



ONE

LEGACY
VISION
ABANS

ABANS FINANCE PLC
ANNUAL REPORT 2025/26



● Every commitment made carries a responsibility to deliver meaningful outcomes. Purpose remains the Company's guiding principle, ensuring that every decision contributes to long-term resilience, sustainable value creation, and enduring stakeholder confidence. ●



Abans
Finance

- Fixed Deposits
- Savings
- Insurance
- Auto Loan
- Vehicle Loans
- Personal Loans
- Education Loans
- Mortgage Loans
- Gold Loans

456

Abans
Finance

Abans FINANCE PLC

A Year of Distinction through the Lens of Leadership - 2025/26

Our performance during the FY gone by represented a period of strategic consolidation as the Company reinforced its financial foundations and delivered profitability in line with expectations through disciplined financial management. The main priority during the year was strengthening market presence rather than unbridled expansion.

We believe this approach will be perhaps the most consequential in determining long-term shareholder value.



Mr. John Cecil Perera
Chairman

Over the past 2 decades, we have built our journey on trust, resilience, innovation and lasting relationships. Our growth has also been strongly inspired by the proud heritage and strength of the Abans Group.

We're looking forward for the future with a renewed commitment to progress, transformation and delivering greater value to the community we serve.



Mr. Nirosha Madawala
Former Chief Executive Officer

“Over the next five years, Abans Finance PLC aims to become one of Sri Lanka's leading financial institutions by expanding its branch network across major cities and delivering innovative financial solutions. Through digital innovation, diversified lending and deposit products, and a customer-centric culture, we aspire to create sustainable value while earning recognition as one of Sri Lanka's Best Places to Work.”



Mr. Upul Gunasekara
Chief Executive Officer

“The exceptional momentum we have built over the years reflects our disciplined financial stewardship, customer-centric approach, and the unwavering commitment of our people. As we look ahead, I am confident that our strategic investments, digital transformation, and prudent risk management will position Abans Finance among Sri Lanka's most respected and high-performing financial institutions, delivering sustainable value to all stakeholders.”



Mr. Prashad Samantha
Chief Financial Officer

About this report

Compliance with CBSL Rules, Regulations & Accounting Standards (GRI 2-27)

Abans Finance PLC is proud to introduce its **First-ever Integrated Annual Report** which presents a comprehensive and balanced account of the company performance for the financial year under review. The primary aim of this reporting approach is to provide stakeholders with reliable and timely information on the Company's financial and non-financial performance, enabling informed decision-making and a clear understanding of value creation.

The report complies with Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs) issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No.07 of 2007 and the Finance Business Act No. 42 of 2011. The Report has been prepared in accordance with the principles of the International <IR> Framework, reflecting the interlinkages between strategy, governance,

risk management and performance across multiple capitals.

Furthermore, selected disclosures are aligned with the Global Reporting Initiative Standards, ensuring transparency and consistency in reporting economic, environmental and social impacts. This report complies with Mandatory requirements required by law and voluntary practices to align with global best practices and enhance transparency.

In line with the Company's commitment to transparency and accountability, the report demonstrates a reporting approach that combines financial results with environmental, social, and governance (ESG) considerations. This enables a more holistic view of how Abans Finance PLC creates, preserves and sustains value over the short, medium and long term.

Membership organizations (GRI 2-28)

Industry Bodies

- The Leasing Association of Sri Lanka
- The Finance House Association of Sri Lanka

National Bodies

- The Financial Ombudsman Sri Lanka
- The Credit Information Bureau of Sri Lanka





Basis of Preparation & Presentation (GRI 2-2)

Framework

The Financial Statements of Abans Finance PLC have been prepared and presented in accordance with the applicable Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Lanka Accounting Standards (LKAS), which are aligned with the International Financial Reporting Standards (IFRS) framework issued by the International Accounting Standards Board (IASB).

The Financial Statements also comply with:

- Companies Act No. 7 of 2007
- Finance Business Act No. 42 of 2011 and related Directions issued by the Central Bank of Sri Lanka;
- Listing Rules of the Colombo Stock Exchange, where applicable
- Other statutory and regulatory requirements applicable to licensed finance companies in Sri Lanka.

The applicable Sri Lankan Accounting Standards and related guidance may be accessed through www.slaasc.lk/accounting, while International Accounting and Reporting Standards, including IFRS publications, are available through the www.ifrs.org. These sources serve as key references for the Accounting and Auditing Standards applied in the preparation and presentation of the Financial Statements.

The Financial Statements have been prepared on the accrual basis of accounting under the historical cost convention, except for financial instruments and other assets measured at fair value where required by relevant accounting standards. The Financial Statements are presented in Sri Lankan Rupees (LKR), being the functional and presentation currency of the Company.

Scope (GRI 2-3)

These Financial Statements cover the financial performance, financial position, equity movements

and cash flows of the Company for the financial year ended 31st March 2026.

The Financial Statements include all material activities, transactions and operations undertaken by the Company during the reporting period. Where applicable, the reporting scope extends to subsidiaries, associates and structured entities in accordance with the requirements of SLFRS and LKAS relating to consolidation and disclosures.

The Integrated Annual Report reflects both financial and relevant non-financial information considered necessary for stakeholders to assess the Company's ability to create and sustain value over the short, medium and long term.

Materiality

Information disclosed in the Financial Statements and Integrated Annual Report is based on the principle of materiality in accordance with the Conceptual Framework for Financial Reporting and applicable SLFRS/LKAS requirements.

Items are considered material if their omission, misstatement or obscuration could reasonably influence the economic decisions of stakeholders taken on the basis of these Financial Statements. Material information is disclosed separately, while immaterial items are aggregated where appropriate to enhance clarity and relevance.

Management has exercised professional judgement in determining material disclosures, taking into consideration both quantitative and qualitative factors, including the nature and magnitude of transactions and stakeholder expectations.

Measurement

The Financial Statements have been prepared using appropriate measurement bases prescribed under SLFRS and LKAS.

Assets and liabilities are generally measured at historical cost unless otherwise required by applicable accounting standards. Certain

financial instruments are measured at fair value or amortised cost based on the business model and contractual cash flow characteristics in accordance with SLFRS 9 – Financial Instruments. Expected Credit Losses (ECL) are recognised for financial assets measured at amortised cost using forward-looking assumptions and probability-weighted estimates. Fair value measurements are determined using observable market inputs where available and appropriate valuation techniques where market data is not directly observable.

The Company applies consistent valuation methodologies and significant estimates and judgements are disclosed in the relevant notes to the Financial Statements.

Comparability

Comparative information for the preceding financial year is presented in compliance with the requirements of LKAS 1 – Presentation of Financial Statements and other applicable standards to facilitate meaningful comparison and analysis.

Accounting policies and presentation methods have been applied consistently from one reporting period to another unless changes are required by new or revised accounting standards. Where necessary, prior year figures have been reclassified or restated to conform with the current year presentation, and the nature and impact of such changes are disclosed in the relevant notes.

Assurance (GRI 2-5)

The Financial Statements of the Company have been independently audited by M/S KPMG Chartered Accountants in accordance with Sri Lanka Auditing Standards, which are aligned with International Standards on Auditing (ISA).

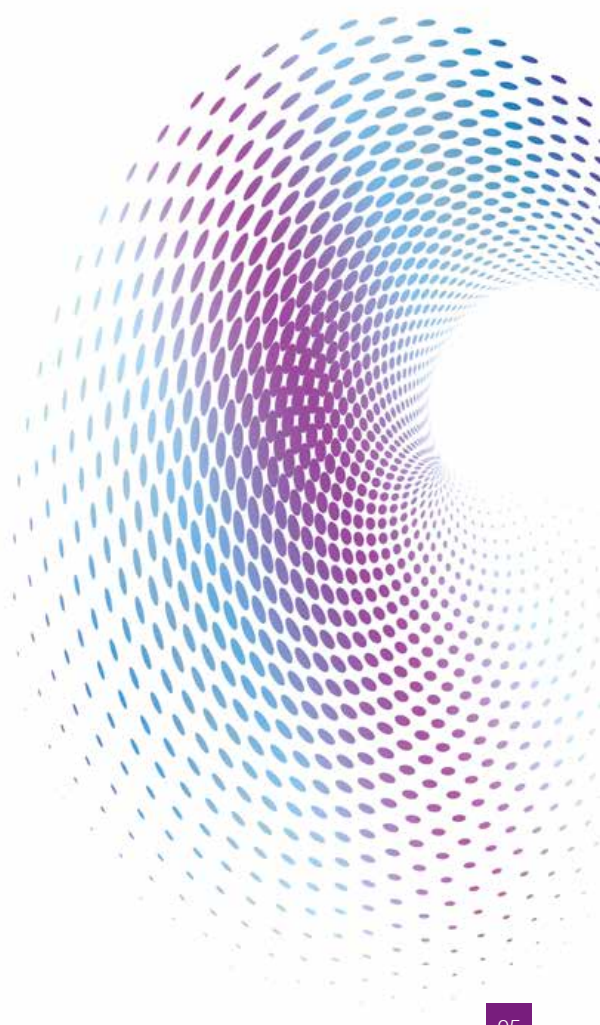
The Board of Directors acknowledges its responsibility for the preparation and fair presentation of the Financial Statements and for maintaining an effective system of internal controls, risk management and governance processes to ensure the reliability and integrity of financial reporting.

The Audit Committee oversees the financial reporting process, the effectiveness of internal controls and the independence and performance of the external auditors. Where applicable, selected non-financial disclosures contained in the Integrated Annual Report are subject to internal review and independent assurance procedures to enhance stakeholder confidence and reporting credibility.

For the External Assurance Reports Refer [Page No. 305](#)

Restatements of Information

No financial or non-financial information audited in the prior year required restatement





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Organizational Overview & External Environment

About Us

Abans Finance PLC is a Sri Lanka based non-bank financial institution and a subsidiary of the diversified Abans Group, a household name for over five decades. Established to capitalise on emerging opportunities within the financial services sector, the Company commenced operations as a Registered Finance Leasing Establishment in April 2006 and obtained its Finance Company licence in August 2007. It has since evolved into a regulated financial services provider, listed on the Colombo Stock Exchange in 2011 and operating under the supervision of the Central Bank of Sri Lanka (CBSL).

The Company offers a comprehensive portfolio of financial solutions designed to meet the diverse needs of individuals and businesses. Its core business lines include finance leasing, gold loans,

mortgage and personal loans, individual loans, digital device financing and the mobilisation of time and savings deposits. These offerings are supported by structured lending segments and a strong focus on asset-backed financing, enabling prudent risk management and sustainable portfolio growth.

Abans Finance PLC operates through a growing network of branches complemented by the extensive reach of the Abans Group's island-wide distribution network of over 400 outlets. Guided by a customer-centric philosophy, the Company is committed to delivering innovative and value driven financial solutions while emphasising responsible lending, service excellence and long-term relationship building.

Navigation Icons



SHAREHOLDERS



CUSTOMERS



EMPLOYEES



HUMAN
CAPITAL



NATURAL
CAPITAL



SOCIAL & RELATIONSHIP
CAPITAL



SOCIETY



REGULATORS



ENVIRONMENT



FINANCIAL
CAPITAL



INTELLECTUAL
CAPITAL

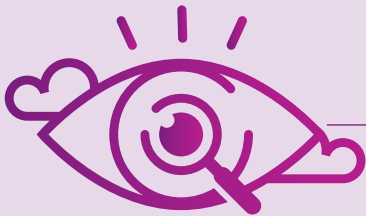


MANUFACTURED
CAPITAL



Vision

Be among the most trusted, innovative and secure financial solutions providers in the industry



Mission

Satisfy the consumer through innovative products, personalized service and a wide range of financial solutions using technology, maximizing synergies with the Abans group, empowering employees, thereby creating wealth, fuelling growth and adding to stakeholder value



Core-Values

2. Responsibility

- Strong emphasis on ethical practices and corporate governance.
- Transparent dealings with stakeholders, including customers, regulators, and investors.
- Social responsibility through community engagement and sustainable initiatives.

1. Resilience

- Commitment to sustaining operations despite economic challenges.
- Focus on adapting to market volatility and regulatory changes.
- Building financial strength to support customers and shareholders.

3. Forward-Looking

- Innovation in financial products and services.
- Investment in digital transformation and technology-driven solutions.
- Strategic planning to anticipate future market needs and opportunities.

Milestones



Commenced operations at the registered office, No. 498, Galle Road, Colombo 03, within the premises of Abans Ltd, with an initial team of approximately 10 employees

2006

Began business operations as a Registered Finance Leasing Establishment under the Finance Leasing Act No. 56 of 2000

2006

2011

Listed on the Colombo Stock Exchange

2025

Transformed all customer centres into fully operational branches.

2026

Successfully launched the company's first listed debenture issue

2026

Crossed 1 Billion mark in Gold Loan Portfolio

2005

Obtained Finance Company Licence under the Finance Companies Act No. 78 of 1988 with an initial stated capital of Rs. 382 Mn



2007

Relocated Head Office to No. 400, Galle Road, Colombo 03

2015

Relocated Head Office to No. 456, R. A. De Mel Mawatha, Colombo 03

2019

Abans Finance was recently awarded with a Digital Maestro Award in recognition of its Digital-led Transformation and Innovation on the Technology front.

2026

Expanded balance sheet beyond LKR 20 billion and delivered over LKR 850 million in PAT and for the first time in history recorded over LKR 1 billion in PBT

2026

Awarded first runner-up for the 'Best Management Practices Company Awards 2026 (CPM AWARDS 2026) .'

Why we are Unparalleled

Strong Regulatory and Market Standing:



Listed on the Colombo Stock Exchange and regulated by the Central Bank of Sri Lanka, we uphold the highest standards of transparency and governance, reinforced by our Fitch Credit Rating of A- (Ika) Stable Outlook.

Comprehensive Financial Portfolio:



From leasing and hire purchase to mortgage loans, personal loans, digital device financing and deposit products, we offer a wide spectrum of services designed to meet diverse customer needs.

Island-Wide Reach with Group Synergy:



Our extensive branch network, supported by Abans Group's 400+ outlets, ensures accessibility and convenience for customers across the country.

Customer-Centric Approach:



We prioritize building long-term relationships by delivering value-driven, innovative solutions that strengthen trust and loyalty.

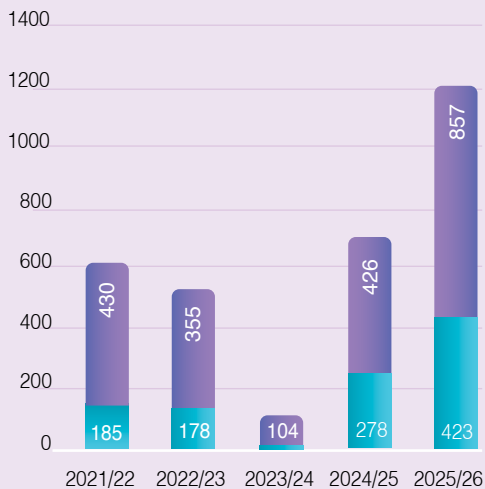
Financial Highlights

	2025/26 Rs.	2024/25 Rs.	Change (%)
Financial Performance (Rs' 000)			
Income	4,672,931	3,457,210	▲ 35%
Net Interest Income	3,067,677	2,091,374	▲ 47%
Net Fee and Commission Income	318,522	315,703	▲ 1%
Total Operating Income	3,470,091	2,481,213	▲ 40%
Profit After Tax	857,103	425,756	▲ 101%
Financial Position at the Year End(Rs'000)			
Total Assets	20,807,212	13,484,927	▲ 54%
Total Loans & Advances to customers	16,937,993	11,069,928	▲ 53%
Public Deposits	11,037,172	8,449,847	▲ 31%
Borrowings	3,155,908	155,026	▲ >100%
Shareholders' funds	4,155,310	3,502,463	▲ 19%
Profitability(%)			
Return on Assets	9.82%	7.77%	▲ 26%
Return on Equity	22.39%	12.94%	▲ 73%
Net Interest Margin	17.89%	17.28%	▲ 4%
Cost to Income Ratio	43.27%	45.20%	▼ -4%
Investor Information			
Earnings Per Share(Rs.)	11.63	5.78	▲ 101%
Price to Earnings Ratio(Times)	7.31	7.67	▼ -5%
Net Assets value per share(Rs.)	56.39	47.53	▲ 19%
Market Value Per Share(Rs.)	85.0	44.3	▲ 92%
Market Capitalization (Rs' 000)	6,263,919	3,264,607	▲ 92%
Regulatory Ratios			
<i>Capital Adequacy</i>			
Tier 1 Capital Ratio	18.30%	22.68%	▼ -19%
Tier 2 Capital Ratio	18.30%	22.68%	▼ -19%
Statutory Liquid Asset Ratio(%)	14.38%	15.64%	▼ -8%
Capital Funds/Total deposit liabilities	37.64%	41.45%	▼ -9%



Profits (LKR Mn)

■ Profits After Tax ■ Income Tax



Net Interest Income (LKR Mn)



Loans & Advances (LKR Mn)



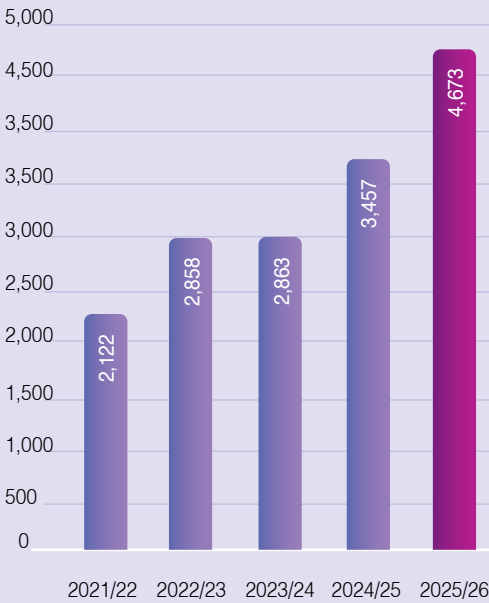
Total Assets (LKR Mn)



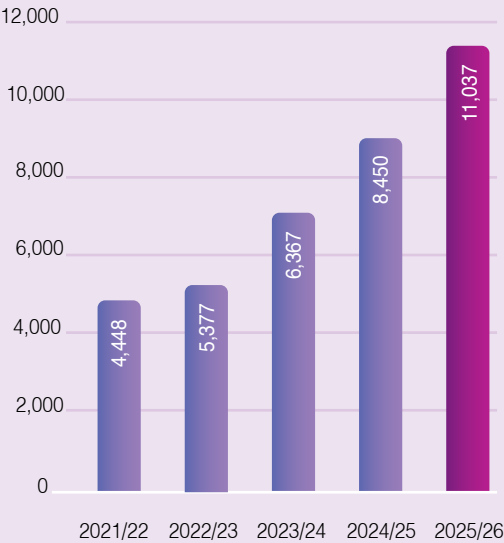
Shareholders' Funds (LKR Mn)



Gross Income (LKR Mn)



Fixed & Savings Deposits (LKR Mn)



Non-Financial Highlights



Human Capital



Total Workforce
530 Count



New Recruitments
187 Count



Training & Development
13,874 Hours



Training & Development
13.4 Mn



Average Training Hours per Employee
21.6 Hours



Female Representation
33.9%



Male:Female Employee Ratio
35.18 Ratio



Natural Capital



Electricity Usage - Head Office
65,928.5 kWh



Electricity Usage - All Branches
133,241.9 kWh



Fuel Usage
5,894 Liters



Water Consumption (GRI 303-5)
6,525 19 Liters (Cans)



Paper Usage
3,127 A4 Packets



Social & Relationship Capital



Customer Base
54,617



Depositors
5,080



Lenders
49,537



Product Disbursement
18,297 Mn



*Wealth is not his that has it,
but his that enjoys it.*

Benjamin Franklin



Chairman's Message

I am pleased to welcome you to the 20th Annual General Meeting of Abans Finance PLC and to present the Annual Report and Audited Financial Statements for the year ended 31st March 2026. The year gone by represented a period of strategic consolidation as the Company reinforced its financial foundations and delivered profitability in line with expectations through disciplined financial management. The main priority during the year was strengthening market presence rather than unbridled expansion. We believe this approach will be perhaps the most consequential in determining long-term shareholder value.

Macroeconomic Context and Sector Dynamics

During 2025, Sri Lanka's economy demonstrated continued signs of recovery and stabilisation, with real GDP growth estimated at approximately 5%, reflecting improved momentum across key sectors. Economic expansion was supported by moderate growth in agriculture, stronger performance in industry, particularly construction and manufacturing, and steady progress within the services sector, including financial services, tourism-related activities and information technology. Overall, the year was characterised by a gradual strengthening of domestic economic activity, improving business sentiment and increased sectoral diversification, although growth remained subject to structural challenges and external uncertainties. These developments paved the way for a more supportive operating environment for financial institutions.

Operating amidst this landscape, Sri Lanka's Non-Bank Financial Institution sector experienced a phase of cautious normalisation. Finance Companies demonstrated renewed growth momentum by the end of 2025 as credit expansion accelerated significantly during the year, with gross loans and advances recording a strong year-on-year increase of 56.0% compared to 22.6% growth in the previous year, reflecting a clear intensification of lending activity across the industry. This expansion was driven largely by vehicle-backed financing, which grew by 52.7% year-on-year, alongside a robust 64.1% increase in gold-backed lending, underscoring

shifting portfolio dynamics and the sector's responsiveness to evolving market opportunities. Meanwhile, strengthened recovery efforts and improved portfolio performance contributed to a sharp decline in the sector's gross Stage 3 loan ratio to 6.1% by end-2025, compared to 11.5% recorded a year earlier, signalling meaningful progress in asset quality restoration. Liquidity conditions across the sector remained comfortably above regulatory thresholds.

The sector's total Capital Adequacy Ratio moderated to 18.7% from 21.3% in the previous year, primarily due to the impact of rapid credit expansion. Although credit demand improved, particularly in asset-backed financing segments, yet funding costs remained elevated and competition intensified for creditworthy borrowers.

The removal of import restrictions during the year marked a structural turning point for vehicle financing. The return of brand-new motorcycles and three-wheelers initially disrupted pricing dynamics in the second-hand segment, but demand subsequently stabilised, creating renewed opportunities for the industry.

Strategic Positioning and Market Response

Supported by a strong risk framework and market research capability, Abans Finance was quick to respond to these developments and capture demand by strengthening the brand-new motorcycles financing portfolio and improving asset quality. The appreciation in gold prices created favourable conditions for the expansion of pawning services, a strategically important initiative that enhanced revenue diversification while supporting financial inclusion. As per the Central Bank, lending by licensed finance companies (LFCs) reached Rs. 1.84 trillion by mid-2025, of which nearly 19.4 per cent comprised gold-backed or pawning loans, confirming that gold-collateralised credit expanded faster than other loan segments. By extending reach in gold loans within underserved customer segments, the Company has begun to build scale in a product category that offers growth potential. Despite periodic upward movements in interest

rates, prudent margin management and the inherent strength of the Company's product mix enabled profitability to be sustained. External pressures including geopolitical developments affecting fuel costs and liquidity conditions were managed through timely portfolio adjustments and continued diversification of lending activities.

Financial Strength and Institutional Maturity

Abans Finance substantially realised its budget target of Rs. 1.1 billion of monthly new businesses demonstrating operational resilience under dynamic conditions. Total assets expanded to Rs. 20 billion, while the capital base strengthened to Rs. 4 billion. These developments are notable, both as indicators of growth and evidence of improving balance sheet robustness and enhanced capacity to support future expansion, underpinned by disciplined capital allocation and consistent risk awareness.

Distribution Expansion and Market Deepening

The introduction of pawning services broadened product relevance while strengthening engagement with segments at the base of the pyramid. This initiative reflects a conscious effort by the Company to align commercial strategy with broader financial inclusion objectives.

Meanwhile, distribution capability too was further enhanced through the elevation of 8 customer service centres into fully operational branches, which enhances our capabilities of regional accessibility and improves customer responsiveness. Preparatory work is underway to establish an additional 10 branches and signals continued confidence in the organisation's growth prospects.

During the year under review, banking partnerships were strengthened further to boost our funding base and operational resilience along with product diversification into consumer financing for mobile phones to align with evolving customer needs.

The Company also gained ground in the two-wheeler financing arena, achieving an estimated market share of 6–7%. Sustaining this position in a competitive environment underscores the strength of the Company's distribution ecosystem and brand trust.

Governance Strengthening and Leadership Alignment

A key priority for the Board during the year was strengthening leadership capability. Strategic appointments across risk management, compliance and technology functions enhanced organisational depth and improved preparedness for evolving regulatory and market complexities.

Key appointments at the highest levels, including the Chief Executive Officer, Chief Risk Officer, Compliance Officer and Chief Information Officer demonstrates the depth of strategic oversight and ensures that the organisation remains future-ready.

The articulation of a clearly defined corporate purpose during a structured strategic engagement further strengthened alignment between management priorities and long-term stakeholder expectations. Compliance continues to remain a cornerstone of the Company's governance framework, underpinning its commitment to transparency, accountability and sustainable growth.

During the year under review, Abans Finance further strengthened its oversight mechanisms through the continued functioning of a dedicated Compliance Department, which conducts structured reviews on a frequent basis to ensure adherence to regulatory requirements and internal policies. The appointment of an experienced Compliance Officer is expected to enhance the organisation's ability to proactively identify and manage emerging regulatory and operational risks.

Governance discipline was reinforced through regular Asset and Liability Committee (ALCO) and management meetings, enabling timely monitoring of compliance matters, liquidity exposures and broader risk dynamics. The Company maintained



continuous engagement with rating agencies, external auditors and Central Bank of Sri Lanka officials, reflecting its commitment to maintaining open regulatory dialogue and best practice reporting standards.

Importantly, no adverse regulatory issues were reported during the period. Furthermore, ongoing alignment of Board and management structures with evolving regulatory expectations ensured that decision-making processes remained robust, transparent and fully accountable to stakeholders. Enhanced regulatory engagement and strengthened reporting frameworks reinforced transparency and accountability.

Technology and Sustainability Advantages

The Company remains committed to progressively embedding sustainability considerations into its financial strategy and operational decision-making. In this regard, several forward-looking initiatives are being explored to strengthen environmental and social impact while supporting long-term business resilience. These include the potential issuance of social bonds aimed at mobilising funding for projects that promote green activities and women-focused initiatives. Abans Finance intends to channel targeted investments towards ventures that directly contribute to environmental stewardship and social well-being, thereby aligning growth ambitions with responsible financing principles.

Among the sustainability initiatives undertaken during the year under consideration, two areas are particularly noteworthy. The continued rollout of internal digital automation programmes has enabled a measurable reduction in paper usage, supporting efforts to minimise the Company's environmental footprint while improving operational efficiency. In addition, the expansion of electric bike leasing has emerged as a flagship initiative, promoting sustainable mobility solutions and contributing to the reduction of carbon emissions by financing environmentally friendly transportation options.

The Company's Corporate Social Responsibility (CSR) efforts remain closely aligned with these sustainability priorities, with targeted community

support initiatives, including the distribution of stationery and essential supplies to communities affected by Cyclone 'Ditwah'. These initiatives underscore Abans Finance's commitment to supporting vulnerable groups and contributing to post-disaster recovery. To ensure accountability and transparency, the impact of CSR initiatives is systematically measured as a percentage of Profit Before Tax (PBT). This structured approach enables the Company to track the scale and effectiveness of its social investments while reaffirming its responsibility to share the benefits of financial success with the communities it serves.

Efficiency Improvements and Forward Ambitions

As profitability increased compared to the previous year, improvements in capital utilization were evident. Return on Equity increased significantly to 22.4% from 12.9%, highlighting more effective deployment of shareholder capital. Looking ahead, the Board has endorsed ambitious yet realistic growth targets, including achieving Rs. 2 billion in Profit After Tax, expanding the asset base to Rs. 50 billion, strengthening capital to Rs. 9 billion and accelerating branch expansion by 2029. Scaling of pawning services, expansion into secured lending segments and further digitization of financing operations will support these objectives.

Innovation, Risk Discipline and Integrated Reporting

Innovation remains integral to the Company's operating philosophy. Enhancements to co-banking systems, CEFT integration will pave the way for establishing an ATM network and digital recovery solutions for enhanced customer convenience in the near future. Future priorities also include automated leasing disbursement, digitization of transactions and other green financing solutions. Concurrently, efforts to diversify product concentration and funding sources are enhancing liquidity resilience.

I am proud to note the Company's transition towards Integrated Reporting during the year as it reflects the Board's recognition that sustainable value creation must be assessed across multiple dimensions: financial, strategic, human and environmental.

During the year under review, the leadership team continued to foster a performance-driven environment in which employees at all levels are aligned with clearly defined Key Performance Indicators (KPIs), ensuring that individual contributions are closely linked to organizational goals.

A deliberate emphasis was placed on maintaining a friendly and open workplace culture that encourages collaboration, psychological well-being and the free exchange of ideas. Senior management remained accessible to employees, enabling concerns and suggestions to be raised without hierarchical barriers. Complementing this approach were a range of human resource initiatives and welfare programmes designed to strengthen employee engagement, boost morale and create a supportive environment conducive to continuous improvement.

Outlook for the Future

Looking ahead, Abans Finance PLC is targeting ambitious balance sheet expansion, supported by continued product diversification, strategic geographic expansion and sustained investments in technology-driven financial solutions. These initiatives are expected not only to enhance competitiveness and operational efficiency but also to enable the Company to play a more meaningful role in supporting economic participation and financial inclusion. The evolving regulatory and sustainability landscape is expected to shape this growth trajectory.

In line with national climate priorities and the broader need to strengthen financial sector resilience to climate-related risks, the Central Bank's introduction of the Sustainable Finance Roadmap 2.0 in 2025 represents an important step towards integrating environmental and social considerations into financial decision-making.

Furthermore, the anticipated expansion of the Sri Lanka Green Finance Taxonomy in 2026 to incorporate social dimensions further underscores the growing emphasis on responsible financing and inclusive growth. At the same time, ongoing prudential policy measures and enhanced risk-based supervision within the financial sector are expected to strengthen systemic stability

and support long-term confidence. Against this backdrop, Abans Finance remains committed to aligning its strategy with these emerging frameworks, exploring opportunities to expand sustainable financing solutions while reinforcing governance and risk management standards.

Acknowledgements

I wish to extend my sincere appreciation to my fellow members of the Board for their thoughtful guidance in shaping the strategic direction that has enabled the Company to achieve improved financial performance.

I also commend the corporate management team and every member of staff whose dedication, professionalism and efforts have contributed meaningfully to the results delivered during the year.

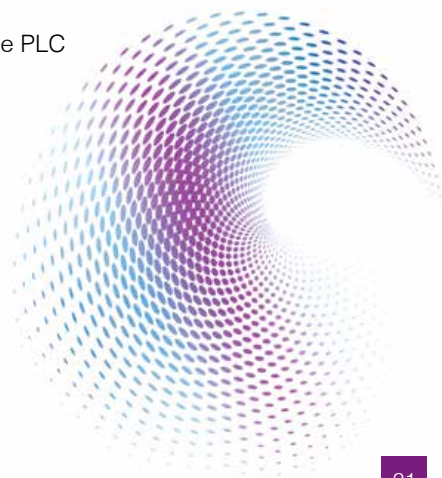
I extend my thanks to our regulators for their continued oversight and for introducing initiatives that strengthen the stability and integrity of the financial services sector, as well as KPMG, our external auditors, for the timely assurance and professional support extended throughout the reporting period.

Above all, I express my deep gratitude to our valued customers, business partners and other stakeholders for the confidence they have placed in us and for their continued support as we progress on our growth journey.



K. J. C Perera
Chairman
Abans Finance PLC

27th July 2026
Colombo





CEO's Review

Abans Finance PLC continued to operate within a challenging yet gradually recovering economic environment, firmly anchored to its core strategic priorities of creating sustainable value. Despite macroeconomic pressures, elevated interest rates and increased credit risks across the financial services sector, the Company remained focused on maintaining financial stability, optimising its operational framework and delivering value to its stakeholders. The year also presented several challenges for the financial services industry. Economic uncertainties, high borrowing costs and evolving customer repayment capacities required financial institutions to adopt a cautious and disciplined approach to lending.

The first order of business in FY2025/26 in navigating volatility was holistic strengthening of the company's operating model. Accordingly, the year was characterised by balancing portfolio expansion with risk discipline while in tandem enhancing operational efficiency and customer relationships. Over the course of the year, we continued to drive organic momentum across our diverse business lines, along with cost stewardship and stringent risk management, to strengthen our long-term growth trajectory.

Financial Performance

Abans Finance delivered a stable and progressively improving financial performance during the Financial year. For the period ended 31st March 2026, Net Profit increased significantly to Rs. 857.1 million compared to Rs. 425.7 million recorded in the corresponding period of the previous year, representing an impressive year-on-year growth of approximately 101%. This improvement was primarily driven by higher net interest income resulting from the expansion of the lending portfolio, growth in fee and commission income and continued emphasis on cost management.

Revenue performance further reflected the strengthening of our core business model. Total income increased to approximately Rs. 4.67 billion compared to Rs. 3.45 billion in the previous year,

marking a growth of around 35.17%. Net interest income improved to Rs. 3.06 billion from Rs. 2.09 billion, while interest income overall increased by approximately Rs. 1.1 billion, reflecting stronger earning asset volumes.

Non-interest income also recorded steady growth, with fee and commission income rising to Rs.375 million from Rs.350 million in the previous year. This was supported by increased transaction volumes, processing fees associated with loan disbursements and service-related charges.

Moreover, the Company's lending portfolio recorded strong growth during the year, increasing to approximately Rs. 16.9 billion as at 31st March 2026 compared to Rs. 11 billion at the end of the previous financial year, representing growth of around 53%. This expansion was underpinned by sustained demand for leasing, hire purchase and term lending facilities, as well as continued efforts to expand customer reach and strengthen distribution channels.

Importantly, this growth was accompanied by enhanced credit evaluation frameworks and strengthened portfolio monitoring mechanisms. Lending decisions were supported by comprehensive assessments of borrower repayment capacity, credit history and collateral adequacy. This balanced approach enabled the Company to pursue growth responsibly while preserving asset quality.

The Non-Performing Loan ratio improved markedly from 17.17% to 10.13% during the period. This improvement reflects the effectiveness of strengthened recovery initiatives, proactive monitoring of delinquent accounts and disciplined underwriting practices.

Dedicated recovery teams worked closely with branch networks to implement structured repayment plans, settlements and collateral recovery actions where required. Regular portfolio reviews and recovery performance monitoring reinforced accountability and enhanced

collection efficiency. Furthermore, the continued emphasis on asset-backed lending products such as leasing and hire purchase provided stronger security coverage and reduced potential loss exposure. The Company also maintained prudent impairment provisioning practices in line with SLFRS 9 requirements. Credit loss expenses amounting to approximately Rs. 284.7 million were recognised, ensuring that potential risks were adequately absorbed within the financial framework.

Balance Sheet Strength and Funding Stability

Financial stability during the year was further supported by strengthening of the Company's balance sheet. Total assets increased significantly from approximately Rs. 13.48 billion to Rs. 20.8 billion, reflecting both portfolio expansion and broader business growth. Loans and advances remained the largest component of the asset base, reinforcing the centrality of financing operations to the Company's value creation model.

Shareholders' funds strengthened to approximately Rs. 4.15 billion, enhancing capital adequacy and providing a strong foundation to support future growth initiatives.

On the funding side, Abans Finance recorded steady growth in customer deposits, which increased from Rs. 8,449.8 million to Rs. 11,037.1 million, an approximate growth of 30.6%. Fixed deposits continued to dominate the deposit portfolio, reflecting customer preference for stable long-term investment instruments in a relatively high interest-rate environment.

The Company implemented several initiatives to attract and retain depositors, including competitive interest rate offerings, targeted deposit mobilisation campaigns and strengthened relationship management practices. By maintaining a diversified funding structure and enhancing customer confidence, Abans Finance was able to support lending expansion while reducing reliance on short-term borrowings.

Product Innovation and Customer Engagement

Innovation in product offerings continued to play a meaningful role in strengthening customer engagement and supporting funding diversification. During the year, the Company introduced the 'ONE Saver Savings Account', designed to encourage existing lending customers to maintain linked savings balances. The product offers features such as bonus interest, settlement fee discounts and convenient loan repayment mechanisms. In addition, the Company proposed the launch of a 'Savings Investment Planner Account', aimed at promoting disciplined long-term savings behaviour. This structured product allows customers to make monthly contributions towards predetermined maturity targets while benefiting from insurance coverage and flexible investment tenures.

Strategic Partnerships and Market Positioning

Strategic collaborations within the Abans Group ecosystem continued to support portfolio growth and market competitiveness. A key partnership with Abans Auto (Private) Limited facilitated financing transactions valued at approximately Rs.1.4 billion during the period, accounting for around 10.29 % of the Company's total loan portfolio. As a result, Abans Finance was able to leverage established dealer networks, enhance product accessibility and capture growth opportunities in asset financing segments. Continued collaboration with retail distribution channels and dealer networks also enabled the Company to expand customer outreach and strengthen market presence.

Distribution Expansion and Accessibility

During the year under review, Abans Finance PLC made several investments primarily aimed at strengthening its operational infrastructure, supporting branch network improvements and enhancing technology-driven processes. The Company continued to invest in property, plant and equipment as well as technology-related



infrastructure to support its expanding operations and improve service delivery across its branch network. These investments included branch refurbishment, office infrastructure improvements and the acquisition of operational assets required for business expansion.

Distribution capability was enhanced strengthened through the conversion of eight Customer Service Centres into fully operational branches located in Ampara, Vavuniya, Kaduruwela, Puttlam, Batticaloa, Trincomalee, Embilipitiya and Tissamaharama. These conversions enabled the Company to expand product offerings, improve service delivery and enhance accessibility to financial services across key regions. No branches were closed during the year, while feasibility assessments were conducted for potential relocations to improve operational efficiency. Future expansion plans include proposed branch locations in Horana, Ambalangoda, Negombo, Ja-Ela, Matale, Moratuwa, Kiribathgoda, Mahiyanganaya, Nelliyadi and Warakapola. These initiatives form part of a broader strategy to strengthen geographic reach and support business growth in emerging economic regions.

Digital Transformation and Operational Efficiency

The investments we make in our digital offerings remain one of our key growth drivers. During the year under review, technology adoption remained a key enabler of productivity and customer experience enhancement. The introduction of the WorkHub system significantly improved workflow coordination, centralised processing and document management across the organisation.

Moreover, integration with Credit Information Bureau (CRIB) API enabled real-time credit verification, improving risk assessment accuracy and accelerating loan approvals. Similarly, NIC API integration strengthened identity verification processes, enhancing compliance with Know Your Customer requirements and reducing fraud risk.

These digital initiatives reduced manual intervention, improved turnaround times

and strengthened operational transparency. Although operational expenditure increased in line with portfolio expansion and infrastructure investments, particularly due to higher personnel costs and branch operational expenses, enhanced cost monitoring, workflow optimisation and better resource utilisation helped maintain cost discipline.

People-centred Culture

We take immense pride in the distinctive culture that defines Abans Finance, one firmly anchored in our core values. These principles guide the way we conduct our business and shape the quality of service we extend to our customers. One of core values is our focus on teamwork and delivering together. Abans Finance continued to prioritise human capital development as a strategic enabler of long-term success. Employee numbers increased during the year, reflecting expansion of operational capacity. Structured training programmes, performance-linked incentives and professional development opportunities supported employee capability building across areas such as credit evaluation, risk management and customer service.

The Company fosters a workplace culture grounded in diversity, equality and inclusivity through transparent recruitment practices and balanced representation initiatives. Employee welfare programmes and engagement activities strengthened morale, teamwork and organisational cohesion.

Sustainability Commitment

Sustainability considerations were progressively embedded across operational practices. Digitalisation initiatives reduced reliance on physical documentation and promoted responsible resource utilisation.

The Company also demonstrated social commitment through disaster relief initiatives supporting cyclone-affected communities, including distribution of essential supplies and educational equipment for impacted students.

Furthermore, Abans Finance explored opportunities to expand into renewable energy

financing through discussions with Abans Solar (Pvt) Ltd. The proposed collaboration aims to develop structured financing solutions for solar installations, supporting environmental sustainability while diversifying the Company's financing portfolio.

During the year under review, the natural disaster Cyclone Ditwah ravaged communities, but Abans Finance stood shoulder-to-shoulder with affected customers and focused its efforts to help their recovery.

Outlook and Value Creation

Looking ahead, factors such as improving macroeconomic conditions, including easing inflation, stabilising exchange rates and declining interest rates are expected to stimulate renewed demand for credit. These trends present meaningful opportunities for Abans Finance to expand responsible lending, strengthen its deposit base and accelerate digital adoption. Our strategic priorities for the upcoming financial year include enhancing asset quality, improving profitability through operational efficiency, strengthening governance and exploring new financing opportunities in renewable energy and technology-enabled financial services.

With total assets of approximately Rs. 20.8 billion and equity of Rs. 4.15 billion, the Company is well-positioned to pursue sustainable growth while maintaining prudent risk management practices. A central pillar of our growth philosophy is the pursuit of expansion within a rigorously governed risk framework. This disciplined approach has enabled us to navigate market volatility with confidence, sustaining business momentum while maintaining a sharp awareness of evolving external conditions and internal exposures.

We remain deliberate and forward-looking in how we identify, assess and manage risks, continuously refining our practices to safeguard the resilience and stability that our clients and investors expect. In this regard, sustained emphasis on operational integrity, compliance discipline and the pursuit of excellence across all functions continues to underpin our ability to manage existing risks effectively while anticipating emerging challenges.

Appreciation

On behalf of the management team, I extend my sincere appreciation to the Board of Directors for their guidance, to our employees for their dedication and professionalism, and to our customers and business partners for their continued trust and confidence.

With a strengthened balance sheet, improved operational capability and a clear strategic direction, Abans Finance remains confident in its ability to navigate evolving market dynamics and deliver sustainable long-term value for all stakeholders.



Upul Gunasekara

Chief Executive Officer
Abans Finance PLC

27th July 2026
Colombo



Board of Directors



Left to Right

- Mr. Thulci Aluwihare
- Mr. Danushka De Silva
- Mr. Pasan Wanigasekara
- Mr. Cecil Perera
- Ms. Sharini Kulasinghe
- Mr. Hiran Embuldeniya
- Mr. Yudhishtan Kanagasabai

Mr. John Cecil Perera

Chairman

John Cecil Perera, Founder of Legal, Inc. Attorneys-at-Law & Notaries Public, is a distinguished legal and corporate leader with over four decades of experience in Sri Lanka. He holds a Diploma in Modern Banking Law from the Postgraduate Institute of Management, University of Sri Jayewardenepura, and has passed Parts I and II of the Chartered Institute of Management Accountants.

His expertise spans legal practice, corporate governance, regulatory compliance, commercial transactions, debt instruments, corporate recovery and liquidations, real estate conveyancing, foreign investment advisory, business advisory, and trustee and secretarial services. He has served in both executive and non-executive roles across diverse organizations.

Mr. Perera currently serves as Non-Executive Chairman of Abans Finance PLC; Independent Non-Executive Chairman of Atarah Capital (Pvt) Ltd; and Director of Management Systems (Pvt) Ltd, Thilanka Hotels (Pvt) Ltd. and Thilanka Resort & Spa (Pvt) Ltd. He also practices as an Attorney-at-Law qualified through Sri Lanka Law College.

His previous roles include Chairman of Commercial Credit & Finance PLC (2012–2020); Precedent Partner of Legallnc, Attorneys-at-Law, Executive Chairman of Legallnc Secretarial & Management Services (Pvt) Ltd. and Legallnc Trustee Services (Pvt) Ltd.; and Head of Legal at Merchant Bank of Sri Lanka & Finance PLC, L B Finance PLC, and The Finance Co. PLC, as well as Junior Counsel at the criminal law chambers of Dunstan De Alwis PC. He also functions as an Arbitrator for dispute resolutions in Leasing.

Renowned for integrating legal acumen with corporate leadership, he has strengthened governance, advanced institutional growth, and advised on complex legal, regulatory, and strategic matters on corporate advisory services and listed, unlisted capital and debt markets. He chairs the Board of Abans Finance PLC and serves on its Nomination and Governance, Information Security, Integrated Risk Management, Related Party Transactions Review, and Human Resources & Remuneration Committees.



Mr. Hiran Embuldeniya

Non-Independent
Non-Executive Director

Hiran Embuldeniya is an accomplished investment banking, private equity, venture capital, and strategy consulting professional with over two decades of international experience across leading financial institutions, consulting firms, and investment platforms.

He is the Managing Partner of Ironwood Capital Partners, where he manages dedicated Sri Lanka-focused funds and provides growth capital and strategic support to local enterprises. Since 2020, he has also served as a Venture Partner at M Venture Partners, a Singapore-based seed-stage venture capital firm investing in innovative startups across India and Southeast Asia.

Previously, Mr. Embuldeniya founded and led York Street Partners, a boutique investment bank in Colombo, advising on significant foreign private equity transactions in Sri Lanka. Earlier in his career, he worked as a Strategy Consultant at McKinsey & Company in Dubai, advising major banks and industrial companies on corporate strategy and transactions. He began his professional career as an Analyst in the Investment Banking Division of Goldman Sachs in London, where he gained extensive experience in global finance and capital markets.



Mr. Embuldeniya holds an MBA from Harvard Business School and an MEng (Hons) in Engineering, Economics & Management from University of Oxford.

