

ELEMENTS OF OUR SUCCESS

ASIA ASSET FINANCE PLC ANNUAL REPORT 2025 | 2026

ELEMENTS OF OUR SUCCESS

Success is rarely the product of a single achievement. It is the harmonious convergence of enduring principles that shape every decision, every action, and every outcome. Like the sacred mandala, where each element exists in perfect balance, Asia Asset Finance PLC has built its journey on values that transform ambition into sustainable progress.

Our defining achievements during the financial year 2025/26 were not isolated victories. They were the natural expression of a philosophy where ***Dharma*** guides our purpose, ***Karma*** transforms vision into action, ***Aikyam*** unites people behind a shared future, ***Artha*** creates prosperity with purpose, while ***Satya*** and ***Tapasya*** ensure that every achievement is grounded in truth, discipline, and unwavering accountability. Together, these principles empowered us to reach new heights of financial performance, strengthen the confidence of our stakeholders, nurture an inclusive and high-performing culture, and create meaningful value that extends far beyond business itself.

Encircled by these timeless principles, our progress becomes more than financial success. It becomes a resilient ecosystem where heritage inspires innovation, governance strengthens trust, and disciplined effort creates lasting value. Together, these interconnected elements form the foundation of an institution that continues to break barriers with confidence, integrity, and purpose.

These are the Elements of Our Success. Not simply the measure of one remarkable year, but the enduring philosophy that will shape every chapter still to come.

SCAN ME

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About Asia Asset Finance PLC

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Over the years, Asia Asset Finance PLC (AAF) has built a strong reputation as a trusted partner in the financial services industry, delivering tailored financial solutions to both individuals and businesses. With a diverse product portfolio that includes Gold Loans at competitive rates, Leasing, Mortgage Loans, Group Loans, Personal Loans, Business Loans, Corporate Loans, and Micro Loans, alongside the acceptance of public deposits, the Company continues to serve its customer base, delivering accessible, customer-centric financial services. Through these offerings, we remain committed to uplifting communities and enabling their transition towards sustainable economic growth.

"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)



As a subsidiary of Muthoot Finance Ltd and a licensed deposit-taking institution regulated by the Central Bank of Sri Lanka, AAF operates with a strong foundation of credibility and compliance. In response to the evolving financial needs of the population, the Company continues to innovate and expand its offerings to meet the diverse requirements of its customers. By supporting individuals and businesses in achieving their financial aspirations, we are dedicated to advancing financial inclusion, in line with our vision of "Empowering People and Transforming Lives."

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-Centric Approach
- Genuine Care for Clients

OUR MISSION

TOWARDS THE CUSTOMERS

The solution we provide for our customers 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 expectation.

TOWARDS THE SHAREHOLDERS

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

TOWARDS OUR FAMILY OF EMPLOYEES

A Company that fosters and harnesses equality among employees along with personal development and 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 solution to all segments in our society and eliminate financial exclusion in our society

FOUNDATION OF CONVICTION

Anchoring our journey in the unshakable faith and commitment that define who we are.



shraddha

විශ්වාසය

Faith & Commitment

As an overview of Asia Asset Finance, Shraddha embodies the unshakable conviction that defines who we are. Grounded in decades of heritage, regulated trust, and a nationwide footprint, we transform deep-rooted belief into an enduring foundation for shared progress.

Design Rationale



THE PHILOSOPHY OF CAUSE AND EFFECT

At Asia Asset Finance, we view success as a Sovereign Cycle. It begins with Dharma (the Cause)a disciplined commitment to ethical governance and the heritage of the Muthoot Group. This integrity is not just a moral choice, but a strategic one; it creates the stable foundation upon which our business acumen is built. By balancing the four pillars of our institutional compass, we transform this ethical intent into Artha (the Effect)the vibrant, high-performance financial results seen in our golden momentum. We don't just move with the market; we lead through the mastery of our own integrity.

THE THOUGHT PROCESS

THE ROOT OF INTENT

(The White Pattern)

The intricate foundation of our design represents our “Strategic Intent.” It is the silent, unshakeable bedrock of ethics that guides every decision. This is where our success begins—not in the market, but in the quiet commitment to doing what is right for our stakeholders.

THE ARCHITECTURE OF BALANCE

(The Central Geometry)

Real success requires symmetry. The four-sided structure at the centre of our mandala represents our Balanced Business Model. This geometry is held together by four specific pillars of strength, which serve as the foundation for our report’s key segments; *Dharma* ප්‍රතිපත්තිය *(Righteous Governance)* Our ethical anchor and leadership. *Karma* ක්‍රියාව *(Purposeful Action)* Our strategic momentum and management. *Aikyam* ඒක්සත්කම *(Unified Impact)* Our commitment to community and sustainability. *Artha* සෞභාග්‍යය *(Sustainable Prosperity)* Our financial results and value creation. By equalizing these pillars, we ensure that the growth of Asia Asset Finance is stable, resilient, and never one-dimensional.

THE MOMENTUM OF RESULTS

(The multi-colour Ring)

The vibrant, rotating ring is the visible evidence of our work. It represents the active energy of a company in motion. Because our foundation is solid and our strategy is balanced, the resulting momentum is powerful and continuous.

Our Integrated Annual Report

We are pleased to present the 6th Integrated Annual Report of Asia Asset Finance PLC for the period covering 1st April 2025 to 31st March 2026. The report provides a balanced and comprehensive narrative of the value-creation activities undertaken during the financial year. Presented in accordance with the integrated reporting framework and Global Reporting Initiative (GRI) standards, the report demonstrates value creation in terms of financial, intellectual, human, social, manufactured, and natural capitals while offering a snapshot of overall performance, strategic direction, and sustainability impact.



The information in this report reflects an accurate, transparent account of our financial, environmental, and social impacts within a strong governance framework, emphasising our commitment to maximising value for all stakeholders while contributing to the overall economic development and social well-being.

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 2026. Accordingly, the report covers operational developments and results under the six-capital frameworks in view of the current operating context, the Company strategy and resource allocation for the period, stakeholder interests, risk environment and governance. The financial aspect is covered under 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). Additionally, 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.

The Annual Report is available on our official website, *www.asiaassetfinance.lk*

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 ❋ Finance Business Act. No. 42 of 2011 ❋ Finance Leasing Act No. 56 of 2000
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 ❋ Finance Business Act Direction No 05 of 2021 - Corporate Governance

AN INTEGRATED APPROACH TO VALUE CREATION

The report provides a holistic viewpoint of the Company's value creation, encompassing both financial and non-financial information. Through the adoption of an integrated approach, we aim to highlight the interconnectivity between the Company's strategy, governance, performance, and prospects within the external environment, while demonstrating value creation across financial, intellectual, human, social, manufactured, and natural capitals. This approach enables us to present a clear and comprehensive narrative of how value is created for our stakeholders, aligning business objectives with sustainability priorities, evolving customer needs, and the changing industry landscape.

GUIDING PRINCIPLES

The principles below 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 that allows comparison.

Our Integrated Annual Report

RESTATEMENT OF INFORMATION

GRI 2-4

There is no restatement of financial or non-financial information unless otherwise related to 2025/26 operations.

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 2026 was conducted by the Company's External Auditors, KPMG Partners and Chartered Accountants. Their report is presented on pages 214 to 216. 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:

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

Asia Asset Finance At a Glance

Asia Asset Finance PLC is one of Sri Lanka's well-established and trusted financial services providers, with a proud legacy of over five decades. From the beginning, the Company has focused on a simple purpose to make financial services more accessible, responsible, and meaningful in the lives of people and businesses.

At the heart of the Company's journey is a commitment to financial inclusion and empowerment. Through products such as Gold Loans, leasing, mortgage facilities, and public deposits, Asia Asset Finance PLC continues to support customers in achieving their personal goals, growing their businesses, and building stronger financial futures.

Over more than the last Five decades, the Company has grown into a respected financial institution by staying true to its values of ethics, sustainability, and customer care, while also embracing innovation and digital transformation. This balance between tradition and progress has helped the Company build long-standing relationships and deliver value across generations.

A key part of this journey is the Company's belief in its people. Asia Asset Finance PLC is committed to creating an inclusive and purpose-driven workplace where employees are encouraged to act with responsibility, think boldly, and grow with confidence. Special focus is placed on equal opportunity and female empowerment, ensuring a fair and supportive environment for all.

OUR PURPOSE

At Asia Asset Finance PLC, everything we do is guided by a simple belief — empowering people and transforming lives. We remain committed to help our customers move forward in life by providing financial solutions that are practical, responsible, and accessible.

As we continue to grow, our focus remains the same: to serve with integrity, innovate with purpose, and create lasting value for our customers, employees, and the communities we are part of.

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

Muthoot Finance

120+ BRANCHES

LEGACY OVER 50+ YEARS

50 BILLION ASSET BASE

FITCH A+

Proudly Awarded

FitchRatings
A+ (lka)
WITH A STABLE OUTLOOK

Great Place To Work. Certified

STRATEGIC HIGHLIGHTS

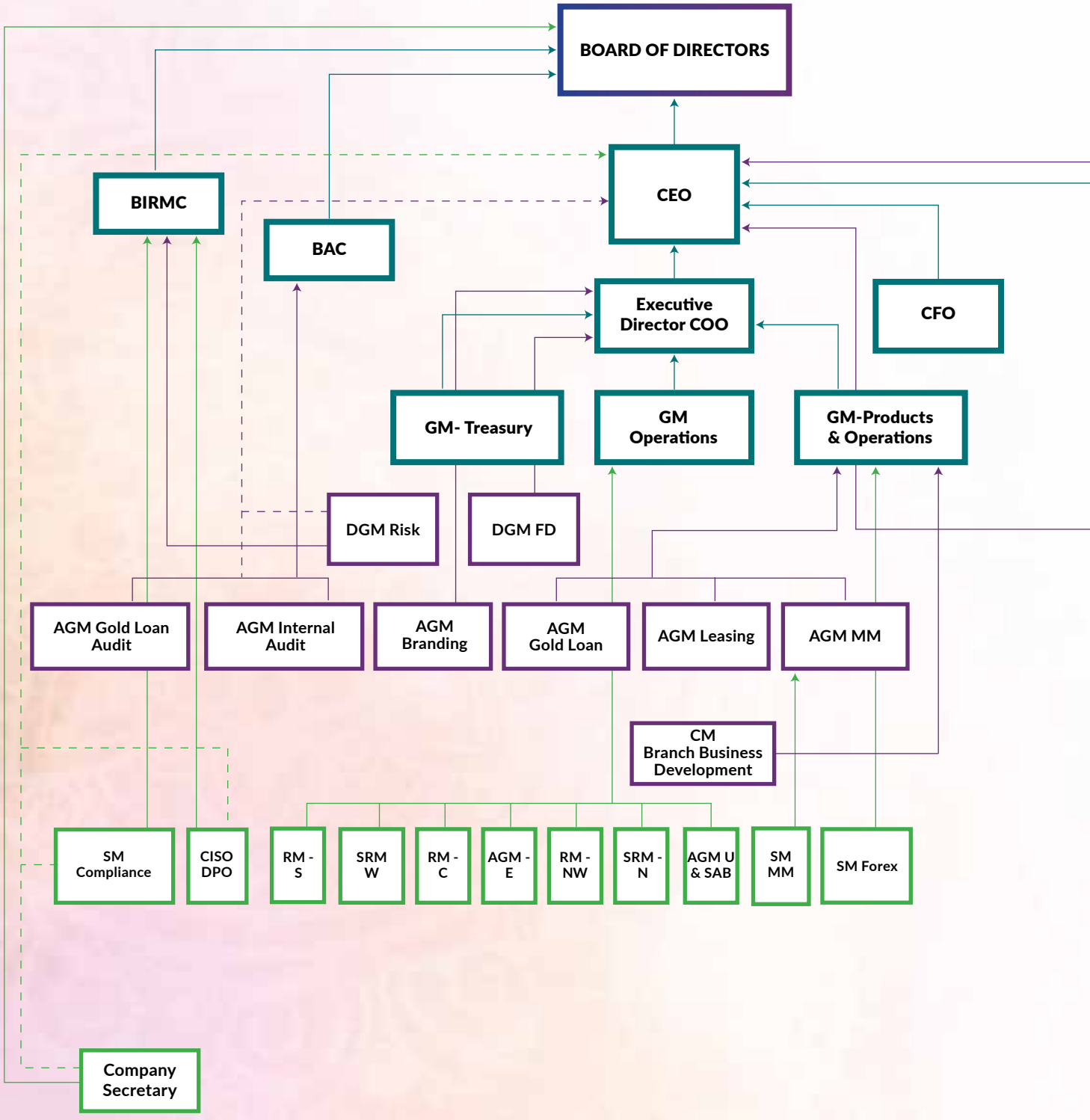
Over 56 Years of Trusted Operations in Sri Lanka

Subsidiary of Muthoot Finance Limited, a Global Financial Leader

Fitch A+ (Stable Outlook) Credit Rating Reflecting Strong Financial Strength and Stability

A Growing Network of 115 Branches, with Further Expansion Underway

Organisation Structure



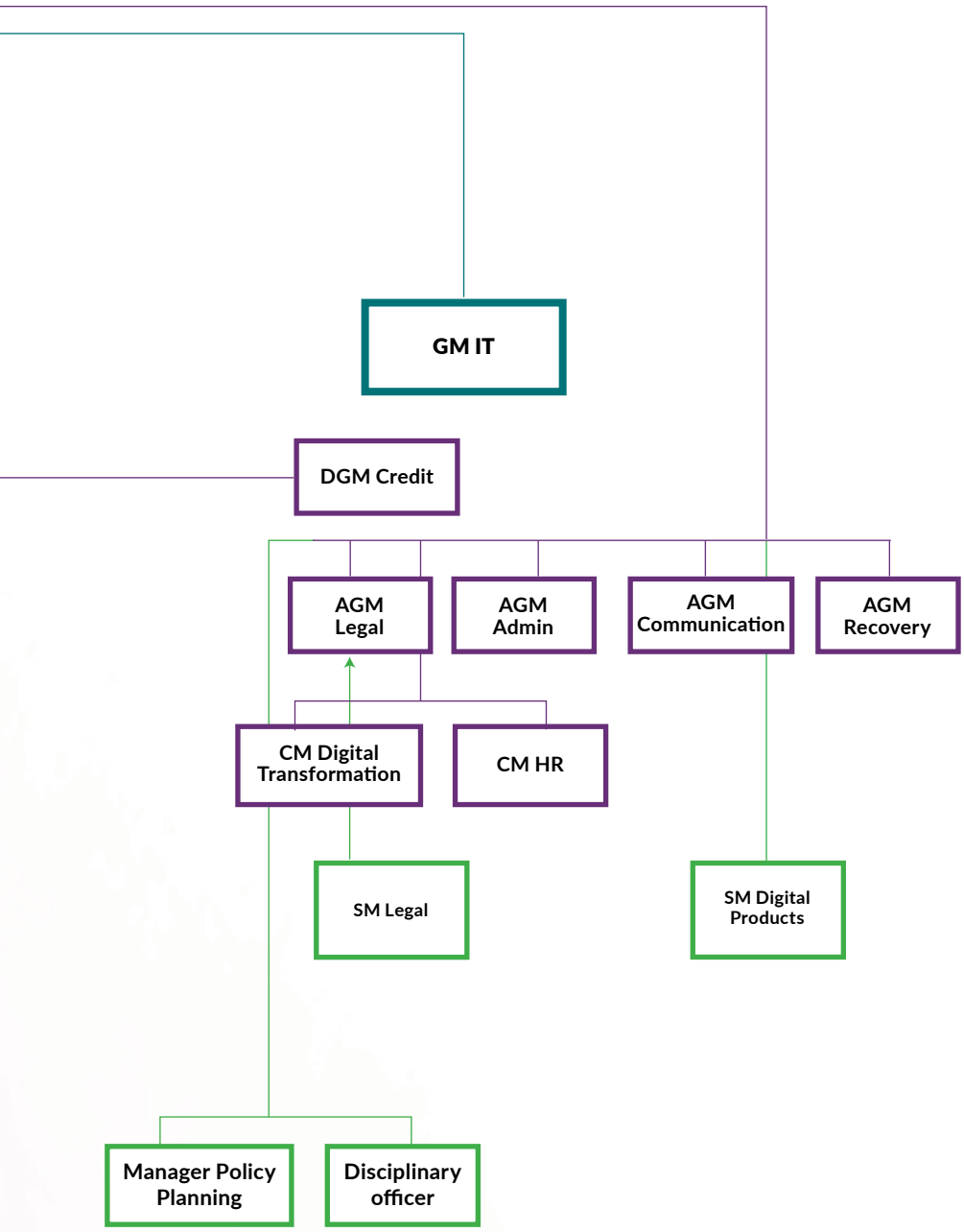
ABBREVIATIONS

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

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

W/NW - Western & North Western
SRM W - Senior RM, Western Province
RM C - RM, Central Province
SRM - RM, Northern Province

RM E - RM, Eastern Province
RM S - RM, Southern Province
RM U - RM, Uva Province
RM SAB - RM, Sabaragamuwa Province
RM- North Western



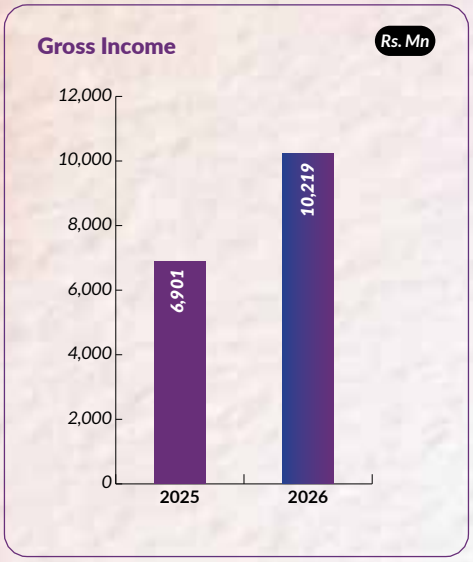
DGM IT - DGM Information Technology
GL OPERATION - Gold Loan Operations
CM HR - CM Human Resources
BIRMC - Board Integrated Risk Management Committee
BAC - Board Audit Committee

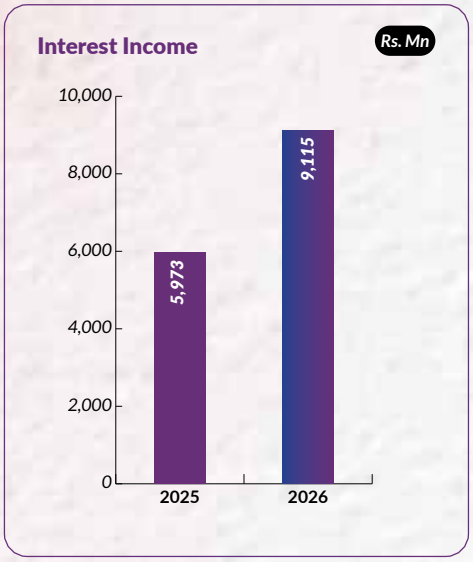
CISO - Chief Information Security Officer
MBS - Manager Branch Supervision

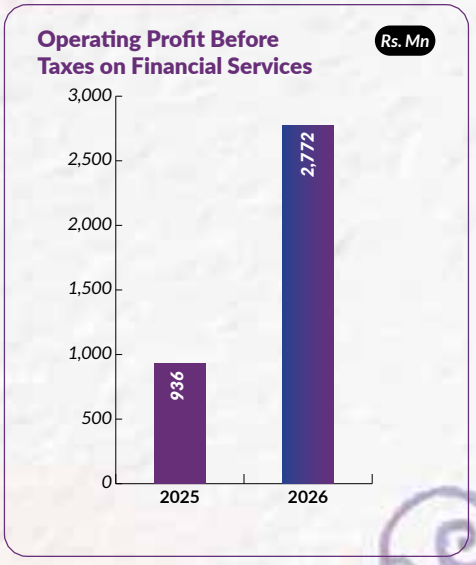
KEY Direct Reporting → | Administrative Reporting - - - →

Financial Highlights

Key performance Indicators	2025/2026	2024/2025	Change (%)
Finance Performance (Rs. Mn)			
Gross Revenue	**10,219**	6,901	48.08%
Net Interest Income	**4,935**	2,617	88.53%
Operating Profit	**2,772**	936	196.34%
Taxes on Financial Services	**(846)**	(300)	182.37%
Profit Before Tax	**1,926**	636	202.9%
Taxation	**(888)**	(195)	356.01%
Profit After Tax	**1,038**	441	135.38%
Position as at year end (Rs. Mn)			
Cash and Cash Equivalents	**986**	3,150	-69.59%
Loans and Advances	**46,999**	29,157	61.19%
Total Assets	**53,775**	37,106	44.92%
Fixed Deposit and Savings	**25,933**	20,004	29.64%
Financial Liabilities - Other Borrowed Funds	**18,244**	9,292	96.34%
Financial Ratios (%)			
Profitability Perspective	**18.85%**	13.56%	39.03%
Net Interest Margin	**11.56%**	8.35%	29.54%
Return on Assets (ROA)	**2.29%**	1.40%	63.04%
Equity Holders			
Earnings per share (Rs.) basic	**8.36**	3.55	135.38%
Earnings per share (Rs.) diluted	**5.85**	2.48	135.38%
Net Asset Value per share (Rs.)	**38.45**	30.43	26.37%
Return on equity (%)	**24.28**	12.35	96.58%
Debt Holders			
Tier 1 (Minimum requirement 8.5%)	**24.57%**	29.46%	-16.6%
Available Liquid Assets to Required Liquid Assets (%)	**137.91%**	233.77%	-41.08%
Quality of Loan Portfolio (%)			
Gross Non- performing Loans Ratio (%)	**6.04%**	12.48%	-51.80%
Net- Non - Performing Loans Ratio (%)	**2.37%**	6.23%	-60.54%
Provision Coverage Ration (%)	**62.55%**	53.57%	16.89%

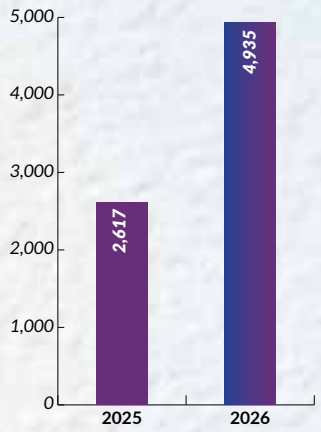






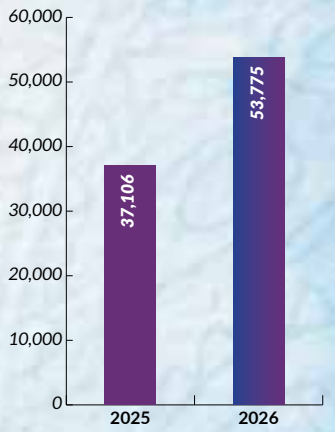
Net Interest Income

Rs. Mn



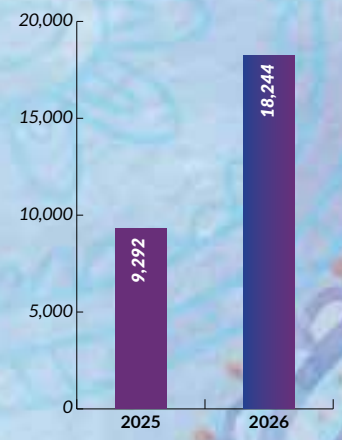
Total Assets

Rs. Mn



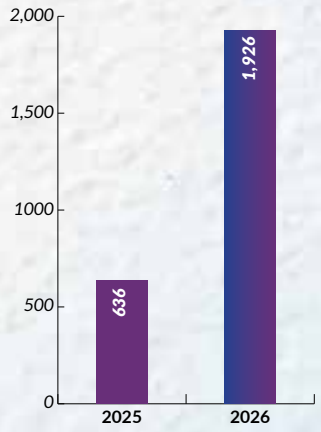
Financial Liabilities - Other Borrowed Funds

Rs. Mn



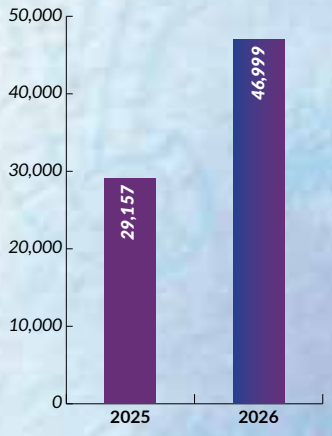
Profit Before Taxation

Rs. Mn



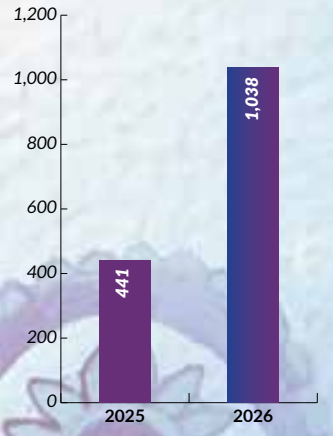
Financial Assets at Amortised Cost - Loans and Advances

Rs. Mn



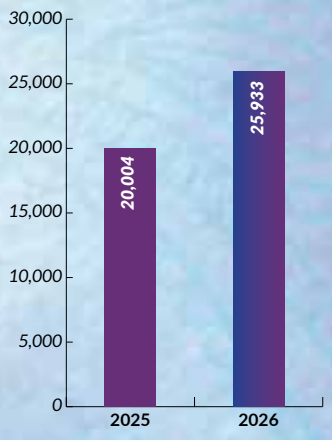
Profit for the Year

Rs. Mn



Due to Customers

Rs. Mn



Non-Financial Highlights

CUSTOMER-CENTRIC PRODUCTS



Introduced PAYEN Cash, an instant motorbike-backed financing facility:

- Cash within approximately one hour
- Minimal documentation and no guarantors required
- Financing up to 40%-60%, motorcycle's or Threewheeler's



Launched Gold Loan Extreme, enabling eligible customers to obtain the maximum eligible gold loan amount directly through the mobile app.



Established a fully-fledged **Training and Development Centre** in Kurunegala, equipped with modern training, accommodation, dining, and administrative facilities. In order to support induction programmes, management development, residential training, and continuous learning.



Upgraded the Luckewallet e-savings mobile app to enable:

- Fixed deposit placements
- Withdrawals
- Loan applications without visiting a branch



Introduced AMIE, an AI-powered policy engine for faster and more accurate decision-making, which received the **Gold Award for Innovation** at the National Project Management Excellence (NPME) Awards 2025.

AWARDS & RECOGNITION

Best Management Practices Company Awards 2026:

- **Gold Award** – Best Managed Project (CSR Sector)
- **Gold Award** – Finance & Leasing (Public Sector)
- **Merit Award** – Digital Literacy

National Project Management Excellence (NPME) Awards 2025:

- **Gold Award** - Innovation
- **Silver Award** – Lean
- **Bronze Award** – Digital Transformation

People's Excellency Awards 2025:

- Fastest Growing Finance Company
- Outstanding Finance Company of the Year

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Distributed over **650 school bags** to children in rural communities near newly opened branches in order to support education and reduce the financial burden on families.



INFORMATION SECURITY

Enhanced cybersecurity through:

- 24×7 Security Operations Centre (SOC) Monitoring
- Stronger Access Controls
- Advanced Endpoint, Network, and Data Protection

Upgraded centralised CCTV monitoring across the branch network

BRANCH EXPANSION



Expanded the branch network to **115 Fully Automated Branches.**

Promoted paperless operations to improve efficiency, customer service, and environmental sustainability.

FIXED ASSET ACQUISITION



Acquired the Company's **Head Office Building** and strengthened the long-term asset base and enhanced operational stability to support future growth.

Our Product and Services

LUCKEWALLET

Description & Purpose of the Product

Luckewallet E-Savings Account is a secure digital savings solution offered through the Luckewallet mobile application of Asia Asset Finance PLC. It enables customers to open and manage savings accounts, transfer funds, make digital payments, access financing facilities, and manage other Asia Asset Finance products anytime and anywhere. The platform promotes financial inclusion, encourages disciplined savings, and delivers a seamless, secure, and paperless digital banking experience.

Benefits to Customers	Target Market	Main Terms & Conditions
1. Competitive interest rate on E-Savings. 2. No monthly maintenance fee. 3. 24/7 access through the Luckewallet mobile app. 4. Instant fund transfers. 5. Lanka QR Scan & Pay. 6. Utility and bill payments. 7. Digital Fixed Deposit (FD) placement and management. 8. Instant Gold Loan Top-Up facility. 9. FD Pledge Loan requests without prematurely closing the Fixed Deposit. 10. Lease and Loan rental payments. 11. Gold Loan interest and capital repayments. 12. FD Loan repayments. 13. View and track Lease, Loan, Gold Loan and Fixed Deposit details. 14. Transaction history and account statements. 15. Secure authentication and encrypted transactions. 16. Real-time notifications and alerts. 17. Personal financial insights. 18. In-app customer support. 19. Convenient, paperless banking experience.	1. Existing customers of Asia Asset Finance PLC. 2. Individuals seeking convenient digital financial services. 3. Tech-savvy individuals and young professionals. 4. Salaried employees, self-employed individuals and SMEs. 5. Customers who prefer secure, paperless banking solutions. 6. Customers seeking higher-return digital savings and convenient access to financial services.	1. Customer registration and eligibility requirements. 2. Customer identification (KYC) requirements. 3. Security credentials and authentication. 4. Customer responsibilities for safeguarding login credentials. 5. Privacy Policy. 6. Location and device permissions. 7. Electronic fund transfers and in-app payments. 8. Charges and applicable fees. 9. Joint Account provisions (where applicable). 10. Updates and upgrades to the mobile application. 11. Customer complaints and dispute resolution. 12. Notifications and electronic communications. 13. Suspension, termination and closure of accounts. 14. Disclaimers. 15. Changes to Terms & Conditions. 16. Force Majeure. 17. Indemnity. 18. Governing Law and Language.

LEGAL PROVISION

1. Operates in compliance with applicable laws and regulations of Sri Lanka.
2. Complies with directions, regulations and guidelines issued by the Central Bank of Sri Lanka (CBSL).
3. Complies with Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements.
4. Customer deposits are protected under the Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS), subject to applicable CBSL limits and conditions.
5. Customer data is handled in accordance with applicable data protection and privacy requirements.

Our Product and Services

LUCKEWALLET

RATE

1. Interest rates are reviewed periodically based on market conditions, Treasury Bill auction rates and CBSL directions.
2. Current E-Savings interest rate: 7.00% p.a. (subject to change).

CHARGES

- Currently no-account maintenance fee.
- No charges apply for Gold Loan repayments, FD Loan repayments, Lease/Loan payments, or transfers between Luckewallet accounts, other bank transfer and other bank credit cards payments.
- Applicable third-party bill payment charges as applicable.
- Any applicable future service charges will be communicated through the official tariff guide and Terms & Conditions.

FOREX

Product Type

- **Foreign Currency Exchange (Spot Transactions)**
- **Money Transfers via Western Union and Ria**

Target Market	Purpose	Currency Coverage	Purchase Limit	Selling Limit	Service Channels	Exchange Rates
Individuals, tourists, migrant workers, SMEs, and corporate clients	International travel Overseas education Medical expenses Inward remittances Family Maintenance Travelling	USD EUR GBP AUD CAD INR	Up to USD 1000.00 Maximum INR 10,000 per person (Lankan or foreign national)	Up to USD 5,000 or equivalent in other convertible currencies, subject to CBSL regulations and currency availability	Available through the full Asia Asset Finance branch network	Competitive, market-based rates, with preferential pricing for high-volume transactions

REMITTANCE SERVICES

- Secure inward money transfers via Western Union and Ria

RISK MANAGEMENT

- Adheres to robust KYC, AML, and CTF protocols
- Compliant with local and international standards

REGULATORY COMPLIANCE

- Authorised dealer regulated by the Central Bank of Sri Lanka (CBSL)
- Fully aligned with KYC, AML, and FATCA regulations

MORTGAGE LOANS

Description & Purpose of the Product

The Mortgage product offers affordable financing solutions for individuals who wish to purchase, construct, complete, or renovate residential properties. With comparatively lower loan amounts and flexible repayment options, this product is designed to support first-time homeowners and customers who may have limited access to traditional mortgage facilities.

Benefits to Customers	Target Market	Main Terms and Conditions
1. A range of Mortgage products is available to cater to different housing needs. 2. The product offers a versatile financial solution with flexible repayment schemes, helping customers make their dream of owning or improving a home a reality. 3. Legal assistance may be provided to obtain required documents such as land registry extracts, draft deeds, and local authority documents, including street line certificates, non-vesting certificates, and ownership confirmations.	Mortgage facilities are intended for Sri Lankan citizens with a satisfactory credit track record, genuine repayment intention, and willingness to comply with the laws of the country and the terms and conditions of the loan agreement. The facility will generally be extended to applicants between 25 and 60 years of age, with the following characteristics: 1. Employed or self-employed individuals. 2. Applicants with a stable source of income and repayment capacity. 3. Individuals seeking financial assistance for housing-related purposes.	1. The maximum loan repayment period shall be up to 5 years. 2. The extent of land considered for Mortgage facilities shall be equal to or above the minimum land extent prescribed under the relevant Local Government Authority laws, including Municipal Council, Urban Council, and Pradeshiya Sabha regulations. Such minimum extents may vary from time to time based on amendments to the applicable laws. 3. The applicant should be a Sri Lankan citizen. 4. The property offered as security should have clear and marketable title, subject to the company's legal and valuation requirements.

LEGAL PROVISIONS

1. Mortgage Act No. 06 of 1949, as amended.
2. Directions, regulations, and guidelines issued by the Central Bank of Sri Lanka, where applicable.
3. Other relevant laws, regulations, and internal policies applicable to mortgage lending.

INTEREST RATE

1. Loans may be granted under fixed or variable interest rate options.
2. The applicable interest rate will be determined based on the credit risk profile of the customer, repayment capacity, security value, and prevailing company policy.
3. A penal interest rate of 4% per month will be applicable only after 7 days of default, subject to the applicable terms and conditions of the facility.

CHARGES

The following charges may be applicable for AAF Mortgage facilities:

1. CRIB charges.
2. Title search fee.
3. Valuation fee.
4. Postage charges.
5. Stamp duty.
6. Mortgage registration and documentation-related charges.
7. Any other statutory, legal, or administrative charges applicable to the facility.

Our Product and Services

GOLD LOAN

Description & Purpose of the product

Description

Gold Loan is a quick and secure way to obtain short-term loans by using valuable gold items (Above 20kt).

Customers receive immediate cash based on the value of the asset, with no credit checks required. Once the loan and interest are repaid, the item is returned. If the loan isn't repaid, the item can be auctioned to cover the debt. It's a simple, fast solution for immediate financial needs.

Purpose

A gold loan is to provide individuals with quick access to short-term cash by using valuable items, like gold, as collateral. It's a convenient option for meeting immediate financial needs without the need for lengthy approval processes or credit checks, while allowing the customer to retain ownership of their assets once the loan is repaid

Benefits to customers	Target Market	Main terms and conditions
1. Quick access to cash 2. No impact on credit score 3. Flexible loan terms 4. Lower Interest rate 5. Confidential 6. Secured	The primary target market for Gold Loans includes: ❁ Gold owners in urban ❁ Semi-urban, and rural areas, as well as small business owners who need quick liquidity. ❁ Middle-class households and women, who often hold family gold, are also key segments. Focusing on these groups with low LTV products and tailored services will help capture a broader customer base while minimising risk.	Customers can apply to this product with the following details. 1. Any Sri Lankan Citizen over the age of 18 years and Identification proof (NIC, PP & DL) 2. Minimum Caratage should be 14 kt 3. Loan Tenure -the standard loan period is 01 month to 15 months, with the option for renewal upon repayment of interest. 4. Interest rate -The interest rate applied will vary depending on the LTV ratio and loan duration. 5. Advance Amount -Gold Loan advance based on the market value of gold articles pledged. Maximum LTV 70% of the market value. 6. The facility will be available on the terms and conditions of the company, with all required documents 7. All customers are eligible for the Loyalty card programme.

LEGAL PROVISION

As an approved credit agency Asia Asset Finance PLC has the approval to grant the Gold Loan under sections 85,86,87, 88 of the Mortgage Act no 06 of 1949 and gazette no 628 of 14/09/1990.

RATE

1. Interest rate - The interest rate applied will vary depending on the LTV ratio and loan duration.
2. Interest rate between - 1%-2.50% per month

CHARGES

1. Service Charge - 0.5% to 1% fixed one time charge.
   OD - Over expired 10 days will be calculated

❁ 1% penalty interest rate if overdue for less than 30 days.

❁ 2% penalty interest rate for overdue periods between 61–90 days.

❁ 3% penalty interest rate if overdue for 91 days or more.

LEASING

Description & Purpose of the product

DESCRIPTION

Leasing:

Carrying the Principles of Commitment to Customers as the top priority, here are the leasing solutions offered to you, whether you're a professional individual, businessman, or corporate body.

Leasing Product

PURPOSE

To invest money for the acquisition of vehicles and equipment.

Benefits to customers	Target Market	Main terms and conditions
❁ Facilities to purchase cars, lorries, jeeps, Vans, three-wheelers, motorcycles, agricultural, solar system ❁ The customers would get the following benefits under the fixed interest digital leasing product. 1. Convenience: The facility can be applied for digitally at any premises with the assistance of our authorised agents. Browse vehicle options, compare rentals, and get quotes at your own pace. Manage your lease account, make payments, and track important information via our mobile banking app (Luckewallet). Acquisition of vehicle/equipment for a better life. 2. Efficiency: Faster application process with digital verification and document uploads. Get pre-approved for leasing terms quickly. Less paperwork and streamlined communication. 3. Cost-effective: Potentially find better deals and compare pricing options online transparently. Asia Asset Finance PLC might offer digital discounts or promotions for online applications.	The product is targeted both individuals and business enterprises with able repayment capacity to offer this product. ❁ Individuals - above 20 years and below 65years ❁ Partnerships ❁ Companies ❁ Farmers /labourers ❁ Entrepreneurs	Customers can apply to this product with the following details. **Individuals** 1. Identification proof – (NIC/DL/PP) 2. TIN Number 3. Address proof – (NIC/Utility bill/GS certificate) 4. Income proof – (Salary Slips/Bank Documents/other income proof documents) Guarantor details – (ID proof/Billing proof/Income Proof/ TIN number) 6. Vehicle details – Second Hand - CR / Valuation /Revenue License Brand new – Invoices Unregistered – Dealer Invoices /Custom clearance document, Supplier details/ Vehicle details **For Corporate customers** 1. Identification proof – (BR/form 41 or form 1/ form 20, Articles and resolutions) 2. Address proof – (Form 13) 3. Income proof – (Financial Statements/ Bank Documents/other income proof documents/ Audited Accounts / Management Accounts) Guarantor details – (ID proof/Billing proof/Income Proof)

Our Product and Services

LEASING

Benefits to customers	Target Market	Main terms and conditions
4. Transparency: Clear and easy-to-understand lease agreements available online. (This is not available online) Access to all lease details and terms readily through your online account. Ability to compare quotes and pricing structures easily. 5. Secured: Asia Asset Finance should have a secure online platform to protect your personal and financial information. Look for features like two-factor authentication and data encryption. 6. Trust: Positive online reviews and testimonials from past customers can build trust. Established reputation of Asia Asset Finance PLC in the financial industry.		

LEGAL PROVISION

Finance Leasing Act No 56 of 2000 as amended applicability of section 28 and section 29 of the Finance Leasing Act (Mediation and arbitration) All directions by CBSL, including Gazette No 23 44/17 dated 9th August 2023

RATE

Fixed rates applicable for leasing products is decided on the type of facility, asset, tenure, and client's creditworthiness and the security offered. Based on the market conditions, our interest rates are revised from time to time depending on market conditions and Prevailing Rates.

CHARGES

The Following charges are applicable for finance lease facility.

1. Crib Fees,
2. Processing /Documentation /Stationery charges
3. Vehicle Inspection Fees,
4. Postage
5. Stamp Fees
6. RMV Fees
7. Insurance Premiums Penal rates will be applicable only after 5 days of grace period. Penal interest rate applicable is 3% per month (Comprehensive insurance is mandatory with an Insurer of Lessee's choice, however, with the consent of the Lessee, Lessor can introduce an Insurer.)
8. Revenue license if not renewed by the lessee
9. In the event of default, cost of visits /cost of stationery
10. Repossession charges, incur RMV charges at the disposal
11. In the event of litigation, cost of stamp fees and professional fees
12. Whenever applicable

FIXED DEPOSIT

Description & Purpose of the product

1. Fixed Deposit (FD) is a secure investment option that allows you to deposit a lump sum amount for a specified period, earning a fixed interest rate. This product is designed for individuals and corporates looking to grow their savings while minimising risk.
2. The purpose of the Fixed Deposit is to provide a stable and reliable investment avenue that offers higher interest rates than regular savings accounts. It helps you achieve your financial goals by ensuring your money grows steadily over time, while also Providing peace of mind with guaranteed returns.

Benefits to customers

1. Interest rates are based on the tenor starting from 1 month to 60 months.
2. Interest will be paid at maturity or monthly as per the choice of the customer
3. Ability to obtain a cash back loan against the FD up to 85% and 90% respectively from Monthly and Maturity Fixed Deposit value.
4. Prematurity withdrawals are allowed at a lesser rate than agreed
5. Cash Back Loans Against FDs can be obtained manually or Digitally (via Luckewallet).
   - Maturity FDs – up to 90% of FD value
   - Monthly Interest FDs – up to 85% of FD value
   - Manual Process: Customer submits the original FD certificate at the branch, signs security documents, and completes Zoom verification.
   - Digital Process (Luckewallet): Customer applies via the app, verifies with OTP, and loan proceeds are credited directly to the Luckewallet account.

     The maximum loan limit via Luckewallet is LKR 5,000,000 per day. Rates may be more favourable than the manual process.

Target Market

1. Individuals above 18 years
2. Corporates registered under Sri Lankan Law.

Main terms and conditions

1. Minimum balance to open a fixed deposit is LKR.50,000/-
2. The deposit insurance coverage is LKR.1,100,000/- per depositor
3. FDs can be opened from
   a) any branch approved by CBSL which is located within a 50 Km radius from the customer's permanent residence.
   b) Through a digital platform via Luckewallet mobile app.
4. A completed company standard application form for Fixed deposits.
5. Required a copy of the National Identity Card or a valid customer identification document.
6. Required documentary evidence for address verification if the resident address differs from NIC.
7. If the fixed deposit is redeemed before maturity, the interest payable will be calculated at a lesser rate than agreed and from monthly deposit, at the discretion of the company and the excess interest payment will be deducted from the capital.
8. Any changes of address, payee and nominee or loss of certificate should be notified in writing immediately
9. If the nominee is a minor who does not have an ID, a copy of the birth certificate should be provided.
10. If the nominee is a minor and the FD holder has passed away, withdrawals cannot be obtained until the nominee attains the age of 18 years

Our Product and Services

FIXED DEPOSIT

LEGAL PROVISION

1. Sri Lankan citizens aged 18 and over, foreign citizens with a residential visa or dual citizenship, and corporations registered under any act in Sri Lanka.
2. The interest rate shall be in line with the directions of the Central Bank of Sri Lanka
3. Abandoned FDs will follow the standard legal Procedure. (nominees/beneficiaries will be entitled) and transfer as per the CBSL regulations.

RATE

1. Rates will be changed from time to time according to the treasury bill auction rates and the directions of the Central Bank
2. Existing rates are published on the company website

CHARGES

Not Applicable

INTEGRITY OF VISION

Advancing our historic ascent by aligning visionary ambition with the fundamental principles of strategic integrity.



dharma

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Duty & Righteousness

Dharma provides the governance that validates our results. It ensures that our Historic Ascent is not a solitary peak, but a sustainable trajectory, aligning visionary ambition with principled conduct.

Message From the Group Managing Director



Dear Stakeholders,

I am delighted to extend my heartfelt congratulations to Asia Asset Finance PLC (AAF) for achieving another remarkable year of performance and progress in Sri Lanka, reflecting its unwavering commitment to excellence and sustainable growth. The financial year under review demonstrated remarkable growth, underscoring the effectiveness of the Company's business strategy and its ability to adapt to evolving market conditions. With a Fitch rating of A+, the Company continues its commitment to excellence, innovation, and customer-centric service delivery, reinforcing its position as a respected financial institution. Backed by the strong legacy of Muthoot Finance Ltd and operating under the regulatory oversight of the Central Bank of Sri Lanka, AAF remains committed to empowering individuals, supporting enterprises, and creating lasting positive impact through reliable financial solutions.

OUTSTANDING PERFORMANCE

The financial year marked another period of meaningful progress for AAF, with the Company attaining several key milestones that demonstrate its commitment to excellence, sustainable growth, and prudent strategic management. The company's Total Asset Base grew to Rs. 53.77 Bn, marking an impressive 44.9% year-on-year increase. Meanwhile, the Loan Portfolio expanded by Rs. 17.8 Bn, bringing it to a total of Rs. 47 Bn, registering 61.2% growth. These figures demonstrate the Company's ability to cater to the evolving needs of the customers, with tailored financial solutions.

The Company delivered equally strong results across key profitability metrics. Operational profit before taxes on financial services rose to Rs. 2.77 Bn, recording a 196.34% YoY increase. Profit Before Income Tax grew to Rs. 1.93 Bn, an increase of 202.93%, while Net Profit for the year stood at Rs. 1.04 Bn, a 135.4% year-on-year increase. This strong bottom-line growth was achieved despite facing a 356% increase in income tax and a 182.4% hike in VAT on financial services. The Company's continued profitability in this environment highlights the strength of its operational efficiency and flexible financial planning.

AAF continues to be a value-enhancing entity, consistently delivering sustainable returns. Earnings Per Share increased to Rs. 8.36, and Net Assets per Share improved to Rs. 38.45, bolstering sustained investor confidence and ensuring financial resilience.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

AAF's strong governance and risk foundation continue to support sound decision-making, enhance operational resilience, and safeguard long-term stakeholder value. This has enabled the Company to proactively identify, assess, and mitigate emerging risks across all areas of operation. This disciplined framework ensures compliance with regulatory requirements while fostering a culture of accountability and transparency. As a result, AAF is better positioned to sustain growth while maintaining stability in an increasingly complex operating environment.

BROADER REACH AND ADVANCING FINANCIAL INCLUSION

During the financial year, we exceeded the 100-branch milestone, reaching 115 customer touchpoints island wide. This demonstrates our ongoing commitment to financial inclusion for marginalised communities and to penetrating previously underserved rural areas. The strong presence established across the nation offers customers enhanced access to the Company's varied financial services, including affordable credit, savings, and investment solutions. As we move forward, we will further strengthen our footprint by opening new branches in the forthcoming financial year. This initiative forms part of a structured strategy aimed at sustainable growth through digital integration, improved customer access, and regional empowerment.

POWERED BY THE STRENGTH MUTHOOT FINANCE LTD

AAF is the only Sri Lankan subsidiary of Muthoot Finance Ltd, one of the world's largest gold financing institutions and draws on extensive global expertise, strong institutional governance, and advanced technological capabilities. Through this synergy, AAF has been able to embrace global best practices while remaining closely aligned with Sri Lanka's cultural and economic landscape.

We aim to position AAF as a market leader in Sri Lanka and a hub for innovation, financial literacy, and customer-driven solutions. Backing from Muthoot Finance provides a strong foundation rooted in experience, resilience, and global perspective.

COMMITMENT TO ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

In line with the sustainability focus of the Muthoot Group, the Company continue to adopt sustainability principles, implementing them across its operations. These include a reduction in manual processes and increasing operational efficiencies with the integration of technologies, implementation of energy saving measures to minimise the Company's carbon footprint, as well as enhanced focus on green funding. These efforts have collectively reflected AAF's commitment to responsible growth and long-term sustainability.

Moreover, the Company engages in various CSR initiatives, supporting the health and well-being of the marginalised communities. These include the provision of meaningful support to education, healthcare and economic development of communities. These contributions highlight the Company's focus on empowering communities for sustainable progress, an ethical responsibility that goes beyond profitability.

DIGITAL TRANSFORMATION

The Company continue to drive digital transformation with a focus on modernising its product and service offerings. By integrating AI, automated workflows, and paperless platforms, AAF has significantly reduced manual inefficiencies, adapting to evolving market conditions. As such, the company has upgraded its digital systems with improved internal controls and has in place a 24/7 Security Operations Centre (SOC) for monitoring to protect information assets and maintain data integrity, thereby strengthening its digital infrastructure and cybersecurity framework to meet the evolving customer expectations and operational demands.

FUTURE AHEAD

As we step into the next financial year, we are optimistic about our ability to navigate the Company ahead, reinforced by strategic agility and prudent risk management. Supported by extensive presence across the nation, digital first business model, product diversification and enhanced focus on people development, the Company remain strongly positioned to drive its growth strategy in the years ahead. Having navigated a volatile operating environment during the year, our foundation remains more resilient, enabling us to better withstand external uncertainties and continue driving sustainable growth and long-term value creation.

With our steadfast commitment to inclusive development, we will continue to support individuals, families, and businesses to achieve their financial aspirations while fostering sustainable growth and contributing to broader economic progress. In this endeavour, strong partnerships, ethical governance, and a commitment to transparency and accountability will continue to guide our actions and strengthen stakeholder trust.

Message From the Group Managing Director

ACKNOWLEDGEMENT

I would like to extend my sincere appreciation to the Board of Directors, executive management, and all employees of AAF. Your dedication, professionalism, and steadfast commitment to our shared vision have made this year a significant milestone in our journey.

We sincerely thank our customers for the trust they continue to place in us. We also express our appreciation to the regulators, auditors, and statutory authorities for their ongoing guidance and constructive collaboration, which have played a key role 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 marked by greater impact, stronger relationships, and sustained, long-term growth.



George Alexander
Muthoot Group Managing Director

Muthoot Finance Ltd.
28th June 2026

Chairman's Message



Dear Stakeholders,

I am pleased to present to you the Annual Report and the audited financial statements for the financial year ending on 31st March 2026. Despite a volatile market landscape, the Company maintained strong performance, demonstrating growth across key areas. Guided by a focused strategy to consolidate our position as a leading gold loan Company, a steady transition to a digital-first operating model, and a customer-centric approach, the Company continues to deliver value to its stakeholders, sustaining its growth momentum.

OPERATING ENVIRONMENT

The macroeconomic environment remained volatile during the year under review, conditioned by the domestic vulnerabilities and external shocks. Despite the economy demonstrating resilience during the first half of the year, with a GDP growth rate of 5.0% and all key sectors growing, growth remained moderate and was susceptible to external vulnerabilities. Growth was mainly driven by low interest rates, notable credit growth in the private sector, increased investment and stable consumer demand. Moreover, the external sector remained resilient, supported by the marked performance of tourism and an increase in workers' remittances, both of which contributed to an improvement in foreign inflows.

Nevertheless, the global uncertainties emanating from the rising tension in the Middle East and its spill-over effects on trade and energy markets continued to weigh on investor confidence and economic stability. The adverse impacts of Cyclone Ditwah further contributed to

economic instability, increasing costs due to infrastructure damage.

Despite these uncertainties in the operating environment, the Company maintained its growth momentum, supported by its viable business model that delivered strong financial and operational performance. Our disciplined approach enabled us to maintain quality lending, operational efficiency, prudent risk management, building long-term value for customers, shareholders, employees, and communities across Sri Lanka. As a result, we were able to position the Company 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 placed in us by our stakeholders.

ROBUST STRATEGY

Strengthening core product offerings, delivering superior customer experience, and driving digital transformation for better service delivery and operational efficiencies continue to shape our strategic vision during the period under review. Our growth and expansion continued with Gold Loans being at the forefront of our revenue drivers. At the same time, our transition towards a digitally driven operating model, including the integration of AI-driven capabilities, contributed to enhancing operational efficiency and customer convenience, ensuring a seamless customer experience. This transition positions the organisation as a future-ready institution in an increasingly competitive landscape, effectively serving the modern customer expectations, particularly from the Gen Z segment, who demand faster, simpler, and more seamless experiences. As such, we have digitalised some of our core product offerings, including leasing and gold loans, alongside implementing QR-based payment platforms to enhance convenience and accessibility.

To support our growth, the Company's employee cadre was increased to a total of 1,232 while the branch expansion continued, totalling 115 branches by the end of the financial year.

COMPANY PERFORMANCE

Aided by our prudent strategy, the Company achieved significant milestones, including LKR 1.04 Bn in profit and LKR 53.78 Bn in total assets. Monthly revenue also exceeded LKR 1 Bn+ while our interest income remained at LKR 9.11 Bn, marking the best financial performance in our 57-year history. While Gold loans, the flagship product of the Company, remain one of the core revenue drivers during the period, with around 70% concentrated in gold loans, we continue to maintain a well-diversified portfolio comprising mortgage loans, leasing, non-gold lending products, and fixed deposits. Moreover, our transition to a digitised operating model and enhanced focus on superior customer experience have contributed to our notable achievements during the year.

COMMITMENT TO SUSTAINABILITY

Sustainability is an integral part of our business philosophy and long-term vision. We are committed to creating lasting value for all stakeholders by balancing economic growth with environmental stewardship and social responsibility. Through responsible business practices, innovation, and continuous improvement, we strive to minimise our environmental impact, support the well-being of our communities, and contribute to a more sustainable future. As such, over the years, we have extended our support to Green initiatives and self-employment, mainly women-led enterprises, as part of our sustainability agenda.

We remain dedicated to ensuring strong governance across the organisation through the adoption of key governance principles. Therefore, we maintain the highest standards of transparency, integrity, and accountability in our business activities, creating value for all our stakeholders. Our governance framework is founded on strong principles of regulatory compliance, effective risk oversight, and ethical conduct. By embedding these principles across our operations, we seek to foster a resilient and sustainable business environment that supports long-term growth while strengthening the trust and confidence of investors, regulators, customers, and the wider community.

Furthermore, to further reinforce the governance foundation, the Company ensures a well-balanced Board composition, bringing together expertise from various disciplines to support sound governance, strategic oversight, and sustainable business growth.

FUTURE AHEAD

As we move ahead, we will continue our growth trajectory, strengthening our existing core product portfolio, expanding our market presence and driving our digital transition. In this endeavour, our commitment to strong governance and sustainable value creation for stakeholders remains unwavering.

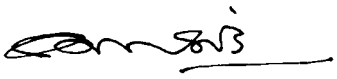
While promoting our flagship Gold Loan product, we will also diversify our product offerings as required, offering our customer base a more comprehensive selection of financial solutions. To support this, we will continue to expand our branch network with a greater focus on reaching underserved regions. Digitalisation will also continue to play a pivotal role in our business strategy, driving innovation, enhancing customer engagement, and improving operational effectiveness. Alongside, we will continue to uphold our responsibilities as corporate citizens through CSR initiatives and broader sustainability efforts aimed at supporting society and preserving the environment for the future.

First and foremost, I would like to express my sincere appreciation to our valued customers for their continued loyalty and trust, which have been instrumental in shaping our journey towards becoming one of Sri Lanka's most trusted finance companies.

I would also like to extend my sincere appreciation to our staff and senior management for their steadfast commitment and dedication, which enabled us to deliver another year of strong results despite prevailing uncertainties and challenges.

In addition, I extend my sincere gratitude to the regulatory bodies and auditors for their essential guidance and direction, which have played a key role in shaping our operations appropriately. I must also acknowledge the unwavering support and contribution of our Board Members, whose leadership was critical in guiding the Company through a turbulent year.

In closing, I take this opportunity to thank our customers, partners, well-wishers, employees, and stakeholders once again, and to reaffirm our determination to take the Company to greater heights in the years to come.



V. A. Prasanth
Chairman/ Independent Director

28th June 2026

Chief Executive Officer's Review



Dear Shareholders, Customers, Employees and Stakeholders,

It is with great pride and appreciation that I present this review of Asia Asset Finance PLC for the financial year ended 31 March 2026. The year under review was a defining period in our growth journey, reflecting the strength of our strategy, the resilience of our business model, the commitment of our people, and the trust placed in us by our customers and stakeholders.

Despite a challenging operating environment, Asia Asset Finance PLC delivered a strong and balanced performance across all key areas of the business. Our disciplined focus on quality lending, operational efficiency, customer-centric expansion and prudent risk management enabled us to record significant growth while preserving the stability and resilience that are central to our long-term success.

During the year, our total asset base increased to LKR 53.78 Bn, reflecting the continued expansion of our balance sheet through disciplined growth in the loan portfolio. Net Interest Income grew by 88.5% to LKR 4.93 Bn, while Profit Before Tax increased by 203.0% to LKR 1.93 Bn. Net Profit for the year reached LKR 1.04 Bn, representing a growth of 135.4% compared to the previous financial year. Basic Earnings Per Share also improved significantly to Rs. 8.36, demonstrating the value created for our shareholders during the year.

These results are not merely financial achievements. They represent the collective effort of our teams across the country, the strength of our customer relationships, and our ability to execute consistently in line with our

strategic priorities. Every branch, department and support function contributed to this performance, reinforcing the importance of teamwork, accountability and shared purpose in achieving sustainable growth.

A key feature of the year was the continued strengthening of our core business. Our lending activities expanded across key segments, supported by careful credit evaluation and a focus on asset-backed lending. The utilisation of the LKR 2 Bn debenture proceeds to support the expansion of the gold loan portfolio, further strengthening one of our important business lines and enabling us to serve a broader customer base with speed, reliability and convenience.

At the same time, we remained firmly committed to asset quality and prudent risk management. Our Net Non-Performing Accommodations Ratio improved to 2.37%, compared to 6.00% in the previous year, while the Gross Non-Performing Accommodations Ratio improved to 6.04% from 12.53%. The Provision Coverage Ratio also increased to 62.55%, reflecting our cautious and responsible approach to provisioning. These improvements demonstrate the effectiveness of our credit discipline, recovery efforts and proactive portfolio management.

Stability remained a cornerstone of our performance. The Company maintained a strong capital position, with Tier 1 Capital Adequacy at 24.57%, well above the statutory minimum. Liquidity also remained sound, with Available Liquid Assets to Required Liquid Assets at 137.91%. These indicators reinforce the financial strength of Asia Asset Finance PLC and our ability to support growth while maintaining a robust foundation.

Our growth was also visible in our physical presence across Sri Lanka. During the year, we expanded our branch network to 115 branches, with 15 new branches opened during the financial year. This expansion reflects our commitment to being closer to our customers, especially in communities where access to timely and reliable financial solutions is essential. Our branch network remains a vital part of our business model, enabling us to build trust, understand customer needs and deliver personalised service.

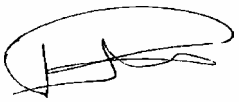
While our branch-led model continues to be a key strength, we recognise that the future of financial services will be shaped by technology. Accordingly, we continued to advance our technology agenda to complement and enhance our existing operating model. Our focus is to use technology as an enabler—improving service delivery, operational control, data visibility, process efficiency and customer convenience—while preserving the relationship-based approach that differentiates Asia Asset Finance PLC in the market. We believe that the combination of a strong branch network, empowered employees and appropriate technological development will position the Company for sustainable growth in the years ahead.

Our people have been central to this success. The Company's certification as a Great Place to Work is a meaningful recognition of the culture we continue to build, one based on respect, teamwork, performance, learning and shared responsibility. In a people-driven business, our employees are the foundation of customer trust and operational excellence. I extend my sincere appreciation to every member of the Asia Asset Finance team for their dedication, resilience and commitment throughout the year.

Looking ahead, our priorities remain clear. We will continue to grow responsibly, strengthen asset quality, enhance customer experience, invest in our people, expand our reach and advance technology in a way that supports our proven business model. We will also maintain our strong governance framework, disciplined risk management practices and focus on operational excellence.

The achievements of the year under review give us confidence, but they also remind us of the responsibility we carry. Our goal is not only to grow, but to grow sustainably; not only to expand, but to strengthen; and not only to deliver results, but to create long-term value for all stakeholders.

On behalf of the management team, I extend my sincere gratitude to our valued customers for their continued trust, to our shareholders for their confidence, to our Board of Directors for their guidance, to our regulators for their oversight, and to our employees for their outstanding contribution. Together, we have built strong momentum, and together, we will continue to take Asia Asset Finance PLC forward with confidence, stability and purpose.



R. J. A. Gunawardena
Director/Chief Executive Officer

Asia Asset Finance PLC
28th June 2026

Western Province: Restoring Dignity to Public Transport Centres

Public transport centres are among the most heavily used civic spaces in the Western Province, yet many commuters encounter neglected surroundings, poor waste-management practices and facilities that no longer reflect the dignity people deserve. Under 'Hetata Atak', Asia Asset Finance is supporting the cleaning, renovation and modernisation of selected public transport centres to create spaces that are safer, cleaner and more welcoming for passengers, transport workers and surrounding communities.

The value of this intervention extends beyond a one-day beautification effort. By improving the physical environment, introducing appropriate waste-disposal points and encouraging responsible public behaviour, the project seeks to establish a more sustainable standard of care. Employees and community stakeholders become active participants in protecting shared spaces, while thousands of daily commuters benefit from a more organised and respectful travel environment. It is a practical example of how corporate responsibility can improve an ordinary but essential part of everyday life.



SPIRIT OF ACTION

Giving meaning to our progress through the thoughtful actions that connect our values to our world.



karma

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Action & Consequence

As the realization of our intent, Karma ensures our historic growth reflects our values in motion. Through purposeful action, we transform our principles into a lived reality that benefits everyone we serve.

Operating Environment

GLOBAL ECONOMY

The global economy demonstrated notable resilience during the financial year, though markedly uneven and came at the expense of higher inflation and debt. However, the growth is projected to decelerate in 2026, due to trade barriers, elevated policy uncertainty and the impact of the Middle East conflict. Nevertheless, trade growth is expected to be firm in 2027, as trade flows more fully adjust to tariff hikes and policy uncertainty recedes despite high energy costs.

Global growth is estimated to have averaged 2.8% in 2025, as a result of stronger-than-expected growth in major economies. While advanced economies showcased robust recovery, with nearly 90% of these countries maintaining above pre-pandemic per capita income levels, more than one-quarter of emerging market and developing economies (EMDEs), specifically the low-income countries and those affected by fragility and conflict, continued to struggle with per capita income below 2019 levels.

Inflation declined in most economies during 2025, reflecting easing supply chain pressures and moderating demand, though it remained above target in many regions. Higher tariff rates did contribute to sector-specific price increases in the U.S., particularly in goods markets, but these effects were cushioned by supply chain diversification and front-loaded imports. Going forward, inflation is expected to ease further in 2026–27, driven by softer labor markets, subdued demand for tradable goods, and stabilizing energy prices.

Along with continued global disinflation, the global financial conditions also showcased improvement, fuelled by strong risk appetite and U.S. monetary policy easing amid softness in the U.S. labour market. As a result, global growth this year is expected to be stronger relative to previous projections.

Risks and Opportunities

Near-term risks to the global outlook are tilted to the downside as growth could be affected by escalating trade tensions, rising barriers, geopolitical issues, fiscal concerns, and an inflationary environment. On a positive note, the expansion of AI-related activities and the increasing adoption of Companies to new trade conditions could support growth.

Global Demand for Gold

Global demand for gold increased in 2025 amid continued geopolitical and economic uncertainties. In January 2026, gold prices climbed above USD 5,500 per troy ounce, supported by sustained central bank buying, safe-haven flows, and elevated geopolitical risks.

Strong demand is expected to persist in the near term, underpinned by global uncertainty and geopolitical risks. Gold prices increased by 64% year on year in 2025, before moderating slightly in 2026 as some current uncertainties start to ease. Even so, prices are likely to stay elevated, around USD 5000 per troy ounce towards the end of 2026.

LOCAL ECONOMY

The macroeconomic environment in 2025 remained fragile, shaped by both domestic vulnerabilities and external shocks. Although the economy demonstrated resilience during the first half of 2025 with a GDP growth rate at 5.0% and growth witnessed across key sectors, the economy continued to grow at a moderate pace, remaining susceptible to external uncertainties. During this period, the economy recorded strong expansion, driven primarily by solid performance in the industry and services sectors. Growth was underpinned by lower interest rates, rising private sector credit, increased investment activity, and stable consumer demand. In addition, the external sector strengthened significantly, supported by record-high tourist arrivals and a historic increase in workers' remittances, both of which boosted foreign exchange inflows.

However, the rising tensions in the Middle East and their spillover effects on global trade and energy markets heightened uncertainty, dampening investor confidence

OUTLOOK

Global growth is forecasted to edge down to 2.6% in 2026, driven by a notable slowdown in demand for traded goods, softening domestic demand in many major economies, geopolitical tensions in the Middle East, high energy prices, and persistent inflation. However, it is expected to pick up slightly to 2.7% in 2027, as domestic demand benefits from earlier monetary policy easing and trade improves amid declining uncertainty. The outlook for global trade continues to be dampened by elevated trade tensions and policy uncertainty associated with higher tariffs. While AI-driven investment and easing inflation provide some support, growth is constrained by high debt, geopolitical tensions in the Middle East, and trade friction.

and economic stability. The cyclone in late 2025 further disrupted economic activity, pressurized the borrower repayment capacity and exposing the sector's vulnerability to climate-related events.

Volatility in Gold Prices

During the financial year, movements in global gold prices posed a potential risk for the Company, as gold loans continue to be a key component of its portfolio. Increased volatility created uncertainty around collateral valuations and borrower repayment patterns compared to more stable market conditions. To address this, the company adhered to prudent loan-to-value (LTV) ratios, ensuring a disciplined and well-secured lending approach.

Furthermore, the short-term nature of the gold loan portfolio enabled the company to reprice and adjust swiftly in response to market changes, limiting prolonged exposure to volatility. Together, these strategies helped protect asset quality, sustain profitability, and strengthen resilience in a shifting market environment.

Vehicle Market Decline

Towards the latter part of the financial year, Sri Lanka's vehicle market showed a downward trend regarding new vehicle prices, which subsequently impacted the second-hand vehicle segment. This sudden shift created potential credit risks for lenders who are heavily exposed to auto financing, particularly in higher-value segments.

Despite this situation, the impact on Asia Asset Finance PLC remained minimal given its limited exposure to vehicle financing and the concentration outside high-ticket segments, reducing its sensitivity to price fluctuations. Moreover, the Company's portfolio remained well diversified, with gold loans and mortgage lending continuing to be the main drivers of growth and profitability.

Impact of Ditwah Cyclone

The Ditwah Cyclone that made landfall during the latter part of 2025 disrupted the regional economic activity, affecting customer repayment capacity and interrupting branch operations in impacted areas. Although this type of natural calamity typically leads to increased defaults and operational strain for financial institutions, the Company remained resilient due to its strong focus on short-term, collateral-backed gold lending. The secured nature of these loans helped limit credit risk, while their short maturities enabled quick adjustments to changing conditions.

In addition, effective business continuity planning and a measured approach to branch management helped reduce operational disruptions, ensuring consistent service delivery and maintaining customer confidence. Collectively, these measures mitigated the cyclone's adverse effects and enabled the Company to sustain stable performance despite external shocks.

Middle East Conflicts and Inflationary Pressures

Towards the latter part of the financial year, escalating geopolitical tensions in the Middle East began to emerge, increasing concerns over possible spillover effects on global financial and commodity markets. While the immediate impact on Sri Lanka's financial sector remained limited, these developments are expected to add upward pressure to inflation and gradually increase funding costs. For Asia Asset Finance PLC, this could pose a challenge in maintaining interest margins and sustaining profitability in the periods ahead.

To address this risk, the company has proactively leveraged the short-term structure of its gold loan portfolio, enabling swift repricing in response to changes in interest rates and funding conditions. This built-in flexibility helps protect margins even in a rising cost environment, thereby supporting financial stability and strengthening resilience against both global and domestic economic uncertainties.

KEY HIGHLIGHTS IN FY 2025/26

Reaching 12 Years of Partnership with Muthoot Finance

Reaching Over 115 Branches

Crossing the Milestone of a over 1,200 Strong Workforce

Reaching Over Rs. 1 Bn Monthly Turnover

Reaching an Overall Profit After Tax of Rs. 1 Bn

Maintaining a Rs. 53 Bn Asset Base

Operating Environment

FINANCE COMPANIES SECTOR PERFORMANCE

Driven by the economic recovery, the Finance Companies (FCs) sector continued to grow, recording a significant credit expansion during 2025, while remaining resilient with adequate capital and liquidity buffers throughout the year. While the sector recorded a notable growth in terms of total assets and loans and advances, there was also a notable reduction in stage 3 loan ratios owing to the significant credit expansion.

The asset base of the FCs sector grew by 46.2% y-o-y at the end of FY26, compared to a 18.7% y-o-y growth at the end of FY25. The asset growth was mainly driven by the significant expansion of the loans and advances portfolio, which accounted around 80% of the total assets of the sector. The loans and advances portfolio of the sector increased by 52.4% y-o-y at the end of FY26 compared to a 26.9% y-o-y growth at the end of FY25. Finance leases and vehicle loans continued to dominate the loans and advances portfolio of the sector and accounted for 63.5% of total loans and advances, followed by loans secured by gold, representing 21.2% of total loans and advances at the end of FY26. Finance leases and vehicle loans, and loans secured by gold, recorded an estimated y-o-y growth of 52.9% and 68.3%, respectively, at the end of FY26. The investment portfolio of the sector increased by 13.6% at the end of FY26, compared to the contraction of 9.1% recorded at the end of FY25, on a y-o-y basis.

Overall, the finance company sector recorded asset growth, improved profitability, and a decline in non-performing loans. However, the operating environment remained dynamic and challenging, underscoring the importance of resilience and adaptability in navigating Sri Lanka's evolving economic landscape.

ASIA ASSET FINANCE PLC PERFORMANCE

AAF delivered a strong performance this year despite an uncertain operating environment, demonstrating growth across key areas. The Company's employee cadre witnessed a notable growth totalling 1,232 while the branch expansion continued, totalling 115 branches by the end of the financial year. From a financial standpoint, the Company achieved significant milestones, including Rs. 1 Bn in profit and Rs. 53 Bn in total assets. Monthly revenue also exceeded Rs. 1 Bn, while profit after tax was also over Rs. 1 Bn, marking the best financial performance in our 57-year history. We continue to maintain a diversified portfolio, with around 70% concentrated in gold loans, alongside mortgage loans, leasing, non-gold lending products, and fixed deposits.

From a strategic perspective, the key focus has been on consolidating our position as a leading gold loan company while steadily advancing towards a more digital-first operating model. In line with this, our branches continue to embrace digital transformation to enhance operational efficiency and customer experience, ensuring convenience and delivering hassle-free service. Likewise, the Luckewallet, the digital banking App and launched two years ago, is now fully operational and widely adopted, and continues to serve nearly 60% of our customers on a digital platform. A key objective for the year ahead is to further scale this adoption to 99%, reinforcing our commitment to digital transformation and customer-centric innovation.

Moving forward, we are aiming to strengthen our growth trajectory by reaching an asset base of Rs. 75 Bn and achieving profitability of Rs. 1.5 Bn, while expanding our branch network to 130 locations in the next financial year.

From an operational perspective, we are focused on significantly enhancing our digital presence in the market, including the integration of AI-driven capabilities, to ensure our processes become more digitally enabled and less dependent on manual intervention. This transformation is essential to position the organisation as a future-ready institution in an increasingly competitive landscape, where evolving customer expectations, particularly from the Gen Z segment, demand faster, simpler, and more seamless experiences. Accordingly, we plan to progressively digitise our core product offerings, including making leasing and gold loans fully digital, while also expanding the use of QR-based payment platforms to improve convenience and accessibility. Alongside this digital transformation, we continue to uphold our responsibilities as corporate citizens through CSR initiatives and broader sustainability efforts aimed at supporting society and preserving the environment for the future.

