside Scenario	70%	69%	68%	67%	66%	65%	64%

47.10.11.1 Sensitivity analysis of impairment provisions on loans and advances to customers

As at 31st March,	2025			Sensitivity effect on Income
	Sensitivity on ECL and sensitivity effect on Financial Position			
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Rs.
PD 1% increase across all age buckets	521,971	83,885	3,297	609,153
PD 1% decrease across all age buckets	(521,971)	(83,885)	(3,297)	(609,153)
LGD 5% increase	2,609,791	419,426	32,289,971	35,319,188
LGD 5% decrease	(2,609,791)	(419,426)	(32,289,971)	(35,319,188)
Probability weighted economic scenarios				
Base case 10% increase, worst case 5% decrease and best case 5% decrease	100,065	11,468	569,271	680,804
Base case 10% decrease, worst case 5% increase and best case 5% increase	(100,065)	(11,468)	(569,271)	(680,804)

47.10.11.1 Sensitivity analysis of impairment provisions on loans and advances to customers

As at 31st March,	2024			Sensitivity effect on Income
	Sensitivity on ECL and sensitivity effect on Financial Position			
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Rs.
PD 1% increase across all age buckets	131,747	82,129	-	213,876
PD 1% decrease across all age buckets	(131,747)	(82,129)	-	(213,876)
LGD 5% increase	348,038	572,371	55,197,824	56,118,233
LGD 5% decrease	(348,038)	(572,371)	(55,197,824)	(56,118,233)
Probability weighted economic scenarios				
Base case 10% increase, worst case 5% decrease and best case 5% decrease	129,553	213,422	-	342,975
Base case 10% decrease, worst case 5% increase and best case 5% increase	(129,553)	(213,422)	-	(342,975)

47.11 Collateral and Other Credit Enhancement

The bank holds collateral and other credit enhancements against certain types of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets. For each loan, the value of disclosed collateral is capped at the amount of the loan it is held against.

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by the Central Bank of Sri Lanka (CBSL). The assessment of immovable properties is carried out by independent professional valuers as required by the said direction issued by CBSL.

The Company incorporates the effect of collateral in measuring expected credit losses by adjusting the loss given default (LGD) estimates. Collateral includes cash deposits, real estate, vehicles, and guarantees. The recoverable value of collateral is capped at the gross carrying amount of the loan. Collateral is regularly revalued, and only legally enforceable, readily liquidated collateral is considered when reducing ECLs. For unsecured exposures, no collateral value is applied in the ECL computation.

As at 31st March,	2025		2024	
	Gross Loan Balance Rs.	Security Value Rs.	Gross Loan Balance Rs.	Security Value Rs.
Stage 01				
Cash collateral	**332,393,832**	**332,393,832**	336,853,951	336,853,951
Property, plant and machinery	**5,960,738,510**	**5,960,738,510**	2,544,416,347	2,544,416,347
Gold and precious metals	**18,526,722,313**	**18,526,722,313**	12,220,131,581	12,220,131,581
Personal / corporate guarantee	**79,879,825**	**79,879,825**	51,322,218	51,322,218
Stage 02				
Property, plant and machinery	**493,542,000**	**493,542,000**	50,499,462	50,499,462
Gold and precious metals	**2,026,102,848**	**2,026,102,848**	797,197,859	797,197,859
Personal / corporate guarantee	**4,257,510**	**4,257,510**	17,701,955	17,701,955
Stage 03				
Property, plant and machinery	**1,065,460,251**	**1,065,460,251**	1,172,875,984	1,172,875,984
Gold and precious metals	**731,685,027**	**731,685,027**	1,304,310,896	1,304,310,896
Personal / corporate guarantee	**2,113,507,355**	**2,113,507,355**	2,069,345,756	2,069,345,756
	31,334,289,469	**31,334,289,469**	20,564,656,009	20,564,656,009

47.12 The below tables provide an analysis of the values of collateral held and credit enhancements for Stage 03 assets. The values in the tables represent the expected value on an open market basis. No adjustment has been made to the collateral for any expected costs of recovery.

As at 31st March,	2025					
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 03	3,910,652,634	788,712,043	1,008,433,237	1,797,145,279	2,113,507,355	2,094,818,081
	3,910,652,634	788,712,043	1,008,433,237	1,797,145,279	2,113,507,355	2,094,818,082

As at 31st March,	2024					
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	
Stage 03	4,546,532,636	1,320,006,100	1,316,412,900	2,636,419,001	1,910,113,635	1,372,512,624
	4,546,532,636	1,320,006,100	1,316,412,900	2,636,419,001	1,910,113,635	1,372,512,624

The Company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. The fair value of collateral is capped to the carrying amount of the related loan when disclosed for credit risk mitigation purposes.

47.13 Concentration of credit risk

AAF manages concentration risk through strategically diversifying the business across industry sectors, products, counterparties and geographies. The Company's Credit Committee defines the limits for these segments and ensures compliance. Further, the Board and RMC monitor these exposures. They also make suggestions and recommendations on modifications to define limits based on the trends and developments shaping the business environment while following Muthoot Group requirements.

Economic crisis and other dynamics in the operating environment has created stress circumstances for certain industries.The company has set prudential limits to avoid undue concentration for such stressed industries.

As at 31st March,	2025			
Sector-wise Breakdown	**Cash and Cash Equivalents**	**Financial Assets at Amortised Cost - Loans and Advances**	**Other Financial Assets**	**Total Financial Asset**
Textile and wearing apparel	-	25,526,566	-	25,526,566
Manufacturing	-	1,818,727,141	-	1,818,727,141
Transport	-	400,791,872	-	400,791,872
Services	3,150,043,244	3,353,719,903	2,846,501,028	9,350,264,175
Agro-business and fisheries	-	11,087,283,044	-	11,087,283,044
Construction	-	1,250,865,309	-	1,250,865,309
Commercial trading	-	1,533,102,820	-	1,533,102,820
Others	-	11,864,272,814	-	11,864,272,814
Total	3,150,043,244	31,334,289,469	2,846,501,028	37,330,833,741

As at 31st March,	2024			
Sector-wise Breakdown	**Cash and Cash Equivalents**	**Financial Assets at Amortised Cost - Loans and Advances**	**Other Financial Assets**	**Total Financial Asset**
Manufacturing	-	979,916,970	-	979,916,970
Transport	-	349,244,233	-	349,244,233
Services	1,383,706,511	1,417,644,444	4,259,458,514	7,060,809,469
Agro-business and fisheries	-	8,139,478,754	-	8,139,478,754
Construction	-	748,919,992	-	748,919,992
Commercial trading	-	1,324,864,733	-	1,324,864,733
Others	-	7,604,586,883	-	7,604,586,883
Total	1,383,706,511	20,564,656,009	4,259,458,514	26,207,821,034

47.14 Geographical distribution of loans and advances

Provincial breakdown for loans and advance within Sri Lanka is as follows:

As at 31st March,	2025		
	Gold loan Rs.	Loans and advances Rs.	Total Rs.
Central	4,048,101,036	1,008,692,438	5,056,793,474
Eastern	5,656,646,686	2,076,611,097	7,733,257,783
Northern	4,971,220,921	1,627,112,963	6,598,333,884
North Western	1,210,596,430	1,012,687,372	2,223,283,802
Southern	1,259,297,298	609,335,702	1,868,633,000
Sabaragamuwa	744,767,865	86,144,335	830,912,200
Western	2,156,739,480	3,378,372,050	5,535,111,530
Uva	1,237,141,506	250,822,290	1,487,963,796
	21,284,511,222	10,049,778,247	31,334,289,469

As at 31st March,	2024		
	Gold loan Rs.	Loans and advances Rs.	Total Rs.
Central	3,258,233,313	594,295,559	3,852,528,872
Eastern	3,273,958,701	751,908,280	4,025,866,981
Northern	3,206,092,823	652,268,132	3,858,360,955
North Western	904,910,231	879,638,686	1,784,548,917
Southern	485,198,536	474,292,402	959,490,938
Sabaragamuwa	199,127,223	36,866,746	235,993,969
Western	2,235,831,049	2,749,121,386	4,984,952,435
Uva	758,288,460	104,624,482	862,912,942
	14,321,640,336	6,243,015,673	20,564,656,009

48. ASSESSMENTS RECEIVED BY THE COMPANY

Income tax and VAT assessments received from the Department of Inland Revenue are outstanding as of the reporting date. These assessments have been appealed to Tax Commission and the Commissioner General of Inland Revenue. The Company is confident that these assessments can be sucessfully defended. As a result, no provisions have been made for these balances.

49. COMPARATIVE INFORMATION

Comparative information is reclassified wherever necessary to conform with the current year's classification in order to provide better presentation.

The presentation and classification of the following comparative figures in the income statement, statement of financial position and statements of cash flows are amended, for better presentation and to be comparable with those of the current year.

As at 31st March,	Note	After reclasification Rs.	Reclassification adjustment Rs.	Prior to reclassifion Rs.
Income statement				
Interest income	4	5,634,907,959	(47,493,670)	5,682,401,629
Fees and commision income	7	879,577,589	(29,425,560)	909,003,149
Other operating income	8	59,639,969	47,493,670	12,146,299
General and administraion expenses		745,051,290	(29,425,560)	774,476,850
Statement of financial position				
Cash and cash equivalents	17	1,383,706,511	(2,503,986,214)	3,887,692,725
Other financial assets at amortized cost	18	4,259,458,514	2,503,986,214	1,755,472,300
Statement of cash flows				
Operating activities		2,506,149,237	(1,413,692,678)	3,919,841,915
Investing activities		(1,958,262,898)	(1,814,628,473)	(143,634,425)
Financing activities		(1,271,183,156)	1,413,692,678	(2,684,875,834)
Cash and cash equivalents		1,814,628,473	1,814,628,473	-

50. EVENTS ATFER THE REPORTING DATE

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the financial statements.

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SOURCES AND UTILISATION OF INCOME

FUNDING STRUCTURE

As at 31st March,	2025 %	2024 %
Due to banks to total assets	**0.14%**	0.18%
Other liabilities to total assets	**3.51%**	3.23%
Financial liabilities - other borrowed funds to total asset	**25.04%**	23.41%
Due to customers to total assets	**53.91%**	56.05%
Debenture to total assets	**7.22%**	4.10%
Capital fund to total assets	**10.18%**	13.02%

UTILIZATION OF FUNDS

As at 31st March,	2025 %	2024 %
Cash and cash equivalents	**8%**	5%
Other financial assets at amortized cost	**8%**	16%
Financial assets at amortized cost - loans and advances	**79%**	74%
Other non financial assets	**1%**	1%
Property, plant and equipment, Intangible assets and Investment Property	**3%**	3%
Right-of-use assets	**1%**	1%

VALUE CREATED TO STAKEHOLDERS

For the year ended 31st March,	2025 Rs.	2024 Rs.
Interest income	**5,972,861,421**	5,634,907,959
Fee commission income	**803,547,185**	879,577,589
Net gain/(loss) from trading & financial investment		
Other operating income	**124,417,625**	59,639,969
Total direct economic value generated	**6,900,826,232**	6,574,125,517

ECONOMIC VALUE DISTRIBUTED

For the year ended 31st March,	2025 Rs.	2024 Rs.
To depositors/debenture holders as interest	**3,355,391,936**	4,250,407,673
To employees as emoluments	**647,509,378**	450,124,348
Depreciation/ amortisation set aside	**186,661,475**	145,311,174
Impairment charge for loans and other losses	**720,473,852**	505,038,637
To providers of supplies and services	**1,030,188,064**	753,005,416
To government as taxation		
Income tax	**194,665,870**	29,301,136
Taxes on financial services	**299,692,014**	104,704,556
To central bank of sri lanka as deposit insurance premium	**25,099,972**	21,471,434