His expertise spans private equity, venture capital, investment structuring, fundraising, and strategic advisory. Throughout his career, he has worked closely with growth-stage companies, multinational banks, and industrial firms, while contributing to the development of Sri Lanka's investment ecosystem by helping attract international private equity capital to the country. Mr. Embuldeniya currently serves as a Non-Executive Director of Abans Finance PLC and is a member of several board committees, including Nomination & Governance and Human Resources & Remuneration.

Mr. Thulci Aluwihare

Independent Non-Executive Director

Mr. Thulci Aluwihare was appointed to the Board of Abans Finance PLC on 17 December 2020 as an Independent Non-Executive Director.

He is a business strategist and investment professional with over 25 years of international experience spanning London, Melbourne, and Colombo. His expertise encompasses mergers and acquisitions, public-private partnerships, transaction advisory and corporate restructuring.

Mr. Aluwihare currently serves as Deputy Managing Director of CHEC Port City Colombo (Pvt) Ltd, where he has played a leading role in the development of Sri Lanka's first foreign currency-designated, multi-services Special Economic Zone. Working closely with the Presidential Secretariat and as a member of the Colombo International Financial Centre Steering Committee Task Force, he contributed to the formulation of the Colombo Port City Economic Commission Act No.11 of 2021.



Prior to joining CHEC Port City Colombo, he served as Director and Head of Mergers & Acquisitions at PwC Sri Lanka and the Maldives, advising leading corporates and investors on complex cross border transactions.

Mr. Aluwihare also serves as an Independent Non-Executive Director of Bank of Ceylon and Ex-Pack Corrugated Cartons PLC. He holds a Bachelor's degree in Economics from the University of West London, United Kingdom, and a Master of Financial Economics (MFE) from the University of Colombo.

Mr. Pasan Wanigasekara

**Independent Non-Executive
Director**

Mr. Wanigasekara is a seasoned corporate leader with extensive international experience across Asia Pacific, Europe, and North America. His expertise spans corporate strategy, mergers and acquisitions, strategic marketing, business development, operational optimization, digitization, and legal.

Previously, he served as the Director General of the Board of Investment of Sri Lanka (Invest Sri Lanka) until January 2022. Since then, has reverted to his practice as a business consultant and has held Board positions in several blue-chip corporates operating in Finance, Leisure, Automobiles, Agriculture, R&D, Sustainable Energy, Manufacturing sectors. At present, he serves as an Independent Non-Executive Director of John Keells Plc and Union Assurance Plc in addition to his role at Abans Finance Plc.

Earlier on in his corporate career, he was Director Asia Pacific Business at a Moody's Corporation subsidiary.



Following his time at Moody's, he provided consulting services to several Fortune 500 companies and Asia-based private equity funds on investment analysis, M&A, and operational optimization, while also practicing as an Attorney-at-Law.

Mr. Wanigasekara is a qualified Engineer specialising in Computer Science, having graduated from the University of Moratuwa. He is also a Chartered Management Accountant, a Chartered Financial Accountant, a Chartered Marketer, and an Attorney-at-Law.

Mr. Wanigasekara has been a member of the Board since October 2024.

Ms. Sharini Kulasinghe

Independent
Non-Executive Director

Sharini Chamalka Kulasinghe is an accomplished investment professional with over two decades of experience across emerging and frontier markets, specializing in institutional fund management, investment banking, corporate governance, risk management, and digital transformation.

Ms. Kulasinghe serves as an Independent Non-Executive Director on several leading boards in Sri Lanka. She is an Independent Director and Chair of the Integrated Risk Management Committee of Abans Finance PLC, providing strategic oversight on enterprise risk and governance. She also serves as an Independent Director of LankaCom, Agility Innovation, and KBSL Information Technologies Ltd., contributing to initiatives in digital transformation, enterprise technology, cybersecurity, and managed services.

Ms. Kulasinghe has held senior investment and advisory roles, including at MicroVest Capital Management and as Co-Head of Investment Banking at Asia Securities Holdings, where she advised corporates and international investors on capital raising, mergers and acquisitions, and cross-border transactions. Ms. Kulasinghe holds a Bachelor of Arts in History from Bard College.



Throughout her career, she has developed deep expertise in capital markets, fund management, and investment structuring in complex frontier economies, while providing board-level leadership in governance, risk oversight, and sustainable investment. She is also actively engaged in advancing digital innovation, impact investing, microfinance, and sustainable development initiatives across South and Central Asia.

Ms. Kulasinghe currently serves as a Non-Executive Director to the Board of Abans Finance PLC since 11th December 2024

Mr. Danushka De Silva

**Non Independent
Non-Executive Director**

Mr. Danushka is a well-qualified and experienced Finance Professional with over 25 years of total experience in the field of Finance covering diversified areas including Commercial/Industry, Audit & Assurance, Technical and Regulatory.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and an Associate Member of both the Institute of Certified Management Accountants of Sri Lanka (CMA, SL) and the Chartered Institute of Management Accountants of UK (CIMA, UK). He is also a Chartered Global Management Accountant (CGMA). He has Master of Business Administration (MBA) specializing in Finance from the University of Southern Queensland, Australia.

He joined Abans Group in 2009 as Senior Finance Manager and later got promoted as the Deputy General Manager (Investments and Finance) and currently serving as a Director of Cleantech (Private) Limited, a Company within the Abans Group and sharing his knowledge and experience with several other companies within the Group.



In addition to that he also serves as a director of some of the subsidiary Companies of Cleantech (Pvt) Ltd. He was also previously heading the Investment Department of Abans Group and played a pivotal role in completing the Colombo City Centre Mixed Development Project. Prior to joining Abans he had worked in PricewaterhouseCoopers, Linea Mas (Pvt) Ltd (Company within MAS Group) & the Institute of Chartered Accountants of Sri Lanka.

He has served in many Committees (Including Technical and Education) of both the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka.

Mr. Yudhishtan Kanagasabai

Independent Non-Executive
Director

Appointed as director of Abans Finance PLC on 30th May 2025. Mr. Yudhishtan (Yudhishtan) Kanagasabai is a corporate leader and a Chartered Accountant with over four decades of distinguished service to the profession. As a former Chief Executive Officer of Price Waterhouse Coopers (PWC) Sri Lanka and Maldives, Yudhishtan was instrumental in transforming the firm into a high-performing and a client-focused operation. He spearheaded significant growth in the Assurance and Advisory practices, introduced audit automation to the local market, and positioned the firm as a leader across multiple sectors, including telecommunications, pharmaceuticals, and apparel.

Following his retirement from PWC, Yudhishtan has continued to contribute meaningfully to the corporate sector, holding numerous Independent Non-Executive Director roles. He currently serves as the Chairman of Asia Capital PLC and Asia Leisure Holdings (Private) Limited, Independent Non-Executive Director and Chairman of the Audit Committee of Eswaran Brothers Exports (Private) Limited, Arpico Insurance PLC, Kelani Cables PLC and MainGate (Private) Limited; and Independent Non-Executive Director to the Cargills Bank PLC.

He has also previously served on the boards of several high-profile institutions including Ceylon Tobacco Company PLC (2018–2024),



Cargills Ceylon PLC and Cargills Food Company (Private) Limited (2016–2023), Peoples Leasing & Finance PLC (until end 2024), Ambeon Capital PLC and subsidiaries (until May 2024), Dankotuwa Porcelain PLC (2021–2023), Union Bank PLC (2016–2018), South Asia Textiles Limited, Hunter & Company PLC, and Lanka Canneries Limited. He was also a Commissioner of the Insurance Regulatory Commission of Sri Lanka during 2018–2019.

Mr. Yudhishtan is a Fellow of the Institute of Chartered Accountants of Sri Lanka and brings deep sector knowledge across telecommunications, financial services, and manufacturing. His core strengths include business turnaround, risk management, organizational restructuring, and strategic execution.



The Details of Companies/Societies/Body Corporates/Specified Business entities in which the position of directors or equivalent position as of 31st March 2026 are as follows;

Mr K.J.C.Perera	Non-Executive Chairman	Abans Finance PLC
	Independent Non-Executive Chairman	Atarah Capital Pvt Ltd.
	Director	Eurocenter DDCLanka Pvt Ltd.
		Management Systems Pvt Ltd.
		Thilanka Resort & Spa Pvt Ltd
		Tiljay Computer Forms Pvt Ltd.
		Winall Pvt Ltd
Mr. Hiran Embuldeniya	Director	Abans Finance PLC
		Ironwood Education Holding (Pvt) Ltd
		International Education Development Centre (Pvt) Ltd
		Abans PLC
		The Laundromat (Pvt) Ltd
		Ironwood Travel Holding (Pvt) Ltd
		M S D Capital Holdings (Pvt) Ltd
		YSP Ventures (Pvt) Ltd
		Ironwood Capital Advisors (Pvt) Ltd
		Ironwood Services Holding (Pvt) Ltd
		Aberdeen Holdings (Pvt) Holding
		Abans Retail Holding (Pvt) Ltd
		Ironwood Investment Holding (Pvt) Ltd
Mr.Thulci Aluwihare	Director	Trio Enterprises (Pvt) Ltd
	Independent Non-Executive Director	Abans Finance PLC
		Ex-Pack Corrugated Cartons PLC
	Deputy Managing Director	Bank of Ceylon
Mr. Pasan Wanigasekara	Independent Non-Executive Director	CHEC Port City Colombo (Pvt) Ltd
		Abans Finance PLC
		Union Assurance PLC
Ms. S.C Kulasinghe	Independent Non-Executive Director	John Keels PLC
		Abans Finance PLC
		KBSL Pvt Ltd
		Coding Legends Pvt Ltd
		Agility Innovations Pvt Ltd
Mr. Danushka De Silva	Independent Non-Executive Director	Lanka Com Pvt Ltd
		Abans Finance PLC
		Cleantech (Pvt) Ltd
		AB Hydrotech (Pvt) Ltd
		Energique (Pvt) Ltd
Mr. Yudhishtan Kanagasabai	Independent Director	Circo Pvt Ltd
		Eswaran Brothers Exports (Private) Ltd
		Main Gate (Pvt) LTD
		Arpico Insurance PLC
		Kelani Cables PLC
		Asia Leisure Holdings

Leadership Team



Front Row (Left to Right)

- Mr. Prashad Samantha
- Mr. Nirosha Madawala
- Mr. Upul Gunasekara

Back Row (Left to Right)

- Mr. Dinusha Rajapakshe
- Mr. Suranga Fernando
- Mr. Imaz Imthiyaz
- Mr. Asithinda Ramanayake
- Mr. Dileepa Dharmarahtna
- Mr. Prabash Lakmal
- Mr. Suranga Abeywickrama
- Mr. Vidura Perera



Mr. Nirosha Madawala

Former Chief Executive Officer

Mr. Nirosha Madawala holds a Master of Business Administration (MBA) from Asia e University (CCBM), providing him with strong expertise in organizational leadership and strategic management. He is also in the final stage of completing his Chartered Institute of Marketing (CIM) qualification, which enhances his financial acumen with advanced marketing and communication skills. This blend of qualifications has positioned him as a versatile leader capable of driving both financial and market-oriented growth.

With over 15 years of experience in the financial services industry, Mr. Madawala has held several senior leadership roles. He served as Deputy General Manager at Commercial Credit and Finance PLC, where he contributed to strengthening operational frameworks and driving sustainable growth. He later became Acting CEO at Nation Lanka Finance PLC, focusing on financial restructuring, organizational transformation, and building stakeholder confidence. Across these roles, he consistently demonstrated expertise in business strategy, negotiation, and financial sustainability, earning recognition as a results-driven leader in Sri Lanka's finance sector.

In later of 2025 Mr. Madawala was appointed Chief Executive Officer (CEO) of Abans Finance PLC. Since taking on this role, he has been instrumental in steering the company toward strategic growth, operational excellence, and long-term sustainability. His leadership emphasizes business transformation, stakeholder engagement, and process improvements, ensuring that Abans Finance remains competitive in a dynamic financial landscape. With more than 15 years of leadership experience in finance and banking, Mr. Madawala continues to inspire transformative change, foster collaboration, and deliver value to stakeholders, positioning Abans Finance PLC as a trusted and forward-looking financial institution in Sri Lanka.

* Mr. Madawala ceased to perform the duties of CEO of the company with effect from 22nd July 2026



Mr. Upul Gunasekara

Chief Executive Officer

Mr. Gunasekara holds a Master of Business Administration (MBA) from the University of Wolverhampton and a Bachelor's degree from the University of Sri Jayewardenepura, specializing in Real Estate. His academic background has provided him with strong expertise in business administration, management, and industry-specific knowledge, enabling him to excel in leadership roles within Sri Lanka's financial services sector.

With over 20 years of experience in the finance industry, Mr. Gunasekara has built a distinguished career marked by operational leadership and strategic management. He served as Assistant General Manager at Lanka Orix Leasing Company (LOLC) from 2007 to 2019, where he gained extensive expertise in credit management, customer-focused financial solutions, and organizational efficiency. His contributions at LOLC were instrumental in strengthening the company's market presence and operational performance.

In September 2019, Mr. Gunasekara joined Abans Finance PLC as Head of Recoveries. In this role, he has been responsible for overseeing recoveries, operational improvements, and strategic initiatives that align with the company's long-term vision. His leadership emphasizes risk management, stakeholder engagement, and sustainable growth, ensuring that Abans Finance remains competitive in Sri Lanka's dynamic financial landscape. With his proven track record and strong leadership skills, Mr. Gunasekara continues to play a pivotal role in driving organizational success and positioning Abans Finance PLC as a trusted and forward-looking financial institution.



Mr. Prashad Samantha

Chief Financial Officer

Mr. Prashad Samantha is a seasoned finance executive with over 18 years of experience in banking, financial services, treasury, audit, and corporate finance across Sri Lanka and Bangladesh. As a Chief Financial Officer, he has demonstrated leadership in financial strategy, regulatory compliance, liquidity management, capital raising, and digital transformation, driving sustainable growth and strengthening organizational resilience.

Throughout his career, he has held several senior leadership positions, including Chief Financial Officer, Company Secretary, and Acting Chief Executive Officer at Alliance Finance PLC, as well as Group Chief Financial Officer at CAL. He also served as a Director of North East Construction (Pvt) Limited and Curve Institute (Pvt) Limited, providing strategic oversight and governance to support business growth and long-term value creation. His professional journey includes key roles at SDB Bank, where he led finance and fund mobilization initiatives, and earlier positions with PwC, DSI Samson Group, and Capital Maharaja Group, building a strong foundation in financial management and corporate governance.

Mr. Samantha holds a Bachelor of Science (Honours) in Finance from the University of Sri Jayewardenepura and is an Associate Member of the Institute of Chartered Accountants of Sri Lanka (ACA). He is also an Associate Chartered Management Accountant (ACMA) and Chartered Global Management Accountant (CGMA) through the Chartered Institute of Management Accountants (UK), and has successfully completed CFA Level I.

Recognized for his expertise in IFRS reporting, treasury and liquidity management, corporate governance, strategic planning, mergers and acquisitions, and business transformation. His ability to align financial strategy with business objectives has enhanced stakeholder confidence, optimized operational performance, and supported long-term organizational success.



Mr. Suranga Fernando

Head of Operations

Mr. Suranga Fernando is an accomplished finance and operations professional with over 20 years of experience in the financial services industry. As Head of Operations, he plays a key role in driving operational excellence through strategic decision-making, budgetary control, and the effective management of large-scale operational functions. He has consistently contributed to enhancing organizational performance, improving operational efficiency, and delivering sustainable business outcomes in highly regulated environments.

Throughout his career, Mr. Suranga has earned a strong reputation for leading initiatives that strengthen operational frameworks, optimize resources, and support business growth. He has successfully contributed to digital transformation projects, process improvements, and the implementation of robust risk management and governance practices across financial institutions. His expertise spans credit administration, portfolio management, internal controls, regulatory compliance, business continuity planning, and stakeholder management within the Non-Banking Financial Institution (NBFI) sector.

Recognized for his analytical approach and results-driven leadership, Suranga has effectively led cross-functional teams, managed complex operational challenges, and aligned business processes with strategic objectives. His sound understanding of regulatory requirements and industry best practices has enabled organizations to maintain high compliance standards while enhancing operational efficiency and customer service.

Mr. Suranga holds a Master of Business Administration from Lincoln University, together with diplomas in Business and Credit Management. Combining strong academic credentials with extensive industry experience, he continues to contribute to organizational resilience, sustainable growth, and stakeholder confidence through disciplined and forward-thinking leadership.



Mr. Dileepa Dharmarathna

Head of Branches

Mr. Dileepa Dharmarathna holds a BSc Honours Degree and a Master of Business Studies (MBS) from the University of Colombo and also a member of The Institute of Chartered Professional Manager of Sri Lanka. His academic achievements have provided him with advanced knowledge in finance, management, and organizational leadership. This strong foundation has equipped him with the analytical and strategic skills necessary to excel in senior leadership roles within Sri Lanka's financial services sector.

He possesses over 26 years of experience in credit, operations, marketing and recoveries within the finance industry. Prior to joining Abans Finance PLC, he held Senior Management positions at Arpico Finance Company PLC, and Associated Motor Finance Company PLC. He plays a key role in driving business growth, operational efficiency, recovery performance, and customer service excellence across the branch network.

Currently, Mr. Dileepa Dharmarathna serves as Head of Branches at Abans Finance PLC. In this capacity, he is responsible for managing branch operations, driving business growth, and ensuring service excellence across the company's network. His leadership emphasizes operational efficiency, risk management, and customer-focused financial solutions, ensuring that Abans Finance remains competitive in Sri Lanka's dynamic financial landscape. With his proven track record and strong leadership skills, Mr. Dharmarathna continues to play a pivotal role in advancing the company's long-term vision and success.



Mr. Prabash Lakmal

Head of Human Resources

Mr. Prabash Lakmal holds a Bachelor of Business Administration (BBA), a Postgraduate Diploma in Labour Relations & Human Resource Management (HRM), and a Master's Degree in Labour Relations & HRM, all from the University of Colombo. He has also completed the Chartered Qualification in Human Resource Management (CQHRM), further strengthening his expertise in HR strategy and organizational development. This combination of academic and professional qualifications has equipped him with advanced knowledge in employee relations, organizational leadership, and strategic HR management.

Mr. Lakmal has gained extensive experience in human resource management and organizational development. He has held senior HR leadership positions where he focused on building effective HR frameworks, enhancing employee engagement, and improving organizational efficiency. His contributions in these roles consistently strengthened workforce productivity and supported sustainable business growth, establishing him as a trusted HR professional in Sri Lanka's corporate sector.

Currently, Mr. Lakmal serves as the Head of Human Resources at Abans Finance PLC. In this role, he oversees HR strategy, talent management, and employee relations across the company. His leadership emphasizes organizational development, performance management, and fostering a positive workplace culture, ensuring that Abans Finance remains competitive and employee-focused in Sri Lanka's financial industry. With his proven track record and strong leadership skills, Mr. Lakmal continues to play a pivotal role in advancing the company's long-term vision and success.



Mr. Vidura Perera

Chief Information Security Officer

Mr. Vidura Perera is a seasoned cybersecurity and technology leader with over a decade of experience in information security, IT governance, cybersecurity operations, and digital transformation. He currently serves as the Chief Information Security Officer (CISO) of Abans Finance PLC, where he leads the organization's cybersecurity strategy, information security governance, regulatory compliance, technology risk management, and cyber resilience initiatives. In this role, he plays a pivotal part in strengthening the Company's security posture, safeguarding critical information assets, and ensuring alignment with evolving regulatory and industry best practices.

Prior to joining Abans Finance PLC, Mr. Vidura held key leadership positions at the Axiata Group Security Operations Centre and 99X Technology, where he gained extensive experience in cybersecurity operations, incident response, security architecture, vulnerability management, and enterprise risk mitigation. Throughout his career, he has successfully led strategic security initiatives, implemented governance frameworks, and fostered a culture of information security awareness across organizations.

Vidura holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, and a Bachelor of Engineering (Hons) in Computer Networks & Security from Staffordshire University. He is currently pursuing doctoral studies at the University of Kelaniya, further strengthening his expertise in technology and cybersecurity. He is also a Certified Information Security Manager (CISM), reflecting his commitment to professional excellence and continuous learning in the rapidly evolving cybersecurity landscape.



Mrs. Ratnasamy Priyadharshini

Company Secretary

Mrs. Priyadharshini serves as the company secretary to the Abans Finance PLC. She is a Attorney-at-Law and Master of Laws (LL.M.), was admitted to the Bar and took oaths before the Supreme Court of Sri Lanka in 2011. She is a licensed Company Secretary with over 15 years of experience in corporate governance, company secretarial practice, regulatory compliance, and board administration in Sri Lanka.

She possesses extensive expertise in ensuring compliance with the Companies Act No. 07 of 2007, Colombo Stock Exchange (CSE) Listing Rules, Central Bank of Sri Lanka regulations, and other applicable statutory and regulatory requirements. Her professional experience includes advising Boards of Directors on corporate governance matters, coordinating board and shareholder meetings, maintaining statutory records, managing regulatory filings, and facilitating effective stakeholder communication.

Known for her strong leadership, attention to detail, and sound legal and governance expertise, Priyadharshini is committed to upholding the highest standards of corporate governance, regulatory compliance, and ethical business practices. She has a proven track record of providing efficient company secretarial support and contributing to organizational success through effective governance and Administrative excellence in the evolving cybersecurity landscape.



Mr. Dinusha Rajapakshe

Chief Information Officer

Mr. Dinusha Rajapakshe holds a Master of Business Administration (MBA) from Mahatma Gandhi University and is currently pursuing a Master's in Information Security at Asia Authority. Alongside his academic achievements, he has earned professional qualifications including Microsoft Certified Professional (MCP), Cisco Certified Network Associate (CCNA), and membership in the British Computer Society (BCS). This combination of business and technical expertise has equipped him with the skills to lead complex IT initiatives and strengthen organizational resilience.

Mr. Rajapakshe has built a career that bridges business management and information technology. His professional journey includes roles where he applied expertise in IT infrastructure, cybersecurity, and systems management to enhance organizational performance. His qualifications and experience have enabled him to design secure, efficient, and scalable technology solutions while contributing to strategic decision-making and operational excellence.

Currently, Mr. Rajapakshe serves as the Chief Information Officer (CIO) at Abans Finance PLC. In this role, he oversees the company's IT strategy, cybersecurity framework, and digital transformation initiatives. His leadership emphasizes innovation, data security, and process automation, ensuring that Abans Finance remains technologically advanced and resilient in Sri Lanka's competitive financial services sector. With his strong academic background, professional certifications, and proven leadership skills, Mr. Rajapakshe continues to play a pivotal role in driving the company's digital vision and long-term success.



Mr. Asithinda Ramanayake

Chief Risk Officer

Mr. Ramanayake has built a strong academic foundation in finance and risk management, equipping him with the expertise required to excel in the financial services industry. His educational journey includes specialized training and professional qualifications in risk management, compliance, and financial analysis. These credentials have enabled him to develop a comprehensive understanding of regulatory frameworks and strategic risk practices, positioning him as a skilled professional in the field.

Before his current appointment, Mr. Ramanayake served as Senior Manager-Risk Management at Alliance Finance Company PLC. In this role, he was responsible for overseeing risk assessment processes, implementing mitigation strategies, and ensuring compliance with industry standards. His leadership contributed to strengthening the company's risk governance framework, enhancing operational resilience, and supporting sustainable growth. His ability to balance regulatory requirements with business objectives earned him recognition as a trusted risk management leader.

Mr. Ramanayake currently serves as Chief Risk Officer (CRO) at Abans Finance PLC. In this capacity, he leads the risk management division, playing a pivotal role in identifying, evaluating, and managing financial and operational risks. His responsibilities include shaping risk policies, guiding strategic decision-making, and fostering a culture of risk awareness across the organization. As CRO, he continues to drive initiatives that safeguard institutional stability while supporting long-term business objectives, ensuring Abans Finance remains resilient in a dynamic financial landscape.



Mr. Imaz Imthiyaz

Head of Legal

Mr. Imthiyaz pursued his legal studies at the prestigious Sri Lanka Law College, where he successfully completed his professional qualifications to practice law. His academic training provided him with a strong foundation in legal principles, corporate law, and financial regulations, equipping him with the expertise required to advise and represent organizations in complex legal matters. His qualifications reflect his dedication to the legal profession and his ability to deliver sound counsel in dynamic business environments.

Before joining Abans Finance PLC, Mr. Imthiyaz served as a Legal Counsel at the Chambers of Chandaka Jayasundere, President's Counsel, gaining invaluable experience under one of Sri Lanka's most respected legal practitioners. In this role, he was actively engaged in litigation, advisory work, and corporate legal matters, honing his skills in dispute resolution, compliance, and strategic legal planning. His exposure to diverse cases and corporate clients strengthened his ability to navigate complex legal challenges with professionalism and precision, while also broadening his understanding of corporate governance and regulatory frameworks.

Mr. Imaz Imthiyaz currently serves as the Head of Legal at Abans Finance PLC, where he leads the company's legal division. In this capacity, he oversees all legal and regulatory aspects of the organization, ensuring compliance with financial sector legislation and corporate governance standards. He plays a pivotal role in managing litigation, drafting and reviewing contracts, and advising the Board and senior management on strategic legal issues. His leadership contributes significantly to safeguarding the company's interests while supporting its long-term vision for sustainable growth and ethical business practices. Through his expertise and guidance, Mr. Imthiyaz continues to strengthen the legal framework of Abans Finance PLC, positioning the institution for resilience and success in a competitive financial landscape.



Mr. Suranga Abeywickrama

Head of Fund Mobilization

Mr. Suranga Abeywickrama serves as the Head of Fund Mobilization at Abans Finance PLC, bringing over 22 years of progressive experience in retail and corporate fund mobilization, strategic sales management, business development, and customer relationship management. Throughout his career, he has demonstrated a strong track record of driving sustainable growth, enhancing customer engagement, and delivering results in highly competitive financial services environments.

In his current role, Mr. Suranga leads the Fixed Deposits and Savings business of the company, spearheading nationwide growth initiatives, portfolio expansion strategies, and performance optimization across the branch network. He plays a pivotal role in strengthening customer acquisition, increasing deposit mobilization, improving service excellence, and ensuring the achievement of organizational targets. His leadership approach combines strategic planning with operational discipline, enabling teams to consistently deliver high performance while maintaining strong customer relationships.

Mr. Suranga's areas of expertise include sales leadership, fund mobilization, operational excellence, market development, customer retention, branch performance management, and team training and development. He is recognized for his ability to build motivated teams, cultivate productive stakeholder relationships, and identify emerging market opportunities that contribute to long-term business success.

A committed lifelong learner and management professional, Mr. Suranga is a Professional Member of the Sri Lanka Institute of Marketing (SLIM) and an MCPM Member of the Institute of Chartered Professional Managers of Sri Lanka. His academic and professional qualifications include Diplomas in Credit & Fund Management, Management Development, and Mass Media, reflecting his multidisciplinary knowledge and commitment to continuous professional growth.



Ms. Sachi Dantanarayana

Chief Internal Auditor

Ms. Sachi Dantanarayana was appointed as Chief Internal Auditor on 04th May 2026, bringing over 25 years of extensive experience in the banking and finance industry. Her distinguished career includes senior leadership roles in Treasury and Internal Audit at Nations Trust Bank PLC, Seylan Bank PLC, and NDB Bank PLC, where she gained broad expertise in financial management, governance, risk assessment, internal controls, and regulatory compliance across complex banking environments.

She is an Associate Member of the Chartered Institute of Management Accountants (UK), holding the designations ACMA (UK) and CGMA. She also holds an MSc in Accounting and Finance from the University of Northampton (UK), a BA in Business Administration (Second Upper) from the University of Bedfordshire (UK), and the ACI FMA Certification from the Financial Market Association of France in Treasury Dealing, Asset and Liability Management (ALM), and Operations. In addition, she is a member of The Institute of Internal Auditors – Sri Lanka and Global, reflecting her commitment to continuous professional development and adherence to international auditing standards.

Her strong technical knowledge, combined with deep industry experience, enables her to provide valuable insights into risk-based auditing, compliance monitoring, and treasury oversight. She plays a key role in strengthening Abans Finance PLC's internal control environment, enhancing governance practices, and ensuring adherence to regulatory requirements. Her leadership continues to support the organization's commitment to sustainable growth, transparency, accountability, and operational excellence while fostering a strong culture of risk awareness and control effectiveness.



*Know what you own, and
know why you own it.*

Peter Lynch

Senior Managers



Mr. Manura Indika Rajakuru
Senior Manager
IT and Administration



Mr. Samantha Gunawardana
Regional Manager



Mr. Ranjith Kalyananda
Regional Manager



Mr. P.S. Peramudalige
Senior Manager
Recoveries



Mr. S.M.I.B. Chandrarathna
Senior Manager
Recoveries



Mr. S. M. C. J. Senanayake
Senior Manager
Yard Supervision



Ms. Ajantha Swarnamali
Senior Manager
Finance



Mr. D.M.M.A. Dissanayaka
Senior Manager
Pre Legal



Mr. Dimuthu Senarath
Senior Manager
Gold Loan



Mr. H.A.D. Saminda
Senior Manager
Fixed Deposits and Savings



Ms. H.M.P.N.P. Karunathilaka
Senior Manager
Compliance



Mr. Kusal Jayasundara
Senior Manager
Fixed Deposits & Savings

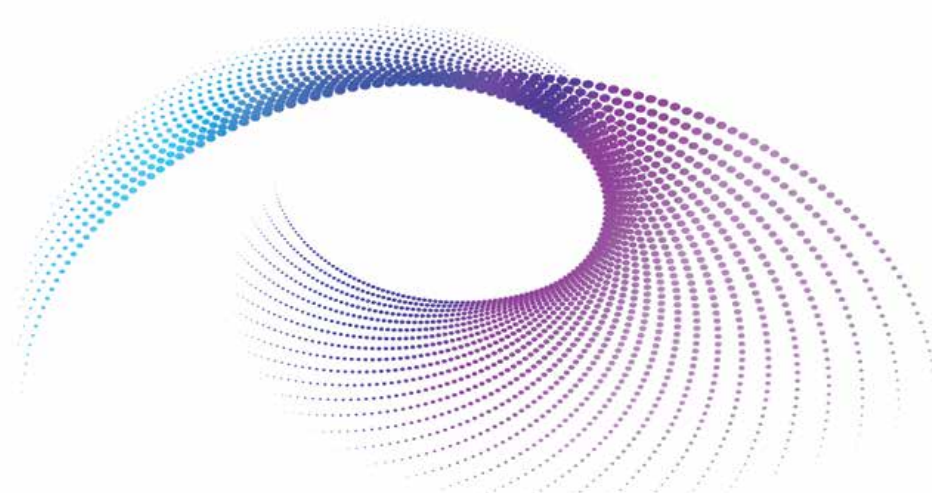
Stakeholder Engagement (GRI 2-29, GRI 207-3)

Stakeholder	Sustainable business objectives	Engagement Mechanism	Frequency of Engagement	Our Responses/ Achievements
Shareholder 	- Balancing profitability and sustainable growth - To deliver returns on investment by strengthening governance to support future growth momentum - To establish strong internal processes & policies	- Annual General Meeting - Extra-Ordinary General Meeting - Official Website - Annual Reports	- Annually - Whenever necessary - Regularly - Annually	- Return on Investment - Development of Shareholders - Continuous Engagement
Customer 	- Balancing profitability and sustainable growth - Quality customer service	- Customer Survey - Customer Complain handling mechanism - Call centre & Official Website - Social Media Interaction	- Regularly - Regularly - Regularly	- Promotional Campaign - Customer Care Services
Employees 	- Career development - Work-life balance - Promotions & Opportunities	- Annual Get Together - Training Procedures - Department Head involvement with the employee	- Annually - Monthly - Monthly	- Organized periodically - Continuous training - Job enrichment

Regulators 	• Reporting to CSE & CBSL to ensure compliance • Meeting with regulatory bodies	• Compliance with the regulatory requirement	• Whenever required	• Strengthening relationships with public and professional institutions
Society & Environment 	• Employment Opportunities • Community Development	• Sponsorships • Feedback Comments • Call Centre	• Ongoing	• Funding towards sponsorships • Responses given by the management & Staff

Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it.

Albert Einstein





Sustainable Value Creation Model

Sustainability Report

Abans Finance Sustainability Report 2025/26 (GRI 2-22)

At Abans Finance PLC, sustainability is embedded within the way the Company creates value, manages relationships, governs operations and contributes to national economic progress. As a people-oriented non-banking financial institution (NBFI) operating under the strength and legacy of the Abans Group, the Company recognizes that long-term business success is intrinsically linked to responsible financial practices, stakeholder trust, environmental stewardship and social progress. The Company's sustainability approach is aligned with the principles of integrated reporting and guided by the Global Reporting Initiative (GRI) Standards, the Sustainable Finance Roadmap of the Central Bank of Sri Lanka (CBSL) and evolving Environmental, Social, and Governance (ESG) expectations. Sustainability considerations are integrated into governance structures, risk management processes, operational strategies, customer engagement initiatives and long-term value creation priorities.

During the year under review, Abans Finance PLC continued to strengthen its sustainability framework through enhanced governance oversight, digital transformation initiatives, responsible lending practices, employee development programmes, customer-centric service delivery and community engagement activities. The Company also continued to improve operational efficiency through digitisation, workflow automation, information security enhancement and environmentally conscious operational practices. The Company remains committed to balancing financial growth with responsible business conduct while creating sustainable value for customers, employees, shareholders, regulators, communities, and the broader economy.

Sustainability Governance Framework

Sustainability governance at Abans Finance PLC is driven through a structured governance framework led by the Board of Directors and supported by Board Committees, senior management and independent oversight functions. The Board maintains overall responsibility for ensuring that sustainability considerations, governance standards, regulatory compliance, risk management and stakeholder interests are integrated into strategic decision-making. The Board Integrated Risk Management Committee (BIRMC), Board Audit Committee, Board-Level Information Security Committee, Nomination and Governance Committee and Human Resource and Remuneration Committee collectively support governance oversight across environmental, social, governance, operational, technology, compliance and human capital-related areas.

During the year under review, the Company continued strengthening governance practices in line with CBSL directives, evolving regulatory expectations and international governance standards. Governance improvements included enhanced disclosure practices, stronger risk management oversight, expanded compliance monitoring frameworks, strengthened whistleblower mechanisms, and greater focus on digital finance governance and information security.

Sustainability Oversight and Accountability

Sustainability-related risks and opportunities are reviewed through integrated governance and risk management mechanisms. Key focus areas include:

- Climate-related and environmental considerations
- Digital finance and cybersecurity resilience
- Financial inclusion and responsible lending
- Governance and regulatory compliance

- Stakeholder engagement and social responsibility
- Operational resilience and technology risk

The Company maintains structured reporting and review mechanisms to monitor sustainability-related matters, supported by internal audit reviews, compliance oversight, risk reporting frameworks and Board-level supervision.

Abans Finance PLC adopts an integrated approach to sustainability, recognising that long-term value creation extends beyond financial performance. The Company's sustainability strategy focuses on strengthening all key capitals within the integrated reporting framework.

Our Sustainability Approach

Integrated Value Creation

	FINANCIAL CAPITAL ● Sustainable profitability ● Capital adequacy ● Liquidity management	
	HUMAN CAPITAL ● Employee development ● Training, engagement ● Diversity, and well-being	
	SOCIAL & RELATIONSHIP CAPITAL ● Customer trust ● Stakeholder engagement ● Community development	
	INTELLECTUAL CAPITAL ● Digital transformation ● Operational innovation ● Cybersecurity	
	NATURAL CAPITAL ● Resource efficiency ● Digitisation ● Waste reduction	
	MANUFACTURED CAPITAL ● Branch infrastructure ● Digital systems ● Operational platforms	

Sustainable Development Goals (SDG) Alignment

Abans Finance PLC continues to align its sustainability priorities and value creation initiatives with relevant Sustainable Development Goals (SDGs), recognising the importance of responsible financial services in supporting inclusive and sustainable economic growth.



Stakeholder Engagement and Materiality

Stakeholder Engagement

The Company continues to engage with a wide range of stakeholders to understand evolving expectations, identify material sustainability matters and strengthen long-term relationships. Key stakeholder groups include:

- Customers
- Employees
- Shareholders and investors
- Regulators
- Communities
- Business partners and suppliers
- The Abans Group ecosystem

These material matters continue to guide the Company's sustainability priorities and reporting approach.

Environmental Stewardship

Management Approach

Abans Finance PLC continues to strengthen environmentally responsible operational practices through resource optimisation, digitisation initiatives, workflow automation and sustainable operational improvements. As a financial services institution, the Company's direct environmental footprint remains comparatively moderate. Nevertheless, the Company recognises the importance of reducing resource consumption, improving operational efficiency, and supporting environmentally responsible financing practices. Environmental considerations are integrated into operational processes, technology investments, and sustainability planning activities.

Energy Management and Resource Efficiency (GRI 302-1)

The Company continued implementing measures to improve operational efficiency and reduce resource usage during the year under review. Key Initiatives:

- Adoption of digital platforms and workflow automation to reduce paper dependency

- Increased utilisation of WorkHub and digital processing systems
- Integration of CEFT payment systems to minimise cheque printing
- Solar panel utilisation to reduce electricity consumption
- Operational digitisation initiatives across branches and Head Office
- Enhanced process automation to minimise manual documentation
- Energy Consumption – GRI 302 Electricity Consumption 133,241.9 kWh.

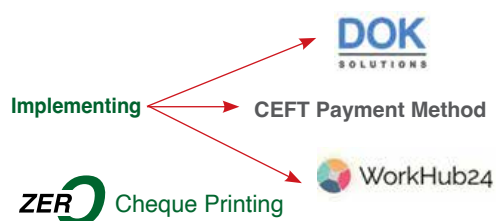
The Company will continue exploring additional opportunities to improve energy efficiency and reduce operational resource usage across its branch network and operational infrastructure.

Waste Management

The Company continued strengthening waste management and resource optimisation practices during the year.

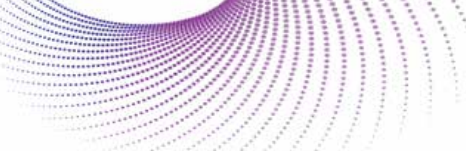
Paper Waste Reduction

Paper consumption was reduced through:



E-Waste Management

The wider Abans Group continued supporting responsible e-waste management initiatives in collaboration with Neptune Recycles Pvt Ltd. Electronic waste is directed to specialised processing facilities where devices are dismantled and segregated for recycling and recovery purposes. The process also includes secure destruction of confidential customer information where applicable. These initiatives support responsible waste management practices while contributing to broader environmental sustainability objectives.



Green Financing and Sustainable Finance

The Company continued aligning with emerging sustainable finance priorities and CBSL's Sustainable Finance Roadmap. The global shift toward ESG integration and green financing continues to create new opportunities within the financial sector. International institutions including the United Nations, IMF, UNEP and World Economic Forum continue advocating for the integration of sustainability considerations into financial systems and investment practices. In Sri Lanka, the Central Bank of Sri Lanka continues driving sustainable finance initiatives through its Sustainable Finance Roadmap, focusing on:

- Financing Vision 2030
- ESG integration into financial markets
- Financial inclusion
- Capacity building
- International cooperation

Sustainability measurement and reporting

Abans Finance PLC continues to strengthen its alignment with these priorities through responsible lending practices, governance enhancement, operational digitisation and exploration of environmentally responsible financing opportunities including electric mobility financing and renewable energy-related financing.

Social Empowerment

Human Capital Development

The Company recognises employees as a key driver of operational resilience, customer experience, innovation and long-term value creation. During the year under review, Abans Finance PLC continued investing in employee development, technical capability enhancement, governance awareness, and operational training across multiple functional areas.

Key Training Areas

Training programmes conducted during the year covered:

- Compliance and regulatory requirements
- Risk management and governance
- Information security and cybersecurity
- Finance and operational excellence
- Marketing and customer engagement
- Legal and recovery functions
- Human resource management
- Sustainability awareness
- Technical and digital skills development
- Strategy and leadership development
- Soft skills and communication

The Company also strengthened awareness relating to AML/CFT compliance, governance responsibilities, whistle-blower policies, digital finance oversight, and cybersecurity resilience.

Employee Engagement and Well-being

Abans Finance PLC continued promoting a collaborative and inclusive workplace culture focused on employee engagement, transparency, professional growth, and operational accountability. Employee well-being initiatives included:

- Competitive remuneration structures
- Performance-linked incentives
- Training and career development opportunities
- Employee engagement initiatives
- Structured performance management frameworks
- Wellness and work-life balance support mechanisms

The Company sustained strengthening succession planning and leadership continuity initiatives through the year.

Diversity and Inclusion

The Company remains committed to equal opportunity, workplace diversity and inclusive employment practices. Policies and governance frameworks are designed to promote fairness, prevent discrimination and support balanced representation across operational and management levels. Recruitment during FY2025/26 reflected continued workforce expansion across multiple operational functions.

Customer Engagement and Financial Inclusion

- The Company continued strengthening customer relationships through:
- Customer-centric financial solutions
- Improved accessibility through branches and Abans Outlets.
- Faster processing and service delivery improvements
- Tailored lending and deposit products
- Digital integration and operational enhancements
- Customer awareness and engagement activities

The Company's branch network and access to over 400 Abans Group outlets continued supporting accessibility and customer convenience across Sri Lanka.

Community Engagement and CSR

Abans Finance PLC continued supporting community development and social responsibility initiatives during the year under review.



****story behind-** On Vesak Poya Day, Abans Finance organized 'Dansal' at its Head Office and across its branch network.



Governance and Ethical Conduct

Governance, Ethics, and Compliance

The Company continued strengthening governance practices, ethical standards, and regulatory compliance frameworks throughout the year. Key governance developments included:

- Strengthening Board oversight and committee structures
- Enhanced compliance monitoring frameworks
- Stronger whistle-blower and transparency mechanisms
- Expanded governance and compliance training
- Increased focus on digital finance governance and cybersecurity oversight
- Strengthened internal audit and risk monitoring processes

The Company confirmed compliance with applicable regulatory requirements issued by the Central Bank of Sri Lanka and other governing authorities. No material regulatory violations or penalties were reported during the year under review.

Cybersecurity and Information Security

The increasing digitalisation of financial services continues to elevate the importance of cybersecurity governance and operational resilience. During the year under review, the Company strengthened:

- Vulnerability assessment and penetration testing activities
- Information security awareness programmes
- Monitoring and surveillance systems
- Internal reporting and dashboard capabilities
- Operational resilience and IT governance frameworks
- Technology governance continued under the oversight of the Board-Level Information Security Committee and relevant management functions.

Sustainability Performance Indicators

Key Environmental Indicators

Indicator FY2025/26

- Electricity Consumption - 133,241.9 kWh
- Paper Waste Reduction - Improved through digitisation initiatives
- E-Waste Management - Managed through NEPTUNE RECYCLERS collaboration - Nearly 14 tons (with electronic waste) were safely and responsibly disposed, with non adverse impact on the environment.



****story behind-** We collaborated with NEPTUNE RECYCLERS to dispose company file boxes & E-Waste after retaining them for 06 yrs in Matara branch

Key Social Indicators

Indicator FY2025/26

- New Recruitments - 80
- Total Workforce Additions - 187
- Employee Training - Multiple programmes conducted across key functional areas
- Customer Accessibility - Branches and Abans Group network

Future Sustainability Priorities

Looking ahead, Abans Finance PLC will continue strengthening ESG integration across operations while supporting sustainable business growth and stakeholder value creation.

Strategic Sustainability Priorities

- Strengthening sustainable finance and responsible lending practices
- Enhancing digital transformation and operational efficiency
- Expanding customer accessibility and financial inclusion
- Improving environmental performance and resource efficiency
- Strengthening governance, compliance, and cybersecurity resilience
- Investing in employee capability development and leadership continuity
- Enhancing sustainability disclosures and ESG reporting frameworks

The Company also intends to further align sustainability initiatives with evolving global ESG expectations, regulatory requirements, and stakeholder priorities.

Operating Environment Overview

1. Global Economic Environment

The global economic landscape in 2025 remained unsettled, shaped by a combination of geopolitical tensions, trade fragmentation and climate-related disruptions. The continuation of conflict in the Middle East had a direct bearing on global energy markets, contributing to volatility in fuel prices and creating uncertainty in cost structures across industries. This, in turn, influenced inflation expectations and financial conditions worldwide, particularly in emerging and import-dependent economies. Beyond energy markets, trade flows continued to face pressure from geopolitical realignments and evolving economic alliances. Supply chains, although more stable than in earlier years, remained sensitive to disruptions. Global financial conditions also reflected caution,

with capital flows influenced by risk sentiment and external uncertainties. Climate-related events added another layer of complexity, affecting agricultural output, logistics networks and commodity markets. Within this context, global growth remained uneven. While some economies showed resilience, overall momentum was tempered by uncertainty. These external dynamics had a direct bearing on Sri Lanka, particularly through trade, remittances, tourism and financial flows, reinforcing the importance of maintaining macroeconomic stability and external buffers.