Our Strategy

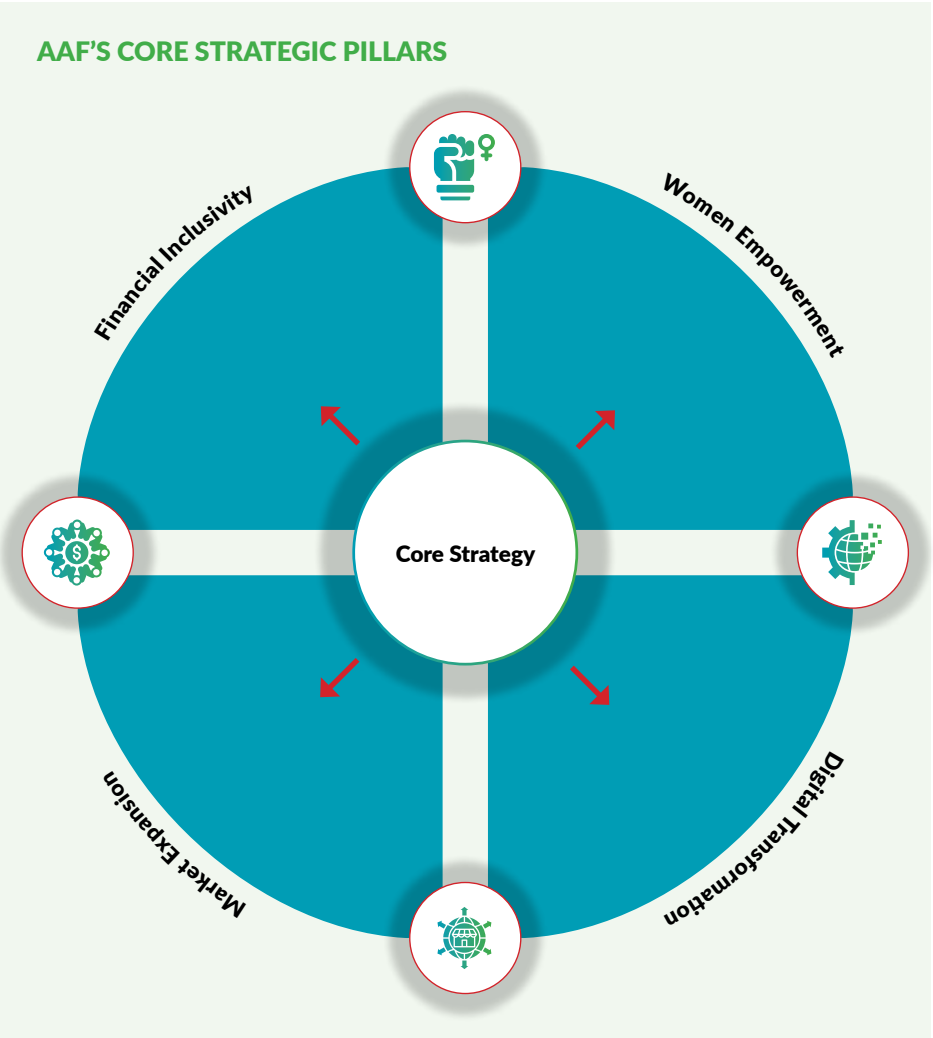
AAF's business strategy aims to create value for all its stakeholders while upholding ESG principles to ensure a sustainable future for the next generation. In line with this goal, the strategic direction is reviewed annually to help refine priorities and drive continued growth. Based on the changing operating environment, industry landscape, regulatory frameworks and constantly evolving customer needs, the Company continues to refine its forward strategy to ensure continued growth and profitability and to deliver enhanced value to stakeholders. Driven by a commitment to enhance financial inclusion by offering accessible financial services to underserved segments, and specifically to support female entrepreneurs to realise their financial dreams, the Company continues to support the social development of marginalised communities across the island.

STRATEGIC FOCUS IN FY 2025/26

Despite the volatility in the operating environment, the Company continued to progress during the year, propelled by the successful performance of its gold loan portfolio and the other core product categories. Although Non-Performing Loans (NPAs) witnessed an increase during the year within the industry due to macroeconomic volatilities and the impact of Ditwah cyclone, the Company continued to progress ahead, capitalising on the rising gold prices in the global market. As 70% of our portfolio comprises gold loans, in this context, we were well-positioned to manage risk and sustain stable returns. Therefore, we continue to consolidate our position as a gold loan company, alongside implementing measures towards digital transition to cater to the digitally savvy customers in line with the evolving industry requirements. Through Luckewallet, the fully automated digital wallet designed by the Company covering all the key functionalities for digital customer onboarding, Online FD Processing, Loan processing, customer interaction, daily banking needs and utility payments, we continue to enable customers to perform their transactions in real time at their convenience. Given that nearly 60% of our customers transact through this wallet, we are focused on increasing this share in the year ahead.

Nevertheless, the fluctuating interest rate environment, reduction in vehicle prices, and the setback in SMEs owing to the economic instability continue to weigh on the repayment capacity of customers, in turn impacting our loan portfolio.

AAF'S CORE STRATEGIC PILLARS



Our Strategy

Financial Inclusivity

AAF's primary aim is to reach out to the underprivileged masses who lack access to formal finance by curating products specifically designed for their unique needs. Leveraging the extensive island wide branch network to engage with customers across the nation, the Company continues to foster financial inclusivity for marginalised communities through our diverse financial products and services, thereby supporting them in uplifting their living standards. The 115 branches we have established so far, and continue to grow, have enabled us to build close interactions with the customer base throughout the years, thereby enhancing financial inclusivity and contributing to the overall economic development of the country.

Women's Empowerment

As a Company committed to diversity and equality, our support for women's empowerment is a key priority. Therefore, we advocate women's empowerment from two perspectives: firstly, by supporting the career progress of female employees and, secondly, by extending financial support to female entrepreneurs. Hence, internally, we continue to promote a non-discriminatory and equal opportunity work environment, strengthening our commitment to gender equality. Accordingly, all employees are provided with equal opportunities for career progression and advancement into leadership roles. At present, more than 50% of our workforce is female, of which 05 of women are in leadership positions at various levels of operations. Externally, we have extended support for female entrepreneurs through tailored financial products aimed at supporting women-led micro, small, and medium enterprises. Through Gold loans, micro mortgage loans and other customised solutions, we continue to extend our support to female entrepreneurs who are engaged in agriculture, trade, retail and start-ups to achieve business growth and sustainable financial independence. During the year, we extend financial support to 95,298 female entrepreneurs.

Digital Transformation

Digital transformation remains a key priority in our agenda, where we embrace digitalisation to foster innovation, operational efficiency, and further strengthen the knowledge-driven culture of the organisation. Through ongoing implementation of strategic digital initiatives, we continue to address key operational challenges through technology integration and aligning employees for the same.

In line with these goals, digitally driven process efficiencies have been introduced across our branch network, leading to resource optimisation. With a considerable number of manual processes transferred onto a digital platform, we have been able to significantly reduce paper usage within the Company. Our ongoing digital drive has supported seamless customer onboarding, product information dissemination, and marketing and promotional activities, thereby offering customers user-friendly digital access, which is efficient and engaging.

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

Market Expansion

To capture customer base across the island, we continue to expand our branch network annually, expanding outreach into customer segments in rural areas. Accordingly, 15 new branches were added to the network during the year, totalling 115 branches altogether. A few branches were also relocated to strategic locations for greater visibility and customer accessibility. This has enabled us to broaden our market reach, contributing to business growth through new opportunities and a stronger brand presence.

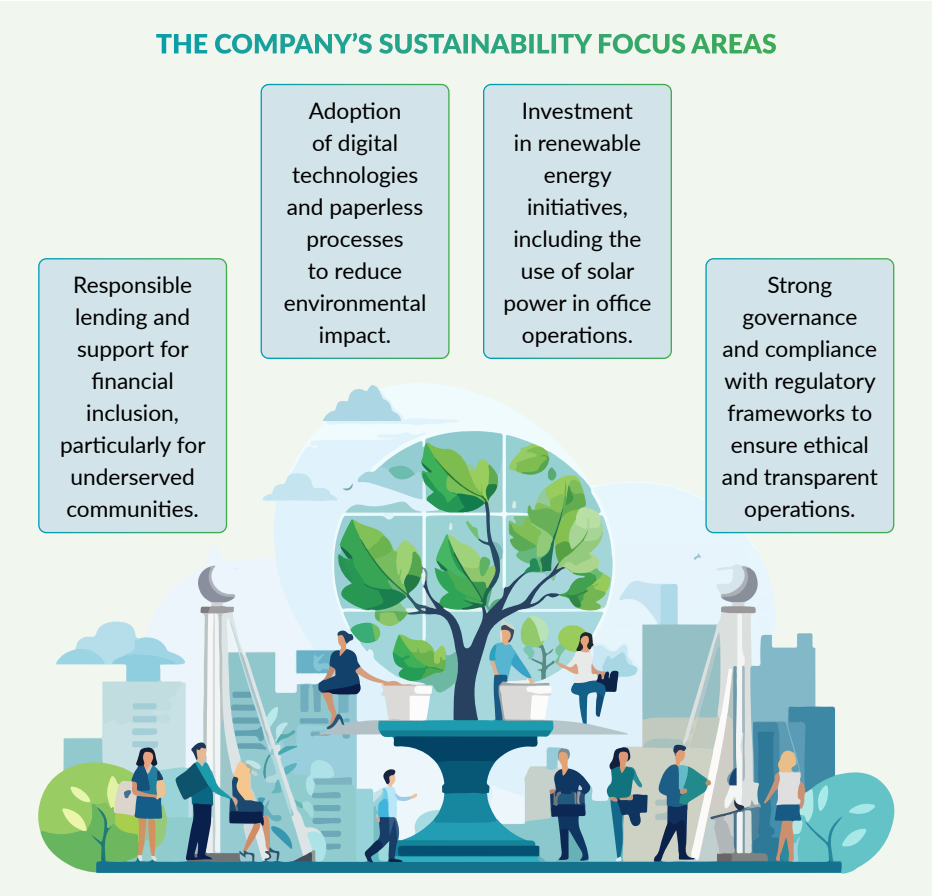
INDIRECT ECONOMIC IMPACTS

GRI 203-2

Economic Value Generation	Job Creation	Support for Female Entrepreneurs	Regional Economic Development	Contributes to a Digital Economy	Community Support
Rs. 1,011,382,970 paid as salaries and benefits for the employees	1,232 people were employed at the head office and across the branch network.	Our portfolio consists of 95,298 female clientele. Rs. 25,963,156,045 disbursed for female clientele.	Our 115 branches established across the country consolidate our presence in key strategic locations, supporting the growth of individuals and SMEs in those areas.	Continued implementation of digital transformation initiatives, facilitating customer convenience and preference for virtual transactions.	Rs. 8,487,403 invested in CSR programs

Integrating Sustainability

Sustainability is an integral part of AAF's value creation, which supports the maintenance of balance between economic performance, environmental stewardship and social responsibility, thereby positioning the Company for consistent growth and resilience in an evolving world. Accordingly, the Company remains committed to integrating Environmental, Social, and Governance (ESG) principles into its overall business strategy to ensure sustainable value creation for all stakeholders. The Company's sustainability approach focuses on responsible lending, financial inclusion, environmental stewardship, and strong corporate governance.



Furthermore, the Company aligned with the integrated reporting framework and the internationally recognised Global Reporting Initiative (GRI) standards in reporting on its financial and non-financial performance, further embedding sustainability in its core business strategy and long-term value creation.

Collectively, this well-rounded approach to sustainability aims to generate long-term economic value for the Company while contributing positively to societal well-being and environmental stewardship.

ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is essential for ensuring the long-term viability of both businesses and the planet. By using natural resources responsibly, reducing waste, and minimising environmental impact, companies can achieve greater cost efficiencies while effectively managing potential risks, contributing to a healthier ecosystem for future generations. This, in turn, creates a favourable brand image amongst the stakeholders, who value environmentally responsible operations.

Therefore, during the financial year, the Company continued to drive environmental responsibility by accelerating its digital transformation journey, gradually transitioning to paperless operations across its branch network.[1] Additionally, we prioritised renewable energy adoption with a significant portion of head office operations transitioned to solar power, minimising the Company's carbon footprint and improving energy efficiency. We also actively promote green lending initiatives and support eco-friendly business activities that contribute to environmental preservation.

1 *Refer Digital Transformation section for further information on page 40.*

Integrating Sustainability

The Company's environmental commitment is further reinforced with the launch of the "Hetata Atak" environmental project, in line with the national "Clean Sri Lanka" concept that focuses on environmental conservation and waste management, promoting sustainable practices across communities.

SOCIAL SUSTAINABILITY

Social sustainability focuses on creating positive and lasting impacts on people and communities. From ensuring fair treatment of employees, promoting safe and inclusive workplaces, supporting community development, and respecting human rights, social sustainability encompasses multiple dimensions that contribute to overall social well-being. By prioritising social well-being, a Company is better positioned to build stronger relationships with stakeholders, enhance employee engagement, and contribute to overall societal progress.

Accordingly, AAF implemented several impactful Corporate Social Responsibility (CSR) initiatives during the period to promote inclusivity and community development. One of the key CSR initiatives implemented during the period was the Breast Cancer Awareness Programme conducted for the wider community, assisting the early detection and preventive care, emphasising our continued commitment to improving public health.

Moreover, International Women's Day was celebrated with initiatives organised to recognise female employees, promoting gender equality within the organisation. Women empowerment was further powered through extending support for women-led enterprises and assisting them to achieve financial independence through inclusive financial solutions.

The Company also carried out a Children's Day programme at the cancer hospital and the Christmas outing for children at the Visaka Children's Home, emphasising our commitment to supporting vulnerable groups and providing emotional care. School bags and dry rations were also distributed amongst identified underprivileged schools, fostering trust and community goodwill.

ECONOMIC SUSTAINABILITY

From an operational and economic sustainability perspective, the Company expanded its financial inclusion initiatives by extending its services to underserved and rural communities, enabling broader access to financial resources. To support this further, the Company invested in digital platforms, automation, and AI-driven solutions, thereby enhancing operational efficiency and customer experience and minimising the environmental impact. Furthermore, continuous investment in employee development through digital learning platforms ensured the creation of a skilled and future-ready workforce.

DIGITAL TRANSFORMATION

The Digital Transformation Department at Asia Asset Finance PLC continued to play a pivotal role in advancing the organisation's strategic vision by fostering innovation, strengthening a knowledge-driven culture, and enhancing operational efficiency through digital enablement. To this end, several strategic digital initiatives were implemented during the financial year, effectively addressing key operational challenges through embracing advanced technologies and aligning employees for the same, reinforcing the foundation for sustainable long-term growth.

LEARNING MANAGEMENT SYSTEM (LMS) POWERED BY MOODLE

To cultivate a learning-oriented and collaborative workplace, the department implemented a Learning Management System (LMS) powered by Moodle, significantly enhancing the organisation's Learning and Development capabilities. The platform provides employees with access to structured training programs while promoting continuous, self-directed learning aligned with both functional and organisational objectives.

This platform allows the department heads to design and assign customised learning pathways along with integrated assessment and reporting tools, for effective evaluation of employee competencies and training outcomes. The system further facilitates the generation of consolidated insights on skill levels, course completion rates, and overall workforce capability, enabling more informed, data-driven talent development decisions.

Furthermore, the LMS has also strengthened knowledge sharing across the organisation by enabling the seamless creation and dissemination of content across departments. This has enhanced transparency, encouraged open communication, and fostered a more connected and engaged working environment.

DIGITAL LEASING TRANSFORMATION

During the year, the Department also advanced its innovation agenda through the successful initiation of Phase 1 of the Digital Leasing Transformation. This key milestone introduced a mobile-based facility submission process, representing a significant shift from traditional paper-based operations to a streamlined digital workflow.

The solution offered the marketers the option to create and submit leasing applications directly via a mobile application, ensuring standardised data capture and centralised information management. This contributed to improved data accuracy, reducing duplication and ensuring greater consistency across branches. The integration of digital document uploads and structured workflows has significantly enhanced coordination between branch and head office teams, reducing reliance on physical file transfers and manual communication channels.

Implementation of Phase 1 of the Digital Leasing Transformation has delivered immediate operational benefits, including faster turnaround times, improved process transparency, and reduced administrative burden. At the same time, it has contributed to strengthening cross-functional collaboration, enabling employees to focus on higher-value activities. From a capability perspective, the system promotes adherence to standardised processes while enhancing visibility into user activity and timelines, laying the foundation for more effective performance monitoring and data-driven decision-making in future phases.

LEAN WORKSHOPS BASED ON LEAN SIX SIGMA PRINCIPLES

Complementing these digital initiatives, the Department also collaborated with the Learning and Development function to conduct a series of Lean workshops based on Lean Six Sigma principles. These sessions were designed to enhance problem-solving capabilities, encourage innovative thinking, and empower employees to identify process improvement opportunities within their respective functions. The interactive and cross-functional nature of the workshops further strengthened teamwork, reinforcing a culture of continuous improvement across the organisation.

AWARDS

The Company further strengthened its reputation for excellence by achieving significant recognition at prestigious national awards. At the National Project Management Excellence Awards (NPME) 2025, it received the Gold Award for Best Managed Project (CSR Sector), while also earning a Merit Award at the Best Management Practices Company Awards 2026 organized by the Institute of Chartered Professional Managers of Sri Lanka.

Digital transformation efforts were recognised at the Best Management Practices Company Awards 2026, organised by the Institute of Chartered Professional Managers of Sri Lanka, where the organisation was conferred with a Gold Award in the Finance & Leasing (Public Sector) category, along with a Merit Award in Digital Literacy.



The Company also achieved notable success at the National Project Management Excellence Awards (NPME) 2025, securing multiple accolades, including a Gold Award for Innovation in recognition of AMIE, an AI-powered policy engine enabling faster and more accurate decision-making. A Silver Award for the Lean category and a Bronze Award for the Digital Transformation category further highlighted achievements in process improvement and digital enablement.



These achievements collectively reflect the Digital Transformation Department's continued commitment to driving innovation, strengthening organisational capabilities, and fostering a culture of continuous improvement. The progress achieved during the year has delivered tangible operational improvements while also establishing a solid platform for future developments in automation, intelligent systems, and seamless end-to-end digital integration.

Performance of the Business Lines

AAF continues to create tailored financial solutions to cater to the evolving customer requirements. The solutions that are designed with flexibility and innovation in mind have enabled our customers to achieve their financial goals with greater ease. Therefore, we remain committed to enhancing customer experience by delivering accessible, reliable, and value-driven financial services, thereby positioning the Company as the preferred financial services provider amongst the wider clientele.

GOLD LOANS

AAF's Gold Loan segment is one of the pillars of the Company's lending portfolio that significantly contributed to growth during the financial year. Driven by the stabilising economic environment and the evolving customer requirements, the Gold Loan portfolio demonstrated resilient performance alongside maintaining strong governance, operational discipline, and portfolio quality.

Our efforts to ensure disciplined portfolio management throughout the year, emphasising focused leadership and implementing monitoring mechanisms across the branch network, played a vital role in this growth momentum. As such, particular emphasis was placed on maintaining LTV 67% ratios, strengthening article verification procedures, improving safe custody controls, and ensuring timely recovery and auction processes. These measures helped ensure portfolio stability while safeguarding the Company against collateral price volatility and operational risks.

Moreover, this segment also continued to generate strong demand from customers seeking quick, secure, and flexible short-term financing solutions. Gold-backed lending remains an important retail credit product in the financial sector due to the liquidity of gold collateral and the relatively efficient recovery mechanisms available to lenders.

Operationally, several initiatives were undertaken to strengthen monitoring, branch-level accountability, and process standardisation. These initiatives contributed to improved operational governance, stronger compliance culture, and enhanced transparency across the Gold Loan operations.

WAY FORWARD

Moving ahead, the Gold Loan business is expected to remain a key contributor to the Company's lending portfolio. With sustained demand for short-term liquidity solutions and the inherent stability of gold-backed lending, the segment is well-positioned for sustainable growth. Strategic priorities will include expanding the portfolio in high-potential regions, enhancing customer retention through renewals and top-ups, strengthening risk-monitoring frameworks, and leveraging technology-driven dashboards for real-time portfolio oversight.

Under disciplined leadership and robust governance structures, the Company is confident that the Gold Loan segment will continue to deliver stable earnings, controlled growth, and long-term value to the organisation.

MORTGAGE LOANS

Mortgage loans provide customers with long-term financing solutions to facilitate real estate and property purchases. Beyond home-ownership, 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 or variable 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. 8.1 Bn with a customer base of over 3000.

To expand our presence in the mortgage segment, we utilise focused marketing campaigns, informative content, referral programs, and strategic partnerships with real estate professionals, reinforcing our reputation as a trusted financial partner.

During FY 2025/26, the mortgage product demonstrated outstanding performance, reaching Rs. 8.1 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 is highlighted not only by significant product expansion but also by strong collection performance and a sustained level of non-performing assets at historically favourable levels.

Additionally, we maintain our competitive edge by delivering financial literacy initiatives tailored to underserved segments that may not meet the criteria for mortgage financing through conventional banking channels. AAF further supports customers throughout the mortgage documentation process, acknowledging its complexity and the extensive engagement required with local authorities, particularly for those unfamiliar with such procedures.

WAY FORWARD

Moving ahead, our mortgage loan strategy will prioritise strengthening customer awareness and deepening community engagement to support home-ownership and financial inclusion. Through strategic collaborations with real estate professionals and the introduction of tailored mortgage solutions, we aim to address the changing financial needs of our customers. Our ultimate goal is to broaden our market presence while contributing to sustainable economic development and social advancement in Sri Lanka by promoting greater home-ownership and long-term wealth creation.

LEASING

AAF's Leasing products offer customers a convenient way to finance vehicle or asset purchases without the need for an upfront payment of the full cost. The Company 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 course of time, our leasing products have gained traction, mainly within the second-hand vehicle market. As such, we offer a range of leasing products to suit the individual, commercial, and SME customers' requirements, thereby offering them flexible and accessible financial solutions to acquire vehicles or assets without requiring a large upfront payment. Utilising our widespread branch network across the nation, the strategic partnerships and the enhanced digital capabilities, we continue to reach out to customers who require access to vehicle leasing without financial strain.

During FY 2025/26, the Company solidified its position as a dynamic force in the leasing sector, reaching a significant milestone of Rs. 3.4 Bn, a testament to our aggressive yet calculated growth strategy over the last 24 months. This signifies our expanding presence within the Sri Lankan economy, underpinned by a strong commitment to delivering flexible, asset-backed financing solutions.

While rapid expansion often carries the risk of deteriorating asset quality, AAF has successfully decoupled growth from risk, reporting an NPA (Non-Performing Asset) ratio of 7.8%, significantly outperforming industry averages. This ratio is the result of leveraging data-driven credit assessments to ensure high-quality onboarding and a proactive and empathetic recovery mechanism that maintains strong relationships with our lessees while ensuring capital turnover, strategically balancing our asset classes to mitigate sector-specific volatilities.

Furthermore, to remain competitive and set new industry benchmarks for speed, we are transitioning towards a fully digitised leasing lifecycle, anchored by the launch and expansion of our DigiLeasing App. By digitising the application and approval processes, we are significantly reducing turnaround times from days to hours. Our integrated digital ecosystem also provides real-time interfaces for dealers, enabling seamless documentation and faster commission settlements, thereby strengthening AAF's position as the preferred partner for vehicle and equipment vendors. In addition, automation is enhancing operational efficiency by allowing our teams to focus more on relationship management rather than manual data entry, ultimately optimising overall operating expenditure.

WAY FORWARD

The Company remains prepared to leverage its digital prowess and rural-centric focus to drive the next phase of its evolution, ensuring sustainable value for our shareholders and unparalleled service for our clients.

To this end, a key pillar would be our 2026/27 strategy focused on reaching rural and underserved areas where entrepreneurs and small-scale farmers often lack access to formal financing. By establishing a "Leasing at your Doorstep" model supported by our digital tools, we aim to empower the average client who possesses the drive but lacks the traditional collateral or documentation required by larger banking institutions, support local economies by financing income-generating assets (tractors, light trucks, three-wheelers and motorcycles) and bridge the financial divide, ensuring that AAF becomes a household name for rural wealth creation.

The leasing landscape is becoming increasingly crowded with both traditional players and fintech entrants. Our strategy to compete with and capture a larger market share is threefold. As we scale, our primary objective remains maintaining our 7.8% NPA ratio. We will achieve this through "Smart Growth" using our growing database to refine our risk models. Moving away from one-size-fits-all leasing, we will introduce seasonal repayment plans tailored to agricultural and tourism cycles and explore "Green Leasing" options for electric and fuel-efficient vehicles to align with global ESG standards and attract environmentally conscious investors.

Moreover, we will obtain maximum benefits from AAF's existing gold loan client base through the cross-selling mechanism to overcome the competition from the outside market.

As we look toward the 2026/2027 horizon, Asia Asset Finance is prepared to leverage its digital prowess and rural-centric focus to drive the next phase of its evolution, ensuring sustainable value for our shareholders and unparalleled service for our clients.

Performance of the 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 2025/26, fixed deposits demonstrated outstanding performance, reaching 25.83%, recording 29.3% growth over the previous financial year. The Company provides deposit rates structured to deliver steady and competitive returns, complemented by personalised door-to-door services tailored to individual customer needs. Moreover, our well-established digital platform, including mobile applications, enables customers to open fixed deposits remotely, improving convenience while enhancing overall operational efficiency.

WAY FORWARD

Despite the macroeconomic challenges, we continue to mobilise fixed deposits supported by a strong customer base and digital infrastructure. Moving ahead, we look forward to enhancing demand for our fixed deposit products in the coming years, leveraging our strengthened digital capabilities to ensure service excellence and customer convenience, maintaining regulatory compliance, reinforcing customer trust and loyalty, and driving growth in the fixed deposit portfolio.

LUCKEWALLET SAVINGS ACCOUNTS

Introduced in 2022, the Luckewallet Mobile Application has rapidly evolved into a key digital banking platform for Asia Asset Finance PLC, supporting the Company's digital transformation strategy and enhancing customer convenience through secure, accessible financial services. The mobile application enables customers to manage their financial activities anytime and anywhere, delivering a seamless digital banking experience.

During FY 2025/26, the Luckewallet mobile application continued to record steady growth in both customer adoption and transaction volumes. The platform facilitated transactions exceeding Rs. 200 Mn, reflecting the increasing reliance of customers on digital channels for their day-to-day financial activities. In addition, the digital savings portfolio maintained through the application expanded to approximately Rs. 105 Mn, demonstrating growing customer confidence in managing their savings through digital platforms.

The Luckewallet mobile application has also evolved into a comprehensive financial portfolio management tool, enabling customers to conveniently monitor and manage their savings accounts, leasing and loan facilities, gold loans (GL), and fixed deposits (FD) through a single mobile interface. Customers are able to review payment histories, outstanding balances, and facility details, providing greater transparency and control over their financial commitments.

Several innovative features introduced through the application have significantly enhanced customer convenience. The Gold Loan Top-Up facility recorded notable growth, as customers increasingly utilised the ability to obtain additional financing instantly through digital channels. Similarly, the FD Pledge Loan facility accessed via the mobile application recorded strong growth, clearly indicating a shift in customer behaviour toward digital platforms for obtaining credit facilities without the need for branch visits. The platform also facilitates leasing disbursements directly to customers' savings accounts, improving efficiency and enhancing the overall customer experience.

WAY FORWARD

Looking ahead, the Luckewallet mobile application will continue to play a central role in the Company's digital strategy. With further technological investments and product innovations planned, the coming year is expected to witness even greater developments and feature enhancements than the previous year, further strengthening the platform as a comprehensive digital financial ecosystem for customers.

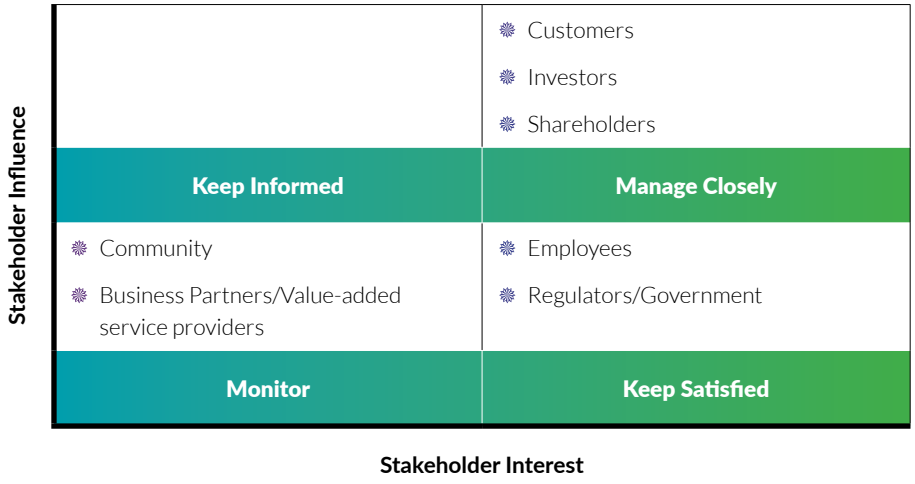
Stakeholder Engagement

AAF recognises the significance of its stakeholders in driving value creation and therefore continues to foster strong relationships with them to ensure the Company's long-term growth. Their collective ideas, opinions and viewpoints shape our growth trajectory, enabling us to continuously improve and deliver greater value. Therefore, we continue to sustain resilient relationships with all our stakeholders through effective communication and engagement, thereby incorporating their feedback into our strategies and action plans. To this end, we conduct a stakeholder mapping exercise to clearly understand who our stakeholders are, their level of influence, and their expectations.

STAKEHOLDER RELATIONSHIP MANAGEMENT

GRI 2-29

To maintain robust relationships with our stakeholders, we engage with them regularly through multiple engagement channels. Through proactive engagement and transparent communication, we maintain mutually beneficial relationships with all our stakeholders, supporting one another to achieve shared goals and long-term value creation. Utilising a stakeholder engagement framework that clearly outlines a structured approach to identifying, analysing, and managing stakeholder relationships, we continue to ensure that stakeholder concerns and expectations are incorporated into our decision-making, further reinforcing stakeholder trust and loyalty. This has enabled the Company to prioritise engagement efforts and allocate resources more effectively, ensuring that key stakeholders receive the right level of attention and communication.



APPROACH TO STAKEHOLDER MANAGEMENT

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

Identify	Evaluate	Include	Manage	Monitor
We intensively focus on identifying the key relationships that we seek to establish in a well structured way to ensure sustainability of these relationships	Evaluation process involves gathering information about the intended relationships to ensure that its business conduct meets with the standards of our Company	We then establish the relationships that involves a non-discriminatory approach	We deploy great care, transparency and open communication method to nurture and foster these relationships	We carefully monitor these relationships with a view to deriving value while delivering value, for the long term

Stakeholder Engagement

SHAREHOLDERS AND INVESTORS

Strength of Relationships
Strong

Stakeholder Interests/Expectations	Company Response
❁ 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.

Mode of Engagement	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

Strength of Relationships
Strong

Stakeholder Interests/Expectations	Company Response
❁ 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.

Mode of Engagement	Continuous	Quarterly & Biannually
Personalised interactions	☑	
Customer complaint handling process	☑	
Customer Satisfaction Surveys		☑
Market Surveys	☑	
Communication through multiple media platforms	☑	
Corporate Website	☑	

EMPLOYEES

Strength of Relationships
Strong to Moderate

Stakeholder Interests/Expectations	Company Response
❁ 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-par remuneration and benefit package. We also support their career advancement through unbiased performance evaluation and rewards/promotions for well-performing employees.

Mode of Engagement	As and when Necessary	Continuous	Annual
Management meetings	☑		
Communications via memos and e-mails		☑	
Employee networking events			☑
Performance appraisals			☑
Workplace improvement meetings	☑		
Meetings to review goal achievements	☑		

GOVERNMENT AND REGULATORY BODIES

Strength of Relationships
Strong

Stakeholder Interests/Expectations	Company Response
❁ 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.

Mode of Engagement	As and when Necessary	Annually	Continuous
Off-site surveillance with periodic returns			☑
On-site surveillance	☑		
Compliance with directives and circulars			☑
Meetings, consultations & press releases	☑		
Dedicated personnel for continuous, personalised interaction			☑

Stakeholder Engagement

COMMUNITY

Strength of Relationships
Strong

Stakeholder Interests/Expectations	Company Response
✺ 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.

Mode of Engagement	Continuous	Ongoing	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			☑

BUSINESS PARTNERS AND VALUE-ADDED SERVICE PROVIDERS

Strength of Relationships
Moderate

Stakeholder Interests/Expectations	Company Response
✺ 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.

Mode of Engagement	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	☑

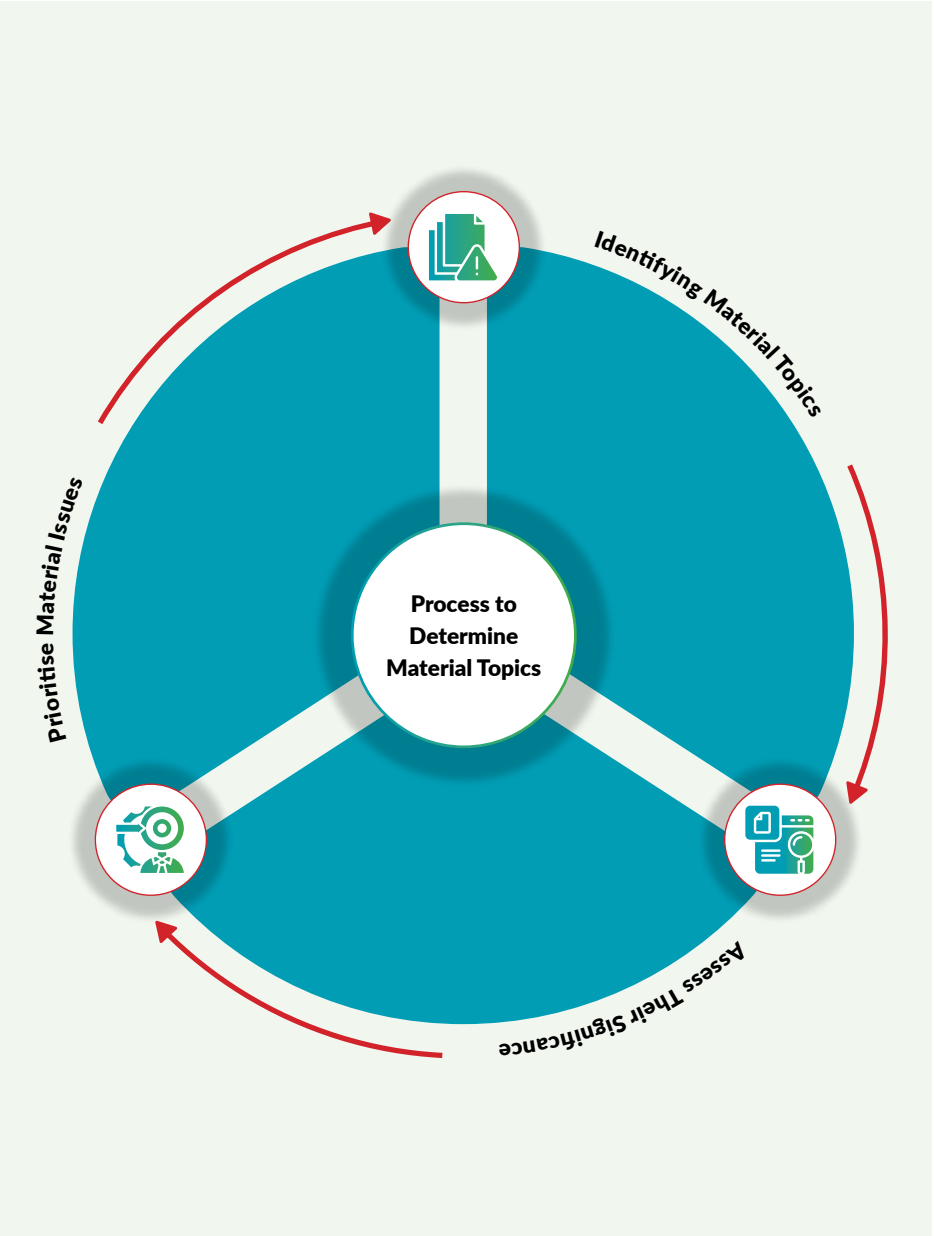
Materiality Assessment

AAF has identified the matters that significantly impact the Company's operations and performance based on the developments in the operating environment, the industry dynamics, regulatory landscape, business goals and stakeholder expectations. By remaining agile to the internal and external factors that shape the significance of key issues for both the business and its stakeholders, the Company is better aligned to maintain a balance between meeting the stakeholders' expectations and the Company's strategic goals. This approach has enabled timely decision-making, strengthened resilience, supporting sustainable long-term value creation.

GRI 3-1

PROCESS TO DETERMINE MATERIAL TOPICS

To identify material topics, we leverage insights from both internal and external stakeholders, recognising their influence on the Company's strategy and operations. The topics outlined below have been determined and prioritised by the Senior Management based on their relevance and significance to both the business and its stakeholders. While we do not conduct a formal stakeholder engagement process specifically for materiality assessment, our long-standing relationships provide valuable insights into stakeholder expectations and concerns, which have informed the selection of these material topics. These insights are continuously reviewed and validated through ongoing interactions and feedback mechanisms across the organisation, ensuring that our material topics remain relevant, responsive, and aligned with the evolving business environment.



Materiality Assessment

GRI 3-2

Material Topic	Prioritisation		Stakeholder Group Impacted	Impact on Value Creation	Corresponding GRI Topic Standards
	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	Moderate	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	Moderate	Moderate		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 the knowledge and skills of the 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 improve margins	GRI 204
Partnership for Mutual Benefits	Moderate	Moderate		Access to new markets and customer segments	-

Southern Province: Drug Awareness and Prevention for Families

In the Southern Province, 'Hetata Atak' focuses on protecting children and strengthening families through drug-awareness and prevention programmes for schoolchildren and parents. Substance abuse is not only an individual problem; it can affect education, family stability, personal safety, employability and the long-term wellbeing of entire communities. Prevention therefore requires early education, honest communication and the involvement of both young people and the adults responsible for guiding them.

The programme is designed to help students understand the personal and social consequences of harmful substances, recognise peer pressure and make informed choices. Parents are equally important to the intervention: awareness sessions can help them identify behavioural warning signs, communicate without stigma and seek suitable professional assistance when necessary. By connecting schools, families and communities around prevention, Asia Asset Finance aims to move the conversation from fear and punishment towards knowledge, resilience and early support.



How We Create Value - Business Model

VISION : EMPOWERING PEOPLE, TRANSFORMING LIVES

INPUTS

FINANCIAL CAPITAL

Availability of adequate financial resources to fund operations, investments, and future growth.

HUMAN CAPITAL

Empowering human resources through ongoing investments in learning & education, skills development, and support for health and well-being, which will contribute to enhanced productivity, greater innovation, and sustainable growth in an evolving business landscape.

SOCIAL AND RELATIONSHIP CAPITAL

Building and maintaining strong stakeholder relationships through inclusive dialogue and effective engagement across all areas of influence.

MANUFACTURED CAPITAL

Ongoing investment in physical infrastructure and technology capabilities to foster innovation, optimise operations, and enhance overall business performance.

INTELLECTUAL CAPITAL

A strong intangible asset base comprising systems, processes, and standards that strengthen operational excellence and enhance brand reputation among customers.

NATURAL CAPITAL

The availability and sustainable management of natural resources that enable our business activities and support value creation.

BRANCH EXPANSION

- Strong Corporate Culture and Risk Management
- Identify Risks and Opportunities
- Current Trends
- Strong Financial Performance
- Corporate Social Responsibility

DATA AND CYBER SECURITY

- Digital Transformation
- Ethical and Compliant Business
- Superior Service
- Satisfied Employees
- Financial Expansion
- Innovative Business

CORPORATE GOVERNANCE

RISK MANAGEMENT

ENHANCED DIGITAL CAPABILITIES

- Recognition
- Customer Experience
- Sustainable Development Building Capacity

OUTPUTS	OUTCOMES
Sustained revenue growth and profitability, enhanced return on investments (ROI), expansion of the asset base, and improved cash flow generation.	• Sustained business growth and long-term value generation • Enhanced financial strength, stability, and operational resilience • Greater investor trust and strengthened market position.
A skilled and empowered workforce that drives operational excellence by delivering superior-quality work, improving efficiency, accelerating innovation, and creating greater value within a dynamic business environment.	• Enhanced workforce performance • Greater employee engagement and motivation • Higher employee retention • Greater utilisation of internal talent pipelines and succession opportunities • Strong compliance with organisational policies, standards, and procedures
Enhanced brand visibility and reputation through stronger stakeholder relationships, increased trust and credibility, and expanded community engagement.	• Deepened stakeholder relationships built on trust and mutual value • Collaborative partnerships that strengthen resilience and support sustainable growth • Meaningful social impact through improved community well-being and inclusivity • Enhanced brand reputation and increased stakeholder confidence
Growth in deposit and lending portfolios, supported by improved operational efficiency through modernised equipment, reduced downtime, and faster service delivery.	• Improved customer experience and satisfaction • Stronger customer loyalty and repeat business • Enhanced brand value and market positioning • Greater opportunities for cross-selling and deeper customer engagement • Sustained operational efficiency and productivity improvements
Development of innovative products, strengthened knowledge sharing and collaboration, and enhanced organisational learning and expertise.	• A sustained competitive advantage enabled by continuous innovation and the development of unique capabilities • Enhanced adaptability and problem-solving capabilities through organisational knowledge and expertise • Increased market competitiveness driven by distinctive intellectual assets and innovative solutions
Efficient management of energy and water resources, supported by sustainable consumption practices that minimise environmental impact and enhance resource stewardship.	• Reduced energy and water consumption through improved resource efficiency • Accelerated the transition towards renewable energy by converting offices to solar power • Achieved 100% paperless processes across office operations and marketing activities, minimising paper consumption and environmental impact

AUDIT AND ASSURANCE

North-Western Province: Responsible Pesticide Use and Safer Disposal

Agriculture sustains thousands of families across the North-Western Province, but the incorrect handling and disposal of pesticides can place farmers, consumers, soil and water resources at risk. The 'Hetata Atak' intervention combines farmer education with practical waste-management support. Training is centred on responsible selection, storage and application, the importance of following recommended quantities, the use of protective equipment and the safe handling of pesticide containers after use.

Strategically positioned disposal bins provide a practical response to the problem of chemical containers being discarded in fields, waterways or general household waste. By linking knowledge with the infrastructure required to act responsibly, the project supports safer farming communities and reduces the likelihood of harmful residue entering the environment. The long-term objective is not to work against agricultural productivity, but to strengthen it by promoting practices that protect farmer health, preserve land quality and safeguard water for future generations.



HARMONY OF CONNECTION

Recognizing that our enduring success is woven into the wellbeing of our people, our planet, and the future we share.



aikyam

එක්සත්කම

Unity, Diversity & Collaboration

Aikyam is the soul of our shared journey. It ensures our historic growth is inclusive and balanced, turning our momentum into a force for good and a legacy that belongs to all.

Financial Capital



Financial capital is the cornerstone of Asia Asset Finance PLC's ability to deliver sustainable growth, support customer aspirations, and create long-term value for shareholders. It enables the Company to expand its lending portfolio, strengthen liquidity, invest in operational capabilities, and respond effectively to changing market conditions.

MANAGEMENT APPROACH

During the financial year ended 31 March 2026, the Company delivered one of its strongest financial performances in recent years. Supported by favourable market conditions, disciplined business execution, and prudent financial management, AAF recorded significant growth across almost every major financial indicator. The balance sheet expanded considerably, profitability improved substantially, and funding sources continued to strengthen, reflecting the resilience of the Company's business model and the confidence placed in it by customers, investors, and other stakeholders.

Despite operating in an environment characterised by evolving economic conditions, changing interest rate dynamics, and heightened competition within the financial services sector, the Company remained focused on executing its strategic priorities. Emphasis continued to be placed on growing quality earning assets, strengthening the funding base, improving operational efficiency, and maintaining prudent risk management practices. These efforts enabled the Company to enhance financial resilience while continuing to generate sustainable returns for shareholders.

The year also marked significant progress in reinforcing the Company's long-term value creation strategy. Investments in lending activities, customer relationships, operational capabilities, and financial discipline collectively contributed to stronger earnings, improved asset quality, and enhanced shareholder value. As a result, Asia Asset Finance PLC enters the next financial year with a stronger balance sheet, improved profitability, and greater capacity to pursue future growth opportunities.

A YEAR OF STRONG FINANCIAL GROWTH

The financial year under review was characterised by broad-based growth across the Company's core financial indicators. Expansion of the lending portfolio, improvement in profitability, strengthening of the funding base, and continued enhancement of asset quality collectively contributed to another year of sustainable value creation.

The Company's total assets surpassed Rs. 53 Bn for the first time, reflecting continued business expansion and effective capital deployment. At the same time, significant growth in customer deposits and diversified funding sources strengthened liquidity, enabling the Company to support higher lending volumes while maintaining financial stability.

Contribution to SDGs



FORWARD PLANS

Total Asset Base
LKR 75 Bn

Gross Loan Base
LKR 67 Bn

PAT
LKR 1.5 Bn

KEY HIGHLIGHTS IN FY 2025/26

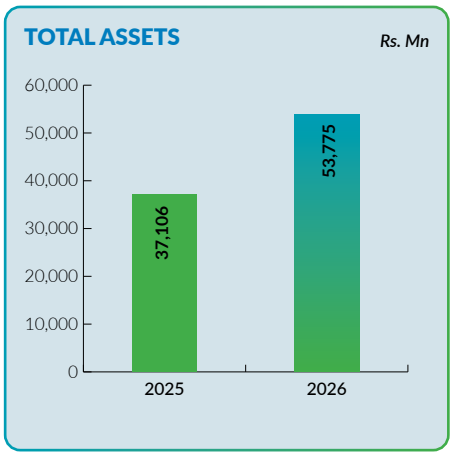
LKR 49.1 Bn Gross Loan Base

LKR 25.9 Bn Total Customer Deposits

BUILDING A STRONGER FINANCIAL FOUNDATION

Total assets increased to Rs. 53.8 Bn as at 31 March 2026, representing a robust 44.9% increase over the previous year's asset base of Rs. 37.1 Bn. This substantial growth demonstrates the Company's continued ability to expand its operations while preserving financial stability and maintaining a well-balanced portfolio of earning assets.

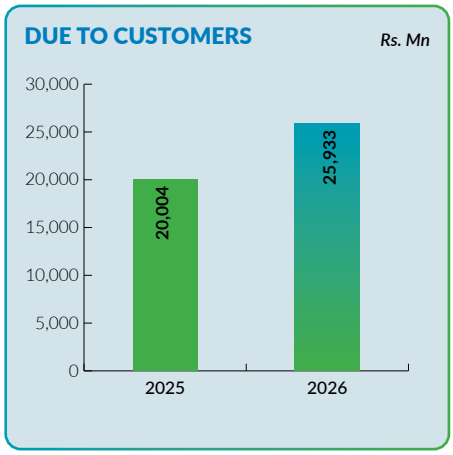
The growth in assets was primarily supported by the significant expansion of the lending portfolio, complemented by higher levels of customer deposits and additional funding raised to support business expansion.



FUNDING AND LIQUIDITY MANAGEMENT

A diversified and stable funding base remains fundamental to the Company's long-term sustainability. During the year, AAF continued to strengthen its liability profile by expanding customer deposits while maintaining access to multiple funding sources. This balanced funding strategy enhances liquidity, reduces refinancing risk, and provides the financial flexibility required to support continued business growth.

Customer deposits remained the largest contributor to external funding, reflecting the confidence placed in the Company by depositors. Deposit balances increased to Rs. 25.9 Bn, recording a healthy 29.6% increase over the previous year. The continued growth demonstrates the effectiveness of the Company's deposit mobilisation initiatives, strengthened customer relationships, and expanding market presence.



Alongside deposit growth, the Company continued to diversify its funding profile through additional borrowings and other financing arrangements. Other borrowed funds increased by 96.3% during the year, providing additional liquidity to support the rapid expansion of the lending portfolio while maintaining prudent liquidity buffers.

LENDING PORTFOLIO

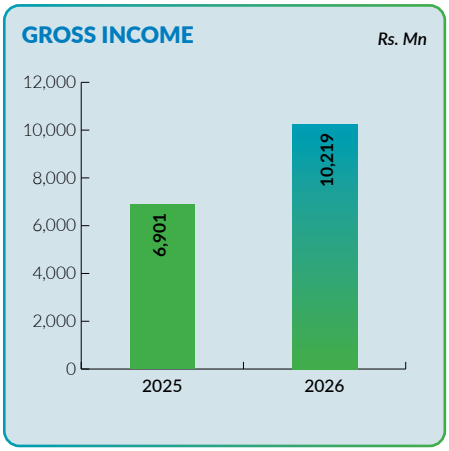
Lending activities remain the principal source of income generation for AAF and continue to represent the largest component of the Company's asset portfolio. Throughout the financial year, the Company maintained its focus on expanding high-quality lending opportunities while preserving sound credit underwriting standards and prudent portfolio management.

Gross loans and advances increased significantly to Rs. 49.0 Bn, representing an impressive 56.95% increase compared to the previous financial year. This exceptional performance reflects the Company's ability to capitalise on improving market conditions, strengthen customer relationships, and respond effectively to increasing demand across its target market segments.

The expansion of the lending portfolio was achieved without compromising the Company's commitment to sound risk management. Credit assessment procedures, portfolio monitoring mechanisms, and collection strategies continued to be strengthened throughout the year to ensure that portfolio quality remained aligned with the Company's risk appetite.

REVENUE PERFORMANCE

The Company's continued investment in its core financing operations translated into another year of strong revenue growth. Expansion of earning assets, together with improved business volumes and enhanced operational execution, enabled Asia Asset Finance PLC to achieve a significant increase in gross income during the financial year.



Gross revenue increased by 48.1% to Rs. 10.2 Bn, compared to Rs. 6.9 billion recorded in the previous year. The improvement reflects the Company's ability to generate higher levels of business activity while maintaining disciplined pricing strategies and effective portfolio management.

PROFITABILITY

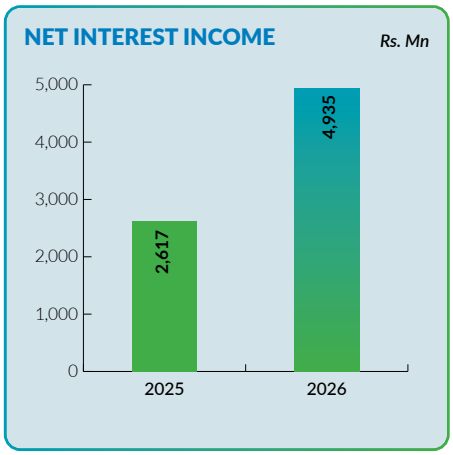
Despite operating in an environment that continued to present both opportunities and challenges, the Company remained focused on achieving sustainable growth rather than short-term gains. This disciplined approach enabled the business to convert higher operating volumes into stronger financial returns while maintaining an appropriate balance between growth, risk, and capital preservation.

Financial Capital

NET INTEREST INCOME

Net Interest Income (NII) remains the primary driver of the Company's operating performance and serves as a key indicator of the effectiveness of its core financing business. During the year under review, AAF recorded a significant improvement in NII, reflecting the successful expansion of interest-earning assets and effective management of funding costs.

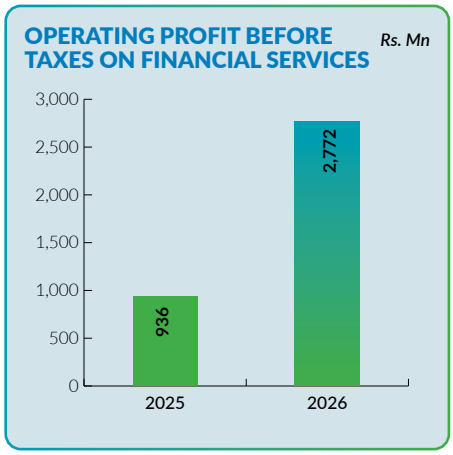
Net Interest Income increased to Rs. 4.9 Bn, representing a remarkable 88.5% increase over the previous year's Rs. 2.6 Bn. The growth was driven by the continued expansion of the lending portfolio, improved yields on earning assets, and disciplined balance sheet management.



The increase in NII also resulted in an improvement in the Company's Net Interest Margin (NIM), which increased from 8.8% to 11.4%, demonstrating the Company's enhanced ability to generate higher returns from its core financing operations.

OPERATING PROFIT

The Company's operating performance improved significantly during the financial year, reflecting the combined impact of higher revenue generation, improved operational efficiency, and disciplined business execution.



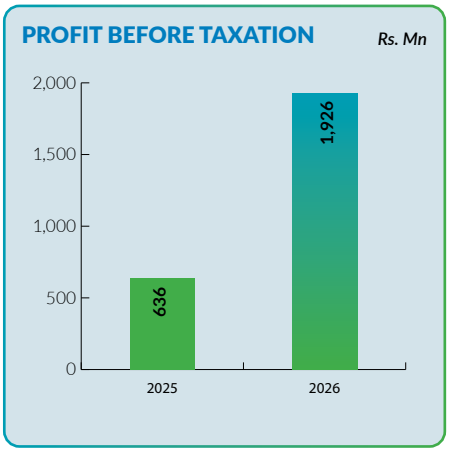
Operating profit increased by an impressive 196.3%, reaching Rs. 2.77 Bn compared to Rs. 936 Mn in the previous financial year. This exceptional growth highlights the scalability of the Company's business model and its ability to translate increased business volumes into stronger financial performance.

The improvement also demonstrates the benefits realised from investments in operational capabilities, enhanced productivity, and continued focus on optimising the Company's cost structure.

PROFIT BEFORE TAX

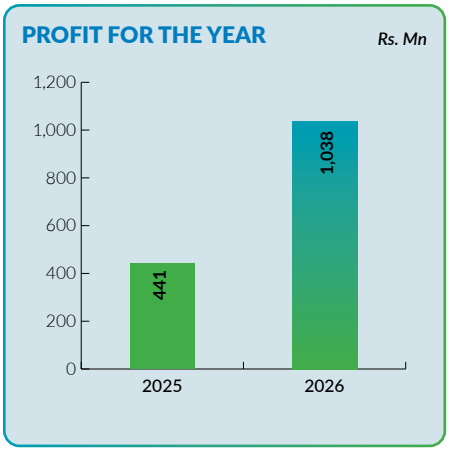
Profit Before Tax (PBT) serves as one of the most comprehensive measures of the Company's financial performance, reflecting the combined impact of revenue generation, operating efficiency, funding strategies, impairment management, and overall business execution.

For the financial year ended 31 March 2026, Profit Before Tax increased to Rs. 1.93 Bn, representing a significant 202.9% increase over the previous year.



PROFIT AFTER TAX

The Company's improved financial performance translated into a significant increase in bottom-line profitability during the year. Profit After Tax (PAT) increased by 135.4% to Rs. 1.04 Bn, compared to Rs. 441 Mn recorded in the previous financial year.



COST MANAGEMENT AND OPERATIONAL EFFICIENCY

While continuing to expand its business operations, the Company remained focused on maintaining disciplined cost management and improving operational efficiency. Investments made during the year were carefully aligned with strategic priorities, ensuring that expenditure contributed to long-term business growth and enhanced customer service.

The Company's approach to cost management extends beyond controlling expenses, it focuses on optimising resource utilisation, improving productivity, embracing technology, and creating sustainable operational efficiencies.

Operating expenses increased during the year in line with the expansion of business activities, investments in human capital, technology, branch infrastructure, and regulatory compliance requirements.

ASSET QUALITY AND CREDIT RISK MANAGEMENT

Maintaining a high-quality lending portfolio remains one of the Company's foremost priorities. As lending activities continued to expand during the year, equal emphasis was placed on strengthening credit evaluation processes, portfolio monitoring, recovery mechanisms, and overall credit risk management.

The Company's Gross Non-Performing Loan (NPL) Ratio improved significantly to 6.0%, compared to 12.5% in the previous financial year, reflecting the success of ongoing portfolio management initiatives.

Similarly, the Net NPL Ratio improved from 6.0% to 2.4%, while the Provision Coverage Ratio increased to 62.5%, demonstrating the Company's prudent approach to impairment provisioning and loss absorption.

RETURN ON ASSETS (ROA)

Return on Assets (ROA) is a key indicator of how effectively the Company utilises its asset base to generate profits. As the Company's assets continued to expand during the year, equal emphasis was placed on improving the productivity and profitability of those assets.

The Company's ROA improved from 1.4% in the previous financial year to 2.3% during 2025/26, reflecting stronger earnings generation and improved utilisation of the expanded balance sheet.

NET INTEREST MARGIN (NIM)

Net Interest Margin continued to improve during the financial year, increasing from 8.8% to 11.4%. The expansion of higher-yielding earning assets, together with disciplined pricing strategies and prudent funding management, contributed to the stronger margin achieved during the year.

EARNINGS PER SHARE

The significant improvement in profitability during the financial year translated directly into stronger shareholder returns.

Basic Earnings Per Share (EPS) increased from Rs. 3.55 to Rs. 8.36, while Diluted Earnings Per Share increased from Rs. 2.48 to Rs. 5.85.

LOOKING AHEAD

The financial year 2025/26 has laid a strong foundation for the Company's next phase of growth. Supported by a strengthened balance sheet, enhanced profitability, improved asset quality, and a diversified funding base, Asia Asset Finance PLC is well-positioned to capitalise on emerging opportunities while remaining resilient to future challenges.

Going forward, the Company will continue to focus on expanding quality lending opportunities, strengthening customer relationships, improving operational efficiency, and investing in digital capabilities that enhance service delivery and business resilience. Equal emphasis will continue to be placed on prudent risk management, responsible capital allocation, and maintaining a balanced funding structure to support sustainable growth.

The Company also remains committed to creating long-term value for its stakeholders by delivering consistent financial performance, maintaining strong governance standards, and embedding sustainability considerations into its business strategy. By balancing growth with financial discipline and customer-centric innovation, Asia Asset Finance PLC aims to further strengthen its position within Sri Lanka's financial services sector while continuing to build lasting value for shareholders, customers, employees, and the wider community.

Manufactured Capital



AAF's Manufactured Capital forms the bedrock of its operational excellence, supporting efficient production, consistent quality, and sustaining business growth. The strength of our Manufactured Capital signifies our ability to meet modern industry demands and maintain our market position. In recognising the significant role of this vital asset in our value creation, we continue to invest in upgrading and procuring Manufactured Capital on a needs basis to enhance operational productivity and optimise resource use for improved outcomes. This has enabled us to achieve significant cost efficiencies and further strengthen our physical and technological asset base to drive sustainable growth and long-term profitability.

MANAGEMENT APPROACH

AAF's key manufactured assets encompass physical assets (Head Office building, island-wide branch network, and other assets) as well as technological infrastructure (IT properties and network architecture) that we utilise to create value for customers and other stakeholders. Investment in manufactured capital is made based on requirements through a structured procurement process, while resources are assigned in line with the allocated budget for the year. Manufactured assets are purchased following verification of expected quality criteria and relevant industry standards.

PROPERTY, PLANT & EQUIPMENT

One of the main physical assets of AAF is the head office building, which we purchased during the year, following an extended lease period. In addition, we acquired two vehicles for office use.

The Company's branch network comprises a total of 115 branches dispersed across the island. Of these 115 branches, 15 were opened during the financial year in the northern, eastern and Uva provinces. This extensive network has strengthened our customer interaction, serving as the key customer touch point at the regional level. Our well-trained sales teams deployed across the branch network maintain one-on-one interaction with customers in those areas, fostering strong customer relationships while penetrating untouched areas of the localities to introduce our financial solutions and services to the masses.

During the financial year, three branches were relocated (Grandpass, Hatton and Kurunegala) to strategic locations for better visibility and customer accessibility. The new branch buildings are also equipped with improved facilities to provide a superior customer service.

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

New branch openings and branch relocations are intended to extend our community reach, thereby penetrating into rural communities that lack access to legitimate finance. By showcasing our brand image and what we stand for, we have been able to foster meaningful customer relationships, reinforcing our image as a reliable financial institution in the Country that is dedicated to supporting the financial well-being across the communities.

Contribution to SDGs



FORWARD PLANS

Expansion in automation and digital technologies

Integration of AI technology to optimise operational efficiencies

KEY HIGHLIGHTS IN FY 2025/26

LKR 64.9 Mn Invested in Branch Expansion & Relocation

LKR 110.12 Mn Incurred IT Infrastructure Enhancements

TECHNOLOGY PLATFORM AND DIGITAL ECOSYSTEM

AAF continues to invest in strengthening its information technology platform to drive operational efficiencies and resource optimisation, thereby providing superior customer service. Throughout the years, our commitment to upgrading our IT platform has ensured enhanced system reliability, improved operational efficiency, and seamless business continuity. Moreover, internal process improvements and the adoption of digital technologies have significantly reduced our paper consumption and manual dependencies, contributing to sustainability and effective cost management.

During FY 2025/26, the Company continued to reinforce its technology backbone through a structured and forward-looking digital transformation strategy. The Company's operational ecosystem is anchored by the Scienter eFinancials Core Platform, which seamlessly manages key financial modules including Leasing, Loans, Savings, Foreign Exchange, and General Ledger Accounting.

All core financial systems and mobile collection applications maintained 100% operational availability, demonstrating the resilience, scalability, and robustness of the Company's core banking infrastructure.

Complementing the core system, the iMAS Integrated Suite provides enterprise-wide capabilities encompassing Customer Relationship Management (CRM), Human Resource Management (HRM), Document Management Systems (DMS), and AuditSoft integration. These systems collectively enhance operational efficiency, transparency, and data-driven decision-making across the organisation.

The Company further strengthened transaction integrity and regulatory compliance through integrated digital gateways, including:

- CEFT (Common Electronic Fund Transfer) payment integrations
- National Identity Card (NIC) validation services
- Refinitiv World-Check risk intelligence platform
- SAMS system by Solytics Partners (Name screening)

Furthermore, a dedicated IT function structured across four specialised domains - Infrastructure Management, Application Development, Network & Security Management, and Core System Support- ensures uninterrupted service delivery. The performance benchmarks achieved include;

- 100% system health performance
- 99% network and infrastructure uptime

To address system optimisation, a comprehensive cross-module review was conducted, covering areas such as Common Core, Gold Loan, General Ledger, Leasing, Lending, and Luckewallet. A structured four-stage resolution framework (Review, Develop, Test, Verify) was implemented to systematically resolve technical issues and reduce accumulated technical debt.

ADVANCEMENT IN INFORMATION SECURITY AND COMPLIANCE

During the financial year, the Company undertook significant measures to strengthen its IT security platform in line with the evolving regulatory requirements and cyber risk landscape. To this end, a formal gap assessment aligned with the Sri Lanka Personal Data Protection Act (SL PDPA) was conducted in collaboration with Tier-One Consulting. The assessment covered the following areas.

- 14+ business functions
- 15+ stakeholder consultations
- 30+ process evaluations
- 25+ regulatory clauses

Based on identified gaps across Privacy Management, Business Operations, and IT Systems, the Company established a three-phase compliance roadmap:

- Legal and Governance Foundation
- Structural and Technical Implementation
- Cultural Integration and Continuous Optimisation

Listed below are the key security enhancements implemented during FY 2025/26. These initiatives collectively enhanced data protection, regulatory compliance, and customer trust.

- Resolution of audit logging inconsistencies
- Strengthening of passcode and authentication controls
- Enforcement of transaction validation rules
- Migration to secure SMS communication channels

SUSTAINING SOFTWARE ASSETS AND LICENSING INTEGRITY

To ensure uninterrupted operations, the Company continues to maintain all critical software licenses and service agreements. These investments highlight the Company's commitment to maintaining a secure, compliant, and fully supported technology environment aligned with industry's best practices.

Accordingly, the following were renewed during the year.

- Scienter Core Banking System
- Google Workspace (G-Suite) Corporate Platform
- Enterprise Anti-Virus Solutions

INFORMATION SECURITY GOVERNANCE AND IT BEST PRACTICES

Information security governance remained a strategic priority, with 100% compliance maintained across internal IT and Security Policies. The Company strengthened its operational discipline through:

Manufactured Capital

- Structured end-user training programmes
- Comprehensive user documentation
- Dedicated IT help desk support

Key infrastructure-level improvements included:

- Re-enablement of SQL database audit logging for enhanced monitoring
- Implementation of validation controls to ensure transactional data integrity
- Optimisation of network load balancing configurations to stabilise performance
- Automated clean-up of temporary server files to improve efficiency and reduce security exposure

Additionally, the Company rationalised its branch connectivity framework, achieving significant cost optimisation in internet expenditure while improving network manageability and efficiency.

IT RISK MANAGEMENT AND FUTURE-READY TRANSFORMATION

During the year, the Company transitioned from a reactive IT maintenance model to a proactive, risk-driven operating framework. A Cross-Module Friction Matrix was introduced to systematically identify and prioritise technical risks across:

- System performance and stability
- Data integrity and reporting accuracy
- Business logic and financial allocation
- System configuration management

Strategic investments were directed toward high-impact infrastructure improvements, including:

- Load balancing enhancements
- Core system architecture review
- Virtual machine (VM) infrastructure upgrades to eliminate processing bottlenecks, particularly during End-of-Day (EOD) operations

Looking ahead, the Company approved a 40% increase in its IT investment budget, signalling a strong commitment to digital innovation and operational excellence. Key future initiatives include:

- AI-powered multilingual chatbots
- OCR-based intelligent document processing for KYC and NIC validation
- Robotic Process Automation (RPA) for operational efficiency
- AI-driven credit scoring, fraud detection, and predictive analytics

These initiatives position Asia Asset Finance PLC to evolve into a future-ready, intelligent financial services provider, leveraging automation, analytics, and digital innovation to enhance customer experience and operational resilience.

Intellectual Capital



Intellectual Capital is a key driver in elevating the Company beyond a conventional business into a dynamic institution that delivers sustained value to its stakeholders. It encompasses intangible strengths such as innovation through fresh ideas and strategic thinking, enhanced efficiency enabled by technology, and the expertise and knowledge of our people. Additionally, strong brand development strengthens our reputation among customers. Together, these elements distinguish us from competitors, reinforcing our resilience and enabling us to sustain a competitive edge in an evolving marketplace.

Our Intellectual Capital

Organisational Knowledge	Technology centre foundation	Brand Reputation	Organizational Culture

ORGANISATIONAL KNOWLEDGE

Our people's deep expertise and broad knowledge base contribute to sound decision-making, the delivery of accurate, tailored financial guidance, and consistently attentive customer service, forming one of our key intellectual assets. The extensive knowledge of the employees of financial products, regulatory requirements, and digital tools has enabled us to provide a smooth and high-quality customer experience. To support this, we offer continuous learning opportunities throughout the year, aligned with identified training needs, to strengthen existing capabilities and bridge skill gaps.

While training and development remain central to employee skill enhancement, the Company's in-house developed Learning Management System (LMS) serves as a cornerstone of our training and development efforts, providing a range of specialised programmes aimed at fostering employee development and supporting the organisation's long-term sustainability. Delivered in Sinhala, Tamil, and English, these programmes are designed to cultivate internal talent and prepare employees to align effectively with our corporate culture and operating model. In addition, all new recruits are required to complete induction training upon joining, which is a prerequisite for confirmation and career advancement.

Contribution to SDGs



FORWARD PLANS

Investment in continuous learning and development

Enhanced adoption of technologies

Continuous brand development initiatives

KEY HIGHLIGHTS IN FY 2025/26

LKR 81.56 Mn
Invested in Brand Building

LKR 110.12 Mn
Invested in IT Infrastructure

Beyond internal training initiatives, the Company supports employees in pursuing higher and specialised education by reimbursing costs related to job-relevant fields of study. We also conduct personal development programmes that emphasise professional etiquette and workplace conduct, thereby enhancing our intellectual capital while fostering avenues for individual growth.

During the year, we enhanced our focus on hiring more experienced professionals for specific job roles as a step towards strengthening the organisational knowledge base.

Intellectual Capital

TECHNOLOGY CENTRIC FOUNDATION

In today's digitally driven environment, technology infrastructure has become a vital intangible resource that reinforces innovation, operational efficiency, and competitive strength. It plays a central role in shaping how organisations function and engage with their stakeholders. In response, we continuously adopt emerging technologies to improve agility, enable seamless communication, and support informed, data-led decision-making.

Advancements in technology have also allowed us to reinforce our cybersecurity framework, safeguarding sensitive information in an increasingly connected environment. As business and economic landscapes continue to evolve, sustained investment in technology infrastructure has become a strategic imperative to support long-term growth and resilience.

The Company has adopted Generative AI tools that have markedly enhanced customer communication and engagement platforms, while also enabling advanced e-audit capabilities for exception tracking and anomaly detection, thereby reinforcing a strong culture of compliance.

[Refer to the Manufactured Capital section of the report for further information on technology implementations]

BRAND REPUTATION

Brand image plays a vital role in shaping the customer perception of our products and services, fostering trust and loyalty for long-term growth. Therefore, brand-building efforts have been an essential aspect of our strategy throughout the years, where they have enhanced our credibility as a trusted financial service provider, maintaining our competitive advantage. Accordingly, we continue to build our brand reputation to maintain the current customer base while ensuring its continued growth for long-term sustainability of the business. On the other hand, the positive brand image has enhanced investor confidence and that of other stakeholders, further opening doors for better opportunities in future.

To this end, the Company carries out targeted marketing and promotional campaigns, introducing our products and the brand to the masses, thereby maintaining our market position within the industry.

During the year, we executed a well-balanced combination of Above-the-Line (ATL) and Below-the-Line (BTL) marketing initiatives aimed at enhancing brand visibility, strengthening customer engagement, and supporting business growth. Our ATL efforts focused on building widespread awareness through mass media channels, while BTL activities were tailored to deliver targeted and impactful interactions with specific customer segments.

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

ORGANISATIONAL CULTURE

The organisational culture we have nurtured within the Company over the years remains one of the most significant intangible assets that adds value to our business. This culture embodies our true identity by aligning with our vision, mission, and core values, guiding how we operate and shaping the behaviours of our people. Therefore, we continue to invest in strengthening this organisational culture, promoting a collaborative and inclusive environment that supports continuous learning and open dialogue among our employees. As such, we continue to encourage our team members to share ideas, learn from one another, and actively participate in shaping the company's forward strategy through impactful contributions to decision-making.

Our commitment to diversity, equity, and inclusion in the workplace has enabled us to welcome diverse perspectives while creating an environment where employees feel a sense of belonging, feel valued, empowered, and aligned with our common mission. This has significantly boosted employee satisfaction and morale, further reinforcing our capacity to innovate and adapt within an ever-evolving and dynamic marketplace.

Our strong and positive work culture has emerged as a key driver of sustainable performance, fostering collaboration, encouraging innovation, and strengthening employee loyalty across the organisation. Supporting this is a robust framework of corporate governance, built over time to effectively identify, evaluate, and manage risks while promoting transparency through well-defined roles and responsibilities. Collectively, our culture and governance systems serve as the foundation of AAF's long-term resilience and success, enabling us to deliver sustained value to all stakeholders.

Human Capital



Human Capital forms the foundation of our success, as the skills, knowledge, and commitment of our employees drive innovation and productivity, contributing to long-term organisational growth and maintaining competitive advantage. As such, AAF continues to invest in the professional and personal growth of its employees through training and development, health and wellbeing, and career progression, to drive creativity and enhance their capabilities to meet evolving market requirements. Over the years, these efforts have shaped them into a collaborative team that works cohesively to pursue excellence.