QUARTERLY FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended,	30.06.2024 Rs. Unaudited*	30.09.2024 Rs. Unaudited*	31.12.2024 Rs. Unaudited*	31.03.2025 Rs. Unaudited*
Interest income	1,284,639,171	1,453,339,582	1,579,525,863	**1,702,395,210**
Less: Interest expenses	(836,639,990)	(803,594,471)	(833,175,552)	**(882,154,744)**
Net Interest income	447,999,181	649,745,111	746,350,311	**820,240,466**
Other operating income	237,900,909	204,218,576	179,674,140	**294,721,347**
Less: Operating expenses				
Personnel expenses	(128,276,017)	(153,759,999)	(149,908,785)	**(204,835,835)**
Provision for staff retirement benefits	(3,000,000)	(3,000,000)	(3,000,000)	**(1,814,992)**
General and administrative expenses	(283,223,971)	(304,776,313)	(340,862,550)	**(379,215,105)**
Impairment charge for loans and advances	(120,143,553)	(151,120,213)	(150,178,417)	**(299,031,668)**
Operating profit before taxes on financial services	151,256,549	241,307,162	282,074,699	**230,064,213**
Taxes on financial services	(19,000,000)	(32,000,000)	(58,162,000)	**(172,635,472)**
Profit before taxation	132,256,549	209,307162	223,912,699	**57,428,741**
Income tax expenses	(16,500,000)	(24,000,000)	(24,000,000)	**(130,165,870)**
Profit for the period	115,756,549	185,307,162	199,912,699	**(72,737,130)**
Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of tax)				
Revaluation gain on property, plant and equipment				**12,954,787**
Remeasurment of unquoted shares				**(206,659)**
Actuarial (loss) / gain on retirement benefit obligations				**(2,348,987)**
Other comprehensive income for the period, net of tax	-	-	-	**10,399,142**
Total comprehensive income for the period	115,756,549	185,307,163	199,912,698	**(62,337,989)**
Earnings Per Share - Basic	0.93	1.49	1.61	**(0.59)**
Earnings Per Share - Diluted	0.70	1.12	1.21	**(0.41)**

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

QUARTERLY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at,	30.06.2024 Rs. Unaudited*	30.09.2024 Rs. Unaudited*	31.12.2024 Rs. Unaudited*	31.03.2025 Rs. Unaudited*
Assets				
Cash and cash equivalents	5,433,520,916	2,435,040,602	2,234,097,222	**3,150,043,244**
Other financial assets at amortized cost	1,735,056,296	4,027,270,350	4,111,219,162	**2,846,501,028**
Financial assets at amortized cost - loans and advances	21,802,091,359	24,407,269,746	26,570,784,133	**29,157,077,081**
Other non financial assets	133,137,625	114,944,256	125,872,400	**178,393,443**
Advances, deposits and prepayments	215,176,420	250,434,858	280,596,947	**199,349,206**
Financial assets - fair value through other comprehensive income	506,659	506,659	506,659	**300,000**
Income tax receivable	31,351,820	31,681,405	58,239,971	**-**
Property, plant and equipment	328,204,540	384,759,868	405,943,439	**710,455,188**
Right-of-use assets	195,529,849	178,443,427	285,055,317	**390,830,477**
Investment property	323,996,788	324,461,272	324,180,630	**425,274,403**
Deferred tax assets	28,550,182	38,550,181	38,550,181	**-**
Intangible assets	44,999,067	43,650,205	44,988,974	**48,132,285**
Total assets	30,272,121,521	32,237,012,829	34,480,035,035	**37,106,356,355**
Liabilities				
Due to banks	88,349,545	56,774,512	25,918,312	**50,418,316**
Other liabilities	837,105,812	700,949,207	685,151,601	**789,783,292**
Dividend payable	-	-	-	**29,455,778**
Income tax payable	53,554,021	61,304,021	15,632,649	**17,102,880**
Deferred tax liabilities	-	-	-	**5,508,866**
Financial liabilities - other borrowed funds	6,989,770,206	8,684,073,590	8,139,039,137	**9,291,880,609**
Lease liabilities	233,201,548	213,882,019	324,759,564	**411,187,318**
Due to customers	17,436,604,058	18,240,902,499	18,781,645,886	**20,004,208,401**
Debenture	1,111,447,744	569,713,128	2,595,561,331	**2,677,894,881**
Retirement benefit obligations	40,914,446	42,932,546	45,932,546	**50,096,525**
Total liabilities	26,790,947,380	28,570,531,523	30,613,641,026	**33,327,536,866**
Equity				
Stated capital	2,205,463,801	2,205,463,801	2,205,463,801	**2,205,463,801**
Retained earnings	909,814,588	1,095,121,752	1,295,034,455	**1,186,312,121**
Statutory reserve fund and other reserves	365,895,752	365,895,752	365,895,752	**387,043,567**
Total equity	3,481,174,141	3,666,481,305	3,866,394,009	**3,778,819,489**
Total equity and liabilities	30,272,121,521	32,237,012,829	34,480,035,035	**37,106,356,355**
Net assets value per share	28.03	29.52	31.13	**30.43**

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

ORDINARY SHARE

Market Value of Shares

For the quarter ended,	30.06.2024	30.09.2024	31.12.2024	31.03.2025
Highest Traded Price (Rs)	15.0	13.6	27.5	**30.3**
Lowest Traded Price (Rs)	13.0	11	12.7	**24**
Closing Price (Rs.)	13.1	13.1	26.1	**27.6**
Total No of Shares	124,195,533	124,195,533	124,195,533	**124,195,533**

Ordinary Shares held by public as at

No. of Shareholders	1,790	1,811	1,801	**2,213**
% of Shareholding	27.08	27.02	27.04	**27.02**

PREFERENCE SHARES

Total No. of Shares	41,398,511	41,398,511	41,398,511	**41,398,511**

Preference Shares held by public as at

No. of Shareholders	98	102	110	**145**
% of Shareholding	4.13	4.13	4.13	**4.12**

QUARTERLY FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended,	30.06.2023 Rs. Unaudited*	30.09.2023 Rs. Unaudited*	31.12.2023 Rs. Unaudited*	31.03.2024 Rs. Unaudited*
Interest income	1,635,808,618	1,635,232,492	1,471,171,207	**1,199,350,443**
Less: interest expenses	(1,229,117,440)	(1,179,582,338)	(993,317,184)	**(848,390,711)**
Net interest income	406,691,179	455,650,154	477,854,023	**350,959,732**
Other operating income	87,327,261	100,126,240	123,121,230	**351,787,152**
Less: operating expenses				
Personnel expenses	(103,177,984)	(94,730,320)	(108,161,416)	**(128,068,767)**
Provision for staff retirement benefits	(2,400,000)	(2,400,000)	(2,432,001)	**(6,803,861)**
General and administrative expenses	(183,787,490)	(245,373,407)	(232,590,642)	**(273,819,830)**
Impairment charge for loans and advances	(110,106,346)	(121,158,828)	(120,032,194)	**(153,741,270)**
Operating profit before taxes on financial services	94,546,620	92,113,839	137,759,001	**140,313,156**
Taxes on financial services	(13,357,890)	(10,999,980)	(22,000,001)	**(41,042,110)**
Profit before taxation	81,188,730	81,113,859	115,759,000	**99,271,046**
Income tax (expenses) / reversal	(26,000,000)	(8,999,980)	(18,950,000)	**24,401,729**
Profit for the period	55,188,730	72,113,879	96,809,000	**123,672,775**
Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of tax)				
Revaluation gain on property, plant and equipment	-	-	-	**43,511,089**
Deferred tax charge on revaluation gain	-	-	-	**(13,053,327)**
Actuarial (loss) / gain on retirement benefit obligations	-	-	-	**12,730,464**
Deferred tax reversal / (charge) on acturial gain / (losses)	-	-	-	**(3,819,139)**
Other comprehensive income for the period, net of tax	-	-	-	**39,369,087**
Total comprehensive income for the period	55,188,730	72,113,879	96,809,000	**35,227,085**
Earnings per share - basic	0.44	0.58	0.58	**1.31**
Earnings per share - diluted	0.33	0.44	0.44	**0.98**

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at,	30.06.2023 Rs. Unaudited*	30.09.2023 Rs. Unaudited*	31.12.2023 Rs. Unaudited*	31.03.2024 Rs. Unaudited*
Assets				
Cash and cash equivalents	4,225,026,306	2,771,102,853	2,751,376,127	**3,952,176,640**
Investment in reverse repurchase agreements against treasury bills and bonds	2,354,088,477	4,028,658,735	2,042,268,663	**1,690,988,386**
Financial assets at amortized cost - loans and advances	17,909,272,063	17,343,616,158	16,747,556,028	**18,791,889,308**
Financial assets at amortized cost - lease rentals receivable and hire purchase	370,321,556	304,038,746	264,770,321	**265,619,141**
Other assets	108,322,633	111,945,125	94,559,009	**130,133,094**
Tax receivable	27,746,278	28,109,150	28,598,952	**29,100,563**
Advances, deposits and prepayments	64,878,569	64,498,790	82,310,273	**102,813,724**
Financial assets - fair value through other comprehensive income	506,659	506,659	506,659	**506,659**
Right-of-use assets	169,252,067	162,545,215	146,267,205	**186,439,060**
Property, plant and equipment	225,618,104	222,087,576	266,425,645	**313,284,112**
Investment property	323,759,872	324,254,230	324,590,740	**324,299,107**
Deferred tax assets	22,922,647	22,922,647	18,422,647	**38,550,181**
Intangible assets	46,342,599	49,814,633	48,150,067	**46,617,448**
Total assets	25,848,057,830	25,434,100,516	22,815,802,336	**25,872,417,424**
Liabilities				
Due to banks	120,763,770	59,793,441	85,336,014	**47,637,705**
Other liabilities	192,429,819	179,565,506	38,420,320	**558,959,629**
Current tax liabilities	11,252,885	20,252,865	45,711,504	**47,054,021**
Financial liabilities - other borrowed funds	5,753,107,385	6,002,910,088	5,791,042,366	**6,050,495,203**
Lease liability	192,325,204	189,562,779	172,608,759	**219,443,235**
Due to customers	14,165,943,524	13,588,824,634	12,373,008,137	**14,472,621,940**
Saving control	10,420,193	8,504,800	9,474,006	**12,514,226**
Debenture	2,289,640,205	2,199,182,930	1,021,692,445	**1,058,730,444**
Retirement benefit liability	46,145,353	47,360,103	47,529,778	**39,543,426**
Total liabilities	22,782,028,338	22,295,957,145	19,584,823,330	**22,506,999,830**
Equity				
Stated capital	2,205,463,801	2,205,463,801	2,205,463,801	**2,205,463,801**
Retained earnings	632,685,555	690,376,659	738,844,901	**794,058,040**
Statutory reserve fund and other reserves	227,880,136	242,302,912	286,670,304	**365,895,753**
Total equity	3,066,029,492	3,138,143,372	3,230,979,006	**3,365,417,594**
Total equity and liabilities	25,848,057,830	25,434,100,516	22,815,802,336	**25,872,417,424**
Net assets value per share	24.69	25.27	26.02	**27.10**

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

QUARTERLY FINANCIAL STATEMENTS

ORDINARY SHARE

Market Value of Shares

For the quarter ended,	30.06.2023	30.09.2023	31.12.2023	31.03.2024
Highest Traded Price (Rs.)	8.7	14.5	13.9	**15.7**
Lowest Traded Price (Rs.)	7.8	8.2	11.8	**11.1**
Closing Price (Rs.)	8	13.9	12.1	**15.0**
Total No of Shares	124,195,533	124,195,533	124,195,533	**124,195,533**

Ordinary Shares held by public as at

No of Shareholders	1,984	1,849	1,825	**1,788**
% of Shareholding	27.08	27.08	27.08	**27.08**

PREFERENCE SHARES

Total No of Shares	41,398,511	41,398,511	41,398,511	**41,398,511**

Preference Shares held by public as at

No. of Shareholders	88	100	99	**95**
% of Shareholding	4.13	4.13	4.13	**4.13**

HORIZONTAL ANALYSIS

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

For the year ended 31st March,	Current Year 2025 Rs.	Percentage Change (%) 2025	2024	2023	2022	Base Year 2021 Rs.
Interest income	**5,972,861,421**	119%	107%	98%	-5%	2,725,047,627
Less: Interest expenses	**(3,355,391,936)**	129%	191%	150%	-9%	(1,462,362,856)
Net interest income	**2,617,469,485**	107%	10%	38%	-1%	1,262,684,771
Fees and commission income	**803,547,185**	276%	312%	182%	177%	213,465,679
Other operating income	**124,417,625**	663%	266%	-25%	-8%	16,301,295
Less: Operating expenses						
Personnel expenses	**(647,509,378)**	135%	63%	50%	21%	(276,092,770)
Depreciation and amortization cost	**(186,661,475)**	102%	57%	41%	39%	(92,295,335)
General and administration expenses	**(1,055,288,036)**	73%	22%	40%	9%	(609,275,579)
Impairment charge for loans and advances	**(720,473,852)**	88%	32%	45%	29%	(382,940,886)
Operating profit before value added tax on financial services	**935,501,554**	610%	263%	205%	81%	131,847,175
Taxes on financial services	**(299,692,014)**	565%	132%	-5%	-19%	(45,100,000)
Profit before taxation	**635,809,540**	633%	331%	315%	133%	86,747,175
Income tax expenses	**(194,665,870)**	368%	-29%	55%	101%	(41,551,058)
Profit for the year	**441,143,670**	876%	662%	553%	162%	45,196,117
Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of tax)						
Revaluation gain on property, plant and equipment	**12,954,787**	100%	-	-	-	-
Remeasurment of unquoted shares	**(206,659)**	-100%	-	-	-	-
Deferred tax effect on components of other comprehensive income	**(3,886,436)**	-100%	-	-	-	-
Actuarial gain/(loss) on retirement benefit liability	**(2,348,987)**	-154%	-	-	-	4,379,407
Deferred tax effect on components of other comprehensive income	**704,696**	-33%	191%	94%	-73%	1,051,058
Other comprehensive income / (expense) for the year net of tax	**7,217,401**	33%	-463%	142%	-127%	5,430,465
Total comprehensive income for the year	**448,361,071**	786%	625%	103%	-84%	50,626,582

Figures in brackets indicate deductions.

HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

As at 31st March,	Current Year 2025 Rs.	Percentage Change (%) 2025	2024	2023	2022	Base Year 2021 Rs.
Assets						
Cash and cash equivalents	**3,150,043,244**	213%	38%	105%	39%	1,006,233,476
Other financial assets at amortized cost	**2,846,501,028**	335%	551%	273%	51%	654,692,844
Financial assets at amortized cost - Loans and advances	**29,157,077,081**	135%	54%	57%	27%	12,410,797,757
Other assets	**178,393,443**	47%	7%	5%	2%	121,313,548
Income tax receivable	**-**	-100%	-100%	0%	0%	27,698,763
Advances, deposits and prepayments	**199,349,206**	31%	-33%	-49%	-31%	152,407,430
Financial assets - Fair value through Other comprehensive income/ available for sale	**300,000**	-41%	0%	0%	0%	506,659
Property, plant and equipment	**710,455,188**	354%	100%	30%	18%	156,436,176
Right-of-use assets	**390,830,477**	79%	-14%	-17%	-10%	217,810,352
Investment property	**425,274,403**	13%	-14%	-14%	-5%	376,158,647
Deferred tax assets	**-**	-100%	-79%	-80%	-45%	185,422,647
Intangible assets	**48,132,285**	18%	14%	16%	8%	40,951,790
Total assets	**37,106,356,355**	142%	68%	63%	26%	15,350,430,089
Liabilities						
Due to banks	**50,418,316**	108%	96%	-85%	61%	24,279,289
Other liabilities	**789,783,292**	1,859%	1,287%	466%	99%	40,308,402
Dividend payable	**29,455,778**	100%	-	-	-	-
Income tax payable	**17,102,880**	100%	100%	0%	0%	-
Deferred tax liabilities	**5,508,866**	100%	-	-	-	-
Financial liabilities - Other borrowed funds	**9,291,880,609**	94%	27%	27%	14%	4,778,758,726
Lease liability	**411,187,318**	92%	3%	-7%	-3%	213,877,898
Due to customers	**20,004,208,401**	185%	107%	89%	24%	7,011,525,892
Debenture	**2,677,894,881**	160%	3%	112%	101%	1,029,465,109
Retirement benefit obligation	**50,096,525**	66%	31%	52%	9%	30,135,378
Total liabilities	**33,327,536,866**	154%	71%	68%	26%	13,128,350,694
Equity						
Stated capital	**2,205,463,801**	23%	23%	23%	23%	1,791,478,691
Retained earnings	**1,186,312,121**	238%	126%	68%	32%	351,303,022
Statutory reserve fund and other reserves	**387,043,567**	388%	361%	173%	8%	79,297,682
Total equity	**3,778,819,489**	70%	51%	35%	24%	2,222,079,395
Total equity and liabilities	**37,106,356,355**	142%	68%	63%	26%	15,350,430,089

Figures in brackets indicate deductions.

VERTICAL ANALYSIS

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

For the year ended 31st March,	2025	2024	2023	2022	2021
Interest income	**100.00%**	100.00%	100.00%	100.00%	100.00%
Less: Interest expenses	**56.18%**	75.43%	67.72%	51.41%	53.66%
Net interest income	**43.82%**	24.57%	32.28%	48.59%	46.34%
Fees and commission income	**13.45%**	15.61%	11.17%	22.96%	7.83%
Other operating income	**2.08%**	1.06%	0.23%	0.58%	0.60%
Less: Operating expenses					
Personnel expenses	**10.84%**	7.99%	7.67%	12.94%	10.13%
Depreciation and amortization cost	**3.13%**	2.58%	2.41%	4.99%	3.39%
General and administration expenses	**17.67%**	13.22%	15.82%	25.81%	22.36%
Impairment charge for loans and advances	**12.06%**	8.96%	10.31%	19.13%	14.05%
Operating profit before taxes on financial services	**15.66%**	8.49%	7.46%	9.27%	4.84%
Taxes on financial services	**5.02%**	1.86%	0.79%	1.42%	1.66%
Profit before income tax	**10.64%**	6.63%	6.67%	7.85%	3.18%
Income tax expenses	**3.26%**	0.52%	1.19%	3.25%	1.52%
Profit for the year	**7.39%**	6.11%	5.48%	4.60%	1.66%

VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

		Percentage Change (%)			
As at 31st March,	2025	2024	2023	2022	2021
Assets					
Cash and cash equivalents	**8.49%**	5.35%	8.25%	7.23%	6.56%
Investment in reverse repurchase agreements against the treasury bills and bonds at amortized cost	**7.67%**	16.48%	9.77%	5.12%	4.26%
Financial assets at amortized cost - loans and advances	**78.58%**	73.74%	77.87%	81.76%	80.85%
Other assets	**0.48%**	0.50%	0.51%	0.64%	0.79%
Income tax receivable	**0.00%**	0.00%	0.11%	0.14%	0.18%
Advances, deposits and prepayments	**0.54%**	0.40%	0.31%	0.54%	0.99%
Financial assets - fair value through other comprehensive income/ available for sale	**0.00%**	0.00%	0.00%	0.00%	0.00%
Property, plant and equipment	**1.91%**	1.21%	0.81%	0.95%	1.02%
Right-of-use assets	**1.05%**	0.72%	0.72%	1.02%	1.42%
Investment property	**1.15%**	1.25%	1.30%	1.86%	2.45%
Deferred tax assets	**0.00%**	0.15%	0.15%	0.52%	1.21%
Intangible assets	**0.13%**	0.18%	0.19%	0.23%	0.27%
Total assets	**100.00%**	100.00%	100.00%	100.00%	100.00%
Liabilities					
Due to banks	**0.14%**	0.18%	0.02%	0.20%	0.16%
Other liabilities	**2.13%**	2.16%	0.91%	0.41%	0.26%
Dividend payable	**0.08%**	0.00%	0.00%	0.00%	0.00%
Income tax payable	**0.05%**	0.07%	0.00%	0.00%	0.00%
Deferred tax liabilities	**0.01%**	0.00%	0.00%	0.00%	0.00%
Financial liabilities - other borrowed funds	**25.04%**	23.41%	24.24%	28.22%	31.13%
Lease liabilities	**1.11%**	0.85%	0.80%	1.07%	1.39%
Due to customers	**53.91%**	56.05%	53.07%	44.96%	45.68%
Debenture	**7.22%**	4.10%	8.75%	10.72%	6.71%
Retirement benefit obligation	**0.14%**	0.15%	0.18%	0.17%	0.20%
Total liabilities	**89.82%**	86.98%	87.96%	85.75%	85.52%
Equity					
Stated capital	**5.94%**	8.53%	8.82%	11.40%	11.67%
Retained earnings	**3.20%**	3.07%	2.35%	2.40%	2.29%
Statutory reserve fund and other reserves	**1.04%**	1.42%	0.87%	0.44%	0.52%
Total equity	**10.18%**	13.02%	12.04%	14.25%	14.48%
Total equity and liabilities	**100.00%**	100.00%	100.00%	100.00%	100.00%

FIVE YEAR SUMMARY

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

For the year ended 31st March,	2025 Rs.	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.
Interest income	**5,972,861,421**	5,634,907,959	5,391,701,835	2,576,080,610	2,725,047,627
Less: Interest expenses	**(3,355,391,936)**	(4,250,407,673)	(3,651,051,365)	(1,324,236,291)	(1,462,362,856)
Net interest income	**2,617,469,485**	1,384,500,286	1,740,650,470	1,251,844,319	1,262,684,771
Fees and commission income	**803,547,185**	879,577,589	602,384,100	591,567,029	213,465,679
Other operating income	**124,417,625**	59,639,969	12,249,081	15,065,243	16,301,295
Less: Operating expenses					
Personnel expenses	**(647,509,378)**	(450,124,348)	(413,680,997)	(333,319,633)	(276,092,770)
Depreciation and amortization cost	**(186,661,475)**	(145,311,174)	(130,043,715)	(128,652,792)	(92,295,335)
General and administration expenses	**(1,055,288,036)**	(745,051,290)	(853,005,581)	(664,817,564)	(609,275,579)
Impairment charge for loans and advances	**(720,473,852)**	(505,038,637)	(556,092,219)	(492,904,301)	(382,940,886)
Operating profit before taxes on financial services	**935,501,554**	478,192,395	402,461,139	238,782,301	131,847,175
Taxes on financial services	**(299,692,014)**	(104,704,556)	(42,825,463)	(36,500,000)	(45,100,000)
Profit before income tax	**635,809,540**	373,487,839	359,635,676	202,282,301	86,747,175
Income tax expenses	**(194,665,870)**	(29,301,136)	(64,300,254)	(83,720,568)	(41,551,058)
Profit for the year	**441,143,670**	344,186,703	295,335,422	118,561,733	45,196,117
Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of tax)					
Revaluation gain on property, plant and equipment	**12,954,787**	43,511,089	-	-	-
Remeasurment of unquoted shares	**(206,659)**	-	-	-	-
Deferred tax charge on revaluation gain	**(3,886,436)**	(13,053,327)	-	-	-
Actuarial (loss) / gain on retirement benefit obligations	**(2,348,987)**	12,730,464	8,482,160	1,164,300	4,379,407
Deferred tax reversal / (charge) on acturial gain / (losses)	**704,696**	(3,819,139)	2,544,648	(279,432)	1,051,058
Other comprehensive income for the year, net of tax	**7,217,401**	39,369,087	11,026,808	884,868	5,430,465
Total comprehensive income for the year	**448,361,071**	383,555,790	284,308,614	119,446,601	50,626,582
Earnings per share - basic	**3.55**	2.77	2.38	0.95	0.36

Figures in brackets indicate deductions.