				Annual Averages				Quarterly Averages				Monthly Averages		
				Jan-Dec	Jan-Dec	Jan-Dec	Jan-Mar	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar	Jan	Feb	Mar
Unit				2023	2024	2025	2025	2025	2025	2025	2026	2026	2026	2026
Energy														
Coal. Australia **	S/mt	al	172.8	136.1	108.4	109.8	104.0	110.5	109.3	122.3	109.8	118.4	118.4	
Coal. South Africa **	S/mt		119.1	105.8	94.9	100.6	94.6	93.1	91.3	91.9	90.6	91.2	91.2	
Crude oil, average	S/bbl		80.8	78.7	67.4	74.2	65.9	67.5	62.1	75.7	63.7	68.0	68.0	
Crude oil, Brent	S/bbl	al	82.6	80.7	69.0	75.6	67.8	69.0	63.7	80.5	66.8	71.1	71.1	
Crude oil. Dubai	\$/bbl		820	79.7	68.3	75.6	66.1	68.3	63.4	74.7	63.9	68.4	68.4	
Crude oil. WTI	S/bbl		77.7	75.8	64.9	71.4	63.9	65.0	59.2	72.0	60.3	64.6	64.6	
Natural gas, Index	2010=100		102.9	87.4	107.8	127.6	103.4	98.4	101.9	131.0	155.8	105.0	105.0	
Natural gas, Europe **	S/mmBtu	al	13.11	10.96	11.96	14.41	11.87	11.29	10.26	13.63	11.78	11.24	11.24	
Natural gas, U.S.	S/mmBtu	al	2.54	2.19	3.53	4.15	3.18	3.03	3.75	4.75	7.58	3.61	3.61	
Liquefied natural gas, Japan	S/mmBtu	al	14.39	12.84	12.04	12.84	12.39	11.73	11.19	12.55	11.49	11.32	11.32	

Source : World Bank-Commodities Price Data

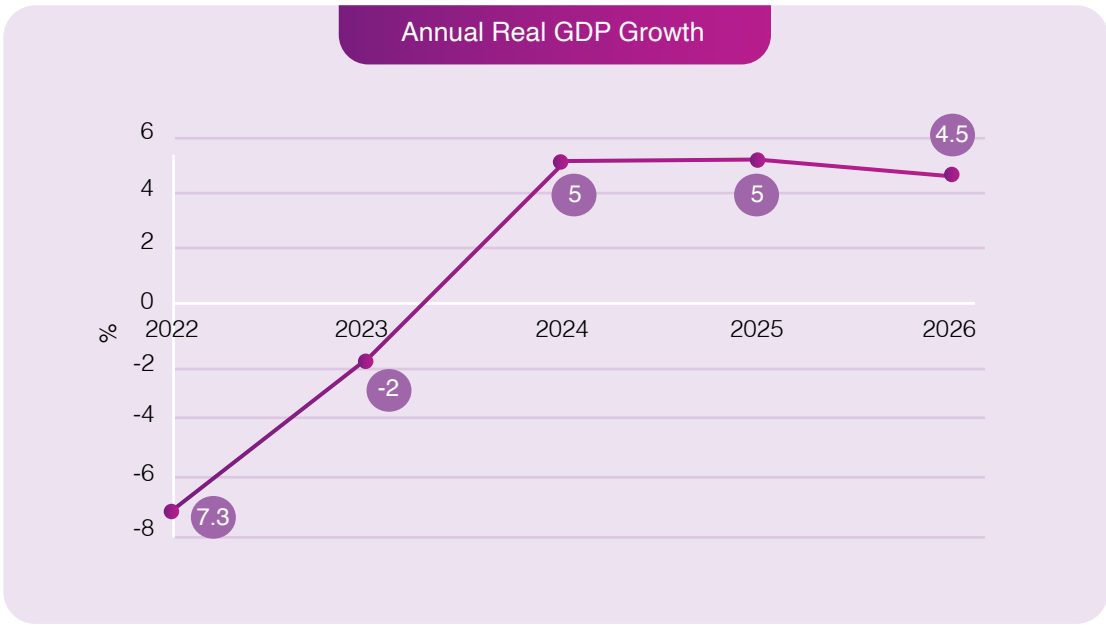
Global energy and commodity prices exhibited mixed trends during 2025 and early 2026. Coal and crude oil prices generally declined compared to 2023 levels, although quarterly and monthly data indicate renewed volatility towards the first quarter of 2026, largely reflecting geopolitical uncertainties. In contrast, natural gas prices, particularly in Europe and the United States,

remained comparatively volatile with notable price increases during certain periods, highlighting the continued sensitivity of global energy markets to supply disruptions and changing demand patterns. These developments reinforced inflationary pressures and cost uncertainties, particularly for energy-importing economies such as Sri Lanka.

2. Local Macroeconomic Overview

Sri Lanka's economy continued its recovery trajectory in 2025, building on the stabilisation achieved in the previous year. Despite global uncertainties and domestic challenges, including adverse weather conditions later in the year, economic activity remained resilient. Real GDP expanded by approximately 5%, marking the second consecutive year of growth and signalling a return to a more stable growth path. This recovery

was supported by improved macroeconomic conditions, policy continuity and progress in structural reforms. Confidence improved across both domestic and external stakeholders, supported by ongoing engagement under the IMF-supported programme and advances in debt restructuring. These developments contributed to a more stable macroeconomic footing, enabling the economy to better absorb external shocks.



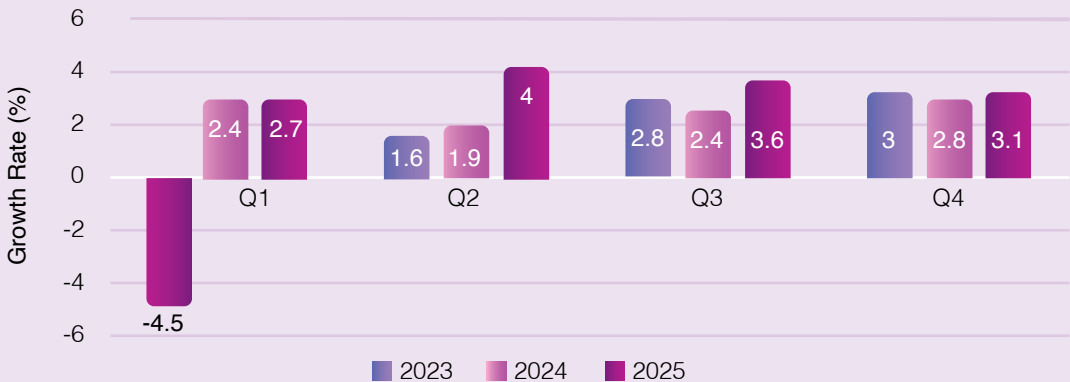
Source : CBSL-Economic Review

GDP Growth and Sectoral Developments

Economic growth in 2025 reflected contributions from all major sectors, indicating a more balanced recovery. Industrial activity remained the primary driver, expanding by approximately 7.3%, supported by manufacturing, construction and mining activities. This sustained industrial momentum reflects both domestic demand recovery and improved business confidence. The services sector recorded growth of around 3.1%, driven by financial services, transport and related activities. Improvements in economic

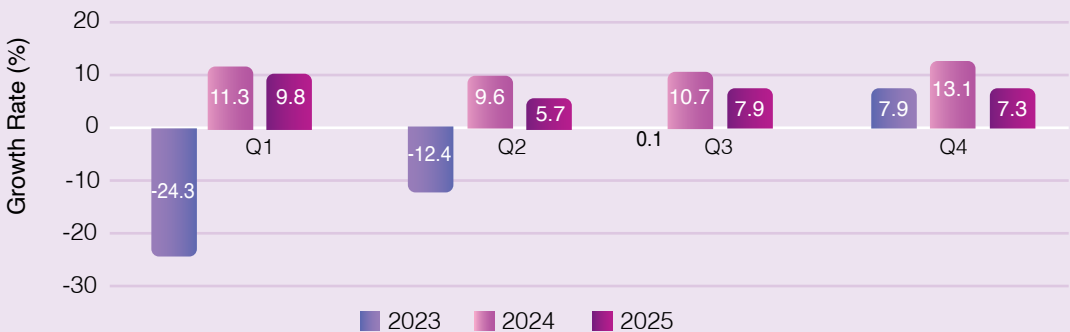
conditions supported demand across these segments, contributing to overall growth. Tourism also maintained positive momentum, supporting services-related inflows. Agriculture recorded growth of approximately 1.4%, reflecting improved output in key crops such as rice and coconut, along with contributions from animal production. However, the sector remained vulnerable to weather variability, with certain sub-segments experiencing contraction during the year.

Sectoral GDP Growth - Service



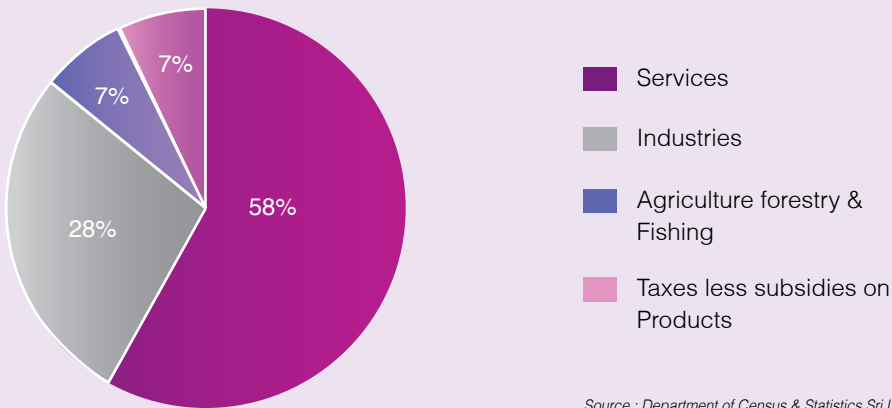
Source : CBSL-Macro Economic Development in Charts

Sectoral GDP Growth - Industry



Source : CBSL-Macro Economic Development in Charts

Contribution to GDP growth by Sector



Source : Department of Census & Statistics Sri Lanka

Inflation and Price Movements

Inflation trends in 2025 were characterised by a gradual transition from deflation to low positive levels. The year began under deflationary conditions, which had emerged in late 2024, largely due to lower energy prices and favourable base effects. These conditions persisted during the early months of 2025 before gradually easing. From mid-year onwards, inflation began to normalise, supported by rising food prices and adjustments in administered prices, including electricity tariffs. By August 2025, inflation returned to positive territory and continued to increase at

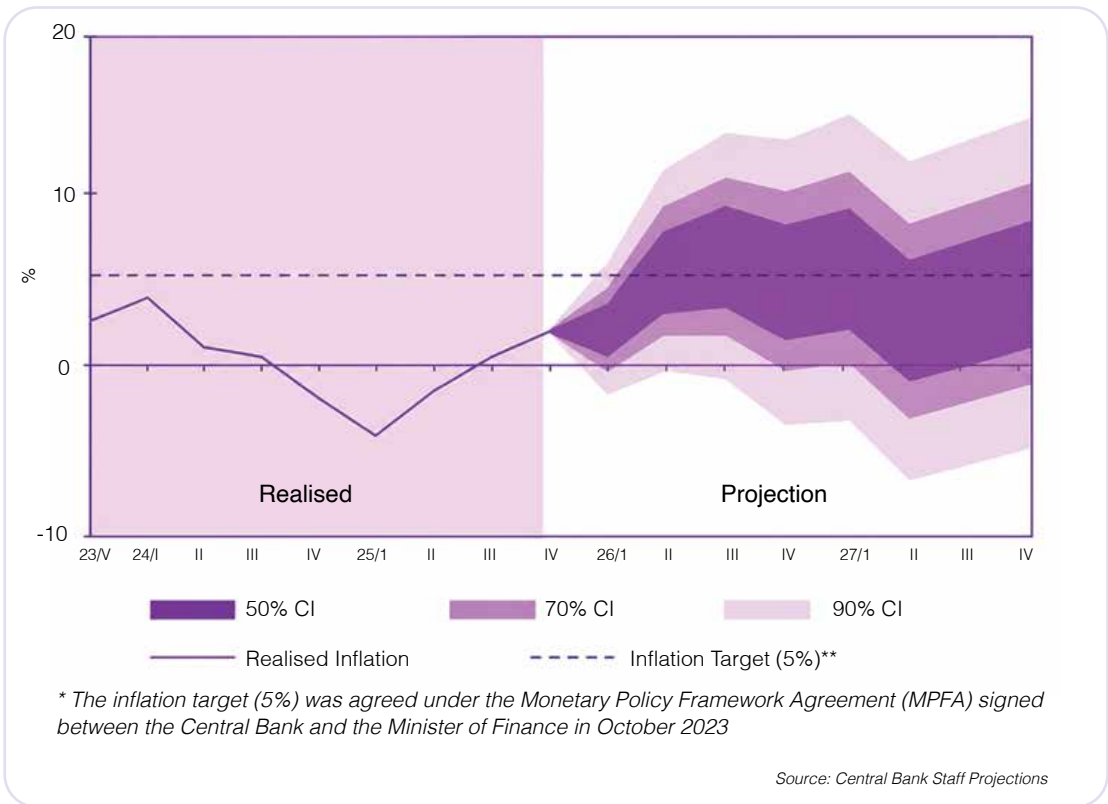
a moderate pace. By year-end, headline inflation reached approximately 2.3% (y-o-y), while annual average inflation remained slightly negative due to earlier deflation.

Food prices played a significant role in shaping inflation trends, particularly due to supply-side factors. Non-food inflation was influenced by energy-related adjustments and broader cost movements. A temporary increase in prices was observed towards the end of the year, partly due to supply disruptions following Cyclone Ditwah and seasonal demand.

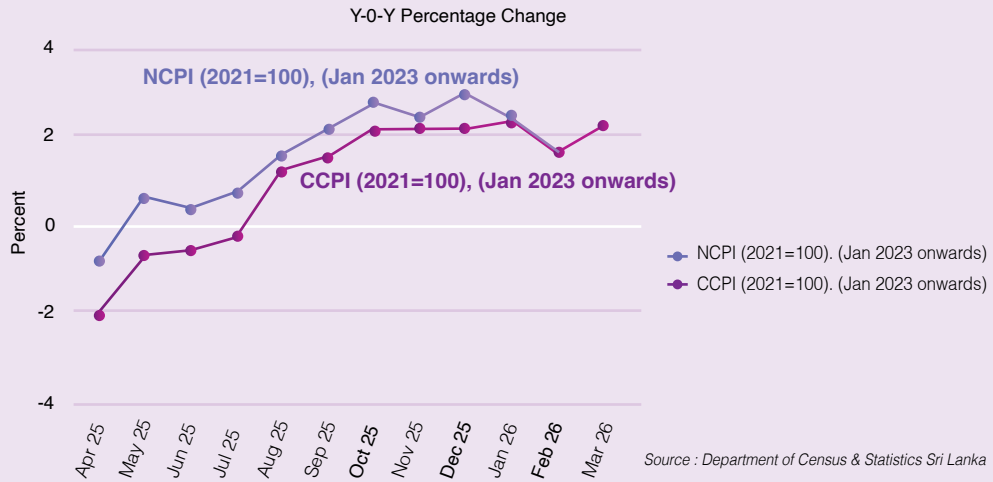
Monthly inflation trend (CCPI)

Headline Inflation Projections* (Quarterly, CCPI, Y-o-Y)

Based on the Projections during the March 2026 Monetary Policy Round

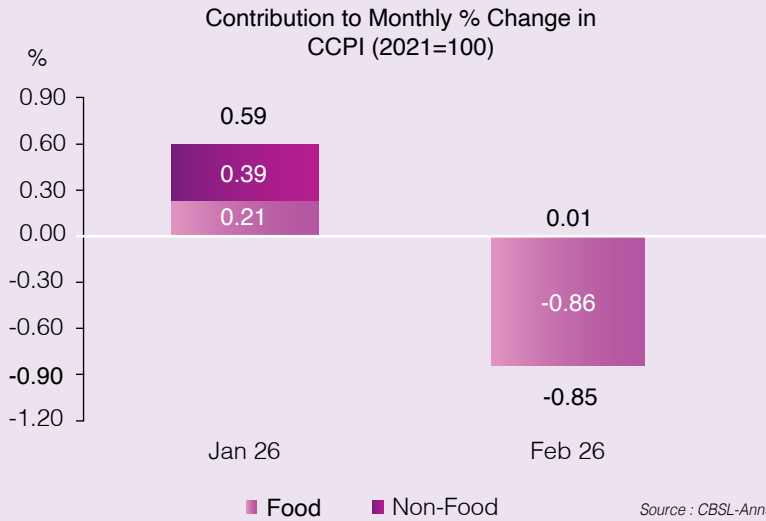


Inflation: CPI and NCPI



Inflation: CPI and NCPI

Inflation CCPI (2021-100)	January 2026	February 2026
Index Value	197.0	195.3
Monthly Change (%)	0.6	-0.9
Y-o-Y Inflation (%)	2.3	1.6





Interest Rate Movements and Monetary Conditions

Monetary conditions in 2025 remained supportive of economic recovery. Interest rates continued their downward adjustment, reflecting low inflation and an accommodative policy stance. The policy rate was reduced marginally during the year, reinforcing the easing trend in market interest rates.

Deposit and lending rates declined overall, contributing to improved access to credit. This supported increased borrowing by businesses

and individuals, particularly in the second half of the year. Private sector credit expanded significantly, reflecting improved economic confidence and lower financing costs.

Towards the latter part of the year, some upward pressure was observed in short-term rates, driven by stronger credit demand and competition among financial institutions for deposits. However, these movements were limited, and overall financing conditions remained favourable.



*All human beings can alter
their lives by altering
their attitudes.*

Andrew Carnegie

Market Rates

Money Market Interest Rate

Money Market Summary								
Date	Call Market				Repo Market			
	Minimum Rate (%)	Maximum Rate (%)	W.A yield (%)	Gross Volume Rs.Bn)	Minimum Rate (%)	Maximum Rate (%)	W.A yield (%)	Gross Volume Rs.Bn)
2026-03-31	7.55	7.65	7.62	56.56	7.62	7.72	7.67	31.85
2025-04-01	7.60	7.95	7.94	5.10	7.95	8.02	7.97	54.03

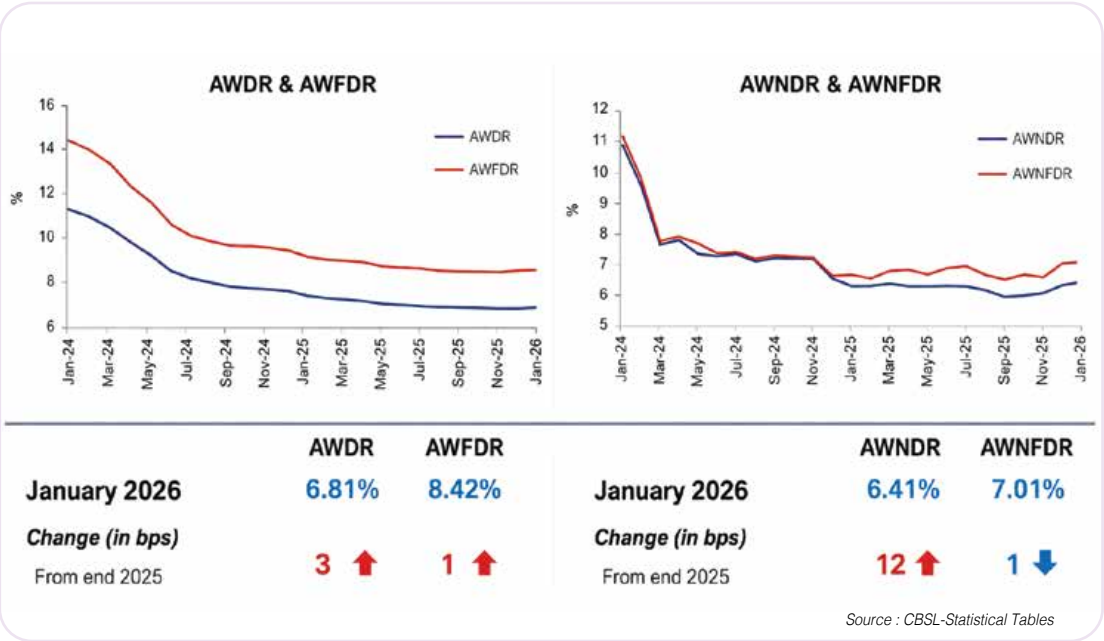
Source : CBSL-Money Market Summary

Bank Lending & Deposit Rate

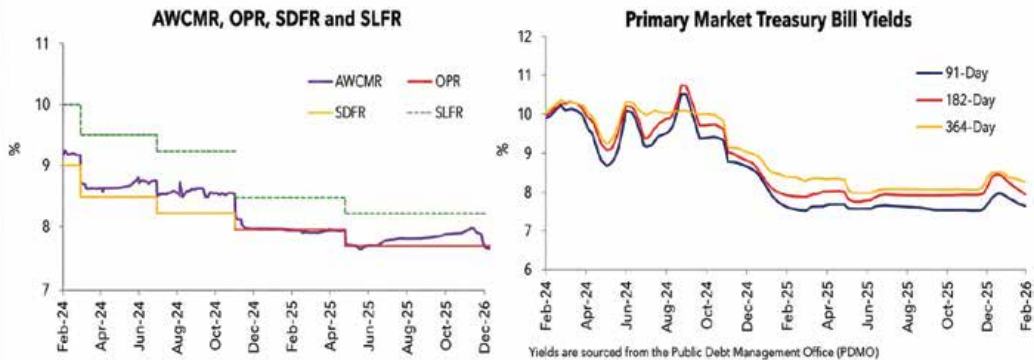
Commercial Bank Lending and Deposit Rates (Per cent per annum)								
End Week	Average Weighted Lending Rate (AWLR)	Average Weighted Prime Lending Rate (AWPR)			Average Weighted Deposit Rate		Average Weighted Fixed Deposit Rate (AWFDR) Rate (%)	Average Weighted SME Rate (AWSR)
		Weekly	Monthly	6 months	Monthly	6 months		
2026-03-27	11.62	9.28	9.17	8.62	6.83	6.80	8.37	31.85

Source : CBSL-Weekly Economic Indicators

Deposit Interest Rates



Money Market Rates



End February 2026

AWCMR 7.69%

Change (in bps)

From end January 2026

From end 2025

1 ↓

35 ↓

Change (in bps)

25 Feb
2026 (%)

From end
January 2026

From end
2025

91 - Day

7.63

21 ↓

11 ↓

182 - Day

7.92

34 ↓

35 ↓

364 - Day

8.24

12 ↓

21 ↓

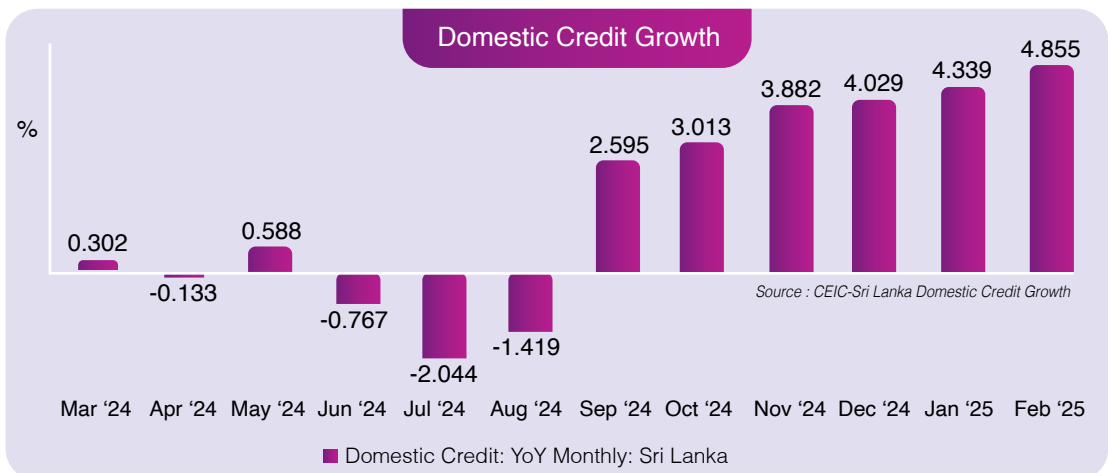
Source : CBSL-Statistical Tables

Credit growth vs interest rate trend

Credit Growth

In the latest available reports, Sri Lanka's key financial indicators reflect notable trends in monetary and credit conditions. Domestic credit reached USD 77.3 billion as of March 2026, while broad money supply (M2) increased year-on-year to USD 46.5 billion during the same period, indicating continued liquidity expansion within the

economy. The country's foreign exchange reserves were recorded at USD 7.1 billion, equivalent to 3.9 months of import cover, highlighting a moderate level of external buffer. On the asset quality front, the non-performing loans (NPL) ratio stood at 9.7% in 2025, declining from 12.3% in the previous year, reflecting improved asset quality and strong credit growth. Meanwhile, household debt reached 6.6% of nominal GDP in December 2024, underscoring a relatively contained level of household leverage within the overall economy.



Interest Rate Trend

External Sector Performance and Exchange Rate

The external sector recorded further improvement in 2025, supported by strong inflows and improved performance in services. Workers' remittances reached historically high levels, while tourism earnings continued to recover. These inflows contributed to a current account surplus for the third consecutive year.

Despite this, the trade deficit widened due to higher imports, particularly following the relaxation of vehicle import restrictions. Increased import demand reflected improving domestic economic conditions but also exerted pressure on the external balance.

The Sri Lankan rupee depreciated by approximately 5.2 % against the US dollar during the year, moving from Rs. 296.22 to Rs. 311.76. This depreciation was influenced by higher import demand and market dynamics, although improved foreign exchange inflows helped maintain relative stability. Foreign reserves continued to build, supported by net foreign exchange purchases, enhancing the country's external resilience.

	Buying Rate	Selling Rate
1-Apr-2025	LKR 296	LKR 300
31-Mar-2026	LKR 312	LKR 319

Source : CBSL-Annual Economic Review/Ministry of Finance Quarterly debt bulletin

Nominal Exchange Rate (Average)

	Buying Rate	Selling Rate
Average April - 2025	LKR 294	LKR 302
Average March - 2026	LKR 308	LKR 315

Source : CBSL-Annual Economic Review/Ministry of Finance Quarterly debt bulletin

Current account balance and Remittances

	2024(USD mn)	2025(USD mn)
BOP Current Account Balance	1,207	1,719
Remittances	6,575	8,076

Source : CBSL-Annual Economic Review/Ministry of Finance Quarterly debt bulletin

Fiscal Sector Developments

Credit Growth

Fiscal performance improved significantly in 2025, reflecting continued efforts towards consolidation. Government revenue increased to 16.7% of GDP, supported by tax reforms and improved collection mechanisms. At the same time, expenditure was managed carefully, resulting in a narrowing of the overall budget deficit to 2.3% of GDP.

The primary balance recorded a surplus of 5.4% of GDP, marking the third consecutive year of surplus. This reflects sustained fiscal discipline and progress in stabilising public finances.

Public debt levels declined to 91.6% of GDP, supported by improved fiscal performance and ongoing debt restructuring. These developments indicate progress towards restoring debt sustainability and strengthening fiscal credibility.

Fiscal Balance Trend

	2025	2024	2023
Overall Fiscal Balance	-2.3	-6.8	-8.3

Source : CBSL-Annual Economic Review/Ministry of Finance Quarterly debt bulletin

Debt-to-GDP ratio trend

	2025/26	2024/25
Public Debt to GDP	98.3%	106.3%
Gov Debt to GDP	91.5%	96.1%

Source : CBSL-Annual Economic Review/Ministry of Finance Quarterly debt bulletin



Macro Environmental Analysis

SWOT Analysis

STRENGTHS



- Strong brand association with the Abans Group, supported by access to over 400 outlets island-wide
- Listed on the Colombo Stock Exchange with strong governance, regulatory compliance and Board oversight
- Fitch Ratings of A- (Ika) Stable Outlook, reinforcing financial credibility and stakeholder
- Diversified portfolio spanning leasing, hire purchase, gold loans, consumer finance, deposits, and personal lending
- Expanding branch network and customer touchpoints improving accessibility and customer reach
- Strengthened digital capabilities through WorkHub, CRIB API, NIC API integration, and operational modernization initiatives
- Improved profitability, asset quality, and balance sheet growth supported by disciplined risk management and operational efficiency
- Strong governance and risk management frameworks aligned with CBSL directives.

WEAKNESSES



- Exposure to concentration risks in vehicle-backed and lending segments
- Dependence on macroeconomic stability and borrower repayment capacity within the domestic market

- High competition within Sri Lanka's NBFI sector placing pressure on margins and market share
- Ongoing need for continuous investment in digital transformation, cybersecurity, and compliance infrastructure
- Talent retention challenges within the financial services sector, particularly for skilled technical and operational staff
- Operational expansion and branch growth may increase cost pressures if not matched by productivity gains

OPPORTUNITIES



- Recovery in Sri Lanka's economy and lower interest rate environment supporting stronger credit demand
- Expansion opportunities in leasing, consumer finance, gold-backed lending and SME financing segments
- Growth potential through digital financial services, workflow automation and customer experience enhancement
- Emerging opportunities in sustainable finance, electric mobility financing and renewable energy-related lending
- Increased demand for financial inclusion and personalized financing solutions across underserved customer segments
- Ability to leverage Abans Group synergies for cross-selling and customer acquisition
- Expansion of branch and service network into strategic regional markets

THREATS



- Global geopolitical instability, energy market volatility and external economic shocks affecting market confidence and operating costs

- Rapid credit expansion within the NBFI sector potentially increasing portfolio stress and asset quality risks
- Regulatory tightening, evolving compliance requirements, and increased supervisory expectations from the Central Bank of Sri Lanka
- Cybersecurity threats and operational risks associated with increasing digitalisation
- Competitive pressure from banks and other finance companies offering aggressive pricing and digital capabilities
- Climate-related disruptions and adverse weather events affecting borrower cash flows and collateral values

PESTEL Analysis

Political



- Government fiscal policies: Government tax structures on financial services represent a major outflow. In FY 2025/26, taxation amounted to Rs. 827 Mn, a factor that directly bears upon the net profitability available for reinvestment
- Political stability: While Sri Lanka is traversing a path of gradual economic recovery, the broader political climate remains a dual-edged sword. Improved investor confidence is evident, yet lingering policy uncertainty necessitates a cautious approach to long-term lending.

Economic



- Macroeconomic recovery: GDP growth in Sri Lanka is stabilizing post-crisis, but inflationary pressures and currency volatility affect lending and deposit mobilization.
- Interest rate environment: Net interest income rose sharply to Rs. 3.07 B in FY 2025/26 (up from Rs. 2.09 B in FY 2025), reflecting improved spreads.

- Consumer demand: Rising disposable incomes and demand for leasing financing support Abans Finance's portfolio growth (loans and advances grew to Rs. 17 B in FY 2025/26).

Social



- Financial inclusion: Abans Finance's branch network (23 branches plus access via Abans Group's 400 outlets) expands reach to underserved communities.
- Changing customer expectations: Demand for personalized, tech-enabled financial solutions is rising, requiring enhanced digital services.
- Trust and reputation: Maintaining a Fitch Rating of A-(Ika) with a Stable outlook remains a critical social asset, reinforcing depositor confidence in an industry where reputation is the primary currency

Technological



- Digital transformation: Increased adoption of mobile banking, online deposits, and digital loan processing.
- Cybersecurity: Board-level Information Security Committee established to mitigate risks.
- Fintech competition: Growing fintech presence in Sri Lanka pressures traditional finance companies to innovate.

Environmental



- Sustainability focus: Stakeholders increasingly expect eco-friendly practices, though Abans Finance's direct environmental footprint is limited.

- Green financing opportunities: Potential to expand into renewable energy project financing, aligning with national sustainability goals.
- Regulatory compliance: Environmental reporting and governance standards are becoming stricter for listed companies.

Legal



- Compliance obligations: Continuous regulation under the Finance Companies Act and CBSL directives.

- Corporate governance: Strong governance framework with multiple board committees (Audit Committee, Risk Management Committee, Related Party Transactions Committee, Nominations and Governance Committee etc.).
- Data protection laws: Increasing importance of compliance with privacy and digital security regulations



*In investing,
what is comfortable is
rarely profitable.*

Robert Arnott

Value Creation Model



FINANCIAL CAPITAL

- Stable funding base supported by deposits, borrowings, and retained earnings
- Fitch Ratings rating of A- (Ika) Stable Outlook



MANUFACTURED CAPITAL

- Branch network and operational infrastructure
- Over 400 outlets of the Abans Group



NATURAL CAPITAL

- Responsible operational practices
- Increasing digitalization



INTELLECTUAL CAPITAL

- Governance frameworks
- Credit evaluation models
- Digital platforms



SOCIAL AND RELATIONSHIP CAPITAL

- Strong customer relationships
- Partnerships with regulators and the wider community



HUMAN CAPITAL

- Skilled and growing workforce Continuous training,
- Performance-driven culture and structured HR policies

Value Creation Drivers

CORPORATE GOVERNANCE AND STEWARDSHIP

- Robust governance framework, including Board-level committees (BAC, Integrated Risk Management, Nomination and Governance, and Information Security Committee, RPT, HRRC)
- Regulated by Central Bank of Sri Lanka



STAKEHOLDER AND CUSTOMER ENGAGEMENT

- Customer-centric operational model
- Extensive service network
- Group synergies
- Continuous improvement approach
- Introduction of new products
- Customer trust
- Long-term relationships



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

- Community-focused initiatives
- Environmentally responsible operational practices
- CSR initiatives across education, community welfare and sustainability



Business Activities

- Finance leasing
- Personal and mortgage lending
- Consumer and asset-backed financing
- Gold-backed lending
- Deposit mobilisation and savings products

Outputs

- Growth in lending portfolio and customer base
- Increased deposits and funding stability
- Expanded service network and product offerings
- Improved operational efficiency and digital service delivery

Value Creation Over Time

SHORT TERM (1 - 2 YEARS)



Strengthening financial performance and operational efficiency



Enhancing customer service and product offerings



MEDIUM TERM (3 - 5 YEARS)



Expanding asset base, branch network and product portfolio



Deepening digital transformation and funding diversification



LONG TERM (5+ YEARS)



Building a diversified, resilient financial institution



Positioning Abans Finance PLC as a leader in responsible finance



Outcomes



Customers benefit from accessible, reliable, and tailored financial solutions

Contributing to SDG 8: Decent Work and Economic Growth
SDG 9: Industry, Innovation and Infrastructure by promoting inclusive financial services and supporting economic participation.



Employees gain from enhanced skills, engagement, and career development

Supporting SDG 4: Quality Education
SDG 8: Decent Work and Economic Growth through continuous learning, fair employment and professional growth opportunities.



Shareholders experience sustainable returns and strengthened governance

Aligned with SDG 16: Peace, Justice and Strong Institutions by reinforcing transparency, accountability and sound corporate governance practices.



Society benefits from financial inclusion and community development initiatives

Aligned with SDG 16: Peace, Justice and Strong Institutions by reinforcing transparency, accountability and sound corporate governance practices.



Environment gains from reduced resource usage and emerging green financing initiatives

Supporting SDG 12: Responsible Consumption and Production
SDG 13: Climate Action through sustainable operational practices and environmentally responsible financing

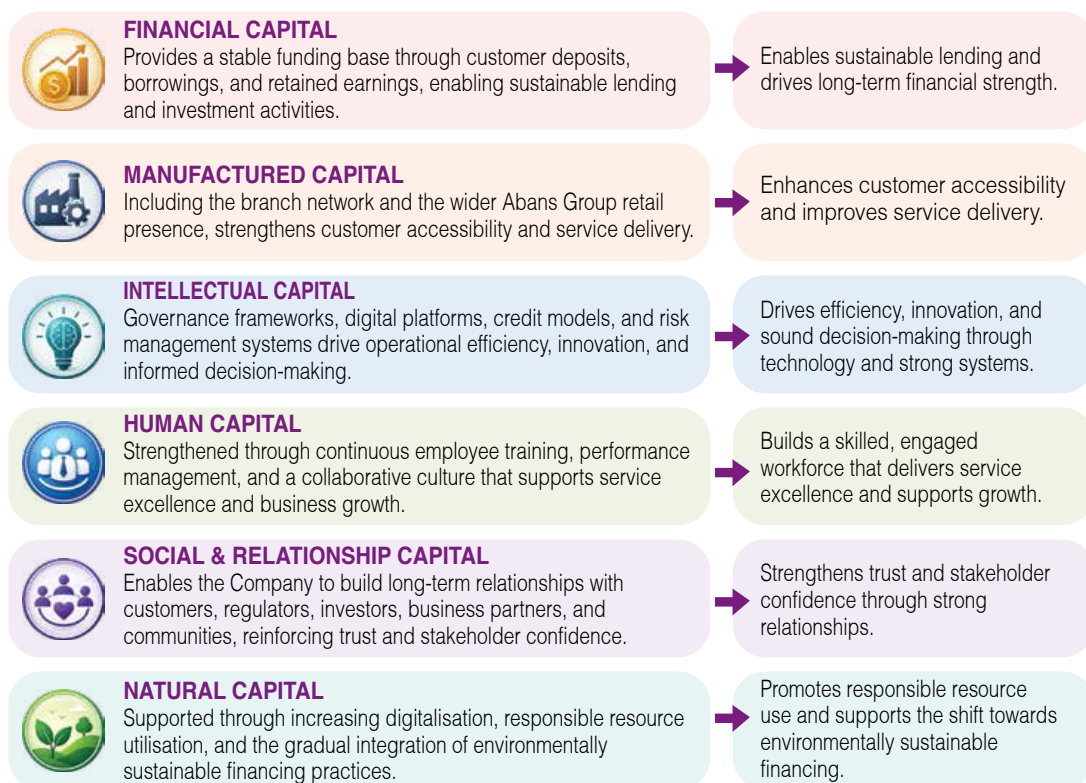


Business Model Linkage

Abans Finance PLC's business model is built on the effective integration of its six capitals to create sustainable value for stakeholders. The Company leverages its financial strength, extensive service network, technological capabilities, skilled workforce, and trusted stakeholder relationships to deliver a diversified portfolio of financial solutions while maintaining strong governance

and prudent risk management. Value creation is driven through the efficient transformation of these capitals into business activities that support sustainable growth and long-term resilience.

The Company's value creation process is supported by the following key business model linkages:



These capitals are strengthened through the Company's key value creation drivers, including robust corporate governance, employee development, customer-centric service delivery, stakeholder engagement, digital transformation, and responsible business practices. Together, these drivers support the Company's core business activities, including finance leasing, personal and mortgage lending, consumer and asset-backed financing, Gold Loan, and deposit mobilisation.

As a result, the business model delivers measurable outputs such as growth in the lending portfolio, increased deposits, expanded service

channels, improved operational efficiency, and enhanced digital service delivery. These outputs translate into long-term outcomes by improving financial inclusion, supporting customer and employee development, generating sustainable shareholder returns, contributing to community development, and promoting environmentally responsible business practices. Through this integrated approach, Abans Finance PLC creates value over the short, medium, and long term while supporting its strategic priorities and contributing to the relevant United Nations Sustainable Development Goals (SDGs).

Strategy & Resource Allocation (GRI 2-23)

Strategic Objectives

Abans Finance PLC's strategic direction is centred on building a resilient, customer-focused and sustainable financial institution capable of delivering long-term value to stakeholders. The Company's strategic priorities during the year under review focused on strengthening financial performance, expanding its lending portfolio, enhancing operational efficiency, deepening customer engagement and accelerating digital transformation.

A key objective remains the expansion of the Company's asset base and market presence through disciplined growth in core lending segments including leasing, consumer finance and gold-backed lending. Simultaneously, the Company continues to diversify its product portfolio and funding base while maintaining prudent risk management and regulatory compliance.

The Company also remains focused on embedding sustainability into its operating model through ESG-aligned financing, digitalisation initiatives that reduce operational inefficiencies and investments in environmentally responsible financing opportunities such as electric mobility and renewable energy solutions.

Human capital development, governance strengthening and customer-centric innovation continue to underpin the Company's long-term strategy, ensuring adaptability within an evolving financial services landscape.

Resource Allocation

- Resource allocation at Abans Finance PLC is guided by strategic priorities, business sustainability and long-term value creation objectives. Financial and operational resources are allocated towards areas that strengthen profitability, operational resilience, customer accessibility, and risk management capability.
- Significant investments during the year were directed towards:
- Expansion of the branch and customer service network

- Digital transformation initiatives including WorkHub, CRIB API, and NIC API integration
- Enhancement of information security and cybersecurity frameworks
- Strengthening of risk management and compliance functions
- Human capital development through training and capacity building
- Product diversification including consumer finance and gold loan operations

Capital allocation decisions are made with consideration to regulatory capital requirements, liquidity management, portfolio quality and strategic growth opportunities. The Company also prioritises investments that improve operational efficiency, enhance customer experience, and support long-term sustainability objectives.

Performance

KPI METHODOLOGY

Performance Management System at Abans Finance PLC

Abans Finance PLC adopts the Balanced Score Card (BSC) approach to evaluate employee performance. This method enables the organization to assess performance from multiple perspectives, ensuring a balanced and comprehensive evaluation. The following key perspective will be used to evaluate the performance under BSC method.

- Financial Perspective
- Customer Perspective
- Internal systems and processors
- Learning & Growth

KPI Framework and Probation Evaluation

The Human Resources Department aims to foster a high-performance culture by establishing Key Performance Indicators (KPIs) for all employees. At the time of recruitment, each employee is provided with:

- A detailed job description
- Clearly defined KPIs aligned with their role
- These KPIs are reviewed at two key stages during the probation period:
 - Mid-probation review (after six months)
 - End of probation evaluation

If an employee is found to be underperforming at the six-month review, appropriate corrective actions are taken. These may include training and development programs and other performance improvement initiatives to help the employee meet the required standards.

Ongoing Performance Evaluation

In addition to probation assessments, formal performance evaluations are conducted twice during each financial year:

- Mid-year performance evaluation
- Year-end performance evaluation

This ensures continuous monitoring and provides employees with regular feedback on their performance.

To calculate the final rating of staff performance evaluation, the individual, departmental and company rating (applicable for managers and above grade) will be considered.

Further, Bonuses, salary increments, and selected employee benefits are directly tied to employees' performance levels.



Trust is the currency of the financial system. Once eroded, no balance sheet can sustain it.

Christine Lagarde

Governance & Risk

Governance & Oversight (GRI 2-9, 2-11, 2-12, 2-14)

Introduction

Corporate governance at Abans Finance PLC forms the foundation through which the Company is directed, controlled and managed in pursuit of sustainable value creation. Governance is not viewed in isolation but as a critical enabler that connects strategy, risk management, performance, and accountability. A robust governance framework guides the disciplined execution of strategy, fosters ethical conduct, and ensures that the interests of all stakeholders are safeguarded over the long term.

The Board of Directors, under the leadership of the Chairman, bears ultimate responsibility for the governance of the Company. The Board remains actively engaged in shaping and strengthening the governance architecture, with a clear focus on enhancing transparency, accountability, and decision-making effectiveness. Continuous review and refinement of systems, controls, and processes are undertaken to ensure that governance practices remain responsive to a dynamic operating and regulatory environment.

The Company operates within a structured and well-defined corporate governance framework aligned with regulatory and best practice requirements. This includes adherence to the Corporate Governance Direction No. 5 of 2021 issued by the Central Bank of Sri Lanka, the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, as well as the Listing Rules of the Colombo Stock Exchange, to reinforce a governance culture grounded in integrity, accountability, and long-term stakeholder value.

Board Composition and Balance

The effectiveness of governance at Abans Finance PLC is anchored in a well-balanced and capable Board of Directors that brings together independence, experience and active engagement. The Board comprises a diverse mix of Executive and Non-Executive

directors, collectively offering expertise across finance, industry sectors and broader business disciplines, thereby enabling informed and well-rounded decision-making.

This diversity of skills and perspectives supports the Board in discharging its core responsibilities, which include providing strategic direction, overseeing the Company's risk profile, and ensuring the robustness of internal controls and governance mechanisms. The Board also plays a critical role in safeguarding the integrity of operations, guiding management and ensuring that the interests of all stakeholders are effectively represented and protected. The Board continues to provide strong leadership and oversight, reinforcing the Company's commitment to sound governance and sustainable value creation.

The Board of Directors has Seven members which consist of the following structure.

Two Non-Independent Non-Executive Directors

Mr. H.C. Embuldeniya

Mr. Danushka De Silva

Five Independent Non-Executive Directors

Mr. K.J.C. Perera (Chairman)

Mr. Thulci Aluwihare

Mr. Pasan Thaminda Wanigasekara

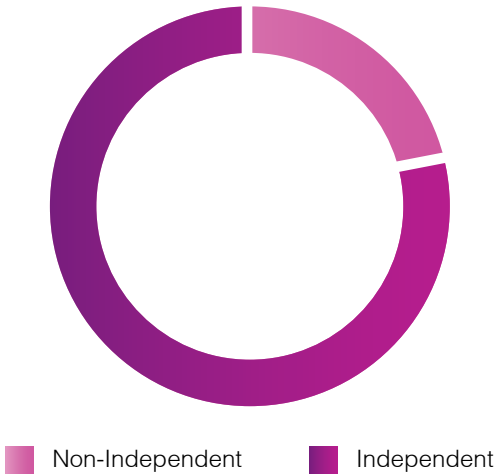
Ms. Sharini Kulasinghe

Mr. Yudhishtan Kanagasabai

The Board of Directors comprises individuals with the pre-requisite skills, experience and

competencies necessary to ensure effective governance and strategic oversight. Each Director brings a depth of knowledge and professional expertise that contributes meaningfully to the Board's deliberations and decision-making processes. Directors remain fully committed to their responsibilities, dedicating sufficient time and attention to discharge their duties effectively and uphold the highest standards of governance. Detailed profiles of the Directors, including their experience, dates of appointment and Board Committee memberships, are presented in the Directors' profiles section of this Report.

**Non-Executive Directors
Independent Vs Non-Independent (GRI 2-9)**



Division of Responsibilities - Chairman and Chief Executive Officer (CEO)

A clear and effective distinction of responsibilities between the Chairman and the Chief Executive Officer (CEO) is maintained at Abans Finance PLC. To formalise this separation, the Board has approved a defined procedure outlining the respective duties of both roles, ensuring clarity, accountability and balanced governance.