MANAGEMENT APPROACH

AAF's human resource policy sets guidelines for human resource management, outlining the relevant laws and regulations governing human capital, which are regularly reviewed in line with the industry's best practices. With a strong emphasis on inclusivity, non-discrimination, equality and fair treatment for all, the human resource policy promotes a culture of respect across the operations where every employee has an equal opportunity to thrive. This commitment is supported by several human resource policies that set rules and expectations of a positive work environment. This has enabled the employees to give their best performance, supporting the achievement of the Company's business objectives while progressing on their career pathway.

AAF has prioritised gender parity in its workforce and leadership structures, ensuring equal opportunities for all employees regardless of gender. The Company further continues to strengthen its human resource policy framework and practices to ensure women are offered equal opportunity for career advancement while sustaining work-life balance.

GRI 406-1

Diversity and equality form a vital aspect of our human resource policy, supporting our commitment to creating an inclusive and fair workplace for all employees. In line with this, we recruit individuals from diverse backgrounds, encouraging a wide range of perspectives that strengthen innovation and decision-making. This has created a level playing field for every individual with access to the same resources, chances for growth, and success. We further ensure every employee is treated fairly and has equal opportunities, regardless of their gender, ethnicity, age, religion, disability, or other personal characteristics. To drive this commitment further, we have adopted a Zero-Tolerance Policy for workplace discrimination, harassment, and bias, and have set up a confidential reporting mechanism for employees to raise concerns.

Contribution to SDGs



FORWARD PLANS

Enhanced focus on hiring skilled professionals to strengthen the team

Ongoing employee capacity building

Implement an HRIS system to streamline operations

Establish a separate mechanism to handle recruits

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 promoting equal pay structures and policies.

GRI 405-1

EMPLOYEE DEMOGRAPHICS IN FY 2025/26

At present, we have a workforce of 1,232 employees, of which 570 are male and 662 are female.

Human Capital

BY GENDER



570



662

Age range	Staff Count
16 - 20	64
21-25	493
26-30	380
31-35	147
36-40	62
41-45	43
46-50	22
Above 50	21
Total	**1,232**

Classification	Staff Count
Trainee	134
Assistant	432
Junior Executive	239
Executive	137
Senior Executive	105
Assistant Manager	77
Manager	61
Senior Manager	19
CM	6
AGM	10
DGM	3
GM	4
Chief Officer	3
Consultant	2
Total	**1,232**

REGION WISE

Region	Permanent	Trainee	Grand Total
Central Region	138	19	157
Eastern Region	156	27	183
Head Office	271	14	285
North Western Region	65	8	73
Northern Region	75	13	88
Northern Region	89	16	105
Sabaragamuwa Region	49	11	60
Southern Region	66	8	74
Uva Region	73	7	80
Western Region	116	11	127
Grand Total	**1,098**	**134**	**1,232**

GRI 2-8

We have outsourced some of our peripheral operations (Cleaning staff, Security staff) to third-party service providers. This includes a total of 06 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.

RECRUITMENT AND RETENTION

GRI 401-1

The Company has established a structured recruitment process in line with its recruitment policy, ensuring fairness, transparency, and the selection of suitably qualified candidates to meet organisational needs. This digitalised system is curated to attract, evaluate and onboard individuals with the appropriate skills and knowledge to specific job roles, prioritising merit-based selection, ensuring fairness and an impartial selection process.

During FY 2025/26, we recruited 801 individuals for various vacant positions, further enhancing the organisational capabilities and team strength. These focused recruitment efforts demonstrate our continued effort to build a professional team that can cater to the modern industry demands and our ongoing commitment to fair and unbiased selection, welcoming fresh perspectives from individuals across diverse backgrounds.

GENDER COMPOSITION OF NEW RECRUITS

Gender	Grand Total
Female	432
Male	369
Grand Total	**801**

NEW RECRUITS BY AGE

Age	Grand Total
18 -20	73
21-25	373
26-30	222
31-35	72
36-40	25
41-45	21
46-50	10
Above 50	5
Grand Total	**801**

NEW RECRUITMENT BY GRADE

Grade	Grand Total
Trainee	163
Assistant	313
Junior Executive	106
Executive	68
Senior Executive	36
Assistant Manager	29
Manager	31
Senior Manager	4
CM	2
AGM	2
DGM	2
Chief Officer	1
Intern	2
Management Trainee	42
Grand Total	**801**

Steps in the Employee 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.

Employee Onboarding and Induction

Upon hiring new employees, an orientation session is conducted covering Company policies, culture, and expectations, familiarising them with the Company's mission, values, culture, and structure. In addition, this onboarding process also provides an overview of the training and development aspect, the performance evaluation system and the Company's expectations from the recruits during the probation period.

During the financial year, the Company recorded a moderate employee retention rate, reflecting the high turnover experienced due to the competitive nature of the industry. The Company continues to implement numerous retention strategies to retain talent. As such, the employees were offered career growth opportunities, increments and promotions based on their achievements, and exposure to a wide array of training to enhance their skills and knowledge to meet the job expectations in the current context. Furthermore, employee contribution is also valued through frequent recognition and acknowledgement, fostering a culture of recognition and support.

TRAINING AND DEVELOPMENT

GRI 404-1, GRI 404-2

The diverse skills and knowledge of employees provide the Company with the necessary capabilities and adaptability to navigate challenges, drive innovation, and sustain competitive advantage. In recognition of this vital asset, the Company continues to invest in training and development initiatives to further strengthen its workforce. Through implementing a range of activities from training programs, leadership development workshops, mentoring sessions and engagement mechanisms, the Company strives to enhance the abilities of its workforce to cater to the modern industry requirements and the evolving client needs.

Training and development initiatives take the form of both in-house and external training and are conducted by various resource persons to build employees' technical and soft skills. Leadership and mentorship programmes are tailored for high-potential employees to prepare them to take over the next level of hierarchy. Additionally, employees are also offered access to online resources, including extending sponsorship to obtain certifications for professional growth. From time to time, the Company also conduct workshops and seminars focused on industry trends and innovations, to ensure that employees remain well-informed and equipped to be competitive in an ever-changing professional environment.

During the FY 2025/26, we conducted 136 training sessions covering 828 hours training hours. Key areas covered under these training programmes include 8 per month,96 per annum. As for regulatory-related trainings, employees receive regular training on the CBSL guidelines, customer protection, and anti-money laundering. In the near term, we plan to conduct training sessions at our Training Centre in Kurunegala.

No of Training Programs

136

No of Training Hours - 828 Hours

Human Capital

Key Training and Development Activities in FY 2025/26

	Name of the Training Programmes 2025-26
1	A Symposium on Hire Purchase and Leasing
2	Anti-Money Laundering (AML) and Internal Audit
3	Awareness Program on Laws and Directions issued by CBSL for Licensed Finance Companies
4	Cashier Training
5	Change Ambassador and Drive Transformation Training
6	Compliance Training
7	Corporate Governance Training
8	Credit Training
9	Customer Protection Framework
10	FD & Operation Audit Training
11	FD System & Back Office Operation Training
12	Gold Loan & Operation Audit Training
13	Gold Appraisal Training
14	In-depth Workshop on Personal Data Protection
15	Internal Auditors' Conference
16	Leasing Marketing Training
17	Legal and Regulatory Framework Related to Financial Institutions
19	Operation Audit Training
20	Operations of Treasury Back Office
21	Professional Certificate in Forensic Accounting
22	Recovery Training
23	Regulatory Framework Relating to Non Bank Financial Institutions
24	Risk-Based IT Auditing
25	Salient Features of Recent Foreign Exchange Rules and Regulations
26	Whistle-blower Training





PROFESSIONAL MEMBERSHIPS

GRI 2-28

We continue to further support our employees' education and upskilling through encouraging employees to obtain memberships with esteemed associations. We believe such associations will accelerate their professional growth, contributing to long-term value creation. To this end, we reimburse annual membership fees of our employees who 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, Chartered Institute of Corporate Secretaries of Sri Lanka, Chartered Institute of Personal Management of Sri Lanka and Chartered Institute of Professional Managers.

EMPLOYEE PERFORMANCE EVALUATION

GRI 404-3

Performance evaluation allows a Company to effectively identify performance gaps and address them accordingly to improve efficiency and output across its operations.

As such, AAF has established a structured performance evaluation process to assess the employee performances against set KPIs, aligning individual goals with the Company's overall business objectives. This structured framework allows the Company to assess employee performance objectively, acknowledging their strengths and limitations, while appreciating accomplishments and highlighting opportunities for further improvement. By encouraging them through constructive feedback, the Company is able to effectively guide them in their personal and professional development, while fostering continuous improvement and enhancing overall performance.

This system also allows recognition of high performing employees, thereby offering them due rewards and recognition in the form of awards, promotions, salary increments and performance bonuses. Employees demonstrating outstanding performance are particularly celebrated at the Annual Awards ceremony, fostering appreciation and motivation among teams. These staff awards are granted based on performance, commitment, and contributions to the achievement of organisational goals.

EMPLOYEE ENGAGEMENT AND WORK LIFE BALANCE

Employee engagement remains pivotal in boosting employee morale, which contributes to their satisfaction at work and motivation to work. This, in turn, contributes to improved productivity and efficiency, leading to better work outcomes. Therefore, we continue to implement numerous engagement activities throughout the year to promote camaraderie and collaboration while also supporting the employees to maintain a healthy balance between their professional life and personal commitments. The Company's Welfare Society takes the lead in organising team-building events and recreational activities throughout the year while extending support to the employees by arranging funds in the event of death and granting small loan facilities as required.

GRI 402-1

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

Key events carried out during FY 2025/26

Pirith Ceremony

In celebration of the Company's 55th Anniversary, a solemn and spiritually enriching Pirith Ceremony was conducted at the Head Office premises. The event brought together management and staff members to seek blessings for the continued growth, prosperity, and success of the organisation. The ceremony reflected the Company's appreciation for its long-standing journey, achievements, and the contributions of its employees, customers, and stakeholders over the past five and a half decades. It was a meaningful occasion that reinforced the Company's values, traditions, and commitment to the future.

Sinhala and Tamil New Year Celebrations

The Company proudly celebrated the Sinhala and Tamil New Year with a vibrant Bakmaha Avurudu Festival held at Atteriya Chill, Arugam Bay on the 26th April 2025. Employees gathered to enjoy a day filled with traditional games, cultural activities, entertainment, and fellowship. Planned activities include traditional games such as Kotta Pora, Eye on the Elephant and many more.



Employees were dressed in traditional attire, and a special New Year feast was prepared, highlighting the culinary heritage of the Sinhala and Tamil communities. The event aims to honour and celebrate the rich cultural diversity within our company, fostering mutual respect and understanding among employees. The event provided an excellent opportunity to strengthen team spirit while embracing Sri Lanka's rich cultural heritage. The celebration fostered unity, camaraderie, and a sense of belonging among all participants, making it a memorable occasion for everyone involved.



Annual Trip, Awards Night and Christmas Party

The year concluded with the much-anticipated Annual Trip, Awards Night, and Christmas Party, held at Hotel Epitome, Kurunegala, with an overnight stay for all participants. The event served as a platform to recognise and celebrate the outstanding achievements and dedication of employees through the Annual Awards Ceremony.





The evening began with a sumptuous 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 night concluded with a lively dance floor, where everyone danced the night away.

- **Vesak Dansala:** This was conducted at the Head Office, with the participation of over 2000 members of the public, reinforcing the Company's commitment to compassion, community goodwill, and social responsibility.
- **Women's Day Event:** The International Women's Day Celebration was held in March 2025, fostering stakeholder engagement through empowerment-focused CSR initiatives.
- **Kolam Competition:** A Kolam Competition was organised as an internal cultural engagement initiative to strengthen employee participation, unity, and organisational culture.

BENEFITS

GRI 201-3, GRI 401-2

Employee benefits are essential in enhancing financial security and overall well-being, enabling individuals to perform at their best. They also play a key role in attracting, motivating, and retaining talent, fostering long-term commitment to the organisation. To this end, the Company has offered employees several financial and health-related benefits. In accordance with the Company policy, all employees are entitled to statutory benefits such as gratuity where the Company contributes to the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF), in compliance with the regulatory requirements. As for the non-statutory benefits, such as bonuses, they are solely based on both the Company's and the individual's performance. In addition,

insurance facilities are offered to support them in managing their health-related expenses.

During FY 2025/26, we revised salary scales to align with industry benchmarks and enhanced insurance policy coverage, providing employees with stronger financial protection in the event of medical emergencies. Moreover, a special staff support initiative was implemented to assist those employees who are affected by Cyclone Ditwah.

PARENTAL LEAVE

GRI 401-3

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

HEALTH AND SAFETY

GRI 403-5, GRI 403-6

In compliance with national labour laws and international OHAS safety standards, employee health and safety remain a key priority of the Company. As such, the Company conducts routine inspections and risk assessments to identify and mitigate potential hazards in addition to having in place fire evacuation plans complemented by regular fire drills, emergency exits, and well-stocked first aid kits. Furthermore, the Company's common office spaces are regularly cleaned and disinfected to ensure overall workplace hygiene, while proper ventilation and air filtration systems are in place to ensure a safe and healthy work environment. All necessary cleaning agents are placed in designated areas, including washrooms and dining spaces, to ensure continuous cleanliness and hygiene.

To avoid posture-related health issues amongst the employees, we have established ergonomic workstations, promoting the health and well-being of employees. The Company conducts generic training on health and safety as and when necessary.

EMPLOYEE GRIEVANCE MANAGEMENT

GRI 2-25, GRI 2-26

A critical aspect of maintaining a favourable work environment is the efficient management of employee grievances. To this end, the Company makes consistent effort to address the issues and concerns of the employees in an unbiased, timely and transparent manner. While the Company encourages employees to verbally communicate their concerns to their immediate superior or the senior management, they are also allowed the option of submitting their concerns in writing to the HR department.

For written submissions, the Company has introduced a dedicated grievance form as well as an email system for employees to submit their concerns, maintaining the confidentiality of the employee. The submitted issues and concerns are carefully investigated by the HR department before offering a fair resolution to the issue in line with the Company's HR policies. Employees also have the option of raising their concerns with Senior Management if dissatisfied with the action taken. Furthermore, employees also have the option of voicing their concerns anonymously via the Company hotline.

A separate procedure is also in place to handle workplace harassment related cases, ensuring anonymity of the employee concerned who is reporting unethical behaviour or misconduct of another.

Further the company appointed a Codes & Ethics committee for handle the staff grievances.

KEY HUMAN RESOURCE COMPLIANCES

GRI 2-23, GRI 2-27

As a finance institution in Sri Lanka, we comply with all the mandatory policies and regulations, including labour laws, financial regulations and corporate governance standards, ensuring the ethical management of human resources.

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 regular training of 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.

Social and Relationship Capital



Social and Relationship Capital encompasses the value derived from the Company's networks, relationships, as well as the trust that the Company has built with its various stakeholders. This reflects the strength of connections and the quality of interactions that enable collaboration, shared understanding, and mutual support. Therefore, the Company continues to foster meaningful collaborations with its stakeholders to manage our relationships for mutual benefits, enhancing organisational resilience and contributing to long-term value creation.

MANAGEMENT APPROACH

Our approach to social and relationship capital entails meaningful engagement with stakeholders to deliver enhanced value. Utilising the Company's island-wide branch network as a key stakeholder touchpoint, we continue to engage with various individuals, including entrepreneurs (SMEs) and families who seek financial assistance to improve their quality of life and overall well-being. We assist them with their unique financial concerns, tailoring products and solutions for the same, thereby fostering long-term relationships. This reflects our ongoing commitment to being a trusted partner and a driving force for growth in the communities we serve.

CUSTOMER CAPITAL

Customer remains the centre of our universe, who advocates the brand and contributes to long-term stable revenue. Therefore, we focus on delivering value to the customers within the markets we serve, nurturing trust and loyalty, and maintaining our competitive edge. While designing distinctive products that cater to evolving customer requirements, we continue to maintain superior service quality, offering a personalised service. This has enabled us to retain a significant portfolio over the years while ensuring year-on-year growth in the customer base.

Key strategic measures implemented to enhance value to the customers include designing products to cater to evolving customer needs, ongoing improvement to service delivery, effective management of customer complaints, targeted marketing and communication campaigns to keep customers informed of new product offerings and ongoing customer interaction leveraging multiple avenues.

Customer interaction is particularly maintained through one-on-one interaction via registered mobile numbers and SMS notifications. Furthermore, customer interaction is maintained through the corporate website and social media platforms, offering improved user experience and essential product and service information. Additionally, the WhatsApp platform offers customers real-time answers, lead generation, and a friendly space for engagement. This has enabled us to establish personalised, secure and transparent communication with our extensive customer base, strengthening trust and loyalty amongst the clientele.

Contribution to SDGs



FORWARD PLANS

Foster stronger relationships with all stakeholders

Increase investments in focused CSR initiatives

Alignment with the evolving regulatory landscape

KEY HIGHLIGHTS IN FY 2025/26

Rs. 65.35 Bn
Disbursed as Loans/Leasing

Rs. 8.4 Mn Investments in CSR Initiatives

Rs. 1.73 Bn Paid as Government Taxes

Social and Relationship Capital

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

CUSTOMER VALUE CREATION ACTIVITIES IN FY 2025/26

Aligned with AAF's customer-centric strategy, we implemented the following targeted measures in FY 2025/26 to enhance service quality, strengthen engagement, and build long-term relationships.

A. EXPANSION AND RELOCATION OF BRANCHES

To ensure greater customer convenience and accessibility, our branch network expanded during the financial year from 100 in the previous financial year to 115, adding 15 new branches to the network. These new branches were established in northern, eastern and Uva. This has enabled us to better serve the broader customer base distributed across the island, ensuring that they have easy accessibility to our financial services. Additionally, three branches were relocated to better strategic locations with improved facilities to better serve the clientele. The relocated branches include Grandpass, Hatton and Kurunegala.

B. PRODUCT DEVELOPMENT

The Company continued to align its products and services with evolving customer needs by enhancing flexibility across key offerings such as Gold Loans, Leasing, Mortgage Loans, and Fixed Deposits. Furthermore, customised products are designed to address the specific financial needs of female entrepreneurs and professionals, assisting them in the achievement of their financial goals. Under the title 'Ladies First', two exclusive financial products are tailored for female customers.

A. DIGITAL TRANSFORMATION

We continued our digital transformation journey during the financial year, further improving customers' accessibility to products and services via the digital platform, underscoring our commitment to innovation and customer convenience.

Luckewallet Mobile Application: In 2022, Luckewallet Mobile Application was introduced as part of the Company's digital transformation strategy to enhance customer convenience through secure and accessible financial services. This mobile application provides customers with a seamless digital banking experience, allowing them to manage their financial transactions anytime and anywhere, eliminating the need for branch visits. The upgraded app offers services such as FD placements, withdrawals, and loan applications at their convenience.

During the year under review, the Luckewallet mobile application continued to record steady growth in both customer adoption and transaction volumes. The platform facilitated transactions exceeding LKR 200 million, reflecting the increasing reliance of customers on digital channels for their day-to-day financial activities. In addition, the digital savings portfolio maintained through the application expanded to approximately LKR 100 million, demonstrating growing customer confidence in managing their savings through digital platforms.

Implementation of Process Efficiencies: Through the adoption of advanced technologies, we were able to improve operational efficiencies, thereby streamlining processes and increasing the use of digital channels, enabling faster turnaround times and more personalised customer interactions.

B. CUSTOMER COMPLAINT MANAGEMENT SYSTEM

GRI 2-25, GRI 2-26

We have established a dedicated Complaint Handling Unit to effectively manage customer complaints daily, ensuring that customer complaints are resolved appropriately, safeguarding customer trust and loyalty. This structured complaint management system allows customers to lodge complaints via multiple channels, including hotline, email, digital platforms, and branch-level access. All complaints are managed through a centralised framework with defined service standards, enabling timely resolution. Regular monitoring and analysis of complaint data supported continuous improvement and strengthened service delivery.

C. CUSTOMER FEEDBACK MECHANISMS

We actively utilised customer feedback mechanisms to measure satisfaction and identify areas for improvement. To this end, periodic surveys and post-service feedback were systematically analysed, with insights incorporated into operational and service enhancements. Close coordination with Regional Managers and branch teams also ensures consistent delivery aligned with customer expectations.

During the financial year, a comprehensive customer satisfaction survey was conducted across branch touchpoints, digital platforms, social media channels, and customer service interactions, enabling the Company to assess service quality, product satisfaction, and digital experience. The insights derived from the findings of the survey supported continuous improvements in customer relationship management.

D. MARKETING AND COMMUNICATION

The Company undertakes several innovative marketing initiatives to strengthen brand value and market positioning. During the year, marketing and communication initiatives were enhanced through integrated campaigns across digital and traditional platforms, aimed at increasing brand visibility and customer awareness.

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.

E. CUSTOMER ENGAGEMENT

Customer engagement plays a pivotal role in building stronger relationships with customers and enhancing the connection between the brand and its target audience. At AAF, customer engagement remains a cornerstone of our long-term business sustainability and brand strength. As a trusted financial institution with over 55 years of industry presence, we recognise that meaningful stakeholder relationships are built not only through financial solutions, but also through consistent engagement, transparency, and community connection. Therefore, we have designed our customer engagement approach to strengthen trust, enhance customer experience, encourage feedback-driven improvement, and reinforce our position as a responsible financial services provider. Supported by a Fitch A+(lka) rating, the global backing of the Muthoot Finance Group, and an island wide network of over 115 branches, we continue to maintain close relationships with customers across diverse communities in Sri Lanka.

During the financial year, the Company continued to engage customers through branch-level interactions, community outreach initiatives, sponsorships, customer appreciation events, festive celebrations, and social responsibility programmes. These initiatives enabled the Company to strengthen regional relationships, improve brand visibility, gather customer insights, and foster deeper emotional connections with stakeholders. Through both physical and digital engagement platforms, we remained focused on delivering a customer-centric experience aligned with our values of inclusivity, accessibility, and responsible growth.

At AAF, customer engagement extends beyond transactional relationships and reflects the Company's broader commitment to responsible finance, stakeholder inclusivity, and sustainable value creation. Through continuous interaction with customers and communities, the Company remains committed to strengthening brand reputation, enhancing customer loyalty, and creating positive social impact across Sri Lanka.

Key customer engagement initiatives

Exclusive Events & Gatherings	Local Association Sponsorships	Event Sponsorships	Corporate Social Responsibility (CSR)
Conducted customer-focused engagement activities including Iftar gatherings, Sinhala & Tamil New Year celebrations, Deepavali campaigns, Women's Day programmes, and anniversary events to strengthen customer relationships and community connections.	Supported religious, cultural, and regional community initiatives including the Nallur Festival and Sri Pada environmental awareness activities, reinforcing the Company's grassroots presence and regional engagement.	Partnered with media and community platforms to deliver customer promotions, festive campaigns, competitions, and financial awareness initiatives that enhanced customer participation and brand visibility across multiple regions.	Continued to strengthen stakeholder trust through impactful CSR initiatives under the award-winning "Asia Asset Clean Sri Lanka – Hetata Atak" platform, focusing on environmental sustainability, education support, women's empowerment, community wellbeing, and social upliftment.

CUSTOMER ENGAGEMENT INITIATIVES IN FY 2025/26

AI Video Competition on Social Media

In July 2025, an AI Video Competition was conducted on social media for the general public, encouraging their participation in creating innovative AI-generated video content aligned with the Company's brand themes. This initiative was instrumental in enhancing digital engagement, strengthening brand interaction with younger audiences, and positioning the Company as a forward-thinking, digitally progressive financial institution.

Social and Relationship Capital

Nallur Festival Campaign

In August 2025, the Company hosted the Nallur Festival Campaign in collaboration with Shakthi FM/TV, strengthening engagement with communities in the Northern Province and enhancing brand visibility during this major cultural event. Customer engagement was carried out through unbeatable offers, thrilling competitions, exciting giveaways, and a chance to win up to Rs.1,000,000. Additionally, the customers were offered our financial solutions at competitive rates till the end of the festival.







55th Anniversary Celebrations

The Company's 55th Anniversary Celebrations were held in Kilinochchi and Jaffna, comprising regional stakeholder engagement programmes, community outreach initiatives, religious observances, and staff recognition events, commemorating over five decades of service excellence. The key initiatives include two mega events conducted in Kilinochchi & Jaffna, two branches were opened in Murunkan & Palali and the Riyapola conducted to bring communities together. The customers and staff members also gathered for Pirith Chanting to mark our 55th anniversary.







Product Promotional Campaigns

In October 2025, a Leasing Promotional Campaign was carried out featuring influencers Ratta & Lochi, significantly enhancing digital reach and customer engagement. Likewise, an Island wide Radio Campaign was carried out in partnership with Yes FM, Shakthi FM, and Sirasa FM to promote Leasing and Fixed Deposit products, strengthening brand recall and market penetration.













International Women's Day Celebration

In March 2026, the International Women's Day Celebration was held in Colombo, fostering stakeholder engagement through empowerment-focused CSR initiatives.





Social and Relationship Capital





Pay Digital Campaign for Luckewallet

Since 2025,AAF has actively supported the pay Digital Sri Lanka initiative with CBSL and LankaPay across multiple locations,promoting QR and Digital payments through Luckewallet and contributing to Sri Lanka's journey towards a cashless,digitally empowered economy.

Launch of the "My First FD" Campaign

"My First FD" Campaign was launched across social media, radio, and press, aimed at encouraging first-time savers and strengthening customer relationships.

Deepavali Competition

We conducted a special spin competition in celebration of the Deepavali festival, offering customers a chance to win a smartphone, and lucky winners walked away with brand-new Samsung mobile phones.

AWARDS AND RECOGNITION



Asia Asset Finance PLC was recognised as the Fastest Growing Finance Company and an Outstanding Finance Company of the Year at the People's Excellency Awards held at Waters Edge on 28th December 2025, affirming the strength of a brand built on trust, stability and purpose.

DATA PROTECTION AND CUSTOMER PRIVACY

As a trusted financial service provider, we recognise the importance of protecting the privacy and security of customer information and thus remain committed to upholding the highest standards of data protection through compliance with all applicable laws and regulations. These include compliance with rules and regulations under the Personal Data Protection Act No.09 of 2022 of Sri Lanka and the Financial Consumer Protection Regulations No.01 of 2023 issued by the Central Bank of Sri Lanka. These key frameworks comprise robust data governance policies, stringent data security measures, and clearly defined procedures for handling personal data throughout its lifecycle, guiding the Company to maintain the highest standard of customer information privacy.

While we conduct detailed data mapping exercises to understand the flow of customer information within our organisation, we have also implemented technical and organisational safeguards to prevent unauthorised access, use, or disclosure, respecting the rights of our customers regarding their personal data. The Company also remain committed to providing transparent information regarding our data processing practices through clear and accessible privacy notices.

Moreover, we continue to conduct rigorous due diligence through an external service provider, ensuring that customer data protection is maintained at the highest standards. Additionally, employees are also provided with regular training on data privacy principles and our internal policies, fostering a strong culture of privacy awareness and accountability across the organisation.

As we move forward, we continue to review our data protection mechanisms in line with the evolving legal and regulatory frameworks and international best practices to enhance our data protection practices. This will enable us to foster trust and loyalty amongst our customers, reinforcing our position as a trusted and responsible financial service provider.

BUSINESS PARTNER CAPITAL

Our business relationships play a vital role in supporting our growth and innovation. Therefore, we continue to foster mutually beneficial relationships with our key business partners, the vendors and suppliers, ensuring seamless business operations. While we regularly maintain transparent communication with these partners through one-on-one interaction, we also reward them for their exceptional service or value addition to our Company, further strengthening our relationships and mutual trust.

Our Key Business Partners

A. BANKS AND FINANCIAL SERVICES

- Commercial Bank of Ceylon PLC
- DFCC Bank PLC
- Hatton National Bank PLC
- Indian Bank
- National Development Bank PLC
- Nations Trust Bank PLC
- People's Bank
- Cargills Bank PLC
- BOC Bank PLC
- NSB Bank PLC
- Pan Asia Bank PLC
- HDFC
- Sampath Bank PLC
- Seylan Bank PLC
- Capital Alliance Partners Limited
- M Power Capital Limited
- First Capital Holdings PLC

B. UTILITY SERVICE PROVIDERS

- CEB/LECO
- NW & DB
- SLT/Dialog/Mobitel

C. FAST-MOVING CONSUMER GOODS PROVIDERS

D. TRANSPORT AND LOGISTICS SUPPLIERS

E. ADVERTISING AGENCIES

F. TECHNOLOGICAL SUPPORT PROVIDERS

G. COURIER SERVICES (PROMPT XPRESS (PVT) LTD)

H. CALL CENTRE SERVICES

I. OFFICE CLEANING SERVICES (RANABIMA JANITORIAL SERVICES)

PROCUREMENT BEST PRACTICES

GRI 414-1, GRI 414-2

Our procurement policy upholds transparency, accountability and regulatory standards, ensuring that services deliver optimal value for money. The Company's procurement activities are carried out in line with its procurement policy, where comparative assessments are carried out before purchasing. Additionally, as part of our supplier selection process, we ensure suppliers adhere to all the relevant local laws and regulations, evaluating their commitment to ethical business conduct in relation to their previous business relationships.

Steps in our Procurement Process are listed below.

1. GOVERNANCE IN LINE WITH ETHICAL STANDARDS

a. Approval Authority Matrix: Clearly define who approves what based on thresholds (Board, CEO, department heads).

b. Code of Conduct & Ethics: Include anti-bribery, anti-corruption, conflict of interest declarations, and confidentiality clauses.

c. Segregation of Duties: Ensure clear separation of duties (e.g., requestor, approver, vendor selector, etc).

2. PROCUREMENT PLANNING

a. Annual Procurement Plans: Linked to budgets and business plans.

b. Needs Assessment: Justify the need, specify the scope and expected outcomes.

c. Cost Estimates & Budget Controls: All procurements must align with budgeted provisions.

3. VENDOR MANAGEMENT

a. Prequalification & Registration of Suppliers: Based on criteria like technical capability, financial strength, compliance, and reputation.

b. Blacklist Mechanism: Maintain a list of vendors prohibited due to past non-performance or ethical breaches.

c. Due Diligence: Especially for significant or strategic suppliers (including ESG, tax, and regulatory compliance).

4. PROCUREMENT METHODS

a. Open Tendering (default for high-value procurement)

b. Limited Tendering/Invitations (for specialised services)

c. Single Source (justified with Board/CEO approval)

d. Request for Quotation (RFQ) (for low-value items)

e. e-Procurement: Encouraged for transparency and audit trails

5. BID EVALUATION & SELECTION

a. Pre-defined Evaluation Criteria: For technical and commercial bids.

b. Weightings & Scoring: For transparency in award decisions.

c. Committee-Based Evaluation: Cross-functional teams.

d. Best Value for Money: Not necessarily the lowest, but also considers quality, lifecycle cost, sustainability, etc.

Social and Relationship Capital

6. CONTRACT MANAGEMENT

a. Written Contracts: Mandatory above a defined threshold.

b. Key Clauses: Deliverables, milestones, penalties, dispute resolution, termination rights.

c. Performance Monitoring: SLA/KPIs must be tracked and reviewed.

d. Variation/Amendment Policy: Define thresholds and approval for contract changes.

7. RISK & COMPLIANCE

a. Risk Assessment: Prior to procurement and vendor onboarding.

b. Regulatory Compliance: e.g., CSE rules, CBSL procurement-related guidance, and any sector-specific rules.

c. Audit Trails: Maintain procurement records for inspection and audit.

d. Whistle-blower Mechanism: For reporting procurement malpractices.

8. SUSTAINABILITY & ESG CONSIDERATIONS

a. Green Procurement: Preference for sustainable, recyclable, energy-efficient goods.

b. Social Compliance: Avoid vendors using child labour, unfair labour practices, etc.

c. Local Supplier Development: Where feasible, support local MSMEs.

9. CONFIDENTIALITY & DATA PROTECTION

a. NDA Clauses: Especially in RFPs, tenders.

b. Data Sharing Guidelines: Ensure supplier access to company data is controlled and compliant with data protection laws.

10. MONITORING & REVIEW

a. KPIs on Procurement Efficiency: e.g., lead time, cost savings, supplier performance.

b. Annual Procurement Audit: By Internal Audit or an independent third party.

c. Policy Review Cycle: At least every 2–3 years or upon regulatory change.

COMMUNITY CAPITAL

We remain committed to fostering strong relationships with the communities in which we operate in order to promote their social upliftment while cultivating relationships that create shared values. To this end, we continue to implement Corporate Social Responsibility (CSR) initiatives to address the pressing needs of underprivileged communities in creating impactful change. The aim is to contribute to their long-term prosperity in line with the Company's overarching sustainability principles.

Community engagement lies at the heart of our CSR approach. We proactively engage with and collaborate alongside local communities to better understand their unique needs and concerns, enabling us to design initiatives that address their most pressing challenges in a relevant and impactful manner. By prioritising long-term sustainability over short-term relief, we aim to create a strong foundation for enduring progress. We also continuously monitor and evaluate the outcomes of our programmes to assess their effectiveness, allowing us to refine our strategies and enhance our impact over time.

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

Environmental Sustainability	Economic Empowerment	Social Equity and Education
This pillar focuses on protecting and preserving the environment for future generations.	This pillar focuses on the economic empowerment of local communities through the provision of resources and opportunities.	This pillar focuses on improving access to education amongst the marginalised groups, including women and children.

CSR ACTIVITIES IMPLEMENTED IN FY 2025/26



Environmental Initiatives

As part of the Company's award-winning national CSR initiative "Clean Sri Lanka – Hetata Atak", the Company organised beach clean-up programs to promote ecological preservation and environmental awareness across multiple regions, encouraging community participation and collective responsibility.

Social Initiatives

The Company strengthened its engagement with local communities by distributing school bags and dry rations in areas where new branches were established, fostering trust and goodwill among residents. It also hosted community-focused initiatives such as the Vesak hopper dansala, promoting cultural connection and social interaction. Furthermore, the Company carried out activities such as the Children's Day programme at the cancer hospital and the Christmas outing for children at the Visaka Children's Home, emphasising our commitment to supporting vulnerable groups and providing emotional care. Moreover, health-related initiatives were also carried out, including breast cancer awareness campaigns and blood donation drives, further reinforcing community relationships by addressing critical social needs.

Beach Clean Up









Blood Donation Drive







Social and Relationship Capital

Breast Cancer Awareness





Buttala Branch Opening – MO/Munasinghe Primary School







Christmas Outing - Visaka Children's Home









Kiran Branch Opening – Vivekanantha Vidyalam





Kotagala Branch Opening – Drayton School









Pulmodai Branch Opening – Pulmodai Maha Vidyalam









Vesak Dansala









Social and Relationship Capital

REGULATORY RELATIONSHIP CAPITAL MANAGEMENT

We maintain a strong and transparent relationship with regulatory authorities to ensure compliance with all applicable laws and regulations governing the financial services sector. As such, the Company operates as a licensed finance company regulated by the Central Bank of Sri Lanka and strictly adheres to corporate governance frameworks and regulatory directives issued by relevant authorities.

Additionally, we maintain consistent communication with regulatory bodies such as 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.

Key compliance measures include:

- **Implementation of robust compliance monitoring systems to ensure adherence to regulatory requirements.**
- **Strict compliance with AML, KYC, and FIU regulations to prevent financial crimes.**
- **Regular internal audits and compliance reviews to identify and mitigate potential risks.**
- **Continuous staff training and awareness programs on regulatory compliance and ethical conduct.**
- **Integration of digital compliance tools and automated monitoring systems to improve operational transparency.**
- **Oversight by the Compliance Department and Board-level committees, ensuring independent monitoring of regulatory compliance.**

The Company has implemented robust risk management and compliance frameworks to ensure full regulatory compliance, supported by strong Anti-Money Laundering (AML), Know Your Customer (KYC), and Counter-Terrorism Financing (CFT) procedures. Our continuous engagement with regulators, auditors, and industry stakeholders has further strengthened transparency and alignment with evolving regulatory expectations.

In addition, during the year, the Company conducted a Governance Symposium for the Board of Directors and Senior Management in collaboration with resource persons from the Central Bank of Sri Lanka, Department of Supervision of Non-Bank Financial Institutions (DSNBFI), the Financial Intelligence Unit (FIU) and the Colombo Stock Exchange. This initiative provided valuable insights into the regulatory perspective, enabling the Company's leadership to better understand supervisory expectations, emerging regulatory trends, and best practices in governance and compliance.

The Company's Whistle-blowing policy provides us with an avenue to keep track of any unethical activities and promote a culture of integrity within the organisation, reinforcing the corporate governance foundation. The policy allows a structured, secure, and confidential channel for employees and external parties to report suspected unethical practices, fraud, regulatory violations, or other misconduct while protecting the whistle-blowers who act in good faith from retaliation, safeguarding their anonymity. For this purpose, we maintain a dedicated whistle-blowing hotline (071-0870629) and email (whistle-blower@asiaassetfinance.lk), with investigations overseen by an independent panel appointed by the Audit Committee.

In addition, to promote proactive reporting and protect the integrity of the organisation, the Company provides financial rewards of up to Rs. 200,000 for substantiated reports of fraud, forgery, or manipulation. Ongoing awareness and training programmes are also implemented to ensure that all stakeholders are fully informed of their rights and obligations under the policy. This framework continues to be enhanced as part of our commitment to sustaining public trust, ensuring regulatory compliance, and fostering a secure and ethical workplace.

GRI 205 -2, GRI 205 -3

Aligned with our commitment to preventing corruption in all its forms, we promote a culture of trust and ethical conduct across the organisation, reinforcing our shared values and principles of responsible business. There were no reported incidents of corruption during the year under review.

The Company has implemented a Whistle-blower Policy along with regular employee awareness programmes and ongoing customer communications and engagement initiatives to support a fraud- and corruption-free working environment. This is further strengthened by digitalisation, which has contributed to reducing fraud and corruption, enhancing customer convenience and improving operational efficiency.

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 honour 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
CAPTAIN, SRI LANKA WOMEN'S CRICKET TEAM

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.

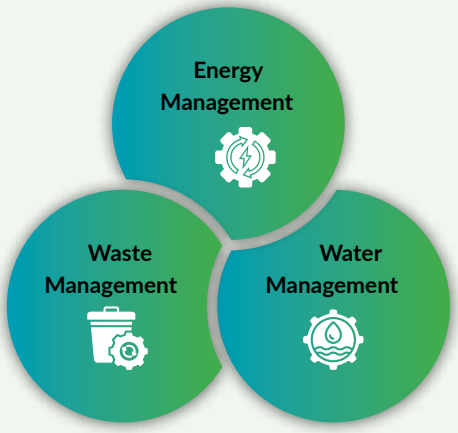
Moreover, her personal and professional values align with the Company's mission, underscoring our corporate identity, commitment to excellence, empowerment and community engagement.

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.

Natural Capital



Natural Capital forms the foundation of life and economic activity. The essential natural resources on our planet are vital to fulfilling basic human needs and ensuring sustainable business continuity. From the water we rely on and the land we stand on to the air we breathe, we remain inherently connected to nature to ensure our well-being and support our survival. Therefore, we recognise our broader responsibility to protect the ecosystem, promote environmental sustainability and address climate change. While we remain committed to the sustainable use of natural resources to maintain the balance of our ecosystem, we also continue to safeguard natural resources for future generations and for long-term sustainable growth.



MANAGEMENT APPROACH

Aligned with our overall commitment to sustainability, we consider protecting the environment a core business priority and therefore remain dedicated to prudently managing our natural capital (the stock of natural assets available for use in our value creation). For this purpose, we have adopted a holistic approach to managing our natural capital, emphasising responsible resource consumption and alignment with sustainability best practices to maintain the balance of the ecosystem. As such, environmental priorities are integrated into business decision-making, ensuring that environmental considerations are embedded across operations, strategy, and long-term planning.

ENVIRONMENTAL STEWARDSHIP

AAF primarily manages its environmental impacts through aligning with local laws and regulations and the provincial requirements in the area. Simultaneously, the voluntary adoption of UN Sustainable Development Goals (UN SDGs) further aligns our actions with global priorities for economic, social, and environmental development. Internal policies are also reviewed from time to time in line with industry standards and best practices, ensuring that we conduct business in a responsible and environmentally conducive manner. This is further enhanced through the promotion of an environmentally conscious culture within the organisation where environmental protection is embedded into the organisational mindset, motivating employees to adopt responsible practices in their daily activities to reduce waste through efficient resource use, thereby minimising environmental impact.

Contribution to SDGs



FORWARD PLANS

Prioritise eco-friendly initiatives

Drive digitalisation for process efficiencies and resource optimisation

Focus on green financing

KEY HIGHLIGHTS IN FY 2025/26

LKR 3.3 Mn on solar panels

Reduction in Electricity Bill at Head Office premises by 50%

MANAGING ENERGY CONSUMPTION

AAF's energy management begins with raising employees' awareness of mindful energy consumption. Regular training in energy management has led to a considerable reduction in energy consumption (electricity bills) across the entire branch network. Alongside, we

have prioritised the installation of solar panels across the branch network and at the head office, installed energy-efficient equipment and lighting (LED bulbs), and introduced regulated operating schedules for air conditioners and lifts to reduce power consumption. Branch visits were also meticulously planned and coordinated, while encouraging employees to use public transport whenever feasible, rather than relying on Company vehicles, to minimise fuel consumption and emissions.

Overall, these measures have contributed to a significant reduction in AAF's energy consumption, minimising the carbon footprint and the overall impact on the environment.

Electricity Consumption	FY 2025/26	FY 2024/25
Units (kWh)	4,675	4,485
Cost (LKR)	399,071	301,407
Energy intensity (Cost/ Employees)	4,640	3,768

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

MANAGING WATER CONSUMPTION

GRI 303-1

Water consumption at AAF is limited to water use for the daily utility purposes of employees. However, we have implemented efficient water management measures across our operations and advocate water management best practices to further promote water conservation amongst the employees at the head office and branches. With exposure to regular awareness sessions on the economical use of water, our employees remain more conscious of water conservation and are actively adopting practices that reduce unnecessary consumption. Moreover, we take immediate action to fix leaks, if identified, thereby ensuring timely repairs and maintenance to minimise wastage.

GRI 303-5

Water Consumption	FY 2024/25	FY 2025/26
Units (m3)	70.4	115
Cost (LKR)	15,605	24,769
Water intensity (Cost/ Employees)	195	288

SUSTAINABLE WASTE MANAGEMENT

We consistently make an effort to reduce waste generated by our activities and encourage recycling where feasible, while engaging in responsible waste disposal. A key step in efficient waste management is our digital transformation, which led to the implementation of digital workflows, significantly eliminating paper consumption. Apart from that, daily food waste collected at the office premises is disposed of as livestock feed, while electronic waste is disposed of via approved agents. In recent years, we have also reduced our chemical usage, such as toner, further contributing to environmental protection.

Empowering Women, Enriching Communities

Women are catalysts for economic progress, social development, and organisational success. At Asia Asset Finance PLC, we recognise that empowering women extends far beyond increasing representation, it is about creating meaningful opportunities for women to lead, innovate, prosper, and contribute to sustainable development. Guided by our commitment to inclusivity, equality, and responsible business practices, we strive to foster an environment where women are empowered as employees, entrepreneurs, customers, caregivers, and community leaders.

Our approach to women's empowerment is embedded within the Company's people strategy, customer engagement, and community investment initiatives. By creating pathways for professional growth, improving access to financial services, supporting entrepreneurship, and investing in education, we contribute to stronger families, resilient businesses, and more inclusive communities. We believe that when women thrive, organisations become stronger, economies become more resilient, and future generations are better equipped to succeed.

EMPOWERING WOMEN WITHIN OUR WORKFORCE

Our people remain our greatest strength, and women continue to play a vital role in shaping the Company's success. Across our branch network, regional operations, support functions, and corporate offices, female employees contribute diverse perspectives, specialised expertise, and strong leadership capabilities that enrich decision-making and strengthen organisational performance.

We are committed to creating a workplace where every employee is respected, valued, and provided with equal opportunities to grow. Employment decisions are guided by merit, capability, and potential, while career progression is supported through structured learning, performance development, mentoring, and leadership opportunities. This inclusive approach enables women to build rewarding careers while contributing meaningfully to the Company's long-term success.

Recognising that professional success is closely linked to personal well-being, we continue to cultivate a supportive work environment through flexible work arrangements, maternity support, employee wellness initiatives, and family-friendly policies. These initiatives enable our employees to balance their professional responsibilities with their personal commitments, fostering a culture where they can excel both at work and at home.

"Asia Asset Finance has provided me with opportunities to grow professionally while maintaining a healthy balance between my career and family. The encouragement and trust I have received have empowered me to take on new challenges with confidence."



Team AAF: 54% Female Representation in the Workforce



Senior Management: 7 female, with 5 Leading Operations

ADVANCING WOMEN IN LEADERSHIP

Diverse leadership teams bring broader perspectives, stronger governance, and better business outcomes. At Asia Asset Finance PLC, we are committed to developing a leadership pipeline that enables talented women to progress into managerial, specialist, and strategic leadership positions.

Many of our female colleagues have progressed through the organisation by demonstrating dedication, technical expertise, and leadership potential. Their journeys reflect our belief that career advancement should be determined by capability and performance, while also inspiring future generations of women to pursue leadership roles with confidence.

Our experienced female leaders actively mentor and support emerging talent through coaching, knowledge sharing, and professional guidance. By nurturing future leaders and encouraging continuous learning, we are building a diverse and resilient leadership team capable of driving sustainable growth.

"My career journey at Asia Asset Finance has been one of continuous learning and growth. The trust placed in me by the organisation enabled me to take on leadership responsibilities and inspire others to pursue their ambitions."

CREATING A SAFE, INCLUSIVE AND RESPECTFUL WORKPLACE

An inclusive workplace is one where every individual feels safe, respected, and empowered to contribute their best. We maintain a zero-tolerance approach towards discrimination, harassment, bullying, and misconduct, supported by clear policies, awareness programmes, and confidential reporting mechanisms.

Our grievance handling processes provide employees with safe and confidential channels to raise concerns, ensuring that all matters are addressed fairly, promptly, and transparently. Regular awareness programmes on workplace ethics, diversity, and gender sensitivity further reinforce a culture built on dignity, accountability, and mutual respect.

Through these initiatives, we continue to strengthen an organisational culture where diversity is celebrated, inclusion is embraced, and every employee has the opportunity to thrive.

EMPOWERING WOMEN THROUGH FINANCIAL INCLUSION

Our commitment to women's empowerment extends beyond our workforce to the communities we serve. Across Sri Lanka, women are increasingly shaping local economies as entrepreneurs, professionals, agricultural producers, traders, and business owners. By providing accessible financial solutions, Asia Asset Finance PLC supports women in transforming aspirations into sustainable livelihoods.

Our products and services are designed to address the evolving needs of women at different stages of their personal and professional journeys. Whether expanding a business, investing in education, strengthening household resilience, or achieving greater financial independence, women continue to utilise our financial solutions to create lasting value for themselves, their families, and their communities.

As the diversity of our customer base continues to grow across urban, semi-urban, and rural regions, we remain committed to expanding financial inclusion and ensuring that access to financial services is equitable, responsible, and responsive to evolving customer needs.

SUPPORTING ENTREPRENEURSHIP AND COMMUNITY DEVELOPMENT

Women-led enterprises contribute significantly to employment generation, local economic activity, and community resilience. Recognising this, we continue to support women entrepreneurs by providing financial solutions that enable them to establish, expand, and strengthen their businesses.

Beyond financing, our broader commitment to community development includes initiatives that promote education and social inclusion. Through programmes such as our School Bag Distribution Initiative, we help ease the financial burden on underprivileged families while encouraging children's educational participation. These initiatives also recognise the important role that mothers play in shaping the educational aspirations and future success of their children.

Looking ahead, our planned initiatives supporting children with special abilities further demonstrate our commitment to creating inclusive communities where every individual has the opportunity to realise their potential and participate meaningfully in society.

CREATING LASTING IMPACT

Women's empowerment is not a standalone initiative; it is an integral part of our commitment to sustainable value creation. By investing in our people, supporting entrepreneurship, promoting financial inclusion, and strengthening communities, we contribute to broader economic and social progress while reinforcing the resilience of our organisation.

As Asia Asset Finance PLC continues its growth journey, we remain committed to advancing gender equality, expanding opportunities for women, and creating an environment where talent, ambition, and leadership can flourish. Together, we are building a future where empowered women strengthen businesses, enrich communities, and inspire the next generation of progress.



Miss. P.R.A.S. Bhagya

I obtained two mortgage loans from Asia Asset Finance—the first to expand my business and the second to recover from the losses we suffered due to Cyclone Dikwella. The team at the Homagama Branch provided exceptional support throughout the process. Their financial assistance enabled me to recover from the setback and continue growing my business of importing, selling, and distributing asbestos sheets. I am sincerely grateful to Asia Asset Finance for standing by me when I needed it most.

Empowering Women, Enriching Communities



Mrs. A.M.D.M. Abesinghe

As an entrepreneur in soap making, sewing, and cake baking, I needed financial support to purchase a baking oven, raw materials, and set up proper workstations for my businesses. Thanks to Asia Asset Finance, I was able to secure a mortgage loan that helped me invest in the equipment and resources I needed to grow. Their support has strengthened my business, and I am truly grateful for their commitment to helping entrepreneurs succeed.



Mrs. Dewaraj Kamalini. Haputale

For the past five years, I have been working with Asia Asset Finance, and their gold loan facilities have been instrumental in the growth of my mushroom business. Their timely financial support has given me the confidence to expand my operations and achieve consistent progress. I sincerely appreciate Asia Asset Finance for being a reliable and trusted partner throughout my business journey. My heartfelt thanks to the entire team for their outstanding service, dedication, and continued support.



Mrs. N.V. ABESINGHE

I initially obtained a Rs.1.5 Mn facility from your company to develop my vegetable business. With your financial support, I was able to expand my business and, together with my husband, open two new vegetable shops in Madulkale and Huluganga. Your support has helped me grow my business and improve my family's future. I am truly grateful for the assistance and trust your company has given me.

ANCHOR OF TRUST

Upholding corporate accountability through a steady, unmoving commitment to Satya as our guiding truth.



sathya

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Truthfulness

True accountability is unmoving. By grounding our internal systems in Satya, we provide a disciplined framework where risks are managed, principles are upheld, and institutional trust is continuously earned.

Members of the Board of Directors



Left to Right

Mr. V. A Prasanth *(Chairman)*, Mr. Rajiv Gunawardena *(Chief Executive Officer)*, Mr. George Alexander and Mr. K.R. Bijimon



Left to Right

Mr. D.S.R.R. De Silva *(Chef Operating Officer)*, **Mr. T.C.D. Kumarasiri, Mr. J.P.D.R. Jayasekera**

Members of the Board of Directors

MR. VADAKKE ANAVANGHOT PRASANTH

Chairman/ Independent 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. Prasanth is empanelled in the Independent Directors Databank (IDD) of Indian Institute of Corporate Affairs (IICA) and on the Board of two Indian Companies as Independent non-executive Director.

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. 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

George Alexander has completed his Master's in Business Administration from the University of North Carolina – Kenan & Flagler Business School and has his bachelor's degree in Mechanical Engineering from the University of Kerala - TKM College of Engineering. He is currently working in his family business as the Deputy Managing Director of Muthoot Finance and takes care of 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 as well. Alongside this, he also serves on the board of three other group companies (Asia Asset Finance, Muthoot Insurance Brokers and Belstar Finance & Investments).

Muthoot Finance is an 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. It is currently the largest gold loan company in the country. Apart from Muthoot Finance, The Muthoot group has 16 other divisions, such as hospitality, health care, equity & commodity trading, insurance broking etc. The group is four generations old and George represents the fourth generation. Prior to joining his family business, he had worked for ING & Kotak Mahindra Bank in India.

Aside from work, George has 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.

MR. K.R. BIJIMON

Non-Independent Non-Executive Director

CA 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 Sri Lanka (FCMA). He is a double graduate in chemistry (BSc) and Law(LLB) from MG University. He is a postgraduate in management (MBA) from Cochin University.

He has over 30 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.

C A K R Bijimon is 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 C A 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. J.P.D.R. JAYASEKARA

Independent Director

Mr Danasiri Rupakumara Jayasekera holds a BA (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

Members of the Board of Directors

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.

MR. T.C.D. KUMARASIRI

Independent Director
FCA, FCCA, FCMA, FMAAT, MBA, B.Sc. Accountancy (Sp.) 1st Class Hons.

An award-winning finance professional, Senior Chartered Accountant, business advisor, corporate trainer, thought leader, and accomplished corporate leader with extensive experience in corporate leadership, governance, entrepreneurship development, and management consulting.

Mr. Kumarasiri is the Founder and President of the Asia Pacific Institute of Money and Entrepreneurship Development, Founder of The Human Capital Partner, and Chairman & Principal Consultant of H C P Consulting (Pvt.) Ltd. He also serves as an Independent Non-Executive Director on the boards of several listed companies and contributes to numerous national, professional, and academic initiatives

He holds a distinguished portfolio of academic and professional qualifications. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), the Association of Chartered Certified Accountants - UK (FCCA), the Institute of Certified Management Accountants of Sri Lanka (FCMA), and the Association of Accounting Technicians of Sri Lanka (FMAAT). Academically, he earned a B.Sc. in Accountancy (Special) with First-Class Honours from the University of Sri Jayewardenepura and an MBA in Finance from the University of Colombo. His professional achievements have been recognized through several prestigious accolades, including the ACCA National Advocate of the Year Award (2022) for his outstanding contributions to the accounting profession and the wider community.

Throughout his distinguished career, he has held senior leadership positions with leading organizations, including Group Managing Director and Chief Financial Officer of The Lanka Hospitals Corporation PLC, Financial Controller of Bank of Ceylon, Assistant Vice President of HSBC Securities Services, and Senior Manager – Assurance & Advisory at Ernst & Young, including an international secondment at EY LLP, New York. He has also served as a Commission Member of the Telecommunications Regulatory Commission of Sri Lanka

A sought-after strategist and management consultant, Mr. Kumarasiri has led numerous transformational initiatives, strategic planning assignments, and organizational development projects across both the public and private sectors. He is also a trusted advisor to family-owned businesses, helping them strengthen governance, build sustainable business models, and manage succession effectively.

A passionate corporate trainer and leadership coach, Mr. Kumarasiri has empowered over 1.5 million individuals in Sri Lanka and beyond through training, coaching, and mentoring. He is a key influencer in Sri Lanka's entrepreneurial ecosystem and a frequent speaker at corporate, academic, and national forums, as well as on television, radio, and digital platforms

Mr. Kumarasiri has played a significant role in advancing the accounting profession both locally and internationally. He served two terms as a Governing Council Member of the Institute of Chartered Accountants of Sri Lanka and represented South Asia on the International Panel on Accountancy Education of the International Federation of Accountants (IFAC) from 2019 to 2024. He also served as Chairman of the ACCA Sri Lanka Member Network Panel and currently serves as its Immediate Past Chairman.

Areas of Expertise: Business Advisory, Strategy, Entrepreneurship, Corporate Governance, Leadership Development, Financial Wellness, Corporate Training, SME Development, Organizational Transformation.

Senior Management



01. RAJIV GUNAWARDENA

Executive Director / Chief Executive Officer

Mr Rajiv Gunawardena is the Chief Executive Officer/Director of Asia Asset Finance PLC. He was appointed to the Board in December 2009 and is responsible for setting and implementing the organisation's vision and strategy and for the effective management of the Company's operations. He has a Bachelor's Degree in Science in Business and Information Systems from the United Kingdom and has completed his master's in professional accounting at Monash University, Australia. Prior to joining AAF, he worked as a Senior Investment Analyst.



02. 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. KOKILA PERERA

Chief Financial Officer

Mrs Kokila Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and an experienced finance leader with over 25 years of distinguished experience spanning audit, financial services, regulatory compliance, and corporate finance. She holds a Master of Business Administration from the University of Wales Trinity Saint David (UK) and a Bachelor of Business Administration (Special) Degree from the University of Colombo. She is also an Associate Member of the Institute of Certified Management Accountants of Sri Lanka and holds a Diploma in Credit Management from the Institute of Bankers of Sri Lanka (IBSL). Prior to her appointment as Chief Financial Officer of Asia Asset Finance PLC, Mrs Perera served in senior finance leadership roles at LCB Finance PLC, SDB Bank PLC, and The Finance Company PLC, and earlier built a strong foundation in external audit at PricewaterhouseCoopers, KPMG and EY Sri Lanka. Her career reflects deep expertise in CBSL regulatory reporting, treasury and liquidity management, financial restructuring, enterprise risk governance, and digital finance transformation.

As the CFO of Asia Asset Finance PLC, Mrs Perera oversees all finance functions, including statutory financial reporting, audit oversight, tax compliance, budgeting, and strategic planning. She plays a pivotal role in driving the company's financial resilience, steering compliance frameworks in line with regulatory requirements, and partnering with the Board and senior leadership on corporate growth strategy and stakeholder value creation.

Senior Management



04. JAYANTHA WEERAPULLIGE

General Manager Products

Mr Jayantha Weerapullige is currently holding the position of General Manager, Product & Operations of Asia Asset Finance PLC, bringing over 25 years of diversified experience in the financial services industry. He joined Asia Asset Finance PLC in 2008, and he has held several senior leadership positions within the organisation. In January 2025, he was promoted to General Manager Operations, following his tenure as Deputy General Manager – Product Operations. Prior to that, he served as Senior Manager – Lending and was subsequently promoted to Assistant General Manager and later to DGM in 2022. Mr Jayantha Weerapullige possesses over 15 years of senior management experience within the company, plays a pivotal role in overseeing the branch network and overall operation framework, and holds a Bachelor of Commerce (Special) degree in Business Administration and an MBA from the University of Colombo.

His leadership spans Marketing, Operations, Administration, and Recoveries & in addition to operational oversight, he is responsible for product governance, product development, business strategy formulation and execution of company-wide product initiatives. He actively contributes to strategic planning and drives sustainable growth through structured performance management and operational excellence. Prior to joining Asia Asset Finance PLC, he gained banking experience at People's Merchant Bank from 2003 to 2008.



05. SAJITH ATAPATTU

General Manager – Operations

Mr Sajith Atapattu joined Asia Asset Finance PLC in 2010 and presently serves as General Manager – Operations, with responsibility for overseeing branch operations and performance across the branch network. During his tenure with the Company, he has served in several key functions, including Credit, Recovery, Operations, Administration, and Risk Management, assuming progressively greater responsibilities over the years. His broad-based experience has given him a comprehensive understanding of the organisation's core operations and the importance of aligning departmental efforts in support of its strategic objectives.

He holds a Bachelor's Degree from the University of Keele, United Kingdom. Mr Atapattu commenced his career at London Mutual Credit Union, United Kingdom, where he gained valuable experience in financial Inclusion.



06. INDITHA JAYATHILAKA

General Manager – Information Technology

Mr Inditha Jayathilaka is the mastermind solution provider for all IT-related tasks at Asia Asset Finance PLC. At present, he oversees the Information Technology department by providing IT-related infrastructure, software and security services.

He has a BSc in MIS from the University College of Dublin. He has more than 14 years of experience in banking and finance solution development and implementation. 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.



07. PRAVEEN PEIRIS

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 the 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 the financing of high-value projects. Mr Peiris holds an MBA from the University of Wales, UK and is a Finalist at the Chartered Institute of Management Accountants, U.K.



08. 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 to 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 mobilisation 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 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 the Sri Lanka Institute of Marketing (SLIM).



09. SAJEEWA THUSHARA WIJEWARDENA

Deputy General Manager –Credit & Operations

Mr Wijewardena joined AAF PLC in October 2025 and is a professional banker with over 34 years of experience in the banking and finance sector, specialising in general and credit management. He has served as a member of corporate management for 16 years at leading finance companies in Sri Lanka, where he headed credit operations, credit administration, and recoveries. His academic and professional qualifications include Associate of the Institute of Bankers of Sri Lanka (AIB), Master of Business Studies from the University of Colombo and Master of Business Administration in Banking and Finance from Kingston University, UK.

In addition to his corporate role, Mr Wijewardena is a trainer and lecturer at AIA for programs conducted by the Credit Management Institute of Sri Lanka (SLICM) and the Institute of Bankers of Sri Lanka (IBSL). He has spent the last decade playing a leading role in training young professionals within the banking and finance sector.

Senior Management



10. WARUNI PERERA

Deputy General Manager-Risk

Ms Waruni Perera is a senior finance and risk professional with over 14 years of experience across Sri Lanka's Licensed Finance Company (LFC) sector, with expertise in risk governance, regulatory compliance, and strategic oversight. She assumed duties as Deputy General Manager – Risk at Asia Asset Finance PLC in January 2026. Previously, she served as Associate Director – NBFIs (APAC) at Fitch Ratings Lanka Limited, contributing to credit rating assessments of Sri Lankan non-bank financial institutions, participating in Asia-Pacific rating committees, and authoring rating reports, sector commentaries, and thematic research. She spent nearly a decade at LB Finance PLC, advancing to Head of Risk Management, where she strengthened risk governance frameworks and regularly reported to board committees. Earlier in her career, she worked at Brown & Company PLC and the Richard Pieris Group, where she was part of the founding team of Richard Pieris Finance Limited. Ms Perera holds an MA in Financial Economics (Merit) from the University of Colombo and a B.Sc. In Accounting (First Class Honours) from the University of Sri Jayewardenepura. She is an Associate Member of CIMA (ACMA, CGMA – UK) and has completed CFA Level I.



11. OSHAN KASTHURI ARACHCI

Assistant General Manager- Gold Loan

Mr Oshan Kasthuri Arachci joined Asia Asset Finance PLC in 2014 as an Executive in the Gold Loan Division. He commenced his career in 2011 at LB Finance PLC. Initially, he was promoted as Manager - Gold Loan in 2019. He holds 15 years of experience in the finance sector. Mr Oshan currently holds the position of AGM Product Development.



12. 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 Sabaragamuwa 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.



13. AKALANKA BATAPOLAARACHCHIGE

Assistant General Manager - Collections

Mr Akalanka Batapolaarachchige is the Assistant General Manager (AGM) of Asia Asset Finance PLC, and he is responsible for the organisation'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. He also has a Master of Business Administration (MBA) from the University of Staffordshire, UK.



14. RAVI PANAWALA

Assistant General 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 administrative operations to the organisation.



15. PRAMOD HINIDUMA

Assistant General Manager - Internal Audit

Mr Hiniduma, Assistant General Manager – Internal Audit, joined AAF PLC in 2019, and he is responsible for Auditing Branch Operation Audit, Department Audit, Off-Site Audit function & IS Audit in AAF.

He graduated from the University of Colombo and completed his Master's at the same University, specialising in Finance. He is an Associate Member of the Institute of Internal Auditors & SLIM. Further, he is a Certified Business Accountant in CA Sri Lanka. He has also successfully completed the certificate course in Forensic Accounting in 2023. Further, He is following the Certified Internal Auditor program conducted by the Institute of Internal Auditors.

He has over 10 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.

Senior Management



16. JOJI JOSEPH

Assistant General 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 region from 2011 to 2017. Mr Joji Joseph holds a master's degree in commerce from Calicut University, Kerala, India.



17. KOSALA GAYANATH WEERASEKARA

Assistant General Manager- Branding & Business Promotions

Kosala Weerasekara joined Asia Asset Finance PLC in April 2024, bringing with him over two decades of experience in strategic branding, marketing communications, and financial services. He holds a Master's in Marketing from London Metropolitan University (UK) and a Bachelor's degree in Banking & Accounting, with professional exposure both locally and internationally.

Prior to joining AAF, Kosala held senior marketing positions at LB Finance PLC and Merchant Bank of Sri Lanka (MBSL), and also gained valuable international experience while working in the United Kingdom across several consumer and financial sectors.

At Asia Asset Finance, he leads the Branding, Communication & Business Promotions Division, overseeing the company's end-to-end marketing strategy, corporate campaigns, digital media presence, and brand collaborations. Under his leadership, the company has successfully launched multiple integrated promotional initiatives, strengthened internal branding, and aligned its communication strategy with long-term business objectives.

Kosala's expertise lies in creating data-driven marketing strategies and emotionally resonant brand narratives that enhance customer loyalty and stakeholder confidence. His goal is to position Asia Asset Finance as one of the most recognisable and trusted financial brands in Sri Lanka.



18. AYANTHA SAMPATH

Assistant General Manager - Leasing

Mr Ayantha Sampath is a seasoned professional in Sri Lanka's financial services sector with over 25 years of experience in marketing and business development. He began his career in February 2000 at Associated Motorways (Private) Limited, where he served until 2007, gaining extensive exposure to marketing operations and customer relationship management.

In 2008, he joined Industrial Finance PLC as a Senior Executive, where he further strengthened his expertise in financial services marketing and business development until 2011.

Mr Ayantha subsequently joined LB Finance PLC in 2011 and served as the Colombo Area Manager until April 2025. During his tenure, he played a key role in expanding the company's market presence, driving regional business growth, and leading high-performing sales teams.

In April 2025, Mr Ayantha joined Asia Asset Finance PLC, bringing with him extensive industry knowledge, leadership experience, and a strong track record in financial services marketing and operations.

With his long-standing experience in the sector, Mr Ayantha continues to contribute significantly to business development, customer engagement, and strategic growth initiatives within the organisation.



19. SANJEEV BALAN

Assistant General Manager – Communications

Mr Sanjeev Balan is a seasoned finance professional with over 20 years of extensive experience in the financial services industry. He joined Asia Asset Finance PLC in 2014 as a Senior Executive and has since progressed through multiple leadership roles, demonstrating strong expertise in credit evaluation, corporate financing, leasing, and strategic business development.

Over the years, Mr Balan has played a pivotal role in strengthening the company's lending portfolio, with hands-on experience in structuring and facilitating business loans, corporate loans, and leasing solutions. His deep understanding of financial markets and customer-centric approach have contributed significantly to sustainable business growth.

Currently serving as the Assistant General Manager – Communications, Mr Balan leads the organisation's internal and external communication strategies, ensuring brand consistency, corporate reputation management, and stakeholder engagement. He oversees all branding initiatives and corporate communications while also heading the Customer Complaints Unit, driving service excellence through effective resolution mechanisms and enhanced customer experience frameworks.

Mr Balan's leadership is characterised by strategic vision, operational discipline, and a commitment to strengthening organisational credibility and customer trust.



20. RIENZIE ANDERSON

Chief Manager -Digital Transformation

Rienzie Anderson is the Chief Manager and Digital Transformation Officer at Asia Asset Finance PLC, bringing over 19 years of experience driving innovation and operational excellence in the financial services sector. He leads the organization's digital transformation agenda by embedding Lean Six Sigma, AI, and automation to deliver measurable, sustainable impact.

Previously holding leadership roles at Nations Trust Bank, HSBC, Tanfeeth LLC, and ACBT, Mr. Anderson has spearheaded numerous award-winning initiatives. His exceptional leadership has earned him prestigious local and international accolades, including multiple BMPC Awards in 2026, Gold at the National Project Management Awards 2025, and Best Financial Company Digital Transformation Sri Lanka 2024.

He holds both Master's and Bachelor's degrees in Management from University College Dublin. A Certified Lean Six Sigma Black Belt, Certified Business Process Excellence, and IBM Design Thinking Practitioner, he champions a people-centric culture, delivering seamless solutions that enhance customer experiences and reinforce sustainable growth.



21. NAYOMI MAWELLA

Chief Manager – Human Resources.

Ms Nayomi Mawella serves as the Chief Manager – Human Resources of Asia Asset Finance PLC, bringing over 21 years of extensive experience in human resource management and administration across diverse sectors, including trading, manufacturing, and the financial services industry. She is an Associate Member of the Chartered Institute of Personnel Management (CIPM), Sri Lanka, and a Member of the Institute of Chartered Professional Managers (MCPM), Sri Lanka.

Ms Mawella holds a Master of Business Administration (MBA) in Human Resources Management and a Postgraduate Diploma in Human Resources Management from the Open University of Sri Lanka. Further strengthening her professional profile, she has obtained a Diploma in Counselling and Psychotherapy from the Institute of Psychological Studies, Sri Lanka.

With her strong academic background and broad industry exposure, Ms Mawella plays a pivotal role in driving the Company's human capital strategy, fostering a high-performance culture, and ensuring the alignment of HR practices with organisational objectives.

Senior Management



22. 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 holds a Bachelor's degree in Commerce from Kerala University (2010). His strong educational foundation, combined with over 15 years of extensive experience in the gold loan sector

Mr Ratheesh specialises in auditing, compliance, and business development within the gold loan industry. He began his professional journey as a teacher before transitioning to the financial sector in February 2011, joining Muthoot Finance Ltd as an Audit Executive. His consistent performance and leadership skills led to his promotion as Regional Audit Manager at Muthoot Finance, after which he was seconded to Asia Asset Finance PLC in 2024.

With a proven track record in operational excellence and regulatory compliance, Mr Ratheesh continues to drive efficiency and innovation in gold loan operations.



23. PRIYANTHA WIJESINGHE

Chief Manager Branch - Business Development (Leasing)

Mr Priyantha Wijesinghe joined AAF in October 2010 as a Branch Manager and was promoted to Senior Branch Manager in 2016. Currently, Mr Wijesinghe serves as a Regional Manager of the Company. He holds over 19 years of 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 the North Central Region till March 2005. Mr Wijesinghe holds a B.Sc. (Special) Degree in Agriculture (Specialised in Agricultural Extension). He also holds a part qualification at the Chartered Institute of Marketing (CIM UK). He is currently reading for his MBA at Wayamba University of Sri Lanka.



24. BALAKRISHNAN MUGUNTHAN

Chief Manager- Fixed Deposit Business Development

A seasoned finance professional with over 22 years of extensive experience in the financial sector, having served in managerial leadership roles including Manager, Senior Manager, and Chief Manager. Possesses strong expertise in fixed deposit business development, equity and debt market trading, and investment advisory services as a Registered Investment Advisor (RIA).

Currently serving as Chief Manager – Fixed Deposit Business Development, He has demonstrated outstanding leadership in business growth, financial strategy, and customer relationship management. In addition to his corporate experience, he has over 20 years of experience as a lecturer in Financial Accounting and Management Accounting at various educational institutions.

Mr Mugunthan holds a BBA (Hons) with Second Upper Class in Financial Management from the University of Jaffna and an MBA in Finance from Madurai Kamaraj University in India. He has also earned the CIMA Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants and is a member of CMA Australia.



25. RADHIKA DILRUKSHI

Senior Manager - 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 the 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.



26. 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. Currently serving as the Senior Manager – Digital Products at Asia Asset Finance PLC, he leads key digital transformation initiatives and oversees the development and enhancement of mobile and web-based financial solutions. His work is rooted in customer-centric design and is focused on driving operational scalability and innovation across the organisation.

Hisham brings a unique blend of technical expertise and leadership, having previously served 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 managerial 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 Bachelor's degree in Digital Communication and Electronics Engineering from the UK and is currently pursuing an MSc in Digital Transformation while awaiting results for his MBA from RUSL. He is a certified professional member of IET (UK) and EA (Australia) and also holds Occupational Safety and Health (OSH) certification.

Fluent in English, Sinhala, and Tamil, Hisham brings deep cross-functional expertise in product development, fintech partnerships, and agile innovation methodologies. His forward-thinking approach and commitment to digital excellence continue to support Asia Asset Finance PLC's journey toward technological advancement and enhanced customer experience.



27. 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 holds a Master's degree in financial economics from the University of Colombo and a BSc in Management from University College Dublin, and has also received an Advanced Diploma in Business Management from NIBM.

He is a professional banker, commencing his banking and finance career at Seylan Bank PLC and later moving to Nations Trust Bank PLC. In 2015, he moved out of the commercial banking sector to the finance sector and joined the Merchant Bank of Sri Lanka and Finance PLC. He counts up to 20 years' experience in Lending, Mortgage loans, Leasing, Credits, Recoveries, branch operations and factoring.