FIVE YEAR SUMMARY

STATEMENT OF FINANCIAL POSITION

As at 31st March,	2025 Rs.	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Cash and cash equivalents	**3,150,043,244**	1,383,706,511	2,063,128,895	1,397,632,551	1,006,233,476
Other financial assets at amortized cost	**2,846,501,028**	4,259,458,514	2,444,830,041	989,433,452	654,692,844
Financial assets at amortised cost - loans and advances	**29,157,077,081**	19,057,508,451	19,478,300,774	15,813,299,649	12,410,797,757
Other non financial assets	**178,393,443**	130,133,093	127,559,654	123,152,101	121,313,548
Income tax receivable	**-**	-	27,593,548	27,698,763	27,698,763
Advances, deposits and prepayments	**199,349,206**	102,813,725	77,034,568	104,518,028	152,407,430
Financial assets - Fair value through Other comprehensive income/ available for sale	**300,000**	506,659	506,659	506,659	506,659
Property, plant and equipment	**710,455,188**	313,284,112	203,787,014	184,377,810	156,436,176
Right-of-use assets	**390,830,477**	186,439,061	180,642,208	196,496,795	217,810,352
Investment property	**425,274,403**	324,299,107	324,062,193	359,055,287	376,158,647
Deferred tax assets	**-**	38,550,183	37,422,647	101,422,648	185,422,647
Intangible assets	**48,132,285**	46,617,448	47,676,226	44,194,279	40,951,790
Total assets	**37,106,356,355**	25,843,316,864	25,012,544,427	19,341,788,022	15,350,430,089
LIABILITIES					
Due to banks	**50,418,316**	47,637,705	3,763,272	38,990,640	24,279,289
Other liabilities	**789,783,292**	558,484,227	228,236,872	80,227,361	40,308,402
Dividend payable	**29,455,778**	475,406	-	-	-
Income tax payable	**17,102,880**	17,953,458	-	-	-
Deferred tax liabilities	**5,508,866**	-	-	-	-
Financial liabilities - Other borrowed funds	**9,291,880,609**	6,050,495,203	6,062,427,129	5,458,426,482	4,778,758,726
Lease liability	**411,187,318**	219,443,235	199,066,151	207,778,443	213,877,898
Due to customers	**20,004,208,401**	14,485,136,166	13,274,968,572	8,695,180,272	7,011,525,892
Debenture	**2,677,894,880**	1,058,730,444	2,187,519,136	2,072,877,339	1,029,465,109
Retirement benefit obligation	**50,096,525**	39,543,426	45,722,533	32,796,379	30,135,378
Total liabilities	**33,327,536,866**	22,477,899,270	22,001,703,665	16,586,276,916	13,128,350,694
EQUITY					
Stated capital	**2,205,463,801**	2,205,463,801	2,205,463,801	2,205,463,801	1,791,478,691
Retained earnings	**1,186,312,121**	794,058,041	588,534,571	464,777,293	351,303,022
Statutory reserve fund and other reserves	**387,043,567**	365,895,752	216,842,390	85,270,012	79,297,682
Total equity	**3,778,819,489**	3,365,417,594	3,010,840,762	2,755,511,106	2,222,079,395
Total equity and liabilities	**37,106,356,355**	25,843,316,864	25,012,544,427	19,341,788,022	15,350,430,089
Commitments and Contingencies	**431,500,000**	377,906,783	598,044,570	736,356,192	343,139,968
Net assets value per share	**30.43**	27.10	24.24	22.19	17.89

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN US DOLLARS

For the year ended 31st March,	2025 USD.	2024 USD.
Interest income	**20,178,586**	19,036,851
Less: Interest expenses	**(11,335,784)**	(14,359,485)
Net Interest income	**8,842,802**	4,677,366
Fees and commission income	**2,714,686**	2,971,546
Other operating income	**420,330**	201,486
Less: Operating expenses		
Personnel expenses	**(2,187,532)**	(1,520,690)
Depreciation and amortisation cost	**(630,613)**	(490,916)
General and administrative expenses	**(3,565,162)**	(2,517,065)
Impairment charge for loans and advances	**(2,434,033)**	(1,706,212)
Operating profit before taxes on financial services	**3,160,478**	1,615,515
Taxes on financial services	**(1,012,473)**	(353,732)
Profit before taxation	**2,148,005**	1,261,783
Income tax expenses	**(657,655)**	(98,990)
Profit for the year	**1,490,350**	1,162,793
Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of tax)		
Revaluation gain on property, plant and equipment	**43,766**	146,997
Remeasurment of unquoted shares	**(698)**	-
Deferred tax charge on revaluation gain	**(13,130)**	(44,099)
Actuarial (loss) / gain on retirement benefit obligations	**(7,936)**	42,435
Deferred tax reversal / (charge) on acturial gain / (losses)	**2,381**	(12,902)
Other comprehensive income for the year, net of tax	**24,383**	132,430
Total comprehensive income for the year	**1,514,733**	1,295,223

Exchange Rate: 1 USD was LKR 296 as at 31 March 2025 (LKR 296 as at 31March 2024). Equivalent rate is used to compare yearly performance.

STATEMENT OF FINANCIAL POSITION
IN US DOLLARS

As at 31st March,	2025 USD.	2024 USD.
Assets		
Cash and cash equivalents	**10,642,038**	4,674,684
Other financial assets at amortized cost	**9,616,558**	14,390,063
Financial assets at amortised cost - loans and advances	**98,503,639**	64,383,474
Other non financial assets	**602,681**	439,639
Advances, deposits and prepayments	**673,477**	347,344
Financial assets - fair value through other comprehensive income	**1,014**	1,712
Property, plant and equipment	**2,400,186**	1,058,392
Right-of-use assets	**1,320,373**	629,862
Investment property	**1,436,738**	1,095,605
Deferred tax assets	**-**	130,237
Intangible assets	**162,609**	157,491
Total assets	**125,359,313**	87,308,503
Liabilities		
Due to banks	**170,332**	160,938
Other liabilities	**2,668,187**	1,886,771
Dividend payable	**99,513**	1,606
Income tax payable	**57,780**	60,654
Deferred tax liabilities	**18,611**	-
Financial liabilities - other borrowed funds	**31,391,489**	20,440,862
Lease liabilities	**1,389,146**	741,362
Due to customers	**67,581,784**	48,936,271
Debenture	**9,046,942**	3,576,792
Retirement benefit obligations	**169,246**	133,593
Total liabilities	**112,593,031**	75,938,849
Equity		
Stated capital	**7,450,891**	7,450,891
Retained earnings	**4,007,811**	2,682,629
Statutory reserve fund and other reserves	**1,307,580**	1,236,134
Total equity	**12,766,282**	11,369,654
Total equity and liabilities	**125,359,313**	87,308,503

Figures in brackets indicate deductions.

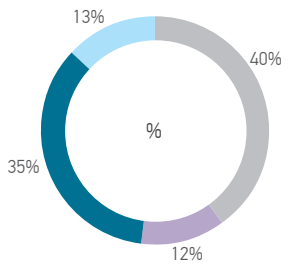
Exchange Rate: 1 USD was LKR 296 as at 31 March 2025 (LKR 296 as at 31March 2024). Equivalent rate is used to compare yearly performance.

VALUE ADDED STATEMENT

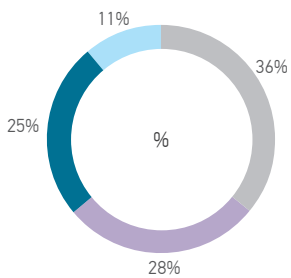
For the year ended 31st March,	2025 Rs.	2024 Rs.
Income	6,776,408,607	6,514,485,548
Other income	124,417,625	59,639,969
Cost of borrowing and services	(3,355,391,936)	(4,250,407,673)
Provisions	(720,473,852)	(505,038,637)
Taxes on financial services	(299,692,014)	(104,704,556)
	2,525,268,430	1,713,974,651

For the year ended 31st March,	2025	%	2024	%
Distribution Value Added				
To employees				
Remuneration and other benefits	647,509,378	36%	450,124,348	40%
To Government				
Taxes	494,357,884	28%	134,005,692	12%
To Expansion and Growth				
Retained profit	448,361,071	25%	383,555,790	35%
Depreciation and amortization	186,661,475	11%	145,311,174	13%
	1,776,889,809	100%	1,112,997,004	100%

Value Added As at 31.03.2024



Value Added As at 31.03.2025



Remuneration and other benefits | Taxes | Retained Profit | Depreciation and Amortization

TEN YEAR SUMMARY - INCOME STATEMENT

For the year ended 31st March,	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.
Income	1,383,809,503	2,130,607,576	2,572,365,569	2,868,765,978
Interest Income	1,265,001,829	2,020,556,957	2,443,389,400	2,722,660,945
Interest Expenses	(592,688,880)	(919,297,655)	(1,233,214,297)	(1,433,366,344)
Net Interest Income	672,312,949	1,101,259,302	1,210,175,103	1,289,294,601
Net Trading Loss on Equity Securities	(7,947,048)	2,326,220	(31,406)	(9,220)
Fees, commision and other income	126,754,722	107,724,399	129,007,575	146,105,033
Net Operating Income	791,120,623	1,211,309,921	1,339,151,272	1,435,390,414
Less:Operating Expenses				
Personnel expenses	(249,869,486)	(335,295,267)	(264,465,472)	(280,796,890)
Provision for staff retirement benefits cost	(3,123,711)	(4,906,571)	(5,754,935)	(5,272,963)
General and administrative expenses	(244,947,298)	(327,883,585)	(513,394,290)	(633,317,428)
Impairment charge for loans and advances	(83,947,606)	(227,348,081)	(333,396,606)	(357,620,797)
Profit before taxation	209,232,522	315,876,417	222,139,969	158,382,336
Income tax expenses	(34,014,398)	(37,827,608)	(43,914,542)	(64,475,297)
Profit for the year	175,218,124	278,048,809	178,225,427	93,907,039
Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of tax)				
Remeasurment of unquoted shares	-	-	-	-
Revaluation gain on property, plant and equipment	-	-	-	-
Deferred tax charge on revaluation surplus	-	-	-	-
Actuarial (loss) / gain on retirement benefit obligations	837,345	(2,100,296)	3,554,897	7,022,779
Deferred tax reversal / (charge) on acturial gain / (losses)	(234,457)	(588,083)	(995,371)	(920,685)
Other comprehensive income for the year, net of tax	602,888	(2,688,379)	2,559,526	6,102,094
Total comprehensive income for the year	175,821,012	275,360,430	180,784,953	100,009,132.99
Earnings per Share	0.21	0.33	2.12	0.94

Figures in brackets indicate deductions.

2020 Rs.	2021 Rs.	2022 Rs.	2023 Rs.	2024 Rs.	2025 Rs.
3,332,619,279	2,954,814,602	3,181,733,450	6,006,335,016	6,574,125,517	**6,900,826,232**
3,043,709,078	2,725,047,628	2,576,080,611	5,391,701,835	5,634,907,959	**5,972,861,421**
(1,704,234,090)	(1,462,362,855)	(1,324,236,291)	(3,651,051,365)	(4,250,407,673)	**(3,355,391,936)**
1,339,474,988	1,262,684,772	1,251,844,321	1,740,650,470	1,384,500,286	**2,617,469,485**
(125)	-	-	-	-	**-**
288,910,201	229,766,974	606,632,272	614,633,181	939,217,558	**927,964,811**
1,628,385,064	1,492,451,746	1,858,476,593	2,355,283,651	2,323,717,844	**3,545,434,296**
(310,582,828)	(268,929,048)	(327,268,082)	(404,918,603)	(436,088,486)	**(636,694,386)**
(7,041,239)	(7,163,721)	(6,051,551)	(8,762,394)	(14,035,862)	**(10,814,992)**
(782,395,544)	(746,670,914)	(829,970,356)	(1,025,874,759)	(995,067,020)	**(1,541,641,525)**
(381,645,114)	(382,940,886)	(492,904,300)	(556,092,219)	(505,038,637)	**(720,473,852)**
146,720,339	86,747,176	202,282,303	359,635,676	373,487,839	**635,809,540**
(76,566,973)	(41,551,058)	(83,720,568)	(64,300,254)	(29,301,136)	**(194,665,870)**
70,153,366	45,196,118	118,561,735	295,335,422	344,186,703	**441,143,670**
-	-	-	-	-	**(206,659)**
-	-	-	-	43,511,089	**12,954,787**
-	-	-	-	(13,053,327)	**(3,886,436)**
(2,075,633)	4,379,407	1,164,300	8,482,160	12,730,464	**(2,348,987)**
(498,152)	1,051,058	279,432	2,544,648	(3,819,139)	**704,696**
(2,573,785)	5,430,465	884,868	11,026,808	39,369,087	**7,217,401**
67,579,581	50,626,583	119,446,603	284,308,614	383,555,790	**448,361,071**
0.57	0.36	0.95	2.38	2.77	**3.55**