The Chairman is responsible for leading the Board and setting its agenda for each meeting. While the preparation of the agenda and the maintenance of minutes are delegated to the Company Secretary, the Chairman retains overall responsibility for ensuring that Board proceedings are conducted in an organised and effective manner. A key aspect of this role is to

facilitate active participation from all Directors and maintain an appropriate balance of authority between executive and non-executive members. The Chairman ensures that the Board functions effectively, discharges its responsibilities and gives due consideration to the directions and decisions of regulators.

In addition, the Chairman is tasked with ensuring that all significant matters are presented to the Board and deliberated in a timely manner. The role is distinctly non-executive in nature, and as such, the Chairman does not engage in the direct supervision of senior management or in the day-to-day operational activities of the Company. The Chairman also undertakes an annual evaluation of the performance and contributions of the Board of Directors as well as the CEO.

The Chief Executive Officer, in contrast, serves as the principal executive responsible for the day-to-day management of the Company's operations and business activities. The CEO is accountable for implementing business strategies and risk management frameworks in alignment with the Company's strategic objectives. In fulfilling this role, the CEO establishes a management structure that promotes accountability and transparency across the organisation, while ensuring the effectiveness and independence of control functions.

The CEO also plays a central role, together with the Board, in fostering a strong corporate culture grounded in ethical conduct, professional discipline, and sound compliance practices. This includes ensuring the accurate and timely submission of information to regulators. The position requires full professional commitment, and accordingly, the CEO devotes the entirety of his professional time to the affairs of the Company and does not engage in any other business activities.

Furthermore, the CEO is responsible for promptly escalating any supervisory concerns or instances of non-compliance with regulatory requirements or internal policies, ensuring that such matters are addressed in a suitable and timely manner.

Appointment, Resignation and Re-election (GRI 2-10)

Directors are elected by the shareholders at the Annual General Meeting (AGM) except for casual vacancies arising during the year filled by the Board of Directors until the next AGM (Article 26

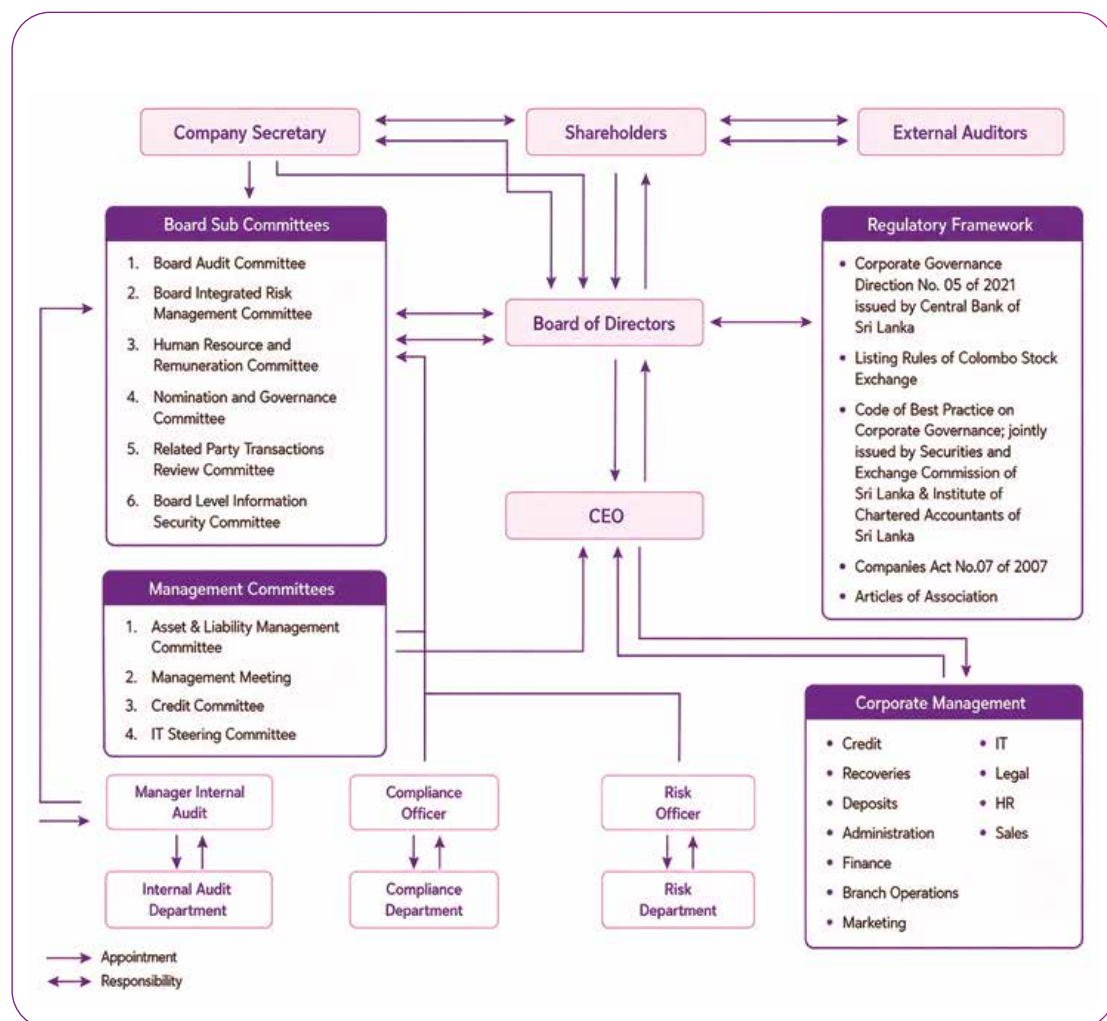
(5) of the Article of Association addresses this). Accordingly, all directors are subject to election by shareholders at the first AGM following their appointment, and to re-election thereafter at intervals of no more than three years in compliance with the Code of Best Practice on Corporate Governance 2023. In terms of new Assessment of Fitness and Propriety of Key Responsible Persons no 06 of 2021, company is conducting an annual assessment of the board of directors and the CEO and submit all the assessment forms along with the affidavits to the DSNBFI.

Determination of Independence of Non-Executive Directors

The Board evaluates annually whether each of the Non-Executive Directors is an independent.

The Non-Executive Directors submit declarations on their independence in terms of rule 9.8.3 of the Listing Rules of the Colombo Stock Exchange to facilitate the Board to decide on their independence. The Board further considers criteria for independence set out in the Corporate Governance Direction No.05 of 2021, Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance – 2023. The Board has concluded that Mr. K.J Cecil Perera, Mr. Thulci Aluwihare, Mr. Pasan Thaminda Wanigasekara, Ms. Sharini Kulasinghe & Mr. Yudhishtan Kanagasabai are independent and Mr. H.C. Embuldeniya and Mr. Danushka De Silva are non-independent.

GRI 2-11





The Board has established Board level Sub Committees such as Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Human Resource and Remuneration Committee (HRRC), Nomination and Governance Committee (NGC) and Related Party Transactions Review Committee (RPTRC). Each committee plays a vital role in serving the board to discharge its duties and to ensure that high standards of Corporate Governance are preserved throughout the Company. The committees are governed by the board approved Terms of Reference (TOR) which are reviewed periodically. Each sub committee's minutes are forwarded to the Board and the Chairman of each sub committee provides the board with a summary of crucial issues considered at the meetings of the sub committees. The diagram above illustrates the Organization's Governance Structure.

Board and its Sub Committees' Effectiveness

The effectiveness of the Board is fundamental to the continued success of the Company. During the year under review, a comprehensive performance evaluation of the Board and its Sub Committees was undertaken to assess their effectiveness and overall contribution. This process was led by the Chairman, with administrative support provided by the Secretary to the Board.

As part of the evaluation, each Director completed a structured self-assessment, with separate questionnaires designed for the Board and its respective Sub Committees, including the Board Audit Committee, Board Integrated Risk Management Committee, Human Resource and Remuneration Committee, Nomination and Governance Committee, Related Party Transactions Review Committee, and the Board Level Information Security Committee. The responses were consolidated by the Secretary, enabling an overall evaluation of the performance of the Board and its Sub Committees. All related records of these evaluations are maintained by the Secretary.

Based on the outcome of this process, the Board is satisfied that both the Board and its Sub Committees are functioning effectively. It is further of the view that there is an appropriate balance of skills, experience, independence, and knowledge

among Directors, enabling them to discharge their responsibilities effectively. The Board also confirms that its members, particularly the Non-Executive Directors, dedicate sufficient time and attention to fulfil their roles at both Board and Sub Committee levels within the Company.

Management of Conflicts of Interests (GRI 2-15)

A conflict of interests arises when a board member/senior management member has a personal interest that conflicts with the interests of the Company or arise in situations where a board member/senior management member has divided loyalties (also known as a "duality of interest"). The Company has adopted a Board approved policy on the Management of Conflicts of Interests which specifies the processes and procedures to be followed to manage conflicts since the ultimate purpose of managing a conflict of interests is protecting the public interest. Accordingly, relationships between the directors shall not exercise under influence or coercion. Further a director shall abstain from voting on any Board Resolution in relation to a matter in which such direction has substantial interest and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.

Board and Board Sub Committee Meetings and Attendance

The Directors meet on regular basis and receive accurate, timely and relevant information for such meetings so that they can maintain full and effective oversight of strategic, financial, risk management, operational, compliance and governance issues. The following table shows the number of Board and Sub Committee meetings held during the financial year of 2025/26 and the attendance by individual Directors. These committees implement the policies and strategies determined by the Board and Board Sub Committees and manage the business and affairs of the Company with the main objective of improving sustainable growth.



Board Meeting Attendance

Name of the Director	Non-Independent Non-Executive	Independent Non-Executive	Board		Board Audit Committee		Board Integrated Risk Management Committee		Related Party transaction review committee		Human Resource and Remuneration Committee		Nomination & Governance Committee		Board Level Information Security Committee	
			C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance	C/M	Attendance
K.J.C.Perera		✓	C	13/13	M	13/14	M	4/4	M	4/4	M	3/3	M	3/3	M	4/4
Hiran Embuldeniya	✓		M	13/13							M	1/2	M	1/2		
Thulci Aluwihare		✓	M	12/13	M	12/14	M	4/4	M	4/4	C	3/3	M	3/3	M	3/3
Pasan Wanigasekara		✓	M	13/13	M	14/14	M	4/4					C	3/3	C	4/4
Sharini Kulasinghe		✓	M	13/13			C	4/4								
Danushka De Silva		✓	M	13/13					M	1/1						
Yudhishtan Kanagasabai	✓		M	10/10	C	13/13	M	1/1	C	3/3					M	1/1
Ms Sirini Ratnayake		✓	M	4/5							M	1/1				

C - Indicates the Chairman of the Committee and **M** - Indicates the Member of the Committee

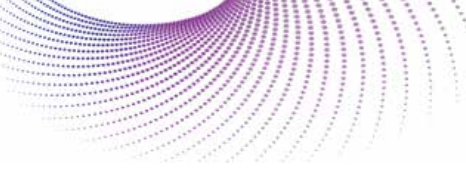
Column Attendance Indicates the Number of Meeting Attended

Please refer page 206 to 218 committee report for changes in Chairmanship and membership of the committees



Investing should be more like watching paint dry or watching grass grow.

Paul Samuelson



Report of Board of Directors (GRI 207-2, 207-3)

General (GRI 2-1)

The Board of Directors of Abans Finance PLC have the pleasure of presenting its Annual Report together with the Audited Financial Statements for the year ended 31 March 2026 and the Independent Auditor's Report on those Financial Statements in compliance with the requirements of the Companies Act No. 7 of 2007 and the Finance Business Act No. 42 of 2011 and the directions issued there under. The Company was incorporated as a limited Company in terms of the Companies Act No. 17 of 1982 and was subsequently re-registered under the Companies Act No. 7 of 2007 on 15th June 2009. The Company registration No. is PB-1015-PQ. Total issued shares of the Company amount to 73,693,171 shares as at date which are listed on the Colombo Stock Exchange. The Registered Office is at No. 498, Galle Road, Colombo 03 and the Head Office / principal place of business is located at No. 456, R. A. De Mel Mawatha, Colombo 03.

Principal Activities (GRI 2-6)

The principal business activity of the Company is the conduct of finance business as defined in the Finance Business Act No. 42 of 2011 and includes the acceptance of Deposits, Finance Leasing, Hire Purchase, Mortgage Loans, Personal Loans, Gold Loans and Capital Market Operations.

Review of Performance for 2025/2026

The Chairman's Message and Chief Executive Officer's Review along with the Management Discussion and Analysis highlight the financial performance, financial position and the state of affairs of the Company during the year under review.

Financial Statements

The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs) comprising accounting standards prefixed SLFRS and LKAS, Statements of Recommended Practice (SoRPs), Statements of Alternative Treatments (SoATs), Interpretations adopted by the Council of the Institute of Chartered Accountants of Sri Lanka, and Financial reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka and are in compliance

with the requirements of the Companies Act. The Financial Statements are duly certified by the Chief Financial Officer, recommended by the management, reviewed by the Audit Committee, approved by the Board of Directors and signed on behalf of the Board by two directors of the Company in accordance with the Companies Act No. 7 of 2007.

Directors' Responsibility for Financial Reporting

The Statement of the Directors' Responsibilities for Financial Statements is given on [page 303](#).

Independent auditor's Report

The Auditors of the company are M/s KPMG, Chartered Accountants. M/s KPMG carried out the audit of the Financial Statements for the year ended 31st March 2026 and their report as required by Section 168 (1)(c) of the Companies Act is provided together with the Audited Financial Statements.

Significant Accounting Policies and Changes During the Year

The significant accounting policies adopted in the preparation of the Financial Statements are disclosed in the Audited Financial Statements.

Going Concern

The Board of Directors has reasonable expectation that the Company has adequate resources to continue the business activities in the foreseeable future. Therefore, the Company has adopted a "Going Concern" basis in preparing its Financial Statements.

Accounting Period (GRI 2-3)

The financial reporting period reflects the information from 01 April 2025 to 31 March 2026.

Financial Performance

The Company's Profit before Taxation amounted to Rs. 1,279,856,439/- (after deducting Value Added Tax on Financial Services of Rs. 404,146,689/- in comparison to Profit before Taxation amount into Rs. 703,627,666/- (Value Added Tax on Financial Services of Rs. 247,738,710/-) in 2024/2025. The Profit after Tax for the year 2025/26 amounted

to Rs.857,103,042/- (Rs.425,755,623/- in 2024/2025) after deducting Rs 422,753,397/- (Rs.277,872,043 in 2024/2025) for Taxation. This represents remarkable increase in net profit by 101% compared to the previous financial year.

Details are given in the Statement of Profit or Loss and other Comprehensive Income on [page 315](#) of the Financial Statements.

Profit Appropriations

A summary of the financial results of the Company for the year ended 31 March 2026 and 31 March 2025 are given below;

Description	2025/26 Rs.	2024/25 Rs.
Profit before Taxation from Operations	1,279,856,439	703,627,666
Provisions for Income Tax	(422,753,397)	(277,872,043)
Profit for the year	857,103,042	425,755,623
Transfer to Statutory Reserve Fund	(42,855,152)	(21,287,781)
Retained Profit brought forward from the previous year	1,741,428,099	912,324,112
Other Comprehensive Income Net of Tax	(3,810,417)	(2,410,831)
Regulatory Loss Allowances Reserve	-	48,442,231
Retained Earnings carried Forward	2,399,938,400	1,741,428,099

Total Operating Income

The Total Operating Income of the Company for 2025/2026 was Rs.3,470,091,185/- compared to Rs.2,481,212,625/- in 2024/2025. An analysis of the income is given on [page 343](#).

Property, Plant and Equipment

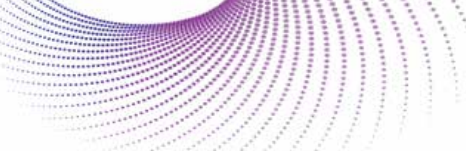
Capital Expenditure incurred on Property, Plant Equipment amounted to Rs.180,911,324/- in

2025/2026 (Rs.39,089,551/- in 2024/2025). Details applicable to Capital Expenditure are given in Note 28.5 to the financial statements.

Equity And Reserves

The stated capital and reserves were Rs. 4,155,310,420/- as at 31 March 2026 (Rs 3,502,463,220/- as at 31 March 2025). The Equity and Reserves of the Company as at the end of each of the following years were as follows;

Description	2025/26 Rs.	2024/25 Rs.
Stated Capital	1,321,097,699	1,321,097,699
Statutory Reserve	364,282,158	321,427,006
Revaluation Reserve	67,567,435	70,068,185
Retained Earnings	2,399,938,400	1,741,428,099
Regulatory Loss Allowances Reserve	-	48,442,231
Total Shareholders' Funds	4,155,310,420	3,502,463,220



Board of Directors (GRI 2-9)

In terms of the Articles of Association of the Company, the Board of Directors, as at 31 March 2026 consisted of Seven Directors including the Chairman. The list of Directors who held office as at the end of the financial year is as follows.

Name of the Director	Independent/Non-Independent	Executive/Non-Executive
Mr. K.C.Perera	Independent	Non-Executive
Mr. Hiran Embuldeniya	Non-Independent	Non-Executive
Mr. Thulci Aluwihare	Independent	Non-Executive
Mr. Pasan Wanigasekara	Independent	Non-Executive
Ms. S.C Kulasinghe	Independent	Non-Executive
Mr. Danushka De Silva	Non-Independent	Non-Executive
Mr. Yudhishtan Kanagasabai	Independent	Non-Executive

- Mrs. D.S. Ratnayake was resigned from the board w.e.f 08th July 2025.
- Mr. Yudhishtan Kanagasabai as appointed to the board w.e.f 30th May 2025.

Meetings of the Board of Directors and Board Sub Committees (GRI 2-11)

Details of Directors' meetings and Board Sub Committee meetings are given in the Corporate Governance Report.

Board Audit Committee (BAC)

All members of the Audit Committee are Independent Non -Executive Directors. The Chief Executive Officer, Senior Management, Internal and External Auditors attend the meeting by invitation as and when required.

- Mr. Yudhishtan Kanagasabai – Chairman (Independent Non-Executive Director) –
Appointed w.e.f. 12th June 2025.
- Mr. K J C Perera (Independent Non-Executive Director)
- Mr. Thulci Aluwihare (Independent Non-Executive Director)
- Mr. P.T Wanigasekara (Independent Non-Executive Director)

Human Resource and Remuneration Committee (HRRC)

- Mr. Thulci Aluwihare – Chairman (Independent NonExecutive Director)
- Mr. K.J.C. Perera (Independent Non-Executive Director)
- Mr. Hiran Embuldeniya (Non-Independent NonExecutive Director)
- Mrs. D.S. Ratnayake (Non-Independent Non Executive Director) was resigned from the board
w.e.f 08th July 2025.

Nomination and Governance Committee (NGC)

- Mr. P. T. Wanigasekara – Chairman (Independent Non-Executive Director)
- Mr. K.J.C. Perera (Independent Non-Executive Director)
- Mr. Thulci Aluwihare (Independent Non-Executive Director)
- Mr. Hiran Embuldeniya (Non Independent Non Executive Director) –
Appointed w.e.f. 12th June 2025.

Related Party Transactions Review Committee (RPTRC)

- Mr. Yudhishtan Kanagasabai – Chairman (Independent Non-Executive Director) – *Appointed w.e.f 12th June 2025.*
- Mr. K.J.C Perera (Independent Non-Executive Director)
- Mr. Thulci Aluwihare (Independent Non-Executive Director)

Board Integrated Risk Management Committee (BIRMC)

- Ms. S.C Kulasinghe – Chairman (Independent NonExecutive Director)
- Mr. K.J.C Perera (Independent Non-Executive Director)
- Mr. Thulci Aluwihare (Independent Non-Executive Director)
- Mr. P.T Wanigasekara (Independent Non-Executive Director)
- Mr. Yudhishtan Kanagasabai (Independent Non-Executive Director) – *Appointed w.e.f 07th January 2026*

Board Level Information Security Committee

Board Level Information Security Committee was formed in terms of Section 4.1.d under Technology Risk and Governance Oversight on Directions No 01 of 2022 (Technology Risk Management and Resilience) of Central Bank of Sri Lanka.

The Committee was formed w.e.f.26th February 2024 and Mr. S.M.S.S. Bandara was serves as the initial chairman till his resignation from the board w.e.f 31st December 2024. The composition of the committee as follows.

- Mr. P.T. Wanigasekara – Chairman (Independent Non-Executive Director)
- Mr. K.J.C Perera – (Independent Non-Executive Director)
- Mr. Thulci Aluwihare (Independent Non-Executive Director) – *resigned w.e.f 09th December 2025*
- Mr. Yudhishtan Kanagasabai (Independent Non-Executive Director) – *Appointed w.e.f 09th December 2025*



A big part of financial freedom is having your heart and mind free from worry about the what-ifs of life.

Suze Orman

Disclosure of Directors Interests in Shares

Directors	As at 31-03-2026 Rs.	As at 31-03-2025 Rs.
Mr.K.J.C.Perera	Nil	Nil
Mr. Hiran Embuldeniya	Nil	Nil
Mr. Thulci Aluwihare	Nil	Nil
Mr. Pasan Wanigasekara	Nil	Nil
Ms. S.C Kulasinghe	Nil	Nil
Mr. Danushka De Silva	Nil	Nil
Mr. Yudhishtran Kanagasabai	Nil	Nil

Directors' Interests in Contracts and Related Party Transactions

The Directors' interests in contracts, if any, that could be classified as related party transactions in terms of the Sri Lanka Accounting Standard LKAS 24, are disclosed in Note 47 to the Audited Financial Statements.

Recurrent Related Party Transactions which exceed 10% of the gross revenue require disclosure as per Rule 9.3.2 of the Listing Rules of the Colombo Stock Exchange. As required, we tabulate below the relevant.

Recurrent Transactions with Abans PLC

Name of the Related Party	Abans PLC
Relationship	Parent Company
Nature of Transaction	Collection made on behalf of Abans Finance and Granting Service regarding Payroll Management
Aggregate value & % of Related Party Transactions entered into during the year collection made for AFPLC % form total collection	Rs.838,176,456 7.65%
Aggregate value & % of Related Party Transactions entered into during the year interest income of collection % form total income	Rs. 320,061,760 7.60%
Terms and Conditions of the Related Party Transactions	Usual Terms available to the general public

Recurrent Transactions with Abans Auto (Private) Limited

Name of the Related Party	Abans Auto (Private) Limited
Relationship	Affiliate Company
Nature of Transaction	Purchase of Motorcycles for Finance Leases
Aggregate value of Related Party Transactions for the period ended	Rs,1,426,208,105
Aggregate value of Related Party Transactions as a % of Total Loan Disbursements for the period	10.29%
Terms and Conditions of the Related Party Transactions	Usual Terms available to the general public

Related Party Transactions

Transactions of related parties with the Company (as defined in LKAS 24 Related Party Disclosures) are set out in Note 47 to the Financial Statements.

The Board of Directors confirm that it has taken all measures necessary to ensure compliance with section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the year ended 31st March 2026.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all material statutory payments due to the Government, other Regulatory Institutions and related to the employees have been made. The Board of Directors has assessed the status pertaining to statutory payments at the Board meetings for which regular Board Papers have been submitted by the Key Management Personnel.

Appointment of Auditors

The financial statements for the year ended 31st March 2026 have been audited by Messrs KPMG, Chartered Accountants.

Total audit fees paid to Messrs. KPMG by the Company is disclosed in Note 12 to the Financial Statements.

The company had not obtained any service from Messrs. KPMG other than audit after appointing the auditor on AGM held on 29th September 2025.

As far as the Board of Directors is aware, Messrs. KPMG the Auditors did not have any relationship (other than that of an Auditor) with the Company. Messrs. KPMG the Auditors also did not have any interest in the Company.

Internal Control on Financial Reporting

The financial reporting system of the Company has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements has been done in accordance with relevant accounting principles.

The Board has issued a Statement on the Internal Controls for Financial Reporting and an

Assurance Report from External Auditors in terms of the Corporate Governance Direction No. 5 of 2021 has been obtained.

Corporate Governance

The report on Corporate Governance covers the extent of compliance in Corporate Governance.

Outstanding Litigation

The Directors are of the opinion that pending litigation against the company will not have any material impact on the financial position of the Company.

Events Occurring after the Reporting Period

No circumstances have arisen after the reporting period which require adjustments to or disclosures in the Financial Statements.

Donations

No Donations were made by the Company during the year.

Notice of the Annual General Meeting

The Twentieth Annual General Meeting of the Company will be held by way of electronic means on 28th September 2026 at 10.00 am. as a fully virtual meeting.

For and on behalf of the Board of Directors,



K. J. C Perera
Chairman

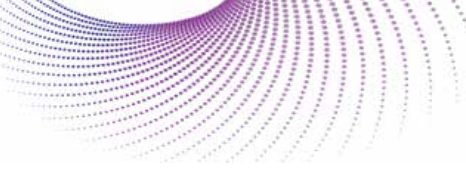


P. T. Wanigasekara
Director



R. Priyadharshini
Company Secretary

27th July 2026



Corporate Governance AFPLC Review

GOVERNANCE DEVELOPMENTS AND POLICY ENHANCEMENTS (FY 2025/26)

Strengthening of Board Oversight

During the year under review, Abans Finance PLC further strengthened Board-level oversight in response to evolving regulatory expectations, particularly those of the Central Bank of Sri Lanka. Governance structures were enhanced through the expanded role of the Board in supervising risk management and compliance, supported by the continued strengthening of specialised subcommittees, including the Audit and Risk Committees. These measures improved the independence and depth of oversight across key governance areas.

Enhancing Transparency and Accountability

Transparency and accountability were reinforced through improvements in disclosure practices and financial reporting. The Company enhanced the quality and depth of disclosures, while also strengthening communication around governance and policy decisions. The introduction and formalisation of whistle-blower mechanisms, alongside provisions for independent review and investigation, further supported a culture of openness and accountability.

Alignment with International Standards

The Company continued to align its governance and supervisory practices with international benchmarks, incorporating principles consistent with IFRS and guidance from various institutions. This alignment strengthened capital management, risk governance, and overall institutional resilience.

Advancements in Risk Management Framework

Risk management capabilities were enhanced through the establishment of a more centralised and coordinated risk management function. Internal audit processes were strengthened, supported by the introduction of real-time monitoring tools to improve visibility over financial operations. These developments enabled more proactive identification and management of risks, including those associated with digital finance.

Policy Enhancements in Human Resources and Ethics(GRI 2-24)

During the year, internal policies relating to human resources and ethics were updated. A revised code of conduct reinforced expectations around integrity, ethical behaviour, and conflict-of-interest management. In addition, mandatory training programmes were introduced to strengthen awareness of governance and compliance obligations across the organisation.

Operational Efficiency and Process Improvements

Operational efficiency was enhanced through the digitisation of internal workflows, reducing manual processes and improving accuracy. Procurement and financial management policies were also streamlined to strengthen internal controls and minimise the risk of resource misuse.

Regulatory-Driven Governance Enhancements

Governance practices evolved in line with regulatory directives. Reporting frameworks transitioned towards more structured biannual reporting, while anti-money laundering and countering the financing of terrorism (AML/CFT) frameworks were strengthened through enhanced monitoring and alignment with international evaluation standards. Risk management frameworks were also expanded to incorporate greater oversight of digital finance risks.

Board Training and Capacity Building

A key focus during the year was the strengthening of Board-level capability through structured training programmes. These covered governance and regulatory requirements under the CBSL Act, AML/CFT frameworks, risk management and cybersecurity, whistle-blower mechanisms, and transparency in reporting. These initiatives ensured that the Board remained equipped to address emerging risks and regulatory expectations.

Collectively, these developments reflect a deliberate effort to strengthen governance, enhance regulatory alignment, and build institutional resilience. Through improved oversight, robust policies, and continuous capacity building, Abans Finance PLC remains well-positioned to uphold transparency, accountability,

and sustainable growth in a dynamic financial services environment.

GOVERNANCE AND SUSTAINABILITY (S1 AND S2 ALIGNMENT)

Abans Finance PLC recognises that sustainability is integral to long-term value creation and risk resilience. Environmental, social and governance considerations are therefore embedded within the Company's governance architecture, risk management processes and strategic decision-making, ensuring alignment with both regulatory expectations and stakeholder priorities.

Sustainability-related risks are identified and evaluated through established governance structures, principally the Board Integrated Risk Management Committee and the Information Security Committee. These risks encompass climate-related exposures, evolving regulatory requirements, digital finance vulnerabilities and broader social capital considerations. Mitigation is undertaken through a combination of credit portfolio diversification, strengthened IT resilience and cybersecurity frameworks, and the adoption of ESG-aligned lending practices that promote responsible finance.

The Company maintains structured mechanisms to monitor, report and review sustainability-related risks on an ongoing basis. Risk Management Reports, together with oversight by the Board Audit Committee, ensure continuous visibility and accountability. In addition, biannual reviews are conducted in accordance with directives issued by the Central Bank of Sri Lanka, while internal audit processes provide independent assurance on compliance and the effectiveness of controls.

Robust policies and procedures underpin the integrity of sustainability-related disclosures. A formal whistle-blower framework supports transparency and accountability, while oversight by the Related Party Transactions Review Committee strengthens governance. Annual disclosures are prepared in line with regulatory requirements, and independent external audits provide validation of the accuracy and completeness of reported information.

Oversight of sustainability remains clearly defined across the organisation. The Board of Directors provides overall strategic direction and

governance, while the Board Integrated Risk Management Committee oversees sustainability-related risks. The Information Security Committee ensures robust management of digital and cybersecurity considerations, and Corporate Management is responsible for implementing sustainability initiatives across operations.

The Company continues to pursue sustainability-linked opportunities that align with its strategic direction. These include expansion into green financing and renewable energy solutions, the adoption of digital finance platforms to reduce operational carbon intensity and the strengthening of its brand through adherence to ESG principles and responsible business practices.

Sustainability considerations are increasingly shaping the Company's operations, strategy and financial outlook. While investments in compliance, technology and cybersecurity have increased operational costs, they have also supported a strategic shift towards sustainable lending and customer-centric digital services. At the same time, these initiatives have contributed to enhanced investor confidence and stability in the Company's financial profile.

In addressing climate-related risks and opportunities, the Company has set targets focused on reducing its operational carbon footprint through energy-efficient practices and expanding its green loan portfolio to support renewable energy and environmentally sustainable enterprises. These efforts are guided by regulatory expectations and emerging sustainability reporting frameworks applicable to the financial services sector.

Over the longer term, sustainability is embedded within the Company's strategic agenda through the integration of ESG considerations into lending and investment decisions, alongside a continued commitment to financial inclusion and responsible digital transformation.

The Company remains focused on positioning itself as a leading provider of sustainable finance solutions within Sri Lanka. Performance in this area is tracked through a range of indicators, including measures of carbon footprint reduction, growth in green financing, customer accessibility and satisfaction, and the resilience of digital and cybersecurity systems.



Chairman's Statement on Corporate Governance

Dear Stakeholder,

I am pleased to present on behalf of my fellow Board members, the Corporate Governance Report of Abans Finance PLC for the year ended 31st March 2026. This report comprehensively demonstrates our progress, achievements, challenges and areas which we seek to improve.

The Board and Management firmly believes that a sound governance framework is vital for sustainable growth in the Finance business in order to maintain trust and confidence that our investors and customers place in us. It directs the Board and all levels of employees in the conduct of day-to-day business activities. The high standards of corporate governance continue to be a key priority of the company.

During the year, few initiatives were taken to strengthen the governance of the business, in line with best practices which are highlighted in this report. We continue to adopt all mandatory guidelines on corporate governance such as Corporate Governance Direction No.5 of 2021 as amended, Listing Rules of the Colombo Stock Exchange and in addition, voluntarily adopted Code of Best Practice on Corporate Governance 2023 issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka and complies with all other regulatory requirements applicable to a Licensed Finance Company.

During the year under review, the Board focused more on improving its effectiveness towards governance and conducted an independent evaluation on Board's effectiveness. This encompasses the effectiveness of the Board as a whole, and the effectiveness of each Sub-Committees of the Board.

The Corporate Governance Report on pages 85 to 202 contains comprehensive governance arrangements as required under the regulations and details on the extent of the Company's compliance with the provisions set out in the regulations.

In conclusion, I wish to extend my appreciation to the members of the Board who have been supportive and committed in their efforts in implementing a good governance culture within the Company. Their contribution at meetings of the Board as well as at the Sub-Committees of the Board in sustaining transparent governance practices is immense. Going forward, we will ensure that we continuously commit to further improve on transparency, accountability and reporting.



Mr. K.J. Cecil Perera

Chairman / Independent Non-Executive Director
30th July 2026

Corporate Governance Report

Section One - Finance Companies (Corporate Governance) Direction No. 05 of 2021 and subsequent amendments thereto on Corporate Governance for Licensed Finance Companies in Sri Lanka. The Central Bank of Sri Lanka issued the Direction on Corporate Governance in order to improve, strengthen and sustain the Corporate Governance processes and practices of the Licensed Finance Companies in Sri Lanka. This Direction is identified as the Finance Companies (Corporate Governance) Direction No. 05 of 2021. The above Directions comprise of sixteen

fundamental principles, namely the Board Overall responsibilities, Governance Framework, Composition of the Board, Assessment of Fitness and Propriety Criteria, Appointment and resignation of directors and senior management, The Chairperson and the CEO, Meetings of the Board, Company Secretary, Delegations of Functions by the Board, Board Sub – Committees, Internal Controls, Related Party Transactions, Group Governance, Corporate Culture, Conflicts of Interest, Disclosures.

The Company's level of compliance with the Corporate Governance Directions is tabulated below.

Rule Reference	Principle	Extent of Compliance
01. Responsibilities of the Board of Directors		
1.1	The Board shall assume overall responsibility and accountability for the responsibilities operations of the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements	Complied AFPLC Board holds responsibility for setting effective business strategy, ensuring sound corporate culture, and adhering to the rules and regulations. The Board responsibilities are specified in the Governance framework.
1.2	Business Strategy and Governance Framework a) Approving and overseeing the implementation of the FC's 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 three-year business strategy is in force. The Board as a whole review the business strategy periodically to ensure that the Business strategy aligns with current economic environment.



Rule Reference	Principle	Extent of Compliance
01. Responsibilities of the Board of Directors (Contd...)		
	b) Approving and implementing FC's governance framework commensurate with the FC's size, complexity, business strategy and regulatory requirements.	Complied The Governance Framework of AFPLC was approved by the Board.
	c) Assessing the effectiveness of its governance framework periodically.	Complied & Ongoing. Effectiveness of Governance Framework will have to be assessed periodically.
	d) Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities.	Complied
1.3	Corporate Culture and Values	Complied
	a) Ensuring that there is a sound corporate culture within the FC, which reinforces ethical, prudent and professional behaviour.	The AFPLC Board actively contributes to ensure sound corporate culture and values within the company
	b) 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 Board approved Code of Conduct (HR policy Manual) and Conflict of Interest Policies are in place which include the FC's corporate culture and values.
	c) Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.	Complied Future Business practices move towards digitalization and financing for electric motorcycles and funding for renewable-energy – Solar.

Rule Reference	Principle	Extent of Compliance
01. Responsibilities of the Board of Directors (Contd...)		
	d) 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 Stakeholder Communication Policy reflects the effective delivery of stakeholder communication, and the Board reviews the policy to enhance its scope of policy implementation.
1.4	Risk Appetite, Risk Management and Internal Controls	Complied
	a) Establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework	AFPLC established comprehensive risk appetite statement in line with the AFPLC three- year strategic plan and the overall governance framework.
	b) Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	Complied. AFPLC Board ensures the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.
	c) Adopting and reviewing the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically through board integrated Risk Management committee and the board Audit Committee.	Complied AFPLC reviews the adequacy and the effectiveness of the internal control systems and management information systems periodically.
	d) 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 Company already have Business Continuity and Disaster Recovery Plan and in process of reviewing the same.



Rule Reference	Principle	Extent of Compliance
01. Responsibilities of the Board of Directors (Contd...)		
1.5	Board Commitment and Competency	Complied
	a) All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the FC.	The Board as a whole allocate sufficient time in exercising functions of the Company.
	b) All members of the Board shall possess necessary qualifications, adequate skills, knowledge, and experience	Complied Members of the Board possess sufficient competency levels including necessary qualifications, knowledge, experience and skills, during the annual appraisal process, the Board reviews and agrees on the training and development needs of all the members.
	c) The Board shall regularly review and agree the training and development needs of all the members.	Complied
	d) 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
	e) The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the FC.	Complied

Rule Reference	Principle	Extent of Compliance
01. Responsibilities of the Board of Directors (Contd...)		
1.6	Oversight of Senior Management a) 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. b) Defining the areas of authority and key responsibilities for the senior management. c) Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives. d) Ensuring there is an appropriate oversight of the affairs of the FC by senior management. e) Ensuring the FC has an appropriate succession plan for senior management. f) Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.	a) b) c) d) Complied The Board has identified and designated senior management to execute business strategy, who possess the necessary qualifications, skills, experience and knowledge. The job descriptions of the senior management define the responsibilities of each member. e) Board approved succession plan is available for AFPLC Senior management. Complied
1.7	Adherence to the Existing Legal Framework a) Ensuring that the FC does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders.	Complied AFPLC Board ensures conformity with the rules and regulations. The Board acts with due care and prudence, and with integrity and is aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently



Rule Reference	Principle	Extent of Compliance
01. Responsibilities of the Board of Directors (Contd...)		
	b) Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards. 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.	
02. Governance Framework		
2.1	Board shall develop and implement a governance framework in line with these directions and including but not limited to the following. a) role and responsibilities of the Board b) matters assigned for the Board. c) delegation of authority d) composition of the Board e) the Board's independence f) the nomination, election and appointment of directors and appointment of senior management g) the management of conflicts of interests h) access to information and obtaining independent advice. i) capacity building of Board members j) the Board's performance evaluation K) role and responsibilities of the chairperson and the CEO l) role of the Company secretary m) board sub committees and their role; and n) limits on related party transactions	Complied The AFPLC Board has approved a Corporate Governance framework in line with the Corporate Governance Direction No.5 of 2021.

Rule Reference	Principle	Extent of Compliance
03. Composition of the Board		
3.1	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the FC.	Complied The AFPLC Board composition adds value to the Company through their knowledge and experience.
3.2	The number of directors on the Board shall not be less than seven (07) and not more than thirteen (13).	Comply as per the requirement.
3.3	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 The total service period of directors not exceed nine years.
3.4	Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence 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 (14) of the total number of directors of the Board.	Not applicable
3.5	Only an employee of FC shall be nominated, elected, and appointed, as an Executive Director of the FC.	Not applicable AFPLC Board does not comprise Executive Directors



Rule Reference	Principle	Extent of Compliance
03. Composition of the Board (Contd...)		
3.6	Non-Executive Directors a) 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. b) A non-executive director cannot be appointed or function as the CEO/executive director of the FC.	Complied Profiles of the Non-Executive Directors are given in Page 27 to 33
3.7	Independent Directors a) 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 b) Independent directors appointed shall be of highest calibre, with professional qualifications, proven track record and sufficient experience c) A non-executive director shall not be considered independent if such: I) Director has a direct or indirect shareholding exceeding 5% of the voting rights of the FC or exceeding 10% of the voting rights of any other FC. II) Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.	Complied The AFPLC Board comprises of five Independent Non-Executive Directors. The Independent Directors of AFPLC fulfil the given independent requirements

Rule Reference	Principle	Extent of Compliance
03. Composition of the Board (Contd...)		
	III) Director has been employed by the FC or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director. IV) Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the FC or its affiliates during the one year preceding the appointment as director. V) Director has a relative, who is a director or senior management of the FC or has been a director or senior management of the FC during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the FC or exceeding 20% of the voting rights of another FC VI) Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC VII) Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, in which any of the other directors of the FC is employed or is a director VIII) Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, which has a transaction with the FC as defined in direction 12.1(c), or in which any of the other directors of the FC has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC.	
	d) 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	



Rule Reference	Principle	Extent of Compliance
03. Composition of the Board (Contd...)		
	e) An independent director shall immediately disclose to the Board any change in circumstances that may affect the 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.	
3.8	Alternate Directors a) Representation through an alternate director is allowed only; I) With prior approval of the Director, Department of Supervision of Non-Bank Financial Institutions under Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) or as amended; and II) If the current director is unable to perform the duties as a director due to prolonged illness or unable to attend more than three consecutive meetings due to being abroad. b) The existing directors of the FC cannot be appointed as an alternate director to another existing director of the FC 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 d) An alternate director cannot be appointed to represent an executive director. 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 No alternate Director has been appointed.

Rule Reference	Principle	Extent of Compliance
03. Composition of the Board (Contd...)		
3.9	Cooling off Periods a) 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 to reconstitute a Board of a FC which needs restructuring, shall be made with prior approval of the Monetary Board. b) A director who fulfils 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	Complied CEO was appointed after the cooling off period which was approved by the CBSL.
3.10	Common Directorships 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 a parent company, subsidiary company or an associate company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f)	Not applicable The AFPLC Board does not hold directorships in another Finance Companies.
3.11	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.	Not Applicable The Directorships or any equivalent positions held by the Directors of AFPLC in other entities do not exceed the given threshold.
04. Assessment of Fitness and Propriety Criteria		
4.1	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 AFPLC follows a formal procedure when appointing Directors to the Board in accordance with regulatory requirements.
4.2 & 4.3	A person over the age of 70 years shall not serve as a director of a FC.	Complied No Director serves the Company over the age of 70 years.



Rule Reference	Principle	Extent of Compliance
05. Appointment and resignation of directors and senior management		
5.1	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 AFPLC follows the regulatory guidelines during appointments, resignations or removal of Directors and Senior Management
06. The Chairperson and the CEO		
6.1	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 functions and responsibilities of the Chairman and the CEO have been clearly defined and approved by the Board of Directors.
6.2 & 6.3	The chairperson shall be an independent director, Complaint subject to 6.3 below 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. Nonexecutive directors including senior director shall assess the chairperson's performance at least annually.	Complied The Chairman is an Independent Non-Executive Director.
6.4	Responsibility of the chairperson The responsibilities of 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	Complied Responsibilities of the Chairman includes providing leadership to the Board, ensuring effective discharge of responsibilities of board members and implementing decisions of regulator. The Non-executive directors annually evaluate the performance of the Chairman.

Rule Reference	Principle	Extent of Compliance
06. The Chairperson and the CEO (Contd...)		
	e) Ensure all key issues are discussed by the Board in a timely manner f) Implement decisions/directions of the regulator g) Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the Company secretary h) Not engage in activities involving direct supervision of senior management or any other day to day operational activities i) Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board j) Annual assessment on the Performance and the contribution during the past 12 months of the Board and the CEO	
6.5	Responsibilities of the CEO 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: I) Implementing business and risk strategies in order to achieve the FC's strategic objectives II) Establishing a management structure that promotes accountability and transparency throughout the FC's operations and preserves the effectiveness and independence of control functions III) Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behaviour IV) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator	Complied The Chief Executive Officer is responsible for implementing business strategy of the Company while ensuring sound internal controls and effective risk management.



Rule Reference	Principle	Extent of Compliance
06. The Chairperson and the CEO (Contd...)		
	V) Strengthening the regulatory and supervisory compliance framework VI) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner VII) 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 3.1.0	
07. Meetings of the Board		
7.1	The Board shall meet at least twelve times a financial year at approximately the Board monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible	Complied There have been twelve Board meetings during the financial year 2025/2026.
7.2	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 Meetings	Complied Company has established a procedure to enable all Directors to include matters and proposals in the agenda for regular Board meetings.
7.3	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 Agenda letters have been circulated by the Company Secretary to the Board of Directors at least 7 days prior to the Board meeting.
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions	Complied The Directors allocate adequate time to contribute effectively during the board meeting

Rule Reference	Principle	Extent of Compliance
07. Meetings of the Board (Contd...)		
7.5	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 The company duly complied with the requirement.
7.6	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	Partially Complied One meeting was held during the period.
7.7	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 The Directors refrain from voting on any Board resolution pertinent to a matter which has a substantial interest to them.
7.8	A director who has not attended at least two-third (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 All Directors have attended at least two thirds of the meetings and non-attendance of consecutive three meetings did not arise.
7.9	Scheduled Board Meetings and Ad Hoc Board Meeting 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 All meeting were held physically.



Rule Reference	Principle	Extent of Compliance
08. Company Secretary		
8.1	a) 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. b) The Board shall appoint its company secretary, subject to transitional provision stated in 19.2 below, 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 appointed the Company secretary, such person shall become an employee of FC and shall not become an employee of any other institution	Complied
8.2	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 regulations are followed.	Complied A Board-approved procedure is in place to enable all Directors to access the Company Secretary with a view to ensuring that Board procedures and all applicable laws, directions, rules and regulations are followed.
8.3	The company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function	Complied
8.4	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 the Board meetings and other recording materials for the period specified in the Direction.

Rule Reference	Principle	Extent of Compliance
08. Company Secretary (Contd...)		
8.5	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 records the proceedings of the meetings and the decisions taken throughout in sufficient detail.
8.6	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	Detailed minutes are kept covering the given criteria and the Board minutes contain the required details such as contribution of individual Director, decisions and Board resolutions, ultimate decision of the Board, whether it complies with strategies and policies of the Company, Board knowledge and understanding of risk management measures adopted by the Company.
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director	
09. Delegations of Functions by the Board		
9.1	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 approves delegation of authorities and provide clear directions to the Senior Management to executive strategic functions.
9.2	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 The Board has appointed Board Audit Committee, Board Integrated Risk Management Committee, Nomination Committee and Related Party Transactions Review Committee as specified in the section 10 of this Direction.