Senior Management



28. PALITHA SURANGA FERNANDO

Senior Manager- Forex

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 DoubleClick Exchange in Seychelles from July 2023 to November 2024. Before that, he spent two decades at the UAE Exchange Centre 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.



29. 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 organisation's information systems. He joined AAF in January 2015 and has over 11 years of Information 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 University of Malaysia 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).



30. YUVENI DIAZ

Head Of CSR & Personal Assistant to CEO

Ms Yuveni commenced her career at Asia Asset Finance PLC in 2015, serving as Personal Assistant to the Chief Executive Officer. Through her dedication and expanding responsibilities, she advanced to the position of Head of Corporate Social Responsibility (CSR), while continuing to manage the functions of the CEO's Office.

In her present role, she leads the development and execution of the Company's CSR framework, ensuring that all initiatives are strategically aligned with corporate goals and generate sustainable, measurable impact. She champions responsible and ethical business conduct, spearheading programmes that contribute meaningfully to social progress and environmental stewardship.

Ms Yuveni strongly believes that the private sector has a vital role to play in fostering sustainable development and is committed to embedding responsible practices that support long-term value creation and a more sustainable future.



31. SHANTHINI KARMEGAM

Head of Legal

Ms Shanthini Karmegam currently serves as the Head of Legal at Asia Asset Finance PLC, where she leads the legal department, overseeing litigation, mortgage approvals, and the overall management and supervision of the Legal Department.

She brings with her extensive experience across both the banking and finance sectors. Prior to joining Asia Asset Finance PLC, she was employed at SMB Finance PLC as Senior Manager – Legal. Before that, she served as Manager – Legal at Prime Finance PLC, where she made significant contributions to legal operations and institutional risk management.

Before transitioning into the finance industry as a legal professional, Ms Karmegam was attached to HSBC as a Senior Banking Associate. This early exposure to the banking sector provided her with valuable industry insight, which has effectively complemented her legal expertise and strengthened her contribution within the financial services sector.

Ms Karmegam holds a Bachelor of Laws (LL.B) from the Open University of Sri Lanka and a Master's Degree specialising in Commercial Law from the University of Colombo.

With a strong foundation in both banking and legal disciplines, she plays a pivotal role in ensuring legal integrity, supporting strategic decision-making, and contributing to the organisation's sustainable growth.



32. 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 a diverse experience across various service sectors involved in exports, property development, and the management of corporate operations within a conglomerate. She is an Associate Member of the Institute of Chartered Corporate Secretaries of Sri Lanka. Additionally, she possesses ten 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



33. TANIA JAYAWICKREMA

Manager Policy Planning & Board Secretary

Mrs Tania Jayawickrema joined Asia Asset Finance PLC in 2017 and brings over three and a half years of experience in the field of Human Resources. Over the years, she has gained extensive exposure across multiple functional areas, including Recovery, Human Resources, Compliance, and Policy Planning.

She currently serves as the Head of Policy Planning, where she is responsible for developing and implementing strategic policies aligned with the organisation's objectives and regulatory requirements. In addition to her role in policy planning, she also serves as the Board Secretary of the Company, contributing to effective corporate governance and board administration.

Senior Management



34. SUMINDA HETTIGE

Assistant General Manager – Uva & Sabaragamuwa Region

Mr Suminda Hettige graduated from the University of Sri Jayewardenepura in 2006 with a Bachelor of Science (Specialised 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 to Senior Branch Manager in 2015 and to Regional Manager in 2021. Currently, Mr Hettige serves as a Senior Regional Manager - North Western 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 16 years of experience in the Finance Sector.



35. KASUN FERNANDO

Assistant Regional 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 organisation. 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.



36. SIVARAJAH LUXMAN

Regional Manager – Northern

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 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.



37. AMALAS FERANDAO

Regional Manager – Recovery & Administration

Mr Fernando joined Asia Asset Finance PLC in February 2024 with 19 years of experience in both the corporate and government sectors. He was previously attached to Commercial Leasing Company and possesses a Higher National Diploma (HND) from the Advanced Technological Institute, which is generally regarded as on par with a Bachelor of Commerce Degree.



38. MARKANDAN THIRUNEELAKANDAN

Management Consultant

He was part of the inaugural 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 in the management of 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 clientele.

He loves to build high-performing teams, which has led to developing a variety of programs at AAF for highly potential staff. He believes in authentic leadership and is deeply passionate and committed to doing so. He has performed extensive service to the company and has been appointed as an Executive Director since November 2024.



39. SHIRANTHI GUNAWARDENA

Consultant – Legal

Mrs Shiranthi Gunawardena was enrolled as an Attorney-at-Law in 1975, and she has been recognised 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 practising 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 the 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

Corporate governance is central to the way Asia Asset Finance PLC conducts its business and creates sustainable value for its stakeholders. It provides the framework through which the Company is directed, managed, and monitored, ensuring that decisions are made with integrity, accountability, and transparency.

Our governance framework is built on sound ethical principles, prudent risk management, and regulatory compliance, enabling the Company to operate responsibly while adapting to an evolving business environment. The Board of Directors, supported by Senior Management and Board-appointed Committees, provides strategic oversight and ensures that governance practices remain aligned with the Company's long-term objectives and stakeholder expectations.

By fostering a culture of responsible leadership and ethical decision-making, we continue to strengthen stakeholder confidence while positioning the Company for sustainable growth and long-term resilience.

GOVERNANCE FOR SUSTAINABLE VALUE CREATION

Strong corporate governance is fundamental to delivering sustainable business performance and preserving stakeholder trust. At Asia Asset Finance PLC, governance is integrated into every aspect of our operations, guiding strategic decision-making, strengthening accountability, and promoting responsible business conduct.

The Board views governance as a strategic enabler that supports innovation, prudent risk management, and long-term value creation. Through clearly defined roles, robust internal controls, and transparent reporting practices, the Board ensures that the Company operates with the highest standards of integrity while safeguarding the interests of shareholders, customers, employees, regulators, and the wider community.

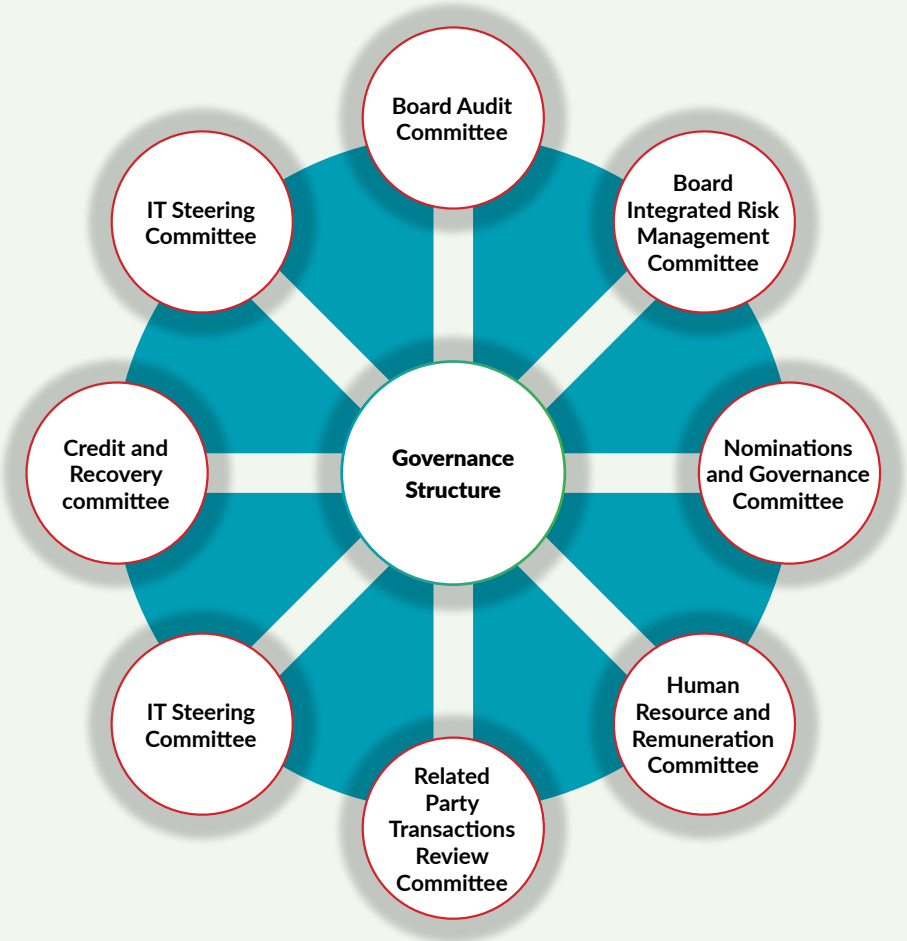
Recognising that governance is an evolving discipline, the Company continually reviews its governance framework to align with emerging regulatory developments, industry best practices, and stakeholder expectations. This commitment enables us to respond effectively to changing business conditions while maintaining operational resilience and sustainable growth.

GOVERNANCE STRUCTURE AND FRAMEWORKS

GRI 2-9

Our governance structure provides a comprehensive framework that supports effective oversight, strategic leadership, and responsible decision-making across the organisation. It establishes clear lines of accountability, promotes transparency, and ensures that governance responsibilities are appropriately distributed among the Board of Directors, Board Committees, Senior Management, and operational teams.

The governance framework is designed to ensure compliance with applicable laws and regulations while embedding sound corporate values throughout the organisation. It facilitates effective risk management, protects stakeholder interests, and supports the achievement of the Company's strategic objectives through well-defined policies, delegated authorities, and robust internal controls.



THE NOMINATION AND SELECTION OF THE BOARD

GRI 2-10

The strength of the Board lies in the collective expertise, independence, and diversity of its members. Accordingly, the appointment of Directors is guided by a structured and transparent nomination process that ensures the Board possesses the knowledge, experience, and competencies required to effectively oversee the Company's long-term strategic direction.

The nomination process begins with an assessment of the Board's existing composition, taking into consideration succession planning, regulatory requirements, industry expertise, leadership capabilities, and diversity of thought. This evaluation helps identify any gaps in skills or experience required to support the Company's evolving business priorities.

Potential candidates are identified through professional networks and other appropriate channels and are assessed against clearly defined selection criteria. Beyond professional qualifications and technical expertise, emphasis is placed on integrity, independence of judgement, leadership qualities, and the ability to contribute constructively to Board deliberations.

Following a comprehensive evaluation, suitable candidates are recommended by the Nominations and Governance Committee to the Board for consideration. Appointments are made only after obtaining the necessary regulatory approvals from the Central Bank of Sri Lanka, ensuring full compliance with applicable governance requirements.

Members of the Board Committees are selected from among the Directors based on their respective expertise, experience, and professional competencies. This ensures that each Committee is equipped to discharge its responsibilities effectively while strengthening the overall governance framework of the Company.

Through this disciplined approach, the Company maintains a balanced and competent Board capable of providing effective oversight, independent judgement, and strategic leadership.

THE BOARD OF DIRECTORS

GRI 2-12 | GRI 2-13

The Board of Directors serves as the highest governing body of the Company and is responsible for providing strategic direction, overseeing management performance, and safeguarding the long-term interests of shareholders and other stakeholders.

Comprising Executive, Non-Executive, and Independent Non-Executive Directors, the Board brings together a diverse range of professional expertise, industry knowledge, and independent perspectives. This balanced composition promotes objective decision-making, constructive debate, and sound governance while ensuring that the Company remains focused on achieving sustainable business success.

The Board oversees the formulation and execution of the Company's strategic priorities, approves key policies, and monitors organisational performance against established objectives. In fulfilling its responsibilities, the Board maintains effective oversight of financial performance, risk management, regulatory compliance, corporate governance, and sustainability initiatives.

Working closely with Senior Management, the Board also guides the Company's sustainability agenda by integrating environmental, social, and governance (ESG) considerations into strategic planning and business operations. This includes overseeing the identification and management of material economic, environmental, and social impacts while ensuring that sustainability remains embedded within the Company's long-term value creation strategy.

While the Board retains ultimate accountability for governance and sustainability oversight, responsibility for implementing approved strategies and policies is delegated to Senior Management and relevant Board Committees. These teams are entrusted with executing strategic initiatives, managing operational risks, ensuring regulatory compliance, and monitoring performance against established objectives.

Senior Management regularly reports to the Board on financial, operational, governance, and sustainability matters, enabling informed decision-making and effective oversight. This collaborative governance approach strengthens organisational accountability and ensures that the Company remains responsive to emerging risks, opportunities, and stakeholder expectations.

Corporate Governance

BOARD COMPOSITION



2 Executive Directors

2 Non-Independent Non-Executive Directors

3 Independent Directors

3

Members of the Board are Independent.

The Board is a confluence of knowledge, skill, expertise 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 operations of the Company.

BOARD AUDIT COMMITTEE

ID 3 | NINED 1

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

ID 3 | NINED 1

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

ID 2 | NINED 1

HR & REMUNERATION COMMITTEE

ID 3 | NINED 1

IT STEERING COMMITTEE

ID 3 | Permanent Member 1

CREDIT AND RECOVERY COMMITTEE

ID 2 | NINED 1

NOMINATIONS AND GOVERNANCE COMMITTEE

ID 2 | NINED 2

KEY:

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

BOARD OVERSIGHT OF SUSTAINABILITY REPORTING

GRI 2-14

The Board recognises sustainability reporting as an integral component of effective corporate governance and long-term value creation. It provides strategic oversight of the Company's sustainability agenda and ensures that environmental, social, economic, and governance considerations are integrated into corporate decision-making.

The Board reviews and approves the sustainability information disclosed in the Annual Report, including the identification of material topics, performance indicators, and key sustainability initiatives. In doing so, the Board ensures that disclosures accurately reflect the Company's sustainability priorities, stakeholder expectations, and reporting obligations.

Through regular updates from Management, the Board monitors progress against sustainability objectives, reviews emerging ESG-related risks and opportunities, and provides strategic guidance to strengthen the Company's long-term resilience and responsible business practices.

FAIR REMUNERATION

The Company believes that a fair, equitable, and performance-oriented remuneration framework is fundamental to attracting, motivating, and retaining talented professionals who contribute to the long-term success of the organisation.

Remuneration structures are designed to recognise individual performance, professional competence, responsibilities, and market competitiveness while supporting sustainable business growth. The framework encourages high performance, rewards achievement, and promotes employee retention by providing opportunities for career progression and professional development.

The Human Resources and Remuneration Committee oversees the remuneration framework and recommends the remuneration of Directors and Senior Management to the Board. The Committee periodically reviews remuneration policies to ensure they remain aligned with the Company's strategic objectives, regulatory expectations, and evolving market conditions.

Details relating to Directors' remuneration and benefits are disclosed in Note 9 of the Financial Statements.

VALUES, ETHICS AND CORPORATE CULTURE

The Company's culture is founded on integrity, accountability, professionalism, and mutual respect. These values guide every aspect of our business and influence the way we engage with customers, employees, shareholders, regulators, and the wider community.

The Board plays a pivotal role in promoting an ethical organisational culture by setting the tone from the top and reinforcing behaviours that support responsible decision-making, transparency, and sustainable business conduct. This commitment is reflected through a comprehensive governance framework supported by policies, procedures, and clearly defined standards of behaviour.

The Company's Code of Conduct and Business Ethics applies equally to Directors, Senior Management, and all employees. It establishes clear expectations relating to ethical behaviour, compliance with laws and regulations, protection of stakeholder interests, human rights, workplace equality, environmental responsibility, and professional conduct.

All employees are expected to uphold these principles in their day-to-day responsibilities and maintain the highest standards of integrity when interacting with stakeholders.

During the financial year under review, no material breaches of the Company's Code of Conduct and Business Ethics by Directors or employees were reported.

To further strengthen ethical governance, the Company maintains a formal Whistle-blowing Policy that enables employees and other stakeholders to report suspected misconduct confidentially and without fear of retaliation. Reported concerns are investigated objectively and appropriate action is taken whenever necessary.

By embedding ethics and integrity throughout the organisation, the Company continues to strengthen stakeholder confidence and reinforce a culture of responsible corporate citizenship.

CONFLICT OF INTEREST

GRI 2-15

Maintaining objectivity and independence in decision-making is essential to effective corporate governance. The Company has therefore established a comprehensive Conflict of Interest Policy that promotes transparency, protects stakeholder interests, and ensures that business decisions are made solely in the best interests of the Company.

The policy applies to all Directors, Senior Management, and employees and requires the timely disclosure of any actual, potential, or perceived conflicts that may arise in the course of their duties.

Directors are required to declare their interests upon appointment, annually thereafter, and whenever new circumstances arise that could give rise to a conflict. These declarations are reviewed through the Company's established governance processes, including the relevant Board Committees where appropriate.

Where a conflict is identified, the affected individual is required to abstain from participating in related discussions, deliberations, or decisions. Appropriate mitigation measures are implemented to preserve the integrity and independence of the Company's governance processes.

Through these practices, the Company reinforces ethical leadership, strengthens stakeholder confidence, and ensures that all decisions are taken with fairness, transparency, and accountability.

COMMUNICATION OF CRITICAL CONCERNS

GRI 2-16

The Company has established a structured escalation framework to ensure that significant matters are communicated promptly to the Board of Directors. This framework supports effective governance by enabling the timely identification, assessment, and resolution of issues that may have a material impact on the Company's operations, financial performance, regulatory compliance, or reputation.

Critical concerns arising across the business are escalated through clearly defined reporting channels in accordance with the Board-approved Escalation Policy. These may include matters relating to risk management, regulatory compliance, internal controls, operational disruptions, fraud, information security, legal matters, or other significant business events.

Senior Management is responsible for ensuring that material issues are communicated to the Board in a timely and transparent manner, enabling Directors to make informed decisions and provide appropriate strategic guidance. Where necessary, the Board engages relevant Board Committees to review complex matters and recommend appropriate actions.

The escalation framework is periodically reviewed to ensure that it remains effective, responsive, and aligned with the Company's governance objectives and evolving regulatory requirements.

Corporate Governance

BOARD SKILLS, KNOWLEDGE AND CONTINUOUS DEVELOPMENT

GRI 2-17

The Company recognises that an informed and capable Board is fundamental to effective governance. Continuous professional development enables Directors to remain informed of emerging regulatory developments, evolving industry trends, technological advancements, and sustainability-related matters that influence the Company's operating environment.

During the year, Directors participated in a range of professional development programmes designed to strengthen their knowledge across key areas of governance and business leadership. These included specialised training on information technology, digital transformation, cybersecurity, and other emerging risks relevant to the financial services sector.

Board members also attended training programmes conducted by the Centre for Banking Studies (CBS), covering subjects such as sustainable finance, evolving regulatory frameworks, environmental, social and governance (ESG) practices, risk management, and corporate governance.

In addition, Directors participated in governance symposiums and industry forums that facilitated knowledge sharing and engagement with regulatory authorities and governance professionals. These programmes strengthened the Board's ability to provide informed strategic guidance while ensuring governance practices remain aligned with evolving stakeholder expectations and industry best practices.

The Company remains committed to promoting continuous learning and professional development as a key component of effective Board leadership.

BOARD PERFORMANCE EVALUATION

GRI 2-18

The Board recognises that regular performance evaluations are essential to maintaining effective governance and continuously enhancing its overall effectiveness.

Accordingly, formal assessments of the Board, its committees, and individual Directors are conducted periodically through a structured self-evaluation process. These evaluations provide an opportunity to assess the effectiveness of governance practices, decision-making processes, strategic oversight, and the overall contribution of the Board towards achieving the Company's objectives.

The Chairman leads the evaluation of the Board and its Committees, while the performance of the Chief Executive Officer is assessed against agreed financial, operational, and strategic performance targets approved by the Board. The outcomes of these evaluations assist in identifying opportunities for continuous improvement, succession planning, and strengthening Board effectiveness.

This ongoing evaluation process reinforces accountability, promotes continuous learning, and supports the Board in fulfilling its governance responsibilities efficiently.

BOARD REMUNERATION

GRI 2-19

The Company's remuneration philosophy is designed to attract, retain, and motivate individuals with the expertise and leadership capabilities required to achieve its long-term strategic objectives. The remuneration framework is governed by a Board-approved policy that promotes fairness, transparency, accountability, and alignment with sustainable business performance.

Remuneration arrangements for the Board of Directors and Senior Management are reviewed by the Human Resources and Remuneration Committee, which ensures that compensation structures are consistent with the Company's business strategy, risk appetite, regulatory expectations, and market practices.

The remuneration framework comprises an appropriate balance of fixed and performance-related components, with incentives linked to clearly defined performance measures that support prudent risk management and long-term value creation. This approach encourages responsible decision-making while aligning individual performance with the Company's strategic priorities.

The Company complies with the remuneration guidelines issued by the Central Bank of Sri Lanka and periodically reviews its remuneration framework to ensure continued competitiveness, regulatory compliance, and alignment with evolving industry practices.

PROCESS FOR DETERMINING REMUNERATION

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The remuneration framework is developed through a structured governance process that ensures compensation practices remain equitable, competitive, and aligned with the Company's long-term strategic objectives.

The Human Resources and Remuneration Committee undertakes periodic reviews of remuneration policies by considering regulatory requirements, market benchmarks, industry trends, organisational performance, and the complexity of individual roles. This comprehensive assessment supports the development of remuneration structures that are both commercially competitive and aligned with prudent risk management principles.

Individual remuneration is determined based on responsibilities, experience, professional competencies, and performance against established objectives. Where applicable, performance-based incentives are linked to measurable outcomes that promote sustainable value creation while discouraging excessive risk-taking.

All remuneration recommendations are subject to review and approval through the Company's established governance processes before being endorsed by the Board. The framework is reviewed regularly to ensure it remains relevant to changing business conditions, regulatory expectations, and the Company's evolving strategic priorities.

ACCOUNTABILITY AND STEWARDSHIP

The Board of Directors remains committed to maintaining the highest standards of accountability, transparency, and financial stewardship in fulfilling its fiduciary responsibilities. Through effective oversight and robust governance practices, the Board ensures that the Company continues to operate in a responsible, ethical, and sustainable manner while safeguarding the interests of all stakeholders.

The Board is responsible for ensuring the integrity and reliability of the Company's financial and non-financial reporting. It oversees the preparation and presentation of the Annual Report and Financial Statements, ensuring that they provide a balanced, accurate, and comprehensive assessment of the Company's financial performance, operational achievements, governance practices, and future outlook.

In preparing the Quarterly and Annual Financial Statements, the Company fully complies with the provisions of the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards (LKAS/SLFRS), and all other applicable regulatory requirements. The Board reviews and approves the Annual Report before publication and, where appropriate, obtains independent external assurance to enhance the credibility and reliability of disclosed information.

BOARD MEETINGS

The Board meets on a regular basis to provide strategic direction, review business performance, monitor risks, and deliberate on matters of significant importance to the Company. Additional meetings are convened whenever necessary to ensure timely consideration of emerging business issues and strategic opportunities.

Board papers and meeting agendas are circulated well in advance, enabling Directors to review information thoroughly and participate in informed discussions. Directors are encouraged to seek further clarification whenever additional information is required, and members of Senior Management attend meetings when requested to provide operational insights or technical expertise.

RECORDING OF PROCEEDINGS

Comprehensive minutes are maintained for every Board meeting, accurately documenting deliberations, decisions, recommendations, and any differing opinions expressed during discussions. This ensures transparency, accountability, and an effective record of the Board's decision-making process.

BOARD RESOLUTIONS

The Articles of Association establish the procedures governing Board resolutions and decision-making. These procedures provide a clear framework for approving matters reserved for the Board while ensuring that decisions are made in a transparent, consistent, and accountable manner.

SHAREHOLDER ENGAGEMENT AND COMMUNICATION

The Company recognises that maintaining open, transparent, and timely communication with shareholders is fundamental to good corporate governance and long-term stakeholder confidence. Accordingly, it is committed to providing shareholders with meaningful opportunities to engage with the Board and remain informed of the Company's performance, strategic direction, and material developments.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) serves as the principal forum for dialogue between the Board and shareholders. Shareholders are provided with adequate notice of the meeting together with the relevant supporting documentation, enabling them to participate effectively in discussions and exercise their voting rights.

The AGM provides an opportunity for shareholders to seek clarification on the Company's financial performance, governance practices, strategic priorities, and future outlook. Directors, including the Chairpersons of Board Committees and members of Senior Management where appropriate, are available to respond to shareholder queries and encourage constructive engagement.

ONGOING SHAREHOLDER COMMUNICATION

The Company Secretary facilitates effective communication between shareholders and the Board by maintaining records of shareholder correspondence and ensuring that all legitimate concerns or enquiries are directed to the appropriate Directors or members of Management for timely consideration.

The Company remains committed to responding to shareholder communications promptly, professionally, and transparently, reinforcing confidence in the Company's governance framework.

MARKET DISCLOSURES

The Company provides shareholders and the investment community with timely, accurate, and reliable information through multiple communication channels. These include the Annual Report, interim financial statements, disclosures made through the Colombo Stock

Corporate Governance

Exchange, corporate announcements, press releases, electronic communications, and the Company's official website.

These communication channels ensure that shareholders have equitable access to material information, supporting informed investment decisions and promoting transparency in accordance with applicable regulatory requirements.

DIRECTORS' INTEREST REGISTER

In compliance with the provisions of the Companies Act No. 07 of 2007, the Company maintains a Directors' Interest Register to record all disclosures relating to the interests of Directors.

The register is updated throughout the financial year to ensure that all relevant interests are accurately recorded and maintained in accordance with statutory requirements. It provides an important governance mechanism that promotes transparency, accountability, and the effective management of potential conflicts of interest.

Relevant disclosures relating to Directors' interests have been appropriately recorded during the year under review and form part of the Company's governance framework.

OUR GOVERNANCE COMMITMENT

Strong corporate governance remains integral to the Company's ability to deliver sustainable value and maintain the confidence of shareholders, customers, employees, regulators, and the wider community.

The Board is committed to continuously strengthening the Company's governance framework by promoting ethical leadership, enhancing accountability, encouraging responsible decision-making, and maintaining the highest standards of transparency and integrity.

As the regulatory and business landscape continues to evolve, the Company will remain focused on adopting leading governance practices that reinforce resilience, support sustainable growth, and create long-term value for all stakeholders.

Compliance with the CA Sri Lanka Code of Best Practice on Corporate Governance 2023 and CSE Listing Rules

Section I – The Company

A. DIRECTORS

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
The Company should be headed by an effective Board which should direct, lead and control the Company.	A.1 – The Board	9.5.1(a); 9.8	Complied	During the Financial year, AAF is led by a well-balanced Board of seven Directors, including the Chairman, with diverse local and multinational experience. The Board provides strategic leadership, oversees the Company's governance and control framework, and is supported by Board Sub-Committees. Day-to-day operations are delegated to the CEO and Executive Committee within Board-approved policies, procedures and delegated authorities. The Directors collectively bring diverse business, financial, legal, technological and entrepreneurial expertise, together with integrity and independent judgment.
The Board should meet regularly and information should be provided to the Board on a structured and regular basis.	A.1.1 – Regular Meetings	9.5.1(e) & (g)	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, to review and evaluate the performance of the Company. The attendance of each member of the Board is provided in page 139 of this Annual.
The Board should provide entrepreneurial leadership by undertaking responsibilities specified under the Code.	A.1.2 – Role and Responsibilities of the Board	9.5.1(a), (c), (d), (f)	Complied	The Board is 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.
Directors should act in accordance with the laws of the country and obtain independent professional advice where necessary.	A.1.3	9.5.1(f); 9.7	Complied	The Board and individual Directors act in accordance with applicable laws, regulations, the CSE Listing Rules and the Company's Articles of Association. Directors are entitled to obtain independent professional advice, where necessary, through an appropriate process.
Directors should have access to the advice and services of the Company Secretary.	A.1.4	9.5.1(f); 9.10.4	Complied	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.

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Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Directors should exercise independent judgement on all matters considered by the Board.	A.1.5 – Independent Judgement	9.8.2 & 9.8.3	Complied	Directors exercise independent judgement in considering matters before the Board and act in the best interests of the Company. Independent Directors provide objective and independent perspectives in Board deliberations.
Directors should dedicate adequate time and effort to matters of the Board and the Company.	A.1.6	9.5.1(g); 9.10.4(f)	Complied	The Board Members dedicate adequate time for 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 pages 139 to 141 of this Annual Report.
At least one-third of the Directors should be able to call for a resolution to be presented to the Board.	A.1.7	9.5.1 – Board policy	Complied	The Board's governance framework enables Directors to place matters before the Board for consideration and resolution where necessary.
New Directors should receive an appropriate induction and existing Directors should receive continuing training.	A.1.8 – Board Induction and Training	9.11.5(ix); 9.11.6(j) & (k)	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, the Company's operations, governance framework, CSE Listing Rules and applicable laws and regulations.
The roles of the Chairperson and CEO should be clearly separated.	A.2 – Division of Responsibilities between Chairperson and CEO	9.6.1–9.6.4	Complied	The roles of the Chairperson and CEO are separately defined. The Chairperson provides leadership to the Board, while the CEO is responsible for the day-to-day management of the Company and implementation of strategies approved by the Board.
The Chairperson should preserve good corporate governance and ensure the effective discharge of Board functions.	A.3 – Chairperson's Role	9.6.1; 9.6.3	Complied	The Chairperson provides leadership to the Board and facilitates the effective discharge of its responsibilities. Board proceedings are conducted in a manner that enables all Directors to participate effectively in deliberations.
The Board should have sufficient financial acumen and knowledge.	A.4 – Financial Acumen	9.13.3(7)	Complied	The Board collectively possesses appropriate financial knowledge and experience. The Chairperson of the Audit Committee is a member of a recognised professional accounting body, supporting effective oversight of financial reporting and related matters.
There should be an appropriate balance between Executive and Non-Executive Directors.	A.5 – Board Balance	9.5.1(a); 9.8.1 & 9.8.2	Complied	During the Financial year, the Board of Directors of the Company comprises five Non-Executive Directors and two Executive Directors
The Board should have an appropriate number of Independent Directors.	A.5 & A.5.1	9.8.2 & 9.8.3	Complied	During the Financial year, the Board of Directors of the Company comprises five Non-Executive Directors and two Executive Directors.

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Independent Directors	A.5.2		Complied	There are four Independent 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	9.8.3	Complied	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 complied with independence criteria stipulated by the CBSL, SEC and ICASL guidelines during Financial year 2025/26.
Signed independence declaration by the Non-Executive Directors	A.5.4	9.8.5(a)	Complied	Each Non-Executive Director is responsible for submitting an assigned and dated declaration on an annual basis of his/her independency/ non-independency. at the Financial Year, Three Directors of the Company are Independent and the other Four Directors are Non-Independent.
Determination of independence of Non–Executive Directors	A.5.5	9.8.5(b)	Complied	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". Mr V.A.Prasanth Mr. T.C.D. Kumarasiri Mr. J.P.R Jayasekera
Alternate Director	A 5.6	9.9	N/A	The alternate Director appointment has not taken place during 2025/26.
Requirement of Senior Director and availability for confidential discussions	A 5.7 and A 5.8	9.6.1, 9.6.3 & 9.6.4	N/A	Not Applicable
Meetings with Non-Executive Directors	A 5.9	9.6.3(b)	Complied	Adopted
Recording of concerns in Board minutes	A 5.10	9.5.2	N/A	Circumstances have not arisen. All matters taken up for discussion were resolved through consensus at Board Meetings.

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Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Information to the Board by management	A.6.1	NA	Complied	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 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 deals with other functional matters through 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	NA	Compliant	The Company Secretary ensured that the required notice of meeting, agenda and information documents including Board papers are circulated to all Directors at least seven days prior to 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.
The Board should have a formal and transparent procedure for appointments to the Board.	A.7 – Appointments to the Board	9.11.1–9.11.5	Complied	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, three Directors resigned from the Board since they completed their tenure according to the regulations
Nominations and Governance Committee	A .7..1	9.3.1	Complied	Adopted The report of the Nominations and Governance Committee is given on pages 201 and 202.
Assessment of the Board composition	A 7.2	9.3.2	Complied	Refer to Page 112 for the board composition.

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Succession plan	A 7.3	NA	Complied	The Committee ensures a succession plan is in place for the Chief Executive Officer and all key responsible persons, and identifies their training and development needs to support effective succession.
Disclosure of profiles of the newly-appointed Director	A.7.4	9.10.2	Complied	Appointment of new Directors is disclosed to the shareholders with a brief resume of each such Director by way of CSE corporate disclosure, public announcements, as well as in the Annual Report. There were no new appointments made during the financial year.
Disclosure of details of the Annual Report	A.7.5	9.3.4	Complied	Refer to the Nominations and Governance Committee report on pages 201 and 202.
TOR of Nominations and Governance Committee	A.7.6	9.3.2	Complied	The Nominations and Governance Committee has its TOR
Appointment of Non-Executive Directors	A 8.1	9.3.1(c)	Complied	During the year, the majority of the Board consisted of Non-Executive Directors
Election of Directors by the shareholders	A 8.2	9.11.6(d) & (g)	Complied	During the year are subject to the re-election requirements set out in the Company's Articles of Association and applicable regulatory requirements.
Resignation of a Director	A.8.3	9.10.3	Compliant	During the financial year, Mr K.R.B. Basnayake, Mr K.G. K Pillai (12.08.2025) and Mr M. Thiru Neelkandan (30.10.2025) resigned from the Board
The Board should periodically appraise its own performance.	A.9.1-A.9.4 – Appraisal of Board Performance	9.11.5(v); 9.11.6(h)	Complied	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. The committee members conducted assessments of each committee during the financial year.
Fitness and Propriety of Directors	N/A	N/A	Complied	All directors have limited their directorships according to the regulations

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Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Information relating to Directors should be disclosed appropriately.	A.10 – Disclosure of Information in Respect of Directors	9.10.1–9.10.4	Complied	The following information in relation to Directors is disclosed in the Annual Report. Profiles of Directors - Pages 92 to 96. Corporate Governance Report pages 110 to 116. Details of Related Party Transactions – Page 285. Details of Directors including names, transactions with a finance Company. Board Meeting Attendance pages 139 to 141. In terms of the Articles of Association of the Company, Directors abstain from voting on any Board resolution on a matter in which he or any of his relatives has substantial interest and are not counted in the quorum for the relevant agenda item at the Board meeting.
The performance of the CEO should be formally appraised.	A.11 – Appraisal of CEO	9.5.1(a); 9.11.5(v); 9.11.6(h)	Complied	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

B. DIRECTORS' REMUNERATION

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Human Resources and Remuneration Committee	B 1		Complied	Details as set out in the Human Resources and Remuneration Committee report on page 203 and 204.
The Company should have a formal and transparent procedure for developing policy on Executive Directors' remuneration and fixing individual remuneration packages.	B.1 – Remuneration Procedure	9.12.3 & 9.12.5	Complied	The Remuneration Committee operates under Board-approved Terms of Reference and follows a formal and transparent process in recommending remuneration for Executive Directors and the CEO. No Director participates in determining his or her own remuneration.
Remuneration should be sufficient to attract and retain Directors of the required calibre and should be aligned with performance and responsibilities.	B.2 – Level and Make-up of Remuneration	9.12.3, 9.12.4 & 9.12.7	Complied Complied	The Company's remuneration framework takes into consideration the responsibilities of Directors, market practices, performance and the long-term interests of the Company.
The level and make-up of Remuneration	B.2	9.12.4	Complied	The Remuneration Committee decides 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		Complied	The remuneration of the executive directors is determined according to the CBSL guidelines and the remuneration policy
Comparison of remuneration with other companies	B 2.6		Complied	In determining the remuneration of Directors and senior management, the Human Resources and Remuneration Committee considers market benchmarks of comparable companies, performance outcomes, and associated risk factors.
Executive share options	B 2.9		N/A	Not Applicable There are no share option plans available for executives.
Designing the Executive Directors' remuneration	B 2.10		Complied	
Early termination of Directors	B 2.11			Adopted – Not applicable for the current year
Early termination is not included in the initial contract	B 2.12			Adopted – Not applicable for the current year
Remuneration of the Non-Executive Directors	B 2.14		Complied	Non-Executive Directors receive fees in line with market practices, taking into consideration the time commitment and responsibilities of their role.

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Remuneration Committee & the Terms of Reference	B 2.15 – B 2.16		Complied	The details of the members of the Human Resources and Remuneration Committee are given on page 203 and 204.
The Company should disclose its remuneration policy and Directors' remuneration.	B 3.1 – B 3.2	9.12.8(a)–(c)	Complied	The remuneration paid to the Directors is disclosed in this Annual Report.

C. RELATIONS WITH SHAREHOLDERS

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
The AGM should be used constructively to communicate with shareholders and encourage their participation.	C.1 – Constructive Use of AGM and Conduct of General Meetings	9.4.1 & 9.4.2	Complied	The AGM provides an important forum for communication between the Board and shareholders. Shareholders are provided with adequate notice and relevant information and are encouraged to participate and exercise their voting rights.
Notice of the AGM and related papers should be circulated within the prescribed period.	C.1.1	7.5; 9.4.2	Complied	Notices of General Meetings and relevant documents are circulated to shareholders within the period prescribed by the Companies Act, Articles of Association and applicable CSE requirements.
Separate resolutions should be proposed for substantially separate issues.	C.1.2	9.4.1	Complied	Separate resolutions are proposed for substantially separate matters at General Meetings, enabling shareholders to exercise their voting rights independently on each matter.
The Company should make appropriate arrangements to record and count votes and proxies.	C.1.3	9.4.1	Complied	The Company maintains appropriate arrangements for recording and counting proxy appointments and votes at General Meetings. Voting results are recorded and disclosed in accordance with applicable requirements.
Chairpersons of Board Committees should be available at the AGM to answer shareholder queries where appropriate.	C.1.4	9.4.2	Complied	The Chairpersons of the relevant Board Committees are available at the AGM, where necessary, to respond to shareholder questions relating to matters within their respective mandates.
Adequate notice of the AGM and procedures of voting at the General Meeting	C 1. 5		Complied	All shareholders are encouraged to attend the AGM, with notice and the Annual Report, including financial statements and voting procedures, issued in compliance with the Companies Act No. 7 of 2007 at least 15 working days in advance.
The Company should maintain effective communication with shareholders.	C.2 – Communication with Shareholders	9.4.2(a)–(d); Section 8	Complied	The Company maintains effective communication channels with shareholders through the Annual Report, financial statements, CSE announcements, General Meetings, the Company's website and other appropriate investor communication channels.

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Shareholders should have access to relevant information to make informed decisions.	C.2.2	Section 8; 9.4.2	Complied	Material information is communicated to shareholders and the market in a timely manner through the prescribed CSE disclosure channels.
Implementation of the Policy and Methodology	C 2.3		Complied	In accordance with the Board-approved Communication policy, open communication with shareholders is maintained, with key officers readily accessible.
Contact person in relation to shareholders' matters	C 2.4 and C 2.6		Complied	Shareholder communications and requests are channelled through the Company Secretary, with authorised spokespersons designated under the Communication Policy.
Process to make all Directors aware of the major issues and concerns of shareholders and the process for responding to shareholder matters	C 2.5- C 2.7		Complied	The Company Secretary records and promptly circulates correspondence to the appropriate Directors and Shareholder correspondence is responded to promptly in line with the Communication Policy.
Major and material transactions should be disclosed appropriately.	C.3 – Major and Material Transactions	Section 8; applicable provisions of Section 9	Complied	There were no major transactions during 2025/26.
Disclosure requirements and shareholder approvals for special resolutions in PLCs	C 3.2		Complied	AAF complied with all disclosure and shareholder approval requirements under SEC and CSE regulations, with no non-recurrent related party or other transactions requiring special resolutions during the year

D. ACCOUNTABILITY AND AUDIT

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	D.1 – Financial and Business Reporting	7.5; Section 8; 9.13.4	Complied	The Board ensures that annual audited Financial Statements and periodic 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 thereunder 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.

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Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
The Board should ensure appropriate accounting policies are selected and consistently applied.	D.1.1 and D 1.2	9.13.4(1)(ii) & (iii)	Complied	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.
The CEO and CFO should provide appropriate assurance regarding financial reporting.	D.1.3	9.13.4(1)(iv)	Complied	Responsibilities of the Board and Auditors for the preparation of Financial Statements
Directors' report in the Annual Report	D.1.4			The Directors have made all their declarations in the "Annual Report of the Board of Directors" given on pages 183 to 189.
Statement of Directors' and Auditor's responsibility for financial statements and Report on risk management and Internal Controls	D.1.5		Complied	The Statement of Directors Statement on Internal Control Over Financial Reporting is given on page 191 of the Annual Report. The Auditor's reporting responsibility is given in their Report on the Financial Statements on pages 214 to 216.
The Board should ensure that the Company has an effective internal control system.	D.2 – Internal Control	9.13.4(1)(vi)–(ix)	Complied	A Risk Management Report is presented in this Annual Report. Review of the Effectiveness of the group's system of internal controls to safeguard shareholders' investment and the Company's assets.
The Board should establish an effective risk management framework.	D.2	9.13.4(1)(vi)–(viii)	Complied	The Company maintains a formal risk management framework under which principal risks are identified, assessed, monitored and managed. Significant risks are reported to the Board and relevant Board Committees.
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 Auditors' Report on internal controls is given on pages 214 to 216 in the Annual Report.

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Effectiveness of the internal control system	D 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 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.
The Audit Committee should be established and function effectively.	D.3 – Audit Committee	9.3.1(c); 9.13.1–9.13.5	Complied	The Company has established an Audit Committee in accordance with the CSE Listing Rules. The Committee operates under Board-approved Terms of Reference and assists the Board in overseeing financial reporting, internal controls, risk management and audit matters.
The Audit Committee should comprise an appropriate number of Independent Directors.	D.3.1	9.13.3	Complied	The Audit Committee is comprised of three Directors, all of whom are Independent Directors. Executive Directors do not serve on the Committee.
The Audit Committee should have a written Terms of Reference.	D.3.2	9.13.2	Complied	The Audit Committee operates under a written Terms of Reference approved by the Board, clearly defining its scope, authority, duties and quorum requirements.
The Audit Committee should review financial reporting and significant accounting matters.	D.3	9.13.4(1)(i) & (ii)	Complied	The Audit Committee reviews quarterly and annual financial statements before submission to the Board, including significant accounting policies, judgements, unusual transactions, compliance with accounting standards and other significant financial reporting matters.
The Audit Committee should review the effectiveness of internal and external audit.	D.3	9.13.4(1)(x)	Complied	The Audit Committee reviews the scope, results and effectiveness of internal and external audits and monitors the independence, performance and objectivity of the external auditor.
Remuneration Committee	N/A	7.10.5. and 9.18.6	Complied	An 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 pages 203 and 204 of this Annual Report
Board Integrated Risk Management Committee	D 4.1		Complied	Board Integrated Risk Management Committee composition is as set out on page 198. The CEO, COO, Chief Risk Officer (CRO), CISO, Compliance Manager and other senior management representatives attend the meetings as invitees.

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Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Terms of reference of the BIRMC	D 4.2		Complied	A separate written set of terms of reference is in place with its authority and duties. The TOR was last reviewed in 2025/26 in line with the Code of Best Practices on Corporate Governance of CA Sri Lanka.
BIRMC Meetings	D 4.3		Complied	The Committee met 12 times during the year. The CRO serves as the Secretary to BIRMC.
External Professional Advices	D 4.4		Complied	The Committee has the authority to seek external professional advice if required in connection with the performance of its duties.
Disclosures of BIRMC	D 4.5		Complied	The Board Integrated Risk Management Committee report is provided on page 198.
Related parties and related party transactions	D 5.1		Complied	All related parties and related party transactions are identified in conformity with LKAS 24, and disclosures are made in compliance with regulatory requirements.
Related Party Transactions Review Committee	D 5.2		Complied	The Board Related Party Transactions Review Committee composition is as set out on page 112.
Related Party Transactions Review Committee terms of reference	D 5.3		Complied	The Committee is directed by the Board-approved terms of reference, which set out the authority and responsibility of the Committee.
The Company should maintain a Code of Business Conduct and Ethics.	D.6 – Code of Business Conduct and Ethics	9.2.1(e); 9.2.2	Complied	The Company maintains a Code of Business Conduct and Ethics applicable to Directors and employees. The Code addresses conflicts of interest, confidentiality, ethical conduct, protection of Company assets, compliance with laws and regulations and other matters relevant to responsible business conduct.
The Company should disclose any waivers or exemptions from its Code of Business Conduct and Ethics.	D.6	9.2.2	Complied	Any waivers or exemptions granted in relation to the Internal Code of Business Conduct and Ethics, if any, are disclosed in the Annual Report in accordance with the CSE Listing Rules.
Adoption of a Code of Business Conduct	D.6		Complied	The Company adopts a code of business conduct and ethics for Directors and members of the senior management team
The Company should disclose the extent of its compliance with the Code.	D.7 – Corporate Governance Disclosures	9.1.3	Complied	This Corporate Governance Compliance Report sets out the extent to which the Company has complied with the CA Sri Lanka Code of Best Practice on Corporate Governance 2023 and the applicable Corporate Governance requirements of the CSE Listing Rules.
The Annual Report should contain an appropriate Corporate Governance Report.	D.7.1	9.1.3; 9.10.4; 9.11.6; 9.12.8; 9.13.5; 9.14.8	Complied	The Annual Report contains a comprehensive Corporate Governance Report covering the Board, Board Committees, Directors, independence, meetings and attendance, remuneration, audit, related party transactions and other governance matters.

E. INSTITUTIONAL INVESTORS

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Institutional shareholders should make considered use of their voting rights.	E.1 – Shareholder Voting	9.4.1 & 9.4.2	Complied	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 in this Annual Report along with other shareholder information.
The Company should conduct regular and structured dialogue with shareholders.	E.1.1 – Communication with Shareholders	9.4.2	Complied	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.
Institutional investors should give due weight to relevant governance disclosures when evaluating the Company.	E.2 – Evaluation of Governance Disclosures	9.1.3; 9.10.4; 9.11.6	Complied	Institutional investors are encouraged to consider all relevant factors, including Board structure and composition, when evaluating the Company's Corporate Governance practices.

F. OTHER INVESTORS

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Individual shareholders should be encouraged to conduct adequate analysis or seek independent advice before investing or divesting.	F.1 – Investing/ Divesting Decisions	Section 8; 9.4.2	Complied	The Company provides relevant information through its Annual Report, financial statements, CSE announcements and website to facilitate informed investment and divestment decisions.
Individual shareholders should be encouraged to exercise their voting rights.	F.2 – Shareholder Voting	9.4.1 & 9.4.2	Complied	All shareholders are encouraged to participate in General Meetings and exercise their voting rights. Appropriate arrangements are maintained for proxy voting and recording of voting results.

G. INTERNET OF THINGS AND CYBERSECURITY

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
Effective cyber-security risk management process.	Principle G.1 - Principle G.5	9.2.1(f) 9.13.4(1) (vi)–(viii)– Risk Management and Internal Controls	Complied	Information security risks are addressed through an Information Security Management System Policy covering cyber risk management, incident response, disaster recovery, and governance oversight.

H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)

Requirement	CA Guideline	CSE Listing Rule	Compliance Status	Company's Compliance / Disclosure
The Company should recognise environmental, social and governance considerations as part of responsible corporate conduct and long-term value creation.	H.1 – ESG Reporting	9.2.1(h) – ESG Sustainability Policy	Complied	The Company incorporates environmental, social and governance considerations into its strategy, risk management, operations and stakeholder engagement. Relevant ESG matters, performance and initiatives are disclosed in the Sustainability / ESG section of this Integrated Annual Report.
The Company should establish and maintain an ESG Sustainability Policy.	H.1 / H.1.1	9.2.1(h); 9.2.3	Complied	The Company maintains an ESG Sustainability Policy and discloses the existence and implementation of the policy on its website and in accordance with applicable CSE requirements.
The Company should provide appropriate ESG-related information to stakeholders.	H.1	9.2.3; Section 8 where applicable	Complied	Relevant ESG information is disclosed through the Integrated Annual Report and the Company's website, covering material environmental, social and governance matters relevant to the Company's strategy and stakeholders.

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	92 to 96
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year	Complied	70 and 71
7.6 (iii)	Information on 20 largest shareholders at the end of the year	Complied	207
7.6 (iv)	The public holding percentage	Complied	212
7.6 (v)	Directors' and Chief Executive Officer's holding in shares	Complied	207
7.6 (vi)	Information pertaining to material foreseeable risk factors	Complied	176 to 182
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Complied	There are no material issues pertaining to employees and industrial relations during the year
7.6 (viii)	Information on buildings/land holdings and investment properties as at the end of the year	Complied	260 to 262
7.6 (ix)	Number of shares representing the stated capital as at the end of the year	Complied	276 to 277
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and related information	Complied	317
7.6 (xi)	Ratios and market price information on equity, debt, change in credit rating	Complied	317
7.6 (xii)	Significant changes in the Company's or Subsidiaries' fixed assets	Complied	16
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	Complied	N/A
	The Company does not have any Employee Share Ownership or Stock Option Schemes at present		
7.6 (xv)	Disclosure pertaining to Corporate Governance practice in terms of Section 9 of the Listing Rules	Complied	132 to 138
7.6 (xvi)	Related party transactions exceeding 10% of the Equity or 5% of the total assets of the entity -	Complied	
	The Company did not have any Related Party Transactions exceeding this threshold during the year		
7.6. (xvii)	Details of Foreign Currency Denominated Securities are listed	Complied	NA
	The Company did not invest in Foreign currency securities		
7.6 (xviii)	Details of sustainable Bonds are listed	Complied	N/A
	The Company did not invest in sustainable bonds		
7.6 (xix)	Details of perpetual Debt Securities	Complied	N/A
	The Company did not invest in perpetual Debt Securities		

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	Chairperson's Message / Annual Report of the Board of Directors
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 Whistle-blowing 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 of the financial year 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	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committee	Complied with
9.3.3	Chairperson of the Board to not serve as the Chairperson of the Board Committees referred in 9.3.1	Complied with
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 pages 195 to 206.
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 to 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 comply with it.

Corporate Governance

CSE Rule Reference	Applicable Requirement	Level of Compliance
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 There was no requirement for the appointment of a Senior Independent Director during the financial year.
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 7 Directors which include 3 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. R.K.B Basnayake & Mr. K.R.P Pillai –Independent Directors resigned from August 2025 due to their tenure being reached more than 9 consecutive years. Mr. M. Thiruneelakandan resigned due to reaching of 70 years old with effect from 31st October 2025 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 92 to 96.
9.9	**ALTERNATIVE DIRECTOR**	
9.9.1	Appointment of Alternate Directors	There were no Alternative Directors appointed during the year.

CSE Rule Reference	Applicable Requirement	Level of Compliance
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 complied with that requirement during the year
9.10.2	Appointment of a new Director	During the year there were no new appointments.
9.10.3	Changes to the composition of the Board Committees	As recommended by the Nominations and Governance Committee at their meeting held on 5th August 2025 changes to the composition of the board sub-committees were proposed subsequent of the resignation of the 2 Directors, 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. 9.3.3 of the Listing Rules of the Colombo Stock Exchange, Mr. J.B.D.R. Jayasekera - Independent Non-Executive Director was appointed as the Chairman to the Remuneration Committee of the Company with effect from 12th August 2026, subsequent to the resignation of the former chairman Mr. R.K. B. Basnayake , while no new appointments were made to the committee. Additionally, Mr. T. C. D. Kumarasiri (Independent Director) was appointed as the chairman of the Nominations and Governance Committee with effect from 12th August 2026, subsequent to the resignation of the former chairman Mr. R.K. B. Basnayake. The memberships of Mr. R.K.B. Basnayake and Mr. K.C.K. Pillai on the Board Audit Committee ceased upon their resignations, and no additions were made to the committee thereafter.
9.10.4	Details relating to Directors disclosed in the Annual Report	Profiles of the Directors are disclosed from pages 92 to 96 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 92 to 96 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.

CSE Rule Reference	Applicable Requirement	Level of Compliance
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 comprised of 5 members and out of them three members are Independent Directors. Nominations and Governance Committee Report is published on pages 201 and 202 of this Annual Report covering disclosure requirements
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 comprised of three directors and two of them are Independent Directors. Human Resources and Remuneration Committee Report is published on pages 203 and 204 of this Annual Report.

CSE Rule Reference	Applicable Requirement	Level of Compliance
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 239 of this report.
9.13	**BOARD AUDIT COMMITTEE**	
9.13.1 to9.13.5	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 page 198 The Board Audit Committee comprised of three Independent Directors The Board Integrated Risk Management Committee comprised of Three Independent Directors. CEO and COO have attended Board Audit Committee meetings and the Board Integrated Risk Management Committees as invitees. 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 and when 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 October 2025 . Functions handled by BIRMC are covered under the TOR of that committee as described. Board Audit Committee report included on pages 195 to 197 and Board Integrated Risk Management Committee report included on page 198 complies with disclosure requirements under section 9.13 relating to functions and disclosures in the annual report relating to the Board Audit Committee

Corporate Governance

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 favourable 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 199 and 200 of the annual report for Related Party Transactions Review Committee report

Meeting Attendance 2025/2026

BOARD MEETING ATTENDANCE

	23.04.2025	29.05.2025	23.06.2025	25.07.2025	26.08.2025	26.09.2025	27.10.2025	25.11.2025	22.12.2025	23.01.2026	26.02.2026	18.03.2026
Mr. V.A. Prasanth	√	√	√	√	√	√	√	√	√	√	√	√
Mr. R.J.A. Gunawardena	√	√	√	√	√	√	√	√	√	√	√	√
Mr. G.A. Alexander	√	√	√	√	√	ab	√	√	√	√	√	√
Mr. K.R. Bijimon	√	√	√	√	√	√	√	√	√	√	√	√
Mr. R.A.B. Basnayake	√	√	√	√	Resignation takes effect from 2025.08.12							
Mr. J.P.D.R. Jayasekera	√	√	√	√	√	√	√	√	√	√	√	√
Mr. T.C.D. Kumarasiri	√	√	√	ab	√	√	√	√	√	√	√	√
Mr. S.S.R.D.D.S. Gunasekera	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Thiruneelakandan	√	√	√	√	√	√	√	Resignation takes effect from 2025.10.31				
Mr. K.G.K. Pillai	√	√	ab	√	Resignation takes effect from 2025.08.12							

BOARD AUDIT COMMITTEE

	24.04.2025	26.05.2025	28.05.2025	20.06.2025	24.07.2025	25.08.2025	29.08.2025	25.09.2025	24.10.2025	31.10.2025	21.11.2025	18.12.2025	20.01.2026	30.01.2026	23.02.2026	17.03.2026
Mr. T.C.D. Kumarasiri	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr. V.A. Prasanth	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr. R.A.B. Basnayake	√	√	√	√	√	Resignation takes effect from 2025.08.12										
Mr. J.P.D.R. Jayasekara	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr. K.G.K. Pillai	√	√		√	Resignation takes effect from 2025.08.12											

NOMINATION & GOVERNANCE COMMITTEE

	20.01.2025	17.10.2025
Mr. R.A.B. Basnayake	√	Resignation takes effect from 2025.08.12
Mr. G. Alexander	√	√
Mr. J.P.D.R. Jayasekara	√	√
Mr. K.R. Bijimon	√	√
Mr. V.A. Prasanth	√	√
Mr. T.C.D. Kumarasiri	-	√

MEETING ATTENDANCE 2025/2026

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

	24.04.2025	22.05.2025	20.06.2025	24.07.2025	25.08.2025	25.09.2025	24.10.2025	21.11.2025	18.12.2025	20.01.206	23.02.2026	17.03.2026
Mr. T.C.D. Kumarasiri	√	√	√	√	√	√	√	√	√	√	√	√
Mr. V.A. Prasanth	√	√	√	√	√	√	√	√	√	√	√	√
Mr. J.P.D.R. Jayasekera	√	√	√	√	√	√	√	√	√	√	√	√
Mr. K.R. Bijimon	√	√	√	√	ab	√	ab	√	√	√	√	√

IT STEERING COMMITTEE

	30.06.2025	19.09.2025	17.02.2026
Mr. R.A.B. Basnayake	√	Resignation takes effect from 2025.08.12	
Mr. J.P.D.R. Jaysekara	√	√	√
Mr. V.A. Prasanth	√	√	√
Mr. Inditha Jayathilaka	√	√	√

CREDIT AND RECOVERY COMMITTEE

	08.04.2025	23.04.2025	27.05.2025	31.05.2025	19.06.2025	21.07.2025	29.07.2025	21.08.2025	09.09.2025	19.09.2025	24.09.2025	29.09.2025	21.10.2025	04.11.2025	19.12.2025	21.07.2026	20.02.2026	16.03.2026
Mr. V.A. Prasanth	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr. K.R. Bijimon	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr. J.P.D.R. Jayasekara	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

HR & REMUNERATION COMMITTEE

	22.09.2025	17.10.2025	22.12.2025	23.12.2025	06.02.2026
Mr. J.P.D.R. Jayasekera	√	√	√	√	√
Mr. G.M. Alexander	√	√	√	√	√
Mr. V.A. Prasanth	√	√	√	√	√

RELATED PARTY TRANSACTION COMMITTEE

	29.05.2025	21.08.2025	21.10.2025	23.01.2026
Mr. J.P.D.R. Jayasekara	√	√	√	√
Mr. K.R. Bijimon	√	√	√	√
Mr. V.A. Prasanth	Not appointed	√	√	√
Mr. R.A.B. Basnayake	√	Resignation takes effect from 2025.08.12		

Agreed-Upon Procedures Report on Compliance Requirements of the Directive on Corporate Governance Issued by the Central Bank of Sri Lanka

ANNEXURE

NOTE: The below mentioned numbering is used to coincide with the "section 1" of the Finance Business Act (Corporate Governance) Direction, No. 05 of 2021 issued by the Central Bank of Sri Lanka.

	Procedure	Compliance status
1.	**BOARD'S OVERALL RESPONSIBILITIES**	
1.2	**BUSINESS STRATEGY AND GOVERNANCE FRAMEWORK**	
a.	Check the Board's approval of the overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment.	**Complied** The Board approved Strategic Plan for 2027–2029 is in place. Further, projected financial statements/budgets for the years 2026/27, 2027/28 and 2028/29 have been prepared and presented to the Board, demonstrating the establishment of measurable goals for the upcoming years.
b.	Check that the board approval of governance framework commensurate with the FC's size, complexity, business strategy and regulatory requirements.	**Complied** The Board approved governance framework is in place.
c.	Check that the Board has assessing the effectiveness of its governance framework periodically.	**Complied** The Board assesses the effectiveness of its governance framework annually and on request. Further the Corporate Governance Framework for the current year was approved by the Board on 26 May 2025.
d.	Check that the appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities.	**Complied** The Board approved functions and responsibilities of the CEO and Chairman is in place. The Chairman and CEO positions are held by separate individuals. The roles of the Chairman and the CEO are clearly distinct from one another.
1.3	**CORPORATE CULTURE AND VALUES**	
a	Check that the FC ensures that there is a sound corporate culture within the FC, which reinforces ethical, prudent and professional behaviour.	**Complied** Board approved Code of Conduct for employees are in place. This Code of Conduct translates the Company's vision into specific operational policies and guidance, which directly influence employee behaviour. The Board discussed and provided oversight on matters relating to governance, ethical conduct and corporate values, demonstrating its involvement in establishing and maintaining the Company's corporate culture.

	Procedure	Compliance status
	b. Check that the FC playing a lead role in establishing the FC's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	**Complied** The Board approved Code of Conduct and the policy of conflict of interest is available to all employees, including the Board of Directors. This Code and policy focus mainly on fair dealing, the financial customer protection framework, and strict confidentiality regarding customer data and company assets. Finally, it establishes clear guidelines for reporting illegal or unethical behaviour through a whistle-blower policy, backed by structured discipline and enforcement protocols.
	c. Check that the FC promoting sustainable finance through appropriate environment, social and governance considerations in the FC's business strategies.	**Complied** Company has taken initiatives to reduce paper usage through digitalization processes. Further, established branches in rural areas where financial services were previously unavailable.
	d. Check that the Board approving the policy of communication with all stakeholders including depositors, shareholders, borrowers and other creditors in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators.	**Complied** The Board approved Communication Policy is in place which covers all stakeholders including Customers, Suppliers & Service providers, Shareholders & Stakeholders, Competitors, with regulating bodies and Colombo stock exchange.
1.4	**RISK APPETITE, RISK MANAGEMENT AND INTERNAL CONTROLS**	
	a. Check that establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework.	**Complied** The Board and BIRMC approved Risk Appetite Statement (RAS) is in place.
	b. Check that the ensuring the implementation of appropriate system and controls to identify, mitigate and manage risks prudently.	**Complied** The Credit Risk Policy, Operational Risk Policy and Risk Management policy covering Market Risk, Interest Rate Risk, Liquidity Risk, IT related Risk, Compliance Risk and Finance Risk and the relevant policies are in place. Risk indicators and monitoring activities relating to above risks and other residual risks are discussed at BIRMC meetings, and appropriate mitigating actions are recommended. Reviewed the External Auditor's Certification on Internal Control over Financial Reporting at the Annual General Meeting.
	C. Check that the adopting and reviewing the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically.	**Complied** The adequacy and effectiveness of the internal control systems and management information systems are periodically reviewed by the Board. Moreover, the External Auditors were engaged in providing assurance on the Directors' Responsibility Statement on Internal Controls over financial reporting included in the annual report and their opinion was submitted to the Board. Further, the Company has submitted progress reports on the implementation of the time-bound action plan arising from the CBSL on-site examination.

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	d. Check that the approving and overseeing business continuity and disaster recovery plan for the FC to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	**Complied** The Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) have been approved by the Board and are subject to Board oversight. Cyclone Ditwah was identified as the key event during the year.
1.5	**BOARD COMMITMENT AND COMPETENCY**	
	a. Check that all members of the board shall devote sufficient time on dealing with the matters relating to affairs of the FC.	**Complied** The attendance records in the Annual Report, prepared by the Company Secretary confirmed the attendance of Board members.
	b. Check that all members of the board shall possess necessary qualifications, adequate skills, knowledge and experience.	**Complied** The profiles of Board members in the Annual report provide the details relating to their qualifications, experience and background are maintained. The required regulatory approvals have been obtained for the appointments of the Board of Directors.
	c. Check that the board shall regularly review and agree the training and development needs of all the members.	**Complied** The Board training activities conducted during the year with the participation of CBSL representatives to enhance their knowledge and awareness on relevant regulatory and governance matters.
	d. Check that the board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its board as a whole and that of its committees and maintain records of such assessments.	**Complied** A process is in place for annual self-assessments to be undertaken by each Director, of its Board as a whole and that of its sub committees. The annual self-assessment for the current year has been performed subsequent to the year end.
	e. Check that the board shall resolve to obtain external independent professional advice to the board to discharge duties to the FC.	**Not Applicable for the Year** The board could obtain external independent professional advice according to the approved TOR upon reasonable requests and where appropriate circumstances exist.
1.6	**OVERSIGHT OF SENIOR MANAGEMENT**	
	a. Check that identifying and designating senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management.	**Complied** The Board-approved senior management list available and the Board has identified and designated senior management personnel who are responsible for significantly influencing policy, directing business activities, and exercising control over business operations and risk management.
	b. Check that defining the areas of authority and key responsibilities for the senior management.	**Complied** Areas and limits of authority of the KRPs are covered under the Delegation Authority (DA) limits assigned to the senior management.

	Procedure	Compliance status
	c. Check that ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives.	**Complied** The appointments of senior management members to their respective roles were approved by the Nominations and Governance Committee. The job description (JD) of a particular position of KRPs is approved by the Board of Directors. JD includes key responsibilities, KPIs, competencies, and required qualifications. The set of skills and competencies expected by the Company is determined through the recruitment process. A candidate is evaluated and verified during the interview process as per the recruitment policy. Information related to experience and qualifications is verified through their affidavits, which is submitted to CBSL. Further, the physical documents/confirmations are verified and obtained from the candidates during the on-boarding process.
	d. Check that ensuring there is an appropriate oversight of the affairs of the FC by senior management.	**Complied** Management meetings are regularly conducted to ensure better governance, effective performance, and improved oversight of the Company's affairs. The Organizational structure and reporting lines and are clearly defined, Board papers are submitted to facilitate Board decision-making and Delegation of Authority limits are formally approved and documented.
	e. Check that ensuring the FC has an appropriate succession plan for senior management.	**Complied** The Company has established a Board-approved succession plan for the KRPs. A few key positions are designated for external recruitment, where appropriate as there is no existing internal succession plan
	f. Check that meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.	**Complied** The Senior management has called to Meetings on request
1.7	**ADHERENCE TO THE EXISTING LEGAL FRAMEWORK**	
	a. Check that ensuring that the FC does not act in a manner that is detrimental to the interest of and obligations to, depositors, shareholders and other stakeholders.	**Complied** The Company operates in accordance with applicable laws, regulations, CBSL Directions and internal policies, with appropriate controls in place to protect the interests of depositors, shareholders and other stakeholders. No material instances detrimental to stakeholder interests were identified.
	b. Check that adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.	**Complied** The Company adheres to the directions, regulations, rules and circulars issued by the Central Bank of Sri Lanka. Further, the Company ensures that all employees adhere to the internal policies and procedures. Additionally, the Board approved Code of Conduct for all employees is in place, and the Board regularly monitors compliance with the Code of Conduct.

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	c. Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.	**Complied** Directors and senior management discharge their duties with due care, prudence and integrity, while being mindful of their legal, regulatory, civil and criminal responsibilities. Appropriate governance and compliance mechanisms are in place to support the diligent discharge of their duties.
2	**GOVERNANCE FRAMEWORK**	
2.1	Check that the board shall develop and implement a governance framework in line with followings, 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. l) role of the company secretary. m) Board sub committees and their role; and n) limits on related party transactions.	**Complied** The Corporate Governance Framework and other relevant governance documents were developed and implemented in line with applicable CBSL Directions.
3.	**COMPOSITION OF THE BOARD**	
3.1	Check that the board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirement of the size, complexity and risk profile the FC.	**Complied** The Board composition reflects an appropriate balance of skills, qualifications, and experience commensurate with the size, complexity, and risk profile of the Finance Company (FC).
3.2	Check that the number of directors on the Board shall not be less than seven (07) and not more than thirteen (13)	**Complied** The Board consists of 7 Directors in accordance with the regulatory requirement at the end of the year under review.
3.3	Check that 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	**Complied** There are two Directors who have served on the Board for a period exceeding nine years along with the CBSL approval, excluding the CEO/ Executive Director.

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3.4	Check that 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 voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of supervision of non-Bank financial Institutions subject to provisions contained in direction 4.2 and 4.3 provided, however number of non-executive directors eligible to exceed 9 years are limited to one-fourth (1/4) of the total number of directors of the board.	**Complied** Two Non-Independent Non-Executive Directors, namely Mr. George M. Alexander and Mr. K.R. Bijimon, have served on the Board for a period exceeding nine years. The Company has communicated the continuation of these Directors to the Central Bank of Sri Lanka (CBSL).
3.5	**EXECUTIVE DIRECTORS**	
a.	Check that only an employee of a FC shall be nominated, elected and appointed, as an executive director of the FC, provided that the number of executive directors shall not exceed one-third (1/3) of the total number of directors of the board.	**Complied** Mr. R. J. A Gunawardena and Mr. R. D. S. Gunasekara are the Executive Directors of the Company. Confirmed that the number of Executive Directors did not exceed one-third of the total number of directors on the Board at the end of the year.
b.	Check that a shareholder, who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided, however existing executive directors with a contract of employment and functional reporting line and exiting senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may reappointed as a non-executive director subject to provisions contained in direction 4.2 and 4.3	**Complied** No Executive Director or Senior Management member appointed is a shareholder holding more than 10% of the voting rights of the FC and may reappoint as a non-executive director.
c.	Check that in the event of presence of the executive directors, CEO shall be one of the executive directors and may be designated as the managing director of the FC.	**Complied** Mr. R. J. A Gunawardena is the only Executive Director of the Company who currently holds the position of CEO.
d.	Check that all executive directors shall have a functional reporting line in the organization structure of the FC.	**Complied** All Executive Directors have defined functional reporting lines within the organizational structure.
e.	Check that the executive directors are required to report to the board through CEO.	**Complied** The Executive Directors are required to report to the Board through the CEO.
f.	Check that executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	**Complied** Mr. R. J. A. Gunawardena (CEO) holds a directorship in Evoke International, while Mr. R. D. S. Gunasekara holds directorships in Evoke Roopahala Films (Pvt) Ltd and Simon Consultancy (Pvt) Ltd.

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3.6.	**NON – EXECUTIVE DIRECTORS**	
a.	Check that non –executive directors shall possess credible track records, and have necessary skills, competency and experience to bring independent judgment on the issues of strategy, performance, resources and standards of business conduct.	**Complied** The NEDs possess relevant skills, experience, and credible track records.
b.	Check that a non-executive director cannot be appointed or function as the CEO/executive director of the FC.	**Complied** No Non-Executive Director has been appointed or functions as the CEO/ Executive Director of the FC.
3.7.	**INDEPENDENT DIRECTORS**	
a.	Check that the number of independent directors of the board shall be at least three (03) or one-third (1/3) of the total number of directors whichever is higher.	**Complied** At the end of the year, the Board comprises three Independent Non-Executive Directors as following; ❋ Mr. J P D R Jayasekara ❋ Mr. T C D Kumarasiri ❋ Mr. V A Prasanth
b.	Check that independent directors appointed shall be of highest calibre, with professional qualifications, proven track record and sufficient experience.	**Complied** The Independent Directors possess proven track records and the necessary skills, competency, and experience to discharge their responsibilities effectively.

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c. Check that 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 any FC. ii. Director or 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 has 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 hold 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 exceeds10% of the stated capital as shown in its last audited statement of financial position of the FC.	**Complied** No independent directors holding 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. No Director or a relative has or had material business transactions with the FC, during the period of one year immediately preceding the appointment as director The Directors had not been employed by the FC or its affiliates, nor had they been directors of any of its affiliates during the one year immediately preceding their appointment as Director. None of the Directors had been an advisor, consultant, principal consultant or advisor to the FC or its affiliates during the one year immediately preceding their appointment as Directors. None of the Independent Directors has a relative who is in the board or Senior Management or holds more than 10% of shares No independent Director represents a shareholder, debtor, creditor of FC. None of the Directors is an employee or director of or has a 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. No such transactions were taken place with the main shareholding company.