TEN YEAR SUMMARY - BALANCE SHEET

As at 31st March,	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.
ASSETS				
Cash and cash equivalents	690,797,870	601,891,827	660,159,119	643,777,198
Other financial assets at amortized cost	328,866,266	433,333,648	622,975,267	691,744,740
Other financial assets	8,817,330	50,204,691	207,458,481	125
Financial asset -held for trading	48,244,689	-	-	-
Financial assets at amortised cost - loans and advances	6,527,840,413	8,263,046,222	9,528,388,590	11,556,026,398
Financial assets - fair value through other comprehensive income	506,659	506,659	506,659	506,659
Vehicle stock	-	-	262,088	18,913,569
Real estate inventories	34,468,475	-	-	-
Advances, deposits and prepayments	60,178,750	64,760,286	67,948,443	155,155,197
Other non financial assets	14958827	15,626,098	15,587,389	16,511,803
Income tax receivable	-		362,927	3,732,303
Property, plant and equipment	145,026,853	161,931,102	150,037,783	158,680,580
Investment property	143,706,564	306,253,164	352,385,530	393,818,513
Deferred tax assets	100,402,344	118,202,709	112,814,714	249,583,725
Right-of-use assets	-	-	-	-
Intangible assets	11,585,662	11,179,033	8,807,431	11,043,610
	8,115,400,702	**10,026,935,439**	**11,727,694,421**	**13,899,494,420**
LIABILITIES & EQUITY				
Liabilities				
Due to customers	4,796,299,899	5,681,178,140	6,356,067,246	6,617,344,955
Deferred tax liabilities	-	-	-	-
Due to banks	166,925,303	36,031,902	454,920,306	131,273,907
Income tax payable	-	-	-	-
Financial liabilities - other borrowed funds	1,609,833,175	2,476,518,223	3,001,078,792	4,958,735,615
Dividend payable	-	-	-	-
Other liabilities	68,455,301	77,540,353	36,650,813	217,163,369
Retirement benefit obligations	12,355,588	18,774,955	20,044,993	22,088,492
Debenture	-	-	-	-
Lease liability	-	-	-	-
	6,653,869,266	**8,290,043,573**	**9,868,762,150**	**11,946,606,338**
EQUITY				
Stated Capital	1,388,935,273	1,388,935,273	1,388,935,273	1,640,493,541
Reserves	72,596,163	347,956,593	469,996,998	312,394,541
Total Equity	1,461,531,436	1,736,891,866	1,858,932,271	1,952,888,082
Total Equity and Liability	8,115,400,702	10,026,935,439	11,727,694,421	13,899,494,420
Net Asset per Share	1.74	2.07	2.22	18.18

Figures in brackets indicate deductions.

2020 Rs.	2021 Rs.	2022 Rs.	2023 Rs.	2024 Rs.	2025 Rs.
511,939,133	1,006,233,476	1,397,632,551	2,063,128,895	1,383,706,511	**3,150,043,244**
860,630,696	654,692,844	989,433,452	2,444,830,041	4,259,458,514	**2,846,501,028**
-	-	-	-	-	**-**
-	-	-	-	-	**-**
12,639,536,352	12,410,797,757	15,813,299,649	19,478,300,774	19,057,508,451	**29,157,077,081**
506,659	506,659	506,659	506,659	506,659	**300,000**
-	-	-	-	-	**-**
-	-	-	-	-	**-**
156,189,223	252,083,662	104,518,027	77,034,568	102,813,725	**199,349,206**
16,983,813	21,637,319	123,152,101	127,559,654	130,133,093	**178,393,443**
27,736,580	27,698,763	27,698,763	27,593,548	-	**-**
138,032,482	156,436,174	184,377,810	203,787,014	313,284,112	**710,455,188**
399,678,109	376,158,647	359,055,285	324,062,193	324,299,107	**425,274,403**
225,922,647	185,422,647	101,422,648	37,422,647	38,550,183	**-**
137,210,457	217,810,352	196,496,795	180,642,208	186,439,061	**390,830,477**
40,220,339	40,951,789	44,194,279	47,676,226	46,617,448	**48,132,285**
15,154,586,490	**15,350,430,089**	**19,341,788,019**	**25,012,544,427**	**25,843,316,864**	**37,106,356,355**
6,585,234,705	7,013,686,384	8,695,180,272	13,274,968,572	14,485,136,166	**20,004,208,401**
-	-	-	-	-	**5,508,866**
58,777,776	24,279,289	38,990,640	3,763,272	47,637,705	**50,418,316**
-	-	-	-	17,953,458	**17,102,880**
6,086,325,326	4,778,758,726	5,458,426,482	6,062,427,129	6,050,495,203	**9,291,880,609**
-	-	-	-	475,406	**29,455,778**
96,622,133	38,147,908	80,227,351	228,236,872	558,484,227	**789,783,292**
29,972,864	30,135,378	32,796,379	45,722,533	39,543,426	**50,096,525**
-	1,029,465,110	2,072,877,341	2,187,519,136	1,058,730,444	**2,677,894,881**
126,200,873	213,877,899	207,778,444	199,066,151	219,443,235	**411,187,318**
12,983,133,677	**13,128,350,694**	**16,586,276,909**	**22,001,703,665**	**22,477,899,270**	**33,327,536,866**
1,791,478,691	1,791,478,691	2,205,463,801	2,205,463,801	2,205,463,801	**2,205,463,801**
379,974,122	430,600,704	550,047,308	805,376,961	1,159,953,794	**1,573,355,688**
2,171,452,813	2,222,079,395	2,755,511,109	3,010,840,762	3,365,417,595	**3,778,819,489**
15,154,586,490	15,350,430,089	19,341,788,018	25,012,544,427	25,843,316,864	**37,106,356,355**
17.50	17.89	22.19	24.24	27.10	**30.43**

GLOSSARY OF TERMS

A

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

ACCRUAL BASIS

The system of accounting wherein revenue is recognized at the time it is earned and expenses at the time they are incurred, regardless of whether cash has actually been received or paid out.

ALLOWANCE FOR IMPAIRMENT

A provision held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

ASSET AND LIABILITY COMMITTEE (ALCO)

The committee that is responsible for managing assets and liabilities of the Company.

AVERAGE WEIGHTED DEPOSIT RATE (AWDR)

Average weighted prime lending rate (AWPLR) AWPLR is calculated by the Central Bank weekly based on commercial bank's lending rates offered to their prime customers during the week.

C

CAPITAL ADEQUACY RATIO

The relationship between capital and risk weighted assets as prescribed by the Central Bank of Sri Lanka.

CASH EQUIVALENTS

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CASH FLOWS

Cash equivalents are short-term, highly liquid investment that are readily convertible to know amount of cash and which are subject to an insignificant risk of changes in value.

COLLECTIVE IMPAIRMENT

Impairment is measured on a collective basis for homogeneous groups of lending facilities that are not considered as individually significant and to cover losses that have been incurred but has not yet been identified at the reporting date.

COMMERCIAL PAPER

An unsecured, debt instrument issued by a company, to finance short-term funding requirements. The debt is usually issued at a discount, reflecting prevailing market interest rate.

COMMITMENTS

Credit facilities approved but not yet utilized by the clients as at the reporting date. Compounded annual growth rate (CAGR).

CONTINGENCIES

A condition or situation existing at reporting date where the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

COST METHOD

A method of accounting where by the investment is recorded at cost. The Income Statement reflects income from the investment only to the extent that the investor receives distributions from accumulated net profiles of the investee rising subsequent to the date of acquisition.

CORPORATE GOVERNANCE

It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

CORPORATE SUSTAINABILITY

Business approach that creates long-term consumer and employee value by creating a 'green' strategy aimed toward the natural environment and taking into consideration every dimension of how a business operates in the social, cultural and economic environment.

COST TO INCOME RATIO

Operating expenses excluding impairment charge/gold loan auction losses as a percentage of total operating income (net of interest expenses).

CREDIT RATING

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

CREDIT RISK

Risk of financial loss, if a customer or counterparty fails to meet an obligation under a contract.

CREDIT RISK MITIGATION

A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantee and credit protection.

CUSTOMER DEPOSITS

Money deposited by account holders. Such funds are recorded as liabilities.

D

DEFERRED TAXATION

Sum set aside for income tax in the Financial Statements that may become payable/ receivable in a financial year other than the current financial year.

DEPRECIATION

The systematic allocation of the depreciable amount of an asset over its useful life.

DERECOGNITION

Removal of a previously recognised financial asset or liability from an entity's Statement of Financial Position.

DISCOUNT RATE

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

DIVIDEND COVER

Profit attributable to ordinary shareholders as a percentage of gross dividends; indicates number of times dividend is covered by current year's distributable profits.

DIVIDEND PAY-OUT RATIO

Dividend by profit after tax; indicates the percentage of earnings paid out to shareholders as dividends.

DIVIDEND PER SHARE (DPS)

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; indicates the proportion of current year's dividend attributable to an ordinary share in issue.

DIVIDEND YIELD

Dividend expressed as a percentage of market value of a share. In absence of any capital gains, this shows the return on investing on a share relative to its market price.

E

EARNINGS PER SHARE (EPS)

Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue; indicates the proportion of current year's earnings attributable to an ordinary share in issue.

ECONOMIC VALUE ADDED (EVA)

A measure of performance considering cost of total invested equity.

EFFECTIVE INTEREST RATE (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability.

EFFECTIVE TAX RATE

Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

EVENTS AFTER THE REPORTING PERIOD

Transactions that are not recognised as assets or liabilities in the Statement of Financial Position, but which give rise to the contingencies and commitments.

EXPOSURE

A claim, contingent claim or position which carries a risk of financial loss.

GLOSSARY OF TERMS

F

FAIR VALUE

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

FAIR VALUE THROUGH PROFIT OR LOSS

A financial asset or financial liability that is held-for trading or upon initial recognition designated by the entity as fair value through profit or loss.

FINANCE LEASE

The lessor retains ownership of the asset but transfers substantially all risks and rewards of ownership to the lessee.

FINANCIAL ASSETS

Any asset that is cash, equity instrument of another entity, a contractual right to receive cash or contractual right to receive another financial asset from another entity.

FINANCIAL GUARANTEE CONTRACT

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

FINANCIAL LIABILITIES

A contractual obligation to deliver cash or other financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

G

GROSS DIVIDEND

The proportion of profit distributed to shareholders including the tax withheld.

GUARANTEES

An assurance made by a third party (Guarantor) who is not a party to contract between two others, that the guarantor will be liable if the Guarantee fails to fulfil the contractual obligation.

H

HIRE PURCHASE

A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

I

IMPAIRED LOANS

Impaired loans are loans where the company does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

IMPAIRMENT

This occurs when the recoverable amount of an asset is less than its carrying amount.

IMPAIRMENT CHARGE/(REVERSAL)

An increase/(decrease) of the difference between the carrying value of an asset and the sum of discounted future cash flows generating from the same asset compared to the previous reporting date.

INDIVIDUAL IMPAIRMENT

Impairment is measured on an individual basis for non-homogeneous groups of lending facilities that are considered as individually significant.

INDIVIDUAL SIGNIFICANT LOANS

Exposure which are above a certain threshold decided by the management which should be assessed for objective evidence, measurement and recognition of impairment on an individual basis.

INTANGIBLE ASSET

An identifiable non-monetary asset without physical substance.

INTEREST COVER

Earnings before interest and taxes divided by interest cost. This indicates the number of times interest expenses is covered by earnings before interest and tax; ability to cover interest expenses.

INTEREST SPREAD

Represents the difference between the average interest rate earned on average interest earning assets and the average interest rate paid on average interest bearing liabilities.

K

KEY MANAGEMENT PERSONNEL (KMP)

People those who are having authority and responsibility for planning, directing and controlling the activities of the entity.

L

LENDING PORTFOLIO

Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily.

LOSS GIVEN DEFAULT (LGD)

The percentage of an exposure that a lender expects to lose in the event of obligor default.

LOAN TO VALUE RATIO (LTV)

The LTV ratio is a mathematical calculation which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property.

M

MARKET CAPITALISATION

Number of ordinary shares in issue multiplied by the market value of a share as at a date.

MATERIALITY

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial statement.

N

NET ASSETS VALUE PER SHARE (NAV)

Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

NET INTEREST INCOME

The difference between interest income earned from interest earning assets and interest expenses incurred on interest bearing liabilities.