Rule Reference	Principle	Extent of Compliance
09. Delegations of Functions by the Board (Contd...)		
9.3	The Board may establish appropriate senior management level subcommittees with appropriate DA to assist in Board decisions	Complied The Board has established Management level committees with appropriate delegation authorities such as Management committee, Asset and Liability committee (ALCO), IT steering committee and Credit Committee.
9.4	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 delegates matters to its board sub- committees or senior management to an extent that such delegation would not significantly hinder or reduce the ability of the Board as a whole to discharge its functions.
9.5	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 Board periodically reviews the delegation of authorities and the pertinent processes to ensure its effectiveness.



Rule Reference	Principle	Extent of Compliance
10. Board Sub – Committees		
10.1.a	FCs are divided into two categories, based on the asset base and assets base of more than Rs. 20 bn and FCs with asset base of less than Rs. 20 bn, subject to transitional provisions.	Complied. The Following Committees have been appointed by the Board and each such committee is required to report to the Board. 1) Board Audit Committee on page 206 2) Board Integrated Risk management committee on page 216 3) Board Nomination committee on page 215 4) Board Human resource and Remuneration committee on page 211 5) Board Related party transactions review committee on page 209 Meetings are held as defined in the direction or more frequently as per the respective TOR of the Sub-Committee. Recommendations of these committees are addressed directly to the Board and minutes of meetings are tabled and discussed at the Board meeting BAC meetings are held on monthly basis, BIRMC and RPTRC meetings are held on every quarter and other meeting shall meet at least annually.



Rule Reference	Principle	Extent of Compliance
10 Board Sub – Committees (Contd...)		
10.1.b	Each subcommittee shall have a board approved written TOR specifying clearly its authority and duties.	Complied Board Approved TORs are available for each Board Sub Committee.
10.1.c	Board shall Present a report on the performance of duties and functions of each Board subcommittees at the annual general meeting.	Complied The board has done a subcommittee evaluation for the financial year 2024/25. Please refer respective Board Sub-Committee reports for more details on Pages 206 to 218.
10.1.d	Each subcommittee shall appoint a secretary to arrange its meetings. Maintain minutes, recordings and carry out other secretarial functions.	Complied Company Secretary functions as the Secretary for all Board Sub Committees.
10.1.e	Each subcommittee shall consist of at least 3 Board members and who have skills, knowledge and experience relevant to the responsibilities of the committee.	Complied All the board sub Committees are comprising with three independent non-executive directors who possess skills, knowledge and experience relevant to the responsibilities of the Board Sub Committees. Please refer respective board Sub Committee report on page 206 to 218 and on page 76 report of the Board of Directors.
10.1.f	The Board may consider occasional rotation of members and chairperson each committee	Complied & Ongoing During the year 2024/25, Chairperson and members were changed of the committees. Further, we are in process of rotation of member in near future.

Rule Reference	Principle	Extent of Compliance
10.2 Board Audit Committee (BAC)		
10.2.a	The chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/or audit	Complied The chairperson of the Committee is an Independent Non-Executive Director. Refer page 33
10.2.b	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 four (4) members of the BAC Committee are independent Non-Executive Directors. Refer page 206 Board Audit Committee (BAC) report.
10.2.c	The secretary to the BAC shall preferably be the Chief Internal Auditor (CIA)	Complied The Secretary of the Company functioned as the Secretary of the Committee.
10.2.d External Audit Function		
10.2.d 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 has Recommended the reappointment of KPMG, Chartered Accountants as External Auditor for audit services; the implementation of guidelines issued by Central Bank of Sri Lanka; the application of accounting standards in consultation with the Chief Financial Officer and External Auditors; the service period, audit fees, resignation or dismissal of an auditor, re-engaging the audit partner in line with the regulatory requirements.



Rule Reference	Principle	Extent of Compliance
10.2 Board Audit Committee (BAC) (Contd...)		
10.2.d External Audit Function (Contd...)		
10.2.d ii	Engagement of an audit partner shall not exceed five years, and same 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. FC shall not use the service of the same external audit firm for not more than ten years consecutively.	Complied KPMG was appointed as external auditors in September 2024. Engagement period of current audit partner is 5 years. External Audit firm will be rotated subject to the transitional provisions.
10.2.d iii	Audit partner shall not be a substantial shareholder, director, senior management or employee of any FC.	Complied Audit Partner is not a Director or employee and does not hold any Senior Management position of the Company. A declaration has been obtained confirming that the audit partner does not hold any shares of the Company.
10.2.d iv	The committee shall review and monitor the external auditor's independence, objectivity and effectiveness of the audit processes in accordance with applicable standards and best practices.	Complied The External Auditor has provided an independent confirmation in compliance with the guidelines for appointment of auditors of listed companies. In order to safeguard the objectivity and independence of the External Auditor, the Board Audit Committee reviewed the nature and scope taking in to account of the regulations and guidelines.

Rule Reference	Principle	Extent of Compliance
10.2 Board Audit Committee (BAC) (Contd...)		
10.2.d External Audit Function (Contd...)		
10.2.d v	Audit partner shall not be assigned to any non-audit services 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 the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity.	Complied According to the approved BAC TOR, Audit partner shall not engage in any non-audit services with the company.
10.2.d.vi	Before the audit commences, discuss and finalize with the external auditors the nature and scope of the audit, including : i) an assessment of the FC's compliance with Directions issued under the Act and the management's internal controls over financial reporting; ii) The preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and iii) The co-ordination between auditors where more than one auditor is involved.	Complied The Auditors make a presentation at the BAC meeting with details of the proposed audit plan and the scope including assessment of company's compliance with regulatory requirements and internal controls over financial reporting, preparation of financial statements in conformity with relevant accounting principles and reporting obligations, and co-ordination between the other Auditor of the group. Members of the BAC obtain clarifications in respect of the contents of the presentation, if deemed necessary.



Rule Reference	Principle	Extent of Compliance
10.2 Board Audit Committee (BAC) (Contd...)		
10.2.d External Audit Function (Contd...)		
10.2.d.vii	Review the financial information of the FC, in order to monitor the integrity of the financial statements in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the FC's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on: i) major judgmental areas; ii) Any changes in accounting policies and practices; iii) Significant adjustments arising from the audit; iv) The going concern assumption; and v) The compliance with relevant accounting standards.	Complied Annual and quarterly financial statements are circulated well in advance to the BAC. A detailed discussion focused on major judgement areas, changes in accounting policies, significant audit judgements in the financial statements, going concern assumptions and compliance with accounting standards and other legal requirements takes place and required clarifications are obtained in respect of all areas before being recommended for Board approval.
10.2.d.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 BAC met the External Auditors without the presence of the Executive Directors / Senior Management.
10.2.d.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 Board Audit Committee has reviewed the Management Letter issued by the External Auditors with the responses of the Management.

Rule Reference	Principle	Extent of Compliance
10.2 Board Audit Committee (BAC) (Contd...)		
10.2.e	At least annually conduct a review of the effectiveness of the system of internal controls.	Complied Internal Audit department annually conduct the review of internal controls and present report to the Audit Committee.
10.2.f	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 bodies with respect to internal audit function of the FC.	Complied Internal control weaknesses, non-compliance with policies, laws and regulations, and other discrepancies identified by the External Auditor, supervisory bodies and the Internal Audit function the Committee continuously follow up the Management letter and other reports issued by the regulatory bodies to ensure that necessary corrective actions are taken to address any internal control weaknesses, non-compliance with policies, laws and regulations
10.2.g Internal Audit Function		
10.2.g.i	The committee shall establish an independent internal audit function (either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the FC's internal control, risk management, governance systems and processes.	Complied A fully-fledged Internal Audit Department (IAD) is in place to provide independent assurance to the committee on the quality and effectiveness of the existing internal control systems of the Company, risk management, governance practices and processes.



Rule Reference	Principle	Extent of Compliance
10.2 Board Audit Committee (BAC) (Contd...)		
10.2.g Internal Audit Function (Contd...)		
10.2.g.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 Manager Internal Audit directly reports to the BAC. Internal Audit function have a clear mandate to carry out its functions within the Company. The BAC reviews and ensures that Internal Audit function has sufficient expertise and authority to carry out its work independently, effectively and objectively. The Board approved Internal Audit Procedure Manual is in place for effective discharging of its duties.
10.2.g.iii	The BAC shall take the following steps with regard to the internal audit function of the FC: i) Review the adequacy of the scope, functions and skills and resources of the internal audit department and ensure the internal audit department has the necessary authority to carry out its work. ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure appropriate actions are taken on the recommendations of the internal audit. iii) Assess the performance of the head and senior staff members of the internal audit department	Complied The Internal Audit functions are available in the BAC TOR. i) The Audit Committee has reviewed the information provided in the risk-based audit plan and concluded that scope, functions and resources of the Internal Audit Dept. are sufficient to carry out its functions. ii) The Audit Committee has reviewed and approved the Internal Audit Plan iii) BAC Assess the performance of the head and senior staff members of the internal audit department

Rule Reference	Principle	Extent of Compliance
10.2 Board Audit Committee (BAC) (Contd...)		
10.2.g Internal Audit Function (Contd...)		
	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.	iv) The Committee ensures the independence of the Internal Audit function from the activities it audits and ensures that audits are conducted with impartiality, proficiency, and due professional care and confidentiality was maintained throughout the audit process v) Periodic reviews are conducted by the IAD on regulatory reporting to regulatory bodies such as CBSL, FIU, IRD. Annual Audit plan included the reviewing of Compliance function during the year. vi) Whenever a need arises, the BAC and Senior Management assigns special internal investigations on certain matters to the Internal Audit Department and reviews major findings with the management responses thereto and ensures that the recommendations are implemented.



Rule Reference	Principle	Extent of Compliance
10.2 Board Audit Committee (BAC) (Contd...)		
10.2.h	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 & Ongoing The compliance department quarterly present the update of time bound action plan of statutory investigation report issued by CBSL (on-site investigation report) to the BAC/BIRMC and ensure whether corrective actions are taken in a timely and effective manner.
10.2.i The Meetings of the Committee		
10.2.i.i	The BAC shall meet 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.	Complied
10.2.i.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.	Complied Members of the BAC, Manager Internal Audit attend to the meeting. Chief Executive Officer and other Senior Management personnel are attended to the meeting by invitation.
10.2.i.iii	BAC shall meet at least twice a year with the external auditors without any other directors/ senior management/employees being present	Complied Meetings were held with the External Auditors during the year without the presence of any other Directors, Senior Management or employees.

Rule Reference	Principle	Extent of Compliance
10.3 Board Integrated Risk Management Committee (BIRMC)		
10.3.a	The chairperson should be 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 Committee consists of four (4) Independent Non-Executive Directors with sufficient knowledge and experience in banking, finance, risk management issue and practices. The CEO, Senior Manager Compliance and relevant Senior Management personnel are attended by invitation. The Committee closely work with Senior Management personnel and makes decisions on behalf of the Board within the Board approved Terms of Reference of the Committee.
10.3.b	The secretary to the committee may preferably be the CRO	Complied Company Secretary functions as the Secretary to the Committee.
10.3.c	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 & ongoing The Risk department quarterly assess the credit risk, operational risk, Liquidity risk and Market Risk and present the report to the BIRMC. .



Rule Reference	Principle	Extent of Compliance
10.3 Board Integrated Risk Management Committee (BIRMC) (Contd...)		
10.3.d	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
10.3.e	Review the risk policies including RAS, at least annually	Complied
10.3.f	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 AFPLC have recently reviewed all TORs of management level sub committees and that includes the annual evaluation criteria. Further, Company will implement the annual evaluations to review adequacy and effectiveness of senior management level committees.
10.3.g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans	Partially Complied The Committee has reviewed the Business Continuity Plan. The disaster recovery plan is included in the company ISSP policy.
10.3.h	Annually assess the performance of the compliance officer and the CRO	Complied The Chairman of the BIRMC Committee annually assess the performance of the

Rule Reference	Principle	Extent of Compliance
10.3 Board Integrated Risk Management Committee (BIRMC) (Contd...)		
		Compliance Officer
10.3.i Compliance Function		
10.3.i.i	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 Independent Compliance function is in place to assess the Compliance with laws, regulations, rules, directions, regulatory guidelines and Board approved policies on the Business operations.
10.3.i.ii	For FCs with asset base of more than Rs. 20 bn, a dedicated compliance officer considered to be senior management with sufficient seniority, who is independent from 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 Senior Management Officer has been designated as the Company's Senior Manager Compliance. This Senior Manager Compliance reports directly to the BIRMC and does not engage in any management, operational activities, or income generating functions while fulfilling his role as the Senior Manager Compliance. The Board approved Compliance Manual and Charter are in place to govern the Compliance function of the Company.
10.3.i.iii	For FCs with asset 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



Rule Reference	Principle	Extent of Compliance
10.3 Board Integrated Risk Management Committee (BIRMC) (Contd...)		
10.3.i Compliance Function (Contd...)		
10.3.i.iv	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 development 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 Job Description (JD) of the Senior Manager Compliance has been reviewed by the Chairman of the BIRMC in Compliance with in this direction and best practices. The Senior Manager Compliance's JD and Compliance Policy cover mainly the following; 1) Maintain compliance through sound compliance framework 2) Facilitate AML/CFT Compliance 3) Be current with legislative and regulatory changes and administration 4) Manage Compliance Audits 5) Risk Management

Rule Reference	Principle	Extent of Compliance
10.3 Board Integrated Risk Management Committee (BIRMC) (Contd...)		
10.3.J Risk Management Function		
10.3.j.i	Establish an independent risk management function responsible for managing risk-taking activities across the FC	Complied Currently company has initiated a risk department
10.3.j.ii	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 Currently company has initiated a risk department.
10.3.j.iii	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 fulfil broader responsibilities to various stakeholders	Complied & ongoing Company in process of developing a new Risk Management Policy and RAS by reviewing and updating the existing Operational Risk Management Policy.



Rule Reference	Principle	Extent of Compliance
10.3 Board Integrated Risk Management Committee (BIRMC) (Contd...)		
10.3.j Risk Management Function (Contd...)		
10.3.j.iv	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 Committee has Board approved policies on credit risk management, operational risk management and overall enterprise risk management which provide a framework for management and assessment of risks. Accordingly, regular reports on quantitative as well as qualitative risks are being reviewed by the Committee in discharging its responsibilities as per the terms of reference. The risk management framework covers: potential risks and frauds, possible sources of such risks and frauds, process of identifying, assessing, monitoring and reporting risks, controls and mitigating factors and accountabilities. The BIRMC reviews and updates the framework at least on annual basis.
10.3.j.v	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 & Ongoing Risk Officer (RO) participates for ALCO meetings and BIRMC meetings where capital and liquidity is planned. Further, new products and services are reviewed by RO in order to identify and mitigate the risks.
10.3.j.vi	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis	Complied

Rule Reference	Principle	Extent of Compliance
10.3 Board Integrated Risk Management Committee (BIRMC) (Contd...)		
10.3.j Risk Management Function (Contd...)		
10.3.j.vii	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 Committee had kept the Board informed of their risk assessment of the Company by forwarding a risk report for upcoming Board meeting seeking Board's views and directions.
10.4 Nomination Committee		
10.4.a	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 nomination committee has been reconstituted, and the chairman of the committee is an Independent director. The CEO also present to the meeting by invitation.
10.4.b	Secretary to the nomination committee may preferably be the company secretary	Complied Company Secretary functions as the Secretary to the NC.
10.4.c	The committee shall implement a formal and transparent procedure to select/appointed new directors and senior management. Senior management are to be appointed with the recommendation of CEO, excluding CIA, CRO and compliance officer	Complied According to the Nomination Committee TOR, Committee will implement a formal and transparent procedure to select/appoint new Directors and Senior Management. The Senior Management are appointed with the recommendation of the CEO except CIA, CRO and Senior Manager Compliance.
10.4.d	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 Fitness and propriety for Senior Management and Board of Directors conducted on an annual basis. Further, the company will be informed this process to the Nomination Committee.



Rule Reference	Principle	Extent of Compliance
10.4 Nomination Committee (Contd...)		
10.4.e	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfil 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 criteria set out in this direction are considered at the selection and recommendation process of Directors by the BNC and the Board.
10.4.f	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 Committee ensured that the composition of the Board does not dominate by any individual or a group of individuals in a manner that is detrimental to the interest of the stakeholders of the Company.
10.4.g	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 BNC will be set the criteria to ensure the availability of adequate qualifications, experience, skills and key attributes required for eligibility to discharge duties as CEO, Directors and Senior Management personnel.
10.4.h	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 committee; and (iv) whether such director can be considered as independent	Complied Details of new Directors are disclosed to the shareholders at the time of their appointment by way of announcements made to the Colombo Stock Exchange (CSE) as well as in the Annual Report. Prior approval for appointment of new Directors is obtained from the Director of Department of Supervision of Non-Bank Financial Institutions of Central Bank of Sri Lanka and notification is sent to CSE. All new appointments are reviewed by the Committee.

Rule Reference	Principle	Extent of Compliance
10.4 Nomination Committee (Contd...)		
10.4.i	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 will make recommendations to the Board considering that the combined knowledge of the Board existed, performance towards strategic demand faced by the Company and contribution made by each Director towards discharge of Board's overall responsibilities.
10.4.j	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 Board approved succession plan for Senior Management is in place. Company will implement process to obtain recommendations from nomination committee.
10.4.k	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 NC does not participate in decision making relating to own appointments or reappointments. Further, Chairman of the Board abstains from the meeting when matters related to his successor is discussed.
10.5 Human Resource and Remuneration Committee		
10.5.a	The committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors	Complied Committee chaired by an non executive director. Two out of three (3) members of the Committee are Independent Non-Executive Directors.



Rule Reference	Principle	Extent of Compliance
10.5 Human Resource and Remuneration Committee (Contd...)		
10.5.b	The secretary to the human resource and remuneration committee may preferably be the company secretary	Complied The Secretary of the company functioned as the Secretary of the committee
10.5.c / 10.5.d	Availability of formal & transparent Board Approved Remuneration Policy/procedure (GRI 2-20)	Complied The remuneration policy is the part of the HR manual and it has been developed to achieve fair and equitable benefits with transparent guidelines. The prevailing policy was recommended by the Human resource and remuneration committee and approved by the Board of Directors. Further, the Company is in the process of reviewing the existing HR policy manual which includes the allowance structure for non-executive directors of the company.
10.5.e	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 Remuneration Policy is reviewed periodically and recommended by the Committee for the approval of the Board on paying salaries, allowances and other financial incentives for directors and employees of the Company.
10.5.f	Developing 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 and it also incorporated measures to avoid conflict of interest. The Committee is mindful to abstain from incentivizing employees for taking excessive risks or act in self-interests.

Rule Reference	Principle	Extent of Compliance
10.5 Human Resource and Remuneration Committee (Contd...)		
10.5.g	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 Company will initiate actions to review the performance of senior management by the HRRC committee with the recommendations of CEO. Further, the performance evaluations of the Manager Internal Audit, Senior Manager Compliance will be carried out by the respective board sub committees.
10.5.h	The committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed	Complied Senior Management abstain from attending meetings when matters related to them are being discussed.
11. Internal Controls		
11.1 / 11.2	Availability of Internal control system include organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures	Complied AFPLC has adopted a robust internal control system that reflects clear reporting lines with segregation of duties and Board approved organization structure to effectively mitigate the operational risk.
11.3	Providing the responsibility for Internal Controls for all employees as part of their accountability for achieving objectives	Complied All employees were made accountable and responsible for internal controls as part of their routine functions through the various policies and procedures of the Company. This may include in the JD of all employees. Any violations of internal controls are reported to the BAC by the Internal Audit Department. And the company board approved a whistle blowing policy that encourages the whistleblowers to report any such violations.



Rule Reference	Principle	Extent of Compliance
12. Related Party Transactions		
12.1	Availability of Board approved policy and procedure on Related Party Transactions	Complied A Board approved policy for Related Party Transactions is available to govern the related party transactions.
12.1.a	Establish of Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director and the members shall be non-executive directors.	Complied The Board has appointed a Board Related Party Transactions Review Committee in conformity with the direction. The Committee comprised of three (3) Independent Non-Executive Directors. Chairman also Independent Non Executive Director. AFPLC has adopted a Board approved Related Party Transaction Policy and Procedure and RPTRC TOR.
12.1.b	All related party transactions shall be prior reviewed and recommended by RPTRC	Complied The Board approved policy is in place for govern the Related Party Transactions. As defined in the Policy, Related Party Transactions are reviewed and recommended prior to execution by RPTRC for Board's approval. Board approved RPT policy outlines the transactions that can be carried out by the company to avoid any non-compliance and conflicts of interest.

Rule Reference	Principle	Extent of Compliance
12. Related Party Transactions (Contd...)		
12.2	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) f) Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest	Complied Board approved RPT policy outlines the list of Natural Persons/Institutions identified as related parties.



Rule Reference	Principle	Extent of Compliance
12. Related Party Transactions (Contd...)		
12.3	The committee shall ensure that the FC does not engage in business transaction with 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 the paragraph, more favourable treatment shall mean: a) Granting of total accommodation to a related party, exceeding a prudent percentage of the FCs regulatory committee b) Charging of a lower rate of interest or paying a rate of interest or paying a rate of interest exceeding the rate paid for a 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 The Board-approved Related Party Transactions Review Policy contains provisions to ensure compliance and the Related Party Transactions Review Committee ensures that all the transactions with Related Parties are on arm's length basis. The Company has developed a separate system to monitor Related Party Transactions to ensure that related party transactions are not entered into on more favourable terms than those offered to others, and where applicable relevant approvals of the Related Party Transactions Review Committee/Board are obtained. a) Company had included the prudent percentage in the Related party policy and procedure. b) Not provided

Rule Reference	Principle	Extent of Compliance
13. Group Governance		
13.1	Responsibilities of the FC as a holding company	Not Applicable
13.2	Responsibility as a subsidiary	Not Applicable
14. Corporate Culture		
14.1	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 Board approved Code of Conduct (HR policy Manual) and Conflict of Interest Policies are in place issuing guidelines on appropriate conduct on confidentiality, conflict of interest, integrity of reporting, protection and proper use of Company assets and fair treatment of customers.
14.2	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 If a breach of the Code of Conduct is reported, the Company maintains records on such breaches of Code of Conduct.
14.3	A 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 The Company has a Board-approved Whistleblowing Policy whereby employees of the Company are entitled to raise concerns in confidence about the malpractices in the Company. The BAC ensures that a proper process is in place in line with the Board approved policy for a fair and independent investigation and appropriate follow-up action on such matters.



Rule Reference	Principle	Extent of Compliance
15. Conflict of Interest		
15.1.a	Relationships between the directors shall not exercise undue influence or coercion. 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 A Board approved conflict of interest policy is in place that covers the stipulated requirements. This policy prohibits directors to use his or her position to divulge confidential, sensitive information, for personal benefit.
15.1.b	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, 1) Identify circumstances which constitute or may give rise to conflicts of interests 2) Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest 3) 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 4) 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 5) Identify those responsible for maintaining updated records on conflicts of interest with related parties, and Articulate how any non-compliance with the policy to be addressed	Complied A Board approved Conflict of Interest Policy is in place covering all aspects of this directions and best practices.

Rule Reference	Principle	Extent of Compliance								
16. Disclosures										
16.1	Board shall ensure annual audited financial statements and periodical financial statements are prepared accordance with the formats and published in the newspaper in Sinhala, Tamil and English.									
16.1.i	Financial statements In addition to the set of financial statements as per LKAS1 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.	Annual Audited Financial Statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards. The Annual Audited Financial Statements of the reporting period have been published in the following newspapers. <table><tr><th>Medium of Publication</th><th>Date(s) of publication</th></tr><tr><td>Sinhala</td><td>26th June 2026</td></tr><tr><td>Tamil</td><td>26th June 2026</td></tr><tr><td>English</td><td>26th June 2026</td></tr></table>	Medium of Publication	Date(s) of publication	Sinhala	26 th June 2026	Tamil	26 th June 2026	English	26 th June 2026
Medium of Publication	Date(s) of publication									
Sinhala	26 th June 2026									
Tamil	26 th June 2026									
English	26 th June 2026									
16.1.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 profiles of the Board of Directors on pages 27 to 33 Attendance of Board Meetings and Sub-Committee meetings are given on pages 75 respectively.								



Rule Reference	Principle	Extent of Compliance																																				
16. Disclosures (Contd...)																																						
16.1.iii	Appraisal of board performance An overview of how the performance evaluations of the Board and its committees have been conducted	Complied The performance evaluations of the Board and the Sub-Committees have been completed based on the pre-agreed objectives. Details on performance evaluation of Board and Sub-Committee are disclosed in Corporate Governance report on page 206 to 218																																				
16.1.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.	A statement on remuneration policy has been disclosed in Board Human Resource and Remuneration Committee Report appeared on page 211 of the Annual report. Aggregate remuneration paid to Directors <table><tr><th>From of Remuneration</th><th>Amount Rs.</th></tr><tr><td>Basic Salary</td><td></td></tr><tr><td>Fixed allowance</td><td></td></tr><tr><td>Variable allowance</td><td>24,560,000.00</td></tr><tr><td>Bonuses</td><td></td></tr><tr><td>Reimbursed expenses</td><td></td></tr><tr><td>Other monetary benefits (if any)</td><td></td></tr><tr><td>Non - monetary benefits (converted into monetary terms)</td><td></td></tr><tr><td>Total remuneration paid to senior management</td><td>24,560,000.00</td></tr></table> Aggregate remuneration paid to Senior Management <table><tr><th>From of Remuneration</th><th>Amount Rs.</th></tr><tr><td>Basic Salary</td><td>45,434,666.66</td></tr><tr><td>Fixed allowance</td><td>14,861,333.33</td></tr><tr><td>Variable allowance</td><td>15,587,725.00</td></tr><tr><td>Bonuses</td><td>18,283,750.00</td></tr><tr><td>Reimbursed expenses</td><td>5,083,521.20</td></tr><tr><td>Other monetary benefits (if any)</td><td>335,279.58</td></tr><tr><td>Non - monetary benefits (converted into monetary terms)</td><td></td></tr><tr><td>Total remuneration paid to senior management</td><td>99,586,275.77</td></tr></table>	From of Remuneration	Amount Rs.	Basic Salary		Fixed allowance		Variable allowance	24,560,000.00	Bonuses		Reimbursed expenses		Other monetary benefits (if any)		Non - monetary benefits (converted into monetary terms)		Total remuneration paid to senior management	24,560,000.00	From of Remuneration	Amount Rs.	Basic Salary	45,434,666.66	Fixed allowance	14,861,333.33	Variable allowance	15,587,725.00	Bonuses	18,283,750.00	Reimbursed expenses	5,083,521.20	Other monetary benefits (if any)	335,279.58	Non - monetary benefits (converted into monetary terms)		Total remuneration paid to senior management	99,586,275.77
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Rule Reference	Principle	Extent of Compliance
16. Disclosures (Contd...)		
	v. Related Party Transactions ● The nature of any relationship [including financial, business, family or other material/ relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board. ● Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital. ● The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC.	Complied. Refer the Annual report of the Board of Directors on the affairs of the Company on pages 76 to 81. And the financial statements note 47 related party transactions.
	vi. Board appointed committees ● The details of the chairperson and members of the board committees and attendance at such meetings.	Complied Details of Chairperson, members and the attendance of the below mentioned Sub-Committees are stated in respective Sub-Committee reports as follows. Board Audit Committee Report - page 206 Board Integrated Risk Management Committee Report - page 216 Board Nomination Committee Report - page 215 Board Human Resources and Remuneration Committee Report - page 211 Board Related Party Transaction Review Committee Report – page 209

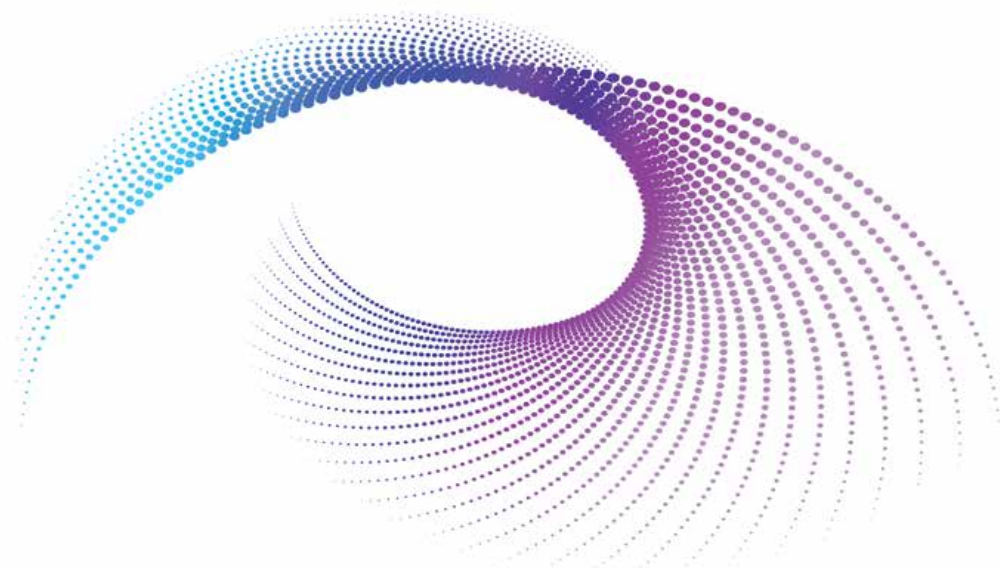


Rule Reference	Principle	Extent of Compliance
16. Disclosures (Contd...)		
	vii. Group Structure ● The group structure of the FC within which it operates. ● The group governance framework	Refer page 127 Governance Structure, The Group Governance Framework is disclosed in Corporate Governance report on page 73 of the annual report.
	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 Refer Page 71 of Corporate Governance report. Refer report of the Board Directors on page 76 to 81 for following disclosures. Directors declaration on RPT with the Company and abstained voting Going Concern Review of Internal Controls covering material risks to the Company and have obtained reasonable assurance
	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.	Refer Page 307 to 308

Rule Reference	Principle	Extent of Compliance
16. Disclosures (Contd...)		
	Statement on Internal Control ● The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. ● A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. ● A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions.	Refer Page 305 to 306 Refer Page 307 to 308
	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 Page 85
	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.	The Company has a Board approved Code of Conduct (HR Policy Manual) Refer Page 84 Chairman's Statement on Corporate Governance



Rule Reference	Principle	Extent of Compliance
16. Disclosures (Contd...)		
	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 Page 219 to 237
	xiii. Communication with shareholders ● The policy and methodology for communication with shareholders. ● The contact person for such communication.	Complied Company has a Board approved communication policy and it covers all stakeholders. The company Secretary communicates with the shareholders through the annual report, Quarterly Reports & by notices issued to the shareholders.



SECTION TWO - LISTING RULES- SECTION 9 ON CORPORATE GOVERNANCE FOR LISTED COMPANIES ISSUED BY THE COLOMBO STOCK EXCHANGE

The Listing Rules – Section 9 of the Colombo Stock Exchange (CSE) mandates listed companies to publish a table in the Annual Report, confirming that as at the date of the Annual Report they comply with the Corporate Governance rules. The rule addresses areas such as Non-Executive Directors, Independent Directors and Disclosures relating to Directors, Remuneration Committee and Audit Committee.

The Company's level of compliance with the Listing Rules (Section 9) is tabulated below.

Sub Section	Regulation	Comment
9.2 Policies		
9.2.1	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption	Complied



Sub Section	Regulation	Comment
9.2 Policies (Contd...)		
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.	No such waivers were granted.
9.2.3	Listed Entities shall disclose in its Annual Report: (i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website. (ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	Complied
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Complied
9.3 Board Committees		
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied Please refer the page 206 to 215 Nominations and Governance Committee, Remuneration Committee, Audit Committee, Related Party Transactions Review Committee reports
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Complied
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	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution;	Complied

Sub Section	Regulation	Comment
9.4 Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders (Contd...)		
	(c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	
9.4.2	Communication and relations with shareholders and investors (a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Complied
9.5 Policy on matters relating to the Board of Directors		
9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall:	Complied



Sub Section	Regulation	Comment
9.5 Policy on matters relating to the Board of Directors (Contd...)		
	(a) recognize the need for a balance of representation between Executive and Non- Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO. (b) where a Listed Entity decides to combine the role of the Chairperson and CEO, (i) set out the rational for combining such positions; and, (ii) require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest. (iii) set out the measures implemented to safeguard the interests of the SID. (c) require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors. (d) stipulate the maximum number of Directors with the rationale for the same (e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.	

Sub Section	Regulation	Comment
9.5 Policy on matters relating to the Board of Directors (Contd...)		
	(f) provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules. (g) specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position. (h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements. (i) specify the maximum number of directorships in Listed Entities that may be held by Directors. (j) Recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.	
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Complied



Sub Section	Regulation	Comment
9.6 Chairperson and CEO		
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	Complied
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules). Such Market Announcement shall include the following: (a) The reasons for non-compliance (b) The rationale for combining the positions of the Chairperson and CEO	Not Applicable
9.6.3	The Requirement for a SID (a) A Listed Entity shall appoint an Independent Director as the SID in the following instances: - The Chairperson and CEO are the same person - The Chairperson and CEO are Close Family Members or Related Parties Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement. (b) The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members. (c) The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate.	Not Applicable

Sub Section	Regulation	Comment
9.6 Chairperson and CEO (Contd...)		
	(d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3.(b) and (c) above. (e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.	
9.6.4	Until Listed Entities comply with Rule 9.6.1 above, such Entities shall be required to explain the reasons for non-compliance with Rule 9.6.1 in the Annual Report.	Not Applicable
9.7 Fitness of Directors and CEOs		
9.7.1	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, Listed Entities shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below.	Complied
9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Complied
9.7.3	Fit and Proper Assessment Criteria a) Honesty, Integrity and Reputation A Director or the CEO of a Listed Entity shall not be considered 'fit and proper' if she or he; (i) has been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka	Complied



Sub Section	Regulation	Comment
9.7 Fitness of Directors and CEOs (Contd...)		
	(ii) in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the SEC or any other regulatory authority. (iii) has been convicted, within or outside Sri Lanka of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly. (iv) has been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies. (v) has been disqualified from acting as a Director or CEO of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud. (vi) has been disqualified from acting as a CEO/Key Management Person/ Director of a company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively. (vii) has been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 11.3 of these Rules.	

Sub Section	Regulation	Comment
9.7 Fitness of Directors and CEOs (Contd...)		
	b) Competence and Capability A Director or the CEO of an Entity shall not be considered as 'fit and proper' if she or he; (i) does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of these Rules which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/CEO (as applicable). (ii) has been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind. c) Financial Soundness A Director or the CEO of an Entity shall not be considered as a 'fit and proper person' by the Exchange, if she or he (i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka. (ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka. (iii) has been in a position capable of exercising significant influence in a company that has: (a) been declared bankrupt within or outside of Sri Lanka; or (b) its assets sequestrated for the non-satisfaction of a judgement debt.	



Sub Section	Regulation	Comment
9.7 Fitness of Directors and CEOs (Contd...)		
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied
9.7.5	Disclosures in the Annual Report of Listed Entities shall include the following disclosures/ reports in the Annual Report; a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	Complied Not Applicable
9.8 Board Composition		
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Complied

Sub Section	Regulation	Comment
9.8 Board Composition (Contd...)		
9.8.3	Criteria for determining independence: A Director shall not be considered independent if he/she: (i) has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director. (ii) currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. (iii) currently has/had during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity. (iv) has a Significant Shareholding in the Listed Entity. (v) has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment. (vi) is employed in another company or business; a) in which a majority of the other directors of the Listed Entity are employed or are directors; or b) in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c) that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.	Complied



Sub Section	Regulation	Comment
9.8 Board Composition (Contd...)		
	(vii) is a director of another company; a. in which a majority of the other directors of the Listed Entity are employed or are directors; or b. that has a Business Connection in the Listed Entity or a Significant Shareholding. (viii) has a Material Business Relationship or a Significant Shareholding in another company or business; a. in which a majority of the other directors of the Listed Entity are employed or are directors; and/or b. which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or c. where the core line of business of such company is in direct conflict with the line of business of the Listed Entity. (ix) is above the age of seventy (70) years.	
9.8.5	The Board of Directors of Listed Entities shall require: a. Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. b. Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report. c. If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	(a) Complied (b) Complied (c) Not Applicable

Sub Section	Regulation	Comment
9.9 Alternate Directors		
	If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the following requirements and such requirements shall also be incorporated into the Articles of Association of the Entity: (a) Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment. (b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity. (c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent Directors specified in these Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. (d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. Such Market Announcement shall include the following: - The exceptional circumstances leading to such appointment; - The information on the capacity in which such Alternate Director is appointed, i.e., whether as an Executive, Non-Executive or Independent Director; - The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and,	Not Applicable



Sub Section	Regulation	Comment
9.9 Alternate Directors (Contd...)		
	iv. A Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. (e) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.	
9.10 Disclosures Relating to Directors		
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above	Complied
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	Complied
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied

Sub Section	Regulation	Comment
9.10 Disclosures Relating to Directors (Contd...)		
9.10.4	Listed Entities shall also disclose the following in relation to the Directors in the Annual Report: (a) name, qualifications and brief profile; (b) the nature of his/her expertise in relevant functional areas; (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; (d) whether Executive, Non-Executive and/or independent Director; (e) the 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, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; (f) number of Board meetings of the Listed Entity attended during the year; (g) names of Board Committees in which the Director serves as Chairperson or a member; (h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration	Complied Please refer the page 27 to 34



Sub Section	Regulation	Comment
9.10 Disclosures Relating to Directors (Contd...)		
	Committees. Such details shall include the number of meetings held and the number attended by each member.; and, (i) The terms of reference and powers of the SID (where applicable)	
9.11 Nominations And Governance Committee		
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Complied
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
9.11.4	Composition (1) The members of the Nominations and Governance Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity	Complied Please refer page 215 in Nomination and Governance Committee report.

Sub Section	Regulation	Comment
9.11 Nominations And Governance Committee (Contd...)		
9.11.5	Functions The functions of the Nominations and Governance Committee shall include the following: (i) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment. (ii) 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. (iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity. (iv) Establish and maintain a set of criteria for selection of Directors such as the academic/ professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements. (v) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged. (vi) Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity.	Complied



Sub Section	Regulation	Comment
9.11 Nominations And Governance Committee (Contd...)		
	(vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities. (viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices. (ix) Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice. (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	
9.11.6	Disclosures in Annual Report The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson. The said report shall include the following; (a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members);	Complied

Sub Section	Regulation	Comment
9.11 Nominations And Governance Committee (Contd...)		
	(b) the date of appointment to the Committee; (c) whether a documented policy and processes are in place when nominating Directors; (d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years; (e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance; (f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors. (g) The following information regarding directors who are re-elected or being proposed for re-election during the year: • Board Committees served on (as a member or Chairperson), • Date of first appointment as a Director, • Date of last re-appointment as a Director, • Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and, those held over the preceding three years in other Listed Entities; and,	



Sub Section	Regulation	Comment
9.11 Nominations And Governance Committee (Contd...)		
	Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity. (h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above (i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity; (j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement; (k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement. (l) A statement that the Directors of the Listed Entity meet the criteria for determining independence. m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such non- compliance and the proposed remedial action taken for the rectification of such non- compliance.	

Sub Section	Regulation	Comment
9.12 Remuneration Committee		
9.12.1	For the purposes of Rule 9.12, the term “remuneration” shall make reference to cash and all non-cash benefits whatsoever received.	Complied
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors’ remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Complied
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Complied
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
9.12.6	Composition (1) The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity.	Complied Please refer page no 211 on remuneration committee report. 2) Not applicable – company has a separate Remuneration Committee 3) The Committee is chaired by an Independent Director.



Sub Section	Regulation	Comment
9.12 Remuneration Committee (Contd...)		
9.12.6	(2) In a situation where both the parent company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary. (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	
9.12.7	Functions (1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	Complied
9.12.8	Disclosure in Annual Report The Annual Report should set out the following: (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company);	Complied

Sub Section	Regulation	Comment
9.12 Remuneration Committee (Contd...)		
	(b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors.	
9.13 AUDIT COMMITTEE		
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	Not Applicable. The company has two separate committees in operation to perform the audit and risk functions.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Complied
9.13.3	Composition (1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Entity. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. (3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Complied Please refer the page no 216 on Integrated risk management committee report 2) Complied 3) Complied



Sub Section	Regulation	Comment
9.13 Audit Committee (Contd...)		
9.13.3	(4) If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary. (5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation. (7) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	4) Not applicable – Company has its own Audit Committee 5) Complied 6) Complied 7) Complied
9.13.4	Functions (1) The functions of the Audit Committee shall include the following: (i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	Complied

Sub Section	Regulation	Comment
9.13 Audit Committee (Contd...)		
	(ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to: (a) changes in or implementation of major accounting policy changes; (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; (c) compliance with accounting standards and other legal requirements; (d) any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity; (e) any letter of resignation from the external auditors of the Listed Entity; and, (f) whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment	



Sub Section	Regulation	Comment
9.13 Audit Committee (Contd...)		
	(iii) To make recommendations to the Board pertaining to appointment, re- appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors. (iv) Obtain and review assurance received from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems. (v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons. (vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. (vii) Review and assess the company's risk management Process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans. (viii) Review the risk policies adopted by the Entity on an annual basis.	

Sub Section	Regulation	Comment
9.13 Audit Committee (Contd...)		
	(ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements. (x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors. (xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken. (xii) if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.	



Sub Section	Regulation	Comment
9.13 Audit Committee (Contd...)		
	(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange. (2) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above	Complied
9.13.5	Disclosures in Annual Report (1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates. (2) The Audit Committee Report shall contain the following disclosures: (a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company); (b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable).	Complied

Sub Section	Regulation	Comment
9.13 Audit Committee (Contd...)		
	(c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances. (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. (e) whether the Listed Entity has a formal Audit Charter; (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function; (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity; (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit	



Sub Section	Regulation	Comment
9.13 Audit Committee (Contd...)		
	services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.	
9.14 Related Party Transactions Review Committee		
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	Complied
9.14.2	Composition (1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee. (2) If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	Complied Please refer page no 209 on related party transaction committee report 2) Not Applicable -Company has its own Related Party Transaction Review Committee
9.14.3	Functions (1) Listed Entities shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as set out herein.	Complied

Sub Section	Regulation	Comment
9.14 Related Party Transactions Review Committee (Contd...)		
	(2) The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by a Listed Entity when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions. (3) When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality. (4) The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations.	
9.14.4	General Requirements (1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary,	Complied



Sub Section	Regulation	Comment
9.14 Related Party Transactions Review Committee (Contd...)		
	should obtain appropriate professional and expert advice from and appropriately qualified person. (3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. (4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter.	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee (1) Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions. (2) In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) above, such proposed material changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction. (3) The Related Party Transactions Review Committee shall be provided with all the facts and circumstances of the proposed Related Party Transaction by the senior management to facilitate the review of a Related Party Transaction. Such information shall include where applicable:	Complied

Sub Section	Regulation	Comment
	(i) the Related Party's relationship to the Listed Entity and interest in the transaction; (ii) the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction; (iii) the benefits of the proposed Related Party Transaction to the Listed Entity; (iv) the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed Related Party Transaction is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally. (4) In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Related Party Transactions Review Committee shall take into account the following, among other factors it deems appropriate: (i) the facts and circumstances made available to it as set out above, (ii) the views of the Chairperson of the Board of Directors and the Chairperson of the Nominations and Governance and/or Audit Committee of the impact of the proposed Related Party Transaction on a director's independence (if the related party is a director, a close family member of a director or an entity in which a director is a partner, shareholder or executive officer); and	



Sub Section	Regulation	Comment
	(iii) whether the Related Party Transaction requires immediate market disclosure, as set out in these Rules. 5) No Director shall participate in any discussion of a proposed Related Party Transaction in which he or she is a Related Party, except that the Director, at the request of the Committee, may participate in discussions for the express purpose of providing information concerning the Related Party Transaction to the Committee. Where deemed necessary considering the issues of potential conflict, which were presented to the Committee, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction. (6) If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.	
9.14.6	Shareholder Approval (1) Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transactions:	Complied

Sub Section	Regulation	Comment
9.14.6 Shareholder Approval (Contd...)		
	(A) If a non-recurrent transaction; (i) Any Related Party Transaction of a value equal to, or more than: (a) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity; or (b) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year. (ii) If the Listed Entity acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity or its associates. (B) If a recurrent transaction; Any recurrent Related Party Transaction of a value equal to, or more than: (i) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity; or (ii) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity	



Sub Section	Regulation	Comment
9.14.6 Shareholder Approval (Contd...)		
	consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year; And; (iii) the transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public. (2) In relation to Rules 9.14.6 (1) (A) (i) (b) and 9.14.6 (1)(B) (ii) above, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation. (3) If a transaction requires shareholder approval as set out in the Rules above, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.	