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	d. Check that the nomination committee and board should determine 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.	**Complied** The Nominations and Governance Committee and the Board have not identified any circumstances or relationships, other than those specified under Direction 3.7, that would impact a director's independence or the perception of such independence.
	e. Check that an independent director shall immediately disclose to the Board any change in circumstances that may affect that status as an independent director. In such a case, the board shall review such director's designation as an independent director and notify the Director, Department of Supervision of Non-Bank Financial Institutions in writing of its decision to affirm or change the designation.	**Complied** During last year there were no such disclosures.
3.8	**ALTERNATE DIRECTORS**	**Not Applicable**
	a. Check that 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 been abroad.	**Not Applicable**
	b. The existing directors of the FC cannot be appointed as an alternate director to another existing director of the FC.	**Not Applicable**
	c. A person appointed as an alternate director to one of the directors cannot extend the role as an alternate director to another director in the same board.	**Not Applicable**
	d. An alternate director cannot be appointed to represent an executive director.	**Not Applicable**
	e. In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that apply to an independent director.	**Not Applicable**
3.9	**COOLING OFF PERIOD**	**Not Applicable**
	a. Check that there shall be 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. Any variation thereto in exceptional circumstances where expertise of such persons requires reconstitute a Board of a FC which needs restructuring, shall be made with prior approval of the Monetary Board.	**Not Applicable**

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	b. Check that 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.	**Not Applicable**
3.10	**COMMON DIRECTORSHIPS** Check that director or a senior management of a FC shall not be nominated, elected or appointed as a director of another FC except where such FC is 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)	**Complied** No Director or Senior Management personnel of the FC has been nominated, elected, or appointed as a Director of another FC, subject to conditions stipulated in Direction 3.5(f).
3.11	Check that the board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a FC shall not hold 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.	**Complied** The Board has determined appropriate limits for directorships that may be held by Directors.
4.	**ASSESSMENT OF FITNESS AND PROPRIETY CRITERIA**	
4.1	Check that no person shall be nominated, elected or appointed as a director of the FC or continue as a director of such FC unless that person 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.	**Complied** The fitness and propriety approvals issued by the CBSL. The Directors nominated, elected, or appointed to the FC are fit and proper persons to hold office in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) No.06 of 2021 Direction, as amended.
4.2	Check that a person over the age of 70 years shall not serve as a director of FC.	**Complied** None of the Directors of the Company are above the age of 70 years.
4.3	Check that notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2025, is permitted to continue in office as a director, exceeding 70 years of age up to maximum of 75 years of age subject to the 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 base on the assessment of the Director/ Department of Supervision of Non-Bank Financial Institutions in 4.3(a) c). Maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors.	**Complied** There are no Directors who are over seventy (70) years of age

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	d). The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	
5.	**APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT**	
5.1	Check that the appointments, resignations or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of fitness and propriety of Key Responsible Persons) Direction.	**Complied** Mr. Rajitha Ananda Bandara Basnayake retired from his position as an Independent Non-Executive Director and Mr. Kiran Gopala Krishna Pillai appointed as Non-Independent Non-Executive Director 12 August 2025. Mr. Markandan Thiruneelakandan retired from his position as an Executive Director.
6.	**THE CHAIRPERSON AND THE CEO**	
6.1	Check that there shall be a clear division of responsibilities between the chairperson and CEO and responsibilities of each person shall be set out in writing.	Complied The roles of the Chairman and the CEO are separated and not performed by the same individual.
6.2	Check that the chairperson shall be an independent director, subject to 6.3 below.	**Complied** The Chairman Mr. V. A. Prasanth is an Independent, Non-Executive Director.
6.3	Check that in case where the chairperson is not independent, the board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as the intermediary for other directors and shareholders. Non-executive directors including senior director shall assess the chairperson's performance at least annually.	**Complied** No such circumstance was identified during the financial year.
6.4	**RESPONSIBILITIES OF THE CHAIRPERSON**	
	Check that the responsibilities of the chairperson shall 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.	**Complied** The responsibilities and duties are in line with the applicable regulatory requirements.

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	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.	
6.5	**RESPONSIBILITIES OF THE CEO**	
	Check that the CEO shall function 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 behaviour. 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. 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.	**Complied** The CEO functions as the apex executive-in-charge of the day-to-day management of the FC's operations and business and the CEO's responsibilities, including the requirement to devote the whole of the professional time to the service of the FC (subject to permitted exceptions), are aligned with the applicable regulatory requirements.
7	**MEETINGS OF THE BOARD**	
7.1	Check that the board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.	**Complied** The Board meetings are held in monthly intervals. The Board has met 13 times during the financial year 2025/26.
7.2	Check that the board shall ensure that arrangements are in place to enable matters and proposals by all directors of the board to be represented in the agenda for scheduled Board Meeting	**Complied** The arrangements are in place to enable matters and proposals raised by all Directors to be included in the agenda for scheduled Board Meetings.

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7.3	Check that a notice of at least 3 days shall be given for a scheduled board meeting. For all other board meetings, a reasonable notice shall be given.	**Complied** At least three days' notice has been provided for scheduled Board Meetings and reasonable notice has been provided for other Board Meetings.
7.4	Check that a director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	**Complied** The views of the Board of Directors on issues under consideration are ascertained and records of such deliberations are reflected in the minutes.
7.5	Check that 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.	**Complied** For each meeting held during the period, the required quorum was present and at least one-fourth of the directors constituting the quorum were Independent Directors.
7.6	Check that the chairperson shall hold meetings with the non-executive directors only, without the executive directors being present, as necessary and at least twice a year.	**Complied** Meetings were conducted exclusively with the participation of Non-Executive Directors, without the presence of Executive Directors.
7.7	Check that a director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested and he shall not be counted in the quorum for the relevant agenda item in the Board meeting.	**Complied** There is a Board-approved policy on Conflict of Interest in place for directors. Where director had an interest in a matter under consideration, the interested Director was excluded from the decision-making process and abstained from voting.
7.8	Check that 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, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors.	**Complied** The Board of Directors has complied with the requirement and the Company Secretary monitors attendance. During the year 2025/26, none of the directors has been absent for three consecutive meetings. Details of the Director's attendance will be set out in the Annual Report.
7.9	**SCHEDULED BOARD MEETINGS AND AD HOC BOARD MEETINGS** Check that for the scheduled meetings, participation in person is encouraged and for ad hoc meetings where director cannot attend on a short notice, participation through electronic means is acceptable.	**Complied** Directors' participation, whether in person or through electronic media, has been clearly recorded. Further, the participation through electronic means was permitted for Directors who were unable to attend meetings in person, where applicable
8	**COMPANY SECRETARY**	
8.1	a.) Check that the Board shall appoint a company secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the board and of shareholder meetings, and to carry out other functions specified in the statutes and other regulations.	**Complied** The Company Secretary has been approved by the Board and the Job Description of the Company Secretary clearly mentioned the roles and responsibilities assigned. The appointment of the Company Secretary has been approved by CBSL.

	Procedure	Compliance status
	b.) Check that the Board shall appoint its company secretary, subject to transitional provision stated in 19.2below, a person who possesses such qualifications as may be prescribed for a secretary of a company under section 222 of the Companies Act, No.07 of 2007, on being appointed the company secretary, such person shall become an employee of FC and shall not become an employee of any other institution.	**Complied** The appointment of the Company Secretary is complies with the requirements of the Companies Act, No. 07 of 2007 and the relevant transitional provisions. The Company Secretary is an employee of the Finance Company and is not employed by any other institution.
8.2	Check that all directors shall have access to advice and services of the company secretary with a view to ensuring the Board procedures laws, directions, rules and regulation are followed.	**Complied** The all Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures and applicable laws, directions, rules, and regulations are followed
8.3	Check that the company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function.	**Complied** The preparation of the Board agenda, where such function has been delegated by the Chairperson, forms part of the responsibilities of the Company Secretary.
8.4	Check that the company secretary shall maintain 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** The Company Secretary maintains minutes of Board meetings together with all submissions made to the Board and/or voice recordings/video recordings for a minimum period of six years.
8.5	Check that the company secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	**Complied** The Company Secretary maintains the minutes of Board meetings.
8.6	Check those minutes of the board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of 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** The minutes have been recorded in sufficient detail
8.7	Check whether the minutes shall be open for inspection at any reasonable time, on reasonable notice by any director	**Complied** The minutes of Board meetings are open for inspection by any Director at any reasonable time, subject to reasonable notice

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9.	**DELEGATION OF FUNCTIONS BY THE BOARD**	
9.1	Check that the Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	**Complied** The Board has approved a formal Delegation of Authority framework an the Board has provided clear directions to senior management regarding matters requiring Board approval prior to decisions being made by senior management on behalf of the Finance Company.
9.2	Check that in the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	**Complied** In the absence of sub-committees, the functions required to be carried out by sub-committees are covered and performed by the Board itself.
9.3	Check that the Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	**Complied** The Board has established appropriate senior management-level sub-committees, where deemed necessary, with appropriate Delegation of Authority (DA) to assist in Board decision-making. The Asset and Liability Committee (ALCO) is in operation.
9.4	Check that the Board shall not delegate any matters to a board sub-committee, executive directors or senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	**Complied** The Board has not delegated any matters to Board sub-committees, Executive Directors, or senior management to an extent that would significantly hinder or reduce the Board's ability to discharge its duties. Further, the Board's capacity to perform its responsibilities has not been impacted by the delegation of authority.
9.5	Check that the Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the FC.	**Complied** The delegation process is periodically reviewed to ensure it remains relevant and meets the requirements of the Company. Further, the DA limits were last approved on 23 April 2025, with the next review scheduled for 23 April 2026
10.	**BOARD SUB COMMITTEES**	
10.1	a. Check that for the purpose of specifying the requirements for board committees, FCs are divided into two categories based on the asset base as per the latest audited statement of financial position as FCs with asset base of more than Rs.20 bn and FCs with asset base of less than Rs.20 bn, subject to transitional provisions stated in direction 19.3	The Company falls under the category of Finance Companies with an asset base of more than Rs. 20 billion. Accordingly, the requirements applicable to Finance Companies with an asset base of less than Rs. 20 billion are not applicable.
	Board Sub Committees shall establish a Board Audit Committee(BAC), Board Integrated Risk Management Committee (BIRMC), Nomination Committee, Human Resource and Remuneration committee and Related Party Transactions Review Committee	**Complied** The Company has established seven (07) Board sub-committees, namely Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Board Nominations and Governance Committee (BNGC), Board Human Resource and Remuneration Committee (BHRRC), Board Related Party Transactions Review Committee (BRPTRC), Board Credit & Recovery Committee (BCRC) in compliance with the applicable regulatory requirements

	Procedure		Compliance status
		Meetings shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	The committees have met at least quarterly as required. However the BIRMC convened 12 times and the BAC convened 13 times during the year. The relevant committees have met at least annually as required
	b.	Check that each Board sub-committee shall have a board approved written terms of reference specifying clearly its authority and duties.	**Complied** The authority, responsibilities, and duties of each committee are clearly specified in the TORs.
	c.	Check that the Board shall present a report on the performance of duties and functions of each Board sub-committee, at the annual general meeting of the FC.	**Complied** The Board has presented a report on the performance of duties and functions of each Board sub-committee to the shareholders at the AGM
	d.	Check that each sub-committee shall appoint a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee.	**Complied** The Company Secretary functions as the Secretary to the Nominations and Governance Committee, Human Resources and Remuneration Committee, Credit and Recovery Committee and Related Party Transactions Review Committee. The Head of Internal Audit functions as the Secretary to the Audit Committee, and the Deputy General Manager – Risk functions as the Secretary to the Board Integrated Risk Management Committee. However, the Company Secretary maintains the minutes of all Board sub-committee meetings. The records were comprehensive and adequately documented the key matters discussed, decisions taken, and action points arising from the meetings.
	e.	Check that each Board sub-committee shall consist of at least three board members and shall only consist of members of the Board, who have skills, knowledge and experience relevant to the responsibilities of the committee.	**Complied** Each Board sub-committee consists of at least three Board members and comprises only Board members who possess the relevant skills, knowledge, and experience aligned with the responsibilities of the respective committees.
	f.	Check that the Board may consider occasional rotation of members and of the chairperson of Board sub-committees, as to avoid undue concentration of power and promote new perspectives.	**Complied** The Board considers the rotation of members and chairpersons of Board sub-committees where appropriate, to avoid undue concentration of power and encourage new perspectives.
10.2	**BOARD AUDIT COMMITTEE (BAC)**		
	The following in relation to the BAC		
	a.	Check that the chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/or audit	**Complied** Mr. T.C.D. Kumarasiri is the Chairman of the Board Audit Committee who possesses qualifications and experience in accountancy and/or audit.
	b.	Check that the Board members appointed to the BAC shall be non-executive directors and majority shall be independent directors with necessary qualifications and experience relevant to the scope of the BAC.	**Complied** All members of the Board Audit Committee are Independent Non-Executive Directors. Members are Mr. T.C.D. Kumarasiri, Mr. V.A Prasanth, Mr. J.P.D.R. Jayasekara.

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	Procedure	Compliance status
c.	Check that the secretary to the BAC shall preferably be the Chief Internal Auditor.(CIA)	**Complied** Head of Internal Audit functions as the Secretary of the Board Audit Committee
d.	Check that external Audit Function	
i.	The BAC shall make 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.	**Complied** The BAC made recommendations to the Board regarding the appointment of the external auditor, the audit services to be provided in compliance with the relevant statutes, the audit engagement period, and the audit fee. No resignation or dismissal of the external auditor during the year
ii.	Engagement of an audit partner shall not exceed 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. Further, FC shall not use the service of the same external audit firm for not more than ten years consecutively.	**Complied** M/s KPMG Sri Lanka has served as the Company's External Auditor only since the financial year 2024/25. Accordingly, the Company has not used the services of the same external audit firm for more than ten consecutive years. No instances where the audit partner's engagement exceeded five years or where an audit partner was re-engaged before the expiry of three years from the completion of the previous term.
iii.	Audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.	**Complied** The audit partner is independent of the Financial Company and is not a substantial shareholder, director, member of senior management, or employee of the Company.
iv.	The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	**Complied** The Committee reviewed and monitored the external auditor's independence and objectivity and assessed the effectiveness of the audit process in accordance with the applicable standards and best practices.
v.	Audit partner shall not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the board on engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity.	**Complied** There is a separate Board approved policy for Non-Audit Services. During the year 2025/26, the External Auditor has provided the non-audit services which conform with the governance rules and requirements. Further, the provision of the above non-audit services did not impair the independence or objectivity of the External Auditor.
vi.	The BAC shall, before the audit commences, discuss and finalise with the external auditors the nature and the 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.	**Complied** The Committee discussed and finalized the nature and scope of the audit with the External Auditor in accordance with Sri Lanka Auditing Standards

	Procedure	Compliance status
	vii. The BAC shall review 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 judgemental 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.	**Complied** The Committee reviewed the quarterly financial statements and year-end financial statements of the Company and recommended the same to the Board for approval. The discussions included significant financial reporting matters, including major judgemental areas, changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumption, and compliance with applicable accounting standards and other legal and regulatory requirements. Further, required clarifications were obtained from management on relevant areas prior to recommending the financial statements for Board approval.
	viii. The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	**Complied** The Committee discussed issues, problems, and reservations arising from the interim and final audits with the External Auditor. Further, the BAC held meetings with the External Auditor during the year to discuss any matters identified during the audit process, including any matters that the External Auditor wished to bring to the Committee's attention.
	ix. The BAC shall review the external auditor's management letter and the management's response thereto within 3 months of submission of such, and report to the Board.	**Complied** The Committee reviewed the External Auditor's Management Letter and the management responses thereto relating to the audit for the year ended 31 March 2025.
e.	Check that the BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	**Complied** The Audit Report on Internal Controls over Financial Reporting issued by the External Auditor for the year ended 31 March 2026 confirmed that the effectiveness of the Company's internal control mechanism has been evaluated.
f.	Check that the BAC shall ensure that the senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws and regulations and other problems identified by auditors and supervisory with respect to internal audit function of the FC.	**Complied** The Committee monitored the status of internal audit findings, supervisory findings, and other issues identified by auditors and regulatory bodies. Further, confirmed that the BAC ensured that senior management had taken necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws, regulations, and other matters identified through the internal audit function and supervisory reviews.

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Procedure	Compliance status
g. Check that internal Audit Function i. The committee shall establish and 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.	**Complied** The Company has an in-house Internal Audit Department and it provides independent and objective assurance to the Board Audit Committee.
ii. The internal audit function shall have a clear mandate, be accountable to the BAC, be independent and shall have sufficient expertise and authority within the FC to carry out their assignments effectively and objectively.	**Complied** The audit committee-approved Internal Audit Charter and confirmed that the Internal Audit Function has a clear mandate, authority, and responsibility, including provisions establishing the independence of the Internal Audit Department. Further, confirmed that the Internal Audit Department is accountable to the Board Audit Committee.
iii. The BAC shall take the following steps with regard to the internal audit function of the FC: (i) Review of 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** The scope, functions, authority, skills, and resource requirements of the Internal Audit Department have been defined and reviewed by the Committee. Further, the Internal Audit Department has the necessary authority to carry out its work effectively and objectively. The Committee has reviewed the results of the internal audit process and monitored the implementation of recommendations. The Board Audit Committee has carried out the performance appraisal of the Head of Internal Audit for the year 2025/26. The performance of other Internal Audit Department staff members is reviewed monthly by their respective supervisors based on established KPIs. In terms of the reporting structure, the Head of Internal Audit reports directly to the BAC and the audit work has been performed impartially, proficiently and with due care. Periodic review of compliance function and regulatory reporting to regulatory bodies are carried out by the internal audit function. There is regular reporting to the BAC on the status of investigations
h. Check that the BAC shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	**Complied** The BAC has reviewed the CBSL on-site examination reports and the Company has submitted progress reports on the implementation of the time-bound action plan arising from the CBSL on-site examination on a quarterly basis. The BAC reviews the progress of implementation of CBSL recommendations and monitors the status of corrective actions taken to address the identified supervisory concerns.

	Procedure	Compliance status
	i. Check that meetings of the committee i. The BAC shall meets as specified in 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. ii. Other Board members, senior management or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview. iii. BAC shall meet at least twice a year with the external auditors without any other directors/senior management/employees being present.	**Complied** The BAC meetings were conducted with due notice of matters to be discussed, and the conclusions and decisions relating to the discharge of its duties and responsibilities were appropriately recorded. Members of the Board Audit Committee, the Head of Internal Audit attend the meetings. Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Head of HR, Head of Compliance, and General Manager- Operations may attend on invitation. The Committee closely works with Key Responsible Personnel and makes decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.
10.3	**BOARD INTEGRATED RISK MANAGEMENT COMMITTEE (BIRMC)**	
	Check that the following shall apply in relation to the BIRMC:	
a.	Check that the BIRMC shall be chaired by an independent director. The Board members appointed to BIRMC shall be non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	**Complied** The BIRMC consists of four Non-Executive Directors, namely Mr. C. Kumarasiri, Mr. V. A. Prasanth, Mr. J. P. D. R. Jayasekara, and Mr. K. R. Bijimon. The Chairman of the BIRMC is Mr. C. Kumarasiri. The Chief Executive Officer and Chief Operating Officer may attend BIRMC meetings upon invitation. The BIRMC closely works with Key Responsible Personnel and makes decisions on behalf of the Board within the authority and responsibility assigned to the Committee. The composition and appointment of members are appropriate according to the TOR
b.	Check that the secretary to the committee may preferably be the CRO.	**Complied** Deputy General Manager- Risk functioned as the Secretary to the BIRMC.
c.	Check that the committee shall assess 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.	**Complied** The BIRMC meets monthly to assess key risk areas through risk indicators and management information and provides recommendations on risk strategies and risk appetite to the Board.

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	Procedure	Compliance status
d.	Check that developing FC's risk appetite through a Risk Appetite Statement (RAS), 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. The RAS should include 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. The RAS should also define 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** The Company's risk appetite is developed through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that Asia Asset Finance PLC will accept or avoid, in order to achieve its strategic business objectives. The Risk Appetite is monitored via the Risk Register and includes quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation. Compliance risks as well as Money Laundering are also discussed at the meetings
e.	Check that the BIRMC shall review the FC's risk policies including RAS, at least annually.	**Complied** Risk policies including RAS are reviewed by the BIRMC on an annual basis.
f.	Check that the BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	**Complied** In fulfilling its responsibilities, the Committee reviewed the adequacy and effectiveness of Management Committees to manage risks within quantitative and qualitative risk limits. BIRMC assessed the adequacy and effectiveness of the Assets & Liabilities Committee (ALCO) and reviewed the IT Steering Committee to address specific risks.
g.	Check that the committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	**Complied** BCP is being reviewed by the BIRMC and the position is updated at meetings.
h.	Check that BIRMC shall annually assess the performance of the compliance officer and the CRO.	**Complied** BIRMC assessed the performance of the Chief Compliance Officer and Deputy General Manager- Risk for the year 2025/26
i.	Compliance Function	
	i. Check that BIRMC shall establish an independent compliance function to assess the FC's compliance with Laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.	**Complied** The BIRMC has established an independent Compliance Function.

	Procedure	Compliance status
	ii. Check that For FCs with asset base of more than Rs.20 bn, a dedicated compliance officer considered to the senior management with sufficient seniority, who is independent form day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hatting',i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	**Complied** A Compliance Officer has been appointed
	iii. Check that for FCs with assets base of less than Rs.20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	**Not applicable**
	iv. Check that the BIRMC shall ensure 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.	**Complied** The Company has developed and implemented a Risk Management Policy designed to identify, assess, monitor, and mitigate risks, including the risk of breaches of regulatory requirements. Board approved Compliance policy is in place and available on the intranet which is accessible to all the employees of the Company. Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards. The Company implements all new legal and regulatory developments that are applicable to its business. Board approved new product policy is available to streamline the process of designing or redesigning a product in the Company Compliance Audits are carried out periodically and action is taken to rectify if deviations are noted. With the regulators, a positive working relationship is upheld. There is maintenance of timely reporting and communications.
j.	Risk Management Function	
	i. Check that BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the FC.	**Complied** The Company has established an Independent Risk Management function.

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	Procedure	Compliance status
	ii. Check that for FCs with asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO considered to be senior management shall carry out the risk management function and report to the BIRMC periodically.	**Complied** Management Function is established, which is headed by the Deputy General Manager- Risk Reports / observations are submitted to the BIRMC.
	iii. Check that 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.	**Complied** The Company has established Risk Management policies with relevant RAS and is in line with the strategic objectives of the Company.
	iv. Check that the BIRMC shall ensure 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.	**Complied** The DGM- Risk is responsible for developing and implementing the Board-approved Integrated Risk Management Framework, which covers risk identification, assessment, monitoring, reporting, stress testing, mitigation measures, and responsibilities of relevant officers and committees. The framework is reviewed and updated annually.
	v. Check that the CRO shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc., and make recommendations on risk management.	**Complied** Deputy General Manager- Risk is a part of the strategic planning session of the Company.
	vi. Check that the CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	**Complied** The Risk Register is submitted to the BIRMC on a quarterly basis.
	vii. Check that the BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	**Complied** The Board of Directors have the ultimate responsibility for the risk management of the Company. Minutes of the BIRMC meetings is tabled at the subsequent Board meeting and the Chairman of BIRMC briefs the main Board, on significant issues raised and decisions taken at the committees meetings, enabling the Board to make correct decisions.
10.4	**NOMINATION COMMITTEE**	
	Check that the following shall apply in relation to the Nomination Committee	
	a. Check that the committee shall be constituted with non-executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	**Complied** The committee comprises five Non- Executive Directors and three of them are independent directors. The members are Mr. C. Kumarasiri (Chairman), Mr. J. P. D. R. Jayasekara, Mr. G. M. Alexander, Mr. K. R. Bijimon, Mr. V. A. Prasanth.

	Procedure	Compliance status
b.	Check that secretary to the nomination committee may preferably be the company secretary.	**Complied** The Company Secretary functions as the Secretary of the Committee.
c.	Check that the committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management are to be appointed with the recommendation of CEO, excluding CIA, CRO and compliance officer.	**Complied** A Board approved policy for the selection, nomination, appointment, and election of directors is in place. Selection and appointments of KRPs are carried out with the recommendation of the Board Nominations and Governance Committee and in accordance with the Recruitment policy
d.	Check that the committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	**Complied** The Committee ensures that this has complied with the terms of FBA No. 6 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons)
e.	Check that the selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	**Complied** The selection process is carried out to conform with the stated section.
f.	Check that the committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole.	**Complied** The composition of the Board is not in any manner dominated by an individual or a small group of individuals.
g.	Check that the committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.	**Complied** The qualifications and experience of the CEO and Senior Management have been documented in job descriptions (JDs) which were recommended by the Board, Nominations & Governance Committee and approved by the Board of Directors.
h.	Check that upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	**Complied** The committee conforms to the stated section.
i.	Check that the committee shall consider and recommend (or not recommend) the re election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	**Complied** The committee conforms to the stated section
j.	Check that the committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management	**Complied** The succession plan for senior management of the Company has been reviewed by the Committee on an annual basis and that of the additional/ new expertise required

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	Procedure	Compliance status
	k. Check that a member of the nomination committee shall not participate in decision making relating to own appointment/ reappointment and the Chairperson of the board should not chair the committee when it is dealing with the appointment of the successor.	**Complied** The members of the Nominations Committee did not participate in decision-making relating to their own appointment or reappointment. Further, the Chairperson of the Board did not chair the Nominations Committee meetings when matters relating to the appointment of the successor were discussed.
10.5	**HUMAN RESOURCE AND REMUNERATION COMMITTEE**	
	Check that the following shall apply in relation to the Human Resources and Remuneration Committee:	
	a. Check that the committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors.	**Complied** The Committee comprises of three Non- Executive Directors and is chaired by Mr. J. P. D. R. Jayasekara. Other members of the committee are Mr. George Alexander, Mr. V. A. Prasanth.
	b. Check that the secretary to the human resource and remuneration committee may preferably be the company secretary.	**Complied** The Company Secretary functions as the secretary to the committee.
	c. Check that the committee shall determine 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.	**Complied** The Remuneration Committee has established the remuneration policy for Executive Directors, Senior Management, and Non-Executive Directors. The policy has been approved by the Board, with the latest approval date being 23rd September 2025.
	d. Check that there shall be a formal and transparent procedure in developing the remuneration policy.	**Complied** The Remuneration Policy has been formulated and developed to achieve fair and equitable benefits with transparent guidelines which integrate with the market related modern remuneration practices. Further, the Remuneration Policy is reviewed annually by considering the material changes which are to be included in the policy
	e. Check that the committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the FC. The policy shall be subject to periodic review of the Board, including when material changes are made.	**Complied** The Committee has recommended the remuneration policy covering salaries, allowances, and other financial incentives applicable to all employees of the FC for approval by the Board. The remuneration policy is subject to periodic review by the Board, including when material changes are made. Further, Board approval has been obtained for periodic revisions to the policy.
	f. Check that the remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the FC. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest.	**Complied** The remuneration structure is in line with the business strategy, objectives, values, long-term interests, and cost structure of the Company. It also includes measures to prevent conflicts of interest.

	Procedure	Compliance status
	g. Check that the committee shall review the performance of the senior management (excluding chief internal auditor, compliance officer, chief risk officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	**Complied** The performance of the senior management excluding the Head of Internal Audit, Head of Risk and Chief Compliance Officer has been reviewed by the BHRRC. Financial benefits have been decided based on their performances.
	h. Check that the committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed.	**Complied** The Committee has ensured that senior management members were not present during discussions relating to their own remuneration or other matters concerning them.
11.	**INTERNAL CONTROLS**	
11.1	Check that FCs shall adopt 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** Observed the Internal Audit Charter, Operational Risk Management Framework, updated Organization Chart, Delegation of Authorities, and operational manuals. Confirmed that the FC has established internal control systems with a defined organizational structure, segregation of duties, clear management reporting lines, and adequate operating procedures to mitigate operational risks.
11.2	Check that proper internal control system shall: (a) promote effective and efficient operations; (b) provide reliable financial information; (c) safeguard assets; (d) minimize the operating risk of losses from irregularities, fraud and errors; (e) ensure effective risk management systems; and (f) ensure compliance with relevant laws, regulations, directions and internal policies.	**Complied** The mechanism established for collecting and monitoring operational risks through Key Risk Indicators (KRIs) and maintaining the KRI database. The FC has an effective internal control system to promote efficient operations, ensure reliable financial reporting, safeguard assets, mitigate operational risks, support effective risk management, and ensure compliance with applicable laws, regulations, directions, and internal policies.
11.3	Check that all employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	**Complied** Confirmed that employees are assigned responsibility for internal controls as part of their accountability for achieving objectives by reviewing a sample of appointment letters during the statutory audit for the year ended 31 March 2026.

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	Procedure	Compliance status
12.	**RELATED PARTY TRANSACTION**	
12.1	Check that Board shall establish 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** The Board has established a Board Related Party Transactions Review Committee (RPTRC) in accordance with the Direction. The Committee comprises of non-executive directors, including Mr. J. P. D. R. Jayasekara (Independent Director- Chairman of RPTRC), Mr. K. R. Bijimon (Non-Independent Non-Executive Director), and Mr. V.A. Prashanth (Independent Non Executive). The Chairperson of the Committee is an Independent Director The Company generally reviews and recommends related party transactions prior to approval. All related party transactions have been disclosed in the Financial Statements in Note number 47.
12.2	Check that the committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/ institutions identified as related parties, which is subject to periodic review as and when the need arises. 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). Any concern in which any of the FC's directors, senior management or a relative of any of the PC'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.	**Complied** The RPTRC has identified related parties, including directors, senior management, shareholders, and other related persons as specified in the Direction.

	Procedure	Compliance status
12.3	Check that the committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favourable treatment" than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, "more favourable 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 favourable 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** There is a documented process approved by the Board which defines related party transactions and ensures that the Company does not engage in such transactions in a manner that would grant such related parties "more favourable treatment" than what is accorded to other constituents of the Company carrying out similar transactions with the Company.
13.	**GROUP GOVERNANCE**	
13.1	**CHECK THAT RESPONSIBILITIES OF THE FC AS A HOLDING COMPANY**	
	a. Check the FC is responsible for exercising adequate oversight over its subsidiaries and associates while complying with the independent legal, regulatory and governance responsibilities that apply to them.	**Complied** The Company is a 72.92% owned subsidiary of Muthoot Finance Limited India
	b. b) Check that the Board of the FC shall: i) Ensure that the group governance framework clearly defines the roles and responsibilities for the oversight and implementation of group wide policies. ii) Ensure that the differences in the operating environment, including the legal and regulatory requirements for each company, are properly understood and reflected in the group governance framework. iii) Have in place reporting arrangements that promote the understanding and management of material risks and developments that may affect the holding FC and its subsidiaries. iv) Assess whether the internal control framework of the group adequately addresses risks across the group, including those arising from intra-group transactions; and	**Complied** The Company is a 72.92% owned subsidiary of Muthoot Finance Limited India

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	Procedure	Compliance status
	v) Ensure that there are adequate resources to effectively monitor compliance of the FC and its subsidiaries with all applicable legal and regulatory requirements.	
	c. Check that the FC, as the apex entity, shall ensure that the group structure does not undermine its ability to exercise effective oversight. The Board shall establish a clearly defined process of approving the creation of new legal entities under its management and identifying and managing all material group-wide risks through adequate and effective policies and controls.	**Complied** The Company is a 72.92% owned subsidiary of Muthoot Finance Limited India
	d. Check that the Board and senior management of the FC shall validate 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** The Company is a 72.92% owned subsidiary of Muthoot Finance Limited India
	e. Check that the FC shall avoid setting up complicated structures that lack economic substance or business purpose that can considerably increase the complexity of the operations.	**Complied** The Company is a 72.92% owned subsidiary of Muthoot Finance Limited India
13.2	Check that responsibilities as a Subsidiary If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.	**Complied** The Company is a 72.92% owned subsidiary of Muthoot Finance Limited India. The Company fulfills its own legal and governing obligations
14.	**CORPORATE CULTURE**	
14.1	Check that a FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of company assets and fair treatment of customers.	**Complied** The Company has developed a Code of Conduct for its directors and employees. The Code covers the areas of conflict of interest, accurate accounting and record keeping, confidentiality of information, fair dealing, protecting and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour, etc.
14.2	Check that the FC shall maintain records of breaches of code of conduct and address such breaches in a manner that upholds high standards of integrity.	**Complied** The Company maintains records of breaches of the Code of Conduct. If any breach of the Code of Conduct is reported, the disciplinary procedure is implemented, and subsequent actions are taken as per the gravity of such incidents.
14.3	Check that FC shall establish a Whistle-blowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confidence manner and without the risk of reprisal. The BAC shall review the policy periodically.	**Complied** A Board approved Whistle Blowing Policy is in place. All employees are encouraged to raise any matter which they genuinely believe, constitutes a potential or existing wrongdoing such as a fraudulent activity, a breach of the Code of Ethics of the Company etc.

	Procedure	Compliance status
15.	**CONFLICT OF INTEREST**	
15.1	a) Check that relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.	**Complied** No instances of undue influence or coercion in the review and recommendation of related party transactions. The directors with an interest in related party transactions abstained from deliberations and decision-making, where applicable.
	b) Check that the Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall, 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** The Board has adopted a policy on Managing Conflict of Interest which has ensured compliance with the stipulated requirements and the policy is reviewed periodically. The Company circulates annual reminders to Board members and relevant parties to disclose any interests, which facilitates the identification and assessment of potential conflicts of interest
16.	**DISCLOSURES**	
16.1	Check that the Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that at least following disclosures are made in the Annual Report of the FC.	

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Procedure	Compliance status
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** 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. Further, such statements are published in the newspapers in Sinhala, Tamil and English
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** The Directors, including their names, qualifications, brief profiles, executive/non-executive/independent status, areas of expertise, Board meeting attendance, and Board committee memberships, will be disclosed in the Director Profiles section of the Annual Report, which will be made available after the date of this report.
iii. Appraisal of board performance ❁ An overview of how the performance evaluations of the Board and its committees have been conducted	**Complied** A process is in place for the annual self-assessments of Directors to be undertaken by each Director and the records of such assessments are maintained by the Company Secretary and Compliance Officer. The summary of the self-assessment is submitted to the Board enabling Directors to discuss relevant matters if any.

Procedure	Compliance status
iv. Remuneration ❁ 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** **Table 1 - Aggregate Remuneration paid to Directors** **Form of Remuneration** / **Amount (Rs.000')** Basic Salary: 15,490 Board and sub-committee sitting fees: 18,230 Fixed Allowance: 24,767 Variable Allowance: NA Bonuses: 450 Reimbursed Expenses: NA Other monetary benefits (If any): 1,973 Non-monetary benefits(converted into monetary terms): NA Total remuneration paid to directors: 60,910 Note-Gratuity not included **Table 2 - Aggregate Remuneration paid to Senior Management** **Form of Remuneration** / **Amount (000')** Basic Salary: 82,587 Fixed Allowance: 35,236 Variable Allowance: 342 Bonuses: 4,555 Reimbursed Expenses: 16,842 Other monetary benefits (If any): 26,462 Non-monetary benefits(converted into monetary terms): NA Total remuneration paid to senior management: 166,024
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.	**Complied** In this regard, refer to Note 47 of the Audited Financial Statements

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	Procedure	Compliance status
	❋ 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.	
vi.	Board appointed committees ❋ The details of the chairperson and members of the board committees and attendance at such meetings.	**Complied** Please refer to the 'Meeting Attendance' tables provided in the Annual Report
vii.	Group Structure ❋ The group structure of the FC within which it operates. ❋ The group governance framework.	**Complied** The Company is a 72.92% owned subsidiary of Muthoot Finance Limited India. The Company fulfills its own legal and governing obligations.
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 endeavours 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** The Directors' Statement on Internal Control confirms that the FC has not engaged in any activities that contravene applicable laws and regulations. All related party transactions have been disclosed by the Directors through the Directors' Interests Checklist (DIC), and fair treatment of stakeholders, including depositors, has been ensured through the implementation of the Code of Conduct. Further, the going concern basis and the related assumptions have been disclosed in the audited financial statements, while the Board's review and assurance over the effectiveness of internal controls covering material risks have been supported through the Internal Control Assurance Report issued by the auditors and included in the Annual Report.
ix.	Statement on 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.	**Complied** The auditor's report on internal control has already been issued based on the review of the Directors' Statement on Internal Control. The Directors' Statement on Internal Control and the related disclosures, including compliance with prudential requirements, regulations, laws, internal controls, and regulatory and supervisory concerns, published in the Annual Report.

	Procedure	Compliance status
	❁ 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	
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** The Corporate Governance Direction and the external auditor's assurance statement of the compliance is set out on the Annual Report.
xi.	Code of Conduct ❁ 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** The Board approved Code of Conduct and business ethics for Directors and employees are in place.
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** The 'Management Discussion and Analysis' published in the Annual Report
xiii.	Communication with shareholders ❁ The policy and methodology for communication with shareholders. ❁ The contact person for such communication.	**Complied** All official communications with shareholders, including emails, letters, general meeting communications and CSE announcements, are required to be formal, addressed to the relevant designation, and concluded with the full name. Further, communications relating to policies, procedures and controls should be copied to the Compliance Department.

Radhika Dilrukshi
Compliance Officer

Rajiv Gunawardana
Director / CEO

Risk Management

A proactive risk management process ensures that the Company is protected against various risks that may arise in the short, medium, and long term. By establishing a strong risk management framework, the Company is able to identify, assess, and effectively address potential threats that could affect the achievement of its business objectives, thereby further strengthening its robust business foundation for sustainable value creation. Operating within a constantly evolving business environment, a well-structured risk management approach not only safeguards the Company from internal and external threats but also provides a systematic basis for informed decision-making, driving operational efficiency and organisational resilience.

RISK GOVERNANCE STRUCTURE

At Asia Asset Finance PLC, the Board of Directors holds ultimate responsibility for risk oversight and sets the tone for the Company's risk culture. Risk governance is cascaded through a structured hierarchy that ensures clear accountability, effective communication, and the timely escalation of risk matters from operational levels to the Board, as summarised below.

Governance Level	Composition	Key Responsibilities
Board of Directors	Comprises Executive and Non-Executive Directors, including Independent Directors	Holds ultimate accountability for risk governance; approves the risk appetite, risk management framework, and key risk policies; sets the Company's risk culture and tone from the top
Board Integrated Risk Management Committee (BIRMC)	Chaired by an Independent Director, comprising Independent and Non-Independent Non-Executive Directors and Key Management Personnel	Provides independent oversight and strategic direction on credit, market, liquidity, operational, strategic, reputational, capital adequacy and other material risks; reviews risk dashboards and key risk indicators periodically and recommends corrective action
Board Audit Committee	Comprises Independent Directors and Key Management Personnel	Oversees the adequacy and effectiveness of internal controls, financial reporting, and the internal audit function, supporting the third line of defence
Executive-level Committees	Chaired by the Chief Executive Officer / Key Management Personnel	Implements the Board-approved risk management framework; manages day-to-day risk decisions relating to assets and liabilities, credit, operations, and technology
Risk Management Department	Headed by the officer responsible for risk management, functionally independent of business units	Identifies, measures, monitors, and reports on risks across the Company; develops and maintains risk policies, methodologies, and risk appetite metrics
Business Units, Branches and Support Functions	Department Heads, Branch Managers, , and staff	Own and manage risks arising in day-to-day operations within the boundaries set by approved policies and limits

RISK MANAGEMENT FRAMEWORK

The Company's risk management framework is anchored on the regulatory requirements of the Central Bank of Sri Lanka (CBSL), including the Finance Business Act Directions on Corporate Governance and the Direction on Integrated Risk Management Framework applicable to Licensed Finance Companies. The framework is further informed by internationally recognised risk management standards and practices. Where applicable, the framework also has regard to the continuing listing requirements and risk disclosure expectations of the Colombo Stock Exchange (CSE).

Within this framework, risks are identified, assessed, mitigated, monitored, and reported on a continuous basis through a structured cycle comprising risk identification and assessment, the design and implementation of mitigating controls, ongoing monitoring against approved limits and key risk indicators, and periodic reporting to Executive Management, the BIRMC, and the Board. The framework is reviewed at least annually, or more frequently where there are significant changes to the Company's risk profile or operating environment, to ensure that it remains relevant and effective.

THREE LINES OF DEFENCE

The Company applies the internationally recognised Three Lines of Defence model to ensure a clear segregation of risk management responsibilities and to avoid gaps in risk oversight across the organisation.

Line of Defence	Function	Role
First Line of Defence	Business Units, Branches and Operational Departments	Own and manage risks on a day-to-day basis as part of operational activities, operating within Board-approved policies, procedures, and limits, and implementing controls at the point of transaction
Second Line of Defence	Risk Management Department and Compliance Function	Provide independent oversight by setting risk policies, frameworks, and limits, monitoring adherence to the risk appetite, and challenging the first line on risk-taking activities
Third Line of Defence	Internal Audit	Provides independent assurance to the Board Audit Committee and the Board on the adequacy and effectiveness of governance, risk management, and internal control processes across the first and second lines

RISK APPETITE AND TOLERANCE

The Board of Directors has approved a Risk Appetite Statement that articulates the level and types of risk the Company is willing to accept in pursuit of its strategic and business objectives, while remaining within its capacity to absorb losses. The Risk Appetite Statement is translated into a set of qualitative statements and quantitative thresholds covering, among others, capital adequacy, credit concentration, asset quality, liquidity, interest rate sensitivity, and operational loss tolerances.

These thresholds are monitored on an ongoing basis through a suite of Key Risk Indicators (KRIs) by the Risk Management Department, with results reported regularly to the Executive Management, the BIRMC, and the Board. Where actual exposures approach or exceed approved tolerance levels, escalation and remediation procedures are triggered to bring the Company's risk profile back within the Board-approved appetite. The Risk Appetite Statement is reviewed at least annually to ensure it remains aligned with the Company's strategy, capital position, and the prevailing operating environment.

GLOBAL RISK LANDSCAPE

Geopolitical instability continues to dominate the global risk landscape, with increased volatility in trade and regulatory environments, while regional wars and geopolitical tensions continue to affect energy, food security, and supply chains. Further, misinformation and disinformation have become a structural threat to trust and stability, with AI-generated content manipulating public opinion. AI-related risks are expected to become significantly more severe over the next decade, with growing potential for cyber-attack disruptions, reputational damage from mismanaged technologies, and ethical and operational challenges with AI adoption continuing to be a prominent risk. Cybersecurity risks also continue to pose a challenge, with an increase in cyberattacks on governments, businesses, and critical infrastructure.

Although climate-related risks have become less prominent in the backdrop of prevailing geopolitical issues and economic concerns, they remain among the most severe long-term threats. Extreme weather, biodiversity loss, ecosystem collapse, and resource scarcity continue to pose systemic risks. Moreover, increasing inequality, cost-of-living pressures, and political polarisation are weakening social cohesion in many countries, with experts continuing to identify inequality as one of the most interconnected risks affecting global stability.

Risk Management

Gold price volatility has also become a prominent feature of the global risk landscape. Bullion prices reached successive record highs through late 2025 and into 2026, driven by sustained central bank accumulation, a weaker US dollar, persistent geopolitical tensions, and elevated global debt concerns, before experiencing sharp corrections amid shifting expectations on interest rates and risk appetite. Such pronounced swings in gold prices carry broader implications for global financial stability, influencing currency markets, investment flows, and the balance sheets of institutions with significant exposure to gold-related assets.

SRI LANKA'S RISK LANDSCAPE

Sri Lanka's risk landscape for 2025–26 is dominated by ongoing economic recovery challenges following the 2022 crisis. Key risks include high public debt, reliance on IMF-supported reforms, external sector vulnerability, and exposure to global shocks such as energy price volatility and slower demand from key export markets. While macroeconomic indicators improved during FY2026, the impact of Cyclone Ditwah and tensions in the Middle East region created renewed pressures on fiscal space, foreign reserves, and exchange rate stability.

At the same time, social and structural risks continue to shape the outlook, including cost-of-living pressures, unemployment, and inequality, which may affect social cohesion. Climate-related risks such as floods and droughts also pose recurring threats to agriculture and infrastructure. In this context, sustained policy consistency, structural reforms, and climate and economic resilience-building will be essential for maintaining stability and supporting long-term growth.

PESTEL ANALYSIS

AAF analysed its risks in the context of Political, Economic, Social, Technological, Environmental, and Legal (PESTEL) considerations.

Political	Sri Lanka continues to operate under an IMF-supported reform programme, making policy continuity and governance stability critical risks. While political stability has improved compared to the crisis period, risks remain from policy reversals, delays in public sector reform, and political pressure on fiscal discipline. Governance challenges, corruption concerns, and State-Owned Enterprise restructuring also affect investor confidence.
Economic	The economy has stabilised post-crisis but remains fragile and highly exposed to shocks. Key risks include high public debt, constrained fiscal space, and reliance on external inflows, including tourism, exports, and remittances. Growth is positive but expected to moderate, while vulnerabilities remain in the balance of payments and trade deficit due to import dependence and high energy costs.
Social	Sri Lanka continues to face cost-of-living pressures, poverty, and inequality, with a significant portion of the population still recovering from past economic shocks, recent cyclone impacts, and renewed pressures from ongoing conflicts in the Middle East. Rising inflation, unemployment, wage constraints, and uneven sectoral recovery risk fuelling social dissatisfaction. These conditions heighten the potential for social tension and erode trust in institutions.
Technological	Digital transformation is accelerating, but cybersecurity threats are rising sharply, including phishing, ransomware, and financial fraud. Increased digital adoption in banking and government systems is expanding exposure to cyber risks, while governance and awareness gaps remain a weakness.
Environmental	Sri Lanka is highly vulnerable to climate-related risks, including floods, droughts, landslides, and cyclones. Recent disasters (e.g., Cyclone Ditwah) have highlighted the economic impact of extreme weather on agriculture, infrastructure, and livelihoods, with long-term implications for resilience and reconstruction costs.
Legal	Regulatory uncertainty remains a concern, particularly around taxation policy, labour laws, investment rules, and SOE reforms. Strengthening compliance with IMF-linked reforms is essential, but delays or inconsistencies in implementation can weaken investor confidence and slow private-sector growth. Weak enforcement and institutional capacity also remain structural constraints.

MANAGEMENT APPROACH

Considering the existing risk landscape, the Company remains vigilant about developments in the operating environment, keeping regular track of key developments and implementing proactive measures to identify potential risks and mitigate them appropriately. With a robust risk management framework in place, the Company continues to take swift action when risks are identified, thereby enhancing organisational resilience and generating longer-term value for all stakeholders.

The strong risk culture within the organisation serves as a dynamic and forward-looking approach to risk management, involving members across all departments and branches. This collective effort has strengthened the Company's resistance against potential risks, ensuring long-term resilience and success, while at the same time empowering team members in prudent risk management.

The increased volatility in the operating environment demands a rapid and flexible response from all business units within the Company. Growing exposure to market, credit, operational, liquidity, and financial risks led to a comprehensive review and enhancement of our risk management approach. As a result, the risk framework was strengthened and adapted to address these emerging challenges effectively.

These strategic initiatives demonstrate a forward-looking approach to risk management. Furthermore, the faster pace of digital transformation has supported the implementation of modern customer communication methods, enhanced organisational agility and strengthened resilience in an increasingly complex and fast-changing risk environment.

RISK MANAGEMENT POLICIES AND PROCEDURES

The Company's risk management activities are guided by a comprehensive suite of Board-approved policies and procedures, which set out the principles, limits, roles, and responsibilities for managing each category of risk. These policies are reviewed periodically and updated as required to reflect changes in the regulatory environment, business strategy, and risk profile of the Company. Key policies and procedures in place include:

- Risk Management Policy
- Operational Risk Management Policy
- Credit Risk Policy and Lending Manuals covering the appraisal, approval, disbursement, and monitoring of credit facilities
- Gold Loan Policy covering valuation, Loan-to-Value (LTV) limits, security, and re-pricing of gold advances
- Treasury and Investment Policy
- Liquidity Management Policy
- Anti-Bribery and Corruption Policy
- Financial Consumer Protection Policy
- Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy and Know Your Customer (KYC) Procedures
- Compliance Policy and Compliance Monitoring Plan
- Outsourcing Policy
- Related Party Transactions Policy
- Stress Testing Policy
- Whistle-blowing Policy

RISK STRATEGY

The Company continued to maintain a robust risk strategy to ensure business continuity within the prevailing risk landscape in 2025/26. As such, the Company maintained its focused effort on risk identification, monitoring, mitigation, and reporting throughout the year under review.

Importantly, the risk strategy is formulated within the regulatory framework of the Central Bank of Sri Lanka (CBSL) for Licensed Finance Companies and aligned with industry best practices where relevant. Recognising the volatility in both global and local risk landscapes, the strategy is not static; it is designed to provide dynamic risk treatment while ensuring stakeholder interests are consistently protected.

Impact Assessments

The Risk Management Department conducts structured impact assessments to evaluate the potential financial, operational, and reputational consequences of identified risks. These assessments complement stress testing and scenario analysis, providing management and the Board with quantified insights into the severity of risks under different conditions. Findings are incorporated into decision-making, ensuring proactive mitigation measures and strengthening resilience across the Company's operations.

PRINCIPAL RISKS AND RISK MANAGEMENT STRATEGY

In line with its risk management framework, the Company has identified the following as its principal categories of risk. The sections below set out the nature of each risk and the key strategies adopted by the Company to manage them during the year under review.

Credit Risk

Credit risk is the risk of financial loss arising from the failure of a borrower or counterparty to meet its contractual obligations to the Company. As the principal risk arising from the Company's core lending activities – including gold-backed lending, leasing and vehicle financing, loans against property, and other secured lending to individuals and Small and Medium Enterprises (SMEs) – credit risk is managed through a structured framework spanning origination, monitoring, and recovery.

At origination, lending decisions are guided by Board-approved credit policies, defined approval authorities, and credit appraisal criteria appropriate to each product. Collateral-based lending, particularly gold loans, is managed within conservative Loan-

Risk Management

to-Value (LTV) ratios that are reviewed in line with gold price movements, with re-valuation and margin-call mechanisms in place to protect the Company against adverse price movements. Concentration risk is managed through adherence to CBSL Single Borrower Limits and internal sector, product, and geographic concentration limits, supported by diversification of the loan portfolio. Importantly, the Company adopts a prudent approach by implementing measures that go beyond minimum regulatory requirements, ensuring stronger safeguards and enhanced resilience across its lending practices.

To further strengthen credit risk management, The Company has established a structured Loan Review Mechanism in line with CBSL directions. This mechanism provides an independent assessment of loan quality, documentation standards, and portfolio health. This mechanism complements ongoing monitoring and stress testing, ensuring early identification of weaknesses and reinforcing AAF's prudent approach to credit risk management. The Recoveries function pursues structured follow-up and recovery action on delinquent accounts, while periodic stress testing is carried out to assess the resilience of the portfolio under adverse scenarios. The Credit Committee and BIRMC review credit quality trends and recovery performance on a regular basis.

Market Risk

Market risk is the risk of loss arising from adverse movements in market variables such as interest rates, gold prices, and foreign exchange rates, which may affect the Company's earnings, net interest margin, and the value of its asset and liability positions.

Interest rate risk arises primarily from re-pricing mismatches between the Company's lending portfolio and its funding base of fixed deposits and borrowings. This is managed by the Asset and Liability Management Committee (ALCO) through periodic interest rate gap analysis, monitoring of the re-pricing profile of assets and liabilities, and timely adjustment of lending and deposit rates in response to changes in the market interest rate environment.

Gold price risk is a key consideration given the significant share of gold loans within the loan portfolio. The Company monitors movements in gold prices on a continuous basis and maintains conservative LTV ratios with built-in buffers to absorb price volatility, supported by mechanisms to call for additional security or initiate recovery action where the value of pledged gold approaches the outstanding advance.

The Company's foreign currency exposure is limited, and any such exposure is monitored and managed within Board-approved limits. The BIRMC and ALCO review the impact of interest rates and other market movements on the Company's net interest margin and overall financial position through periodic sensitivity analysis and stress testing.

Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations, including deposit withdrawals, loan disbursements, and other payment obligations, as they fall due, without incurring unacceptable losses.

The Company manages liquidity risk through ALCO oversight of the maturity profile of assets and liabilities, with regular monitoring of liquidity gaps across different time bands. The Company maintains liquid assets in excess of the minimum Statutory Liquid Assets Ratio (SLAR) prescribed by the CBSL for Licensed Finance Companies, providing a buffer against unexpected outflows.

Funding diversification is maintained through a stable base of customer deposits, complemented by borrowings from banks and other financial institutions, reducing reliance on any single funding source. The ALM Policy sets out the early warning indicators, escalation triggers, and action plans to be followed in the event of a liquidity stress scenario, including access to committed credit lines and other contingency funding sources.

Liquidity stress testing is conducted periodically under a range of scenarios, including deposit withdrawal shocks, with the results reported to ALCO and the BIRMC to ensure the Company maintains an adequate liquidity buffer at all times.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events, including the risk of fraud, errors, and disruptions to business operations across the Company's branch network and support functions.

The Company manages operational risk through a framework of documented policies, procedures, and internal controls covering key processes, supported by clear segregation of duties and defined approval authorities. A structured risk assessment process is used to identify and assess operational risks within business units and to evaluate the adequacy of existing controls, with action plans developed to address identified gaps.

An incident and loss event reporting and escalation mechanism captures operational losses, near-misses, and control breaches, enabling root-cause analysis and the strengthening of controls to prevent recurrence. The Internal Audit function carries out periodic reviews of branches and support functions to provide independent assurance over the operational control environment.

Staff training and awareness programmes are conducted on an ongoing basis to reinforce a strong risk and control culture. The Company also maintains appropriate insurance cover against key operational risk exposures, including those relating to cash and gold held at branches, and has in place a Business Continuity and Disaster Recovery Plan to maintain critical operations in the event of a disruption.

IT and Cyber Security Risk

IT and cyber security risk refer to the risk of loss, disruption, or reputational damage arising from failures of information technology systems, cyberattacks, data breaches, or inadequate management of technology change, which has become an increasingly prominent risk given the Company's growing reliance on digital platforms for customer service and operations.

The Company's approach to managing this risk is guided by an Information Security and Cyber Security Procedure, developed with reference to the CBSL's regulatory expectations on technology risk management for Licensed Finance Companies. An IT Steering Committee provides oversight of IT-related risks, technology investments, and major system changes.

Technical controls in place include firewalls, endpoint protection, access controls based on the principle of least privilege, and regular data backups, supported by periodic vulnerability assessments and penetration testing to identify and remediate weaknesses in the Company's IT infrastructure. A Disaster Recovery Plan and alternate processing arrangements are maintained to ensure continuity of critical systems in the event of an IT disruption.

Recognising that employees are often the first line of defence against cyber threats, the Company conducts regular cyber security awareness training and phishing simulation exercises for staff. An incident response plan sets out the steps to be followed in the event of a cybersecurity incident, including containment, investigation, remediation, and reporting to relevant stakeholders and regulators as required.

Strategic Risk

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of strategy, or failure to respond adequately to changes in the competitive, economic, or regulatory environment, which could affect the Company's ability to achieve its long-term objectives.

The Company manages strategic risk through a structured strategic planning process, with the Corporate/Business Plan developed by Executive Management and reviewed and approved by the Board. Progress against the strategic plan and key performance indicators is monitored regularly by the Board and Executive Management, allowing for timely course correction where required.

The Company's diversified business model, spanning gold-backed lending, leasing and mortgage loans, and deposit mobilisation, provides a degree of resilience against adverse developments affecting any single business line. Developments in the macroeconomic, regulatory, and competitive environment, including those highlighted under the Global and Sri Lanka Risk Landscape sections of this report, are factored into strategic planning and periodic reviews of the Company's business strategy, product offering, and branch expansion plans.

Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or reputational damage arising from the Company's failure to comply with applicable laws, regulations, directions issued by the CBSL, and internal policies and codes of conduct.

The Company maintains a dedicated Compliance function responsible for monitoring adherence to the regulatory framework applicable to Licensed Finance Companies, including the Finance Business Act and Directions, the Finance Leasing Act, and other applicable legislation. A Regulatory Compliance Monitoring Programme tracks compliance with CBSL directions and circulars, with periodic reporting to Executive Management, the BIRMC, and the Board on the status of compliance.

The Company's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) framework includes Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures, ongoing transaction monitoring, and enhanced due diligence for higher-risk customers, supported by staff training on AML/CFT obligations and the reporting of suspicious transactions in line with regulatory requirements.

Regular training is conducted to keep staff updated on regulatory changes and their implications for the Company's operations, and the Compliance function maintains ongoing engagement with the CBSL and other regulators to ensure timely implementation of new regulatory requirements.

ESG Risk

Environmental, Social, and Governance (ESG) risk encompasses the risks arising from environmental factors such as climate change, social factors relating to the Company's impact on employees, customers, and communities, and governance factors relating to the structures and practices through which the Company is directed and controlled.

From an environmental perspective, the Company recognises the increasing exposure of its customer base, including SMEs and individuals engaged in agriculture-related livelihoods, to climate-related risks such as floods, droughts, and extreme weather events, and considers these factors as part of its credit risk assessment for affected sectors and regions. The Company is also mindful of its own environmental footprint and seeks to adopt more efficient and sustainable practices across its operations where practicable.

On social matters, the Company is committed to responsible lending practices, fair treatment of customers, and the well-being and development of its employees. It also continues to play a pivotal role in promoting financial inclusion across Sri Lanka through its extensive branch network in rural and semi-urban areas. By maintaining a strong presence outside major urban centres,

the Company ensures that underserved communities have access to formal financial services, including gold-backed lending, SME financing, leasing, and deposit mobilisation.

Governance risk is managed through the Company's adherence to the Code of Best Practice on Corporate Governance and the corporate governance directions applicable to Licensed Finance Companies, supported by the Board's oversight structures, including the Board sub-committees described elsewhere in this report. The Company continues to strengthen its ESG-related policies and disclosures in line with evolving stakeholder expectations and regulatory direction.

Reputational Risk

Reputational risk is the risk of damage to the Company's brand, image, and stakeholder trust arising from negative publicity, service failures, regulatory breaches, ethical lapses, or the crystallisation of other risks such as credit, compliance, or cyber security risks.

The Company manages reputational risk primarily through the effective management of the underlying risks that could give rise to reputational damage, supported by a strong corporate governance framework, a Code of Conduct for employees, and adherence to fair customer treatment principles. A formal customer complaint handling mechanism, aligned with CBSL guidelines on customer protection, ensures that customer grievances are addressed in a timely and transparent manner, reducing the likelihood of issues escalating into reputational concerns.

The Company maintains proactive engagement with its stakeholders, including customers, depositors, employees, regulators, and the communities in which it operates, and monitors media and public perception of the Company on an ongoing basis. Should a reputational risk event arise, the Company's crisis communication arrangements are designed to ensure a timely, accurate, and coordinated response to protect stakeholder confidence and the Company's standing in the market.

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Asia Asset Finance PLC has the pleasure of presenting the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 March 2026 to the shareholders, which was approved by the Board of Directors on 26th June 2026.

The Annual Report, together with the Audited Financial Statements, for Asia Asset Finance PLC for the financial year ending on 31 March 2026, is being presented to the shareholders by the Board of Directors. The report was approved by the Board of Directors on 28th June 2026.

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 on page 4 of this report.

PRINCIPAL ACTIVITIES AND OPERATIONS

The principal lines of business of the Company include providing financial accommodation in the form of gold loans, micro mortgage loans, leases, 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 THE 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 29 to 31), the Director/ CEO's Review (on pages 32 and 33) and the Value Creation and Capital Formation (on page 52) 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 115 branches in operation island-wide. Preparations are underway to open 15 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 page 219.

The Directors are responsible for the preparation of Financial Statements, the maintenance 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 2026 and the profit for 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 191 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 page 193 and 194 of said statement.

AUDITOR'S REPORT

The Auditors of the Company, Messrs. KPMG, Chartered Accountants, performed the audit on the Financial Statements for the year ended 31 March 2026. The Auditor's Report issued thereon is given on pages 214 to 216 of this Annual Report.

ACCOUNTING POLICIES

The accounting policies adopted in preparing and presenting these Financial Statements are given on pages 222 to 235 of this Annual Report.

The Company prepared the Financial Statements for all periods up to and including the year ended 31 March 2026 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.

Annual Report of the Board of Directors on the Affairs of the Company

There were no significant changes to the accounting policies adopted by the Company during the year.

DIRECTORS INTERESTS

As required by Section 192 (1) and (2) of the Companies Act, all Directors have made declarations of their interests with the Company. The share ownership of Directors is disclosed on page 187 of this report.

REMUNERATION AND OTHER BENEFITS OF DIRECTORS

Directors' remuneration in respect of the Company is LKR 18,570,500 (2025 – LKR 26,139,400) 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 47 on pages 284 and 285 of this Annual Report.

The Directors confirm that the transactions carried out with the related parties during the year ended 31 March 2026 are in line with the provisions 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 LKR 8,487,403 (CSR) (2025 - LKR 3,193,576) was paid out by way of donations during the financial year under review.

INCOME

The income generated by the Company during the financial year comprises the following:

Rs.	Company	
	2026	2025
Interest income	**9,114,748,800**	5,972,861,421
Fee and commission income	**941,457,806**	803,547,185
Other income	**162,679,749**	124,916,396
Total	**10,218,886,356**	6,901,325,003

Further analysis of which is given in Note 04,07 and 08 of the Financial Statements on pages 236 and 238 of this report.

PROFIT AND APPROPRIATIONS

Details of the appropriation of profit of the Company are given below,

	2026	2025
Profit before income taxation	**1,926,062,605**	635,809,540
Income tax expenses	**(887,705,398)**	(194,665,870)
Profit for the period	**1,038,357,207**	441,143,670
Other comprehensive income/(loss) net of income tax	**(4,494,713)**	7,217,401
Balance brought forward	**1,186,312,121**	794,058,041
Adjustments		-
Profit available for appropriation	**1,033,862,494**	448,361,071
Appropriated as follows,		
Transfers to the statutory reserve fund	**207,671,442**	19,843,073
Dividends paid/provision	**28,978,955**	28,978,958
Unappropriated profit carried forward	**1,983,524,218**	1,186,312,121

DIVIDENDS

The Company made a dividend payout for the preferential shareholders, which amounted to Rs. 28.9 Mn, and was paid during December 2025. (July 2025- 28.9Mn -2024 Proposed Dividends). Details on dividends are available in the page 265 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 242 and Note 14.2 on page 243 of this report.

RESERVES

The aggregate reserves of the Company as at 31 March 2026 amounted to Rs. 586,448,759 the aggregate reserves as at 31 March 2025 were Rs. 387,043,567. Movement in reserves during the year is given in Statement of Changes in Equity on page 220 of this report.

CAPITAL EXPENDITURE

The total capital expenditure for the year amounted to Rs. 470,698,938 (2025 – Rs. 478,055,127 Mn).

Details of property, plant and equipment are available on page 255 of this report. Details relating to the depreciation charge for the year are also available on page 257.

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 2026. The valuers have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The valuation has been carried out based on the open market value of similar properties. These values have not been incorporated into the Financial Statements. Details of freehold property owned by the Company, including extent, location and number of buildings, are given in note 24 and note 26 of the Financial Statements on pages 255 and 260 to 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 and preference shares 41,398,511 with a book value of LKR 413,985,110 as at 31 March 2026. 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 37 of the Financial Statements on pages 276 and 278 of this report.

Debentures

Details of debentures in issue as at 31 March 2026 are given in detail in Note 35 of the Financial Statements on page 272 respectively. Further information on the listed debentures is given on page 273 of this report.

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 278 and 279, under the shareholder and investor capital section. The twenty largest shareholders as at 31 March 2026, 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 of 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 the Finance Business Act Directions No.06 of 2021. and the "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 92 to 96 of this report.

The following were the Directors of the Company during the year

- Mr V.A. Prasanth
- Mr G. Alexander
- Mr K.G.K.Pillai (Resigned with affect from 12th August 2025)
- Mr K.R.Bijimon
- Mr R.J.A.Gunawardena
- Mr R.A.B.Basnayake (Resigned with affect from 12th August 2025)
- Mr J.P.D.R.Jayasekara
- Mr S.S.R.D.D.S.Gunasekera
- Mr. T.C.D. Kumarasiri

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 Section 9.8.3 of the amended Continuous Listing Rules of the CSE. Particulars of the independence of Directors are set out in pages 92 to 96 of this Report, along with a brief profile of the Director.

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 into 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, Nominations & 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 are given on pages 139 to 141 of this report.

RECOMMENDED FOR RE-ELECTION

In accordance with the Finance Business Act Directions No. 05 of 2021 (Corporate Governance), the following 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 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.
3) 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.
4) To re-elect Mr S. Thurairaja who was appointed to Board on 01st June 2026 will cease to be a Director and being eligible, offers himself for re-election under to Article 94 of the Articles of the Association.

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 J oint Managing Director or other Executive Officer shall be excluded from retirement by rotation. 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 five (05) and therefore, One (01) Director should retire by rotation. Accordingly, Mr J.P.D.R. Jayasekera, who has been the longest in office since their re-election, has retired and offered himself 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 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 were appointed to the Board of Directors of Asia Asset Finance PLC on 6th February 2015 and are subject to re-election at the next Annual General Meeting.

Name of Director	Applicable Article of the Articles of Association/ Section of the Companies Act/ Finance Business Act Directions
	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.
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 are given below:

ASIA ASSET FINANCE PLC - PREFERENTIAL SHARES DIRECTORS' SHAREHOLDING AS AT 31ST MARCH 2026		
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 J P D R Jayasekara	NIL	NIL
Mr T C D Kumarasiri	NIL	NIL

ASIA ASSET FINANCE PLC-ORDINARY SHARES DIRECTORS' SHAREHOLDING AS AT 31ST MARCH 2026		
No. of Shares %	**No. of Shares**	**%**
Mr V A Prasanth	NIL	NIL
Mr R.J.A. Gunawardena	130,942	0.105
Mr S.S. R.D. De Silva Gunasekera	6,000	0.0048
Mr G M Alexander	NIL	NIL
Mr K. R. Bijimon	NIL	NIL
Mr J P D R Jayasekara	NIL	NIL
Mr T. C. D. Kumarasiri	NIL	NIL

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.

Annual Report of the Board of Directors on the Affairs of the Company

AUDITOR'S REMUNERATION, OTHER FEES AND PAYABLES

The Auditors, Messrs. KPMG, Chartered Accountants, were paid audit fees Rs. 3,162,500 (2025 – Rs. 2,750,000) by the Company for the period under review. In addition, they were paid Rs. 4,667,076 (2025 – Rs. 4,540,000), for permitted non-audit related services of the Company. This information is disclosed as required by 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 is detailed in the risk management section on pages 176 to 182 of this Report.

CORPORATE GOVERNANCE

The Board places 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 110 to 138 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 seeks to manage against material errors or omissions, losses, fraudulent practices and to safeguard assets and secure, as far as possible, the accuracy and reliability of the records.

Board prioritize 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 110 to 138 of the Annual Report.

APPRAISAL OF BOARD PERFORMANCE

A scheme of self-assessment is undertaken annually by each Director in conformity with 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. The 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 the latest developments on policies, procedures and other operational-related systems. The Company had 1,232 employees as at 31 March 2026 (2025 -1054).

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 prioritises 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 platforms, 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.

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 Centre,
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 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 are provided under the stakeholder engagement section on pages 47 to 50 of the Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

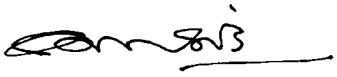
The Directors are of the belief that the Company has not engaged in any activities contravening the law and has complied with all applicable regulations.

ANNUAL GENERAL MEETING

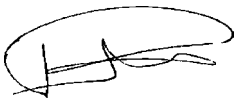
The Fifteenth Annual General Meeting will be held on 24th September 2026 at 10.00 a.m. virtually.

The notice of the Annual General Meeting appears on page 341.

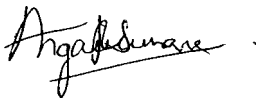
This Annual Report is signed for and on behalf of the Board of Directors by



V. A. Prasanth
Chairman/Independent Director



R. J. A. Gunawardena
Director/CEO



Ruwani Angammana
Company Secretary

28th June 2026
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 214 to 216 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 2026 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 organisation, 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 the internal structure and management of the organisation.

The hierarchy of the organisation 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 organisation would result in the 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 interest 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.

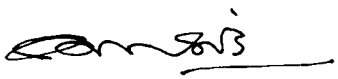
The Board must also draft and implement a succession plan for key management personnel. Communication of such plans, risk policies and other strategic objectives requires regular meetings of the Board. The hiring of Auditors is a duty of the Board so as to ensure that a third party without vested interest 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 independent advice and assistance to supplement the Board in discharging its 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 monetary 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.

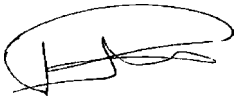
The Board shall, if it considers that the relevant establishment is, or is likely to be, unable to meet its obligations or is about to become insolvent or is about to suspend payments due to lenders and other creditors, forthwith inform the Director of the Department of Supervision of Non-Bank Financial 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/Independent Director



R. J. A. Gunawardena
Director/CEO

28th June 2026

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

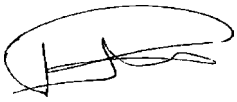
Based on the outlined processes, the Board affirms that the Company's financial reporting system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in compliance with Sri Lanka Accounting Standards 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 Department of Supervision of Non-Bank Financial Institutions 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 2026. 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 pages 193 and 194 of this Annual Report.



R. J. A. Gunawardena
Director/ Chief Executive Officer Chairman



T.C.D. Kumarasiri
Chairman
Board Audit Committee

28th June 2026

Responsibility Statement of Chief Executive Officer and Chief Financial Officer

The Financial Statements of the Company for the year ended 31 March 2026 have been prepared in compliance with the relevant Sri Lankan financial reporting framework and regulatory requirements. These include the Sri Lanka Accounting Standards (SLFRS/LKAS), the Sri Lanka Accounting and Auditing Standards Act, applicable Statements of Alternative Treatment (SoAT), the Companies Act, Finance Business Act, Finance Leasing Act, directions and guidelines issued by the Central Bank of Sri Lanka, the Listing Rules of the Colombo Stock Exchange, and the Code of Best Practice on Corporate Governance.

The presentation and disclosure formats adopted in the Annual Report and interim financial statements are in line with the requirements prescribed by the Central Bank of Sri Lanka. In addition, the Company maintains a practice of providing shareholders with quarterly financial updates to ensure transparency and timely communication of financial performance.

The Company have consistently applied these accounting policies throughout the reporting period. These policies are fully aligned with the Sri Lanka Accounting Standards and are reviewed regularly to ensure continued compliance with evolving accounting and regulatory requirements.

Significant accounting estimates, assumptions, and judgments involving complex financial reporting matters were carefully evaluated and discussed with both the Board Audit Committee and the External Auditors. Where necessary, comparative information has been reclassified to enhance consistency and align with the current year's presentation.

All material transactions and balances have been adequately disclosed within the notes accompanying the Financial Statements. Based on the information available and to the best of our knowledge, the Board is satisfied that the Financial Statements present a true and fair view of the financial position, financial performance, and cash flows of the Company.

Furthermore, after assessing the financial resources, business prospects, and operational capabilities of the Company, the Board is confident that adequate resources are available to continue operations in the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis.

RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors and Management jointly accept responsibility for the integrity, accuracy, and objectivity of the Financial Statements. The estimates and judgments used in preparing the Financial Statements were made with due care and prudence to ensure that they fairly reflect the economic substance of transactions and provide an accurate representation of the financial affairs of the Company.

To support reliable financial reporting, the Company has established and maintained a robust system of internal controls, supported by an integrated core banking platform. These controls are designed to safeguard assets, minimize operational risks, and prevent or detect fraud and other irregularities. The effectiveness of these controls is continuously reviewed and enhanced in response to changing business and regulatory requirements.

The Internal Audit function conducts regular independent reviews to assess whether established policies, procedures, and controls are operating effectively and consistently across the organization. While these systems provide a strong level of assurance, the Board recognizes that no internal control framework can completely eliminate the possibility of error, fraud, or unforeseen circumstances.

EXTERNAL AUDIT AND OVERSIGHT

The Financial Statements of the Company have been independently audited by external auditors. Their audit report forms part of the Annual Report.

The Board Audit Committee oversees both audit and non-audit services provided by the external auditors to ensure that auditor independence is maintained at all times. The Committee also reviews the adequacy and effectiveness of the Company's internal control environment, including controls relating to financial reporting.

Through these reviews, the Committee ensures that financial transactions are accurately recorded, financial information is complete and reliable, and all reporting obligations are fulfilled in accordance with applicable accounting standards and regulatory requirements.

To promote transparency and independence, both the Internal Auditors and External Auditors are provided unrestricted access to the Board Audit Committee to discuss any significant matters arising from their work.