NET INTEREST MARGIN (NIM)

Net interest income expressed as a percentage of average interest earning assets.

NON-PERFORMING LOANS/ ADVANCES (NPL)

The aggregate value of the advances portfolio that has been delinquent for a period of more than six months.

NON-PERFORMING LOANS COVER

Cumulative loan provision as a percentage of total non-performing loans (net of interest in suspense) NPL RATIO Total non-performing loans as a percentage of the total lending portfolio.

O

OFF-BALANCE SHEET TRANSACTIONS

Transactions that are not recognised as assets or liabilities in the Statement of Financial Position, which give rise to the commitment and contingencies in future.

OPERATIONAL RISK

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P

PRICE EARNINGS RATIO (P/E RATIO)

Market price of a share divided by earnings per share; reflects number of years that would be taken to recoup shareholders' capital outlay in the form of earnings.

PROBABILITY OF DEFAULT (PD)

An internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

GLOSSARY OF TERMS

R

RELATED PARTY

Parties have the ability to control or exert a significant influence over the company's financial and operating decisions.

RETURN ON ASSETS (ROA)

Net profit for the year expressed as a percentage of average total assets; indicates overall effectiveness in generating profits with available assets.

RETURN ON EQUITY (ROE)

Net profit for the year, less dividends on preference shares, if any, expressed as a percentage of average shareholders' funds/ equity.

REPURCHASE AGREEMENT (REPO)

Contract to sell and subsequently repurchase government securities at a specified date and price.

RISK-WEIGHTED ASSETS

On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

REVALUATION

The process of adjusting the book value of an asset to reflect its current fair market value.

S

SHAREHOLDERS' FUNDS

Total of issued and fully paid share capital and revenue reserves.

T

TIER I CAPITAL

Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

TIER II CAPITAL

Supplementary capital representing revaluation reserves, general provisions and debt instruments such as subordinated term debts and other hybrid capital instruments which combine certain characteristics of equity and debt.

TOTAL SHAREHOLDER RETURN

Combines share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage.

U

USEFUL LIFE

The period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

V

VALUE ADDED

Wealth created by providing banking and other services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

Y

YIELD TO MATURITY

Discount rate at which the present value of future cash flows would equals the security's current price.

GRI INDEX

Statement of use	Asia Asset Finance PLC has reported the information cited in this GRI content index for the period 01st April 2024 to 31st March 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	About Asia Asset PLC on page 6 to 7	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	Welcome to our 5th Integrated Annual Report on page 3				
	2-3 Reporting period, frequency and contact point	Welcome to our 5th Integrated Annual Report on page 3 and 5				
	2-4 Restatements of information	Welcome to our 5th Integrated Annual Report on page 4				
	2-5 External assurance	Welcome to our 5th Integrated Annual Report on page 4				
	2-6 Activities, value chain and other business relationships	Stakeholder Relationships on page 44				
	2-7 Employees	Human Capital on page 66				
	2-8 Workers who are not employees	Human Capital on page 67		Not applicable	AAF does not engage with workers who are not employees	
	2-9 Governance structure and composition	Corporate Governance on page 117				
	2-10 Nomination and selection of the highest governance body	Corporate Governance on page 116				
	2-11 Chair of the highest governance body	Corporate Governance on page 189				
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance on page 115				
	2-13 Delegation of responsibility for managing impacts	Corporate Governance on page 115				
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance on page 117				
	2-15 Conflicts of interest	Corporate Governance on page 118				
	2-16 Communication of critical concerns	Corporate Governance on page 118				
	2-17 Collective knowledge of the highest governance body	Corporate Governance on page 116				

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance on page 116				
	2-19 Remuneration policies	Corporate Governance on page 116				
	2-20 Process to determine remuneration	Corporate Governance on page 117				
	2-21 Annual total compensation ratio			Information unavailable/ incomplete	At present, annual total compensation ratio is not being measured	
	2-22 Statement on sustainable development strategy	Chairmans Message on page 27				
	2-23 Policy commitments	Human Capital on page 71 & Social and Relationship Capital on page 74				
	2-24 Embedding policy commitments	Human Capital on page 71				
	2-25 Processes to remediate negative impacts	Human Capital on page 70 & Social and Relationship Capital on page 74				
	2-26 Mechanisms for seeking advice and raising concerns	Human Capital on page 70 & Social and Relationship Capital on page 74				
	2-27 Compliance with laws and regulations	Social and Relationship Capital on page 71				
	2-28 Membership associations	Social and Relationship Capital on page 79 and 88				
	2-29 Approach to stakeholder engagement	Stakeholder Relationships on page 42				
	2-30 Collective bargaining agreements			Not applicable	AAF does not come under collective bargaining agreements	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality on page 46	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	Materiality on page 47				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial Capital				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Value Added Statement on page 323				
	201-2 Financial implications and other risks and opportunities due to climate change			Not applicable	Climate change does not pose a treat to our operations	
	201-3 Defined benefit plan obligations and other retirement plans	Human Capital on page 69				
	201-4 Financial assistance received from government			Not applicable	AAF does not receive any financial assistance from the Government.	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage			Information unavailable/ incomplete	We do not calculate this information	
	202-2 Proportion of senior management hired from the local community	Human Capital on page 67				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Stratergy				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Intellectual Capital on page 62				
	203-2 Significant indirect economic impacts	Our Stratergy on page 37				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not applicable				

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Social and Relationship Capital on page 88		Information unavailable/ incomplete	At present, AAF operations are not assessed for risk related to corruption.	
	205-2 Communication and training about anti-corruption policies and procedures	Social and Relationship Capital on page 88				
	205-3 Confirmed incidents of corruption and actions taken	Social and Relationship Capital on page 88				
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	There were no legal actions for anti-competitive behaviour, aniti-trust and monopoly practices during the reporting period.	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			Not applicable		
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk Management				
GRI 207: Tax 2019	207-1 Approach to tax			Information unavailable/ incomplete	AAF does not maintain information related to these disclosures at present.	
	207-2 Tax governance, control, and risk management			Information unavailable/ incomplete		
	207-3 Stakeholder engagement and management of concerns related to tax			Information unavailable/ incomplete		
	207-4 Country-by-country reporting			Not applicable	AAF does not have overseas presence.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	AAF's nature of operations does not require use of material.	
GRI 301: Materials 2016	301-1 Materials used by weight or volume			Not applicable		
	301-2 Recycled input materials used			Not applicable		
	301-3 Reclaimed products and their packaging materials			Not applicable	AAF's nature of oepartions does not require reclaiming products and packaging material.	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital on page 90				
	302-2 Energy consumption outside of the organization			Information unavailable/ incomplete	AAF does not track this.	
	302-3 Energy intensity			Information unavailable/ incomplete	AAF does not track this.	
	302-4 Reduction of energy consumption	Natural Capital on page 90				
	302-5 Reductions in energy requirements of products and services			Not applicable	AAF does not track this.	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital on page 91				
	303-2 Management of water discharge-related impacts			Not applicable	AAF is a service organisation and have minimal interaction with water resources. Usage of water is only limited to daily requirements.	
	303-3 Water withdrawal			Not applicable		
	303-4 Water discharge			Not applicable		
	303-5 Water consumption	Natural Capital on page 91				

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	Being a service organisation, AAF operations does not have an impact on biodiversity.	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			Not applicable		
	304-2 Significant impacts of activities, products and services on biodiversity			Not applicable		
	304-3 Habitats protected or restored			Not applicable		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			Not applicable		
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	As a service organisation, AAF's operations has minimal environmental impact in terms of emmisions and therefore, does not track this information at present.	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions			Not applicable		
	305-2 Energy indirect (Scope 2) GHG emissions			Not applicable		
	305-3 Other indirect (Scope 3) GHG emissions			Not applicable		
	305-4 GHG emissions intensity			Not applicable		
	305-5 Reduction of GHG emissions			Not applicable		
	305-6 Emissions of ozone-depleting substances (ODS)			Not applicable		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			Not applicable		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts			Information unavailable/ incomplete	AAF has not collected information for these disclosures	
	306-2 Management of significant waste-related impacts			Information unavailable/ incomplete		
	306-3 Waste generated			Information unavailable/ incomplete		
	306-4 Waste diverted from disposal			Information unavailable/ incomplete		
	306-5 Waste directed to disposal			Information unavailable/ incomplete		
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics			Information unavailable/ incomplete	AAF does not carry out such assessments.	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria			Information unavailable/ incomplete		
	308-2 Negative environmental impacts in the supply chain and actions taken			Information unavailable/ incomplete		
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital on page 70				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital on page 69				
	401-3 Parental leave	Human Capital on page 69				

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human Capital on page 68				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system			Not applicable	Being a service organisation, there is no formal OHS management system in place although the Company ensure regular monitoring to identify and mitigate potential hazards.	
	403-2 Hazard identification, risk assessment, and incident investigation			Not applicable		
	403-3 Occupational health services			Not applicable		
	403-4 Worker participation, consultation, and communication on occupational health and safety			Not applicable		
	403-5 Worker training on occupational health and safety	Human Capital on page 70				
	403-6 Promotion of worker health	Human Capital on page 70				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			Not applicable	There is no occupational health and safety impacts directly linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system			Not applicable	Being a service organisation, AAF does not have a formal OHS management system.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 403: Occupational Health and Safety 2018 (Contd.)	403-9 Work-related injuries			Not applicable	There were no work related injuries during the period under review.	
	403-10 Work-related ill health			Not applicable	There were no work related injuries during the period under review.	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital on page 67				
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital on page 67				
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital on page 68				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance section and Human Capital				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital on page 66				
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital on page 66				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital on page 66				

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	AAF does not come under collective bargaining.	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			Not applicable		
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital on page 71				
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Capital on page 71				
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	AAF do not engage security personnel, however, we have fosterd a non-discriminatory work environment.	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures			Not applicable		
Rights of indigenous peoples						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	Indigenous people are not a stakeholder group in our business operations.	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples			Not applicable		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital on page 81				
	413-2 Operations with significant actual and potential negative impacts on local communities			Not applicable	Our operations does not have a negative impact on the local communities.	
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Social and Relationship Capital on page 78				
	414-2 Negative social impacts in the supply chain and actions taken	Social and Relationship Capital on page 78				
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	AAF does not make any political contribution.	
GRI 415: Public Policy 2016	415-1 Political contributions			Not applicable		
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	AAF does not engage with any product or services that endanger health and safety of its customers.	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories			Not applicable		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			Not applicable		

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Social and Relationship Capital on page 74				
	417-2 Incidents of non-compliance concerning product and service information and labeling			Not applicable	There were no incidents of non-compliance concerning marekting communication during the priod under review.	
	417-3 Incidents of non-compliance concerning marketing communications			Not applicable		
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			Not applicable	There were no compliants concerning breach of customer privacy during the priod under review.	