Sub Section	Regulation	Comment
9.14.7	Disclosures (1) Immediate Disclosures A Listed Entity shall make an immediate Market Announcement to the Exchange; (a) of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or (b) of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entities shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year. The Market Announcement to the Exchange shall include: (i) the date of the transaction or the period where applicable (ii) the name of the relevant Related Party (iii) the relationship between the Listed Entity and the Related Party (iv) details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at	Complied



Sub Section	Regulation	Comment
	(v) the rationale for entering into the transaction (vi) the following statement: “The Related Party Transactions Review Committee of the Entity is of the view that the transaction/s is/ are on normal commercial terms, and is/are not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee is/is not (delete as applicable) obtaining an opinion from an independent expert prior to forming its view on the transaction.” (vii) the aggregate value of the Related Party Transactions for the financial year with the particular Related Party whose transaction is the subject of the announcement and the aggregate value of all non-recurrent Related Party Transactions for the same financial year.	
9.14.8	Disclosures in the Annual Report 1) In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements the following information must be presented in the Annual report. • Name of the Related party • Relationship • Value of the Related Party Transaction(s) entered into during the financial year • Value of Related Party Transaction(s) as a % of equity and as a % of Total Assets. • Terms and conditions of the Related Party Transaction(s)	Not Applicable

Sub Section	Regulation	Comment
	- The rational for entering into the transaction(s) (2) In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the following tabular format: Please refer page 22, 2nd table (3) The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: - The names of the Directors comprising the Committee; - A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/ observations to the Board of Directors. - The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	



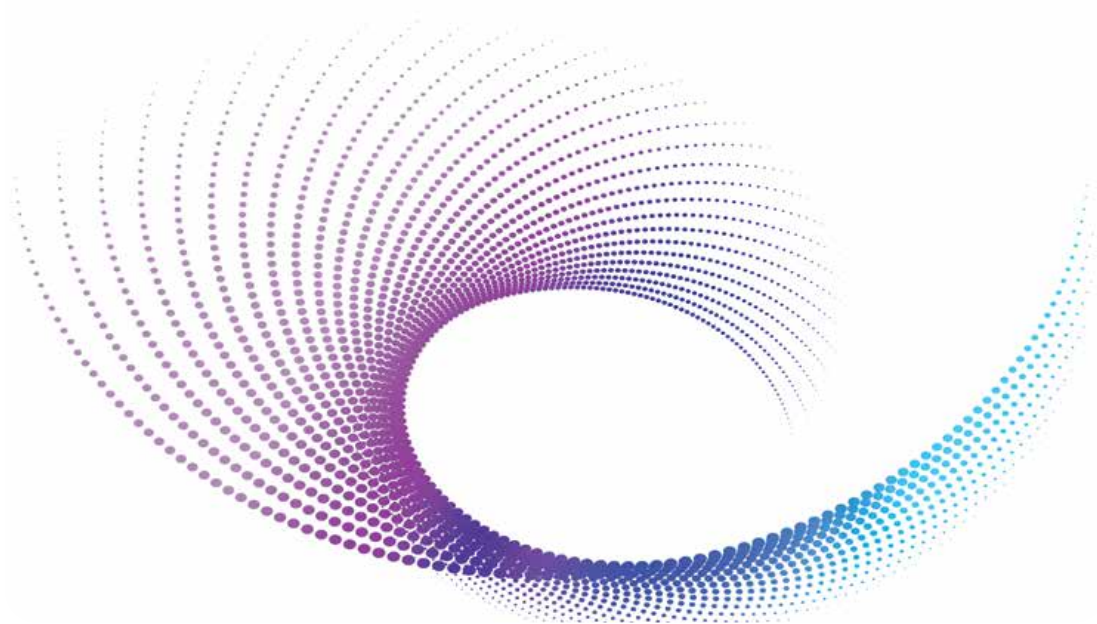
Sub Section	Regulation	Comment
	(4) An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect.	
9.14.9	Acquisition and Disposal of Assets from/to related parties (1) Except for transactions set out in Rule 9.14.10, Listed Entities shall ensure that neither the Listed Entity nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution. An asset is substantial if its value or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets of the Entity as per the latest Audited Financial Statements. (2) If a transaction requires shareholder approval as set out in Rule 9.14.9(1) above, such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction. (3) Rule 9.14.9(1) does not apply to: • a transaction between the Listed Entity and a wholly owned subsidiary. • a transaction between wholly owned subsidiaries of the Listed Entity.	Not Applicable

Sub Section	Regulation	Comment
	• a takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended). • any transaction entered into by the Listed Entity with a Bank as principal, on arm's length terms and in the ordinary course of its banking business. (4) The members of the Related Party Transactions Review Committee should obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. A person who is in the same group of the Listed Entity or who has a Significant Interest in or Financial Connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice. (5) The competent independent advice obtained in terms of Rule 9.14.9 (4) above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.14.9 (1) above. (6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include: (a) the key assumptions, conditions or restrictions that impact the estimate value; (b) the different valuation methodologies considered and employed in valuing the subject asset/s and justification for adopting one or more of them in the valuation;	



Sub Section	Regulation	Comment
	(c) the sources of information relied upon for the valuation; (d) the identity of individuals participating in the valuation assignment and their qualifications; (e) statement confirming the independence of the parties participating in the advice; (f) a statement as to whether the transaction is on usual commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders as a whole.	
9.16 Additional Disclosures		
9.16	The following declarations by the Board of Directors to be included in the Annual Report: (i) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested; (ii) they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so; (iii) they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	Complied

Sub Section	Regulation	Comment
9.16 Additional Disclosures (Contd...)		
	(iv) disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	
7.6.IV (a)	Minimum Public Holding Requirement Disclosure in terms of rule 7.6.iv (a) of the Listing Rules of the Colombo Stock Exchange ("CSE")	Not Complied The Company is not compliance with the Minimum Public Holding Requirement stipulated by the CSE Rule 7.6.iv(a) as at end of March 2026: Float Adjusted Market Capitalization was Rs. 472,375,090 /- The Public Holding percentage was 7.54% : The number of Public Shareholders were: 1118 The Company is exploring possibilities of complying with the Listing Rules of the Colombo Stock Exchange.



Section Three – Code of Best Practice on Corporate Governance 2023, issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

The Corporate Governance Code issued in 2017 was revised and updated in 2023, which comprises of eight fundamental principles such

as Directors, Directors Remuneration, Relation with Shareholders, Accountability and Audit, Institutional Investors, Other Investors, Internet of things and cybersecurity, Environment and society and Governance (ESG).

The Company's adherence with the Code of Best Practice on Corporate Governance is tabulated below.

Code of Best Practice Reference	Requirement	Explanation of the Company
A.1	THE BOARD	
	The Board of Directors at Abans Finance PLC (the "Company") represents professionals from different disciplines such as Legal, Marketing, Management, Finance, Engineering, Information Technology and they bring with them a wealth of business experience to provide leadership to the Company.	
A.1.1	Board meetings	Board meetings are planned well ahead and dates of the monthly meetings are finalized at the end of the FY 2025/26. During the reviewed period 13 Board meetings were held. The Board meetings are mainly focused on reviewing the performance of the Company and more on strategic planning and the Company's future directions. Key officers in their monthly presentations to the Board, focus 100% on their performances and future plans to achieve the strategic goals. Special Board meetings are convened whenever necessary. These meetings ensure that prompt action is taken to align the business processes to achieve the expectations of all stakeholders. Please refer 'Directors' attendance and Committee Memberships' table given on page 75 in the Annual report.
A.1.2	Responsibilities of the Board	The Board while acting in line with the Company's values is responsible for the formulation of a sound business strategy for the organization. The Management formulates a three years strategic plan which addresses future challenges, which would be tabled, discussed, and approved by the Board. The Board takes necessary steps to fulfil the duties entrusted to them by securing the integrity of the information, managing risks, and implementing an effective internal control system. In this process, compliance ensures that all applicable laws and regulations and adherence to the Company's ethical standards and corporate values are met to ensure that all stakeholders' interests are taken into consideration in the corporate decision-making process.

Code of Best Practice Reference	Requirement	Explanation of the Company
A.1.3	Agreed procedure on seeking independent professional advice	A Board approved policy is in place for the directors to seek independent professional advice as and when required. The Board sub-committees advise the Board on various matters under their purview, when necessary.
A.1.4	Advice and services of the Company Secretary	The Board has explicitly defined and adopted a policy providing Board members full access to the Company Secretary in order to verify that all Board procedures are carried out and all applicable rules and regulations are complied with. She provides such information after obtaining necessary professional advice whenever required.
A.1.5	Independent judgement of directors	All directors are welcome to bring independent judgement to aid with the decision-making of the Company and for the decisions taken by the Board on issues of strategy, performance, resources, and standards of business conduct. Different arguments and ideas are recorded in detail by the Company Secretary with a view to indicate the rationale in which decisions are arrived at.
A.1.6	Dedicating adequate time and effort by the directors	All Directors dedicate adequate time and effort to Board and Committee meetings ensuring that their responsibilities are satisfactorily discharged. The Directors allocate sufficient time to review Board Papers, seek clarifications, and follow up on matters arising from meetings. They also dedicate time to understanding the Company's operations, risks, and controls, enabling effective governance and decision-making.
A.1.7	Call for a resolution	The Board acknowledges that one-third of its Directors may call for a resolution to be presented to the Board if they believe it is in the best interest of the Company.
A.1.8	Training for new and existing directors	Directors recognize the need for continuous training and participate in professional development as deemed necessary to carry out their duties effectively. Market experts and professional services are engaged periodically to share new insights. Any training programs relevant to the Board are communicated to Directors by the HR Department through the Company Secretary for their participation.



Code of Best Practice Reference	Requirement	Explanation of the Company
A.2	CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO) Board of Directors does not intervene with the Company's day-to-day business and there is a clear division of responsibilities between conducting the business of the Board and day-to-day operations of the Company by the Executive Management, in order to ensure a balance of power and authority. The Chairman is responsible for leading the Board to drive towards the Company's Strategic Vision and to ensure the effectiveness of the Board. The CEO's role is to conduct the business operations of the Company with the help of the Corporate and Senior Management. Hence, the roles of the Chairman and the CEO are clearly distinct from one another.	
A.2.1	Justification of combining the roles of Chairman & Chief Executive Officer	Not Applicable
A.3	CHAIRMAN'S ROLE Chairman is responsible to ensure that all Board members make a full contribution to the Board's affairs and ensure that the Board acts as a team while discharging Board functions. He provides leadership to the Board and effectively manages the Board while preserving order and facilitating the effective discharge of Board functions.	
A.3.1	Role/functions of the Chairman	The following functions of the Chairman were approved by the Board. ● To provide leadership to the Board. ● Maintain and ensure a balance of power between the Executive and Non-Executive directors.

Code of Best Practice Reference	Requirement	Explanation of the Company
A.3.1	Role/functions of the Chairman	● Secure effective participation of both Executive and Non-Executive Directors. ● To ensure that the Board works effectively and discharges its responsibilities. ● To ensure that all key issues are discussed by the Board in a timely manner. ● To implement decisions/directions of the regulator. ● Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and maintaining minutes in an orderly manner to the Company Secretary. ● Not engage in activities involving direct supervision of senior management or any other day-to-day operational activities. ● Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of the shareholders are communicated to the Board. ● Annual assessment of the performance and the contribution during the past 12 months of the Board.
A.4	FINANCIAL ACUMEN The Code of Best Practice requires that the Board comprises members with sufficient financial acumen and knowledge to offer guidance on matters of finance. The Board of the Company has met the above requirement as three Board members out of seven directors are qualified accountants having professional qualifications and are equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.	
A.4.1	Financial acumen and knowledge	The Chairman of the Board Audit Committee is a corporate leader and a Chartered Accountant with over four decades of distinguished service to the profession. As a former Chief Executive Officer of PricewaterhouseCoopers (PwC) Sri Lanka and Maldives, Mr. Yudhishtan was instrumental



Code of Best Practice Reference	Requirement	Explanation of the Company
		in transforming the firm into a high-performing and a client-focused operation. He spearheaded significant growth in the Assurance and Advisory practices, introduced audit automation to the local market, and positioned the firm as a leader across multiple sectors, including telecommunications, pharmaceuticals, and apparel. Yudhishtan is a Fellow of the Institute of Chartered Accountants of Sri Lanka and brings deep sector knowledge across telecommunications, financial services, and manufacturing. His core strengths include business turnaround, risk management, organizational restructuring, and strategic execution.
A.5	BOARD BALANCE The Code requires that a balance is maintained between the Executive and Non-Executive Directors (NEDs) thus no individual or a small group of individual directors is able to dominate the Board's decision making.	
A.5.1	Presence of a strong team of Non-Executive Directors (NEDs)	All seven directors of the Board are NEDs
A.5.2 & A.5.3	Independence of NEDs	During the year under review, the Board comprised five Independent Non-Executive Directors.
A.5.4	Annual declaration of NEDs	Every NED of the Company has made written declarations as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule C of this Code.
A.5.5	Annual declaration by the Board on the independence of Directors	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors as a fair representation and evaluated their independence annually in line with the CBSL Directions and the Code of Best Practice on Corporate Governance. No circumstances arose during 2025/26 requiring the Board to determine independence beyond the criteria set out in the Code.
A.5.6	Alternate Director	At present, there are no alternate Directors.

Code of Best Practice Reference	Requirement	Explanation of the Company
A.5.7 & A.5.8	Requirement to appoint a 'Senior Non-Executive Director' and make himself available for confidential discussions.	The Chairman of the Company is an Independent Non-Executive Director. As a result, the necessity to appoint a 'Senior Non-Executive Director' has not arisen.
A.5.9	Chairman holds meetings with NEDs only without Eds	During the year, the Chairman met with the Non-Executive Directors on one (01) occasion without the presence of the Executive Directors.
A.5.10	Recording of concerns in Board minutes	The Company Secretary ensures that deliberations and concerns raised by the Directors during Board Meetings are adequately detailed in the minutes. The Company Secretary ensures that all decisions are accurately documented in the minutes, capturing how they were reached. These minutes are maintained in a detailed and comprehensive manner.
A.6	SUPPLY OF INFORMATION The Code requires the Company's management to submit timely information to the Board with sufficient information for making decisions that would enable it to discharge its duties.	
A.6.1	Obligation of the Management to provide appropriate and timely information to the Board	The Executive Management of the Company should ensure that the directors are provided with adequate information in a timely manner and make every effort to provide the information, as early as possible. The Board Papers are prepared by the Executive Management of the Company to provide adequate information to the Board enabling it to deliberate on all key issues concerning the Company. Directors are free to raise inquiries/concerns for additional information, where necessary. In addition, key members of the Executive Management make their presentations at every Board meeting on their performance and issues of importance during the reviewed period. The Chairman ensures that all directors are briefed adequately on issues arising at Board meetings.



Code of Best Practice Reference	Requirement	Explanation of the Company
A.6.2	Adequate time for Board Meetings	According to the Articles of Association of the Company, all Board members are given notice well ahead of the meeting, and all Minutes of previous meetings, Agenda, and Board Papers are dispatched in advance. Further, adequate notice is given to all directors prior to emergency/special Board meetings. This ensures that the Board members have adequate time to study the related papers and prepare for a meaningful discussion at the meetings.
A.7	APPOINTMENT TO THE BOARD Company has a formal and transparent procedure in place to appoint new Directors	
A.7.1& A.7.2	Presence of a Nomination Committee and annual assessment of the composition of the Board.	The Company has established its own Board Nominations and Governance Committee, which is chaired by an Independent Director. Additionally, two-thirds of the Directors are independent. The Committee is authorized to implement a procedure to assess the skills, knowledge, and experience required for the selection and appointment of new Directors and the CEO for the Company. The final decision is taken by the Board in terms of the procedure approved by the Board to appoint new Directors which is a formal and transparent procedure. The Board assesses the composition of the Board to ensure that the combined knowledge and experience of the Board match the strategic demand of the market.
A.7.3	Succession plan for the CEO and Key Management Personnel and determine the training and development requirements	The committee has ensured that a succession plan is in place for the Managing Director and all other Key Management Personnel. Furthermore, the committee has determined the necessary training and development requirements for those identified for succession.

Code of Best Practice Reference	Requirement	Explanation of the Company
A.7.4	Disclosure of information to shareholders upon appointment of New Directors	All new appointments to the Board are communicated to the shareholders via the Colombo Stock Exchange together with brief resumes of such Directors. Such announcements set out the fields of the respective Director's expertise, his/her directorships in other companies, and the number of shares he/she holds in the Company, whether he/ she is appointed as an Executive Director or a Non-Executive Director, and whether as an Independent Director or as a Non-Independent Director.
A.7.5	Identifying the Chairman and the members of the Nomination Committee in the Annual Report	A report from the Board Nominations and Governance Committee is included in the annual report, outlining the functions and responsibilities of the Committee.
A.7.6	Terms of reference for nomination committee are set out in schedule E of the code	The Committee operates in accordance with the Board approved Terms of Reference.
A.8	RE-ELECTION The Code requires all Directors to submit themselves for re-election, at regular intervals and at least once every three years.	
A.8.1 & A.8.2	Re-election of Non-Executive Directors including Chairman and Directors	The procedure adopted by the Company to re-elect by rotation is in compliance with articles 24(7), 24(8) of the Articles of Association. In accordance with articles, at least one-third of the Directors retire at the (AGM).
A.8.3	Resignation of a director	In the event of resignation before completing the term, the Director must inform the Board in writing, providing the reasons for resignation. There was no resignations to the Board during the year under review
A.9	APPRAISAL OF BOARD PERFORMANCE The Code requires the Board to appraise its own performance periodically to ensure that its responsibilities are satisfactorily discharged.	
A.9.1	Annual appraisal of the Board's performance and the performance of its Sub - Committees	The Board has established a formal and rigorous process for the annual review of its performance and that of its committees. This process ensures that the Board and its committees operate effectively, identify areas for improvement, and align with best practices in corporate governance. The review includes self-assessments, feedback from Directors, and evaluation against established performance criteria.



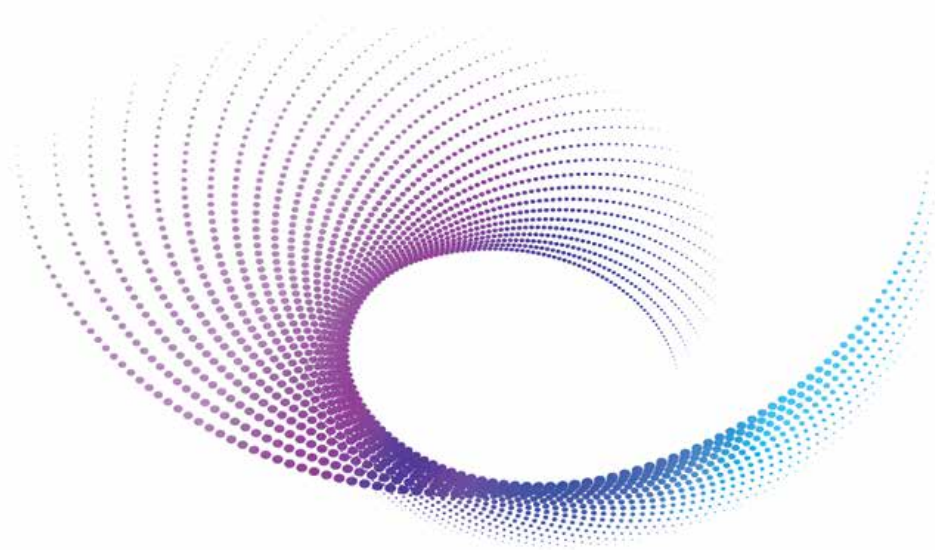
Code of Best Practice Reference	Requirement	Explanation of the Company
A.9.2	Annual Self evaluation of the performance of the Board	The Chairman and the Board of Directors evaluate the Board's performance. The Board Subcommittees carry out a self-assessment process annually to ensure they function effectively and efficiently to facilitate continuous improvement and align with good governance. The summary of the Board self-assessment and Board Subcommittees assessments will be tabled at the Board Meeting.
A.9.3	A process to review the participation, contribution and engagement of each director at the time of re-election	The Board has a process in place to review each Director's participation, contribution, and engagement at the time of re-election. This includes assessing attendance, involvement in discussions, committee contributions, peer feedback, and relevant skills. Directors also complete self-assessments to ensure alignment with the Board's objectives.
A.9.4	Disclosure of criteria used for performance evaluation	The Board's performance evaluations are conducted by way of a questionnaire, and a summary of the results will be presented to the Board for their information. The Company Secretary and the Board subcommittee Secretary submit the self-evaluation questionnaire to each Director and obtain their individual responses. A summary of the responses is submitted to the Board for further action if deemed necessary.
A.10	DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS The Code requires that details of directors be disclosed in the Annual Report for information of the shareholders.	
A.10.1	Disclosures on Directors in the Annual Report	The following details pertaining to each director are disclosed in the Annual Report a) Brief profile with expertise and experience - pages 27 to 33 b) Other business interests - pages 34 c) Remuneration - Note 47.3 on page 388 d) Status of independence - pages 78 Details of Board Meetings and Board Committee Meetings held during the year – pages 75

Code of Best Practice Reference	Requirement	Explanation of the Company
A.11	APPRAISAL OF CHIEF EXECUTIVE OFFICER	
	The Code requires the Board to assess the performance of the Managing Director at least annually to ascertain the degree to which the Managing Director met the pre-set financial and non-financial targets.	
A.11.1 & A11.2	Setting annual targets and the appraisal of the performance of the CEO	At the beginning of each financial year, the Board discusses the 3-year rolling budget with the Senior Management to be achieved within the course of that year. Assessment of the performance of the CEO is carried out by the Board on an ongoing basis to ensure that the performance of the Company is achieved.
B. DIRECTORS' REMUNERATION		
B.1	REMUNERATION PROCEDURE	
	This principle ensures that the Company has a well established formal and transparent procedure in place for developing an effective Remuneration Policy to avoid potential conflict of interest.	
B.2	REMUNERATION COMMITTEE	
	The code requires a level and makeup of remuneration of both executive and non-executive directors that should be sufficient to attract and retain the directors needed to run the company successfully.	
B.2.1	Establishment of a Remuneration Committee	As per the Remuneration Policy & Terms of Reference. The Company has a Board Human Resources and Remuneration Committee which has the power to evaluate, assess, and decide matters that may affect the Human Resources Management of the Company.



Code of Best Practice Reference	Requirement	Explanation of the Company
B.2.2	Composition of the Remuneration Committee	As per the Terms of Reference. As prescribed in this code, all members of the Board Human Resources and Remuneration Committee are Non-Executive Directors and the majority of the members are Independent. The Chairman of the Committee is an independent, Non-Executive Director appointed by the Board.
B.2.3	Remuneration of executive directors & senior management and access to professional advice when discharging their duties	As per the Terms of Reference. The Committee decides the remuneration of the Executive Director and the Senior Management. Additionally, the Committee has access to professional advice, both internal and external, to effectively discharge its responsibilities.
B.2.4 & B.2.5	Remuneration packages of Executive Directors	In terms of the Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the Directors and Senior Management are decided by the BHRRC.
B.2.6	Comparison of remuneration with other companies in the industry	As per the Remuneration Policy and Terms of Reference. The BHRRC, when necessary, reviews the Company's remuneration structure in comparison to industry standards.
B.2.7	Sensitivity to remuneration and employment conditions	As per the Remuneration Policy and Terms of Reference. The Remuneration Committee considers the remuneration and employment conditions of employees within the Company when determining annual salary increases. Individual remuneration details are strictly confidential.
B.2.8	Designing the performance-related remuneration of Chief Executive and Executive Directors	As per the Remuneration Policy and Terms of Reference. The remuneration of the Managing Director and the Senior Management will be based on the performance.
B.2.9	Executive Share Options	No Executive Share Options were granted during the year.

Code of Best Practice Reference	Requirement	Explanation of the Company
B.2.10	Designing the performance related remuneration	As per the Terms of Reference. All increments and incentives will be based on the performance.
B.2.11 & B.2.12	Early termination of Executive Directors	As per the Remuneration Policy and Terms of Reference. This is in line with the contract of appointment.
B.2.13 & B.2.14	Levels of remuneration of Non-Executive Directors	Allowances are decided in terms of the Remuneration and Benefits Policy.
B.2.15	The chairman and members of the remuneration committee should be listed in the annual report each year.	The details of the members are provided in the BHRRC report in the Annual Report. Please refer BHRRC report on pages 211 to 212
B.2.16	Terms of reference for remuneration committee	The Board approved Terms of References is in place.
B.3	DISCLOSURE OF REMUNERATION The Code requires the Company to disclose in its Annual Report the details of the remuneration paid and the Remuneration Policy.	
B.3.1 B.3.2	Disclosures in the Annual Report	The details of the members, scope, number of meetings held during the year, etc. are given in the BHRRC report on pages 211 to 212 of the Annual Report. Please refer Note 47.3 to the Financial Statements for the aggregate remuneration paid to Directors.





Code of Best Practice Reference	Requirement	Explanation of the Company
C. RELATIONS WITH SHAREHOLDERS		
C	C.1. CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS The Code requires the Board to use the AGM to communicate with shareholders and encourage their active participation.	
C.1.1	Notice of the AGM	The Company has given the required notice period for the AGM, which is held annually.
C.1.2	A separate resolution at the AGM on each substantially separate issue and adoption of Annual Report Accounts.	Abans PLC (Parent Company) holds 50.22% of the shares. Refer to investor information on page 406. Adoption of the Annual Report of the Board of Directors on the affairs of the Company, Statement of Compliance, and the Financial Statements together with the Report of the Auditors thereon are considered separately.
C.1.3	Proxy Votes	The Parent Company holds 50.22% of the shares.
C.1.4	Availability of Board Subcommittee Chairpersons.	The Board Subcommittee Chairpersons are available at the AGM, to answer any questions raised at the AGM
C.1.5	Adequate Notice of AGM to shareholders together with a summary of the procedure governing voting.	Annual Reports are dispatched to all shareholders of the Company, whereas a form of proxy together with the Notice of Meeting detailing the summary of procedure as per legal requirements giving adequate notice is dispatched to shareholders.
C.2	COMMUNICATION WITH SHAREHOLDERS The Code requires effective communication with shareholders.	
C.2.1	Channel to reach all shareholders of the Company	By circular to shareholders and by notice of shareholder meetings.
C.2.2	Policy and methodology for communication	By circular to shareholders and by notice of shareholder meetings.
C.2.3	Implementation of the policy and methodology for communication with shareholders	By circular to shareholders and by notice of shareholder meetings.

Code of Best Practice Reference	Requirement	Explanation of the Company
C.2.4	Contact person in relation to shareholder matters	The main contact person is the Company Secretary.
C.2.5 & C.2.6	Process to make all directors aware of major issues and concerns of shareholders	Any major issue and concerns of shareholders are informed to the Board Members by the CEO or Company Secretary as applicable.
C.2.7	Process responding to shareholder matters	All shareholder matters will be referred to the Company Secretary.
C.3	MAJOR AND MATERIAL TRANSACTIONS The Code requires the Directors to disclose to the shareholders all proposed material transactions which would materially alter the net asset position of the Company if entered into.	
C.3.1	Disclosures on proposed major transactions	There are no proposed major transactions as of today.
C.3.2	Provisions of the Companies Act 07 of 2007 for Limited Liability Companies	The Company did not enter into any major transactions during the year.
C.3.3	Disclosure Requirements	There were no requirements for a disclosure.
D. ACCOUNTABILITY AND AUDIT		
Code of Best Practice Reference	Requirement	Explanation of the Company
D.1	FINANCIAL REPORTING This Principle requires the Board of the Company to present a balanced and understandable assessment of the company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.	
D.1.1	Financial and Business Reporting (Annual Report)	Refer pages 309 to 391
D.1.2	Board's Responsibility for Statutory and Regulatory Reporting	Refer pages 303 to 304
D.1.3	Declaration on the level of compliance and accurateness of the Financial Statements	Refer pages 76 to 81



Code of Best Practice Reference	Requirement	Explanation of the Company
D.1.4	Declarations by Directors in the Directors' Report	Please refer the Annual Report of the Board of Directors on the state of affairs of the Company on pages 76 to 81
D.1.5	Statements by Directors' and Auditors' on responsibility for financial reporting	The 'Responsibility for Financial Statements for the preparation and presentation of financial statements is given in on page 304 to 312 & please also refer page 309 for the Independent Auditor's Report.
D.1.6	Management Discussion and Analysis	Please refer 'Management Discussion and Analysis' set out on pages 240 to 302 presented as an integrated report covering all aspects referred to in the code.
D.1.7	Requirement to Summon an Extraordinary General Meeting (EGM) to notify serious loss in net assets (capital)	Not applicable & no such event occurred during the financial year.
D.1.8	Declaration by Board on Related Party Transactions	Each Director and KRP have declared their interest in transactions with the Company during the year ended 31st March 2026, if any. Internal controls are placed within the Company to identify, record, and disclose related party transactions. All Related Party Transactions as defined in Sri Lanka Accounting Standards - LKAS 24 (Related Party Transactions) are disclosed in Note 47 to the Audited Financial Statements.
D.2	RISK MANAGEMENT AND INTERNAL CONTROL The Code requires the Company's Board to establish a policy for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives and ensure that an effective system of internal controls, which safeguards the Company's assets to protect the interest of shareholders is in place.	
D.2.1	Risk Management Framework	The company has implemented a comprehensive risk management framework to assess and monitor the principal risks facing the company. Risk assessments are carried out on an ongoing basis with reports submitted to the Board for deliberation, ensuring that potential threats are proactively identified and mitigated. The company also performs scenario analyses and stress testing to evaluate the impact of risks under various conditions.
D.2.1.1	Robust assessment of principle risks	

Code of Best Practice Reference	Requirement	Explanation of the Company
D.2.1.2	Disclosure of Risk Management Framework in the Annual Report	The Board has established a well defined risk management framework that outlines the processes and responsibilities. The company's Annual Report provides a detailed description of the risk management framework, processes, and responsibilities, as well as how these risks are being managed or mitigated. (Refer page No.219)
D.2.1.3	Establishment of Risk Management Committee	The Board acknowledges its ultimate responsibility for risk management and has established a dedicated Risk Management Committee, known as the Board Integrated Risk Management Committee (BIRMC), to oversee the company's risk management processes.
D.2.1.4	Consideration of regulatory requirements and sector/ industry specific business risks	Board Integrated Risk Management Committee (BIRMC), which oversees sector and industry-specific business risks in alignment with regulatory requirements. This committee ensures that the company's risk management approach is tailored to the unique challenges and risks of the industry.
D.2.1.5	Composition on the BIRMC	The Company's Board Integrated Risk Management Committee (BIRMC) is comprised of five members, all of whom are non-executive directors. The committee is chaired by an independent non-executive director, ensuring compliance with the requirement for independent oversight.
D.2.1.6	TOR of the BIRMC	The Board Integrated Risk Management Committee (BIRMC) operates under a clearly defined written Terms of Reference (ToR) that outlines its authority, duties, and responsibilities.
D.2.1.7	Report of the BIRMC	The annual report includes a dedicated section for the Board Integrated Risk Management Committee (BIRMC), detailing its role and the manner in which it has discharged its responsibilities.
D.2.1.8	Composition, scope, roles and responsibilities of the risk committee and guidance on establishing a risk management framework	As a regulated entity, the company has carefully considered applicable laws and regulatory requirements in determining the composition, scope, roles, and responsibilities of the Board Integrated Risk Management Committee (BIRMC).



Code of Best Practice Reference	Requirement	Explanation of the Company
D.2.2	Design of the Internal Control System	Board has delegated its authority to the Board Audit Committee to ensure the effectiveness of the design and implementation of internal controls to achieve corporate objectives. Board Audit Committee reviews the Internal Audit plan and progress of the annual audit plan in discharging its responsibilities towards the Board.
D.2.2.1	Effectiveness of the Internal Control System	The Board Audit Committee assists the Board in assessing the adequacy and the integrity of the Internal Controls System and the financial reporting processes of the Company. Internal Audit Department helps the process by carrying out audits to assess the internal controls over financial reporting. Further, 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 is submitted to the Board.
D.2.2.2	Internal Control function	There is an in-house Internal Audit Department
D.2.2.3 D.2.2.4	Reviewing the process of Internal Control and Sound system of Internal Control	The Board Audit Committee assists the Board in assessing the adequacy and the integrity of the Internal Controls System and the financial reporting processes of the Company. Internal Audit Department helps the process by carrying out audits to assess the internal controls over financial reporting.
D.3	AUDIT COMMITTEE The Code requires the Board to have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting, internal control principles and risk management, ensure compliance with laws and regulations and ensuring the independence of the company's auditors.	
D.3.1	Composition of the Audit Committee	All members of the Board Audit Committee are Independent Non-Executive Directors. All of them have expertise and knowledge in the fields of banking, finance, leasing, information technology, etc.

Code of Best Practice Reference	Requirement	Explanation of the Company
D.3.2	Terms of Reference of the Audit Committee	Board Audit Committee (BAC) is governed and operated through a written and approved Terms of Reference. The Board Audit Committee has reviewed, discussed and recommended the BAC Terms of Reference for Board's approval.
D.3.3	Report by the Audit Committee	The Report of the Board Audit Committee is given in pages 206 to 208.
D.4	RISK COMMITTEE The board should establish a procedure for risk management including how they determine risk culture, risk appetite, risk identification and classification, rating and management of risk.	
D.4.1	Composition of BIRMC	The Board Integrated Risk Management Committee (BIRMC) is comprised of five members, all of whom are non-executive directors, with the committee chaired by an independent non-executive director. In line with the Code of Best Practice, the Chief Executive officer (CEO) attend BIRMC meetings by invitation. Additionally, other heads of units are invited to attend meetings as necessary to contribute to discussions on specific risks affecting their areas of responsibility.
D.4.2	Terms of Reference of the Committee	The Board Integrated Risk Management Committee (BIRMC) operates under a detailed Terms of Reference (ToR) that outlines its authority and responsibilities in supporting the oversight of the company's risk management framework. The TOR specifies the committee's role in defining and promoting the company's risk culture, determining risk appetite, and establishing risk management processes, practices, and policies.
D.4.3	BIRMC Meetings	The BIRMC met four times during FY 2025/26. Currently, the Company Secretary serves as the secretary to the committee.
D.4.4	Seeking External Professional advice	BIRMC has the authority to seek external professional advice as needed to fulfil its responsibilities effectively.



Code of Best Practice Reference	Requirement	Explanation of the Company
D.4.5	Disclosures made in the Annual Report	The company's annual report includes a dedicated section for BIRMC, detailing its role and how it discharged its responsibilities over the past year.
D.5	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE The board should establish a procedure to ensure that the company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.	
D.5.1	Related Parties and Related Party Transactions	The Board approved subcommittee is established to review related party transactions of the Company.
D.5.2	Composition of RPTRC	The Board has established a Related Party subcommittee to review related party transactions of the Company. Related Party Transactions Review Committee (RPTRC) comprises three non-executive directors.
D.5.3	The TOR of the Committee	The Committee is governed by the Board approved Terms of References.
D.6	CODE OF BUSINESS CONDUCT AND ETHICS The Code requires the Company to adopt an internal Code of Conduct and Ethics to be adhered to by all directors, members of the senior management of the Company, and all other employees including but not limited to dealing with shares of the company; compliance with listing rules; bribery and corruption; and confidentiality, encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance.	
D.6.1	Disclosures on the Code of Business Conduct and Ethics, whistle-blowing policy, Anti-bribery and corruption policy	A Board approved policy on Code of Conduct and a Board approved policy on Anti-Bribery and Corruption are available.
D.6.2	Reporting of material and price sensitive information	A Board approved Policy on Corporate Disclosure is in place.
D.6.3	Policy on trading of shares by Directors, KRPs, and Employees	Policy on Code of Conduct contains the details pertaining to trading of Company shares by the Directors.
D.6.4	Whistle-blowing procedure	A Board approved Whistle-blowing Policy is in place and concerns raised under this policy are independently investigated by the Internal Audit Department. BAC reviews the policy on an annual basis.

Code of Best Practice Reference	Requirement	Explanation of the Company
D.6.5	Training on Code of Conduct and Ethics	We are in the process of developing learning and training materials for the existing Code of Conduct Policy.
D.6.6	Dissemination of the policy	A Board approved policy on Code of Conduct is available.
D.6.7	Affirmative Statement by the Chairman	Please refer to the Chairman's message for details on page 84
D.7	CORPORATE GOVERNANCE DISCLOSURES Directors of the Company disclose annually the Company's adherence to the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, the Central Bank of Sri Lanka (CBSL) Finance Business Act Directions No. 05 of 2021 on Corporate Governance and Section 9 of the Listing rules of the Colombo Stock Exchange on Corporate Governance	
D.7.1	Annual Corporate Governance Report in the Annual Report	Corporate Governance report is given on pages 85 to 202 in the Annual Report.
SECTION 2 : SHAREHOLDERS		
E. INSTITUTIONAL INVESTORS		
E.1	SHAREHOLDER VOTING All shareholders are given equal opportunity to vote at the AGMs and EGMs as applicable.	
E.1.1	Communication with shareholders	All required information to the Shareholders is provided in a timely manner.
E.2	EVALUATION OF GOVERNANCE DISCLOSURES The Code requires the Company to encourage institutional investors to give due weight to all relevant factors drawn to their attention.	
E.2.1	Encourages Institutional Investors to give due weight to relevant governance arrangements	Two major shareholders, hold 92% of the shareholding and Board seats are provided them to oversee the governance.
F. OTHER INVESTORS;		
F.1	INVESTING/DIVESTING DECISION	
F.1.1	Seek independent advice in investing or divesting decisions.	Independent advices are obtained from Due Diligence Auditors / Tax Consultants / Lawyers as applicable in investing or divesting the shares.



Code of Best Practice Reference	Requirement	Explanation of the Company
F. 2	SHAREHOLDER VOTING	
F .2.1	Encourage voting by Individual Investors in general meetings	All shareholders are given equal opportunity to vote at the AGMs and EGMs as applicable.
SECTION 3 : OTHER MATTERS		
G. INTERNET OF THINGS AND CYBERSECURITY		
G.1	Identify the process of connecting to the organization's network and related cyber risks	Abans Finance PLC board oversees processes to identify and manage cybersecurity risks arising from internal and external connections to the Company's network. Security controls, risk assessments, monitoring mechanisms, and governance oversight are implemented to safeguard information assets and ensure cyber resilience.
G.2	Appoint a CISO and allocate budget to implement a cyber-security policy	The Board has appointed a Chief Information Security Officer (CISO) with responsibility for implementing the Company's cybersecurity strategy, policies, and controls. Adequate resources and budget are allocated to support cybersecurity governance, risk management, incident response, business continuity, third-party risk management, and regulatory compliance initiatives.
G.3	Include cyber risk management on Board agenda	Cybersecurity and technology risk management are regularly presented to the Board Information Technology Steering Committee (BITSC), including updates on the cybersecurity risk landscape, information security incidents, regulatory compliance, audit findings, vulnerability assessments, and remediation activities. Progress on key cybersecurity initiatives and projects is also reported to ensure effective oversight of the Company's security posture and cyber resilience. Significant risks, incidents, and strategic matters are escalated to the Board and relevant Board committees as necessary, reinforcing governance, risk management, and compliance across the Company.

Code of Best Practice Reference	Requirement	Explanation of the Company
G.4	Obtain periodic review and assurance on the effectiveness of the cyber-security Risk Management	The Company obtains independent assurance on the effectiveness of its cybersecurity risk management framework through periodic vulnerability assessments, penetration testing, external audits, regulatory reviews, and internal audit activities. The results, key findings, and remediation progress are reported to the Board Information IT Steering Committee (BITSC) and relevant Board committees, enabling ongoing oversight and continuous improvement of the Company's cybersecurity posture and resilience.
G.5	Disclosure in the Annual Report ; the process of identifying and managing cyber security risks.	This has been address in the Annual Report. (Refer page No. 233) The Company discloses its cybersecurity governance, risk management, and control processes within the Annual Report. This includes the mechanisms used to identify, assess, monitor, and mitigate cybersecurity risks, together with the governance structures, security initiatives, and oversight arrangements established to safeguard the Company's information assets and technology environment.

H. SUSTAINABILITY: ESG RISK AND OPPORTUNITIES

	Sustainability is a business approach that creates long-term stakeholder value. It focuses on managing risks arising from economic, environmental, and social aspects. Sustainability reporting aims towards the goals of sustainable development in the context of business strategy and activities.	
H.1	SG Risk and Opportunities	The Board has integrated sustainability and ESG (Environmental, Social, and Governance) risks and opportunities into the Company's business model, operations, and strategic planning to support long-term resilience, sustainable value creation, and continued stakeholder confidence.
H.1.1	Impact of ESG risks and opportunities	This is to address the business plan effective from FY 2026/27 and full compliance with ESG requirements will be implemented from FY 2026/27. The ESG policy has already been approved and published in company's website.
H.2	Views of stakeholders	The company is considering the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities.



Code of Best Practice Reference	Requirement	Explanation of the Company
H.2.1	Process to recognize significant stakeholders	The company is in the process of recognizing significant stakeholders and material matters relating to significant stakeholders and the method of engagement.
H.3	Governance Framework and structure which includes conformance, performance and sustainability/ESG factors.	The company has a Board approved ESG policy which addresses Governance Framework and Structure.
H.3.1	Sustainability factors	This has been addressed within the ESG policy.
H.3.1.1	Environmental Governance	This has been addressed within the ESG policy.
H.3.1.2	Social Governance Relationship with Community Relationship with customers Labour practice Governance Suppliers and outsourced providers	This has been addressed within the ESG policy.
H.4	Establishment of a governance structure to support ESG factors	This has been addressed within the ESG policy.
H.4.1	Recognition of Key resources/ Capital	The company has recognized key resources and capital required for ESG implementation.
H.4.2	Process in ascertaining, assessing and managing ESG factors	
H.4.3	Establishment of Financial and non-financial measures	
H.5	Disclose ESG Risks and opportunities (H.5.1 – H.5.4)	The company's annual report includes information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported. (Refer page No. 83)

Code of Best Practice Reference	Requirement	Explanation of the Company
I. Special Considerations for Listed Entities		
I.1	ESTABLISHMENT AND MAINTENANCE OF POLICIES	
I.1	Establishment and maintenance of Policies and other requirements	All Policies are in place as required by the code.
I.1.1	Establishment of policies	
I.1.2	Disclosure in the Annual Report regarding any waivers from compliance with the internal code of business conduct and ethics	No waivers from compliance with the internal code of business conduct and ethics nor exemptions have been granted by the Company during the year 2025/26.
I.1.3	Disclosure in the Annual Report	The following policies are published on the Company website, ● Policy on the matters relating to the Board of Directors ● Policy on Board Committees ● Policy on Corporate Governance, Nominations and Re-election ● Policy on Remuneration ● Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities ● Policy on Risk management and Internal controls ● Policy on Relations with Shareholders and Investors ● Policy on Environmental, Social and Governance Sustainability ● Policy on Control and Management of Company Assets and Shareholder Investments



Code of Best Practice Reference	Requirement	Explanation of the Company
I.1	ESTABLISHMENT AND MAINTENANCE OF POLICIES	
		● Policy on Corporate Disclosures ● Policy on Whistleblowing ● Policy on Anti-Bribery and Corruption
I.1.4	Availability of policies to shareholders upon a written request	Upon written request, a copy of the policy will be furnished to the shareholders.
I.2	POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS	
I.2.1	Establishing policies relating to the Board of Directors	Policy on the matters relating to the Board of Directors is in place.
I.2.2	Confirming compliance with the requirements of the policy in the annual report	The relevant disclosures / publications are made in the Annual Report in compliance with the requirements of the said policy.



Financial peace isn't the acquisition of stuff. It's learning to live on less than you make, so you can give money back and have money to invest. You can't win until you do this.

Dave Ramsey

Management Committees-Overview

The Management Committees at Abans Finance PLC function under the guidance of the Chief Executive Officer with the direction on designing, implementing, and monitoring best practices in their respective functions. Management Committees include the Asset and Liability Committee (ALCO), Credit Committee and Management Meeting. The scope of the Credit Committee is to review and make recommendations on credit policy and procedures, portfolio delinquency management and credit evaluation process, whilst the scope of the ALCO is to monitor and manage liquidity risks, interest rate risks, pricing and capital planning.

Engagement of External Auditors to Provide Non-Audit Services and Auditors' Independence

The External Auditors' independence is a key factor in ensuring that the financial statements of the Company meet the highest standards of financial integrity. According to the TOR of BAC, the Audit Committee of the Company annually reviews and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices. According to the TOR of BAC the audit partner shall not be assigned to any non-audit services with the company during the same financial year in which the audit is being carried out.

The BAC Committees 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 statues, the service period, audit fee and any registration or dismissal of the auditor.

Further, the Engagement Partner and / or the Partner responsible for quality review will be rotated in order to ensure the partner should not serve the Company for more than five successive years. The external auditors KPMG have provided a declaration of their independence to the Audit Committee, and the Committee evaluated their independence, objectivity and effectiveness of

the audit process and recommended their re-appointment for the ensuing year.

Delegated Authority (GRI 2-13)

The Corporate Governance framework and Article 38 of the Articles of Association of the Company provide the delegation of authority and segregation of duties while enabling the Board to retain effective control. Accordingly, the Board has delegated its authority to the Board Sub Committees and the Management with clearly defined mandates, directives, and authorities, while ensuring such delegations would not hinder or reduce the ability of the Board to discharge its duties. The Board of Directors of the Company makes necessary reviews on delegated authority limits in order to ensure that the set limits remain relevant to the needs of the Company.

Degree of Conformity with Corporate Governance Regulations

The level of compliance with the regulations on Corporate Governance is presented under the three sections given below. Section One - The level of compliance with Corporate Governance direction no. 5 of 2021 and subsequent amendments thereto issued by the Central Bank of Sri Lanka. Section Two – The level of compliance with the Listing Rules -Section 9 on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange. Section Three - The level of compliance with the Code of Best Practice on Corporate Governance 2023, issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

Credit Committee

The purpose of the Committee is to oversee the Credit strategies and objectives of the Company, including:

- a) Formulating the credit strategies and objectives of the Company.
- b) Formulating the Credit Risk Management of the Company including review and



recommendation of internal credit policies to Board of Directors and establishing concentration limits for lending portfolio.