COMPLIANCE CONFIRMATION

Based on the information available and the reviews conducted during the year, the Board confirms that:

- The Company have complied with all applicable laws, regulations, regulatory directions, and governance requirements relevant to their operations.
- No material instances of non-compliance have been identified during the reporting period.
- There are no material legal proceedings against the Company other than those specifically disclosed in the notes to the Financial Statements.
- All taxes, duties, levies, statutory obligations, and employee-related contributions due as of the reporting date have either been paid in full or appropriately provided for in the Financial Statements.

The Board remains committed to maintaining the highest standards of financial reporting, transparency, accountability, and regulatory compliance in safeguarding the interests of shareholders and other stakeholders.

Independent Auditors' Assurance Report on the Directors' 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

TO 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 2026.

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 behaviour

The firm applies Sri Lanka Standard on Quality Management 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

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 of Finance Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3051, Assurance Report for Licensed Finance Companies 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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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
H.U S.T Dayananda FCA

Ms S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms P.M.K. Sumanasekara FCA

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 Assurance Report to the Board of Directors

(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

Board Audit Committee Report

COMPOSITION

The Board Audit Committee (the Committee) is appointed by the Board of Directors of Asia Asset Finance PLC Finance PLC (the Company).The Committee comprises of Three Independent, Non-Executive Directors who conducted Committee proceedings in accordance with the Terms of Reference of the Committee approved by the Board of Directors of the Company.

Members of the Committee during the year under review were:

- Mr. T.C.D. Kumarasiri – Chairman (INED)
- Mr. V.A. Prasanth – Member (INED)
- Mr. J.P.D.R. Jayasekera – Member (INED)

**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.

ROLES & RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Committee is responsible for;

- Review the integrity of Interim Financial Statements and the Annual Financial Statements prepared for disclosure, prior to submission to the Board of Directors.
- Ensure adherence to applicable accounting standards, statutory and regulatory compliance requirements and best practices.
- Overseeing the appointment of the External Auditor for audit services in compliance with the relevant statutes; approval of the audit fee, service period and any matters relating to resignation or dismissal of Auditors.
- Ensure that the internal audit function is independent of the activities it audits, and it is performed with impartiality, proficiency and due professional care.
- Review the internal audit program, comment on the audit findings, recommend appropriate action, ensure coordination between the Internal and External Auditors and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.
- Ensure that the Committee is apprised of the resignation of senior staff members of the Internal Audit Department including the Head of Internal Audit and any outsourced service providers and provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resignations.
- Review the Company's statement on internal control systems before endorsement by the Board, and to make sure of the adequacy and effectiveness of the internal control systems in the Company.

MEETINGS

The Audit Committee convened twelve (12) meetings during the financial year under review. Attendance by members was as follows:

Board Members	Attendance
Mr. T.C.D. Kumarasiri	12/12
Mr. V.A. Prasanth	12/12
Mr. J.P.D.R. Jayasekera	12/12

AGM Internal Audit acted as the Secretary to the Board Audit Committee throughout the year, providing administrative and secretarial support to ensure the effective functioning of the Committee and the timely execution of its responsibilities.

The Director/CEO, COO, CFO, and GMs were invited to all the meetings. Other 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.

FINANCIAL REPORTING OVERSIGHT

The Committee reviewed the integrity of Interim Financial Statements and the Annual Financial Statements on behalf of the Board of Directors. The review included the adequacy and effectiveness of the internal control systems over financial reporting, the clarity of the disclosures, extent of compliance with financial reporting standards, and the reasonableness of significant estimates and judgemental areas.

In its commitment to continuous improvement, the Committee took steps to strengthen internal financial controls during

Board Audit Committee Report

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 priorities 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 required. 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 off site audit functions were enhanced to include real-time monitoring, automated alerts, and exception reporting. Recognizing the Company's increased reliance on advanced IT infrastructure, the Committee prioritize IT governance, application integrity, and infrastructure security.

During the year under review, the Company undertook comprehensive IT Risk Advisory services, including cyber security 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 recognized 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.

REPORTING TO THE BOARD

Approved minutes of the Committee meetings are tabled at Board meetings, enabling all Board members to have access to them.

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.



T.C.D. Kumarasiri
Chairman
Board Audit Committee

28th June 2026

Board Integrated Risk Management Committee Report

The Board Integrated Risk Management Committee (BIRMC) operates as a Board Sub-Committee in line with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka.

The BIRMC is mandated to support the Board of Directors in overseeing the Company's enterprise-wide risk management, ensuring the adequacy and effectiveness of the risk management framework

The committee is also responsible for the oversight of the Company's Compliance Function and reports directly to the Board of Directors.

THE COMPOSITION OF THE COMMITTEE

The BIRMC comprises of four Non-Executive Independent directors and is chaired by an Independent Non-Executive Director. There were no changes to the Committee's composition during the year. The

Committee's membership as at 31 March 2026 is presented below

- Mr. T. C. D. Kumarasiri (Chairman) - Independent None Executive Director
- Mr. V. A. Prasanth - Independent None Executive Director
- Mr. J. P. D. R. Jayasekera - Independent None Executive Director
- Mr. K. R. Bijimon - None Independent Non Executive Director

TERMS OF REFERENCE

Board-approved Terms of Reference (TOR) are in place, clearly defining the mandate of the BIRMC in accordance with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance. The TOR is reviewed annually to reflect regulatory and other developments. During the year, the TOR was last reviewed and approved by the Board of Directors in October 2025.

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 and composition of the credit portfolio, monitor delinquency trends, and evaluate the adequacy of impairment allowances. Particular attention shall be paid to concentration risks, sectoral exposures, and recovery performance.
- Assess liquidity positions and funding sources to ensure resilience under stress scenarios. Monitor maturity mismatches, deposit concentration, and contingency funding arrangements.
- Review financial performance indicators and capital adequacy levels against regulatory requirements and internal thresholds. Evaluate stress-testing outcomes and recommend corrective measures where capital buffers may be at risk.
- Oversee the operational risk framework, including information technology and cybersecurity risks. Ensure that controls, monitoring mechanisms, and incident response plans are robust and aligned with best practices.
- Review and test the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to confirm adequacy, effectiveness, and readiness to respond to disruptions.
- Evaluate the effectiveness of management-level committees, particularly the Credit Committee and Asset and Liability Committee (ALCO), in managing risks within approved limits and ensuring timely escalation of issues.
- Monitor adherence to applicable laws, regulations, and supervisory directions. Ensure that compliance gaps are identified promptly and corrective actions are implemented effectively.
- Recommend corrective measures where risk exposures exceed tolerance levels, ensuring timely implementation and follow-up on mitigation outcomes.
- Review the Asset and Liability Management Policy and monitor adherence to specific risk limits, including interest rate risk, liquidity risk, and foreign exchange exposures. Ensure alignment with both regulatory requirements and the Company's risk appetite.

MEETINGS

The Committee convened twelve (12) meetings during the year under review, exceeding the minimum bi-monthly regulatory requirement. The Chief Executive Officer, Chief Operating Officer, and Senior Management—including the Deputy General Manager–Risk (serving as Secretary), Compliance Officer, and Chief Information Security Officer—attended by invitation.

Proceedings were reported to the Board through submission of meeting minutes, while risk reports and other specific matters were presented separately for the Board's information. Recommendations made by the BIRMC during the year were duly approved by the Board. Details of Committee member attendance are set out below.

Board Members	Attendance
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	10/12

FORWARD FOCUS

The BIRMC will strengthen risk appetite monitoring and enhance oversight of data privacy and cybersecurity. Greater emphasis will be placed on emerging and strategic risks, while reinforcing the effectiveness of governance structures to support a strong risk culture. The Committee will remain vigilant amid a dynamic risk landscape and explore advanced tools and techniques to assess, monitor, and mitigate risks across company's operations.



T.C.D. KUMARASIRI
Chairman
Board Integrated Risk Management Committee

28th June 2026

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 and section 12 of Finance Business Act (Corporate Governance) Direction No.05 of 2021. 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) (Independent Non Executive Director)
- Mr. K.R. Bijimon (Non Independent Non Executive Director)
- Mr. V.A Prasanth (Independent Non Executive Director) Appointed on 12.08.2025

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 Five times during the financial year to review and discuss related party transactions. Member attendance was as follows:

- Mr. J.P.D.R. Jayasekara (Chairman) – 5/5
- Mr. K.R. Bijimon – 5/5
- Mr. R.A.B. Basnayake 2/2– Resignation takes effect from 2025.08.12
- Mr. V.A.Prasanth 3/3-Appointed takes with effect from 2025.08.12

The minutes of all meetings were submitted to the Board of Directors for review and oversight.

KEY ACTIVITIES IN FY 2025/2026

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 and other services

The Committee implemented appropriate measures to avoid conflicts of interest that may arise from the Company's transactions with any party, especially those identified as "related parties." A list of such related parties, including both individuals and institutions, is maintained and reviewed periodically whenever relevant transactions occur. These related parties include:

Board Related Party Transactions Review Committee Report

a) Directors and senior management of the Company

b) Shareholders who directly and indirectly holds more than 10% of the voting rights of the FC

c) Subsidiaries, associates, affiliates, holding Company, ultimate parent Company and any company and any party (including their subsidiaries, associate and affiliates) that the FC exert control over or vice versa

d) Directors and senior management of legal entities described in paragraph b or c

e) Relatives of a natural person affiliated described in paragraph a, b, or d. of any the company's Director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of voting rights has a substantial interest.

The Company has implemented robust system controls to strengthen compliance and governance relating to related party transactions, which are subject to periodic review by the Committee.

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 counter party

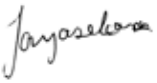
c) Offering preferential terms that extend beyond those granted in the normal course of business

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.



J.P.D.R. Jayasekara
Chairman
Related Party Transaction Review Committee

28th June 2026

Board Nominations and Governance Committee

COMPOSITION OF THE COMMITTEE

The Board Nominations and Governance Committee (BNGC) is responsible for overseeing the nomination and appointment process for Board and Senior Management positions, monitoring corporate governance practices, and ensuring that the Board remains effective, diverse, and appropriately structured to fulfil its responsibilities.

As at 31st March 2026, the Committee comprised five Non-Executive Directors, of whom three are Independent 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	Attendance
Mr. T.C.D. Kumarasiri - INED - Chairman (Appointed on 12.08.2025)	2/2
Mr. G.M. Alexander - NINED	2/2
Mr. K.R. Bijimon - NINED	2/2
Mr. J.P.D.R. Jayasekara - INED	2/2
Mr. V.A. Prasanth - INED	2/2

**INED - Independent Non-Executive Director*

***NINED - Non-Independent Non-Executive Director*

The proceedings of Committee meetings, including activities carried out in accordance with its Charter, were regularly reported to the Board of Directors.

The committee is authorised to pass circular resolutions to recommend decisions requiring immediate action when a meeting cannot be convened, with the recommendations subject to Board approval.

POLICIES AND PROCEDURES

The Terms of Reference (ToR) of the Committee were reviewed, taking into account that the Nominations and Governance Committee operates within the terms. 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 a 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 recommend 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, including Best Practices on Corporate Governance 2023, Finance Business Act Direction No.5 of 2021, Companies Act No 07 of 2007, other applicable regulatory requirements and industry/international best practices.
7. Review the structure, size and composition of the Board and Board Committees for the effective discharge of duties and responsibilities.
8. To make recommendations on other related matters, refer the Committee to the Board of Directors. As per Listing Rules 9.11 of the 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 the 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.

Board Nominations and Governance Committee

ACTIVITIES DURING THE YEAR

The Committee met two times during the year,

a) Deliberated on appointment and succession planning for key management personnel and to assess additional/ new expertise and succession arrangements for new directors and retiring directors. Based on the Committee's recommendations, the Board approved several key changes to the KRP structure during the year. These included appointing members of the existing top management team as KRPs, as well as the appointment of a new Chief Financial Officer, Deputy General Managers – Credit and Risk, and appointment of Chief manager-Human Resource In addition, five senior officers were promoted to the position of Assistant General Manager, while three Deputy General Managers were elevated to the role of General Manager and one Managerial position to Senior Managerial position., and valuable guidance

b) Carefully evaluated and recommended the re-appointment/re-election of current Directors and re-appointment of Directors to the Board, taking into account factors such as fitness, propriety. Peruse duly completed Affidavits and Declarations of all Directors and Key Responsible Personnel and recommend the same for approval of the Board

c) Reviewed and ensured compliance with corporate governance requirements of the CSE in accordance with the respective effective dates stipulated therein

d) Formulated, reviewed, and recommended the overall Corporate Governance Framework of the company in terms of the applicable rules and regulations.

e) Reviewed 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) Reviewed policies, monitored their implementation, and made recommendations where necessary to ensure effective execution and continuous improvement.

CIRCULAR RESOLUTIONS

The committee is authorised to pass circular resolutions to recommend decisions requiring immediate action when a meeting cannot be convened, with the recommendations subject to Board approval.

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 and Finance Business Act (Corporate Governance) Direction No. 5 of 2021and as well as the Listing Rules of the 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 the Board and Key Responsible Personnel.
- All Directors have declared compliance with the criteria for independence and conflict of interest management.
- The Company complied with the relevant provisions of the corporate governance framework, including the Finance Business Act Direction No. 5 of 2021, the Companies Act No. 07 of 2007, the Listing Rules of the CSE, with only one isolated deviation noted during the period, and other applicable regulatory requirements, as well as industry and international best practices.
- 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



T.C.D. Kumarasiri
Chairman
Nominations and Governance Committee

28th June 2026

Human Resources and Remuneration Committee Report

COMPOSITION

The Human Resources and Remuneration Committee appointed by the Board of Directors includes the following Directors:

- Mr. J. P. D. R Jayasekara – Appointed on 2025.08.12 chairman INED
- Mr. V. A Prasanth – INED
- Mr. G. Alexander - NINED

INED – Independent non executive director

NINED – Non independent non executive director

The Chairman of the Committee J. P. D. R Jayasekara, Mr. V.A. Prasanth are Independent Non Executive Director and Mr. G. Alexander is a Non Independent Non Executive director.

HUMAN RESOURCES & REMUNERATION POLICY

The Asia Asset Finance PLC 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 long-term objectives of the Company when finalizing incentives. The policy is in line with CBSL Guideline Remuneration Policies and Disclosure Requirements – 2024. The remuneration details as disclosed in this annual report according to the formats given in the guideline.

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 Resources 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 twice 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. Members of the Corporate Management may be invited to participate at the sittings of the Committee meetings as and when required by the Chairman, considering the topics for deliberation at such meetings. 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.

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.

Human Resources and Remuneration Committee Report

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.

III. The Company's variable remuneration (bonus) program is linked to both the Company's overall performance and the attainment of predetermined objectives assessed against various performance metrics. The scheme is structured to ensure that rewards are reflective of the Company's results, the performance of the respective business unit, and the contributions of individual employees. The Committee retains the discretion to adjust bonus payouts where actual performance is above or below the established targets.

IV. In addition, the Committee may engage external consultants or agencies to conduct salary benchmarking studies to assess employee compensation against prevailing market rates. This enables the Committee to make well-informed decisions regarding salaries, benefits, and other employment-related perquisites within the Bank.

V. 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.

VI. The committee shall make recommendations to the Board on strategic policy issues around human resources and remuneration.

VII. The committee shall provide a report summarizing its activities for the year in compliance with the Corporate Governance 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 2025-26, the Committee met on Five (5) occasions.

NO. OF MEETINGS ATTENDED

Board Members	Attendance
Mr. J. P. D. R Jayasekara	5/5
Mr. V. A Prasanth	5/5
Mr. G. Alexander	5/5

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 company's key performance indicators.

d. Reviewed and enhanced performance based remuneration policy applicable for directors and senior management focusing 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 26/27.



J.P.D.R. Jayasekara
Chairman
Human Resources & Remuneration Committee

28th June 2026

IT 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 and Information Security related issues. It assists the Board in governing and overseeing Company's interests in the above areas.

The Committee comprised of the following members,

- Mr. V. A Prasanth (Chairman)
- Mr. J. P. D. R Jayasekara
- Mr. D. S. R. R. Gunasekera
- Mr. Inditha Jayatileke (DGM IT)

The Committee is responsible and reports to the Board of Directors, Mr. J.P.D.R. Jayasekara, 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 & Information Security 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. It also oversees the Information Security posture and enforces best practices on an ongoing basis.

AUTHORITY

The Information Technology Steering Committee operates at the Board level. The Committee does not involves itself in day-to-day management of IT & Infosec functions.

The ITSC works in partnership with the other board committees like The Audit committee, The Integrated Risk Management committee, Nomination & Governance Committee and Remuneration committee to provide relevant inputs related to their scope of activities.

The Committee has been empowered to:

- Provide overall guidance on the IT & Infosec strategies and monitor and review progress on a continuous basis
- Approve IT capital and annual expenditure budgets and any other significant IT investment decisions for placing to the Board of Directors for approval
- Review formulations and amendments to IT & Infosec policies & procedures and periodically assess it's effectiveness of implementation and adherence
- Provide guidance in strengthening systems, procedures and processes with respect to technology and third party risk management and resilience
- Scan emerging technologies ecosystem and 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.

Board Members	Attendance
Mr. V. A Prasanth	3/3
Mr. J. P. D. R Jayasekara	3/3
Mr. D.S.R.R. Gunasekera	2/2
Mr. Rajitha Basnayake	1/1

As of 12th August 2025, Mr. R. K. B. Basnayake resigned from his position as Chairman of the IT Steering Committee. Subsequently, Mr. V. A. Prasanth assumed the role of Chairman, while Mr. D. S. R. R. Gunasekera was appointed as a new member of the Committee.

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 minutes of the Committee meetings are tabled and ratified at meetings of the Board and approvals obtained for implementation of the recommendations made by the Committee. Follow up action is taken on outstanding matters on a regular basis.

KEY ACTIVITIES DURING THE PERIOD UNDER REVIEW

Asia Asset Finance PLC continued to strengthen its information technology platform during FY 2025/26, executing a structured and forward-looking digital transformation strategy aimed at enhancing operational efficiency, regulatory compliance, and long-term business resilience. The cyber security posture of the Company also was strengthened during the period through various initiatives.

Core Platform Stability and Operational Excellence

The Company's operational ecosystem remained anchored by the Core Banking Platform, which seamlessly manages critical financial modules including Leasing, Loans, Gold Loan, Savings, Foreign Exchange, and General Ledger Accounting. Complementing this, the iMAS Integrated Suite delivered enterprise-wide capabilities spanning Customer Relationship Management (CRM), Human Resource Management (HRM), Document Management Systems (DMS), and AuditSoft solutions.

IT Steering Committee Report

Transaction integrity and regulatory compliance were further reinforced through integrated digital gateways, including CEFT payment integrations, National Identity Card (NIC) validation services, and the risk intelligence platform.

Information Security and Regulatory Compliance

Strengthening the IT security posture remained a strategic priority during the financial year. A formal gap assessment aligned with the Sri Lanka Personal Data Protection Act (SL PDPA) was undertaken, encompassing 14+ business functions, 15+ stakeholder consultations, 30+ process evaluations, and 25+ regulatory clauses. Based on the outcome, the Company established a three-phase compliance roadmap comprising Legal and Governance Foundation, Structural and Technical Implementation, and Cultural Integration and Continuous Optimisation. Key security enhancements implemented during the year included the strengthening of areas relating to audit logging procedure, passcode & authentication controls, enforcement of transaction validation rules, and migration to secure SMS communication channels.

Information security governance maintained 100% compliance across all internal IT and security policies & applicable regulatory guidelines supported by structured end-user training programmes, comprehensive user documentation, and dedicated IT help desk support.

Infrastructure Optimisation and System Performance

The IT function, structured across four specialised domains — Infrastructure Management, Application Development, Network & Security Management, and Core System Support — delivered significant infrastructure-level improvements during the year. These included improved database audit logging procedure for enhanced monitoring, implementation of transactional data integrity validation controls, optimisation of network load balancing configurations and automated clean-up of temporary server files to improve efficiency and reduce security exposure.

Virtual machine (VM) infrastructure was upgraded to eliminate processing bottlenecks, particularly during operations. Additionally, the Company rationalised its branch connectivity framework, achieving meaningful cost optimisation in internet expenditure while improving overall network manageability.

A comprehensive cross-module review was also conducted covering Common Core, Gold Loan, General Ledger, Leasing, Lending, and Luckewallet modules. A structured four-stage resolution framework — Review, Develop, Test, and Verify — was implemented to systematically resolve technical issues and reduce accumulated technical debt.

IT Risk Management

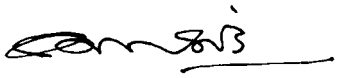
During the year, the Company transitioned from a reactive IT maintenance model to a proactive, risk-driven operating framework. A Cross-Module Friction Matrix was introduced to systematically identify and prioritise technical risks across system performance and stability, data integrity and reporting accuracy, business logic and financial allocation, and system configuration management. This framework enabled targeted and high-impact interventions, ensuring greater system reliability and operational continuity.

Software Asset and Licensing Integrity

To ensure uninterrupted operations and maintain a fully supported technology environment, the Company renewed all applicable & relevant software licenses and service agreements during the year reflecting the Company's commitment to operating within a secure, compliant, and industry-aligned technology ecosystem.

Future-Ready Technology Investments

Looking ahead, the Company approved a 40% increase in its IT investment budget, signaling a strong commitment to digital innovation and operational excellence. Strategic future initiatives include the deployment of AI-powered multilingual chatbots, OCR-based intelligent document processing for KYC and NIC validation, Robotic Process Automation (RPA) for operational efficiency gains and AI-driven credit scoring, fraud detection, and predictive analytics capabilities. These forward-looking investments are envisaged to help Asia Asset Finance PLC to evolve into a future-ready, intelligent financial services provider, for delivering superior customer experience and sustained operational resilience in an increasingly competitive & challenging financial services landscape.



V.A. Prasanth
Chairman
Information Technology Steering Committee

28th June 2026

Shareholder and Investor Capital

ORDINARY SHARES

MAJOR TWENTY SHAREHOLDER LIST AS AT 31ST MARCH 2026

	NAME	AS AT 31.03.2026		AS AT 31.03.2025	
		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 INTERNATIONAL 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

DIRECTORS' SHAREHOLDINGS

As at 31st March	2026		2025	
	Number of shares	Percentage %	Number of shares	Percentage %
Mr. V A Prasanth	-	-	-	-
Mr. R J A Gunawardena	130,762.00	0.11	-	-
Mr. S S R D De Silva Gunasekera	6,000.00	0.0048	6,000.00	0.005

Shareholder and Investor Capital

As at 31st March	2026		2025	
	Number of shares	Percentage %	Number of shares	Percentage %
Mr. G M Alexander	-	-	-	-
Mr. K R Bijimon	-	-	-	-
Mr. J P D R Jayasekera	-	-	-	-
Mr. T C D Kumarasiri	-	-	-	-

DISTRIBUTION OF SHAREHOLDERS

Shareholding as at 31st March	2026			2025		
	Number of holders	Number of shares	Percentage %	Number of holders	Number of shares	Percentage %
1-1,000	2,056	461,286	0.3714	1,585	366,657	0.2952
1,0010 - 10,000	599	2,173,323	1.7499	462	1,756,556	1.4143
10,001 - 100,000	219	6,891,059	5.5486	147	4,723,223	3.8031
100,001 - 1,000,000	42	12,814,216	10.3178	23	6,381,052	5.1379
Over 1,000,000 Shares	4	101,855,649	82.0123	3	110,968,045	89.3495
	2,920	124,195,533	100.0000	2,220	124,195,533	100.0000

RESIDENTIAL AND NON - RESIDENTIAL SHAREHOLDERS

Shareholding as at 31st March	2026			2025		
	Number of holders	Number of shares	Percentage %	Number of holders	Number of shares	Percentage %
Resident shareholders	2,905	33,340,215	26.8449	2,207	33,403,385	26.8958
Non - resident shareholders	15	90,855,318	73.1551	13	90,792,148	73.1042
	2,920	124,195,533	100.0000	2,220	124,195,533	100.0000

INSTITUTIONAL AND INDIVIDUAL SHAREHOLDERS

Shareholding as at 31st March	2026			2025		
	Number of holders	Number of shares	Percentage %	Number of holders	Number of shares	Percentage %
Individuals	2,801	14,369,847	11.5703	2,138	8,924,843	7.1861
Institutions	119	109,825,686	88.4297	82	115,270,690	92.8139
	2,920	124,195,533	100.0000	2,220	124,195,533	100.0000

MARKET PRICE AND TRADE INFORMATION

For the year ended 31st March	2026	2025
Highest price (LKR)	**65.00**	30.30
Highest price date	**25.09.2025**	30.01.2025
Lowest price (LKR)	**25.00**	11.00
Lowest price date	**07.04.2025**	04.09.2024
Last traded price (LKR)	**52.40**	27.60
Last traded date	**31.03.2026**	28.03.2025
Number of transactions	**27,928**	6,680
Number of share traded	**66,912,044**	29,004,148
Value of share traded (LKR)	**3,291,580,870.20**	612,370,940.00

INFORMATION ON PUBLIC HOLDING AND MARKET CAPITALISATION

As at 31st March	2026	2025	Minimum requirement
Public holding (%)	26.61%	27.02%	10%
Number of public shareholders	2,909	2,213	500
The float adjusted market capitalization (LKR)	1,731,873,867.20	926,106,766.80	2,500,000,000

Shareholder and Investor Capital

PREFERENCE SHARES

TWENTY MAJOR SHAREHOLDERS LIST AS AT 31ST MARCH 2026

	NAME	AS AT 31.03.2026 NO. OF SHARES	%	AS AT 31.03.2025 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

DIRECTORS' SHAREHOLDINGS

As at 31st March	2026 Number of shares	2026 Percentage %	2025 Number of shares	2025 Percentage %
Mr. V A Prasanth	-	-	-	-
Mr. R J A Gunawardena	-	-	-	-
Mr. S S R D De Silva Gunasekera	-	-	-	-
Mr. G M Alexander	-	-	-	-

As at 31st March	2026		2025	
	Number of shares	Percentage %	Number of shares	Percentage %
Mr. K R Bijimon	-	-	-	-
Mr. J P D R Jayasekera	-	-	-	-
Mr. T C D Kumarasiri	-	-	-	-

DISTRIBUTION OF SHAREHOLDERS

Shareholding as at 31st March	2026			2025		
	Number of holders	Number of shares	Percentage %	Number of holders	Number of shares	Percentage %
1-1,000	218	25,904	0.0626	115	16,961	0.0410
1,0010 - 10,000	24	89,121	0.2153	20	72,808	0.1759
10,001 - 100,000	7	222,749	0.5381	10	243,964	0.5893
100,001 - 1,000,000	2	41,060,737.000	99.1841	-	-	-
Over 1,000,000 Shares	0	0	0.0000	2	41,064,778	99.1939
	251	41,398,511	100.000	147	41,398,511	100.000

RESIDENTIAL AND NON - RESIDENTIAL SHAREHOLDERS

Shareholding as at 31st March	2026			2025		
	Number of holders	Number of shares	Percentage %	Number of holders	Number of shares	Percentage %
Resident shareholders	249	1,710,662	4.13	145	1,710,662	4.13
Non - resident shareholders	2	39,687,849	95.87	2	39,687,849	95.87
	251	41,398,511	100.000	147	41,398,511	100.00

INSTITUTIONAL AND INDIVIDUAL SHAREHOLDERS

Shareholding as at 31st March	2026			2025		
	Number of holders	Number of shares	Percentage %	Number of holders	Number of shares	Percentage %
Individuals	233	214,507	0.5182	136	208,448	0.5035
Institutions	18	41,184,004	99.4818	11	41,190,063	99.4965
	251	41,398,511	100.0000	147	41,398,511	100.0000

Shareholder and Investor Capital

MARKET PRICE AND TRADE INFORMATION

For the year ended 31st March	2026	2025
Highest price (LKR)	80.50	32.90
Highest price date	10.10.2025	17.01.2025
Lowest price (LKR)	26.20	12.10
Lowest price date	11.04.2025	09.04.2024
Last traded price (LKR)	62.10	28.00
Last traded date	30.03.2026	28.03.2025
Number of transactions	2,179	589
Number of share traded	347,296	177,490
Value of share traded (LKR)	19,016,147.50	4,882,247.50

INFORMATION ON PUBLIC HOLDING AND MARKET CAPITALISATION

As at 31st March	2026	2025
Public holding (%)	4.13%	4.122%
Number of public shareholders	250	145
The float adjusted market capitalization (LKR)	106,252,789.50	47,775,560

ESSENCE OF VALUE

Realizing a prosperity that transcends numbers, creating meaningful wealth that empowers our people and strengthens our nation.



artha

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Prosperity & Purpose

Artha represents the substance of our success. It provides the stability needed to sustain our vision and protect our collective. Through purposeful wealth, we translate historic growth into long-term security for every stakeholder.

Independent Auditors' Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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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, 2026, and the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2026, 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 20 is determined by management in accordance with the accounting policies described in Note 3.1.11.

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. 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.	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 volatile macro-economic environment;

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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
H.U S.T Dayananda FCA
Ms S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms P.M.K. Sumanasekara FCA

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

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Risk Description	Our Response:
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.	❁ 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; ❁ 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 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.

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:

Independent Auditors' Report

KPMG

- 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
28th June 2026

Income Statement

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Interest income	4	**9,114,748,800**	5,972,861,421
Less: Interest expenses	5	**(4,180,120,535)**	(3,355,391,936)
Net Interest income	6	**4,934,628,265**	2,617,469,485
Fees and commission income	7	**941,457,806**	803,547,185
Other operating income	8	**162,679,749**	124,916,396
Less: Operating expenses			
Personnel expenses	9	**(1,011,382,970)**	(647,509,378)
Depreciation and amortisation cost	10	**(252,329,413)**	(186,661,475)
General and administrative expenses		**(1,331,881,970)**	(1,055,786,807)
Impairment charge for loans and advances	11	**(670,863,439)**	(720,473,852)
Operating profit before taxes on financial services	12	**2,772,308,028**	935,501,554
Taxes on financial services	13	**(846,245,423)**	(299,692,014)
Profit before taxation		**1,926,062,605**	635,809,540
Income tax expenses	14	**(887,705,398)**	(194,665,870)
Profit for the year		**1,038,357,207**	441,143,670
Earnings per share - basic	39.1	**8.36**	3.55
Earnings per share - diluted	39.2	**5.85**	2.48

The accounting policies and notes on pages 222 to 303 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Profit for the year		**1,038,357,207**	441,143,670
Other comprehensive income / (expense) 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
Remeasurement gain / (loss) of unquoted shares		**1,127,735**	(206,659)
Deferred tax charge on revaluation gain	14.4	**-**	(3,886,436)
Actuarial loss on retirement benefit obligations	36.2	**(8,032,069)**	(2,348,987)
Deferred tax reversal on actuarial losses	14.4	**2,409,621**	704,696
Other comprehensive income / (expense) for the year, net of tax		**(4,494,713)**	7,217,401
Total comprehensive income for the year		**1,033,862,494**	448,361,071

Figures in brackets indicate deductions.

The accounting policies and notes on pages 222 to 303 form an integral part of these financial statements.

Statement of Financial Position

As at 31st March,	Note	2026 Rs.	2025 Rs.
ASSETS			
Cash and cash equivalents	17	**986,180,555**	3,150,043,244
Other financial assets at amortized cost	18	**2,993,753,259**	2,613,933,531
Other financial assets at fair value through profit or loss	19	**208,024,754**	232,567,497
Financial assets at amortised cost - loans and advances	20	**46,999,361,275**	29,157,077,081
Other non financial assets	21	**137,366,133**	178,393,443
Advances, deposits and prepayments	22	**391,760,973**	199,349,206
Financial assets - fair value through other comprehensive income	23	**1,427,735**	300,000
Property, plant and equipments	24	**1,011,552,897**	710,455,188
Right-of-use assets	25	**534,989,444**	390,830,477
Investment properties	26	**407,490,044**	425,274,403
Deferred tax assets	14.3	**65,736,659**	-
Intangible assets	27	**37,810,978**	48,132,285
Total assets		**53,775,454,706**	37,106,356,355
LIABILITIES			
Due to banks	28	**43,604,160**	50,418,316
Other liabilities	29	**616,705,907**	789,783,292
Dividend payable	30	**477,526**	29,455,778
Income tax payable	31	**863,222,971**	17,102,880
Deferred tax liabilities	14.3	**-**	5,508,866
Financial liabilities - other borrowed funds	32	**18,243,890,679**	9,291,880,609
Lease liabilities	33	**556,741,706**	411,187,318
Due to customers	34	**25,933,000,915**	20,004,208,401
Debentures	35	**2,675,840,048**	2,677,894,881
Retirement benefit obligations	36	**66,534,016**	50,096,525
Total liabilities		**49,000,017,928**	33,327,536,866
EQUITY			
Stated capital	37	**2,205,463,801**	2,205,463,801
Retained earnings		**1,983,524,218**	1,186,312,121
Statutory reserve fund and other reserves	38	**586,448,759**	387,043,567
Total equity		**4,775,436,778**	3,778,819,489
Total equity and liabilities		**53,775,454,706**	37,106,356,355
Contingent liabilities and commitments	40	**20,815,986**	431,500,000
Net assets value per share	39.3	**38.45**	30.43

Figures in brackets indicate deductions.

The accounting policies and notes on pages 222 to 303 form an integral part of these financial statements.

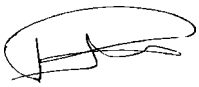
These financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.



Kokila Perera
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 Board Audit Committee

26th June 2026
Colombo

Statement of Changes in Equity

As at 31st March,	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 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
Remeasurement loss of unquoted shares		-	-	-	-	-	-	(206,659)	(206,659)
Revaluation gain on property, plant and equipment		-	-	-	-	12,954,787	-	-	12,954,787
Actuarial loss on retirement benefit obligation	36.2	-	-	-	-	-	-	(2,348,987)	(2,348,987)
Deferred tax reversal / (charge) on revaluation (gain) and actuarial losses	14.4	-	-	-	-	(3,886,436)	-	704,696	(3,181,740)
Total comprehensive income for the year		-	-	-	-	9,068,351	-	439,292,720	448,361,071
Transactions with equity holders recognized directly in equity									
Proposed final preference share dividend during the year	30	-	-	-	-	-	-	(28,978,958)	(28,978,958)
Excess depreciation charge on revaluation		-	-	-	-	(5,980,218)	-	-	(5,980,218)
Transfer 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
Balance as at 01st April 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
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	1,038,357,207	1,038,357,207
Actuarial loss on retirement benefit obligations	36.2	-	-	-	-	-	-	(8,032,069)	(8,032,069)
Deferred tax reversal on actuarial losses	14.4	-	-	-	-	-	-	2,409,621	2,409,621
Remeasurement gain of unquoted shares		-	-	-	-	-	-	1,127,735	1,127,735
Total comprehensive income for the year		-	-	-	-	-	-	1,033,862,494	1,033,862,494
Transactions with equity holders recognized directly in equity									
Proposed final preference share dividend during the year	30	-	-	-	-	-	-	(28,978,955)	(28,978,955)
Excess depreciation charge on revaluation		-	-	-	-	(8,266,250)	-	-	(8,266,250)
Transfers to reserves		-	-	-	207,671,442	-	-	(207,671,442)	-
Total transactions with equity holders		-	-	-	207,671,442	(8,266,250)	-	(236,650,397)	(37,245,205)
Balance as at 31st March 2026		1,791,478,691	413,985,110	3,000,000	503,869,251	23,496,254	56,083,254	1,983,524,218	4,775,436,778

Figures in brackets indicate deductions.

The accounting policies and notes on pages 222 to 303 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Cash flows from operating activities			
Profit before taxation		**1,926,062,605**	635,809,540
Adjustments for ;			
Depreciation and amortisation of property, plant and equipments, investment properties and intangible assets	10	**151,329,215**	97,779,098
Amortisation of right-of-use asset	10	**101,000,198**	88,882,377
Interest expenses on lease liabilities	5	**66,056,495**	58,079,380
Impairment charge for loans and advances	11	**670,863,439**	720,473,852
Impact on net interest margin		**9,143,787**	-
Gain on financial instruments measured at fair value through profit or loss	19.3	**(73,085,896)**	(259,974,625)
Gain on expiration of operating lease agreement and other adjustments	8	**(5,131,780)**	(41,710,997)
(Gain)/Loss on disposal of property, plant and equipments	8	**(2,237,536)**	1,402,225
Loss on disposal of investment property	8	**1,064,221**	-
Interest expense on other borrowings	5	**562,836,221**	548,136,720
Interest expenses on bank loans	5	**809,078,715**	353,686,086
Interest expense on debentures	5	**336,835,895**	177,111,430
Provision for retirement benefit obligations	36.1	**14,649,933**	10,814,992
Operating profit before working capital changes		**4,568,465,512**	2,390,490,078
Changes in ;			
Financial assets at amortised cost - loans and advances		**(18,522,291,419)**	(10,922,578,522)
Other non financial assets		**41,027,310**	(48,260,350)
Advances, deposits and prepayments		**(192,411,767)**	(119,023,247)
Due to customers		**5,928,792,514**	5,519,072,235
Other liabilities		**(294,850,226)**	231,299,065
Cash used in operation		**(8,471,268,076)**	(2,949,000,741)
Income tax paid	31	**(99,596,690)**	(148,421,372)
Gratuity paid	36	**(6,244,511)**	(2,610,880)
Interest paid		**(1,595,417,118)**	(1,083,099,179)
Returned dividend	30	**703**	1,414
Dividend paid	30	**(57,957,910)**	-
Net cash used in operating activities		**(10,230,483,602)**	(4,183,130,758)
Cash flows from investing activities			
Acquisition of property, plant and equipments	24.1	**(359,750,618)**	(478,055,127)
Acquisition of intangible assets	27	**(900,000)**	(11,716,796)
Prepayments for right-of-use assets		**(27,460,000)**	-
Investment in unit trusts	19.3	**(7,790,000,000)**	(4,450,000,000)
Redemption of unit trusts	19.3	**7,887,628,639**	6,424,553,061
Net investments in other financial assets at amortized cost		**(379,819,728)**	(301,620,950)
Proceeds from sale of investment property		**14,000,000**	-
Proceeds from sale of property, plant and equipments		**26,184,745**	440,000
Net cash generated from / (used in) investing activities		**(630,116,962)**	1,183,600,188
Cash flows from financing activities			
Repayment of other borrowed funds	32	**(11,181,434,972)**	(5,283,614,594)
Proceeds from other borrowed funds	32	**19,952,000,000**	8,525,000,000
Proceeds from debenture issue	35.3	**-**	2,000,000,000
Repayment of debenture	35.3	**-**	(434,750,000)
Repayment of lease liabilities - principal		**(67,012,997)**	(43,548,713)
Net cash generated from financing activities		**8,703,552,031**	4,763,086,693
Net (decrease) / increase in cash and cash equivalents		**(2,157,048,533)**	1,763,556,122
Cash and cash equivalents at the beginning of the year		**3,099,624,928**	1,336,068,806
Cash and cash equivalents at the end of the year		**942,576,395**	3,099,624,928
At the end of the year			
Cash and cash equivalents	17	**986,180,555**	3,150,043,244
Due to banks	28	**(43,604,160)**	(50,418,316)
		942,576,395	3,099,624,928

Figures in brackets indicate deductions.

The accounting policies and notes on pages 222 to 303 form an integral part of these financial statements.

Significant Accounting Policies

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 02.

1.2. Principal activities and nature of operations

The principal activities of the Company comprise granting leases, mortgage loans, personal loans, corporate loans, group personal loans, gold loans, micro mortgage loans, pledge loans, micro finance loans 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 2026 is Muthoot Finance Limited which was incorporated in India.

1.4. Number of employees

The staff strength of the Company as at 31st March 2026 was 1098 (1054 at 31st March 2025).

2. BASIS OF PREPARATION AND OTHER MATERIAL ACCOUNTING POLICIES

2.1. Statement of compliance

The Financial Statements of the Company has been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards ("SLFRS");
- Sri Lanka Accounting Standards ("LKAS");
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

These financial statements include the following components:

- An Income Statement and the Statement of profit or loss and other comprehensive income 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 comprised of accounting policies and other explanatory information.

2.2. 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.

2.3. 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
Other financial assets measured at fair value through profit or loss (note 19)	Fair value
Financial assets measured at fair value through other comprehensive income (note 23)	Fair value
Property, plant and equipment – motor vehicles (note 24)	Fair value
Retirement benefit obligations (note 36)	Liability is measured as the present value of the estimated future cash outflows using a projected unit credit method.

2.4. Going concern

The Company has prepared the financial statements for the year ended 31 March 2026 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 2026, 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.

2.5. Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of these financial statements as per the provisions 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 2026 (including comparatives) were approved and authorized for issue on 26 June 2026 in accordance with a resolution of the Board of Directors on 26 June 2026.

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 45 (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.

Significant Accounting Policies

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. Deferred tax assets / liabilities

Deferred tax assets are recognized in respect of deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

- 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.

2.13.4. Retirement benefit obligations

The cost of the retirement benefit obligations 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 36 to the financial statements.

2.13.5. 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.

2.13.6. Leases

2.13.6.1. 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).

2.13.6.2. 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.

2.13.7. Fair value measurement of financial instruments

2.13.7.1. Fair value measurement of FVOCI financial instruments

The Company holds equity instruments designated at fair value through other comprehensive income (FVOCI). The fair values of these equity instruments are determined using valuation techniques where quoted market prices in active markets are not available. Judgments include considerations of the financial performance of the investee company and other entity-specific factors. Changes in assumptions about these factors could affect the reported fair value of these equity instruments, with all fair value gains and losses recognized in other comprehensive income.

A disclosure regarding significant judgements, estimations and assumptions in relation to FVOCI financial instruments is included in note 23.

2.13.7.2. Fair value measurement of FVTPL financial instruments

The Company holds investments in unit trusts which are classified and measured at fair value through profit or loss (FVTPL). The fair value of these investments is determined based on the fair value per unit published by the respective fund managers at the end of each reporting period. Since the fair value per unit is provided directly by the fund managers at the reporting date, the determination of fair value does not involve significant judgment or the application of complex valuation techniques. The Company relies on these published unit values as the basis for measurement, as they represent the most reliable and readily available estimate of fair value at the reporting date. Fair value gains and losses arising from changes in the fair value are recognized in the income statement in the period in which they arise. Further details regarding the FVTPL financial instruments are disclosed in note 19.

2.14. Accounting policy

Material Accounting Policies - General	Note	Page Reference
Cash and cash equivalents	17	248
Other financial assets at amortized cost	18	248
Other financial assets at fair value through profit or loss	19	249
Financial assets at amortised cost - loans and advances	20	250
Other non - financial assets	21	253
Advance, deposits and prepayments	22	254
Financial assets - fair value through other comprehensive income	23	254
Property, plant and equipments	24	255
Right-of-use assets	25	259
Investment properties	26	260
Deferred tax assets / (liabilities)	14.3	243
Intangible assets	27	263
Due to banks	28	264
Other liabilities	29	265
Dividend payable	30	265
Income tax payable	31	265
Financial liabilities - other borrowed funds	32	266
Lease liabilities	33	270
Due to customers	34	271
Debentures	35	272
Retirement benefit obligations	36	274
Material accounting policies – Recognition of income and expenses	**Note**	**Page Reference**
Interest income	4	236
Interest expense	5	237
Net interest income	6	237
Fees and commission income	7	238
Other operating income	8	238
Personnel expenses	9	239
Depreciation and amortization cost	10	239
Impairment charge for loans and advances	11	240
Taxes on Financial Services	13	241
Income tax expenses	14	242

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.

Significant Accounting Policies

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 2025 (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.

- **Lack of exchangeability – Amendments to LKAS 21**

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.

- **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. The Standard will become effective from 1 April 2026. This Standard is not directly applicable to the Company.

- **SLFRS 18 - Presentation and disclosure in Financial Statements**

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after 1 January 2027. The new standard introduces several key requirements including;

Entities will be required to classify all income and expenses in the statement of profit or loss into five categories: operating, investing, financing, discontinued operations, and income tax. In addition, entities must present a newly defined operating profit subtotal. However, the net profit of entities will remain unchanged. The management-defined performance measures (MPMs) to be disclosed in a single note within the financial statements. Enhanced guidance is provided on how to group information in the financial statements.

Further; all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company is currently in the process of assessing the impact of this new standard, particularly with regard to the structure of the income statement, the statement of cash flows, and the additional disclosures required for MPMs.

- **Amendments to SLFRS 9 and SLFRS 7 – Classification and measurement of financial instruments**

The amendments introduce an accounting policy option to derecognised financial liabilities settled through electronic payment systems before the settlement date, subject to specified conditions. It also clarifies the assessment of contractual cash flows for financial assets with ESG-related and similar features, define non-recourse features, and outline the characteristics of contractually linked instruments.

Further, the amendments introduce new disclosure requirements for financial instruments with contingent features and enhance disclosures for equity instruments measured at fair value through other comprehensive income. These amendments are effective from 1 January 2026, and no material impact is excepting from these amendments on the Company's financial statements.

- **SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures**

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures. These standards establish requirements for the disclosure of sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, including climate-related risks and opportunities.

In accordance with the implementation roadmap issued by CA Sri Lanka, compliance with SLFRS S1 and SLFRS S2 is mandatory for all Main Board listed entities of the Colombo Stock Exchange for annual reporting periods beginning on or after 1 January 2026.

Accordingly, the standards are not yet effective for the Company for the financial year ended 31 March 2026 and have not been early adopted in the preparation of these financial statements. The Company is currently assessing the potential impact of the adoption of these standards on its sustainability-related disclosures and the extent of additional information that may be required to be disclosed in future reporting periods.

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 minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely 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

Significant Accounting Policies

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 3.1.3.5 below for details on different types of financial assets recognized.

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 lease rental receivables, pledge loans, personal loans, corporate loans, group personal loans, mortgage loans, micro mortgage loans, micro finance loans and gold loans of the Company. Details of "Loans and advances " are given in note 20.

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

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" 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 23.

3.1.3.5. Other financial assets at fair value through profit or loss

Financial assets measured at FVTPL are measured initially at fair value and transaction costs that are directly attributable to its acquisition or issue is charged to income statement. Financial assets measured at FVTPL are subsequently recorded in the statement of financial position at fair value. Changes in fair value, gains/(losses) from trading are recognised in the income statement under "Interest Income". No impairment loss is recognised on investments in unit trusts classified as financial assets measured at FVTPL. Details of "Financial assets measured at fair value through profit or loss (FVTPL) are given in note 19.

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" or "Other borrowings" 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 28.

3.1.4.1.2. Due to customers

Details of "Due to customers" are given in note 34.

3.1.4.1.3. Financial liabilities - other borrowed funds

Details of "Other borrowed funds" are given in note 32.

3.1.4.1.4. Debentures

Details of "Debentures" are given in note 35.

3.1.5. Reclassification of financial assets and financial 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

- If an entity reclassifies a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in profit or loss.
- If an entity reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortized cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount.
- If an entity reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.
- If an entity reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. This adjustment affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.
- If an entity reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.
- If an entity reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

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.

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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 derecognises 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 when, and only when, 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 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.

Fair value measurement of financial instruments including the fair value hierarchy is explained below,

- **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.

SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

- **Stage 1:** Includes financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, a 12-months ECL is recognized, representing the 'portion of lifetime expected credit losses that result from default events that are possible within 12 months after the reporting date.
- **Stage 2:** Includes financial instruments that have experienced a significant increase in credit risk since initial recognition, but for which the exposure is not yet defaulted. For these assets, lifetime ECLs are recognized, representing the expected credit losses that result from all possible default events over the expected life of the financial asset. 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:** Includes financial instruments which are deemed to be credit impaired. This is where a credit loss has already been suffered on the assets. For these assets, lifetime ECLs are recognized, representing the expected credit losses that result from all possible default events over the expected life of the financial asset. Refer note 3.1.11.3 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. For the purpose of calculating life-time expected credit losses, as a minimum, if one or more of the following factors/ conditions are met, it shall be considered as a significant increase in credit risk. Such indicators include, inter alia:

- Contractual payments of a borrower are past due for more than 30days (subject to the rebuttable presumption under SLFRS 9).
- A two -notch downgrade under the internal rating of the licensed bank. It is required to map the internal credit risk ratings issued by for this purpose and required to refer the mapping of external credit ratings given in Finance Business Act directions on capital requirements.
- Reasonable and supportable forecasts of future economic conditions show a direct negative impact on the performance of a customer/group of customers.
- A significant change in the geographical locations or natural catastrophes that directly impact the performance of a customer /group of customers
- The value of collateral is significantly reduced and/or reliability of collateral is doubtful.
- The borrower is subject to litigation that significantly affects the performance of the credit facility.
- Frequent changes in the board of directors and senior management of an institutional customer.
- Modifications of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants etc.
- The borrower is deceased/insolvent.
- Company is unable to contact or find the borrower, and

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 along with the definition of default.

3.1.11.4. Movement between the stages

Financial assets can be transferred between the different categories depending on their relative change in credit risk since initial

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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 in 3.1.11.3.

3.1.11.5. Grouping financial assets measured on collective basis

The Company calculates ECLs either on a collective or an individual basis.

The individual impairment assessment should be performed for exposures for which there is objective evidence of expected loss. Exposures that are assessed for individual impairment and for which an impairment provision has been recognized are not included in the collective assessment of impairment. After considering multiple scenarios, if it is determined that no objective evidence of expected loss exists for an individually assessed exposure or assessed for objective evidence and there is no requirement for individual impairment, whether significant or not, this is included in a group of exposures with similar credit risk characteristics that are collectively assessed for impairment under the relevant bucket.

All the contracts which are not subject to individual impairment are subject to a minimum provision under the collective impairment depending on their aging position (arrears position) and their segments. All credit facilities are segmented based on similar risk characteristics.

3.1.11.6. The Calculation of Expected Credit Loss Principle (ECL)

Lifetime ECLs as the ECLs that result from all possible default events over the expected life of a financial instrument. The company needs to estimate the risk of a default occurring on the financial instrument during its expected life. The expected life considered for the measurement of lifetime ECLs cannot be longer than the maximum contractual period (including extensions options at the discretion of the customer) over which the entity is exposed to credit risk with the exception of revolving facilities.

ECLs should be estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset. Basically, the difference between.

- The contractual cash flows that are due to the company under the contract
- The cash flows that the holder expects to receive.

As ECLs take into account both the amount and the timing of payments, a credit loss arises even if the holder expects to receive all the contractual payments due, but at a later date. The 12-month ECLs is defined as a portion of the lifetime ECLs that represent the ECLs that result from default events on a financial instrument that is possible within the 12 months after the reporting date.

The mechanics of the ECL calculation are outlined below and the key elements are as follows:

- **PD:** Probability of default is computed using transition matrix and SLFRS 9 require point-in-time (PIT) PD. The Probability of Default is an estimate of the likelihood of default over a given time horizon. The company computes the transition matrix based on DPD information and establish a correlation based on historical information.
- **EAD:** Exposure at Default (EAD) represents the total amount the Company expects to be exposed to at the time a borrower defaults. It comprises the outstanding on-balance-sheet exposure, such as the principal and accrued interest due from the borrower. For Gold Loans the total outstanding balance is considered EAD for ECL calculation.
- **LGD:** Loss given default (LGD) is the magnitude of likely loss on exposure and is expressed as a percentage of exposure. Category wise LGD will be applied to have more accurate picture and will be adjusted periodically to reflect current economic trends where necessary. LGD should be expressed as a percentage of the Exposure at Default (EAD) and calculated using closed NPL contracts and virtually closed NPL contracts that have remained closed for at least three years. Monthly recovery data, including both cash recoveries and collateral realizations, should be tracked for defaulted accounts and discounted back to the date of default using the Effective Interest Rate (EIR) applicable to each account at the time it became non-performing. The discounted recovery amounts over the selected historical observation period should then be aggregated to determine the total discounted recoveries. The recovery rate is calculated by comparing the total discounted recoveries to the EAD, and the LGD percentage is derived by subtracting the recovery rate from 100% (or from 1 when expressed as a decimal).
- **LGD Gold loan:** LGD for gold loan facilities that have been classified as Non-Performing Assets (NPA) (i.e., above 90 days past due). The Above-90 portfolio is categorized into loans recovered through auctions, loans settled after NPA classification, renewed loans, written-off loans, and currently running loans. Recoveries realized after NPA classification are discounted to their present value as at the NPA date using the facility's Effective Interest Rate (EIR). The Recovery Rate (RR) is then calculated as the ratio of total discounted recoveries to the outstanding exposure at default. Contract-level LGD is derived as one minus the Recovery Rate, and the portfolio LGD is determined as the weighted average of the individual contract level LGD rates.
- **EFA:** Economic Factor Adjustment (EFA) is derived based on the future economic behaviour of key macro-economic variables of the country and other variables which will impact credit losses. The standard deviation and average are computed based on the historical data of each factor considered. The score is computed for

each year based on the standard deviation, average, direction for the factor and the forecast value for each factor. The scores are computed for the best case scenario and worst case scenario as well.

- **Staging Criteria:** Applies the three-stage impairment model prescribed by IFRS 9 to estimate Expected Credit Losses (ECL) based on changes in credit risk since initial recognition. Credit exposures are classified into Stage 1, Stage 2, or Stage 3 depending on the level of deterioration in credit quality, with staging determined primarily based on Days Past Due (DPD) criteria, except for facilities subject to modified contractual terms, which are assessed separately.
- **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 variables which will affect the credit losses in terms of both quantitative and qualitative. The historical and forecast values for each quantitative variables is obtained from IMF, CBSL, World Bank and other reliable sources.

Quantitative variables

- GDP growth
- Unemployment rate
- Interest rate
- Rate of inflation

Qualitative variables

- Regulatory impact
- Government policies
- Status of industry business
- Management outlook

3.1.11.8. Write-off of loans and advances

Loans and advances 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.

3.1.11.9. Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows: financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

3.2. Property, plant and equipments and capital work in progress

Details of "Property, plant and equipment along with the capital work in progress" are given in note 24.

3.2.1. Depreciation

Details of "Depreciation" are given in note 10.

3.3. Intangible assets

Details of "Intangible assets" are given in note 27. 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" in note 10.

3.4. Investment properties

Details of "Investment Property" are given in note 26.

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.

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.

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3.6. Deferred tax assets / (Liabilities)

Details of "Deferred tax assets / (Liabilities)" are given in note 14.3.

3.7. Other non-financial Assets

Details of "Other non-financial assets" are given in note 21.

3.8. 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.

3.9. 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.

3.9.1. Right-of-use assets – Company as a lessee

Details of "Rights of use assets" are given in note 25.

3.9.2. Lease liabilities

Details of "Lease liability" are given in note 33.

3.9.3. 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.

3.10. Other liabilities

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. The details are given in note 29.

3.11. Retirement benefit obligation

Details of "Retirement benefit obligation" are given on note 36.

3.12. Dividends payable

Dividends on ordinary shares and preference 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'.

3.13. 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:

3.13.1. Net interest income

3.13.1.1. 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.

3.13.2. Net fee and commission income

Fee and commission income is earned from a diverse range of services provided by the Company to its customers.

The Fee and Commission expenses includes the fixed deposit and lending performance allowance and FD mobilization expenses. These are recognised as an expense in the period in which the employee renders the service that gives rise to the entitlement, regardless of when the payment is made. Where performance allowances are accrued but unpaid at the reporting date, the liability is recognised as an accrued expense within other payables.

3.13.3. Other operating income

Other operating income includes gains/ (losses) on disposal of property, plant and equipment and investment property, dividend income, recovery of written off contracts, sundry income and gains from foreign currency savings and gain on expiration of operating lease agreements.

3.13.3.1. Dividend income

Dividend income is recognized when the Company's right to receive the income is established.

3.13.3.2. Gain or losses on disposal of property plant and equipment, Investment property

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.

3.13.3.3. Other Income

Other operating income includes income earned on other sources, which are not directly related to the normal operations of the Company. Details are given in note 8.

3.14. Personnel expenses

Details of "Personnel expenses" are given in note 9.

3.15. 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.

3.16. Income tax expense

Income tax payable 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 at 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%.

3.17. Events after the reporting period

Events after the reporting period are those events, favourable 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. Details are given in note 51.

3.18. 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.

Notes to the Financial Statements

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,		2026	2025
	Note	Rs.	Rs.
Interest on leases	4.1	**411,616,462**	95,366,957
Interest on loans	4.1	**2,171,355,948**	1,446,335,771
Overdue interest		**46,157,805**	99,696,499
Interest income on early terminated contracts		**49,379,087**	25,513,596
Interest on treasury bills in reverse repurchase agreements	4.1	**180,557,067**	171,874,193
Interest on bank deposits		**161,165,173**	362,431,994
Interest on gold loans	4.1	**6,094,517,258**	3,771,642,411
		9,114,748,800	5,972,861,421

4.1. Interest on loans, interest on leases, interest on gold loans and Interest on treasury bills in reverse repurchase agreements where 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 expense are recorded using the Effective Interest Rate method for all financial assets measured at amortised cost and all financial liabilities 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,		2026	2025
	Note	Rs.	Rs.
Interest on fixed deposits		**2,401,000,884**	2,217,128,088
Interest on savings deposits		**4,312,325**	1,250,232
Interest on other borrowings	32.1	**562,836,221**	548,136,720
Interest on leased liabilities	33	**66,056,495**	58,079,380
Interest on debenture	35.3	**336,835,895**	177,111,430
Interest on bank loans	32.3	**809,078,715**	353,686,086
		4,180,120,535	3,355,391,936

6. NET INTEREST INCOME

Accounting Policy

Net interest income is the difference between the interest income generated and interest expenses incurred on interest-bearing liabilities. A positive net interest income indicates the efficiency in investing.

For the year ended 31st March,		2026	2025
	Note	Rs.	Rs.
Interest income	4	**9,114,748,800**	5,972,861,421
Interest expenses	5	**(4,180,120,535)**	(3,355,391,936)
		4,934,628,265	2,617,469,485

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,	2026	2025
	Rs.	Rs.
Documentation charges and service charges	**968,595,048**	847,973,535
Fee and commission expenses	**(39,019,742)**	(48,346,033)
Insurance commission income	**11,882,500**	3,919,683
	941,457,806	803,547,185

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.

Recovery of written-off debt

Recovery of amounts previously written-off as bad and doubtful debts is recognised on a cash basis.

For the year ended 31st March,	2026	2025
	Rs.	Rs.
Gain / (Loss) on disposal of property, plant and equipments	**2,237,536**	(1,402,225)
Dividend income	**291,200**	268,900
Recovery of written off contracts	**132,169,688**	72,789,439
Sundry income	**22,730,116**	11,549,285
Gain from foreign currency	**1,183,650**	-
Loss on disposal of investment property	**(1,064,221)**	-
Gain on expiration of operating lease agreements and other adjustments	**5,131,780**	41,710,997
	162,679,749	124,916,396

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 income statement 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,		2026	2025
	Note	Rs.	Rs.
Directors' remuneration		**18,570,500**	26,139,400
Salaries and bonus		**608,800,257**	375,597,725
Defined contribution plan costs - EPF and ETF		**80,683,682**	56,345,752
Other staff related expenses		**288,678,598**	178,611,509
Provision for staff retirement benefits	36.1	**14,649,933**	10,814,992
		1,011,382,970	647,509,378

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 24.

Amortisation of intangible assets

Amortisation is recognised in income statement on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use.

The estimated useful lives are as follows;

Software license	8 years

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	2026 Rs.	2025 Rs.
Depreciation of property, plant and equipments and investment properties		**140,107,908**	87,577,139
Amortisation of right-of-use assets	25	**101,000,198**	88,882,377
Amortisation of intangible assets	27	**11,221,307**	10,201,959
		252,329,413	186,661,475

11. IMPAIRMENT CHARGE FOR LOANS AND ADVANCES

Accounting Policy

The Company recognises the changes in the impairment provisions for loans and advances which are assessed as per the SLFRS 9 - Financial Instruments. The methodology adopted by the Company in determining the same is explained in Note 3.1.11 and Note 20 to these financial statements.

For the year ended 31st March,	2026 Rs.	2025 Rs.
Individual impairment charge	**1,241,086,146**	474,577,827
Collective impairment charge	**(570,222,707)**	245,896,025
	670,863,439	720,473,852

11.1. Product wise Impairment charge/(reversal)

Lease rentals receivable	**80,591,433**	76,630,868
Mortgage loans	**264,458,822**	(60,244,093)
Micro mortgage loans	**121,267,262**	2,630,112
Personal and corporate loans	**31,812,252**	420,540,478
Group personal loans	**(16,833,329)**	63,169,429
Micro finance loans	**10,047,202**	380,554,638
Project financing loan	**-**	(495,575)
Gold loan	**179,519,797**	(162,312,005)
	670,863,439	720,473,852

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 income statement "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,		2026	2025
	Note	Rs.	Rs.
Operating profit before taxes on financial services is stated after charging all expenses including the following;			
Depreciation and amortisation	10	**151,329,215**	97,779,098
Depreciation on right of use assets	10	**101,000,198**	88,882,377
Auditors' remuneration - external audit		**3,162,500**	2,750,000
- Non-audit		**10,967,500**	4,540,000
Advertising and business promotion		**146,744,121**	120,155,044
Professional and legal fees		**69,218,689**	56,916,067
Operational expenses on investment property		**-**	1,295,457
		482,422,223	372,318,043

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,	2026	2025
	Rs.	Rs.
VAT on financial services	**755,159,268**	268,797,473
Social security contribution levy	**91,086,155**	30,894,541
	846,245,423	299,692,014

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 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,		2026	2025
	Note	Rs.	Rs.
Major components of income tax expense			
Income Statement			
Current income tax charge	14.1	**909,830,633**	198,726,323
Previous year under / (over) provision		**46,710,669**	(44,937,762)
Deferred tax expense / (reversal)	14.4	**(68,835,904)**	40,877,309
Total current income tax reported in the profit or loss		**887,705,398**	194,665,870
Statement of profit or loss and other comprehensive income			
Deferred tax charge on revaluation gain		**-**	3,886,436
Deferred tax reversal on actuarial losses		**(2,409,621)**	(704,696)
Total income tax expenses reported in the other comprehensive income		**(2,409,621)**	3,181,740
Net charge to the profit or loss and other comprehensive income		**885,295,777**	197,847,610

14.1. Reconciliation of accounting profit before tax and taxable income

	2026		2025	
	Effective Tax Rate (%)	Rs.	Effective Tax Rate (%)	Rs.
Profit before taxation		**1,926,062,605**		635,809,540
Disallowable expenses	**97%**	**1,866,718,227**	199%	1,266,049,362
Allowable expenses	**-39%**	**(758,609,384)**	-191%	(1,213,946,974)
Exempt income	**0%**	**(1,402,671)**	-4%	(25,490,850)
Statutory income	**157%**	**3,032,768,777**	104%	662,421,078
Taxable income	**157%**	**3,032,768,777**	104%	662,421,078
Income tax expense	**47%**	**909,830,633**	31%	198,726,323

14.2. Deferred tax assets/(liabilities)

Accounting Policy

Deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets 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.

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 assets/(liabilities)

As at 31st March,		2026	2025
	Note	Rs.	Rs.
Balance at the beginning of the year		**(5,508,866)**	38,550,183
(Charge)/reversal during the year	14.4	**71,245,525**	(44,059,049)
Balance as at the end of the year		**65,736,659**	(5,508,866)

For the year ended 31st March,		2026	2025
	Note	Rs.	Rs.
14.4. (Charge)/reversal for deferred taxation recognized in,			
Profit or loss		**68,835,904**	(40,877,309)
Other comprehensive income		**2,409,621**	(3,181,740)
		71,245,525	(44,059,049)
14.5. Deferred tax assets/(liabilities) relate to the following:			
Recognised under assets	14.5.2	**290,163,594**	162,887,044
Recognised under liabilities	14.5.1	**(224,426,935)**	(168,395,910)
Deferred tax assets / (liabilities) balance		**65,736,659**	(5,508,866)

	2026		2025	
	Temporary Difference	Tax Effect on Temporary Difference	Temporary Difference	Tax Effect on Temporary Difference
	Rs.	Rs.	Rs.	Rs.
14.5.1. Deferred tax liabilities				
Revaluation reserve	(56,465,877)	(16,939,763)	(56,465,877)	(16,939,763)
Property, plant and equipments	(156,634,460)	(46,990,339)	(114,023,345)	(34,207,004)
Right of use assets	(534,989,444)	(160,496,833)	(390,830,478)	(117,249,143)
	(748,089,781)	(224,426,935)	(561,319,700)	(168,395,910)
14.5.2. Deferred tax assets				
Retirement benefit obligations	66,534,016	19,960,205	50,096,525	15,028,957
Lease liabilities	556,741,706	167,022,512	411,187,318	123,356,195
Provision for impairment - loans and advances	343,936,255	103,180,877	81,672,973	24,501,892
	967,211,977	290,163,594	542,956,816	162,887,044
	219,122,196	65,736,659	(18,362,884)	(5,508,866)

14.6. Movement in deferred tax assets/(liabilities)

As at 31st March,	2026			
		(Charge) / reversal for deferred taxation recognized in		
	Balance at the beginning of the year	Profit or loss	Other comprehensive income	Balance at the end of the year
	Rs.	Rs.	Rs.	Rs.
Revaluation reserve	(16,939,763)	-	-	(16,939,763)
Property, plant and equipments	(34,207,004)	(12,783,335)	-	(46,990,339)
Right of use assets	(117,249,143)	(43,247,690)	-	(160,496,833)
Retirement benefit obligations	15,028,957	2,521,627	2,409,621	19,960,205
Lease liabilities	123,356,195	43,666,317	-	167,022,512
Provision for impairment - loans and advances	24,501,892	78,678,985	-	103,180,877
	(5,508,866)	68,835,904	2,409,621	65,736,659

As at 31st March,	2025			
		(Charge) / reversal for deferred taxation recognized in		
	Balance at the beginning of the year	Profit or loss	Other comprehensive income	Balance at the end of the year
	Rs.	Rs.	Rs.	Rs.
Revaluation reserve	(13,053,327)	-	(3,886,436)	(16,939,763)
Property, plant and equipments	(21,481,749)	(12,725,255)	-	(34,207,004)
Right of use assets	(55,931,718)	(61,317,425)	-	(117,249,143)
Retirement benefit obligations	11,863,028	2,461,233	704,696	15,028,957
Lease liabilities	65,832,971	57,523,224	-	123,356,195
Provision for impairment - loans and advances	8,047,427	16,454,465	-	24,501,892
Carried forward tax loss and unused tax credit	28,961,796	(28,961,796)	-	-
Transitional adjustment	14,311,755	(14,311,755)	-	-
	38,550,183	(40,877,309)	(3,181,740)	(5,508,866)

14.7. 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 2025 and 2026.

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	2026			
		FVTPL	FVOCI	Amortized Cost	Total
		Rs.	Rs.	Rs.	Rs.
Assets					
Cash and cash equivalents	17	-	-	986,180,555	986,180,555
Other financial assets at amortized cost	18	-	-	2,993,753,259	2,993,753,259
Other financial assets at fair value through profit or loss	19	208,024,754	-	-	208,024,754
Financial assets at amortised cost - loans and advances	20	-	-	46,999,361,275	46,999,361,275
Financial assets - fair value through other comprehensive income	23	-	1,427,735	-	1,427,735
Total financial assets		208,024,754	1,427,735	50,979,295,089	51,188,747,578
Liabilities					
Due to banks	28	-	-	43,604,160	43,604,160
Financial liabilities - other borrowed funds	32	-	-	18,243,890,679	18,243,890,679
Lease liabilities	33	-	-	556,741,706	556,741,706
Due to customers	34	-	-	25,933,000,915	25,933,000,915
Debentures	35	-	-	2,675,840,048	2,675,840,048
Total financial liabilities		-	-	47,453,077,508	47,453,077,508

As at 31st March,	Note	2025			
		FVTPL	FVOCI	Amortized Cost	Total
		Rs.	Rs.	Rs.	Rs.
Assets					
Cash and cash equivalents	17	-	-	3,150,043,244	3,150,043,244
Other financial assets at amortized cost	18	-	-	2,613,933,531	2,613,933,531
Other financial assets at fair value through profit or loss	19	232,567,497	-	-	232,567,497
Financial assets at amortised cost - loans and advances	20	-	-	29,157,077,081	29,157,077,081
Financial assets - fair value through other comprehensive income	23	-	300,000	-	300,000
Total financial assets		232,567,497	300,000	34,921,053,856	35,153,921,353
Liabilities					
Due to banks	28	-	-	50,418,316	50,418,316
Financial liabilities - other borrowed funds	32	-	-	9,291,880,609	9,291,880,609
Lease liabilities	33	-	-	411,187,318	411,187,318
Due to customers	34	-	-	20,004,208,401	20,004,208,401
Debentures	35	-	-	2,677,894,881	2,677,894,881
Total financial liabilities		-	-	32,435,589,525	32,435,589,525

15.1. Determination of fair value and fair value hierarchy

The following is a description of how fair values are determined for financial assets recorded 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 2026 and 31 March 2025 the Company uses the following hierarchy for determining and disclosing the fair value of those assets by valuation technique:

As at 31st March,	Note	2026			
		Level 01	Level 02	Level 03	Total
		Rs.	Rs.	Rs.	Rs.
Financial assets – fair value through other comprehensive income		–	–	1,427,735	1,427,735
Other financial assets at fair value through profit or loss	15.3	–	208,024,754	–	208,024,754
		–	208,024,754	1,427,735	209,452,490

As at 31st March,	Note	2025			
		Level 01	Level 02	Level 03	Total
		Rs.	Rs.	Rs.	Rs.
Financial assets – fair value through other comprehensive income		–	–	300,000	300,000
Other financial assets at fair value through profit or loss	15.3	–	232,567,497	–	232,567,497
		–	232,567,497	300,000	232,867,497

15.2. There are no transfers between the levels of the fair value hierarchy during the year ended 31st March 2026.

15.3. The fair value of investments in unit trusts is determined based on per unit value confirmed by the respective counter parties as at the reporting date, which represents the price at which units can be redeemed which is considered as the valuation technique.

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 Company of 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,	2026		
	Gross Amounts	Cash Collateral	Net Amount
	Rs.	Rs.	Rs.
Financial assets			
Financial assets at amortised cost - loans and advances	49,180,758,416	474,299,576	48,706,458,840
Financial liabilities			
Due to customers	25,933,000,915	474,299,576	25,458,701,339

As at 31st March,	2025		
	Gross Amounts	Cash Collateral	Net Amount
	Rs.	Rs.	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

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 amortised cost or carrying amount, where appropriate.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

As at 31st March,	2026	2025
	Rs.	Rs.
Cash in hand	**258,001,874**	261,535,809
Cash in hand in foreign currency	**1,954,226**	4,830,954
Cheque in hand	**17,935,684**	40,404,437
Current accounts with banks	**144,144,965**	251,157,349
Savings accounts with banks	**540,281,766**	2,580,602,789
Savings accounts with banks in foreign currency	**23,862,040**	11,511,906
	986,180,555	3,150,043,244

18. OTHER FINANCIAL ASSETS AT AMORTIZED COST

Accounting Policy

These comprise securities under reverse repurchase agreements against treasury bills, investments in debentures, and fixed deposits and commercial papers with banks and other financial institutions. Such investments are recognised in the statement of financial position at the consideration paid, including accrued interest, reflecting the economic substance of the transaction. Interest income arising from reverse repurchase agreements against treasury bills, representing the difference between the purchase and resale prices, as well as interest earned on debentures and fixed deposits, is recognised in income statement and accrued over the relevant investment period.