FINANCIAL CALENDER

SUBMISSION OF THE INTERIM FINANCIAL STATEMENTS IN TERMS OF THE RULE 7.4 OF THE COLOMBO STOCK EXCHANGE (CSE)

Description	Deadline	2023 Submitted Date	2024 Submitted Date	2025 Submitted Date
For the 3 Months Ended June 30 (Unaudited)	15 August	11August	14 August	**4 August**
For the 6 Months Ended September 30 (Unaudited)	15 November	02 November	04 November 24	**N/A**
For the 9 Months Ended December 31 (Unaudited)	15 February	07 February	30 January 25	**N/A**
For the 3 Months and 12 Months Ended March 31 (Unaudited)	30 May	15 May	29 May	**30-May-25**
For the Year Ended March 31 (audited)	30 June	30 June	27 June	**18-June-25**

PUBLICATION OF THE SIX MONTHS FINANCIALS STATEMENTS AS PER REQUIREMENTS OF THE CENTRAL BANK OF SRI LANKA - NEWS PAPER

Description	Deadline	2023 Submitted Date	2024 Submitted Date	2025 Submitted Date
30th September	30 December	13 November	04 November	**N/A**
31st March	30 June	21 August	28 June	**30 June**

DIVIDEND PAYMENTS

For the Financial year 2024	Paid Date
Preference Share Dividend - Cheque Payment	**13 June 2025**
Preference Share Dividend - Bank Transfer	**30 May 2025**
Ordinary Share Dividend	Not Paid

AUDITED FINANCIAL STATEMENTS AND ANNUAL GENERAL MEETING

Description	Deadline	2024 Submitted Date	2025 Proposed Date
Annual Report	31 August	29 August	**27 August**
Annual General meeting	30 September	23 September	**22 September**

BRANCH LISTING

	Province	Branch	Address
1	**Central**	ARGRAPATANA	No. 34, Main Street, Agarapathana
2		BOGAWANTHALAWA	No. 90, Bridwell Bazaar, Bogawanthalawa
3		DIGANA	No. J/2005 11/02, Rajawella, Digana
4		GAMPOLA	No. 63, Nuwara Eliya Road, Gampola
5		HANGURANKETHA	No. 16, Ragala Road, Rikillagaskada
6		HATTON	No. 36, Side Street, Hatton
7		HAWA ELIYA	No. 26, Udapussellawa Road, Hawaeliya
8		KATUGASTOTA	No. 144, Kurunegala Road, Katugasthota
9		KOTAGALA	No. 179/1, Main Street, Kotagala
10		MASKELIYA	No. 244, Main Street, Maskeliya
11		MATALE	No. 242, Main Street, Matale
12		NAULA	No. 26, Dambulla Road, Naula
13		NAWALAPITIYA	No. 75, Ambagamuwa Road, Nawalapitiya
14		PUNDALUOYA	No. 250/B/7, Kadadora Pitiya Road, Pundaluoya
15		PUSSELLAWA	No. 305, Nuwara Eliya Road, Pussellawa
16		RAGALA	No. 67, Main Street, Ragala
17		THALAWAKALE	No. 8/2, Main Street, Thalawakele
18		DAYAGAMA	No. B/1, Dayagama Bazaar, Dayagama
19		WATTEGAMA	No. 55, Main Street, Wattegama
20		HAPUGASTALAWA	No. 01, Halgolla, Hapugasthalawa
21	**Uva**	BADULLA	No. 49, Cocowatta Road, Badulla
22		HAPUTALE	No. 27, Main Street, Haputale
23		MAHIYANGANAYA	No. 23, New Town, Mahiyanganaya
24		MONARAGALA	No. 141,1st Lane, Wellawaya Road, Monaragala
25		PASSARA	No. 289, Main Road, Passara
26		BIBILA	No. 6, Opposite Hospital, Batticaloa Road, Bibile.
27		WELIMADA	No. 51, Nuwara Eliya Road, Welimada
28		BORALANDA	Haputhale Road, Boralanda
29		GIRANDURUKOTTE	No. 4, New Town, Giradurukotte
30		LUNUGALA	No. 156, Main Street Lunugala

	Province	Branch	Address
31	**Eastern**	AKKARAIPATTU	No. 155, Ampara Road, Akkaraipattu
32		BATTICALOA	No. 187, Trinco Road, Batticaloa
33		CHENKALADY	New Market Road, Chenkalady
34		KALAWANCHIKUDI	No. 172, Main Street, Kalawanchikudy
35		KALMUNAI	No. 69, Main Road, Kalmunai
36		KANTHALE	No. 137, Main Street, Kantale
37		KINNIYA	No. 88, Main Street, Sinna Kinniya, Kinniya 03
38		MUTTUR	Batticoca Road, Aleem Nagar, Muttur
39		NINTHAVUR	No. 42/11, Main Street, Ninthavur 24
40		POTTUVIL	Main Street, Pottuvil
41		SAMANTHURAI	No. 120, Ampara Road, Karuvaddukal-02, Sammanthurai
42		SERUNUWARA	No. 44, A.R.B.03, Serunuwara
43		THIRUKKOVIL	Main Street,Thirikkovil
44		TRINCOMALEE	No. 285, Central Road, Trincomalee
45		AMPARA	No. 451, D.S.Senanayaka Road, Ampara
46		VALAICHCHENAI	Main Street, Valachchenai
47	**North western**	CHILAW	No. 39, Colombo Road, Chilaw
48		KALPITIYA	Main Street, Kalpitiya
49		KURUNEGALA	No. 30, Surathissa Mawatha, Kurunegala
50		PUTTALAM	No. 61, Kurunegala Road, Puttalam
51		UDAPPUWA	No. 75, Division No 2, Udappuwa
52		WENNAPPUWA	No. 224/3A, Colombo Road, Wennappuwa
53		DANKOTUWA	No. 07, Naththandiya Road, Dankotuwa
54		WARIYAPOLA	Block 1 and 2, Chilaw Road, Wariyapola
55	**Northern**	ACHCHUVELI	No. 53, Avarangal Road, Achchuveli
56		CHANGANI	Mahan Thanga Plaza, Main Street, Chankani
57		CHAVAKACHCHERI	No. 5/A, Kandy Road, Chavakachcheri
58		CHUNNAKAM	No. 15, Station Road, Chunnakam
59		JAFFNA	No. 56/22B, Stanley Road, Jaffna
60		MANIPAY	No. 260, Manipay Road, Manipay
61		NELLIADY	No. 82, Point Pedro Road, Nelliadi
62		POINT PEDRO	No. 374/B, Rajina Building complex, Point Pedro
63		VELANAI	Vagalavadi, Velani
64		URUMPIRAI	Palaly Road, Urumpirai

BRANCH LISTING

	Province	Branch	Address
65	**Northern (Contd.)**	MANNAR	No. 5, First Cross Street, Petha, Mannar
66		CHEDDIKULAM	Main Street, Cheddikulam
67		MULLAITIVE	No. 38, Main Street, Mullaitivu
68		MULANKAVIL	Mannar Road, Mulankavil
69		VAVUNIYA	No. 156, Kandy Road, Vavuniya
70		ODDUSUDDAN	Mullaitivu, Main Street, Vidyapuram, Oddusuddan
71		KILINOCHCHI	Near Murugan Temple, A9 road, Killinochchi
72		PUDUKUDUIRIPPU	No. 02, Paranthan Road, Puthukkudiyiruppu, Mullaitivu
73		MALLAVI	Thunnukai Road, Mallavi, Mullaitive
74	**Sabaragamuwa**	BALANGODA	No. 16, Reset House Approach Road, Balangoda
75		EHELIYAGODA	No. 36, Main Street, Ehaliyagoda
76		RAKWANA	No. 29, Main Street, Rakwana
77		MAWANELLA	No. 246, Kandy Road,Mawanella
78		RUWANWELLA	No. 104, Main Street, Ruwanwella.
79		DERANIYAGALA	No. 78, Dehiowita Road, Deraniyagala
80		KURUWITA	No. 71/c/1, Colombo Road, Kuruwita
81		KAHAWATTA	No. 131/A, Main Street, Kahawatta
82	**Southern**	BERUWALA	No. 199, Jayathu, Galle Road, Beruwala
83		GALLE	No. 170/172, Kadaveediya, Main Street, Galle
84		MATARA	No. 79, 81 Anagarika Dharmapala Mawatha, Matara
85		AMBALANTOTA	No. 55, Main Street, Ambalantota
86		ELPITIYA	No. 14, Ambalangoda Road, Elpitiya
87		DENIYAYA	No. 196, Main Street, Deniyaya
88	**Western**	KOTAHENA	No. 31, Kotahena Street, Colombo 13
89		ELAKANDA	No. 327, Thimbirigasyaya, Handala, Wattala
90		GAMPAHA	No. 69, Colombo Road, Gampaha
91		GRANDPASS	No. 428, Madampitiya Road, Colombo 14
92		HOMAGAMA	No. 78 A, High Level Road, Homagama
93		KALUTHARA	No. 344, Maha Veediya, Kalutara South
94		MATHUGAMA	K & W Centre, No. 5, Gamini Mawatha, Aluthgama Road, Mathugama
95		MATTAKKULIYA	No. 3/810, Farm Road, Mattakkuliya
96		MORATUWA	No. 16, New De Soysa Road, Rawathawatta, Moratuwa
97		NEGOMBO	No. 295, Main Street, Negombo
98		PANADURA	No. 114, D S Senanayake Mawatha, Panadura
99		WELLAWATTE	No. 344, Galle Road, Wellawatte

NOTICE OF THE VIRTUAL 14TH ANNUAL GENERAL MEETING OF ASIA ASSET FINANCE PLC FOR THE YEAR ENDED 31ST MARCH 2025

NOTICE IS HEREBY GIVEN that the Virtual 14th Annual General Meeting of Asia Asset Finance PLC will be held on 22nd September 2025 at 10.00 a.m via online platform for the following purposes;

AGENDA

1) To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Audited Accounts for the year ended 31st March 2025 and the report of the auditors thereon.
2) To re-elect Mr. J. P. D. R. Jayasekara who retires by rotation in accordance with Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election in terms of Article 88 of the Articles of Association.
3) To re-elect Mr. Markandan Thiruneelakandan who was appointed to office on 30th November 2024 will cease to be a Director and being eligible, offers himself for re-election under to Article 94 of the Articles of the Association.
4) To re-elect Mr. K. R. Bijimon who was appointed to office on 6th February 2015 and having completed 9 years on the Board and being eligible, offers himself to be re-elected as a Director of the Company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first.
5) To re-elect Mr. G. Alexander who was appointed to office on 6th February 2015 and having completed 9 years on the Board and being eligible, offers himself to be re-elected as a Director of the Company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first.
6) To re-appoint Messrs. KPMG, Chartered Accountants who are deemed to be re- appointed as auditors of the Company until the conclusion of the next annual general of the Company in terms of section 158 (1) of the Companies Act No. 07 of 2007, to audit the financial statements of the Company for financial year ending 31st March 2025 and to authorize the directors to determine their remuneration therefor.

BY ORDER OF THE BOARD OF DIRECTORS OF
ASIA ASSET FINANCE PLC



Company Secretary

Colombo, 27 August 2025

Notes:

- A Shareholder is entitled to appoint a proxy to attend and vote at this meeting on his/he behalf.
- A proxy need not be a Shareholder of the Company.
- A Shareholder wishing to vote by proxy may use the Form of Proxy enclosed
- To be valid the completed Form of Proxy must be lodged with the Registrars, Central Depository Systems (Pvt) Ltd, Ground Floor, M&M Center 341/5, Kotte Road, Rajagiriya, Sri Lanka not less than 48 hours before the time appointed for the holding of the meeting.
- Shareholders/Proxy holders are kindly requested to have with them their National Identity Card or a similar form of accepted identity when joining the virtual meeting.

NOTICE OF MEETING FOR ANNUAL REPORT
ASIA ASSET FINANCE PLC

Dear Shareholders,

ASIA ASSET FINANCE PLC
VIRTUAL 14TH ANNUAL GENERAL MEETING

We are pleased to inform you that the Virtual 14TH Annual General Meeting (AGM) of Asia Asset Finance PLC (the Company) is scheduled to be held on 22nd September 2025 at 10.00 a.m. via online platform. Please note that no shareholder will be permitted to be physically present at the venue except for the Board of Directors and the key officials in Company.

Shareholders who wish to participate at the Virtual AGM will be forwarded 'log in' information prior to the date of the meeting, in the form of a video link. To enable such facility, you are requested to forward your details by perfecting the enclosed Online Registration Form.

The Annual Report will be made available on the on the CSE website 'www.cse.lk'and the Company website "www.asiaassetfinance.lk

If you wish to receive a printed copy of the Annual Report, kindly inform the Company by completing and forwarding the enclosed "Form of Request" to reach the following Company address or e mail to companysecretary@asiaassetfinance.lk

Att: Ms. R.S. Angammana
Asia Asset Finance PLC
No. 76,
Park Street,
Colombo 02

The printed report will be forwarded within eight (8) market days from the receipt of the written request.

Please contact the following staff member of the Company between 9.00 a.m. to 5.00 p.m. on any working day, if you need any assistance;

Name of the staff member	Contact Number	Email Address
Ms. R.S. Angammana	0117 699000 or 1369	companysecretary@asiaassetfinance.lk

We are enclosing herewith the Notice of the 14 th AGM, Form of Proxy, the online registration form and Form of Request.