- c) Regularly reviewing Credit quality / Asset quality, Impairment Allowances on Credit Quality deterioration and performance of the Company's Credit Portfolio.
- d) facilities exceeding the authorized limit of the Credit Committee, the committee will review the file and provide a recommendation to the Board along with the cumulative limits.
- e) Set the credit evaluation guideline within the Company's risk appetite.
- f) Market analysis will be conducted to ascertain the market risk of products.
- g) Formulate the Credit Appraisal, Approval, and Disbursement functions of the Company.
- h) Continuous delinquency monitoring and implementing follow-up and recovery strategies to ensure the curtailment of asset quality deterioration.
- i) The Credit Committee regularly reviews "Watch List" reports (customers struggling to pay) and Non-Performing Loans (NPLs).
- j) Recommending incentives for portfolio quality based on agreed criteria.
- k) Assess the market opportunity for new products and credit approval of those new products.
- l) The Committee is a Management Committee and reporting to the Board of Directors.

The Credit Committee members are appointed by the Board and comprises of the following members.

- a) Chief Executive Officer – Chairman
- b) Deputy Chief Executive Officer – Alternate Chairman
- c) Chief Financial Officer

d) Head of Branches

e) Senior Manager Credit and Operations

f) Deputy Manager Credit and Operations – Secretary

Chief Executive Officer shall serve as Chairman of the Committee. The Chairman shall preside at all meetings of the Committee and perform any duties as may be assigned by the Board of Directors from time to time. The Chairman shall also be responsible for ensuring that key actions taken, and significant matters discussed by the Committee are reported to the Board of Directors on a regular basis. The Deputy Chief Executive Officer will, serve as the alternate Chairman in the absence of the Chief Executive Officer.

Deputy Manager Credit and Operations will be the Secretary of the Committee. The Secretary of the Committee will, with consultation and approval of the Chairman, develop the agenda for each meeting, and circulate it to all members of the Committee in advance. The Secretary shall maintain minutes and other relevant records of the meetings and activities of the Committee. The minutes shall be available for review by the Board and any regulatory authorities having jurisdiction over the affairs of the Company. In the event of any meeting where the Secretary is not present, the Chairman shall designate an acting Secretary to the Committee for the purpose of recording the minutes.

The Chief Information Security Officer or his nominated representative may attend meetings on invitation. The Senior Manager in charge of Fixed Deposits may also attend meetings on invitation when the discussions related to Cash back securities (Deposits) are considered. Other KRPs such as Compliance Officer and other staff members may be invited to attend depending on the agenda to be discussed.

The Credit Committee meets regularly and implements credit controls if required while ensuring that facility approvals occur based on established Delegated Authority Limits and discussing the matters coming under the scope of the Committee. The Chairman may also convene a special meeting of the Committee

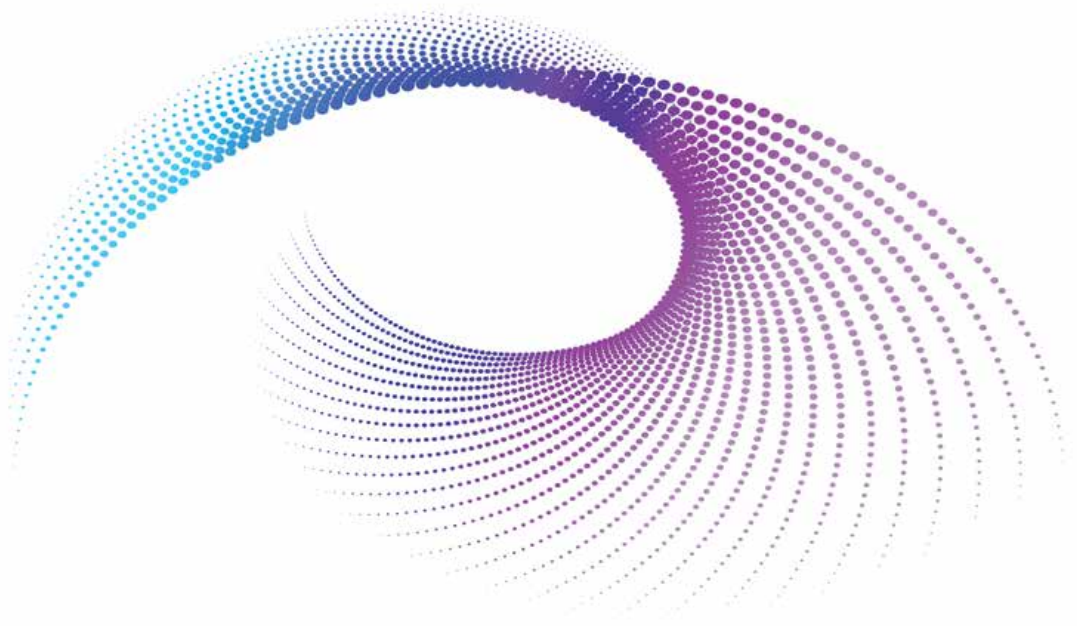
if, in his judgment, an issue arises that cannot wait until the next regularly scheduled meeting and / or on the request of the majority of the members. Special Meeting can be also held for recommending a higher value of Facility to the Board of Directors.

The Credit Committee played a pivotal role to ensure that the company implemented tight credit controls and consistently followed them while focusing on expanding the product portfolio mix and introducing new products.



*The goal isn't more money.
The goal is living life on your terms.*

Will Rogers





Board Audit Committee (BAC) Report

Charter of The Committee

The Terms of Reference of the Board Audit Committee (BAC) are clearly defined in the Charter of the BAC which is periodically reviewed and revised with the concurrence of the Board of Directors.

The functions of the BAC are designed to assist the Board of Directors in its general oversight on financial reporting, internal and external audits and compliance with legal and regulatory requirements and risk management.

The Role and Responsibilities

The BAC is expected to ensure;

- The integrity of the financial reporting of the company and the compliance with financial reporting requirements, information requirements of the company's act and other related financial reporting regulations
- The effectiveness of the internal control system and the company's Risk Management function
- The company's ability to continue as a going concern in the foreseeable future
- Independence and effectiveness of the company's External Auditors
- Performance of the company's Internal Audit function
- The company's compliance with legal and regulatory requirements including the performance of the company's compliance function

The BAC is currently in compliance with section 10.2 Corporate Governance Direction No.5 of 2021.

Authority

The BAC has the entire authority to investigate any matter, including any employee questioned at a meeting of the BAC, full access to information and authority to obtain external professional advice, at the Company's expense.

Audit Committee Charter

The Charter of the Audit Committee outlines the committee's purpose, responsibilities, and authority within an organization. It typically includes provisions regarding oversight of financial reporting, internal controls, risk management processes, and compliance with legal and regulatory requirements. The charter also defines the committee's structure, composition, and procedures for meetings, ensuring transparency and accountability in the organization's financial practices. This document serves as a crucial framework for maintaining integrity and reliability in financial reporting and upholding ethical standards across the board.

With the approval of the Board of Directors, the Audit Committee Charter is periodically reviewed and updated to ensure that any new information pertaining to the Committee's role is covered.

"Code of Best Practice on Corporate Governance," published by the Institute of Chartered Accountants of Sri Lanka in 2023, "Rules on Corporate Governance" under the Colombo Stock Exchange's listing rules, and "Finance companies (Corporate Governance) Direction No. 03 of 2008 and Direction No. 5 of 2021 issued by the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011."

Composition

Members of the BAC are appointed by the Board and comprised of four Independent Non-Executive Directors, as shown below:

Name of the Director	Director Status
*Yudhishtan Kanagasabai	Independent Non Executive Director
K J Cecil Perera	Independent Non Executive Director
Thulci Aluwihare	Independent Non Executive Director
Pasan Wanigasekara	Independent Non Executive Director

*Mr. Yudhishtan Kanagasabai has been appointed as the Chairman of Audit Committee w.e.f. 12th June 2025

The Chairman of the Committee is a corporate leader and a Chartered Accountant with over four decades of distinguished service to the profession. As a former Chief Executive Officer of PricewaterhouseCoopers (PwC) Sri Lanka and Maldives, Mr. Yudy was instrumental in transforming the firm into a high-performing and a client focused operation. He spearheaded significant growth in the Assurance and Advisory practices, introduced audit automation to the local market, and positioned the firm as a leader across multiple sectors, including telecommunications, pharmaceuticals, and apparel Yudy is a Fellow of the Institute of Chartered Accountants of Sri Lanka and brings deep sector knowledge across telecommunications, financial services, and manufacturing. His core strengths include business turnaround, risk management, organizational restructuring, and strategic execution.

The Secretaries of the Company functioned as the Secretaries of the Committee. The Chief Executive Officer, Chief Financial Officer, Compliance officer, Head of credit & legal and the Internal Auditor attend all meetings of the Committee by invitation.

Meetings

14 meetings were held during the financial year and the attendance of the BAC members at the meetings during the financial year under review was as follows,

Name of the Director	No: of Meetings Applicable	No: of Meetings Attended
Yudhishtan Kanagasabai	13	13
K J Cecil Perera	14	13
Thulci Aluwihare	14	12
*Pasan Wanigasekara	14	14

* Mr. P T Wanigasekera has been appointed as the Chairman of Audit Committee w.e.f. 18th March

2025 till 12th June 2025 and then he continues to be a member.

On the invitation of the BAC, any officer of the Company, External Auditors and any outsider may attend all or part of any meeting. The proceedings of the BAC meetings are recorded with adequate details and reported to the Board of Directors.

Regulatory compliance

The board audit committee plays a crucial role in ensuring regulatory compliance within organizations. It oversees financial reporting processes, internal controls, and adherence to legal guidelines. This committee helps mitigate risks associated with non-compliance, ensuring transparency and accountability in business operations. By conducting regular audits and reviews, it strengthens governance frameworks and promotes ethical practices. Effective collaboration between the audit committee, management, and external auditors is essential for maintaining regulatory standards and upholding stakeholder trust.

The compliance officer, in collaboration with the board audit committee, ensures adherence to regulatory requirements and internal policies. They monitor and assess risks, develop compliance programs, and conduct regular audits to verify adherence. The officer also serves as a liaison between the committee, management, and external regulators, providing guidance on emerging compliance issues and fostering a culture of integrity and ethics within the organization. Together, they strengthen oversight, mitigate legal and operational risks, and uphold standards that safeguard the organization's reputation and stakeholder trust.

Financial Statements and Independent Audit

The financial information of the company was reviewed by the Committee, with a view to monitoring the integrity of the financial statements of the company. In reviewing the company's interim financial statements, the committee focused particularly on major judgmental areas, any changes in accounting policies and practices, the going concern assumption, and compliance with relevant accounting standards and other legal requirements.



The committee had meetings with the external auditors to discuss issues, problems and reservations arising from the interim and final audits, and any other matters the auditors wished to discuss. The committee met external auditors without the presence of the management to discuss any matters that needed to be discussed in the absence of Key Responsible Persons (KRPs).

The BAC is reviewing the external auditors' Management Letter and management responses thereto.

The assurance was taken from CEO and the CFO for the company's operations and finances during the year.

External Audit

The BAC monitors independence and objectivity of the audit processes of external audit in accordance with applicable standards and best practice. The committee made recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes and their audit fee. Before the audit commenced, the committee discussed and finalized with the external auditors the nature and scope of the audit.

The BAC met the external auditors KPMG to discuss issues, problems and reservations arising from the interim and final audits, and any other matters the auditors wished to discuss. The Committee met external auditors without the presence of the management to discuss any matters that needed to be discussed in the absence of key management personnel.

Internal Audit

The BAC reviewed the adequacy of the scope, functions and resources of the internal audit department and satisfied itself that the department has the necessary authority to carry out its work and monitor and review the effectiveness of the company's internal audit function in the context of the company's overall risk management system.

The internal audit plan and results of the internal audit process were reviewed by the committee. Where necessary, the committee advised the

management to take appropriate action on the recommendations of the internal audit department. The committee shall assess the performance of the head of internal audit and other senior staff members of the Internal audit department.

Committee Evaluation

An annual evaluation of the committee was carried out by the Board with contributions from individual committee members.

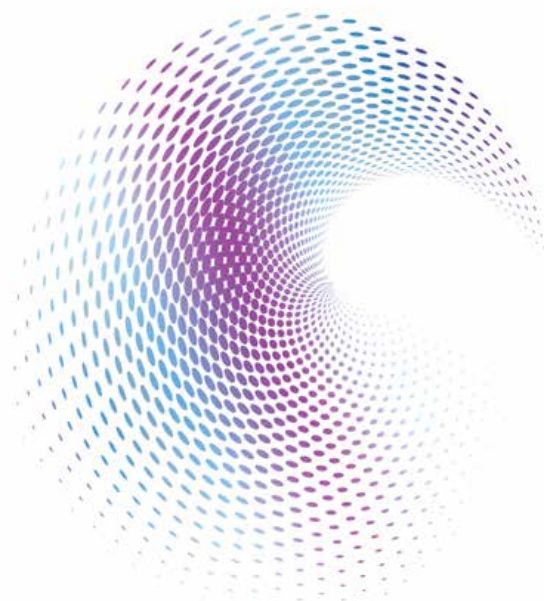
Conclusion

The evaluation of reports and based on independent judgment, the BAC is satisfied with the financial reporting, internal control environment, compliance with statutory requirements, independence and effectiveness of external auditors and performance of internal audits of the company under review.



Mr. Yudhishtan Kanagasabai

Chairman – Board Audit Committee
27th July 2026



Related Party Transactions Review Committee (RPTRC) Report

According to the Terms of Reference of the Related Party Transaction Review Committee, the main purpose of the committee is to consider all transactions with related parties and take necessary steps to avoid any conflicts of interest and favourable treatment that may arise from any transaction of the company with any parties categorize under “related parties”, of the company.

The Board Related Party Transactions Review Committee (RPTRC) was established in 2016, in accordance with the Code of Best Practice on Related Party Transactions issued by the SEC and with Section 9 of the Listing Rules of the CSE. The committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

Composition of The Committee

During the financial year under review, the Related Party Transactions Review Committee (the Committee) comprised of the following Independent Non-Executive Directors and the profiles of the members, are indicated on pages 27 to 33.

Name of the Director	Director Status
*Yudhishtan Kanagasabai	Independent Non Executive Director
K J Cecil Perera	Independent Non Executive Director
Thulci Aluwihare	Independent Non Executive Director
Danushka De Silva	Non Independent Non Executive Director

*Mr. Yudhishtan Kanagasabai has been appointed as the Chairman w.e.f. 12th June 2025.

Meeting Attendance

The committee met four times during the financial year and attendance of the members were as follows,

Name of the Director	No: of Meetings Applicable	No: of Meetings Attended
Yudhishtan Kanagasabai	3	3
K J Cecil Perera	4	4
*Thulci Aluwihare	4	4
**Danushka De Silva	1	1

* Mr. Thulci Aluwihare was appointed as the Chairman of the Committee w.e.f. 18th March 2025 till 12th June 2025.

** Mr Dhanushka De Silva was appointed as a member w.e.f. 18th March 2025 till 12th June 2025.

Secretary of the company function as the secretary to the committee.

The committee shall invite officers, directors, and employees of the company, as it may deem appropriate, to attend committee meetings and assist in discussion and consideration of matters relating to the directors.

Responsibilities and Duties

Responsibilities of the committee includes;

- Take the necessary steps to avoid any conflicts of interest that may arise from any transaction with parties who shall be considered as “related parties”.
- Ensure that the company 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 company.
- Shall make whatever recommendations the board it deems appropriate on any area within its limits where action or improvement is needed.
- Prevent conflicts of interest in company transactions with related parties by



maintaining and periodically updating a list of related parties, including directors, senior management, significant shareholders, subsidiaries, affiliates, and their associates and relatives.

- Ensure transactions with related parties do not grant them more favourable treatment compared to other constituents by avoiding excessive financial accommodations, better interest rates, preferential treatment, or bypassing proper evaluation procedures. Additionally, safeguard proprietary, confidential, or sensitive information, sharing it only as necessary for legitimate duties.

Activities in 2025/26

- The committee has prior reviewed and recommended all the related party transactions in compliance with its terms of reference.
- An annual evaluation of the committee was carried out by the committee with the contributions from individual committee members.
- The Committee reviewed the related party transactions and their compliance and communicated to the Board.

- The Committee in its review process recognized the adequacy of the content and quality of the information forwarded to its members by the Management and in compliance with Section 9 of the CSE Listing Rules.

Related Party Transactions are disclosed in the Note 47 to the Financial Statements.

Reporting to the Board

All Board members have access to the RPTRC meeting minutes since they are tabled at board meetings. A verbal statement on any significant related party transactions is also given to the Board by the Chairman during the quarterly meetings.

For and on behalf of Related Party Transactions Review Committee.

Mr. Yudhishtan Kanagasabai

Chairman – Related Party Transactions Review Committee

27th July 2026



The speed of your success is limited only by your dedication and what you're willing to sacrifice.

Nathan W. Morris

Human Resource and Remuneration Committee

The Committee operates within the agreed Terms of Reference, and the main objective of the committee is to provide the necessary guidance for implementation of Human Resources Management and Human Resources Development functions of the company while ensuring accountability, transparency and improving the well-being of the employees. The committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

Composition of the Committee

The committee consists of three (03) Independent, non-Executive Directors, as mentioned below.

Name of the Director	Director Status
Thulci Aluwihare	Independent Non Executive Director
K J Cecil Perera	Independent Non Executive Director
*Hiran Embuldeniya	Non Independent Non Executive Director
**D. S. Ratnayake	Independent Non Executive Director

*Mr. Hiran Embuldeniya has been appointed as a member w.e.f. 12th June 2025.

**Mrs. D. S. Ratnayake resigned from the Board w.e.f. 08th July 2025.

The profiles of the committee members are set out on pages 27 to 33 of this Annual Report.

The Secretary of the company functioned as the Secretary of the committee.

Meeting Attendance

The committee met three times during the financial year and attendance of the members were as follows,

Name of the Director	No: of Meetings Applicable	No: of Meetings Attended
Thulci Aluwihare	3	3
K J Cecil Perera	3	3
Hiran Embuldeniya	2	1
**D. S. Ratnayake	1	1

*Mrs. D. S. Ratnayake resigned from the Board w.e.f. 08th July 2025.

Regulations/Rules Relevant to the Functions of the Committee

The Board established the Human Resources and Remuneration Committee in accordance with Section 9.18.6 of the Colombo Stock Exchange Listing Rules, and the Committee's structure and operations comply with the Listing Rules.

Responsibilities and Duties

Responsibilities of the committee includes;

- Ensure that there shall be a formal and transparent procedure in developing the remuneration policy.
- Ensuring that the company adopts, monitors, and applies appropriate remuneration policies and procedures.
- Determine the remuneration policy (salaries, allowances, and other financial payments) relating to Executive Directors and senior management of the company and fee and allowances structure for Non-Executive Directors.
- Recommend the remuneration policy for approval of the Board of Directors on paying salaries, allowances and other financial incentives for all employees of the company.
- Ensure remuneration structure in line with the business strategy, objectives, values,



long-term interests and cost structure of the company. 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.

- Ensure that a proper performance appraisal system for the staff of the company is in place.
- Ensure proper succession plan for Senior Management is in place.

Remuneration of the Directors

The financial statements' Note 12 details the remuneration paid to Directors during the year.

The remuneration is paid to each Independent Non -Executive Director for their service on the board and its subcommittee.

Committee Evaluation

The committee completed an evaluation process with self-assessment of members in March 2025, which was forwarded to the Board.



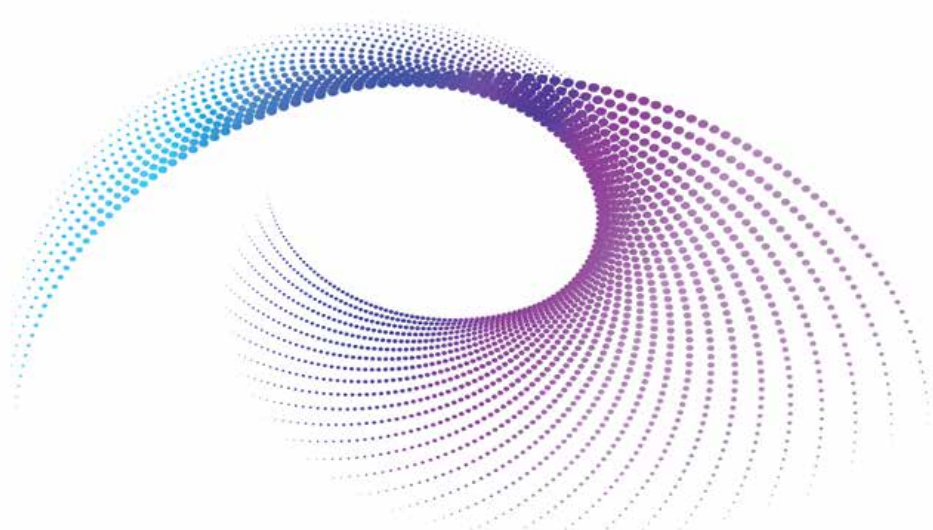
Mr. Thulci Aluwihare

Chairman – Human Resource and Remuneration Committee
27th July 2026



*You can't always visualize the reward, but
you can believe in the sacrifice if the
vision is strong enough.*

Don Connelly



Board Level Information Security Committee

The Committee operates within the agreed Terms of Reference, and the main objectives of the committee are to overlook the technology adoption, information security, cyber security, outsourcing & concentration and technology resilience. The committee shall be responsible for both strategic and operational aspects of information security and technology risk management. The committee has complied with the applicable provisions of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance under the Technology Risk Management & Resilience guideline.

Composition of the Committee

The committee consists of three (03) Independent, non-Executive Directors, as mentioned below.

Name of the Director	Director Status
Pasan Wanigasekara	Independent Non Executive Director
K J Cecil Perera	Independent Non Executive Director
*Thulci Aluwihare	Independent Non Executive Director
**Yudhishtan Kanagasabai	Independent Non Executive Director

*Thulci Aluwihare resigned w.e.f. 9th December 2025

**Yudhishtan Kanagasabai has been appointed as the member of Committee w.e.f 9th December 2025

The profiles of the committee members are set out on pages 27 to 33 of this Annual Report.

The Secretary of the company functioned as the Secretary of the committee.

Meeting Attendance

The committee met four times during the financial year and attendance of the members were as follows,

Name of the Director	No: of Meetings Applicable	No: of Meetings Attended
Pasan Wanigasekara	4	4
K J Cecil Perera	4	4
Thulci Aluwihare	3	3
Yudhishtan Kanagasabai	1	1

Regulations/Rules Relevant to the Functions of the Committee

The Board established the Board Information Security Committee in accordance with Section

4.1.d under Technology Risk and Governance Oversight on Directions No 01 of 2022 (Technology Risk Management and Resilience) of Central Bank of Sri Lanka.

Responsibilities and Duties

Responsibilities of the committee includes;

- Ensure that the organization has a robust and board approved Information Security Strategy aligned with business objectives, risk appetite, and regulatory expectations.
- Review and monitor the cybersecurity posture and maturity roadmap of the organization.
- Approve and periodically review the Information Security Policy, Acceptable Use Policy, Data Protection Policy, and other related frameworks.
- Evaluate and monitor cybersecurity risks, including emerging threats, vulnerabilities, and technology risks.
- Ensure compliance with applicable laws and regulations, such as: CBSL Technology Risk Management and Resilience Guidelines & Sri Lanka Personal Data Protection Act (PDPA).

- 
- Review major security incidents, data breaches, and near-misses, including root cause analysis and corrective actions.
 - Ensure there is an effective Incident Response Plan and Business Continuity/Disaster Recovery Plan in place, tested periodically.
 - Review and recommend approval of the Information Security and Cybersecurity Budget, including investments in people, technology, and third-party services.

Committee Evaluation

The committee completed an evaluation process with self-assessment of members in March 2026, which was forwarded to the Board.



P.T. Wanigasekara

Chairman – Board Information Security Committee
17th July 2026



Financial fitness is not a pipe dream or a state of mind. It's a reality if you are willing to pursue it and embrace it.

Nathan W. Morris

Nomination and Governance Committee Report

Objectives and Scope

The Board Nomination Committee has been appointed by the Board of Directors of Abans Finance PLC (the Company) to which it is responsible. The Committee operates within the agreed Terms of Reference and works closely with the Board in reviewing the structure and skills needed in a successful organization.

The Nomination Committee is established to assist the Board to run effectively, and the Company can go through a formal, fair and transparent process of reviewing the balance and effectiveness of the Board, identifying the skills, experience and diversity of perspectives needed and appointing those who can provide them to the Board.

The Role and Responsibilities

The nomination committee has following roles and responsibilities.

- I. Lead the process for the appointment of the directors, and to identify and nominate suitable candidates for appointment to the Board.
- II. Implement a formal and transparent procedure to select/appoint new directors and senior management.
- III. Ensure the selection process shall include whether the proposed directors possess the knowledge, skills, experience, independence and objectivity to fulfil their responsibilities on the board, have a record of integrity and good repute and have sufficient time to fully carry out their responsibilities.
- IV. 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.
- V. Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: a brief resume of the director, the nature of the expertise in relevant functional areas, the names of companies in which the director holds directorship or memberships in Board committees and whether such director can be considered as independent.

- VI. Consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management.

Composition

The nomination committee comprised three (3) Nonexecutive Directors, as mentioned below.

Name of the Director	Director Status
Pasan Wanigasekara	Independent Non Executive Director
K J Cecil Perera	Independent Non Executive Director
*Hiran Embuldeniya	Non Independent Non Executive Director
Thulci Aluwihare	Independent Non Executive Director

*Mr Hiran Embuldeniya has been appointed as a member w.e.f. 12th June 2025.

The Profiles of the committee members are set out on pages 27 to 33 of this Annual Report.

The Secretary of the Company functioned as the Secretary of the Committee.

Meetings

The committee met four times during the financial year and attendance of the members were as follows,

Name of the Director	No: of Meetings Applicable	No: of Meetings Attended
Pasan Wanigasekara	4	4
K J Cecil Perera	4	4
Hiran Embuldeniya	3	3
Thulci Aluwihare	1	1



P.T. Wanigasekara

Chairman – Nomination and Governance Committee
17th July 2026



Board Integrated Risk Management Committee Report

The Board Integrated Risk Management Committee (BIRMC) is a duly constituted sub committee of the Board of Directors of Abans Finance PLC, established in accordance with Section 10.3 of the Corporate Governance Direction No. 05 of 2021, issued by the Monetary Board of the Central Bank of Sri Lanka. The Committee operates under a Board-approved Terms of Reference as set out below.

Terms of Reference of the Committee

BIRMC of AFPLC has been established in accordance with the requirements of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance, issued by the Central Bank of Sri Lanka. As a formal sub-committee of the Board of Directors, the BIRMC operates under a clearly defined Terms of Reference approved by the Board. The Committee's mandate outlines its composition, authority, roles, responsibilities, and the procedures governing its activities. The Company Secretary functions as the Secretary to the Committee and provides administrative and procedural support.

The BIRMC plays a critical role in supporting the Board by monitoring the effectiveness of the Company's risk management framework. Its responsibilities include the continuous identification, assessment, and oversight of key risk exposures across all major risk categories. This is achieved through regular review of comprehensive management reports and risk dashboards that reflect the Company's current risk profile.

In fulfilling its duties, the Committee ensures that Abans Finance PLC's risk management policies are robust, well-aligned with business objectives, and responsive to the changing risk environment. It also reviews and recommends the Company's Risk Management Policy, ensuring it is in line with the risk appetite and strategy defined by the Board. In doing so, the BIRMC contributes to the establishment of a sound risk culture and effective risk governance across the organization.

Composition of the Committee

The Board Integrated Risk Management Committee (BIRMC) is composed majority of Independent Non-Executive Directors who possess extensive knowledge and experience in areas such as finance, corporate governance, and risk management. This ensures the Committee's ability to provide robust oversight of the Company's risk management framework.

While the Committee functions independently, it engages with key members of senior management to ensure informed decision-making. The Chief Executive Officer and members of the senior management team attended meetings whenever requested by the committee and may also be invested to provide input on specific matters under discussion.

In addition, the Committee may invite any other officer, employee, or responsible party whose presence is deemed necessary for the effective deliberation of risk-related issues. This inclusive approach enables the Committee to make well-informed recommendations to the Board and enhances the overall effectiveness of the Company's risk governance structure.

Committee Meetings

In line with Subsection 10.1 of Direction No. 05 of 2021 on Corporate Governance, issued by the Central Bank of Sri Lanka, Finance Companies with an asset base below Rs. 20 billion are required to convene the Board Integrated Risk Management Committee (BIRMC) on at least a quarterly basis. AFPLC has adhered fully to this regulatory requirement, with the Committee meeting every quarter during the financial year.

Each meeting focuses on assessing the Company's overall risk exposures, reviewing risk trends, and evaluating the effectiveness of mitigation measures in place. Key matters discussed and decisions made are formally recorded in the meeting minutes.

Overview of Committee Proceedings and Governance Changes – FY 2025/26

Name of the Director	Director Status
Sharini Kulasinghe	Independent Non Executive Director
K J Cecil Perera	Independent Non Executive Director
Thulci Aluwihare	Independent Non Executive Director
Pasan Wanigasekara	Independent Non Executive Director
*Yudhishtan Kanagasabai	Independent Non Executive Director

*Yudhishtan Kanagasabai appointed w.e.f. 7th January 2026

Name of the Director	No: of Meetings Applicable	No: of Meetings Attended
Sharini Kulasinghe	4	4
K J Cecil Perera	4	4
Thulci Aluwihare	4	4
Pasan Wanigasekara	4	4
Yudhishtan Kanagasabai	1	1

Duties and Responsibilities of the Committee

The BIRMC plays a pivotal role in safeguarding the Company's stability by overseeing the effectiveness of its risk management framework. The Committee operates under the authority delegated by the Board and in accordance with applicable regulatory guidelines, including the Finance Business Act Direction No. 05 of 2021. Key responsibilities of the committee includes;

- **Risk Identification, Assessment and Monitor:** The Committee regularly evaluates key risk exposures including credit, market, liquidity, operational, strategic, compliance, and technology risks. This assessment is supported by management information systems (MIS), internal reporting mechanisms, and stress testing frameworks to ensure risks are identified and addressed proactively.
- **Risk Appetite Framework:** The Committee is responsible for formulating and recommending a comprehensive Risk Appetite Statement (RAS) to the Board. The RAS outlines the types and levels of risks that the Company is willing to accept in pursuit of its strategic objectives, encompassing both quantitative metrics (e.g., capital, earnings, liquidity ratios) and qualitative considerations (e.g., reputational and compliance risk thresholds).
- **Review of Risk Management Policies:** The Committee ensures that all risk-related policies, including the RAS, are periodically reviewed—at minimum annually—to reflect evolving regulatory expectations, market dynamics, and the Company's operational realities.
- **Oversight of Senior Management Level Committees:** The Committee reviews the adequacy and performance of management-level committees that address specific risk domains such as credit, market, operational, technology, and liquidity risk. It ensures these committees function within risk parameters set by the Board and the BIRMC.
- **Independent Risk Management Function:** BIRMC ensures the existence of an independent risk management function led by the Risk Officer who is tasked with implementing the integrated risk management framework and participating in strategic decision-making processes and reporting regularly to the BIRMC.
- **Business Continuity and Disaster Recovery:** The Committee periodically reviews and evaluates the Company's business continuity plans and disaster recovery procedures to ensure resilience against operational disruptions and emerging threats.
- **Compliance Oversight:** BIRMC is charged with establishing and maintaining an independent compliance function to assess adherence with all applicable laws,



regulations, regulatory directives, and internal policies. The Compliance Officer's duties are aligned with the scope defined in Direction No. 05 of 2021, ensuring the function remains objective, informed, and free of conflicting responsibilities.

- **Performance Evaluation of Control Functions:** The Committee annually evaluates the effectiveness and performance of both the Compliance Officer and the Risk Officer to ensure continued independence and competence in fulfilling their mandates.
- **Board Reporting:** After each meeting, the Committee submits a comprehensive risk assessment report to the Board of Directors, outlining its findings, recommendations, and requests for guidance or decisions on key risk related matters.

Through these responsibilities, the BIRMC supports the Board in embedding a sound risk culture, enhancing risk transparency, and enabling sustainable value creation.

On behalf of the Board Integrated Risk Management Committee,



Ms. S.C Kulasinghe

Chairman – Board Integrated Risk Management
17th July 2026



*An investment in knowledge
pays the best interest.*

Benjamin Franklin

Integrated Risk Management Report

Macroeconomic conditions remained broadly stable through 2025/26, with low inflation and a stable interest-rate environment, supporting recovery momentum. These conditions improved borrower affordability and repayment capacity and supported credit demand particularly across retail and SME segments.

During the financial year, the Company's credit portfolio was influenced by a combination of domestic and global developments. While the continued recovery of the Sri Lankan economy supported borrower repayment capacity across several sectors, several external shocks created challenges for certain customer segments and geographic regions. The Company continued to closely monitor portfolio performance and implement proactive risk management measures to preserve asset quality and support affected customers.

Positive Factors Supporting Credit Quality

The gradual stabilization of the Sri Lankan economy continued to have a favourable impact on the credit environment. Improvements in macroeconomic conditions, easing inflationary pressures, greater exchange rate stability, and improved business confidence contributed to stronger repayment behaviour among retail and SME customers. Economic growth remained positive following the recovery from the 2022 economic crisis, supporting income generation and business activity across key sectors.

The tourism sector maintained its recovery momentum, generating employment opportunities and strengthening cash flows for businesses linked to hospitality, transportation, and related services. In addition, remittance inflows from overseas workers continued to provide an important source of household income and debt servicing capacity for many borrowers.

The moderation of interest rates compared to peak levels experienced during the economic crisis also contributed to improved affordability for borrowers, reducing debt servicing pressures and supporting portfolio performance.

Negative Factors Affecting Credit Quality

Despite the improving macroeconomic backdrop, several external developments exerted pressure on certain segments of the Company's credit portfolio.

Impact of Cyclone Ditwah and Extreme Weather Events

The most significant domestic event affecting credit quality during the period was Cyclone Ditwah and the associated floods and landslides that affected multiple districts across Sri Lanka. The disaster caused extensive damage to agriculture, fisheries, small businesses, housing and public infrastructure, disrupting income generation for many borrowers. Authorities reported widespread impacts on livelihoods, agricultural production and regional economic activity.

Customers engaged in agriculture, transportation, fisheries, trading activities and micro-enterprises in affected regions experienced temporary cash flow disruptions, resulting in elevated credit risk and an increased need for restructuring and relief measures. In response to the disaster, the Central Bank of Sri Lanka encouraged financial institutions to provide repayment concessions and temporary relief to affected borrowers.

The Company enhanced portfolio monitoring in impacted regions and provided appropriate support measures for customers experiencing genuine repayment difficulties.

Geopolitical Tensions and the Middle East Conflict

Ongoing geopolitical tensions in the Middle East created a uncertainty in global energy markets and international trade. Escalation of regional conflicts contributed to concerns regarding fuel prices, transportation costs and inflationary pressures. The Central Bank of Sri Lanka has identified heightened geopolitical tensions as a source of external economic uncertainty that may affect domestic economic performance.

The Company's exposure to sectors dependent on imported goods, logistics and fuel-intensive



operations was therefore subject to heightened monitoring. Additionally, prolonged instability in the Middle East may present indirect risks to overseas employment opportunities and remittance flows, which remain an important source of income for many Sri Lankan households.

Climate-Related Risks (GRI 201-2)

The increasing frequency and severity of climate-related events continue to emerge as a structural risk to credit quality. Floods, droughts, landslides and other extreme weather events have the potential to affect agricultural production, rural incomes, collateral values and business continuity. Climate-related disruptions are increasingly recognized as a significant risk factor for Sri Lanka's financial system and rural economy.

The Company continues to strengthen its climate risk assessment capabilities and incorporate environmental considerations into its risk management framework.

Outlook

Looking ahead, the Company expects credit quality to remain broadly supported by continued economic recovery and improving business confidence. However, downside risks remain from climate-related events, global geopolitical developments, commodity price volatility and sector-specific economic challenges.

The Company will continue to maintain prudent underwriting standards, strengthen early warning monitoring mechanisms, enhance stress testing capabilities and proactively engage with customers facing temporary financial difficulties. These measures are expected to support portfolio resilience while enabling sustainable growth in a dynamic operating environment.

Risk management at ABANS Finance PLC

Abans Finance PLC operates in a dynamic environment where managing risk is central to sustaining financial strength and stakeholder trust. The Company is exposed to a range of risks arising from its business model, market conditions, and regulatory obligations.

Guided by the Board of Directors and overseen through the Board Integrated Risk Management

Committee (BIRMC), a structured and forward-looking risk management framework is in place. This framework is anchored in a Board-approved Risk Appetite Statement (RAS), which defines the types and levels of risk the Company is willing to accept in achieving its strategic objectives.

Risk limits are set and monitored in alignment with prevailing and stressed economic conditions. Independent risk and compliance functions support this process through regular reporting, enabling timely responses to emerging risks.

Through disciplined governance and continuous oversight, Abans Finance PLC ensures that risk-taking activities remain prudent, transparent, and consistent with long-term value creation and regulatory expectations.

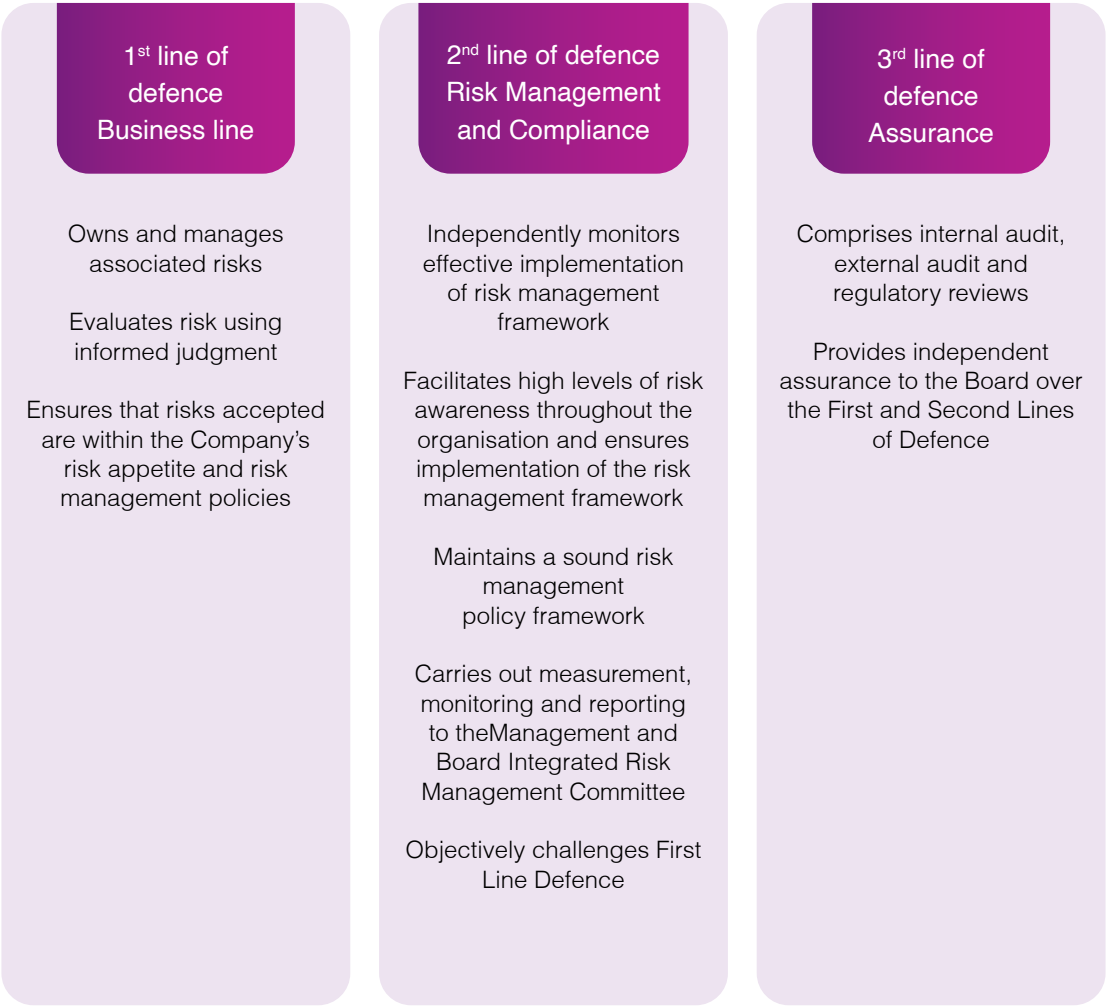
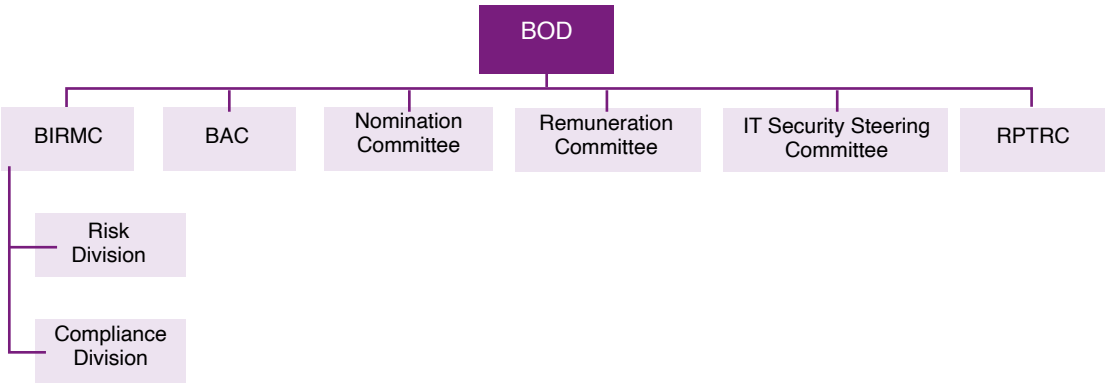
Risk governance

The risk governance framework of Abans Finance PLC is designed to ensure clear accountability and effective and timely decision-making across all material risks. As the highest governing authority, the Board retains ultimate responsibility for risk oversight and sets the tone for prudent risk-taking by approving the Risk Appetite Statement (RAS), key risk policies and capital and liquidity targets. Oversight responsibilities are delegated to Board committees, including Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC) and Information Technology Security Steering Committee.

Governance is strengthened through a committee structure that enables both holistic oversight and specialist decision-making, through structured monitoring, escalation and remedial actions.

The Three Lines of Defence model underpins accountability with the first line owning and managing risks within business units and support functions, the second line providing independent oversight and challenge through risk and compliance functions (including the risk management division) and the third line providing independent assurance through internal audit.

The risk management division independently monitors adherence to policies and limits, coordinates stress testing, supports enterprise risk reporting and provides holistic risk assessments to executive and Board committees.



Risk Management Process

Risk management is a strategic imperative that underpins our business operations. Our comprehensive risk management framework is designed to systematically identify, assess, manage, and monitor risks that could impact our organizational objectives and long-term value creation.

This process is used to manage all key risks across the company including, credit risk, liquidity risk, operational risk, market risk, IT risk, compliance risk and reputation risk.



Risk Identification

This is the first step in the risk management process and involves analysing the company's risk universe to identify current and potential risks stemming from the internal and external environments that may affect the company's strategy and overall risk profile.

Risk Measurement

This involves assessing the likelihood, impact and severity of identified risks using per-determined metrics and other quantitative and qualitative measures. Risk measurement is vital to prioritize the risk management initiatives.

Risk Control and Mitigation

This entails applying an appropriate risk control methodology for each assessed risk while carefully balancing risk reward dynamics. Developing risk control and mitigation strategies is a dynamic process and leads to either accepting, transferring, mitigating or avoiding the assessed risk.

Risk Monitoring

Risk monitoring involves verifying that company's operations adhere to established risk control protocols and enables ongoing awareness of its risk profile. The RMU is responsible for risk monitoring and collaborates closely with business units to facilitate implementation of effective control.

Risk Reporting

Identified, measured, mitigated and monitored risks are reported to senior management, board integrated risk management committee and Board of Directors.

Risk Appetite

The company's Risk Appetite Statement specifies the type and amount of risk it is willing to accept in pursuing its strategic goals. The company's Risk Appetite Statement is developed considering regulatory limits, external factors and internal prudential limits and is approved by the Board.

The Risk Department monitors the company's operation on an ongoing basis to ensure its alignment with Board-approved Risk Appetite limits. The Risk division presents its findings in this regard to the BIRMC on quarterly basis to facilitate immediate remedial action in the event of any deviations.

The Risk Appetite Statement and specified tolerance limits are reviewed by the BIRMC at least once a year or more frequently if required. Recommended changes are approved by the Board prior to formal incorporation into the Risk Appetite Limit Framework.

The company's risk appetite limits are as follows.

Type of Risk	Sub category	Description	Regulatory limits	Appetite	Actual 31.03.2026
Credit	Default risk	Gross NPL ratio	-	15%	10.13%
		Net NPL ratio	-	8%	4.63%
	Concentration	Individual borrowing limits	15% of the core capital	15% of the core capital	2.67%
		Group borrowing limits	20% of the core capital	20% of the core capital	2.67%
		Aggregate limits	50% of the total portfolio	50% of the total portfolio	Nil
		Unsecured limits	20% of the core capital	20% of the core capital	Nil
		Top 20 exposure to total portfolio		< =5%	2.51%
Liquidity	Liquid assets ratio	Liquid assets to total deposit	10%	>=10%	17.63%
	Minimum holding of government securities	Government securities to average deposit and borrowings	7.50%	>=7.50%	9.50%
Strategic	Core capital ratio	Core capital to risk weighted assets	8.50%	>=8.50%	17.63%
	Total capital ratio	Total capital to risk weighted assets	12.50%	>=12.50%	17.63%

Overview of the principal risk

The principal risks impacting the operations of Abans Finance have been summarized below and key mitigation strategies implemented during the year under review.