As at 31st March,		2026	2025
	Note	Rs.	Rs.
Reverse repurchase agreements against treasury bills		**2,912,193,648**	2,063,167,575
Debenture Investments	18.1	**64,958,743**	64,958,743
Short-term investments	18.2	**16,600,868**	485,807,213
		2,993,753,259	2,613,933,531
18.1. Debenture investments - counterparty external credit ratings			
Seylan bank - A+(lka)		**64,958,743**	64,958,743
		64,958,743	64,958,743
18.2. Short term investments - counterparty external credit ratings			
Sampath bank - AA- (lka)		**16,600,868**	15,780,364
LOLC - A		**-**	470,026,849
		16,600,868	485,807,213

(Ratings are based on Fitch Ratings Lanka Ltd.)

19. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

All other financial assets not measured at amortised cost or fair value through other comprehensive income (FVOCI) are measured as other financial assets at fair value through profit or loss (FVTPL). This includes financial assets that are held for trading purposes. The financial assets are classified as held for trading if: they are acquired principally for the purpose of selling in the near term; or they are held as part of portfolio that is managed together for short-term profit or position taking.

Financial assets held for trading are measured at fair value through profit or loss in the statement of financial position. Net gains / (losses) from trading are recorded in "Interest Income" respectively in the Income Statement, according to the terms of the contract, or when the right to receive the payment has been established.

As at 31st March,	2026	2025
	Rs.	Rs.
Unit trust investments	208,024,754	232,567,497
	208,024,754	232,567,497

19.1. Counterparty external credit ratings

Senfin money market fund - AAf(lka)	166,162,241	153,365,505
JB vantage money market fund - unrated	-	9,814,883
NDB wealth money market fund - unrated	-	29,243,894
First capital treasuries PLC - unrated	13,464,547	9,696,181
Capital alliance investment - BBf(lka)	28,397,966	30,447,034
	208,024,754	232,567,497

19.2. Unit trust investments - No of units and cost per unit

As at 31 March,	2026	
	No of Units	Cost per Unit
		Rs.
Senfin money market fund	5,745,145	26.11
Capital alliance investment	714,405	39.44
First capital treasuries PLC	3,704	3,636
	6,463,254	3,702

As at 31 March,	2025	
	No of Units	Cost per Unit
		Rs.
Senfin money market fund	5,745,145	27
Capital alliance investment	836,834	36
First capital treasuries PLC	2,891	3,354
JB vantage money market fund	198,677	49
NDB wealth money market fund	815,911	36
	7,599,458	3,502

19.4. The gain arising from investments in unit trust funds during the year has been recognised in the income statement under interest income.

20. FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES

Accounting Policy

Loans and advances 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 charge for loans and advances".

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 advances

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,	2026	2025
	Rs.	Rs.
Gross loans and advances	**49,180,758,416**	31,334,289,469
Provision for impairment - Collective	**(450,130,670)**	(1,369,857,707)
Provision for impairment - Individual	**(1,718,520,289)**	(803,752,286)
Net interest margin	**(12,746,182)**	(3,602,395)
Net loans and advances	**46,999,361,275**	29,157,077,081
20.1. Loans and advances - Analysis by product		
Lease rentals receivable	**3,459,147,247**	950,456,736
Pledge loans	**474,299,576**	332,393,832
Personal and corporate loans	**1,192,602,171**	1,241,076,690
Group personal loans	**38,989,387**	141,035,932
Mortgage loans	**1,428,880,045**	1,723,487,254
Micro mortgage loans	**6,755,627,804**	4,759,108,920
Micro finance loans	**622,276,565**	902,219,917
Gold loan	**35,208,935,621**	21,284,510,188
	49,180,758,416	31,334,289,469

As at 31st March,	2026	2025
	Rs.	Rs.
20.2. Impairment provision - Analysis by product		
Lease rentals receivable	**220,338,632**	147,645,086
Mortgage loans	**355,474,436**	104,186,199
Micro mortgage loans	**127,004,374**	5,737,112
Personal and corporate loans	**616,814,646**	948,546,417
Group personal loans	**38,888,913**	125,631,478
Micro finance loans	**622,144,696**	819,914,653
Gold loan	**187,985,262**	21,949,048
	2,168,650,959	2,173,609,993
20.3. Net interest margin - Analysis by product		
Lease rentals receivable	**583,458**	225,522
Mortgage loans	**2,212,059**	830,840
Micro mortgage loans	**4,265,251**	-
Personal and corporate loans	**2,127,252**	507,732
Group personal loans	**13,096**	16,703
Micro finance loans	**52,288**	13,784
Gold loan	**3,492,778**	2,007,814
	12,746,182	3,602,395

20.4. Impairment charge / (reversal) to the income statement

For the year ended 31st March,	2026	2025
	Rs.	Rs.
Stage 1	**114,159,791**	(33,052,008)
Stage 2	**118,209,105**	(19,188,619)
Stage 3	**438,494,543**	772,714,479
Total	**670,863,439**	720,473,852

20.5. Financial assets at amortised cost – Loans and advances

As at 31st March,	2026				2025			
Rs.	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross loans and advances	42,999,067,200	3,211,871,168	2,969,820,048	49,180,758,416	24,899,734,478	2,523,902,357	3,910,652,634	31,334,289,469
Provision for impairment	(182,225,885)	(128,934,923)	(1,857,490,151)	(2,168,650,959)	(68,066,094)	(10,725,818)	(2,094,818,081)	(2,173,609,993)
Provision net interest margin	-	-	(12,746,182)	(12,746,182)	-	-	(3,602,395)	(3,602,395)
Net Loans and advances	42,816,841,315	3,082,936,245	1,099,583,715	46,999,361,275	24,831,668,384	2,513,176,539	1,812,232,158	29,157,077,081

20.5.1. Movement in stage wise impairment provision

As at 31st March,		2026				2025			
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		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
Charge / (reversal) to the income statement		114,159,791	118,209,105	438,494,543	670,863,439	(33,052,008)	(19,188,619)	772,714,479	720,473,852
Write off of during the year - Non-gold loan	20.5.1.1	-	-	(662,338,890)	(662,338,890)	-	-	(97,982)	(97,982)
Write off of during the year - Gold loan	20.5.1.1	-	-	(13,483,583)	(13,483,583)	-	-	(50,311,040)	(50,311,040)
Balance at the end of the year		182,225,885	128,934,923	1,857,490,151	2,168,650,959	68,066,094	10,725,818	2,094,818,081	2,173,609,993

20.5.1.1. The Company is currently engaged in ongoing legal proceedings aimed at the recovery of written off balances of Rs. 675,822,473. 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.

20.6. Movement in stage wise loans and advances

As at 31st March,	2026				2025			
Rs.	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning 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
Transfer to stage 01	106,772,686	(93,382,399)	(13,390,287)	-	60,612,648	(3,617,294)	(56,995,354)	-
Transfer to stage 02	(472,134,178)	474,464,001	(2,329,823)	-	(216,269,662)	226,457,846	(10,188,184)	-
Transfer to stage 03	(186,087,294)	(117,873,692)	303,960,986	-	(143,414,786)	(28,714,973)	172,129,759	-
New assets originated	39,548,243,919	2,643,803,091	1,216,282,023	43,408,329,033	23,423,202,836	2,304,559,221	998,380,567	26,726,142,624
Financial assets derecognised or repaid	(20,897,462,411)	(2,219,042,190)	(1,769,533,012)	(24,886,037,613)	(13,377,120,655)	(840,181,719)	(1,688,797,768)	(15,906,100,142)
Write-offs	-	-	(675,822,473)	(675,822,473)	-	-	(50,409,022)	(50,409,022)
Balance as at the end of the year	42,999,067,200	3,211,871,168	2,969,820,048	49,180,758,416	24,899,734,478	2,523,902,357	3,910,652,634	31,334,289,469

20.7. Loans and advances - product analysis by stagewise

As at 31st March,	2026				2025			
Rs.	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gold loan	87,135,858	72,128,918	28,720,487	187,985,263	16,908,701	2,159,287	2,881,060	21,949,048
Non gold loan	95,090,027	56,806,005	1,828,769,664	1,980,665,696	51,157,393	8,566,530	2,091,937,022	2,151,660,945
	182,225,885	128,934,923	1,857,490,151	2,168,650,959	68,066,094	10,725,817	2,094,818,082	2,173,609,993

20.8. The following table provides an explanation of how significant changes in gross loans and advances during the period contributed to changes in impairment provision.

	2026			
	Impact : Increase/(Decrease)			
	Stage 1	Stage 2	Stage 3	Total
	Rs.	Rs.	Rs.	Rs.
Due to the branch expansion and the change in the product strategy				
Gross gold loan	14,341,039,433	(146,881,496)	(269,732,504)	13,924,425,433
Provision for impairment	70,227,156	69,969,631	25,839,427	166,036,214
	14,270,812,277	(216,851,127)	(295,571,931)	13,758,389,219
Due to the branch expansion and the change in the business strategy to mitigate the concentration risk				
Gross non gold loan	3,758,293,288	834,850,309	(671,100,083)	3,922,043,514
Provision for impairment	43,932,634	48,239,475	(263,167,357)	(170,995,248)
	3,714,360,654	786,610,834	(407,932,726)	4,093,038,762

21. 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 or NRV whichever is lower. 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,	2026	2025
	Rs.	Rs.
Admin consumable stock	4,718,629	24,058,581
Other assets	132,647,504	154,334,862
	137,366,133	178,393,443

22. ADVANCES, DEPOSITS AND PREPAYMENTS

Accounting Policy

Advance payments are carried at historical cost.

As at 31st March,	2026	2025
	Rs.	Rs.
Advances and prepayments	26,487,181	22,751,020
Refundable deposits	76,024,600	53,839,600
Other receivables	289,249,192	122,758,586
	391,760,973	199,349,206

23. FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	No. of Shares	Fair value as at 31.03.2026	Fair value as at 31.03.2025
			Rs.	Rs.
Unquoted Ordinary shares				
Finance Houses Association of Sri Lanka	23.1	20,000	1,417,735	200,000
Credit Information Bureau of SL (CRIB)	23.1	100	10,000	100,000
		20,100	1,427,735	300,000

23.1. Remeasurement recognised to OCI

	Notes	Finance Houses Association of Sri Lanka	Credit Information Bureau of SL (CRIB)	Total
			Rs.	Rs.
Balance at the beginning of the year		200,000	100,000	300,000
Remeasurement gain / (loss) recognized to OCI	23.2	1,217,735	(90,000)	1,127,735
Balance at the end of the year		1,417,735	10,000	1,427,735
		20,100	1,427,735	300,000

23.2. As these investments are unquoted and have no active market from which a reliable fair value could be obtained, Investment in Finance Houses Association of Sri Lanka is valued using the respective net asset values attributable to the investee and the investment in Credit Information Bureau of SL has been determined at Rs. 100 per share as at 31st March 2026, as confirmed by the CRIB. This fair valuation can be classified as a level 3 valuation as per SLFRS 13 - "Fair Value Measurement".

23.3. The Company designated these investments as FVOCI because these investments represent investments, that Company intends to hold for long-term strategic purposes.

23.4. The change in fair value does not arise from a strategic disposal, and solely from the period end fair value adjustments, reflecting the updated market values.

23.5. There were no strategic disposals of equity instruments designated at FVOCI during the year.

23.6. 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 (Rs. 71)	if net assets per share increase / (decrease) ; fair value increase / decrease
Price per share as confirmed by CRIB	if price per share increase / (decrease) ; fair value increase / decrease

23.7. There are no transfers between the level 01 and 02 of the fair value hierarchy during the year ended 31st March 2026.

24. PROPERTY, PLANT AND EQUIPMENTS

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.

Capital Working Progress

Expenditure incurred on assets under construction, include the training centre currently being constructed on the leased land, is accumulated in capital work in progress (CWIP) and carried at cost. CWIP is not depreciated. Upon completion and when the asset is available for use in the manner intended by management, the accumulated cost is transferred to the appropriate category of PPE.

Costs that are not directly attributable to the construction of the asset, including general administrative overheads, abnormal wastage and employee training costs are recognised as expenses in the period in which they are incurred and are not capitalised.

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.

The carrying value of revalued assets as at 31st March 2026 that would have been included in the financials statements of the Company had the assets been carried at cost less depreciation is as follows,

Notes to the Financial Statements

Accounting Policy

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. The Company revalues its motor vehicles at least once every three years, or more frequently if there are indications that the carrying amount differs materially from 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 motor vehicle at fair value, valuations of the motor vehicles were carried out as at 31st March 2025 by S&T Vehicle Valuation Centre (Pvt) Ltd. Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets (Level 3).

	Cost	Accumulated Depreciation	Carrying Value
	Rs.	Rs.	Rs.
Motor vehicles	53,863,367	41,402,506	12,460,861

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.

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 and building	Motor vehicles	Office equipments	Computers	Furniture and fittings	Capital working progress	Total
	Rs.	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
Balance at 01 April 2025	249,599,000	58,075,000	430,469,315	152,775,066	127,686,085	-	1,018,604,466
Additions during the year	-	86,300,000	124,208,254	184,516,509	43,990,161	31,684,014	470,698,938
Disposals during the year	-	(25,400,000)	(176,000)	-	(33,326)	-	(25,609,326)
Balance at 31 March 2026	249,599,000	118,975,000	554,501,569	337,291,575	171,642,920	31,684,014	1,463,694,078

	Land and building	Motor vehicles	Office equipments	Computers	Furniture and fittings	Capital working progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Accumulated depreciation							
Balance at 01 April 2024	-	1,186,964	141,913,149	49,587,521	34,143,693	-	226,831,327
Additions during 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
Balance at 01 April 2025	494,027	675,890	191,803,339	66,150,358	49,025,664	-	308,149,278
Charge for the year	3,680,000	14,758,012	67,001,661	39,256,649	20,957,698	-	145,654,020
Disposals during the year	-	(1,462,246)	(176,000)	-	(23,871)	-	(1,662,117)
Balance at 31 March 2026	4,174,027	13,971,656	258,629,000	105,407,007	69,959,491	-	452,141,181

As at 31st March,	2026	2025
	Rs.	Rs.
Net Book value		
Land and building	**245,424,973**	249,104,973
Capital working progress	**31,684,014**	-
Motor vehicles	**105,003,344**	57,399,110
Office equipments	**295,872,569**	238,665,976
Computers	**231,884,568**	86,624,708
Furniture and fittings	**101,683,429**	78,660,421
	1,011,552,897	710,455,188

24.1. During the 12 months ended 31st March 2026, the Company acquired property, plant and equipment to the aggregate value of Rs. 470,698,938 (2025 - Rs. 478,055,127). Cash payments amounting to Rs. 359,750,618 (2025 - 478,055,127) were paid during the period for the purchases of property, plant and equipment.

24.2. Property, plant and equipment include fully depreciated assets having a gross carrying amount of Rs. 153,063,877 (2025 - Rs. 122,416,640).

24.3. There were no property, plant and equipment idling as at 31st March 2026 and 31st March 2025.

24.4. There was no restriction on the title of property, plant and equipment as at 31st March 2026 and 31st March 2025.

24.5. There were no items of property, plant and equipment pledged as securities for liabilities as at 31st March 2026 and 31st March 2025.

24.6. There was no capitalised borrowing cost related to the acquisition of property, plant and equipment during the financial year 2026 and 2025.

24.7. The Board of Directors has assessed the potential impairment loss on property, plant and equipment as at 31st March 2026. Based on the assessment, no impairment provision is required to be made in the financial statements as at reporting date.

24.8. Fair value 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 (Rs.)	Date of Valuation
No 76, Dharmapala Mawatha Colombo 03	01	Contractor's Method Price per Perch/Price per Square Feet	Rs. 21,000,000 p.p./ Rs. 14,500 p.sq.ft.	00A 00R 8.80P (0. 223 hectares)	3907.6 sq.ft	241,000,000	21-Jan-25

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.

24.9. 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

24.10. 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

24.11. Valuations of the motor vehicles were carried out as at 31st March 2025 by S&T Vehicle Valuation Centre (Pvt) Ltd amounting to Rs. 58,075,000

25. 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,	2026	2025
	Rs.	Rs.
Cost		
Balance at the beginning of the year	**612,975,580**	440,081,146
Additions during the year	**251,886,834**	297,962,412
Disposals during the year	**(29,780,055)**	(52,862,004)
Other adjustments during the year	**-**	(72,205,974)
Balance at the end of the year	**835,082,359**	612,975,580
Accumulated amortisation		
Balance at the beginning of the year	**222,145,103**	253,642,085
Amortisation for the year	**101,000,198**	88,882,377
Disposals during the year	**(23,052,386)**	(40,163,147)
Other adjustments during the year	**-**	(80,216,212)
Balance at the end of the year	**300,092,915**	222,145,103
Net book value	**534,989,444**	390,830,477

26. INVESTMENT PROPERTIES

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,	2026	2025
	Rs.	Rs.
Cost		
Balance at the beginning of the year	**436,547,524**	334,011,484
Disposals during the year	**(15,064,221)**	-
Transfers during the year	**-**	102,536,040
Balance at the end of the year	**421,483,303**	436,547,524
Accumulated depreciation		
Balance at the beginning of the year	**11,273,121**	9,712,377
Charge for the year	**2,720,138**	1,560,744
Balance at the end of the year	**13,993,259**	11,273,121
Net book value	**407,490,044**	425,274,403

Fair value of the investment property for the purpose of disclosure in note 26.3 was ascertained by valuations carried out by independent valuers as required by LKAS 40.

26.1. Loss on sale of investment property recognised in respect to the above investment property is disclosed in Note 08.

26.2. There are no operating expenses during the year in relation to the investment properties (2025 - Rs. 1,295,457).

26.3. Advance Received for Investment Property

As at 31st March,	2026	2025
	Rs.	Rs.
No:723/53, "Lake Terrace" Jayasinghe Mawatha, Korathota Road, Athurugiriya.	**1,063,000**	1,063,000
Oslo Furnitures Industries (Pvt) Ltd, Welagane, Maspotha,Kurunegala	**10,200,000**	-
	11,263,000	1,063,000

26.4. 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.

26.5. Fair value of the investment property

As at 31st March,				2026		2025	
Locations of the land & Building	Valuation Date	Valuer's name and report date	Total extent	Fair value	Cost	Fair value	Cost
				Rs.	Rs.	Rs.	Rs.
Lot 05, Dangahahena Land, Anamaduwa Road, Andigama.	23-Mar-26	R.M.M.S. Bandara (Incorporated Valuer)	0A-0R-39.40 P (0.09965 Ha)	15,800,000	1,250,000	12,000,000	1,250,000
No 25/20, Kalyani Mawatha, Mabola, Wattala.	26-Mar-26	I.P.K. Rasaputhra (Incorporated Valuer)	0A-0R-20.93P	12,700,000	12,453,317	11,000,000	12,453,317
No; 21, 14th Lane, I. Jothipala Mawatha, Malabe.	10-Oct-23	D. Jayawardene (Incorporated Valuer)	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.	2-Apr-23	D. Jayawardene (Incorporated Valuer)	02A-02R-15 P	-	-	23,000,000	15,064,221
Lot no;1 in Plan no; 5644 at Lenadora, Dambulla.	4-Apr-23	D. Jayawardene (Incorporated Valuer)	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.	4-Apr-23	D. Jayawardene (Incorporated Valuer)	0A-01R-35.00 P (0.1897 Ha)	57,000,000	46,344,685	57,000,000	46,344,685
Karukottiheevu, Thamputtai 02, Akkaraipattu.	2-Apr-23	D. Jayawardene (Incorporated Valuer)	10A-01R-05P (4.1602 Ha)	123,000,000	95,236,734	123,000,000	95,236,734
Galapitamillahena, Polarambegama, Kegalle.	2-Apr-23	D. Jayawardene (Incorporated Valuer)	06A-01R-00P (2.52928 Ha.)	28,000,000	25,374,000	28,000,000	25,374,000
No;95,Mallattawela,Wellawaya	2-Apr-23	D. Jayawardene (Incorporated Valuer)	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.	15-Jun-25	D. Jayawardene (Incorporated Valuer)	0A-03R-10.00 P (0.325 Ha)	17,500,000	12,103,870	13,000,000	12,103,870
Lot No;1 in Plan no;1520 & Lot no;1 in Plan no;1522, "EVERTON ESTATE", Pothupitiya Road, Rakwana	2-Apr-23	D. Jayawardene (Incorporated Valuer)	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.	15-Jun-25	D. Jayawardene (Incorporated Valuer)	0A-0R-23.52 P	10,000,000	6,016,123	7,500,000	6,016,123
"Kopiwatta" Lot No: A, Polwatta Road, Minuwangoda.	15-Jun-25	D. Jayawardene (Incorporated Valuer)	01A-0R-01.49P (0.4085 Ha.)	60,000,000	55,892,177	55,000,000	55,892,177
No 95/10/6, Godagamawatta, Godagma, Homagama	24-Oct-24	W.D. Siripala (BSc Estate Management & valuation Fellow Member)	0A-0R-12.76 P	13,000,000	13,992,245	13,000,000	13,992,245
No 38/7, Subasadaka Mawatha, Beddagana North, Kotte (Manju Trading)	22-Mar-24	L.P.K. Rasaputhra (BSc Estate Management & valuation - Fellow Member)	23.50P	94,000,000	88,543,795	94,000,000	88,543,795
				584,000,000	421,483,303	589,500,000	436,547,524

26.6. Measurement of fair values

26.5.1. 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. Jayawardana, Mr. R.M.M.S. Bandara, Mr. W. D. Siripala and Mr. I.P.K. Rasaputhra Incorporated Valuer, B. Sc. Estate Mgt. & Valuation (Special) A.I.V. (Sri Lanka). The fair value measurement of all the investment properties have been categories as Level 03 fair value measurements.

	2026			
	Total	Level 01	Level 02	Level 03
	Rs.	Rs.	Rs.	Rs.
Investment properties	584,000,000	-	-	584,000,000

	2025			
	Total	Level 01	Level 02	Level 03
	Rs.	Rs.	Rs.	Rs.
Investment properties	589,500,000	-	-	589,500,000

26.5.2. 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. 450,000 to Rs. 3,600,000 in the Colombo area and Rs. 5,000 to Rs. 800,000 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)

27. 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 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 income statement in "depreciation and amortization cost". Indefinite intangible assets are not amortized, but are tested for impairment annually or more frequently if events or circumstances indicate the asset may be impaired. 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 derecognised.

As at 31st March,	2026	2025
	Rs.	Rs.
Cost		
Balance at the beginning of the year	**96,873,713**	85,156,917
Additions during the year	**900,000**	11,716,796
Balance at the end of the year	**97,773,713**	96,873,713
Accumulated Amortisation		
Balance at the beginning of the year	**48,741,428**	38,539,469
Charge for the year	**11,221,307**	10,201,959
Balance at the end of the year	**59,962,735**	48,741,428
Net book value	**37,810,978**	48,132,285

27.1. 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.

28. DUE TO BANKS

Accounting Policy

Due to banks include bank overdrafts and 'interest expenses' in the income statement.

As at 31st March ,	2026	2025
	Rs.	Rs.
Due to banks	**43,604,160**	50,418,316
	43,604,160	50,418,316

28.1. Underlying Fixed Deposit

A fixed deposit amounting to Rs. 14,016,933 pledged with Sampath Bank PLC as security for an overdraft facility of Rs. 150,000,000 sanctioned in favor of the company. The overdraft facility is repayable on demand and carries an interest.

29. OTHER LIABILITIES

Accounting Policy

Other liabilities include, VAT on financial services payable, crop insurance levy payable, social security contribution levy payable, other taxes 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 ,	2026	2025
	Rs.	Rs.
VAT on FS payable	**64,467,048**	14,020,619
Customer related payables	**317,769,391**	748,051,700
Tax payable	**27,161,502**	11,166,515
Accrued expenses	**207,307,966**	16,544,458
	616,705,907	789,783,292

30. DIVIDEND PAYABLE

Balance at the beginning of the year	**29,455,778**	475,406
Proposed final preference share dividend	**28,978,955**	28,978,958
Returned dividend	**703**	1,414
Dividend paid during the year	**(57,957,910)**	-
Balance at the end of the year	**477,526**	29,455,778

30.1. 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 27th May 2026 has been audited by external auditor, Messrs. KPMG.

31. INCOME TAX PAYABLE

As at 31st March ,	Note	2026	2025
		Rs.	Rs.
Balance at the beginning of the year		**17,102,880**	17,953,458
Income tax expense for the year	14.1	**909,830,633**	198,726,323
Under / (Over) provision for previous year		**46,710,669**	(44,937,762)
Taxes paid during the year		**(99,596,690)**	(148,421,372)
WHT paid during the year		**(10,824,521)**	(6,217,767)
Balance at the end of the year		**863,222,971**	17,102,880

32. 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	2026 Rs.	2025 Rs.
Securitised borrowings	32.1	**5,790,301,384**	4,033,356,343
Bank loans	32.3	**12,453,589,295**	5,258,524,266
		18,243,890,679	9,291,880,609

32.1. Securitised borrowings

	As at 01.04.2025 Rs.	Loans obtained Rs.	Interest for the period Rs.	Repayments Rs.	As at 31.03.2026 Rs.
Securitisation Loan 46 NDB Bank Trust	595,819,142	-	38,460,224	(634,279,366)	-
Securitisation Loan 47 NDB Bank Trust	1,885,264,838	-	120,167,175	(1,407,029,198)	**598,402,815**
Securitisation Loan 48 NDB Bank Trust	1,552,272,363	-	152,905,544	(576,867,548)	**1,128,310,359**
Securitisation Loan 49 NDB Bank Trust	-	2,000,000,000	201,571,124	(134,414,452)	**2,067,156,672**
Securitisation Loan 50 NDB Bank Trust	-	980,000,000	36,090,709	-	**1,016,090,709**
Securitisation Loan 51 NDB Bank Trust	-	967,000,000	13,641,445	(300,616)	**980,340,829**
	4,033,356,343	3,947,000,000	562,836,221	(2,752,891,180)	**5,790,301,384**

32.2. Contractual maturity analysis of securitised borrowings

As at 31st March,	2026 Rs.	2025 Rs.
Maturity within next 12 Months	**2,964,250,493**	2,610,401,974
Maturity after 1 year	**2,826,050,891**	1,422,954,369
	5,790,301,384	4,033,356,343

32.3. Bank loans

	As at 01.04.2025	Loans obtained	Interest for the period	Repayments	As at 31.03.2026
	Rs.	Rs.	Rs.	Rs.	Rs.
DFCC Vardhana Bank 05	19,293,451	-	365,678	(19,659,129)	-
DFCC Vardhana Bank - Revolving Loan	500,000,000	1,850,000,000	12,357,329	(1,862,357,329)	500,000,000
NDB Loan 1	124,988,000	-	7,248,225	(132,236,225)	-
Nations Trust Bank Loan 04	361,111,111	-	29,797,097	(196,463,764)	194,444,444
DFCC Bank Loan 07	1,668,969,704	-	153,227,672	(666,756,812)	1,155,440,564
Commercial Bank Loan	719,600,000	-	65,699,736	(226,499,736)	558,800,000
HNB Bank - Loan 5	468,740,000	-	40,642,466	(165,682,466)	343,700,000
Nations Trust Bank Revolving Loan	250,000,000	750,000,000	13,145,753	(1,013,145,753)	-
Sampath Bank Loan	395,822,000	-	30,679,035	(280,687,035)	145,814,000
NTB Loan 5	750,000,000	-	66,433,645	(316,433,645)	500,000,000
Peoples Bank Loan	-	750,000,000	67,107,175	(192,107,175)	625,000,000
HNB Bank - Loan 1.5M	-	1,500,000,000	109,991,096	(334,991,096)	1,275,000,000
Peoples Bank Revolving Loan	-	3,950,000,000	21,320,891	(3,221,320,891)	750,000,000
Commercial Bank Loan 800M	-	800,000,000	42,809,915	(136,609,915)	706,200,000
Seylan Bank	-	800,000,000	28,420,412	(95,420,412)	733,000,000
LOLC Factors limited-Revolving	-	405,000,000	7,857,823	(412,857,823)	-
DFCC Bank Term Loan 08	-	1,500,000,000	44,137,931	(128,045,977)	1,416,091,954
DFCC Bank Term Loan 09	-	500,000,000	18,116,438	(51,449,771)	466,666,667
NDB Loan 2	-	1,000,000,000	28,475,083	(90,875,083)	937,600,000
Sampath Bank Term Loan 02	-	1,000,000,000	11,128,493	(31,963,493)	979,165,000
NTB Term Loan 06	-	1,200,000,000	10,116,822	(43,450,156)	1,166,666,666
	5,258,524,266	16,005,000,000	809,078,715	(9,619,013,686)	12,453,589,295

32.4. Contractual maturity analysis of bank loans

As at 31st March,	2026	2025
	Rs.	Rs.
Maturity within next 12 Months	4,686,518,081	2,373,725,258
Maturity after 1 year	7,767,071,214	2,884,799,008
	12,453,589,295	5,258,524,266

Notes to the Financial Statements

32.5. Loan details

Bank	Balance as at 31st March 2026 (Rs.)	Approved facility (Rs. Mn)	Interest Rates	Purpose	Term of the loan	Security	Underline security amount for outstanding balance (Rs. Mn)
Securitisation loan 48	1,128,310,359	1,500	10.45%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 1,950 Mn with collateral margin of 1.3 times	1,467
Securitisation loan 47	598,402,815	1,725	11.44%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 2,242.5 Mn with collateral margin of 1.3 times	778
Securitisation loan 49	2,067,156,672	2,000	10.82%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 2,687 Mn with collateral margin of 1.3 times	2,687
Nations Trust Bank loan 04	194,444,444	500	12.17%	Working capital requirements	36 monthly instalments	Primary mortgage for Rs. 500 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	292
Sampath Bank loan	145,814,000	750	11.67%	Working capital requirements	36 monthly instalments	Primary mortgage for 750 Mn over gold loan receivable portfolio with collateral margin of 1.3 times	218
DFCC Vardhana Bank revolving loan	500,000,000	500	11.28%	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
DFCC Bank Loan 07	1,155,440,564	2,000	12.17%	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 2,000 Mn over gold loan receivable portfolio with collateral margin of 1.3 times	1,502
NTB Bank loan 5	500,000,000	750	10.93%	Working capital requirements	36 monthly instalments	Primary mortgage for Rs. 750 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	750
HNB Bank loan 5	343,700,000	500	10.42%	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 750 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	516
Commercial Bank loan 1	558,800,000	800	12.17%	Working capital requirements	60 monthly instalments	Primary mortgage for Rs. 800 Mn over gold loan receivable portfolio with collateral margin of 1.34 times	749
Peoples Bank loan	625,000,000	750	11.60%	Working capital requirements	60 monthly instalments	Mortgage over borrowers mortgage loan portfolio to the value 1.2 times	750
HNB Bank - loan 1.5M	1,275,000,000	1,500	10.52%	Working capital requirements	60 monthly instalments	Primary mortgage for Rs. 1,500 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	1,913
Peoples Bank revolving loan	750,000,000	750	11.28%	Working capital requirements	Within 03 months	Mortgage over borrowers mortgage loan portfolio to the value 1.2 times	900
Commercial Bank Loan 800M	706,200,000	800	12.17%	Working capital requirements	60 monthly instalments	Floating mortgage for Rs. 800 Mn over loan receivable	946
Seylan Bank	733,000,000	800	10.17%	Working capital requirements	60 monthly instalments	Floating mortgage for Rs. 1,200 Mn over loan receivable portfolio with collateral margin of 1.3 times	953
Securitisation loan 50	1,016,090,709	980	12.10%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 13,200 Mn with collateral margin of 1.3 times	1,321
Securitisation loan 51	980,340,829	967	10.47%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 1,274 Mn with collateral margin of 1.3 times	1,274
DFCC Bank term loan 08	1,416,091,954	1,500	11.50%	Working capital requirements	60 monthly instalments	Mortgage bond gold loan receivable Rs. 1,500 Mn with collateral margin of 1.3 times	1,841
DFCC Bank term loan 09	466,666,667	500	12.50%	Working capital requirements	60 monthly instalments	Mortgage bond gold loan receivable Rs. 500 Mn with collateral margin of 1.3 times	607

Bank	Balance as at 31st March 2026 (Rs.)	Approved facility (Rs. Mn)	Interest Rates	Purpose	Term of the loan	Security	Underline security amount for outstanding balance (Rs. Mn)
NDB Loan 2	937,600,000	1,000	10.12%	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 1,000 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	1,219
Sampath Bank term loan 02	979,165,000	1,000	10.12%	Working capital requirements	48 monthly instalments	Mortgage bond gold loan receivable Rs. 1,000 Mn with collateral margin of 1.5 times	1,469
NTB Term Loan 06	1,166,666,666	1,200	11.17%	Working capital requirements	36 monthly instalments	Primary mortgage for Rs. 2,000 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	1,750
	18,243,890,679						

32.6. 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 2026,	Lease Liabilities	Debentures	Bank Loans	Securitised Borrowings
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	411,187,318	2,677,894,881	5,258,524,266	4,033,356,343
Net cash flows from financing activities	(133,069,492)	(338,890,728)	6,385,986,314	1,194,108,820
Non cash changes during the year	212,567,385	-	-	-
Net accrual for interest expense	66,056,495	336,835,895	809,078,715	562,836,221
Balance as at the end of the year	556,741,706	2,675,840,048	12,453,589,295	5,790,301,384
Within 12 months	76,323,402	892,866,730	4,686,518,081	2,964,250,493
After 12 months	480,418,304	1,782,973,318	7,767,071,214	2,826,050,891
	556,741,706	2,675,840,048	12,453,589,295	5,790,301,384

32.7. 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 2026 and 31st March 2025.

33. 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,	2026	2025
	Rs.	Rs.
Balance at the beginning of the year	411,187,318	219,443,235
Additions during the year	224,426,834	281,692,412
Accretion of interest	66,056,495	58,079,380
Payments made during the year	(133,069,492)	(101,628,094)
Disposals during the year	(11,859,449)	(15,793,556)
Other adjustments during the year	-	(30,606,059)
Balance at the end of the year	556,741,706	411,187,318
Weighted average incremental borrowing rate	10.7%	11%

33.1. 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 2026 by 1%, would have (decreased) / increased the lease liabilities by approximately Rs 16.24 Mn (Rs. 11.68 Mn as at 31st March 2025) 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. 2.70 Mn (Rs. 1.96 Mn 31st March 2025).

33.2. Future minimum lease payments (Un discounted)

As at 31st March,	2026	2025
	Rs.	Rs.
Less than one year	145,820,864	118,190,214
Between 1-5 years	445,254,084	334,092,815
More than Five Years	256,520,044	200,112,796
	847,594,992	652,395,825

33.3. Maturity analysis of lease liabilities (Discounted)

As at 31st March,	2026	2025
	Rs.	Rs.
Less than one year	76,323,402	59,117,068
Between 1-5 years	277,278,199	201,558,971
More than Five Years	203,140,105	150,511,279
	556,741,706	411,187,318

33.4. Amounts recognised in statement of cash flows in respect of operating lease liabilities during the year ended 31st March 2026 amounts to Rs. 133 Mn (2025 - Rs. 102 Mn).

33.5. Amounts recognized in profit or loss

For the year ended 31st March,		2026	2025
	Note	Rs.	Rs.
Amortization on right of use assets	25	**101,000,198**	88,882,377
Interest expense on lease liability	33	**66,056,495**	58,079,380
Gain on expiration of operating lease agreements and other adjustments	8	**5,131,780**	41,710,997
		172,188,473	188,672,754

34. 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.

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. 31,998,157 as the premium for the above insurance scheme during the year (2025 - Rs. 25,099,972).

As at 31st March,	2026	2025
	Rs.	Rs.
Fixed deposits	**25,827,860,663**	19,975,783,755
Savings deposits	**105,140,252**	28,424,646
	25,933,000,915	20,004,208,401

34.1. Contractual maturity analysis of due to customers

Maturity within next 12 Months	**14,595,615,347**	15,169,419,075
Maturity after 1 year	**11,337,385,568**	4,834,789,326
	25,933,000,915	20,004,208,401

34.2. Deposits amounting to Rs. 726,212,538 (2025 - Rs. 538,366,907) held as collateral against loans are included under due to customers.

35. DEBENTURES

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 derecognised.

The Company debenture comprises Rs. 1 Bn, 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. The debentures are listed in the Colombo Stock Exchange .

Financial year 2024/2025, the Company issued 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+ (lka) with a stable outlook which was announced on 28th Feb 2025.

As at 31st March,	2026			2025		
	No.	Transaction Cost	Amount	No.	Transaction Cost	Amount
		Rs.	Rs.		Rs.	Rs.
Type C Debenture	15,500	9,339	1,708,378	15,500	9,339	1,705,251
Type D Debenture	5,637,000	4,458,606	603,294,353	5,637,000	4,458,606	606,332,099
Type A Debenture	1,309,800	1,099,543	135,187,938	1,309,800	1,099,543	135,143,696
Type B Debenture	66,000	55,405	6,811,727	66,000	55,405	6,808,279
Type C Debenture	18,469,900	15,504,994	1,912,892,494	18,469,900	15,504,994	1,911,943,324
Type D Debenture	154,300	129,531	15,945,158	154,300	129,531	15,962,232
	25,652,500	21,257,418	2,675,840,048	25,652,500	21,257,418	2,677,894,881

35.1. 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	8.41%
Type D Debenture	20th Aug 21	Annually	14.18%	Not Traded	Not Traded	8.41%
Type A Debenture	18th Dec 24	Annually	12.20%	Not Traded	Not Traded	8.41%
Type B Debenture	18th Dec 24	Semi-Annual	11.85%	Not Traded	Not Traded	8.41%
Type C Debenture	18th Dec 24	Annually	13.00%	Not Traded	Not Traded	8.41%
Type D Debenture	18th Dec 24	Semi-Annual	12.60%	Not Traded	Not Traded	8.41%

35.2. Market price and issue prices of debentures recorded during the year ended 31st March 2026 are as follows:

Instrument Type	Issued Price	Highest Price	Lowest Price	Last Traded Price	Last traded Date
	Rs.	Rs.	Rs.	Rs.	
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

35.3. Movement of the Debenture

As at 31st March,	2026	2025
	Rs.	Rs.
Balance at the beginning of the year	2,677,894,881	1,058,730,444
Issued during the year	-	2,000,000,000
Interest expense for the year	336,835,895	177,111,430
Capital settled during the year	-	(434,750,000)
Interest paid during the year	(338,890,728)	(123,196,993)
Balance at the end of the year	2,675,840,048	2,677,894,881

36. RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

The Company measures the present value of the retirement benefit obligations, 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/EPF/ETF liable salary of each employee.

Defined contribution plans - Employees' Trust Fund

The Company contributes to the Employees' Trust Fund at 3% on the gross/EPF/ETF liable salary of each employee.

As at 31st March,		2026	2025
	Note	Rs.	Rs.
Balance at the beginning of the year		**50,096,525**	39,543,426
Current service cost for the year	36.1	**5,009,654**	5,911,607
Interest cost for the year	36.1	**9,640,279**	4,903,385
Actuarial loss during the year	36.2	**8,032,069**	2,348,987
Payments made during the year		**(6,244,511)**	(2,610,880)
Balance at the ending of the year		**66,534,016**	50,096,525
36.1. Amounts recognized in the profit or loss			
Current service cost for the year		**5,009,654**	5,911,607
Interest cost for the year		**9,640,279**	4,903,385
		14,649,933	10,814,992
36.2. Amounts recognized in the other comprehensive income			
Actuarial loss during the year		**8,032,069**	2,348,987
		8,032,069	2,348,987

36.3. 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, 2026. The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Method' recommended by LKAS 19.

36.4. Actuarial assumptions used in calculating the gratuity liability are given below:

As at 31st March ,	Note		2026	2025
Financial Assumptions				
Discount rate			**9.5%**	10.0%
Salary increment rate	36.4.1		**6%**	5%
		Age Group		
Staff turnover		20-24	**32%**	13%
		25 - 29	**32%**	21%
		30 - 34	**29%**	21%
		35 - 39	**29%**	21%
		40 - 44	**27%**	21%
		45 - 49	**26%**	21%
		50-54	**12%**	7%
Demographic Assumptions				
Retirement age			**60 years**	60 years
Mortality			A 1967/70 Mortality Table (Institute of Actuaries, London)	

36.4.1. The discount rate used to determine the present value of the defined benefit obligation as at the reporting date was 9.5% per annum (2025: 10% per annum). This rate was determined by reference to the market yield on long-term government bonds as of 31 March 2026, consistent with the estimated average duration of the defined benefit obligation, which is approximately 3.56 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.

36.5. An actuarial loss of Rs 8,032,069 (2024/2025 - Rs. 2,348,987) was recognized during the year, comprising losses from changes in financial assumptions of Rs.1,068,279, demographic assumptions Rs.51,499, and experience adjustments of Rs. 6,912,291.

36.6. Sensitivity analysis

The impact arising from the possible changes in the discount rate and salary escalation rates on the retirement benefit obligation of the Company is as follows;

As at 31st March,	2026	2025
	Rs.	Rs.
Discount rate		
Effect on retirement benefit obligation due to 1% increase	(2,100,033)	(1,899,333)
Effect on retirement benefit obligation due to 1% decrease	2,254,027	2,063,896
Salary increment rate		
Effect on retirement benefit obligation due to 1% increase	2,624,013	2,014,354
Effect on retirement benefit obligation due to 1% decrease	(2,483,548)	(1,883,752)

36.7. Analysis of retirement benefit obligation by maturity profile

The following note analyses the retirement 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,	2026	2025
	Rs.	Rs.
Within next 12 Months	15,074,964	10,157,871
Between 1-5 Years	39,860,132	28,505,787
Beyond 5 years	11,598,920	11,432,867
	66,534,016	50,096,525

36.8. Weighted Average Duration of the Defined Benefit Obligation : 3.56 years (2025 - 4.3 years)

36.9. For the year ending 31 March 2027, the Company expects to contribute approximately Rs. 15.5 Mn toward its retirement benefit obligations. This includes both benefit payments to retirees and additional provision for current service costs.

37. 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,	2026		2025	
	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

37.1. 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.

38. STATUTORY RESERVE FUND AND OTHER RESERVES

As at 31st March,		2026	2025
	Note	Rs.	Rs.
Statutory reserve fund	38.1	**503,869,251**	296,197,809
General reserve	38.2	**3,000,000**	3,000,000
Regulatory loss allowance reserve	38.3	**56,083,254**	56,083,254
Revaluation reserve fund	38.4	**23,496,254**	31,762,504
		586,448,759	387,043,567

38.1. 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 .

38.2. General reserve

General reserve represents the amounts set aside by the directors for general application.

38.3. 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 classification and measurement of Credit Facilities Direction No. 1 of 2020.

38.4. 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 and excess depreciation charge on revaluation. These revaluation gains and the related deferred tax charges 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.

39. 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.

39.1. Basic earnings per share

The following reflects the profit and share data used in the basic earnings per share computation.

For the year ended 31st March,	2026	2025
Amounts used as the numerator		
Profit attributable to ordinary shareholders for basic earnings per share (Rs.)	**1,038,357,207**	441,143,670
Amounts used as the denominator		
Weighted average number of ordinary shares in issue	**124,195,533**	124,195,533
Basic earnings per share (Rs.)	**8.36**	3.55

39.2. Diluted earnings per share

The following reflects the profit and share data used in the diluted earnings per share computation.

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Amounts used as the numerator			
Profit attributable to ordinary shareholders for basic earnings per share (Rs.)		**1,038,357,207**	441,143,670
Number of ordinary shares used as denominator for basic earnings per share			
Adjusted weighted average number of ordinary shares in issue	39.2.1	**177,544,130**	177,544,130
Diluted earnings per share (Rs.)		**5.85**	2.48
39.2.1. Adjusted weighted average number of ordinary shares in issue			
Weighted average number of ordinary shares in issue before dilution		**124,195,533**	124,195,533
Number of ordinary shares in convertible preference shares	39.2.1.1	**53,348,597**	53,348,597
Adjusted weighted average number of ordinary shares in issue		**177,544,130**	177,544,130

39.2.1.1. 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.

39.3. Net assets value per share

As at 31st March,	2026	2025
	Rs.	Rs.
Total equity attributable to ordinary shareholders	**4,775,436,778**	3,778,819,489
Number of ordinary shares as at the year end	**124,195,533**	124,195,533
Net assets value per share	**38.45**	30.43

40. 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,	Note	2026	2025
		Rs.	Rs.
Commitments			
Promissory note to DFCC Bank PLC loans		-	300,000,000
Bank guarantee	40.1	**2,500,000**	2,500,000
Capital commitments	40.2	**18,315,986**	129,000,000
		20,815,986	431,500,000

40.1. Bank Guarantee

				As at 31 March	
Purpose	**Issue Bank**	**Bank Guarantee No**	**Period**	**2026**	**2025**
				Rs.	Rs.
Foreign Currency Buying and Selling	Sampath Bank	398720240009	From 06th June 2025 up to 05th June 2026	**2,500,000**	2,500,000
				2,500,000	2,500,000

40.2. Capital Commitments

The Capital commitments amounting to Rs. 18.3 Mn includes the capital working progress of Kurunegala training centre amounting to Rs 50 Mn which will be the balance cost to complete.

41. LITIGATIONS AND 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 2026 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,	2026	2025
	Rs.	Rs.
Cases pending against the Company	153,006,845	241,030,222

42. CONTINGENT LIABILITIES

Except for the contingent liabilities disclosed above, the Company does not have any other significant contingent liabilities as at the reporting date.

43. ASSETS PLEDGED

The assets pledged as securities for liabilities have been disclosed under Note 32.5 and Note 28.1.

44. MATURITY ANALYSIS

The table below summarises the maturity profile of undiscounted cash flows the Company's Financial assets and liabilities as at 31 March 2026.

	Less than 3 months	3-12 months	1-3 years	Over 3 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Assets					
Cash and cash equivalents	986,180,555	-	-	-	986,180,555
Other financial assets at amortized cost	484,622,835	2,537,717,102	54,640,080	-	3,076,980,017
Other financial assets at fair value through profit or loss	208,024,754	-	-	-	208,024,754
Financial assets at amortised cost - loans and advances	28,834,128,242	9,828,086,449	6,589,384,164	9,706,362,056	54,957,960,911
Financial assets - fair value through other comprehensive income	-	-	-	1,427,735	1,427,735
	30,512,956,386	12,365,803,551	6,644,024,244	9,707,789,791	59,230,573,972
Liabilities					
Due to banks	43,604,160	-	-	-	43,604,160
Financial liabilities - other borrowed funds	3,436,043,537	6,011,513,315	9,635,690,408	2,404,460,347	21,487,707,607
Lease liabilities	36,226,660	109,594,204	265,540,007	436,234,121	847,594,992
Due to customers	1,496,505,074	13,425,352,717	9,552,469,002	2,004,866,745	26,479,193,538
Debentures	1,363,140	891,503,590	638,447,420	2,104,472,880	3,635,787,030
	5,013,742,571	20,437,963,826	20,092,146,837	6,950,034,093	52,493,887,327
Net amount	25,499,213,815	(8,072,160,275)	(13,448,122,593)	2,757,755,698	6,736,686,645

The table below summarises the maturity profile of undiscounted cash flows the Company's Financial assets and liabilities as at 31 March 2025.

	Less than 3 months	3-12 months	1-3 years	Over 3 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Assets					
Cash and cash equivalents	3,150,043,244	-	-	-	3,150,043,244
Other financial assets at amortized cost	400,000,000	2,254,530,682	-	66,230,400	2,720,761,082
Other financial assets at fair value through profit or loss	232,567,497	-	-	-	232,567,497
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
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
Debentures	1,363,140	337,527,590	1,539,237,500	2,348,219,290	4,226,347,520
	8,213,344,637	12,900,951,254	11,410,524,439	4,271,571,949	36,796,392,279
Net amount	10,094,467,607	2,020,822,937	(5,310,833,483)	(1,281,845,626)	5,522,611,435

45. CURRENT / NON-CURRENT ANALYSIS

As at 31st March,	2026			2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets						
Cash and cash equivalents	986,180,555	–	986,180,555	3,150,043,244	–	3,150,043,244
Other financial assets at amortized cost	2,912,193,648	81,559,611	2,993,753,259	2,548,974,788	64,958,743	2,613,933,531
Other financial assets at fair value through profit or loss	208,024,754	–	208,024,754	232,567,497		232,567,497
Financial assets at amortised cost – loan and advances	36,723,276,837	10,276,084,438	46,999,361,275	22,610,005,026	6,547,072,055	29,157,077,081
Other non financial assets	61,360,715	76,005,418	137,366,133	100,247,493	78,145,950	178,393,443
Advances, deposits and prepayments	13,140,000	378,620,973	391,760,973	13,111,200	186,238,006	199,349,206
Financial assets – fair value through other comprehensive income	–	1,427,735	1,427,735	–	300,000	300,000
Right-of-use assets	108,954,042	426,035,402	534,989,444	85,765,366	305,065,111	390,830,477
Property, plant and equipments	8,639,308	1,002,913,589	1,011,552,897	1,951,650	708,503,538	710,455,188
Investment properties	–	407,490,044	407,490,044	–	425,274,403	425,274,403
Deferred tax assets	–	65,736,659	65,736,659	–	–	–
Intangible assets	435,231	37,375,747	37,810,978	7,998	48,124,287	48,132,285
Total assets	41,022,205,090	12,753,249,616	53,775,454,706	28,742,674,262	8,363,682,093	37,106,356,355
Liabilities						
Deferred tax liabilities	–	–	–	5,508,866	–	5,508,866
Due to banks	43,604,160	–	43,604,160	50,418,316	–	50,418,316
Other liabilities	616,705,907	–	616,705,907	789,783,292	–	789,783,292
Dividend Payable	477,526	–	477,526	29,455,778	–	29,455,778
Financial liabilities – other borrowed funds	7,650,768,574	10,593,122,105	18,243,890,679	4,559,449,705	4,732,430,904	9,291,880,609
Lease liabilities	76,323,402	480,418,304	556,741,706	59,117,068	352,070,250	411,187,318
Debentures	734,331,944	1,941,508,104	2,675,840,048	(2,198,352)	2,680,093,233	2,677,894,881
Due to customers	14,595,615,347	11,337,385,568	25,933,000,915	15,169,419,076	4,834,789,325	20,004,208,401
Retirement benefit obligations	15,074,964	51,459,052	66,534,016	10,157,871	39,938,654	50,096,525
Income tax payable	863,222,971	–	863,222,971	17,102,880	–	17,102,880
Total liabilities	24,596,124,795	24,403,893,134	49,000,017,928	20,688,214,500	12,639,322,366	33,327,536,866
Net balance	16,426,080,295	(11,650,643,517)	4,775,436,778	8,054,459,762	(4,275,640,273)	3,778,819,488

46. 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;

- **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 advances -** This segment includes loan products offered to the customers other than the above segments.

	Lease		Gold loans		Other loans and advances		Investment		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Interest income	411,616	112,139	6,094,517	4,298,397	2,266,893	1,028,019	341,722	534,306	9,114,749	5,972,861
Other income	71,165	7,677	846,518	526,754	186,163	393,265	291	269	1,104,138	927,965
Total revenue	482,782	119,816	6,941,035	4,825,151	2,453,056	1,421,284	342,013	534,575	10,218,886	6,900,826
Interest expenses	(264,491)	(76,630)	(2,859,923)	(2,029,559)	(713,704)	(676,820)	(342,002)	(572,383)	(4,180,121)	(3,355,392)
Depreciation and amortization	(15,966)	(4,263)	(172,637)	(112,902)	(43,082)	(37,655)	(20,645)	(31,841)	(252,329)	(186,661)
Impairment charge for loans and advances	(46,230)	76,631	(499,885)	(162,312)	(124,748)	(634,793)	-	-	(670,863)	(720,474)
Taxes on financial services	(53,545)	(6,844)	(578,978)	(181,268)	(144,486)	(60,458)	(69,237)	(51,122)	(846,245)	(299,692)
Profit before taxation	121,869	14,520	1,317,759	384,567	328,851	128,266	157,583	108,457	1,926,063	635,810
Income tax expense	(56,168)	(4,446)	(607,344)	(117,743)	(151,565)	(39,271)	(72,629)	(33,206)	(887,705)	(194,666)
Net profit for the year	65,701	10,074	710,415	266,824	177,287	88,995	84,955	75,251	1,038,357	441,144
Segment assets	3,238,809	802,812	35,020,950	21,262,561	8,739,602	7,091,704	4,187,959	5,996,544	51,187,320	35,153,621
Unallocated assets	-	-	-	-	2,588,135	1,952,735	-	-	2,588,135	1,952,735
Total assets	3,238,809	802,812	35,020,950	21,262,561	11,327,737	4,706,829	4,187,959	5,996,544	53,775,455	37,106,356
Segment liabilities	2,967,302	731,349	32,085,178	19,369,862	8,006,970	6,460,432	3,836,886	5,462,759	46,896,336	32,024,402
Unallocated liabilities	-	-	-	-	2,103,682	1,303,135	-	-	2,103,682	1,303,135
Total liabilities	2,967,302	731,349	32,085,178	19,369,862	10,110,652	7,763,567	3,836,886	5,462,759	49,000,018	33,327,537

Notes to the Financial Statements

	Lease		Gold loans		Other loans and advances		Investment		Total	
For the year ended 31st March,	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Cash used in operations	(536,008)	(88,742)	(5,795,808)	(1,413,493)	(1,446,364)	(783,912)	(693,088)	(662,854)	(8,471,268)	(2,949,001)
Unallocated cash flows										
Property, plant and equipment	-	-	-	-	(359,751)	(390,151)	-	-	(359,751)	(390,151)
Intangible assets	-	-	-	-	(900)	88,882	-	-	(900)	88,882
Other expenditure	-	-	-	-	7,927,813	(167,284)	-	-	7,927,813	(167,284)
Net cash used in operations	(647,320)	(88,742)	(6,999,414)	(2,179,070)	(1,746,729)	(1,252,465)	(837,021)	(662,854)	(10,230,484)	(4,183,131)
Net cash generated from /(used in) investing activities	(39,870)	32,268	(431,109)	625,265	(107,584)	285,043	(51,554)	241,024	(630,117)	1,183,600
Net cash generated from financing activities	550,706	107,449	5,954,730	2,903,890	1,486,024	949,163	712,092	802,585	8,703,552	4,763,087
Net increase / (decrease) in cash and cash equivalents	(136,484)	50,975	(1,475,793)	1,350,083	(368,289)	(18,259)	(176,483)	380,755	(2,157,049)	1,763,554

46.1. 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.

47. 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:

47.1. Parent and ultimate controlling party

The ultimate parent of the Company as at 31st March 2026 is Muthoot Finance Limited.

47.2. Transactions with related entities

47.2.1. Muthoot Finance Limited

Relationship - Ultimate parent

For the Year ended 31 March,	2026	2025
	Rs.	Rs.
Transactions during the year		
Expenses incurred for Muthoot Finance Limited	**1,881,666**	1,766,800

47.3. 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.

For the year ended 31st March,	2026	2025
	Rs.	Rs.
47.3.1. Key management personnel compensation		
Short-term employment benefits paid - Directors	**19,130,000**	26,139,400

47.3.2. Other transactions with key management personnel

	Board of Directors		Key Management Personnel	
	2026	2025	2026	2025
(a) Items in the Statement of Financial Position				
Assets - loan and advances	**1,295,838**	1,970,704	**29,411,223**	7,221,455
Liabilities	**79,001,227**	148,558,151	**181,544,867**	100,359,907
(b) Items in the Statement of Income				
Interest income	**107,513**	705,924.54	**1,879,464**	252,086
Interest expenses	**8,046,277**	33,243,658	**28,078,454**	13,494,600
47.3.3. Accommodation outstanding of the Company's Capital Fund (%)				
Loan and advances	**0.0003**	0.0005	**0.0062**	0.0019
47.3.4. Share transactions with key management personnel				
Number of ordinary shares held at the year end	**136,762**	34,071	**47,900**	47,900
47.3.5. Senior management personnel compensation				
Short-term employment benefits paid			**146,113,075**	47,464,000
Post-employment benefits paid			**1,500,000**	29,585,318

48. 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.

48.1. 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 portfolios, and through gold price volatility linked to its gold portfolio.

48.1.1. 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 Company's overall loan portfolio, sharp fluctuations in 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 piling up of gold stock which would lead to larger losses at a sudden drop in the gold prices.

48.2. Risk management committees

48.2.1. Assets and liability committee (ALCO)

ALCO is chaired by the Chief Executive Officer and its representatives are the Chief Operating Officer, General Manager- Operations, the Chief Financial Officer, the Deputy General Manager Risk, The Senior Manager Compliance the General Manager - Treasury, Senior Manager Finance and the Deputy General Manager - 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.

48.2.2. 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.

48.2.3. 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 Company 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 Company policies and procedures, technological advancements and training.

48.3. 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 reserve fund, retained earnings including current year profit, general and other reserves less the goodwill, other intangible assets, other comprehensive income, 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 2026 and 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,	2026		2025	
	%		%	
	Actual		Actual	
Tier 1 Capital	24.57		29.46	
Tier 2 Capital	24.43		29.25	
Total Risk Weighted Assets Rs. Bn	13,860		9,622	
	Actual	Required	Actual	Required
Tier 1 Capital Ratio / Core capital ratio	24.57	8.5	29.46	8.5
Total Capital Ratio / Total risk weighted capital ratio	24.43	12.5	29.25	12.5

48.4. Management of market risk

The Company separates its exposure to market risk between trading and non trading 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.

As at 31st March,		2026		
		Carrying Amount	Market Measurement Risk	
	Note		Trading Portfolio	Non Trading Portfolio
Assets subject to market risk				
Cash and cash equivalents	17	986,180,555	-	986,180,555
Other financial assets at amortized cost	18	2,993,753,259	-	2,993,753,259
Other financial assets at fair value through profit or loss	19	208,024,754	208,024,754	-
Financial assets at amortised cost - loans and advances	20	46,999,361,275	-	46,999,361,275
Financial assets - fair value through other comprehensive income	23	1,427,735	-	1,427,735
		51,188,747,578	208,024,754	50,980,722,824
Liabilities subject to market risk				
Due to banks	28	43,604,160	-	43,604,160
Financial liabilities - other borrowed funds	32	18,243,890,679	-	18,243,890,679
Lease liabilities	33	556,741,706	-	556,741,706
Due to customers	34	25,933,000,915	-	25,933,000,915
Debentures	35	2,675,840,048	-	2,675,840,048
		47,453,077,508	-	47,453,077,508

As at 31st March,		2025		
		Carrying Amount	Market Measurement Risk	
	Note		Trading Portfolio	Non Trading Portfolio
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	2,613,933,531	-	2,613,933,531
Other financial assets at fair value through profit or loss	19	232,567,497	232,567,497	-
Financial assets at amortised cost - loans and advances	20	29,157,077,081	-	29,157,077,081
Financial assets - fair value through other comprehensive income	23	300,000	-	300,000
		35,153,921,353	232,567,497	34,921,353,856
Liabilities subject to market risk				
Due to banks	28	50,418,316	-	50,418,316
Financial liabilities - other borrowed funds	32	9,291,880,609	-	9,291,880,609
Lease liabilities	33	411,187,318	-	411,187,318
Due to customers	34	20,004,208,401	-	20,004,208,401
Debenture	35	2,677,894,881	-	2,677,894,881
		32,435,589,525	-	32,435,589,525

48.4.1. 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 the Company.

48.4.2. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset.

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,	2026	2025
	Rs.	Rs.
Total liquid assets		
Cash in hand	**258,001,874**	261,535,809
Balances in current accounts	**144,144,965**	251,157,349
Deposits in commercial banks	**564,143,806**	2,592,114,695
Treasury bills	**2,912,193,648**	2,063,167,575
	3,878,484,293	5,167,975,428
Available liquid assets	**3,878,484,293**	5,167,975,428
Required liquid assets	**2,805,617,800**	2,210,713,250
Liquid assets to deposit (%)	**0.15**	0.26
Loans and advances to deposit (%) - Net	**181%**	146%
Loans and advances to deposit (Times) - Net	**1.812**	1.458

48.4.3. Financial assets available for future funding

The total financial assets recognised in the Statement of Financial Position as at 31 March 2026 and 2025 that can be used for the future funding is shown in the following tables;

As at 31st March 2026	Encumbered	Unencumbered		
	Pledged as Collateral	Available as Collateral	Other	Total
Cash and cash equivalents	-	-	986,180,555	986,180,555
Other financial assets at amortized cost	14,016,933	2,979,736,326	-	2,993,753,259
Other financial assets at fair value through profit or loss	-	-	208,024,754	208,024,754
Financial assets at amortised cost - loans and advances (Gross)	24,550,359,698	24,630,398,716	-	49,180,758,415
Financial assets measured at fair value through other comprehensive income	-	-	1,427,735	1,427,735
Total	24,564,376,631	27,610,135,042	1,195,633,044	53,370,144,718

As at 31st March 2025	Encumbered	Unencumbered		
	Pledged as Collateral	Available as Collateral	Other	Total
Cash and cash equivalents	-	-	3,150,043,245	3,150,043,245
Other financial assets at amortized cost	-	2,613,933,531	-	2,613,933,531
Other financial assets at fair value through profit or loss	-	-	232,567,497	232,567,497
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	12,474,115,128	18,944,069,351	5,912,949,263	37,331,133,742

48.5. 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 Company 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. The following balances sets out the Company's exposure to foreign exchange risk as at the reporting date.

As at 31st March,	2026	2025
	Rs.	Rs.
Cash in hand in foreign currency	1,954,226	4,830,954
Savings accounts with banks in foreign currency	23,862,040	11,511,906

48.6. 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	2026		2025	
	Parallel Increase 100 bps	Parallel Decrease 100 bps	Parallel Increase 100 bps	Parallel Decrease 100 bps
Annual impact	431,726,007	(431,726,007)	259,494,727	(259,494,727)

48.7. 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.

Type of the Currency	Outstanding Balance	Exchange rate as at the year end	Increase / (decrease) in exchange rates	Effect on PBT (Rs.)
As at 31st March 2026				
USD	65,111	312	(+) 5%	1,016,991
			(-) 5%	(1,016,991)
AUD	100	212	(+) 5%	1,065
			(-) 5%	(1,065)
EUR	5,373	358	(+) 5%	96,227
			(-) 5%	(96,227)
GBP	8,277	411	(+) 5%	170,156
			(-) 5%	(170,156)
INR	38,350	3.32	(+) 5%	6,375
			(-) 5%	(6,375)
As at 31st March 2025				
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)

Notes to the Financial Statements

48.7.1. Foreign currency cash balances are translated into Sri Lankan Rupees using the closing monthly exchange rates published by the Central Bank of Sri Lanka as at the reporting date. Foreign currency balances held in savings accounts with banks are translated using the respective closing exchange rates provided by the relevant banks as at the reporting date

48.8. 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.

48.8.1. 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,	2026						
	Carrying amount	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets							
Cash and cash equivalents	986,180,555	986,180,555	-	-	-	-	-
Other financial assets at amortized cost	2,993,753,259	-	-	2,912,193,648	16,600,868	64,958,743	-
Loans and advances - amortized cost	46,999,361,275	6,518,998,166	20,500,884,226	9,703,394,445	4,514,221,596	5,557,615,789	204,247,053
Total	50,979,295,089	7,505,178,721	20,500,884,226	12,615,588,093	4,530,822,464	5,622,574,532	204,247,053
Liabilities							
Due to banks	43,604,160	43,604,160	-	-	-	-	-
Due to customers	25,933,000,915	471,349,368	6,218,515,014	7,905,750,964	9,345,255,916	1,992,129,653	-
Debentures	2,675,840,048	-	985,051	733,346,893	133,730,036	1,807,778,068	-
Financial liabilities - other borrowed funds	18,243,890,679	-	2,874,579,547	4,776,189,027	8,324,303,312	2,268,818,793	-
Lease liabilities	556,741,706	-	17,683,498	58,639,904	154,767,712	122,510,487	203,140,105
Total	47,453,077,508	514,953,528	9,111,763,110	13,473,926,788	17,958,056,976	6,191,237,001	203,140,105
Total interest sensitivity gap	3,526,217,581	6,990,225,193	11,389,121,116	(858,338,695)	(13,427,234,512)	(568,662,469)	1,106,948

As at 31st March,	2025						
	Carrying amount	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets							
Cash and cash equivalents	3,150,043,244	3,150,043,244	-	-	-	-	-
Other financial assets at amortized cost	2,613,933,531	-	445,465,799	2,103,508,989	-	64,958,743	-
Financial assets at amortised cost - loans and advances	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
Total	34,921,053,856	3,959,461,524	13,232,128,549	11,121,305,793	2,412,225,915	4,123,296,082	72,635,993
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	-
Debentures	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	2,485,464,331	3,880,618,562	5,108,174,539	(512,103,049)	(6,936,308,980)	881,465,481	63,617,778

48.8.2. Cash flow sensitivity analysis for interest bearing financial assets and liabilities

As at 31st March,	2026				2025			
	Profit or loss		Equity		Profit or loss		Equity	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets								
Cash and cash equivalents	5,641,438	(5,641,438.06)	5,641,438	(5,641,438.06)	25,921,147	(25,921,147)	25,921,147	(25,921,147)
Other financial assets at amortized cost	29,937,533	(29,937,532.59)	29,937,533	(29,937,532.59)	26,139,335	(26,139,335)	26,139,335	(26,139,335)
Financial assets at amortised cost - loans and advances	491,680,122	(491,680,122)	491,680,122	(491,680,122)	313,306,871	(313,306,871)	313,306,871	(313,306,871)
Financial Liabilities								
Due to banks	(287,832)	287,832	(287,832)	287,832	(562,957)	562,957	(562,957)	562,957
Due to customers	(259,330,009)	259,330,009	(259,330,009)	259,330,009	(200,042,084)	200,042,084	(200,042,084)	200,042,084
Debentures	(26,758,400)	26,758,400	(26,758,400)	26,758,400	(26,778,949)	26,778,949	(26,778,949)	26,778,949
Financial liabilities - other borrowed funds	(182,438,907)	182,438,907	(182,438,907)	182,438,907	(92,918,806)	92,918,806	(92,918,806)	92,918,806
Lease liabilities	(2,697,551)	2,697,551	(2,697,551)	2,697,551	(1,961,027)	1,961,027	(1,961,027)	1,961,027

48.9. Operational risk

Operational risk is the risk of losses arising from failed internal processes, systems failures, human errors, frauds 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 losses. 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.

48.10. Credit risk

Credit risk is the likelihood that a borrower or counterparty will not honour its obligations in accordance with the terms of agreement. 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.

48.10.1. 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 of customers potentially affected by prevailing macroeconomic conditions and assessed the scale of impact on the Company's lending portfolio. During the year ended 31 March 2026, the key macroeconomic considerations included the ongoing economic recovery of Sri Lanka, gradual easing of inflation, the declining interest rate environment following CBSL's monetary policy adjustments, and the continued normalisation of economic activity post the 2022 economic crisis. Whilst the residual effects of elevated inflation and interest rates from prior periods continued to exert some pressure on certain customer segments, the overall operating environment showed meaningful improvement compared to preceding years.

The Company proactively managed credit risk by diversifying its lending portfolio across a broad range of products and customer segments, thereby ensuring the resilience of the Company against potential economic headwinds. Continuous monitoring of portfolio quality was carried out throughout the year, with particular attention to segments demonstrating vulnerability to macroeconomic shifts, including small and medium enterprises (SMEs) and gold loan customers.

The Company remains comfortable with the existing composition of its loan portfolio and is satisfied that adequate provisioning, in accordance with both SLFRS 9 Expected Credit Loss (ECL) principles and CBSL regulatory directions, has been maintained to appropriately reflect the current risk profile. Ongoing monitoring activities continue to be carried out to prevent the accumulation of undue exposure to higher-risk segments, and the Board and senior management remain vigilant in responding to any emerging risks within the macroeconomic landscape.

48.10.2. 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 (exceed the internally approved thresholds) 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 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.

48.10.3. Collateral and other credit enhancements

The amount and type of collateral required depends on the counterparty credit risk assessment. CBSL Guidelines are in place covering the acceptability and valuation of each type of collateral.

48.10.4. Company's approach to credit risk

Under SLFRS 9: "Financial Instruments: Recognition and Measurement", the Company assess the impairment of loans and advances individually or collectively based on the principles of "expected credit loss" (Refer Note 20 and 3.1.11 for details) model which is expected to capture future trends in the economy.

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. 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.

48.10.5. Analysis of credit quality - Maximum exposure to credit risk by class of financial assets

			Subject to		
As at 31st March 2026,	Carrying amount	Not subject to ECL	12-month ECL (Stage 1)	Life time ECL - not credit impaired (Stage 2)	Life time ECL - credit impaired (Stage 3)
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	986,180,555	986,180,555	-	-	-
Other financial assets at amortized cost	2,993,753,259	2,993,753,259	-	-	-
Other financial assets at fair value through profit or loss	208,024,754	208,024,754	-	-	-
Loans and advances at amortized cost					
Gross loans and advances	49,180,758,416	474,299,576	42,524,767,624	3,211,871,168	2,969,820,048
Provision for Impairment	(2,168,650,959)	-	(182,225,885)	(128,934,923)	(1,857,490,151)
Net interest margin	(12,746,182)	-	-	-	(12,746,182)
Net carrying amount	46,999,361,275	474,299,576	42,342,541,739	3,082,936,245	1,099,583,715

As at 31st March 2025,	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Life time ECL - not credit impaired (Stage 2)	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	2,613,933,531	2,613,933,531	-	-	-
Other financial assets at fair value through profit or loss	232,567,497	232,567,497	-	-	-
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

48.10.6. 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, World Bank and other reliable sources. The key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case plus the effect of the use of multiple economic scenarios as at 31 March 2026 and 2025 are as follows.

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.

Base Scenario

The Economic Factor Adjustment (EFA) model of the Company features a continued decrease in non-performing advances in 2026 and beyond, consistent with the sustained improvement in macroeconomic conditions observed during the year.

The measures implemented by the Government and the Central Bank of Sri Lanka including successive reductions in policy interest rates, continued implementation of the IMF Extended Fund Facility programme, debt restructuring, and fiscal consolidation have supported the economy and the financial system. Fiscal consolidation yielded a primary surplus of 2.2 percent of GDP, the first in over a decade, and the debt-to-GDP ratio declined to 104.6 percent in 2024 with projections of further reduction below 97 percent by 2029, assuming continued fiscal discipline. The proposed changes to fiscal policies and government finances continue to mark a significant step forward in strengthening the economy and are expected to ease pressure on the budget deficit, interest rates, and exchange rates.

Upside Scenario

Compared with the Base Scenario, the Upside Scenario features a faster and more broad-based recovery in economic activities during the first two years and beyond. Sri Lanka's economy is currently experiencing a phase of strong growth, driven by an increase in domestic consumption, a pickup in business and infrastructure spending, and a boom in the tourism industry. The Upside Scenario envisages the timely implementation of remaining structural reforms, strengthened investor confidence, and the speedy recovery of all industries that were affected by the adverse macroeconomic conditions of 2021–2023. Sustained fiscal discipline and a successful conclusion of the IMF programme would further underpin this scenario.

Downside Scenario

In the Downside Scenario, economic recovery is considerably weaker compared with the Base Scenario. Cyclone Ditwah, which struck in late 2025, with a World Bank assessment estimating total damage at US$4.1 billion approximately 4 percent of Sri Lanka's 2024 GDP has introduced material downside risks to the 2026 economic outlook, with the 7 percent government growth target appearing improbable given a devastated agriculture sector, damaged infrastructure, disrupted exports, and elevated reconstruction costs. Under this scenario, GDP growth remains weak, unemployment rates stay elevated, and asset and commodity prices fall before gradually recovering towards their long-run trends. Global uncertainties including geopolitical tensions, commodity price volatility, and external trade pressures could further exacerbate credit quality deterioration.