BY ORDER OF THE BOARD OF DIRECTORS OF
ASIA ASSET FINANCE PLC



Company Secretary
Colombo, 27 August 2025

ONLINE REGISTRATION FORM

ASIA ASSET FINANCE PLC

To: Asia Asset Finance PLC
No. 76,
Park Street,
Colombo 02,
Sri Lanka

01	Name of the Shareholders	
02	Shareholder's Address	
03	Shareholder's NIC/ Passport No./ Company Registration No.	
04	CDS Account Number [If applicable]	
05	Shareholder's Contact Number	
06	Shareholder's E-mail	
07	Name of the Proxyholder (if applicable)	
08	Proxyholder's NIC No. / Passport No.	
09	Proxyholder's Contact Number	
10	Proxyholder's E-mail	

....

Shareholder's Signature Date

Notes;

1. Online registration form is required to be forwarded to companysecretary@asiaassetfinance.lk or No. 76, Park Street, Colombo 02, Sri Lanka, 4 8 hours before the time fixed for the meeting
2. In the case of a corporate shareholder, the form must be signed by its authorized attorney (attaching a copy of the certified Board Resolution extract) and
3. if a proxyholder is attending the AGM please attach a copy of the Proxy Form which had been submitted to the Central Depository Systems (Pvt) Ltd, Ground Floor, M&M Center 341/5, Kotte Road, Rajagiriya, Sri Lanka or email to companysecretary@asiaassetfinance.lk not less than 48 hours before the time appointed for the holding of the meeting.

FORM OF REQUEST

To: Asia Asset Finance PLC
No. 76,
Park Street,
Colombo 02,
Sri Lanka

REQUEST FOR A PRINTED COPY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2025 OF ASIA ASSET FINANCE PLC

Please forward a printed copy of the "Annual Report" for the financial year ended 31 st March 2025 of Asia Asset Finance PLC,

Our / My details are as follows:

Full Name of the shareholder	
Shareholder's NIC/Passport CDS Account No.	
Company Registration No/ Membership No.	
Address:	
Contact No.	

....

Shareholder's Signature Date

Notes;

1 Kindly perfect the Form of Request by filling in legible your full name, address and the National Identity Card number by signing in the space provided and filling in the date of signature.

2 If the Form of Request is signing by an Attorney, a copy of the relative Power of Attorney should accompany the Form of request.

3 If the request is made by a Company or Corporation this Form must be executed as per the Articles of Association of the Company under the Common Seal of the Company if necessary.

4 In the case of joint shareholding, the request may be executed by the Principal holder.

FORM OF PROXY

I/We .....

of ..... being a Shareholder/s* of the above named Company, hereby

appoint ..... of.....failing him/her.

(1)	Mr. V.A. Prasanth	or failing him	(5)	Mr. K.R. Bijimon	or failing him
(2)	Mr. R.J. A. Gunawardena	or failing him	(6)	Mr. S.S.R.D.De Silva Gunasekera	or failing him
(3)	Mr. J.P.D. R. Jayasekara	or failing him	(7)	Mr. T.C.D. Kumarasiri	or failing him
(4)	Mr. G. Alexander	or failing him	(8)	Mr. M. Thiruneelakandan	or failing him

as my/our* proxy to represent me/ us* and speak and vote for me/us* on my/our* behalf at the Virtual 14th Annual General Meeting of Asia Asset Finance PLC to be held on 22nd September, 2025 at 10.00 a.m. via online platform and at any poll which may be taken in consequence thereof at the aforesaid meeting, and at any adjournment thereof.

I/WE INDICATE MY/OUR VOTE ON THE RESOLUTIONS BELOW AS FOLLOWS;

	For	Against
1. To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Audited Accounts for the year ended 31st March 2025 and the report of the auditors thereon.	☐	☐
2. To re-elect Mr. J. P. D. R. Jayasekara who retires by rotation in accordance with Article 87 of the Articles of Association of the Company and being eligible, offers himself for re-election in terms of Article 88 of the Articles of Association.	☐	☐
3. To re-elect Mr. Markandan Thiruneelakandan who was appointed to office on 30th November 2024 will cease to be a Director and being eligible, offers himself for re-election under to Article 94 of the Articles of the Association.	☐	☐
4. To re-elect Mr. K. R. Bijimon who was appointed to office on 6th February 2015 and having completed 9 years on the Board and being eligible, offers himself to be re-elected as a Director of the Company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first.	☐	☐
5. To re-elect Mr. G. Alexander who was appointed to office on 6th February 2015 and having completed 9 years on the Board and being eligible, offers himself to be re-elected as a Director of the Company for a further period of one year or until the conclusion of the next Annual General Meeting whichever occurs first.	☐	☐
6. To re-appoint Messrs. KPMG, Chartered Accountants who are deemed to be re- appointed as auditors of the Company until the conclusion of the next annual general of the Company in terms of section 158 (1) of the Companies Act No. 07 of 2007, to audit the financial statements of the Company for financial year ending 31st March 2025 and to authorize the directors to determine their remuneration therefor	☐	☐

Signed this ..... day of 2025

....

Shareholder's Signature Date

Note:

1. A proxy need not be a Shareholder of the company.
2. Instruction as to completion appear overleaf

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filing in legibly your full name, National Identity Card/ Passport/ Company Registration Number, your address and your instructions as to voting and by signing in the space provided and filing in the date of signature. Please ensure that all details are legible.
2. Please mark "X" in appropriate cages, to indicate your instructions as to voting on each resolution. If no indication is given, the Proxy holder in his/her discretion will vote as he/her thinks fit.
3. To be valid, the completed Form of Proxy must be deposited at **Central Depository Systems (Pvt) Ltd, Ground Floor, M&M Center 341/5, Kotte Road, Rajagiriya, Sri Lanka** not less than 48 hours before the time appointed for the holding of the meeting or email to company secretary on companysecretary@asiaassetfinance.lk.
4. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy, please insert the relevant details (1) overleaf and initial against this entry.
5. In the case of a Company/Corporation, the Proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by Articles of Association/ Act of Incorporation.
6. In the case of a Proxy signed by an Attorney, a certified copy of the Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

CORPORATE INFORMATION

NAME OF THE COMPANY
Asia Asset Finance PLC

LEGAL FORM
Incorporated as a Private Limited Liability Company under the Companies ordinance, No 51 of 1938 (Cap 145) on 23 September 1970 and name changed under the Companies ordinance, No 51 of 1938 (Cap 145) on 03 October 2006 and Re-registered under the companies Act No. 07 of 2007 on 23 January 2008 and converted to a public company under the companies Act No.07 of 2007 on 20 March 2012

REGISTRATION NUMBER
(Under the Companies Act No.17 of 1982)
PVS/PBS 3266

NEW REGISTRATION NUMBER
(Under the Companies Act No.7 of 2007) PB 139 PQ

TAXPAYER IDENTIFICATION NUMBER (TIN)
104032664

VAT REGISTRATION NUMBER
104032664 - 7000

REGISTERED OFFICE
No 76, Park Street Colombo 02, Sri Lanka

OUTLETS
One Hundred (100) Branches

PRINCIPAL ACTIVITIES
Asia Asset Finance PLC is engaged in the provision of a comprehensive range of financial services designed to cater to the diverse needs of individuals and businesses. The company's core activities include accepting deposits through secure Fixed Deposit and E-Savings accounts, granting credit facilities such as Gold Loans, Mortgage Loans, and Leasing solutions, as well as offering Foreign Exchange and investment-related services. Through its tailored financial products and customer-centric approach, Asia Asset Finance aims to promote financial inclusion, support economic development, and empower clients in achieving their financial goals.

TELEPHONE
011-7699000

E-MAIL
info@asiaassetfinance.lk

WEBSITE
https://asiaassetfinance.com

FINANCIAL YEAR END
31 March

CREDIT RATING
The Company has been assigned a national long-term rating of A + with a Stable Outlook by Fitch Ratings Lanka Limited.

DIRECTORS WHO HELD OFFICE DURING THE YEAR
The Directors of the Company during the year were as follows.

Mr. V.A. Prasanth	-	Chairman/Independent Non-Executive Director
Mr. R.J.A. Gunawardena	-	Chief Executive Officer/Executive Director
Mr. G. Alexander	-	Non-Independent Non-Executive Director
Mr. K.R. Bijimon	-	Non-Independent Non-Executive Director
Mr. K.G.K. Pillai	-	Non-Independent Non-Executive Director
Mr. R.A.B. Basnayake	-	Independent Non-Executive Director
Mr. J.P.D.R. Jayasekara	-	Independent Non-Executive Director
Mr. S.S.R.D. De Silva Gunasekera	-	Chief Operating Officer, Executive Director
Mr. T.C.D. Kumarasiri	-	Independent Non-Executive Director
Mr. M. Thiruneelakandan	-	General Manager, Executive Director

AUDIT COMMITTEE AS AT 31 MARCH 2025

Mr. T.C.D. Kumarasiri	-	Chairman/Independent Non-Executive Director
Mr. R.A.B. Basnayake	-	Independent Non-Executive Director
Mr. V.A. Prasanth	-	Independent Non-Executive Director
Mr. J.P.D.R. Jayasekara	-	Independent Non-Executive Director
Mr. K.G.K. Pillai	-	Non-Independent Non-Executive Director

INTEGRATED RISK MANAGEMENT COMMITTEE AS AT 31ST MARCH 2025

Mr. T.C.D. Kumarasiri	-	Chairman/Independent Non-Executive Director
Mr. V.A. Prasanth	-	Independent Non-Executive Director - Member
Mr. K.R. Bijimon	-	Non-Independent Non-Executive Director - Member
Mr. J.P.D.R. Jayasekara	-	Independent Non-Executive Director - Member

RELATED PARTY TRANSACTION REVIEW COMMITTEE AS AT 31ST MARCH 2025

Mr. J.P.D.R. Jayasekara	-	Independent Non-Executive Director - Chairman
Mr. K.R. Bijimon	-	Non- Independent Non-Executive Director - Member
Mr. R.A.B. Basnayake	-	Independent Non-Executive Director - Member

HR & REMUNERATION COMMITTEE AS AT 31ST MARCH 2025

Mr. R.A.B. Basnayake	-	Independent Non-Executive Director - Chairman
Mr. G. Alexander	-	Non- Independent Non-Executive Director - Member
Mr. V.A. Prasanth	-	Independent Non-Executive Director - Member
Mr. J.P.D.R. Jayasekara	-	Independent Non-Executive Director - Member

CORPORATE INFORMATION

IT COMMITTEE AS AT 31ST MARCH 2025

Mr. R.A.B. Basnayake	-	Independent Non-Executive Director - Chairman
Mr. V.A. Prasanth	-	Independent Non-Executive Director - Member
Mr. J.P.D.R. Jayasekara	-	Independent Non-Executive Director

CREDIT & RECOVERY COMMITTEE AS AT 31ST MARCH 2025

Mr. V.A. Prasanth	-	Independent Non-Executive Director - Chairman
Mr. J.P.D.R. Jayasekara	-	Independent Non-Executive Director - Member
Mr. K.R. Bijimon	-	Non-Independent Non-Executive Director - Member

NOMINATIONS COMMITTEE AS AT 31ST MARCH 2025

Mr. R.A.B. Basnayake	-	Independent Non-Executive Director - Chairman
Mr. J.P.D.R. Jayasekara	-	Independent Non-Executive Director - Member
Mr. K.R. Bijimon	-	Non-Independent Non-Executive Director - Member
Mr. G. Alexander	-	Non-Independent Non-Executive Director - Member
Mr. V.A. Prasanth	-	Independent Non-Executive Director - Member

LAWYERS OF THE COMPANY

Shiranthi Gunawardena Associates
No. 22/1, Elliot Place
Colombo 08.

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
Cargills Bank PLC
Commercial Bank PLC
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank PLC
Indian Bank
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC

COMPANY SECRETARY

Ms. Ruwani Angammana
No. 76, Park Street, Colombo 02.

COMPANY REGISTRAS

M/s Central Depository Systems (Private) Limited
(CDS) of Ground Floor,
M&M Center 341/5, Kotte Road, Rajagiriya

COMPANY AUDITORS – EXTERNAL

KPMG Sri Lanka

INTERNAL AUDITORS

Internal Audit Department of the Company under the scrutiny of the Chief Internal Auditor.

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Annual Reports



ASIA ASSET
FINANCE PLC

A Finance Company with a Golden Heritage

Muthoot Group Company