	2026	2025
Probability Weightings Applied to Macroeconomic Scenarios		
Base Scenario	50%	20%
Upside Scenario	10%	10%
Downside Scenario	40%	70%

48.10.6.1. Sensitivity analysis of impairment provisions on loans and advances to customers

As at 31st March ,	2026			
	Sensitivity on ECL and sensitivity effect on Financial Position			
	Stage 1	Stage 2	Stage 3	Sensitivity effect on Income
	Rs.	Rs.	Rs.	Rs.
PD 1% increase across all age buckets	26,380,012	2,912,349	-	29,292,361
PD 1% decrease across all age buckets	(26,380,012)	(2,912,349)	-	(29,292,361)
LGD 5% increase	117,918,567	39,501,041	53,571,152	210,990,760
LGD 5% decrease	(117,918,567)	(39,501,041)	(53,571,152)	(210,990,760)
Probability weighted Economic Scenarios				
Base case 10% increase, worst case 5% decrease and best case 5% decrease	(3,430,450)	(806,916)	-	(4,237,366)
Base case 10% decrease, worst case 5% increase and best case 5% increase	3,430,450	806,916	-	4,237,366

48.10.6.2. Sensitivity analysis of impairment provisions on loans and advances to customers

As at 31st March ,	2025			
	Sensitivity on ECL and sensitivity effect on Financial Position			
	Stage 1	Stage 2	Stage 3	Sensitivity effect on Income
	Rs.	Rs.	Rs.	Rs.
PD 1% increase across all age buckets	521,971	83,885	-	605,856
PD 1% decrease across all age buckets	(521,971)	(83,885)	-	(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)

48.10.7. Collateral and other credit enhancement

As at 31st March ,	2026		2025	
	Gross Loan Balance	Security Value	Gross Loan Balance	Security Value
	Rs.	Rs.	Rs.	Rs.
Stage 01				
Cash collateral	**474,299,576**	**474,299,576**	332,393,832	332,393,832
Property, plant and machinery	**9,597,173,756**	**9,597,173,756**	5,960,738,510	5,960,738,510
Gold and precious metals	**32,867,761,747**	**32,867,761,747**	18,526,722,313	18,526,722,313
Personal / corporate guarantee	**59,832,121**	**-**	79,879,825	-
Stage 02				
Property, plant and machinery	**1,322,704,868**	**1,322,704,868**	493,542,000	493,542,000
Gold and precious metals	**1,879,221,351**	**1,879,221,351**	2,026,102,848	2,026,102,848
Personal / corporate guarantee	**9,944,949**	**-**	4,257,510	-
Stage 03				
Property, plant and machinery	**1,200,746,193**	**1,200,746,193**	1,065,460,251	1,065,460,251
Gold and precious metals	**461,952,523**	**461,952,523**	731,685,027	731,685,027
Personal / corporate guarantee	**1,307,121,332**	**-**	2,113,507,355	-
	49,180,758,416	**47,803,860,014**	31,334,289,469	29,136,644,781

48.10.7.1. 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 ,	2026					
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 03	2,969,820,047	914,220,775	748,477,941	1,662,698,716	1,307,121,331	1,858,300,399
	2,969,820,047	914,220,775	748,477,941	1,662,698,716	1,307,121,331	1,858,300,400

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	2,094,818,081

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.

48.10.8. Effect of modified financial assets

As at 31st March,	2026			
	Net Carrying Amount in Opening Balance	Effect on Profit or Loss	Net Carrying Amount in Closing Balance	Gross Receivable
	Rs.	Rs.	Rs.	Rs.
Modified Financial Assets	18,154,773	(1,190,736)	16,964,037	19,072,216

Notes to the Financial Statements

48.10.9. Concentration of credit risk

Company 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 ,	2026		
Sector-wise Breakdown	Financial assets at amortised cost - loans and advances	Other financial assets at amortised cost	Total
Textile and wearing apparel	244,539,960	-	244,539,960
Manufacturing	2,998,338,151	-	2,998,338,151
Transport	1,035,874,767	-	1,035,874,767
Services	7,602,938,104	2,993,753,259	10,596,691,363
Agro-business and fisheries	18,220,250,270	-	18,220,250,270
Construction	1,903,488,518	-	1,903,488,518
Commercial trading	2,632,782,390	-	2,632,782,390
Others	14,542,546,256	-	14,542,546,256
Total	49,180,758,416	2,993,753,259	52,174,511,675

As at 31st March ,	2025		
Sector-wise Breakdown	Financial assets at amortised cost - loans and advances	Other financial assets at amortised cost	Total
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	3,353,719,903	2,613,933,531	5,967,653,434
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	31,334,289,469	2,613,933,531	33,948,223,000

48.11. Geographical distribution of loans and advances

Provincial breakdown for loans and advance within Sri Lanka is as follows:

As at 31st March,	2026		
	Gold loan	Other loans and advances	Total
	Rs.	Rs.	Rs.
Central	6,524,590,550	1,161,649,140	7,686,239,690
Eastern	8,368,335,451	2,767,072,409	11,135,407,860
Northern	8,020,464,112	2,311,049,982	10,331,514,093
North Western	2,108,553,646	1,245,405,307	3,353,958,953
Southern	1,946,891,529	1,196,398,651	3,143,290,180
Sabaragamuwa	1,495,470,334	187,939,778	1,683,410,112
Western	3,960,534,353	4,634,225,531	8,594,759,884
Uva	2,784,095,646	468,081,998	3,252,177,644
	35,208,935,620	13,971,822,796	49,180,758,416

As at 31st March,	2025		
	Gold loan	Other loans and advances	Total
	Rs.	Rs.	Rs.
Central	4,048,101,037	1,008,692,438	5,056,793,475
Eastern	5,656,645,651	2,076,612,131	7,733,257,782
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
	21,284,510,188	10,049,779,281	31,334,289,469

49. ASSESSMENTS RECEIVED BY THE COMPANY

VAT on financial services and social security contribution levy (SSCL) assessment taxes comprises the expected taxes paid on the value addition attributable to financial services for the year and any adjustment to the tax payable in respect of previous years. The amount of taxes payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to VAT on financial services and social security contribution levy, if any.

The Company has received tax assessments from the Inland Revenue Department in respect of the following tax types and years of assessment. These assessments were fully paid during the financial year ended on 31 March 2026.

Tax Type	Year of Assessment	Tax Liability as per the Tax Assessments	Tax Paid during prior years	Balance Paid YA 2025/2026
		Rs.	Rs.	Rs.
VAT on Financial Services	2018/2019	62,022,093	55,240,165	6,781,928
VAT on Financial Services	2021/2022	72,209,809	17,752,006	54,457,803
VAT on Financial Services	2022/2023	99,531,358	24,704,566	74,826,792
Social Security Contribution Levy (SSCL)	2022/2023	6,839,448	1,214,772	5,624,676
		240,602,708	98,911,509	141,691,199

50. 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 reclassification	Reclassification adjustment	Prior to reclassification
		Rs.	Rs.	Rs.
Income statement				
Other operating income	8	124,916,396	498,771	124,417,625
General and administrative expenses		(1,055,786,807)	(498,771)	(1,055,288,036)
Statement of financial position				
Other financial assets at amortized cost	18	2,613,933,531	(232,567,497)	2,846,501,028
Other financial assets at fair value through profit or loss	19	232,567,497	232,567,497	-
Statement of cash flow				
Operating activities		(4,183,130,758)	(318,054,005)	(3,865,076,753)
Investing activities		1,183,600,188	259,974,625	923,625,563
Financing activities		4,763,086,693	58,079,380	4,705,007,313
Cash and cash equivalents		3,099,624,928	-	3,099,624,928

50.1. Nature of the reclassification

Income statement

Foreign currency exchange losses amounting to Rs. 498,771 which were previously included and netted within other operating income have been reclassified to general and administrative expenses. This reclassification was made as foreign currency exchange gains and losses cannot be presented on a net basis, and accordingly the prior year loss has been separately presented to conform with the current year's presentation where foreign currency gains and losses are disclosed separately.

Statement of financial position

Unit trust investments amounting to Rs. 232,567,497 previously classified under Other Financial Assets at Amortized Cost have been reclassified to Other Financial Assets at Fair Value Through Profit or Loss (FVTPL), as such investments do not meet the SPPI criterion prescribed by SLFRS 9 – Financial Instruments and are therefore required to be measured at FVTPL.

Statement of cash flow

Cash flows arising from unit trust investments amounting to Rs. 259,974,625 previously classified under Investing Activities have been reclassified to Operating Activities. This reclassification was made consequent to the reclassification of unit trust investments from Other Financial Assets at Amortized Cost to Other Financial Assets at Fair Value Through Profit or Loss (FVTPL), as cash flows arising from FVTPL investments are operating in nature.

Interest payments on lease liabilities amounting to Rs. 58,079,381 previously classified under Financing Activities have been reclassified to Operating Activities. This reclassification reflects a change in presentation to better reflect the nature of these cash flows, whereby interest paid is presented within Operating Activities in accordance with the Company's accounting policy under LKAS 7 – Statement of Cash Flows.

51. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date no circumstances have arisen that would require adjustment to or disclosure in the Financial Statements other than disclosed in Note 51.1

51.1. The Directors of Asia Asset Finance PLC have recommended the payment of a final dividend of Rs. 0.57 per ordinary share amounting to Rs.70,791,454 and Rs. 0.70 per preference share amounting to Rs. 28,978,960 for the year ended 31 March 2026 for approval by the shareholders at the Annual General Meeting. In accordance with the Sri Lanka Accounting Standard 10 (LKAS 10) – "Events after the Reporting Period", this proposed dividend has not been recognised as a liability as at 31 March 2026. The proposed dividend is subject to Dividend Withholding Tax (DWT) at 15% for resident and other non-resident shareholders, and at 7.5% for non-resident shareholders entitled to relief under an applicable Double Taxation Agreement.

Northern Province: Sustainable Access to Clean Water

For communities in parts of the Northern Province, access to dependable clean water remains a daily challenge. Water scarcity affects far more than household convenience: it influences health, sanitation, education, livelihoods and the time families must spend securing a basic necessity. Asia Asset Finance is therefore supporting sustainable water-supply systems intended to bring safer and more reliable access closer to underserved communities.

Sustainability is central to the project. The aim is to establish solutions that can continue serving residents beyond the initial installation through suitable infrastructure, community ownership, responsible use and ongoing maintenance. Reliable water access can reduce exposure to water-related illness, ease the burden carried by women and children, support school attendance and strengthen local economic activity. By addressing a fundamental human need, the initiative reinforces Asia Asset Finance's broader belief that genuine financial inclusion must be supported by the basic conditions that allow communities to live, learn and progress.



DEPTH OF DISCLOSURE

Validating our reported progress through the quiet, disciplined Tapasya of total disclosure.



thapasya

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Discipline & Austerity

Where intent ends, verification begins. This section represents the practical execution of our values—the disciplined Tapasya of gathering, auditing, and disclosing the meticulous data points that make our corporate transparency entirely absolute.

Sources and Utilisation of Income

FUNDING STRUCTURE

As at 31st March,	2026	2025	2026	2025
	%	%	Rs.	Rs.
Due to banks to total assets	0.08%	0.14%	43,604,160	50,418,316
Other liabilities to total assets	3.91%	3.51%	2,103,682,126	1,303,134,660
Financial liabilities - other borrowed funds to total assets	33.93%	25.04%	18,243,890,679	9,291,880,609
Due to customers to total assets	48.22%	53.91%	25,933,000,915	20,004,208,401
Debenture to total assets	4.98%	7.22%	2,675,840,048	2,677,894,881
Capital fund to total assets	8.88%	10.18%	4,775,436,778	3,778,819,489
Total assets			53,775,454,706	37,106,356,355

UTILIZATION OF FUNDS

As at 31st March,	2026	2025	2026	2025
	%	%	Rs.	Rs.
Cash and cash equivalents	2%	8%	986,180,555	3,150,043,244
Other financial assets at amortized cost/fair value through profit or loss/ fair value through other comprehensive income	6%	8%	3,203,205,748	2,846,801,028
Financial assets at amortised cost - loans and advances	87%	79%	46,999,361,275	29,157,077,081
Other non financial assets	1%	1%	594,863,765	377,742,649
Property, plant and equipment, Intangible assets and Investment Property	3%	3%	1,456,853,919	1,183,861,876
Right-of-use assets	1%	1%	534,989,444	390,830,477
Total	100%	100%	53,775,454,706	37,106,356,356

Quarterly Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended	30.06.2025	30.09.2025	31.12.2025	31.03.2026
	Rs.	Rs.	Rs.	Rs.
	Unaudited*	Unaudited*	Unaudited*	Unaudited*
Interest income	1,834,333,250	2,081,270,970	2,358,166,994	**2,840,977,585**
Less: Interest expenses	(940,785,463)	(1,003,223,114)	(1,049,775,903)	**(1,186,336,056)**
Net Interest income	893,547,787	1,078,047,855	1,308,391,091	**1,654,641,529**
Other operating income	239,864,182	248,952,725	270,891,199	**342,339,650**
Less: Operating expenses				
Personnel expenses	(204,941,017)	(233,521,637)	(252,481,455)	**(293,118,419)**
Provision for staff retirement benefits	(3,000,000)	(3,000,000)	(3,000,000)	**(5,649,933)**
General and administrative expenses	(364,647,247)	(400,236,369)	(434,743,145)	**(463,067,534)**
Impairment charge for loans and advances	(145,006,299)	(123,000,000)	(162,000,000)	**(240,857,140)**
Operating profit before taxes on financial services	415,817,406	567,242,575	727,057,691	**994,288,154**
Taxes on financial services	(121,000,000)	(186,232,296)	(225,800,000)	**(245,310,922)**
Profit before taxation	294,817,406	381,010,279	501,257,691	**748,977,232**
Income tax expenses	(113,637,017)	(162,154,439)	(221,000,000)	**(390,913,942)**
Profit for the year	181,180,389	218,855,840	280,257,691	**358,063,290**
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				**-**
Remeasurement of unquoted shares	1,036,682			**91,053**
Deferred tax effect on components of other comprehensive income	10,062,072			**2,409,621**
Actuarial (loss) / gain on retirement benefit obligations	169,212			**(8,032,069)**
Other comprehensive income for the year, net of tax	11,267,966	-	-	**(5,531,395)**
Total comprehensive income for the year	192,448,355	218,855,840	280,257,691	**352,531,895**
Earnings Per Share - Basic	1.46	1.76	2.26	**2.88**
Earnings Per Share - Diluted	1.02	1.23	1.58	**2.02**

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

Quarterly Financial Statements

STATEMENT OF FINANCIAL POSITION

For the quarter ended	30.06.2025	30.09.2025	31.12.2025	31.03.2026
	Rs.	Rs.	Rs.	Rs.
	Unaudited*	Unaudited*	Unaudited*	Unaudited*
ASSETS				
Cash and Cash Equivalents	4,293,484,947	1,271,701,264	959,004,328	**986,180,555**
Other financial assets at amortized cost	3,046,623,777	2,928,511,072	2,480,147,773	**3,201,778,014**
Financial assets at amortized cost - Loans and advances	32,596,640,581	36,693,473,288	40,102,182,710	**46,999,361,276**
Other Non Financial Assets	176,466,833	166,058,625	116,455,576	**137,366,132**
Deferred tax assets (net)	10,585,399	25,260,582	27,106,892	**65,736,659**
Advances, Deposits and Prepayments	184,324,179	64,449,842	358,048,498	**391,760,973**
Financial assets - Fair value through other comprehensive income	1,336,682	1,336,682	1,336,682	**1,427,735**
Property, Plant and Equipment	725,084,269	792,893,210	820,611,833	**1,011,552,891**
Right-of-use assets	379,165,289	389,556,233	451,662,031	**534,989,445**
Investment Property	424,581,875	408,780,946	407,936,105	**407,490,046**
Intangible Assets	45,345,728	43,424,034	40,586,664	**37,810,978**
Total assets	41,883,639,559	42,785,445,779	45,765,079,093	**53,775,454,704**
LIABILITIES				
Financial liabilities - Due to banks	11,980,398	11,577,809	378,664,310	**43,604,163**
Other Liabilities	892,216,745	958,185,339	407,764,963	**616,705,908**
Dividend Payable	656,478	476,823	476,823	**477,526**
Current Tax Liabilities	107,982,324	268,111,933	458,850,810	**863,222,971**
Deferred Tax Liability	-	-	-	**-**
Financial liabilities - Other borrowed funds	13,317,282,238	12,996,689,191	15,722,815,681	**18,243,890,675**
Lease liabilities	403,356,129	417,386,711	473,761,082	**556,741,707**
Due to Customers	20,367,988,002	21,135,998,350	21,248,754,396	**25,933,000,915**
Debenture	2,762,340,094	2,768,451,758	2,596,112,574	**2,675,840,047**
Retirement Benefit Obligations	50,660,565	52,533,014	53,647,014	**66,534,017**
Total liabilities	37,914,462,973	38,609,410,930	41,340,847,655	**49,000,017,928**
EQUITY				
Stated capital	2,205,463,801	2,205,463,801	2,205,463,801	**2,205,463,801**
Retained earnings	1,378,760,477	1,587,385,032	1,838,663,766	**1,983,524,218**
Statutory reserve fund and other reserves	384,952,308	383,186,016	380,103,871	**586,448,759**
Total equity	3,969,176,586	4,176,034,849	4,424,231,437	**4,775,436,778**
Total equity and liabilities	41,883,639,559	42,785,445,779	45,765,079,093	**53,775,454,706**
Net assets value per share	31.96	33.62	35.62	**38.45**

ORDINARY SHARE

For the quarter ended	30.06.2025	30.09.2025	31.12.2025	31.03.2026
Market Value of Shares				
Highest Traded Price (Rs)	41.50	65.00	64.80	**60.90**
Lowest Traded Price (Rs)	25.00	38.00	49.90	**45.00**
Closing Price (Rs.)	41.00	63.80	53.00	**52.40**
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	2062	2641	2932	**2909**
% of Shareholding	27.01	26.99	26.99	**26.61**

PREFERENCE SHARES

For the quarter ended	30.06.2025	30.09.2025	31.12.2025	31.03.2026
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	157	178	209	**250**
% of Shareholding	4.09	4.13	4.13	**4.13**

Horizontal Analysis

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

	Current Year	Percentage Change (%)				Base Year
For the year ended 31st March,	2026	2026	2025	2024	2023	2022
	Rs.					Rs.
Interest income	9,114,748,800	234.48%	119.18%	97.86%	-5.47%	2,725,047,627
Less: Interest expenses	(4,180,120,535)	185.85%	129.45%	149.67%	-9.45%	(1,462,362,856)
Net interest income	4,934,628,265	290.80%	107.29%	37.85%	-0.86%	1,262,684,771
Fees and commission income	941,457,806	341.03%	276.43%	182.19%	177.13%	213,465,679
Other operating income	162,679,749	897.96%	666.30%	-24.86%	-7.58%	16,301,295
Less: Operating expenses						
Personnel expenses	(1,011,382,970)	266.32%	134.53%	49.83%	20.73%	(276,092,770)
Depreciation and amortization cost	(252,329,413)	96.13%	45.09%	12.95%	1.08%	(128,652,792)
General and administration expenses	(1,331,881,970)	118.60%	73.29%	40.00%	9.12%	(609,275,579)
Impairment charge for lease rentals receivable, hire purchase, loans and advances	(670,863,439)	36.10%	46.17%	2.46%	12.82%	(492,904,301)
Operating profit before value added tax on financial services	2,772,308,028	19254.11%	6563.46%	3127.89%	1303.59%	(14,473,697)
Value added tax on financial services	(846,245,423)	2218.48%	721.07%	186.86%	17.33%	(36,500,000)
Profit before income tax	1,926,062,605	3878.54%	1347.33%	754.34%	357.74%	(50,973,697)
Income tax expenses	(887,705,398)	960.32%	132.52%	-65.00%	-23.20%	(83,720,568)
Profit for the year	1,038,357,207	870.90%	427.51%	325.88%	149.80%	(134,694,265)
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	-	-	-	-	-	-
Remeasurement gain/(loss) of unquoted shares	1,127,735	-	-	-	-	-
Deferred tax charge on revaluation gain	-	-	-	-	-	-
Actuarial gain/(loss) on retirement benefit liability	(8,032,069)	-283.41%	-153.64%	93.68%	-73.41%	4,379,407
Deferred tax reversal on actuarial losses	2,409,621	129.26%	-32.95%	142.10%	-126.59%	1,051,058
Other comprehensive income / (expense) for the year net of tax	(4,494,713)	-182.77%	32.91%	103.05%	-83.71%	5,430,465
Total comprehensive income for the year	1,033,862,494	899.81%	446.86%	343.90%	152.58%	(129,263,800)
Earnings per share - basic	8.36	780.00%	273.68%	191.58%	150.53%	0.95

STATEMENT OF FINANCIAL POSITION

	Current Year	Percentage Change (%)				Base Year
As at 31st March,	2026	2026	2025	2024	2023	2022
	Rs.					Rs.
ASSETS						
Cash and cash equivalents	986,180,555	-29.44%	125.38%	-1.00%	47.62%	1,397,632,551
Other financial assets at amortised cost	2,993,753,259	202.57%	187.69%	330.49%	147.09%	989,433,452
Other financial assets at fair value through profit or loss	208,024,754	100.00%	100.00%			-
Financial assets at amortized cost - Loans and advances	46,999,361,275	197.21%	84.38%	20.52%	23.18%	15,813,299,649
Other assets	137,366,133	11.54%	44.86%	5.67%	3.58%	123,152,101
Income tax receivable	-	-100.00%	-100.00%	-100.00%	-0.38%	27,698,763
Advances, deposits and prepayments	391,760,973	274.83%	90.73%	-1.63%	-26.30%	104,518,028
Financial assets - Fair value through Other comprehensive income	1,427,735	181.79%	-40.79%	0.00%	0.00%	506,659
Property, plant and equipment	1,011,552,897	448.63%	285.33%	69.91%	10.53%	184,377,810
Right-of-use assets	534,989,444	172.26%	98.90%	-5.12%	-8.07%	196,496,795
Investment property	407,490,044	13.49%	18.44%	-9.68%	-9.75%	359,055,287
Deferred tax assets	65,736,659	-35.19%	-100.00%	-61.99%	-63.10%	101,422,648
Intangible assets	37,810,978	-14.44%	8.91%	5.48%	7.88%	44,194,279
Total assets	53,775,454,706	178.03%	93.05%	33.61%	29.32%	19,341,788,022
LIABILITIES						
Due to banks	43,604,160	11.83%	29.31%	22.18%	-90.35%	38,990,640
Other liabilities	616,705,907	668.70%	884.43%	184.49%	-100.00%	80,227,361
Dividend payable	477,526	100.00%	100.00%			-
Income tax payable	863,222,971	100.00%	100.00%	100.00%		-
Deferred tax liabilities	-		100.00%			-
Financial liabilities - Other borrowed funds	18,243,890,679	234.23%	70.23%	10.85%	11.07%	5,458,426,482
Lease liability	556,741,706	167.95%	97.90%	5.61%	-4.19%	207,778,443
Due to customers	25,933,000,915	198.25%	130.06%	66.59%	52.67%	8,695,180,272
Debenture	2,675,840,048	29.09%	29.19%	-48.92%	5.53%	2,072,877,339
Retirement benefit obligation	66,534,016	102.87%	52.75%	20.57%	39.41%	32,796,379
Total liabilities	49,000,017,928	195.43%	100.93%	33.53%	31.27%	16,586,276,916
EQUITY						
Stated capital	2,205,463,801	0.00%	0.00%	0.00%	0.00%	2,205,463,801
Retained earnings	1,983,524,218	326.77%	155.24%	70.85%	26.63%	464,777,293
Statutory reserve fund and other reserves	586,448,759	587.75%	353.90%	329.10%	154.30%	85,270,012
Total equity	4,775,436,778	73.30%	37.14%	22.13%	9.27%	2,755,511,106
Total equity and liabilities	53,775,454,706	178.03%	91.85%	31.90%	28.14%	19,341,788,022

Vertical Analysis

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

For the year ended 31st March,	2026	2025	2024	2023	2022
Interest income	**100.00%**	100.00%	100.00%	100.00%	100.00%
Less: Interest expenses	**45.86%**	56.18%	75.43%	67.72%	51.41%
Net interest income	**54.14%**	43.82%	24.57%	32.28%	48.59%
Net trading gain/(loss) on held for trading securities	**0.00%**	0.00%	0.00%	0.00%	0.00%
Fees and commission income	**10.33%**	13.45%	15.61%	11.17%	22.96%
Other operating income	**1.78%**	2.08%	1.06%	0.23%	0.58%
Less: Operating expenses					
Personnel expenses	**11.10%**	10.84%	7.99%	7.67%	12.94%
Depreciation and amortization cost	**2.77%**	3.13%	2.58%	2.41%	4.99%
General and administration expenses	**14.61%**	17.67%	13.22%	15.82%	25.81%
Impairment charge for lease rentals receivable, hire purchase, loans and advances	**7.36%**	12.06%	8.96%	10.31%	19.13%
Operating profit before value added tax on financial services	**30.42%**	15.66%	8.49%	7.46%	9.27%
Value added tax on financial services	**9.28%**	5.02%	1.86%	0.79%	1.42%
Profit before income tax	**21.13%**	10.64%	6.63%	6.67%	7.85%
Income tax expenses	**9.74%**	3.26%	0.52%	1.19%	3.25%
Profit for the year	**11.39%**	7.39%	6.11%	5.48%	4.60%

STATEMENT OF FINANCIAL POSITION

As at 31st March,	2026	2025	2024	2023	2022
ASSETS					
Cash and cash equivalents	**1.83%**	8.49%	5.35%	8.25%	7.23%
Other financial assets at amortised cost	**5.57%**	7.04%	16.48%	9.77%	5.12%
Other financial assets at fair value through profit or loss	**0.39%**	0.63%	0.00%	0.00%	0.00%
Financial assets at amortized cost - Loans and advances	**87.40%**	78.58%	73.74%	77.87%	81.76%
Other assets	**0.26%**	0.48%	0.50%	0.51%	0.64%
Income tax receivable	**0.00%**	0.00%	0.00%	0.11%	0.14%
Advances, deposits and prepayments	**0.73%**	0.54%	0.40%	0.31%	0.54%
Financial assets - Fair value through Other comprehensive income	**0.00%**	0.00%	0.00%	0.00%	0.00%
Property, plant and equipment	**1.88%**	1.91%	1.21%	0.81%	0.95%
Right-of-use assets	**0.99%**	1.05%	0.72%	0.72%	1.02%
Investment property	**0.76%**	1.15%	1.25%	1.30%	1.86%
Deferred tax assets	**0.12%**	0.00%	0.15%	0.15%	0.52%
Intangible assets	**0.07%**	0.13%	0.18%	0.19%	0.23%
Total assets	**100.00%**	100.00%	100.00%	100.00%	100.00%
LIABILITIES					
Due to banks	**0.08%**	0.14%	0.18%	0.02%	0.20%
Other liabilities	**1.15%**	2.13%	2.16%	0.91%	0.41%
Dividend payable	**0.00%**	0.08%	0.00%	0.00%	0.00%
Income tax payable	**1.61%**	0.05%	0.07%	0.00%	0.00%
Deferred tax liabilities	**0.00%**	0.01%	0.00%	0.00%	0.00%
Financial liabilities - Other borrowed funds	**33.93%**	25.04%	23.41%	24.24%	28.22%
Lease liability	**1.04%**	1.11%	0.85%	0.80%	1.07%
Due to customers	**48.22%**	53.91%	56.05%	53.07%	44.96%
Debenture	**4.98%**	7.22%	4.10%	8.75%	10.72%
Retirement benefit obligation	**0.12%**	0.14%	0.15%	0.18%	0.17%
Total liabilities	**91.12%**	89.82%	86.98%	87.96%	85.75%
EQUITY					
Stated capital	**4.10%**	5.94%	8.53%	8.82%	11.40%
Retained earnings	**3.69%**	3.20%	3.07%	2.35%	2.40%
Statutory reserve fund and other reserves	**1.09%**	1.04%	1.42%	0.87%	0.44%
Total equity	**8.88%**	10.18%	13.02%	12.04%	14.25%
Total equity and liabilities	**100.00%**	100.00%	100.00%	100.00%	100.00%

Statement of Profit or Loss and Other Comprehensive Income in US Dollars

Exchange rate: 1 USD = LKR 315.1909 (closing rate as at 31 March 2026). The same rate is used to translate both years, consistent with prior year's convention, for like-for-like comparability.

For the year ended 31st March,	Note	2026 (US$)	2025 (US$)
Interest income	4	**28,918,185**	18,949,981
Less: Interest expenses	5	**(13,262,187)**	(10,645,586)
Net Interest income	6	**15,655,999**	8,304,394
Fees and commission income	7	**2,986,945**	2,549,398
Other operating income	8	**516,131**	396,320
Less: Operating expenses		**-**	-
Personnel expenses	9	**(3,208,795)**	(2,054,340)
Depreciation and amortisation cost	10	**(800,561)**	(592,217)
General and administrative expenses		**(4,225,636)**	(3,349,674)
Impairment charge for loans and advances	11	**(2,128,435)**	(2,285,833)
Operating profit before taxes on financial services	12	**8,795,647**	2,968,047
Taxes on financial services	13	**(2,684,866)**	(950,827)
Profit before taxation		**6,110,781**	2,017,220
Income tax expenses	14	**(2,816,406)**	(617,613)
Profit for the year		**3,294,376**	1,399,608
Other comprehensive income / (expense) not to be re-classified to profit or loss in subsequent periods (net of tax)			
Revaluation gain on property, plant and equipment		**-**	41,101
Remeasurement gain / (loss) of unquoted shares		**3,578**	(656)
Deferred tax charge on revaluation gain	14.4	**-**	(12,330)
Actuarial loss on retirement benefit obligations	36.2	**(25,483)**	(7,453)
Deferred tax reversal on actuarial losses	14.4	**7,645**	2,236
Other comprehensive income / (expense) for the year, net of tax		**(14,260)**	22,899
Total comprehensive income for the year		**3,280,115**	1,422,506

Figures in brackets indicate deductions.

Source: Audited financial statements FY2025/26 (Income Statement, page 217; Statement of Profit or Loss and OCI, page 218).

Statement of Financial Position in US Dollars

Exchange rate: 1 USD = LKR 315.1909 (closing rate as at 31 March 2026). The same rate is used to translate both years, consistent with prior year's convention, for like-for-like comparability.

As at 31st March,	Note	2026 (US$)	2025 (US$)
ASSETS			
Cash and cash equivalents	17	**3,128,836**	9,994,081
Other financial assets at amortised cost	18	**9,498,222**	8,293,176
Other financial assets at fair value through profit or loss	19	**659,996**	737,862
Financial assets at amortised cost - loans and advances	20	**149,113,954**	92,506,088
Other non financial assets	21	**435,819**	565,985
Advances, deposits and prepayments	22	**1,242,932**	632,471
Financial assets - fair value through other comprehensive income	23	**4,530**	952
Property, plant and equipment	24	**3,209,334**	2,254,047
Right-of-use assets	25	**1,697,351**	1,239,980
Investment property	26	**1,292,836**	1,349,260
Deferred tax assets	14.2	**208,561**	-
Intangible assets	27	**119,962**	152,708
Total assets		**170,612,333**	117,726,611
LIABILITIES			
Due to banks	28	**138,342**	159,961
Other liabilities	29	**1,956,611**	2,505,730
Dividend payable	30	**1,515**	93,454
Income tax payable	31	**2,738,731**	54,262
Deferred tax liabilities	14.2	**-**	17,478
Financial liabilities - other borrowed funds	32	**57,882,035**	29,480,168
Lease liabilities	33	**1,766,364**	1,304,566
Due to customers	34	**82,277,124**	63,466,961
Debenture	35	**8,489,585**	8,496,105
Retirement benefit obligations	36	**211,091**	158,940
Total liabilities		**155,461,398**	105,737,624
EQUITY			
Stated capital	37	**6,997,232**	6,997,232
Retained earnings		**6,293,088**	3,763,789
Statutory reserve fund and other reserves	38	**1,860,615**	1,227,966
Total equity		**15,150,935**	11,988,987
Total equity and liabilities		**170,612,333**	117,726,611

Figures in brackets indicate deductions.

Source: Audited Statement of Financial Position, FY2025/26, page 219.

Basis of Ratio

Ratio	Definition
Earnings per share (Rs)	Profit/(Loss) attributable to ordinary shareholders divided by the Weighted Average Number of Ordinary Shares in issue during the year.
Net Asset Value per share (Rs.)	Total Shareholders' Equity divided by the number of ordinary shares in issue at the reporting date (year-end, not average).
Price Earnings (Times)	Market Price per Share at year-end divided by Earnings per Share.
Price to book value (Times)	Market Price per Share at year-end divided by Net Asset Value per Share.
Return on equity (%)	Profit After Tax attributable to ordinary shareholders divided by Average Shareholders' Equity (opening + closing / 2), expressed as a %
Earning yield %	Earnings per Share divided by Market Price per Share at year-end, expressed as a %.
Debt to Equity ratio (Times)	Interest-bearing Borrowings (excl. customer deposits) divided by Total Shareholders' Equity.
Interest Cover (Times)	Profit Before Interest and Tax (PBIT = Profit Before Tax + Finance/Interest Expense) divided by Total Interest Expense.
Current ratio	Total Current Assets divided by Total Current Liabilities.
Gross non performing advances ratio %	Gross Stage 3 (Non-Performing) Loans & Advances divided by Gross Loans & Advances Portfolio
Impairment to total loans	Total (Stage 1+2+3) Impairment Provision divided by Gross Loans and Receivables.
Interest Income Yield %	Total Annual Interest Income divided by Average Interest Earning Assets, expressed as a %.
Net Interest Margin %	Net Interest Income (Interest Income less Interest Expense) divided by Average Interest Earning Assets, expressed as a %.
Return on Assets (ROA)	Profit Before Tax divided by Average Total Assets (opening + closing / 2), expressed as a %.
Provision Coverage Ratio	Stage 3 Impairment Provision divided by Gross Stage 3 (Non-Performing) Loans & Advances, expressed as a %.
Total Liability to equity	Total Liabilities divided by Total Shareholders' Equity (Times)
Cost to Income Ratio	Total Operating Expenses divided by Total Net Operating Income (Net Interest Income + Net Fee/ Other Income - Impairment, per company convention), expressed as a %.
Liquid Ratio	Statutory Liquid Assets held divided by Total Deposit Liabilities
Tier 1 Ratio	Tier I (Core) Capital divided by Total Risk-Weighted Assets, per CBSL Capital Adequacy Direction (statutory minimum currently 8.50% for licensed finance companies)

INCOME STATEMENT

Year ended 31 March	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Income	2,130,607,576	2,572,365,569	2,868,765,978	3,332,619,279	2,954,814,602	3,181,733,450	6,006,335,016	6,574,125,517	6,900,826,232	**10,218,886,355**
Interest Income	2,020,556,957	2,443,389,400	2,722,660,945	3,043,709,078	2,725,047,628	2,576,080,611	5,391,701,835	5,634,907,959	5,972,861,421	**9,114,748,800**
Interest Expenses	(919,297,655)	(1,233,214,297)	(1,433,366,344)	(1,704,234,090)	(1,462,362,855)	(1,324,236,291)	(3,651,051,365)	(4,250,407,673)	(3,355,391,936)	**(4,180,120,535)**
Net Interest Income	1,101,259,302	1,210,175,103	1,289,294,601	1,339,474,988	1,262,684,772	1,251,844,321	1,740,650,470	1,384,500,286	2,617,469,485	**4,934,628,265**
Net Trading Loss on Equity Securities	2,326,220	(31,406)	(9,220)	(125)						
Fees ,commission and other income	107,724,399	129,007,575	146,105,033	288,910,201	229,766,974	606,632,272	614,633,181	939,217,558	927,964,811	**1,104,137,555**
Net Operating Income	1,211,309,921	1,339,151,272	1,435,390,414	1,628,385,064	1,492,451,746	1,858,476,593	2,355,283,651	2,323,717,844	3,545,434,296	**6,038,765,820**
Less: Operating expenses										
Personnel expenses	(335,295,267)	(264,465,472)	(280,796,890)	(310,582,828)	(268,929,048)	(327,268,082)	(404,918,603)	(436,088,486)	(636,694,386)	**(996,733,037)**
Provision for staff retirement benefits cost	(4,906,571)	(5,754,935)	(5,272,963)	(7,041,239)	(7,163,721)	(6,051,551)	(8,762,394)	(14,035,862)	(10,814,992)	**(14,649,933)**
General and administrative expenses	(327,883,585)	(513,394,290)	(633,317,428)	(782,395,544)	(746,670,914)	(829,970,356)	(1,025,874,759)	(995,067,020)	(1,542,140,296)	**(2,430,456,806)**
Impairment charge for loans and advances	(227,348,081)	(333,396,606)	(357,620,797)	(381,645,114)	(382,940,886)	(492,904,300)	(556,092,219)	(505,038,637)	(720,473,852)	**(670,863,439)**
Profit before taxation	315,876,417	222,139,969	158,382,336	146,720,339	86,747,176	202,282,303	359,635,676	373,487,839	635,809,540	**1,926,062,605**
Income tax expenses	(37,827,608)	(43,914,542)	(64,475,297)	(76,566,973)	(41,551,058)	(83,720,568)	(64,300,254)	(29,301,136)	(194,665,870)	**(887,705,398)**
Profit for the year	278,048,809	178,225,427	93,907,039	70,153,366	45,196,118	118,561,735	295,335,422	344,186,703	441,143,670	**1,038,357,207**
Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of tax)										
Remeasurement of unquoted shares	-	-	-	-				-	(206,659)	**1,127,735**
Revaluation gain on property, plant and equipment								43,511,089	12,954,787	**-**
Deferred tax charge on revaluation surplus								(13,053,327)	(3,886,436)	**-**
Actuarial (loss) / gain on retirement benefit obligations	(2,100,296)	3,554,897	7,022,779	(2,075,633)	4,379,407	1,164,300	8,482,160	12,730,464	(2,348,987)	**(8,032,069)**
Deferred tax reversal / (charge) on actuarial gain / (losses)	(588,083)	(995,371)	(920,685)	(498,152)	1,051,058	279,432	2,544,648	(3,819,139)	704,696	**2,409,621**
Other comprehensive income for the year, net of tax	(2,688,379)	2,559,526	6,102,094	(2,573,785)	5,430,465	884,868	11,026,808	39,369,087	7,217,401	**(4,494,713)**
Total comprehensive income for the year	275,360,430	180,784,953	100,009,132.99	67,579,581	50,626,583	119,446,603	284,308,614	383,555,790	448,361,071	**1,033,862,494**
Earnings per Share	0.33	2.12	0.94	0.57	0.36	0.95	2.38	2.77	3.55	**8.36**

Figures in brackets indicate deductions

BALANCE SHEET

As at 31st March,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS												
Cash and cash equivalents	446,524,236	690,797,870	601,891,827	660,159,119	643,777,198	511,939,133	1,006,233,476	1,397,632,551	2,063,128,895	1,383,706,511	3,150,043,244	**986,180,555**
Other financial assets at amortized cost	259,698,505	328,866,266	433,333,648	622,975,267	691,744,740	860,630,696	654,692,844	989,433,452	2,444,830,041	4,259,458,514	2,613,933,531	**2,993,753,259**
Other financial assets at fair value through profit or loss	9,254,835	8,817,330	50,204,691	207,458,481	125	-	-	-	-	-	232,567,497	**208,024,754**
Financial assets at amortised cost - loans and advances	4,137,897,770	6,527,840,413	8,263,046,222	9,528,388,590	11,556,026,398	12,639,536,352	12,410,797,757	15,813,299,649	19,478,300,774	19,057,508,451	29,157,077,081	**46,999,361,275**
Financial assets - fair value through other comprehensive income	578,617	506,659	506,659	506,659	506,659	506,659	506,659	506,659	506,659	506,659	300,000	**1,427,735**
Advances, deposits and prepayments	47,261,648	60,178,750	64,760,286	67,948,443	155,155,197	156,189,223	252,083,662	104,518,027	77,034,568	102,813,725	199,349,206	**391,760,973**
Other non financial assets	23,966,862	14958827	15,626,098	15,587,389	16,511,803	16,983,813	21,637,319	123,152,101	127,559,654	130,133,093	178,393,443	**137,366,133**
Income tax receivable	3,472,184	-		362,927	3,732,303	27,736,580	27,698,763	27,698,763	27,593,548	-	-	
Property, plant and equipment	67,526,350	145,026,853	161,931,102	150,037,783	158,680,580	138,032,482	156,436,174	184,377,810	203,787,014	313,284,112	710,455,188	**1,011,552,897**
Investment property	80,842,794	143,706,564	306,253,164	352,385,530	393,818,513	399,678,109	376,158,647	359,055,285	324,062,193	324,299,107	425,274,403	**407,490,044**
Deferred tax assets	97,845,584	100,402,344	118,202,709	112,814,714	249,583,725	225,922,647	185,422,647	101,422,648	37,422,647	38,550,183	-	**65,736,659**
Right-of-use assets						137,210,457	217,810,352	196,496,795	180,642,208	186,439,061	390,830,477	**534,989,444**
Intangible assets	11,778,038	11,585,662	11,179,033	8,807,431	11,043,610	40,220,339	40,951,789	44,194,279	47,676,226	46,617,448	48,132,285	**37,810,978**
	5,344,407,597	8,115,400,702	10,026,935,439	11,727,694,421	13,899,494,420	15,154,586,490	15,350,430,089	19,341,788,019	25,012,544,427	25,843,316,864	37,106,356,355	**53,775,454,706**
LIABILITIES & EQUITY												
Liabilities												
Due to customers	3,672,180,230	4,796,299,899	5,681,178,140	6,356,067,246	6,617,344,955	6,585,234,705	7,013,686,384	8,695,180,272	13,274,968,572	14,485,136,166	20,004,208,401	**25,933,000,915**
Deferred tax liabilities						-	-	-	-	-	5,508,866	**-**
Due to banks	62,326	166,925,303	36,031,902	454,920,306	131,273,907	58,777,776	24,279,289	38,990,640	3,763,272	47,637,705	50,418,316	**43,604,160**
Income tax payable						-	-	-	-	17,953,458	17,102,880	**863,222,971**
Financial liabilities - other borrowed funds	344,516,666	1,609,833,175	2,476,518,223	3,001,078,792	4,958,735,615	6,086,325,326	4,778,758,726	5,458,426,482	6,062,427,129	6,050,495,203	9,291,880,609	**18,243,890,679**
Dividend payable	-	-	-	-	-	-	-	-	-	475,406	29,455,778	**477,526**
Other liabilities	31,553,729	68,455,301	77,540,353	36,650,813	217,163,369	96,622,133	38,147,908	80,227,351	228,236,872	558,484,227	789,783,292	**616,705,907**
Retirement Benefits Obligation	10,384,222	12,355,588	18,774,955	20,044,993	22,088,492	29,972,864	30,135,378	32,796,379	45,722,533	39,543,426	50,096,525	**66,534,016**
Debenture	-	-	-	-	-	-	1,029,465,110	2,072,877,341	2,187,519,136	1,058,730,444	2,677,894,880	**2,675,840,048**
Lease liability	-	-	-	-	-	126,200,873	213,877,899	207,778,444	199,066,151	219,443,235	411,187,318	**556,741,706**
	4,058,697,173	6,653,869,266	8,290,043,573	9,868,762,150	11,946,606,338	12,983,133,677	13,128,350,694	16,586,276,909	22,001,703,665	22,477,899,270	33,327,536,866	**49,000,017,928**
EQUITY					-							
Stated Capital	1,388,935,273	1,388,935,273	1,388,935,273	1,388,935,273	1,640,493,541	1,791,478,691	1,791,478,691	2,205,463,801	2,205,463,801	2,205,463,801	2,205,463,801	**2,205,463,801**
Reserves	(103,224,849)	72,596,163	347,956,593	469,996,998	312,394,541	379,974,122	430,600,704	550,047,308	805,376,961	1,159,953,794	1,573,355,688	**2,569,972,977**
Total Equity	1,285,710,424	1,461,531,436	1,736,891,866	1,858,932,271	1,952,888,082	2,171,452,813	2,222,079,395	2,755,511,109	3,010,840,762	3,365,417,595	3,778,819,489	**4,775,436,778**
Total Equity and Liability	5,344,407,597	8,115,400,702	10,026,935,439	11,727,694,421	13,899,494,420	15,154,586,490	15,350,430,089	19,341,788,018	25,012,544,427	25,843,316,864	37,106,356,355	**53,775,454,706**
Net assets value per share	1.53	1.74	2.07	2.22	18.18	17.50	17.89	22.19	24.24	27.10	30.43	38.45

Figures in brackets indicate deductions

Glossary of Financial 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)

A weighted average of the interest rates offered by licensed banks and financial institutions on their deposit products, weighted by the value of deposits held, and calculated periodically by the Central Bank.

AVERAGE WEIGHTED PRIME LENDING RATE (AWPLR)

AWPLR is calculated by the Central Bank weekly based on commercial banks' 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

Inflows and outflows of cash and cash equivalents arising from the operating, investing and financing activities of an entity during a period.

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.

COMPOUND ANNUAL GROWTH RATE (CAGR)

The rate of return required for an investment to grow from its beginning balance to its ending balance, assuming profits were reinvested at the end of each period over the investment's lifespan.

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 whereby 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 profits of the investee arising 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.

Glossary of Financial Terms

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.

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.

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.

LOSS GIVEN DEFAULT (LGD)

The percentage of an exposure that a lender expects to lose in the event of obligor default.

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.

Glossary of Financial Terms

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.

R

RELATED PARTY

Parties have the ability to control or exert a significant influence over the company's financial and operating decisions.

REPURCHASE AGREEMENT (REPO)

Contract to sell and subsequently repurchase government securities at a specified date and price.

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.

REVALUATION

The process of adjusting the book value of an asset to reflect its current fair market value.

RISK-WEIGHTED ASSETS

On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

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 in accordance with the GRI standards for the period 31st March 2025 to 31st March 2026.
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 4	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	Our Integrated Annual Report on page 8				
	2-3 Reporting period, frequency and contact point	Our Integrated Annual Report on page 8				
	2-4 Restatements of information	Our Integrated Annual Report on page 10				
	2-5 External assurance	Our Integrated Annual Report on page 10				
	2-6 Activities, value chain and other business relationships	Social and Relationship Capital on pages 73 to 84				
	2-7 Employees	Human Capital on page 68				
	2-8 Workers who are not employees	Human Capital on page 68				
	2-9 Governance structure and composition	Corporate Governance on page 110				
	2-10 Nomination and selection of the highest governance body	Corporate Governance on page 111				
	2-11 Chair of the highest governance body	Corporate Governance on page 111				
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance on page 111				
	2-13 Delegation of responsibility for managing impacts	Corporate Governance on page 112				
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance on page 112				

GRI Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	2-15 Conflicts of interest	Corporate Governance on page 113				
	2-16 Communication of critical concerns	Corporate Governance on page 113				
	2-17 Collective knowledge of the highest governance body	Corporate Governance on page 114				
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance on page 114				
	2-19 Remuneration policies	Corporate Governance on page 114				
	2-20 Process to determine remuneration	Corporate Governance on page 114				
	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	Chairman's Message on page 29				
	2-23 Policy commitments	Human Capital & Social and Relationship Capital on page 72				
	2-24 Embedding policy commitments	Human Capital on page 72.				
	2-25 Processes to remediate negative impacts	Human Capital & Social and Relationship Capital on pages 72 and 74				
	2-26 Mechanisms for seeking advice and raising concerns	Human Capital & Social and Relationship Capital on pages 72 and 74				
	2-27 Compliance with laws and regulations	Human Capital & Social and Relationship Capital on page 72				
	2-28 Membership associations	Human Capital on page 70				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	2-29 Approach to stakeholder engagement	Stakeholder Relationships on page 47				
	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 51	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 52				
ECONOMIC PERFORMANCE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial Capital on page 58				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Capital on page 58				
	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	Employee Benefits on page 71			At present, there is no defined retirement plan	
	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 on page 68				
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 68				

GRI Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
INDIRECT ECONOMIC IMPACTS						
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Strategy on page 40				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Intellectual Capital on page 65				
	203-2 Significant indirect economic impacts	Our Strategy on page 40				
PROCUREMENT PRACTICES						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital on page 84				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social and Relationship Capital on page 84				
ANTI-CORRUPTION						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital on page 84				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption			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 84				
	205-3 Confirmed incidents of corruption and actions taken	Social and Relationship Capital on page 84				
ANTI-COMPETITIVE BEHAVIOUR						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	There were no legal actions for anti-competitive behaviour, anti-trust and monopoly practices during the reporting period.	
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices			Not applicable		
TAX						
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk Management Section on page 176				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
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.	
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 operations does not require reclaiming products and packaging material.	
ENERGY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital on page 87				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital on page 87				
	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 87				
	302-5 Reductions in energy requirements of products and services			Not applicable	AAF does not track this.	

GRI Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
WATER AND EFFLUENTS						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital on page 87				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital on page 87				
	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 87				
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		

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
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 emissions 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		
WASTE						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital on page 87				
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		

GRI Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
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 on page 68				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital on pages 68 and 69				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital on pages 69 and 71				
	401-3 Parental leave	Human Capital on page 72				
LABOR/MANAGEMENT RELATIONS						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital on page 71				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human Capital on page 71				
OCCUPATIONAL HEALTH AND SAFETY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital on page 71				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
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 72				
	403-6 Promotion of worker health	Human Capital on page 72				
	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.	
	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.	

GRI Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
TRAINING AND EDUCATION						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital on page 70				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital on page 70				
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital on page 70				
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital on page 70				
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance section on page 111 and Human capital on page 67				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital on page 67				
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital on page 67				
NON-DISCRIMINATION						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital on page 67				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital on page 67				
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		

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
CHILD LABOR						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital on page 72				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital on page 72				
FORCED OR COMPULSORY LABOR						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital on page 72				
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 72				
SECURITY PRACTICES						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	AAF do not engage security personnel, however, we have fostered 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		
LOCAL COMMUNITIES						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital on page 79				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital on page 79				
	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.	

GRI Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
SUPPLIER SOCIAL ASSESSMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital on page 79				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Social and Relationship Capital on page 79				
	414-2 Negative social impacts in the supply chain and actions taken	Social and Relationship Capital on page 79				
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		
MARKETING AND LABELING						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital on page 75				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Social and Relationship Capital on page 75				
	417-2 Incidents of non-compliance concerning product and service information and labeling			Not applicable	There were no incidents of non-compliance concerning marketing communication during the period under review.	
	417-3 Incidents of non-compliance concerning marketing communications			Not applicable		

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
CUSTOMER PRIVACY						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and Relationship Capital on page 75				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			Not applicable	There were no complaints concerning breach of customer privacy during the period under review.	

Financial Calendar

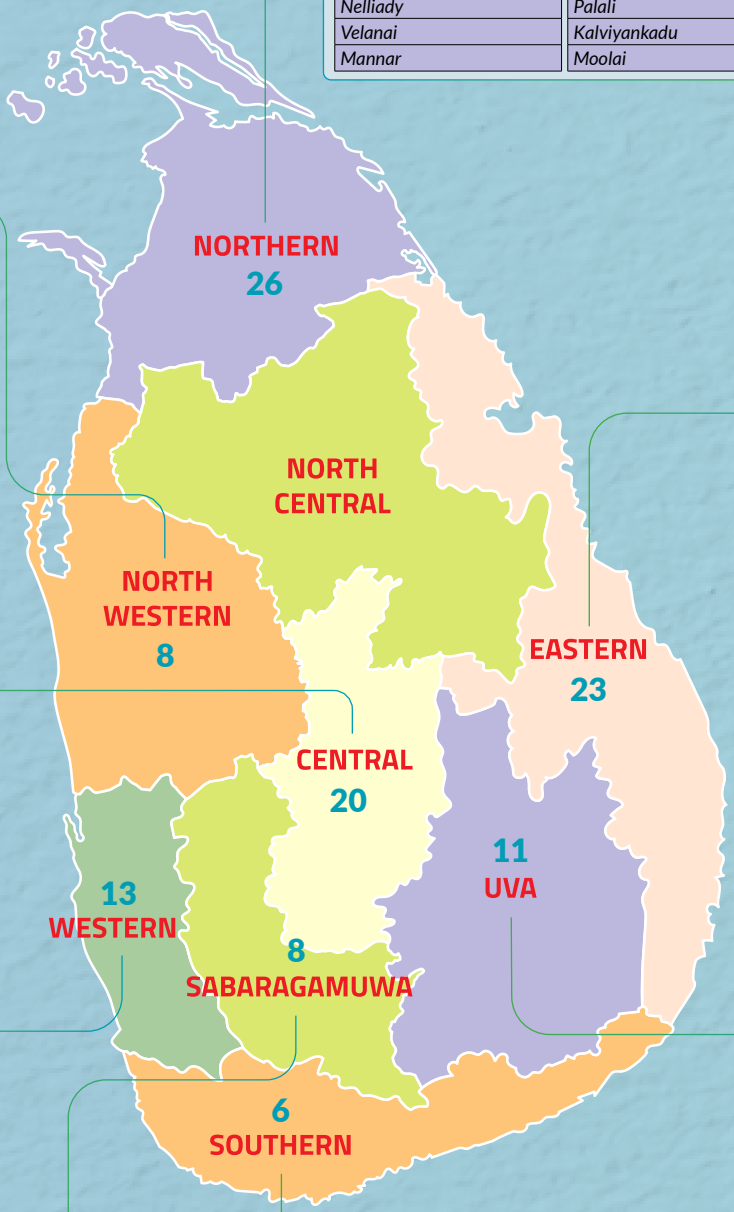
SUBMISSION OF THE INTERIM FINANCIAL STATEMENTS IN TERMS OF THE RULE 7.4 OF THE COLOMBO STOCK EXCHANGE (CSE)

Description	Deadline	2023	2024	2025	2026
		Submitted Date	Submitted Date	Submitted Date	Submitted Date
For the 3 Months Ended June 30 (Unaudited)	15-Aug	11-Aug	03-Aug-24	04-Aug-24	04-Aug-25
For the 6 Months Ended September 30 (Unaudited)	15-Nov	02-Nov	04-Nov-24	04-Nov-24	30-Oct-25
For the 9 Months Ended December 31 (Unaudited)	15-Feb	07-Feb	30-Jan-25	30-Jan-25	30-Jan-26
For the 12 Months and Year Ended March 31 (Unaudited)	30-May	15-May	29-May	30-May-25	07-May-26
For the 12 Months and Year Ended March 31 (audited)	30-Jun	30-Jun	27-Jun	18-Jun-25	30-Jun-26
Annual Report	31-Aug	10-Aug	29-Aug-24	28-Aug-25	N/A
Annual General Meeting	30-Sep	01-Sep	23-Sep-24	22-Sep-25	N/A

PUBLICATION OF THE SIX MONTHS FINANCIAL STATEMENTS AS PER REQUIREMENTS OF THE CENTRAL BANK OF SRI LANKA – NEWS PAPER

Description	Deadline	2023	2024	2025	2026
30th September	30-Dec	13-Nov	04-Nov-24	10-Nov-25	NA
31st March	30-Jun	21-Aug	28-Jun	30-Jun-25	30-Jun-26

Branch Network



Jaffna	Achchuveli
Kilinochchi	Cheddikulam
Chavakachcheri	Manipai
Point Pedro	Mulankavil
Chunnakam	"Urumpirai
Puthukkudiyiruppu	Mallavi
Mullaitivu	Vishwamadu
Oddusuddan	Pallai
Vavuniya	Thalaimannar
Chankanai	Murunkan
Nelliady	Palali
Velanai	Kalviyankadu
Mannar	Moolai

Kurunegala
Wennappuwa
Chilaw
Udappuwa
Puttalam
Kalpitiya
Dankotuwa
Wariyapola

Batticaloa
Chenkaladi
Kalmunai
Akkaraipattu
Valaichchenai
Kinniya
Trincomalee
Kalawanchikudy
Sammanthurai
Kanthale
Pottuvil
Ninthavur
Thirukkovil
Muthur
Serunuwara
Ampara
Kokkadicholai
Kiran
Pankulam
Arayampathy
Karaitivu
Pulmudai
Oddamavadi

Digana
Hatton
Gampola
Thalawakele
Nawalapitiya
Ragala
Matale
Pundaluoya
Maskeliya
Naula
Katugastota
Wattegama
Pussellawa
Bogawanthalawa
Agarapathana
Hawaeliya
Kotagala
Hanguranketha
Dayagama
Hapugasthalawa

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

Mawanella
Ruwanwella
Rakwana
Balangoda
Eheliyagoda
Deraniyagala
Kuruvita
Kahawatta

Galle
Matara
Beruwala
Ambalantota
Deniyaya
Elpitiya

Monaragala
Badulla
Mahiyanganaya
Haputale
Welimada
Passara
Bibile
Lunugala
Girandurukotte
Boralanda
Buttala

Branch Network

No.	Region	Branch Name	Address reported to CBSL
1	**Central**	Digana	J/2005 /11/02. Rajawella Digana.
2		Hatton	No. 19, Main Street, Hatton
3		Gampola	No. 63, Nuwara Eliya Road, Gampola
4		Thalawakele	No. 8/02, Nuwara Eliya Road, Thalawakele
5		Nawalapitiya	No. 75, Ambagamuwa Road, Nawalapitiya
6		Ragala	No. 67, Main Street, Ragala, Halgranoya.
7		Matale	No. 242, Main Street, Matale
8		Pundaluoya	No. 250/B/7, Kadadora Pitiya Road, Pundaluoya.
9		Maskeliya	No. 244,Main Street, Maskeliya.
10		Naula	No. 26, Dambulla Road, Naula.
11		Katugastota	No. 144, Kurunegala Road, Katugastota.
12		Wattegama	No. 55, Main Street, Wattegama
13		Pussellawa	No. 305, Nuwara Eliya Road, Pussellawa.
14		Bogawanthalawa	No. 90, Bridwel Bazar, Bogawanthalawa.
15		Agarapathana	No. 34, Main Street, Agarapathana.
16		Hawaeliya	No. 26, Udapussellawa Road, Hawaeliya.
17		Kotagala	No. 179/1, Main Street, Kotagala
18		Hanguranketha	No. 16,Ragala Road, Rikillagaskada, Hanguranketha.
19		Dayagama	No. B/1, Dayagama Bazzar, Dayagama
20		Hapugasthalawa	Halgolla No. 01, Hapugasthalawa.
21	**Uva**	Monaragala	No. 141,1st Lane, Wellawaya Road, Monaragala.
22		Badulla	No. 49, Cocowatta Road, Badulla.
23		Mahiyanganaya	No. 23, New Town, Mahiyanganaya.
24		Haputale	No. 27, Main Street, Haputale
25		Welimada	No. 51, Nuwara Eliya Road, Welimada
26		Passara	No. 289, Main Road, Passara
27		Bibile	No. 06, Opposite Hospital, Batticaloa Road, Bibile.
28		Lunugala	No. 156,Main street, Lunugala.
29		Girandurukotte	No. 04, New Town, Girandurukotte.
30		Boralanda	Haputale Road,Boralanda.
31		Buttala	No. 17, Wellawaya Road, Buttala
32	**Eastern**	Batticaloa	No. 187, Trincomalee Road, Batticaloa.
33		Chenkaladi	New Market Road, Chenkaladi
34		Kalmunai	No. 69, Main Road, Kalmunai.
35		Akkaraipattu	No. 155, Ampara Road, Akkaraipattu.
36		Valaichchenai	Main Street, Valaichchenai.
37		Kinniya	No. 88, Main Street, Kinniya 02.
38		Trincomalee	No. 76A & 76B, Sea View Road, Trincomalee
39		Kalawanchikudy	No. 172, Main Street, Kalawanchikudy.

No.	Region	Branch Name	Address reported to CBSL
40		Sammanthurai	No. 120, Ampara Road, Karuvaddukal-02, Sammanthurai.
41		Kantale	No. 137, Main Street, Kantale
42		Pottuvil	Main Street, Pottuvil
43		Ninthavur	No. 42/11,Main Street,Ninthavur 24.
44		Thirukkovil	Main Street, Thirukkovil
45		Muthur	Batticaloa Road, Aleem Nagar, Muthur.
46		Serunuwara	No. 44A, R.B.03, Serunuwara
47		Ampara	No. 451, D.S. Senanayake Road, Ampara.
48		Kokkadicholai	Main Road, Division No.10, Kokkadicholai.
49		Kiran	Main Street, Kiran.
50		Pankulam	Main Street, Trincomalee Road, Morawawa, Pankulam
51		Arayampathy	Main Street, Arayampathy
52		Karaitivu	Main Road, Karaitivu 01
53		Pulmudai	Ward No. 04, Main Street, Pulmudai
54		Oddamavadi	Main Street, Mavadichenai, Valaichchenai
55	**North Western**	Kurunegala	No. 81, Negombo Road, Kurunegala
56		Wennappuwa	No. 224/3A,Colombo Road, Wennappuwa
57		Chilaw	No. 39, Colombo Road,Chilaw
58		Udappuwa	No. 75, Division 2, Udappuwa
59		Puttalam	No. 61, Kurunegala road, Puttalam
60		Kalpitiya	MAIN STREET, KALPITIYA
61		Dankotuwa	No. 07, Natthandiya Road, Dankotuwa.
62		Wariyapola	Block 1 & 2, Chilaw Road, Wariyapola.
63	**Northern**	Jaffna	No. 109, Kasthuriyar Road, Jaffna
64		Kilinochchi	Near Murugan Temple, A9 road, Kilinochchi.
65		Chavakachcheri	No. 05/A, Kandy Road, Chavakachcheri.
66		Point Pedro	No. 374/B, Rajina Building complex, Main Street, Point Pedro.
67		Chunnakam	No. 15, Station Road, Chunnakam
68		Puthukkudiyiruppu	No. 02, Paranthan Road, Puthukkudiyiruppu.
69		Mullaitivu	Main Street, Mullaitivu.
70		Oddusuddan	Mullaitivu, Main Street, Vidyapuram, Oddusuddan.
71		Vavuniya	No. 27, 2nd Cross Street, Vavuniya
72		Chankanai	Mahan Thanga Plaza,Main Street, Changani.
73		Nelliady	No. 82, Point Pedro Road, Nelliady, Karaveddy.
74		Velanai	Vagalavadi, Velani
75		Mannar	No. 05, First Cross Street, Petha, Mannar.
76		Achchuveli	No. 53, Avarangal Road, Achchuveli.
77		Cheddikulam	Main Street, Cheddikulam
78		Manipay	No. 260, Manipay Road, Manipay.

Branch Network

No.	Region	Branch Name	Address reported to CBSL
79		Mulankavil	Mannar Road, Mulankavil.
80		Urumpirai	Palali Road, Urumpirai.
81		Mallavi	Thunukkai Road, Mallavi, Mullaitivu.
82		Vishwamadu	Chundikulam Junction, Vishwamadu, Mullaitivu.
83		Pallai	A9 Road, Pallai Town, Pallai
84		Talaimannar	Ward No.08, Pesalai, Talaimannar Road, Mannar.
85		Murunkan	Medawachchiya to Mannar Road, Murunkan, Mannar
86		Palali	No.526, Kankesanturai Road, Tellippalai, Jaffna
87		Kalviyankadu	No.1133, Point Pedro Road, Kalviyankadu, Jaffna
88		Moolai	No.340, Karainagar Road, Moolai, Chulipuram, Jaffna
89	**Sabaragamuwa**	Mawanella	No. 246, Kandy Road, Mawanella.
90		Ruwanwella	No: 104, Main Street, Ruwanwella
91		Rakwana	No.29, Main Street, Rakwana.
92		Balangoda	No.16, Rest House Approach Road, Balangoda.
93		Eheliyagoda	No.36, Main Street, Eheliyagoda.
94		Deraniyagala	No.78, Dehiowita Road, Deraniyagala
95		Kuruvita	No. 71, C/1, Colombo Road, Kuruvita.
96		Kahawatta	No.131/A, Main Street, Kahawatta.
97	**Southern**	Galle	No:170/172, Kadaweediya, main street, Galle
98		Matara	No 79, 81 Anagarika Dharmapala Mawatha, Matara.
99		Beruwala	No. 199, Jayathu,Galle Road, Beruwala.
100		Ambalantota	No.55, Main Street, Ambalantota.
101		Deniyaya	No.196, Main Street, Deniyaya.
102		Elpitiya	No.14, Ambalangoda Road, Elpitiya.
103	**Western**	Head Office	No.76, Park Street, Colombo 02
104		Negombo	No 295, Main Street, Negombo.
105		Kalutara	No. 344, Maha Veediya, Kalutara South
106		Moratuwa	No 16, New De Soysa road, Rawathawatta, Moratuwa
107		Gampaha	No. 69, Colombo Road, Gampaha.
108		Wellawatta	No.344, Galle Road, Wellawatte
109		Mathugama	K & W Centre, No.05, Gamini Mawatha, Aluthgama Road, Mathugama
110		Kotahena	No. 31, Kotahena Street,Colombo 13
111		Panadura	No.114, D S Senanayake Mawatha, Panadura.
112		Grandpass	No.670/A, & No.670/A1/1, Sirimawo Bandaranayake Mawatha, Colombo 14
113		Mattakkuliya	No. 3/810, Farm Road, Mattakkuliya
114		Elakanda	No.327, Thimbirigasyaya, Hendala, Wattala.
115		Homagama	No 78 A, High Level Road, Homagama.

Notice of the Virtual 15th Annual General Meeting of Asia Asset Finance PLC for the Year Ended 31st March 2026

NOTICE IS HEREBY GIVEN that the Virtual 15th Annual General Meeting of Asia Asset Finance PLC will be held on 24th September 2026 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 2026 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. 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.
5) To re-elect **Justice. S. Thurairaja PC** who was appointed to Board on 01st June 2026 will cease to be a Director and being eligible, offers himself for re-election under to Article 94 of the Articles of the Association.
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 2027 and to authorize the directors to determine their remuneration therefore.

BY ORDER OF THE BOARD OF DIRECTORS OF
ASIA ASSET FINANCE PLC

Ruwani Angammana
Company Secretary

Colombo,. 28th August 2026

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 Centre 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

Dear Shareholders,

ASIA ASSET FINANCE PLC
VIRTUAL 15TH ANNUAL GENERAL MEETING

We are pleased to inform you that the Virtual 15TH Annual General Meeting (AGM) of Asia Asset Finance PLC (the Company) is scheduled to be held on 24th September 2026 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 AGM, 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 notify the Company by completing and forwarding the enclosed "Form of Request" to reach the Company either by post to the below mentioned address or by e mail to ***companysecretary@asiaassetfinance.lk***

Ms. R. S. Angammana,
Company Secretary
Asia Asset Finance PLC
No. 76, Park Street,
Colombo 02

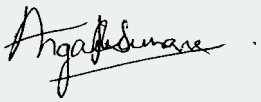
The printed report will be forwarded within eight (8) market days from the receipt of the duly completed Form of Request.

If you need any assistance, please contact the Company Secretary between 9.00 a.m. to 5.00 p.m. on any working day;

Name of the staff member	Contact Number	Email Address
Ms. R. S. Angammana	0117699074	companysecretary@asiaassetfinance.lk

Please find enclosed herewith the Notice of the AGM, Form of Proxy, the online registration form and Form of Request.

BY ORDER OF THE BOARD OF DIRECTORS OF
ASIA ASSET FINANCE PLC



Ruwani Angammana
Company Secretary

Colombo, this 28th August 2026

Online Registration Form

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 Proxy holder (if applicable) :**	
08	**Proxy holder's NIC No. / Passport No. :**	
09	**Proxy holder's Contact Number :**	
10	**Proxy holder'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, 47 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 proxy holder is attending the AGM please attach a copy of the Proxy Form which had been submitted to the Asia Asset Finance PLC No 76, Park Street, Colombo 02 or email to ***companysecretary@asiaassetfinance.lk*** not less than 47 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 2026 OF ASIA ASSET FINANCE PLC

Please forward a printed copy of the "Annual Report" for the financial year ended 31st March 2026 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. :	
..... **Signature of the Shareholder/s**	..... **Date**

Note:

(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) Justice S. Thurairaja PC	

As my/our* proxy to represent me/ us* and speak and vote for me/us* on my/our* behalf at the Virtual 15th Annual General Meeting of Asia Asset Finance PLC to be held on ..... at ..... 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 2026 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. 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.	○	○
5. To re-elect **Justice S. Thurairaja** PC who was appointed to Board on 01st June 2026 will cease to be a Director and being eligible, offers himself for re-election under to Article 94 of the Articles of the Association.	○	○
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 2027 and to authorize the directors to determine their remuneration therefore	○	○

Signed this ..... day of 2026

....

Signature of shareholder N.I.C.No

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 **Asia Asset Finance PLC, No. 76, Park Street, Colombo 02** Sri Lanka not less than 47 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

31st March 2026

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 Fifteen (115) 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

31st 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. 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)*

AUDIT COMMITTEE AS AT 31 MARCH 2026

Committee as at 31st March 2025

Mr. T.C.D. Kumarasiri *(Chairman/Independent Director)*

Mr. V. A. Prasanth

Mr. J. P. D. R. Jayasekara

Corporate Information

Integrated Risk Management Committee as at 31st March 2026

Mr. T. C. D. Kumarasiri *(Chairman/Independent Director)*

Mr. V. A. Prasanth *(Independent Director) - Member*

Mr. K. R. Bijimon *(Non- Independent Non-Executive Director) - Member*

Mr. J. P. D. R. Jayasekara *(Independent Director) - Member*

Related Party Transaction Review Committee as at 31st March 2026

Mr. J. P. D. R. Jayasekara *(Independent Director) - Chairman*

Mr. K. R. Bijimon *(Non-Independent Non-Executive Director) - Member*

Mr. V. A. Prasanth *(Independent Director) - Member*

HR & Remuneration Committee as at 31st March 2026

Mr. J. P. D. R. Jayasekara-Chairman *(Independent Director)*

Mr. G. Alexander *(Non- Independent Non-Executive Director) - Member*

Mr. V. A. Prasanth *(Independent Director) - Member*

IT Committee as at 31st March 2025

Mr. V. A. Prasanth *Chairman (Independent Director)*

Mr. J. P. D. R. Jayasekara *(Independent Director)*

Mr. S. S. R. D. De Silva Gunasekera *Executive Director*

Credit & Recovery Committee as at 31st March 2026

Mr. V. A. Prasanth *(Independent Director) Chairman*

Mr. J. P. D. R. Jayasekara *(Independent Director) - Member*

Mr. K.R. Bijimon *(Non-Independent Non-Executive Director) - Member*

Nominations and Governance Committee as at 31st March 2026

Mr. T. C. D. Kumarasiri *(Independent Director) Chairman*

Mr. J. P. D. R. Jayasekara *(Independent Director) - Member*

Mr. K. R. Bijimon *(Non-Independent Non-Executive Director) - Member*

Mr. G. Alexander *(Non-Independent Non-Executive)*

Mr. V. A. Prasanth *(Independent Director) - Member*

LAWYERS OF THE COMPANY

Shiranthi Gunawardena Associates
No. 22/1, Elliot Place
Colombo 08.

BANKERS

Commercial Bank of 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
Cargills Bank PLC
BOC Bank PLC
NSB Bank PLC
Pan Asia Bank PLC
HDFC

COMPANY SECRETARY

Mrs. Ruwani Angammana
No. 76, Park Street, Colombo 02.

COMPANY REGISTRARS

M/s Central Depository Systems (Private) Limited (CDS) of Ground Floor, M&M Centre 341/5, Kotte Road, Rajagiriya

COMPANY AUDITORS – EXTERNAL

M/S KPMG Chartered Accountants, 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