Type of risk	Credit risk	Liquidity risk	Market risk	IT risk
Description	The risk of financial losses to the Company, if a borrower or counterparty to a financial instrument fails to meet its contractual obligations	Refers to the potential inability to meet financial obligations when they fall due without incurring unacceptable losses	Refer to the potential for losses resulting from fluctuations in market variables, including interest rates, foreign exchange rates and equity prices	Risk of potential threats exploiting vulnerabilities in information systems, processes, or assets, thereby compromising the confidentiality, integrity, or availability of sensitive information
Components	Default risk Concentration risk	Funding liquidity Market liquidity	Interest rate risk Commodity price risk Foreign exchange risk Equity risk	Not applicable
Risk monitoring	Monitoring of key ratios related to asset quality, credit concentration, and provisioning Credit portfolio analysis Early Warning Signals (EWS) Monitoring Proactive monitoring to ensure lending remains within prescribed risk appetite limits	Monitoring the contractual gap in assets and liabilities Monitoring the cash flow Monitoring the liquidity ratios	Close monitoring of interest bearing asset and liability maturities Closely monitor the market interest rates Ongoing monitoring of the commodity prices Ongoing monitoring of FX rate Movements Ongoing monitoring of the movement in the share indexes Closely monitor the gold price	Security monitoring and incident response Regular vulnerability management and patch up update Monitoring IT risk limits
Mitigation action	Robust credit evaluation Risk based loan pricing Asset backed lending Regular credit reviews Ensure lending is within risk appetite limits Prudent provisioning approach	Contingency funding planning Re -structuring the balance sheet Diversification of the funding sources	Ensure market risk exposures are within risk appetite limits Timely repricing of interest -bearing assets and liabilities	Implement a multi - layered defense Strategy Strengthening access controls and identity management Adopt Secure Software Development Practices Regular security awareness and training programs for employees and customers

Credit risk

Credit Risk represents the potential for financial loss arising from a borrower's or counterparty's failure to meet contractual or financial obligations to the Company. Credit risk represents company's largest risk exposure and primarily originates from the Company's core lending operations and investment activities where credit exposure exists.

Credit risk is managed through a combination of policy frameworks, delegated authorities, independent review mechanisms, portfolio monitoring and remedial management. Core practices include robust credit underwriting standards, concentration limits, collateral governance, and proactive management of early warning triggers.

The management of Credit Risk is governed by a clearly defined framework approved by the Board of Directors, which sets the foundation for prudent credit practices, consistent execution, and regulatory compliance across the organization. This framework includes the Company's Credit Policy, Credit Risk Appetite, and related governance structures.

Credit Risk oversight is conducted through two key management-level committees:

- Credit Committee—Responsible for evaluating credit proposals, approving facilities within delegated limits, and monitoring portfolio quality.
- Asset and Liability Committee (ALCO) – Oversees credit-related exposures from an asset-liability management perspective, ensures alignment with the company's strategic direction and enforce adherence to risk appetite limits.

The credit risk governance structure aims to

- Promote a strong risk culture across all levels of the company
- Ensure consistent and effective execution of credit risk practices.
- Support performance aligned with strategic goals

- Uphold regulatory and prudential standards in all lending activities

Credit Process

The Company's credit process ensures that loans are granted within the customers' financial capacity and that delinquent loans are identified at an early stage and managed proactively. Assessing customers' financial capacity is an element of the credit approval process. The company follows a policy of mitigating Credit

Risk by means of collateralization and/or guarantees. The credit control environment verifies that credit facilities granted are in compliance with credit policies and in position with the Company's Credit Risk Appetite. The following figure defines the credit process of the Company.





Credit Appraisal

Credit Appraisal is the initial part of Credit Origination Process. Customer's credit worthiness, risk factors and physical verification of the collateral are evaluated at this stage.



Credit Approval

Credit Committee is responsible for Credit Approval and the Board is responsible for higher value loans. The approving authority will review the loan to values and marketability of the Collateral as risk mitigating factors.



Credit Disbursement

Once all the security documents are completed by Centralized Operation Department, the Finance Division will release the disbursement.



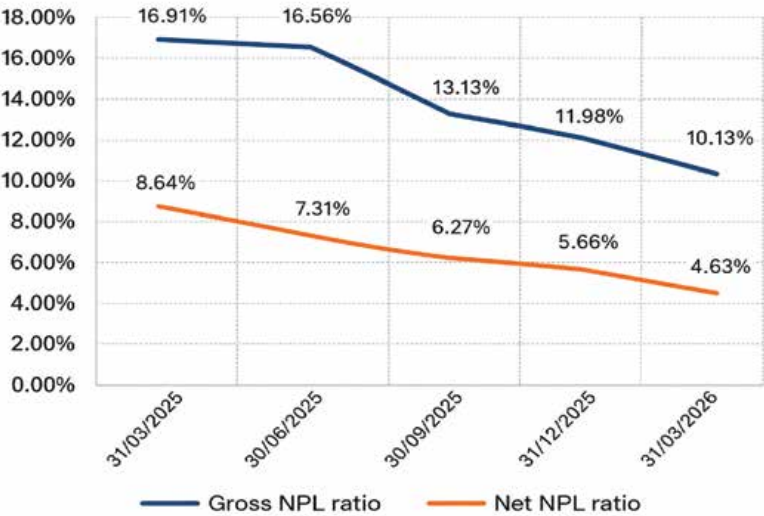
Credit Monitoring & Recovery

This is the final part of the Credit Process and includes continuous portfolio delinquency monitoring as an early warning mechanism. Litigations will be initiated as a last resort.

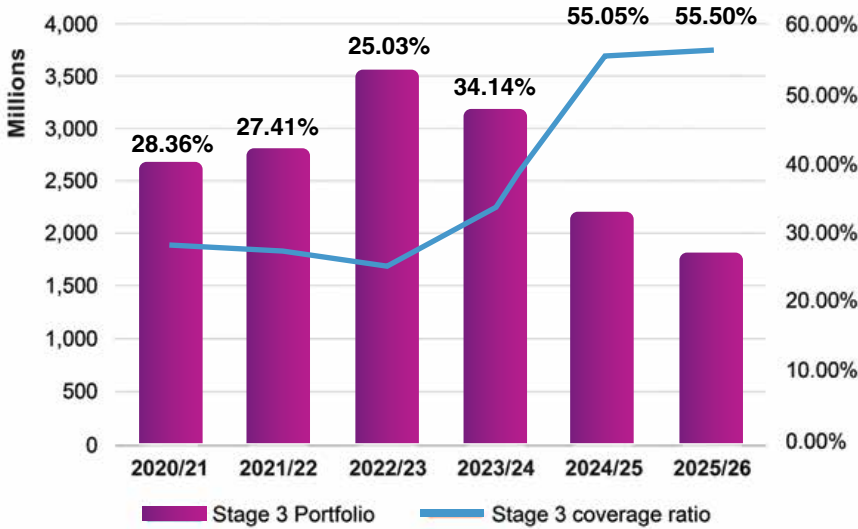
2025 /26 performance and developments

During the financial year 2025/26, the gross NPL ratio improved to 10.13%, marking a notable reduction from the previous year. This positive trend was underpinned by the revival of the national economy, coupled with the Company's credit underwriting standards and strengthened recovery mechanisms. Furthermore , stage 3 coverage ratio has improved 55.50% reflecting prudent impairment recognition.

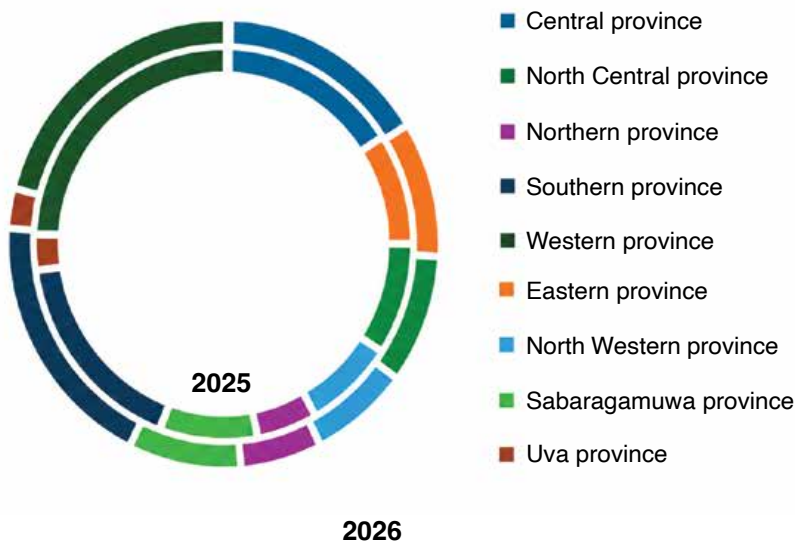
Gross NPLs ratio and
Net NPLs ratio



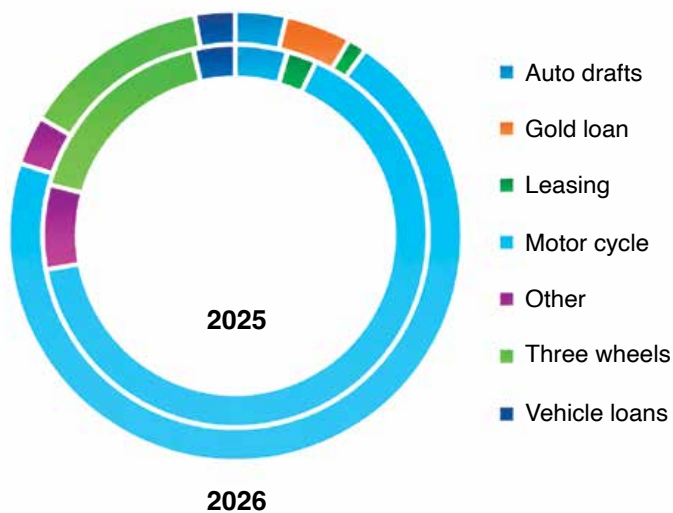
Stage 3 coverage ratio

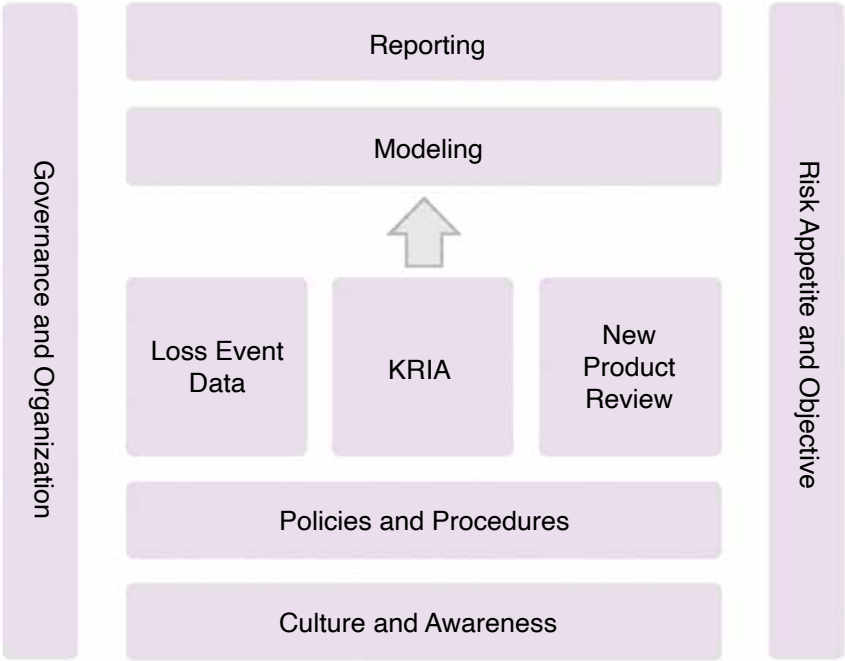
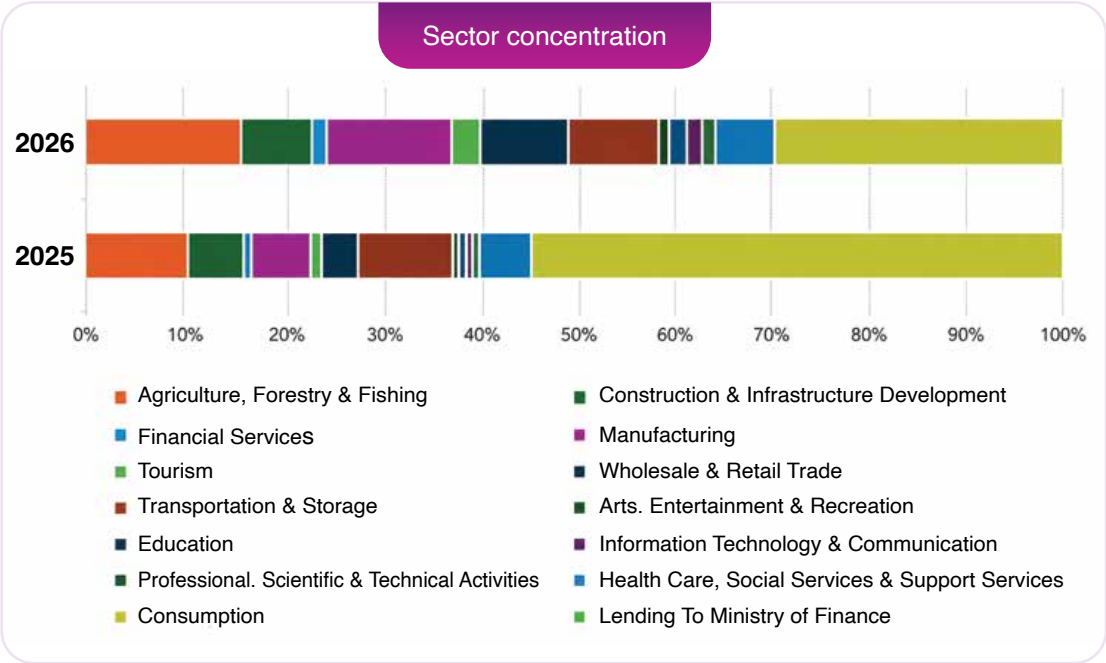


Province wise concentration



Product wise concentration







Liquidity risk

Liquidity risk arises from the Company's potential inability to meet its financial obligations as they fall due, without incurring unacceptable losses or reputational damage. These obligations include deposit withdrawals, loan disbursements, debt repayments, and other operational or investment commitments.

The Company's liquidity risk management framework is designed to always ensure sufficient funding and market access, supporting business continuity even under adverse market conditions. This discipline is fundamental to maintaining stakeholder confidence, managing the cost of funds, and enabling uninterrupted business operations.

Liquidity is actively monitored and managed through the Asset and Liability Committee (ALCO), which plays a pivotal role in assessing liquidity trends and funding adequacy. Key liquidity metrics regularly reviewed include:

- Net Loans to Total Assets Ratio
- Liquid Asset Ratio
- Deposit Renewal Ratio
- Funding Mix and Maturity Profiles
- Funding Concentration Risk

Strategic decisions on asset-liability alignment, funding diversification, and contingency planning are made in line with regulatory guidelines and internal risk appetite thresholds.

Liquidity Stress Testing

Liquidity stress testing is an essential component of the Company's liquidity risk management framework. It is used to assess the Company's ability to withstand unexpected liquidity shocks arising from severe but plausible stress events. These tests simulate adverse conditions to evaluate short term liquidity resilience and determine the adequacy of liquid asset buffers. The Board Integrated Risk Management Committee (BIRMC) reviews the outcomes of these tests to support proactive decision-making and ensure preparation for potential disruptions. During the year, the Company conducted liquidity stress tests based on a range of hypothetical scenarios to evaluate its response capabilities and safeguard financial stability.

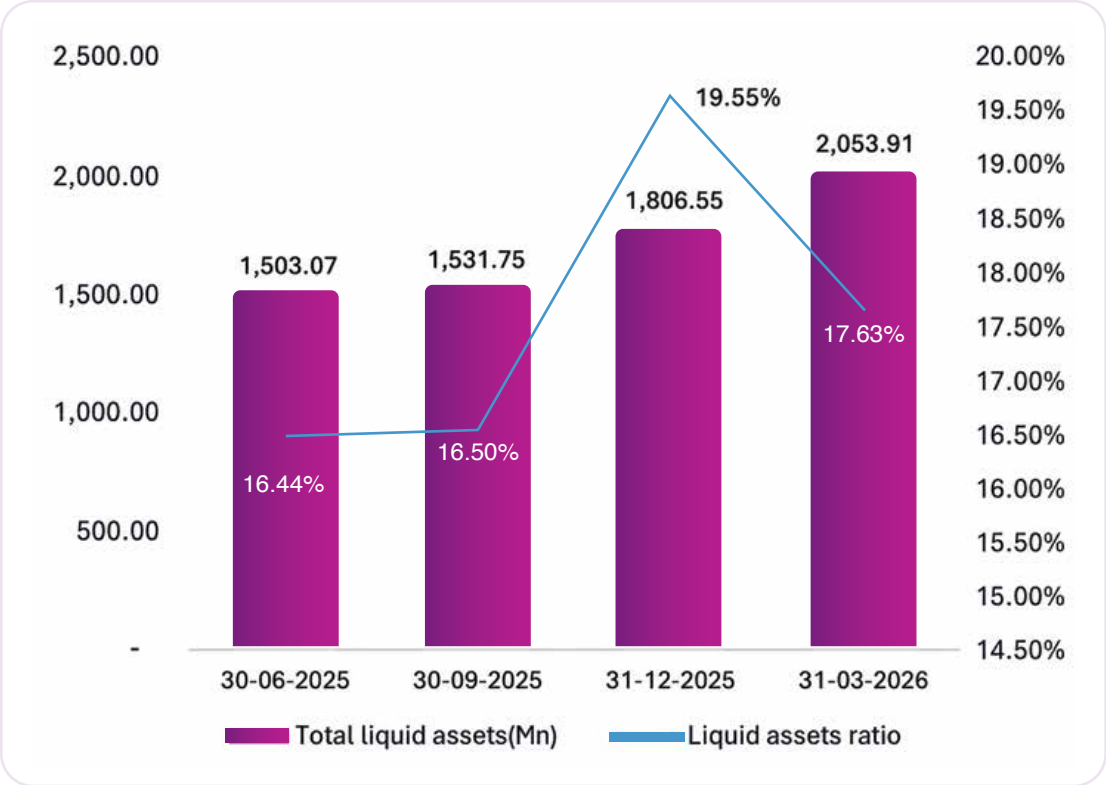


*Rule No. 1 : Never lose money.
Rule No. 2 : Never forget Rule No. 1.*

Warren Buffett

Key liquidity metrics

Liquid assets

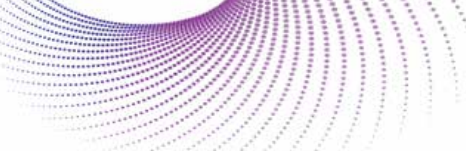


The Liquid Asset Ratio measures the proportion of high-quality liquid assets held to meet short-term obligations. Maintaining a strong ratio ensures the Company's ability to withstand liquidity stress and fulfil regulatory requirements. The ratio is actively monitored to safeguard financial flexibility and depositor confidence.

Liquidity Gap

Liquidity Gap Management is a key component of the Company's liquidity risk framework. The Company continuously monitors mismatches between the maturities of assets and liabilities through a detailed Maturity Gap Statement. The Asset and Liability Committee (ALCO) review this monthly to assess liquidity and solvency exposures, ensuring that funding needs are met across all time buckets and that financial resilience is maintained.





Time band	Less than 7 Days	7-30 Days	1-3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Over Years
Total assets	2,279.84	1,028.06	2,364.67	1,656.40	1,656.40	3,193.26	7,673.31	198.82
Total liabilities	183.29	1,330.21	3,154.58	1,793.77	1,793.77	3,815.20	5,182.85	93.60
Gap	2,096.55	(302.15)	(789.91)	(137.36)	(137.36)	(621.94)	2,490.46	105.22
Cumulative Gap	2,096.55	1,794.40	1,004.49	867.12	867.12	245.19	2,735.65	3,214.05

Market risk

Market risk refers to the potential for losses resulting from fluctuations in market variables, including interest rates, foreign exchange rates and equity prices. For Abans Finance, effectively managing market risk is essential to protect its financial stability and profitability. The Company manages market risk through a structured framework integrating governance, policies, analytical tools and experienced human oversight.

The Company recognizes that market risk can arise primarily from interest rate fluctuations, commodity prices fluctuation and, to a lesser extent, equity price movements. The market risk management framework has been designed to address these specific risk elements. The governance structure includes oversight from the Board of Directors and the BIRMC, with the Treasury Department and ALCO handling operational aspects of market risk monitoring and management.

The Abans PLC ALCO actively manages interest rate risk arising from the loan book by steering the structure and repricing profile of the company's assets and liabilities to support stability in net interest income. Interest rate risk arising from its investment portfolio is managed by actively monitoring yield curve movements and adjusting the portfolio duration and composition.

Given the nature of its business, interest rate risk is a significant component of market risk for Abans Finance. The Company employs repricing gap analysis to identify mismatches between rate sensitive assets and liabilities across

different time bands. The Company also utilizes interest rate sensitivity analysis to understand the potential impact of rate changes on net interest income. This analysis informs strategic decisions on product pricing, loan tenures and funding mix.

Commodity price risk arises due to the Company's exposure to gold loan portfolio which is a critical component of market risk for Abans Finance. Fluctuations in gold prices directly impact the collateral value of gold-backed loans, potentially affecting the loan-to-value ratios and recovery prospects in the case of defaults. Abans Finance PLC employs a comprehensive approach to managing gold price risk.

Stress testing is an integral part of gold price risk management. The Company simulates various gold price decline scenarios to assess potential impacts on collateral coverage and provisioning requirements. The gold loan portfolio is also structured with relatively short tenures, typically ranging from 1 to 12 months, which limits exposure to long term fluctuations in the gold price. This approach enables regular revaluation of collateral and adjustment of loan terms aligned to prevailing market conditions. Given the prominence of gold-backed lending in portfolio of Abans Finance, movements in global gold prices pose a key market risk with credit implications.

The Company actively managed this risk by continuously monitoring price trends and promptly adjusting the maximum advance amounts on gold loans. This ensured that the Board approved safety margins were maintained throughout the year, safeguarding portfolio quality and earnings stability.

Operational Risk

Operational Risk refers to the potential for loss arising from inadequate or failed internal processes, systems, human factors or external events. At Abans Finance PLC, operational risk is primarily driven by technology-related risks, human resource challenges and fraud exposure, and is managed within a structured governance and control framework.

IT Risk

IT risk refers specifically to disruption to the normal course of business either due to failure of hardware and software systems or the lack of adequate IT Infrastructure. Abans Finance PLC continues to pursue an accelerated digital transformation agenda to enhance operational efficiency, elevate customer experience, and reinforce its competitive positioning. While this evolution brings substantial benefits, it also elevates the Company's exposure to information security, cybersecurity, and broader technology risks.

These risks include system availability issues, cyber security threats, change management weaknesses, data security exposures, and reliance on third-party technology providers.

Given the potential for rapid and material impact on customers, operations, and the company's reputation, the company maintains a low tolerance for cyber incidents and critical system disruptions.

All IT incidents are reported to the BIRMC for review, following the completion of a comprehensive risk analysis. This analysis includes root causes assessment and recommendations to prevent recurrence, thereby strengthening overall oversight and control effectiveness, and is monitored through KRIs with a primary focus on cybersecurity risks and the availability of critical systems.

In addition, all new IT initiatives are submitted to the Board technology committee for approval while all the technology initiatives follow a comprehensive system development lifecycle covering the technology risk perspective.

As a digitally enabled financial institution, Abans Finance PLC considers robust technology governance and cybersecurity to be critical pillars of operational resilience.

Cybersecurity Controls and Mitigation

A multi-layered security architecture was maintained to safeguard systems and data:

Infrastructure Security

- Firewalls, intrusion detection systems, and endpoint protection
- Regular system upgrades and patch management

Access and Data Protection

- Role-based access controls and secure authentication mechanisms
- Encryption of customer and financial data (in transit and at rest)
- Data Loss Prevention (DLP) systems to prevent unauthorised access

Monitoring and Response

- Continuous system and network monitoring
- Internal and external threat detection mechanisms
- Real-time data backup and disaster recovery capabilities

Testing and Assurance

- Monthly internal Vulnerability Assessments and Penetration Testing (VAPT)
- Quarterly external VAPT assessments to evaluate external exposure
- Annual cybersecurity audits, supplemented by additional reviews following system upgrades
- Collaboration between internal teams and independent IT auditors to ensure compliance with regulatory requirements

Data Protection and Regulatory Compliance

- Conducted a gap assessment against the Personal Data Protection Act (PDPA) 2022
- Updated policies to align with regulatory requirements and strengthen governance over personal and financial data

- Ensured compliance with guidelines issued by the Central Bank of Sri Lanka

Human Capital and Cyber Awareness

- Monthly cybersecurity training programmes linked to employee KPIs
- Role-based and scenario-driven training on emerging cyber threats
- Continuous awareness initiatives to strengthen organisation-wide security culture

Key Developments During the Year

- Transition from reactive to proactive vulnerability management
- Enhanced real-time monitoring and response capabilities
- Strengthened data protection frameworks in line with PDPA 2022
- Expanded cybersecurity training and organisational awareness

Reputational Risk

Reputational risk refers to the potential for negative public perception, whether accurate or not, to adversely affect the Company's operations, customer base, revenue, or stakeholder confidence. It may arise from concerns related to ethics, service quality, regulatory compliance, or business practices. At Abans Finance PLC, reputational risk is recognized as a critical area of enterprise risk management and is managed through adherence to governance standards, internal controls, and risk management protocols.

All Directors, Officers, and Employees are responsible for protecting the Company's reputation by performing their duties with professionalism, integrity, and accountability in line with established business conduct guidelines. Through ethical behaviour and responsible decision-making, Abans Finance PLC remains committed to maintaining stakeholder trust and its reputation in the financial services sector.

Capital Risk

Capital Management Risk refers to the potential inability to maintain adequate capital levels to support business growth, absorb unexpected losses and meet regulatory requirements.

Effective capital management is crucial for the Company, as it fosters long-term sustainability, promotes regulatory compliance and maintains stakeholder confidence. At Abans Finance, capital management risk is addressed through a structured framework integrating governance, policies, analytical tools and strategic planning.

The governance structure includes direct oversight from the Board of Directors and the BIRMC, with operational responsibilities assigned to the Finance Department and Treasury to ensure that capital management receives appropriate attention at both strategic and operational levels.

The Company maintains sufficient capital buffers above regulatory minimum by conducting regular capital adequacy assessments

Monitoring and Managing Reputation

The Company adopts a proactive and multi-layered approach to monitoring and managing its public image and stakeholder perception:

- **Governance and Regulatory Compliance**

Strict adherence to regulatory requirements issued by the Central Bank of Sri Lanka and compliance with corporate governance codes serve as the first line of defence in maintaining credibility and trust. A strong compliance culture ensures that reputational risks arising from regulatory breaches are effectively mitigated.

- **Transparent Communication**

The Company maintains a high level of transparency through regular disclosures, including annual reports, financial statements, press releases, and stakeholder communications. These practices ensure that stakeholders are consistently informed, thereby reducing information asymmetry and reinforcing confidence.

- **Customer Experience and Service Quality**

Recognising that customer interactions significantly influence public perception, Abans Finance invests in continuous employee training to enhance service quality, responsiveness, and professionalism. Service excellence is viewed as a critical driver of brand equity and reputation.

● **Brand and Market Sentiment Monitoring**

The Company actively monitors customer feedback, complaints, and broader market sentiment to identify emerging reputational risks. This enables timely intervention and continuous improvement in service delivery and stakeholder engagement.

Strategic Risk

Strategic risk refers to the potential adverse impacts on earnings, capital or business viability arising from inadequate strategic decisions, improper implementation of strategic initiatives or failure to respond effectively to changes in the business environment. For Abans Finance, managing strategic risk is crucial to ensure long-term sustainability and maintain a competitive advantage.

Accordingly, strategic risk is managed through a structured framework integrating governance, strategic planning processes, performance monitoring and environmental scanning.

1. Market and Economic Uncertainty

Risk: Changes in economic conditions (inflation, interest rates)

Mitigation Actions:

- Continuous monitoring of market trends and economic indicators
- Diversification of products, services and customer segments
- Strengthening financial forecasting and scenario analysis
- Cost optimization and operational efficiency initiatives

2. Regulatory and Compliance Risk

Risk: Changes in laws, regulations or industry standards

Mitigation Actions:

- Strengthening the regulatory compliance framework
- Regular compliance reviews and internal audits
- Training programmes for employees on regulatory requirements

- Engagement with regulatory authorities and industry bodies

3. Cybersecurity and Technology Risk

Risk: Cyberattacks, data breaches or IT system failures

Mitigation Actions:

- Implementation of cybersecurity controls and monitoring systems
- Regular vulnerability assessments and penetration testing
- Employee awareness training on cybersecurity risks
- Strengthening data protection and backup systems

4. Talent and Human Capital Risk

Risk: Difficulty in attracting and retaining skilled employees

Mitigation Actions:

- Implementation of talent development and retention programmes
- Succession planning for critical roles
- Competitive compensation and benefits structures
- Employee engagement and training initiatives

5. Strategic Execution Risk

Risk: Failure to effectively implement strategic initiatives or projects could delay growth and reduce competitive advantage also.

Mitigation Actions:

- Strengthening project governance and oversight mechanisms
- Establishing clear performance indicators and milestones
- Regular monitoring of strategic initiatives by senior management
- Risk assessments conducted prior to major investments or projects



Compliance Risk

Compliance Risk is the possibility of legal or regulatory sanctions, financial loss, or reputational damage resulting from non-adherence to applicable laws, regulations, and standards. At Abans Finance PLC, compliance is integral to corporate governance and ethical conduct.

As a licensed financial institution, Abans Finance proactively monitors the evolving regulatory landscape and promotes early adoption of new regulatory requirements. The Compliance function operates independently and works closely with business units to assess, advise, and oversee adherence to all applicable laws and internal guidelines. Regular reviews by Internal Audit Department and Compliance Department further reinforce zero tolerance policy for non-compliance and ensure that any emerging issues are addressed promptly.

Governance and Oversight Framework

Compliance oversight is exercised at the highest levels of governance. The Board of Directors retains ultimate responsibility for ensuring regulatory adherence, supported by the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee. These oversight bodies ensure that compliance considerations are integrated into strategic decision-making and operational processes.

The Compliance Department operates as an independent control function with clearly defined authority and reporting lines. Importantly, the Compliance Officer maintains direct reporting access to the Board Audit Committee, ensuring independence, transparency, and accountability in the management of compliance risk.

The compliance framework is further supported by structured engagement with regulators, external auditors, and rating agencies, reinforcing alignment with evolving regulatory expectations and industry best practices.

Regulatory Compliance and Performance

During the financial year under review, Abans Finance PLC maintained full compliance with all applicable regulatory requirements. The Company confirmed adherence to directives issued by the

CBSL and other governing authorities, including prudential regulations, statutory reporting requirements, and corporate governance codes.

Robust monitoring and reporting mechanisms were in place to ensure the timely submission of statutory returns, disclosures, and regulatory filings. These processes were supported by clearly defined internal protocols and escalation procedures, ensuring that any potential deviations were identified and addressed promptly.

Notably, the Company reported no material violations, fines, or regulatory penalties during FY2025/26. This outcome reflects the strength of its compliance culture, the effectiveness of its internal control environment, and its proactive approach to regulatory risk management.

Integration with Risk Management Framework

Compliance risk is managed as an integral component of the Company's broader enterprise risk management framework. It is aligned with the Board-approved Risk Appetite Statement (RAS), ensuring that compliance exposures remain within acceptable thresholds.

Regular ALCO and management committee meetings provide additional oversight, enabling the monitoring of compliance risks alongside other key risk categories. This integrated approach ensures that compliance considerations are embedded within business strategy, operational execution, and risk decision-making processes.

Culture of Compliance and Ethical Conduct

Beyond systems and controls, Abans Finance places strong emphasis on fostering a culture of integrity, transparency, and ethical behaviour. Employees are encouraged to act in accordance with established codes of conduct, with clear accountability mechanisms in place to reinforce responsible behaviour.

The accessibility of senior management and independent oversight functions further strengthens this culture, enabling employees to raise concerns and seek guidance without barriers. This open and transparent environment supports early identification of compliance risks and promotes proactive resolution.

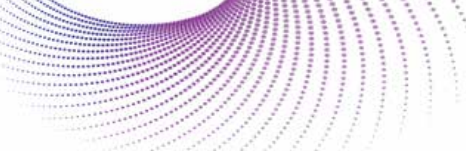
Company Outlook for FY 2026/27

Overall, the Company's risk management approach remained effective throughout the year, enabling the timely identification, assessment and management of strategic, operational, financial and compliance risks. The discipline embedded in regular risk assessments, the monitoring of key risk indicators and structured reporting to senior management and the Board supported informed and proactive decision-making across the organisation. While external pressures stemming from the broader economic environment and challenges related to employee turnover required continued vigilance, the existing framework proved resilient, with no changes required to the risk reporting structure. This consistency reflects the maturity of the Company's risk governance practices and its ability to navigate uncertainty while maintaining stability, compliance and strategic focus.



*Money grows on the tree of
persistence.*

Japanese proverb



Evaluation and Performance (GRI 2-18)

Abans Finance PLC in compliance with the Corporate Governance Direction No. 5 of 2021 and CSE Listing rule 9 Corporate Governance, the Board of Directors conducts an annual evaluation of its performance, the performance of Board Committees, and the contribution of individual Directors. The evaluation is undertaken using a structured questionnaire. The assessment covers the Board's effectiveness in providing strategic oversight, monitoring risk management and internal controls, ensuring regulatory compliance, overseeing sustainability-related matters, and safeguarding stakeholder interests

The Board's performance evaluations are carried out through a structured questionnaire process, with a consolidated summary of the findings presented to the Board for review.

The Company Secretary, together with the Secretary of the Board subcommittees, distributes the self-assessment questionnaire to each Director and collects their individual feedback. The aggregated responses are then submitted to the Board, with further action taken where deemed appropriate.

The performance of the Board of Directors is evaluated annually through an internal self-assessment process in accordance with the Corporate Governance Direction No. 5 of 2021 and CSE Listing Rule 9. The evaluation is not conducted independently by an external party.

External Valuation

Abans Finance PLC is committed to maintaining the highest standards of transparency, accountability, and financial integrity through independent external validation of its financial reporting and governance practices. The Company's external valuation framework includes independent audits, regulatory assessments, credit ratings, and other external reviews that provide assurance to shareholders, investors, regulators, and other stakeholders.

Key elements of the Company's external valuation include:

- **Independent Audit Reports**

The Company's financial statements are audited annually by KPMG, Chartered Accountants, who provide an independent opinion on whether the financial statements present a true and fair view of Abans Finance PLC's financial position and performance in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) and applicable statutory requirements.

- The external audit process includes the evaluation of significant accounting judgments, financial reporting practices, and internal controls relevant to the preparation of financial statements.
- The audit provides assurance on the reliability, accuracy, and credibility of the Company's financial disclosures.
- The Board Audit Committee oversees the independence, objectivity, and effectiveness of the external audit function in accordance with regulatory requirements issued by the Central Bank of Sri Lanka and the Colombo Stock Exchange.

- **Credit Ratings and Risk Assessments**

The Company's financial strength and creditworthiness are further validated through independent assessments by Fitch Ratings Lanka, which has assigned Abans Finance PLC a National Long-Term Rating of A(lka).

- This rating reflects confidence in the Company's financial stability, prudent risk management practices, sound liquidity position, and the strategic support derived from the Abans Group.
- The credit rating provides an independent assessment of the Company's ability to meet its financial obligations and maintain sustainable operations.

● Regulatory and Compliance Reviews

Abans Finance PLC operates within the regulatory framework established by the Central Bank of Sri Lanka and complies with applicable requirements governing licensed finance companies and listed entities.

- Regulatory oversight ensures adherence to laws, governance standards, risk management frameworks, and prudential requirements.
- Continuous compliance monitoring strengthens stakeholder confidence in the Company's governance and operational practices.

These external assessments, together with independent audits, credit evaluations, and regulatory oversight, reinforce Abans Finance PLC's commitment to strong corporate governance, transparent financial reporting, effective risk management, and sustainable long-term value creation. Independent external validation enhances stakeholder confidence

by demonstrating that the Company's financial performance, governance practices, and risk management frameworks are subject to objective review and assessment.

Remuneration Policy (GRI 2-19)

The Company's remuneration framework is designed to attract, motivate, reward, and retain competent and high performing employees while ensuring alignment with the Company's strategic objectives and regulatory requirements. The remuneration policy promotes fairness, transparency, internal equity, and market competitiveness, with an appropriate balance between fixed and performance-based rewards. The Company adopts a performance-driven approach to remuneration, taking into consideration individual contribution, company performance, and long-term sustainability, while fostering an ethical culture and responsible corporate governance.



Wealth is a person's ability to survive a certain number of days forward.

R. Buckminster Fuller



Management discussion & analysis

Human capital (GRI 2-23)

Human capital remains a central pillar of value creation at Abans Finance PLC, underpinning the Company's ability to deliver consistent financial performance, maintain robust governance standards and build enduring stakeholder trust. In FY 2025/26, the organisation's investment in its people, by investing in capability development, engagement and cultural alignment, was instrumental in navigating a complex operating environment while sustaining growth and profitability. The Company's continued focus on strengthening human capital has supported improved service delivery, enhanced operational efficiency and reinforced compliance with regulatory expectations, thereby contributing to long-term sustainability.

Workforce Profile and Talent Acquisition (GRI 2-7, 401-1)

Abans Finance continued to expand and strengthen its workforce during the year in line with business growth and branch network expansion. Recruitment efforts were aligned with strategic priorities, focusing on attracting talent with competencies in digital finance, credit evaluation, risk management, and customer engagement.

Employment Status

At Abans Finance PLC, our people are the foundation of our success. We are committed to attracting, developing, and retaining a highly skilled and dedicated workforce whose expertise, professionalism, and commitment continue to support the Company's sustainable growth and long-term success. We recognize and reward employees for their performance, contributions, and commitment to delivering value to our customers and stakeholders.

By end of the financial year 2025/26, the Company employed 530 employees across 19 branches. (The workforce for the four newly established branches has not been included in this reporting period.) Of the total workforce, 72% were permanent employees, 26% were employed on probation, and 2% were engaged on contract.

We are committed to fostering an inclusive, respectful, and equitable workplace where every employee is valued and provided with opportunities for personal and professional development. Employee well-being remains a key priority, supported through initiatives that promote engagement, continuous learning, and a positive work environment.

By investing in our people and nurturing a culture of collaboration, accountability, and mutual respect, we continue to strengthen employee engagement and retention, ensuring that Abans Finance PLC remains well positioned to achieve its strategic objectives and create sustainable value for all stakeholders.

Type of Employment	Total	As a Percentage
Permanent	382	72
Probationers	140	26
Contract	8	2
Total	530	100

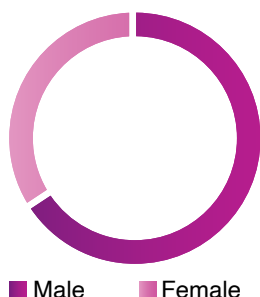
Age & Grade

Abans Finance PLC is committed to fostering a diverse, equitable, and inclusive workplace where all employees are treated with fairness, dignity, and respect, regardless of gender, age, or other personal characteristics. We believe that a diverse workforce strengthens our organizational culture, enhances innovation, and supports sustainable business performance.

As at the end of the financial year 2025/26, our workforce comprised 66% male and 34% female employees, reflecting our ongoing commitment to promoting diversity and equal opportunity across the organization.



Age & Grade 2025/26



At Abans Finance PLC, we recognize that our dedicated and talented employees are the cornerstone of our success. Diversity and inclusion remain integral to our workforce, where we value and respect the unique qualities that each individual brings.

Our human capital spans multiple generations, from experienced professionals to emerging talent, collectively driving the organization forward. As of the close of FY 2025/26, our team comprised 530 employees, with Millennials representing more than half of the workforce and an increasing presence of Gen Z, reflecting a dynamic and evolving talent base.

Despite operating in volatile and challenging market conditions, the passion and commitment of our employees enabled Abans Finance PLC to achieve the highest performance in its history. Their resilience and dedication continue to be the driving force behind our sustained growth and success.

GRI 405-1

Age Group	Male	Female	Total
Below 21 years	4	4	8
21-30 years	150	131	281
31-40 years	138	32	170
41-50 years	43	12	55
Above 51 years	15	1	16
Total	350	180	530

Grade	Male	Female	Total
Senior Management	19	4	23
Middle Management	103	17	120
Executive	222	159	381
Non Executive	6	0	6
Other	0	0	0
Total	350	180	530

Composition of Work Force by Gender & Location

Abans Finance PLC maintains a nationwide presence, extending employment opportunities to individuals across both urban and rural communities. Our unwavering commitment to inclusivity ensures equal opportunities for male and female employees, whose diverse talents and expertise significantly strengthen our branch network. Collectively, our workforce continues to drive the company's sustainable growth and long-term advancement.

Province	Male	Female	Total
Central	55	34	89
Eastern	33	11	44
North Central	27	10	37
North Western	22	6	28
Northern	18	5	23
Sabaragamuwa	22	8	30
Southern	45	17	62
Uva	12	02	14
Western	116	87	203
Total	350	180	530

With the expansion of our business operations to 23 branches across the country, we were able to create greater employment opportunities, including 80 new recruitments during the year under review. These new team members are expected to evolve into dynamic assets who will play a vital role in steering the company's future success.

Although Abans Finance PLC is only two decades old, our employee retention ratio—particularly among staff with over five years of service—has shown improvement compared to the previous financial year. The foundation of this loyalty lies in our commitment to fair and non-discriminatory practices, the provision of growth opportunities, and the cultivation of a positive organizational culture.

We remain confident that our dedicated workforce will continue to stand with us in the years ahead, contributing to the shared success and achievements of the company. In recognition of their commitment, our long-serving employees were honoured at our inaugural awards ceremony, the Circle of Excellence, held in July 2025. This event celebrated their loyalty and value to the organization. Building on this success, we look forward to once again showcasing the accomplishments of both Abans Finance and its employees in the coming year.

Workers who are not Employees (GR1 2-8)

Abans Finance categorize workers from security services and janitorial services and other ancillary operations as workers who are not Employees. AFPLC has outsourced the janitorial services from Abans Environmental Services Pvt Ltd (An Affiliate company of Abans PLC). At AFPLC 02 security staff & 11 Janitorial Staff were reported during the year under review.

GRI 401-1

Total Participated Hours	13,983
Total Staff during FY 2025/26	195
Total Staff for FY 2025/26 end	530
Average Training Hours Per Actual EMP	21.6
Average Training Hours per Female	14
Average Training Hours per Male	23.5
Average Training Hours per Executive	13
Average Training Hours per Non-Executive	1.5
Average Cost Per EMP	24,753
Average Training Cost Per Hour (Rs.)	1,095
Average Training Cost Per Actual EMP (Rs.)	24,753

Capability Development and Skills Enhancement (GRI 404-1)

Recognising that capability development is fundamental to sustaining competitive advantage, the Company continued to invest in structured training and development initiatives throughout FY 2025/26.

Training Hours	13,983
Staff Recruited	195
Gender Ratios	Male - 350 (66%)
	Female - 180 (34%)

Training Program List -FY 2025-26 (GRI 205-2 404-2)

Programme	Subject Area	Actual Cost Rs.
1. New You By You	Marketing	207,000
2. Personal Data Protection Act	Compliance	60,000
3. Legal Debt Recovery	Recoveries	61,600
4. AML CFT Compliance Programme for Financial Institutions	Compliance	56,000
5. Internal Controls and Auditing for Financial Institutions	Compliance	112,000
6. Practical Aspects of Different Areas of Law	Legal	4,000
7. Compliance Symposium 2025	Compliance	84,000
8. MS Excel - Intermediary Course	Technical Skills	81,000
9. Webinar on Cyber Security & Data Privacy in Law	Information Security	-
10. Operational Excellence - Galle Region	Operations	180,602.00
11. Operational Excellence - Colombo Region	Operations	477,000.00
12. Operational Excellence - Trincomalee Region	Operations	218,461.46
13. Operational Excellence - Dambulla Region	Operations	373,220.00
14. Coaching Program	Soft Skills	18,282.00
15. Coaching Program	Soft Skills	17,050.00
16. New Legal Module	Legal	-
17. Branch Manager's Meeting	Strategy	741,825.00
18. Specimen Documents	Operations	-
19. FDs & Investment for Back Officers	FD	22,190.00
20. Training Program on Cashiering	Cashiering	253,750
21. Training Program on Gold Loan	Gold Loan	145,300
22. CBSL Guidelines on Changes to LTV	Marketing & Operations	-
23. CBSL Guidelines on Changes to LTV	Marketing & Operations	775,200
24. Reverse IRR calculator	Operations	-
25. Pre Legal Case Analysis	Legal	-
26. New System Development	ICT	-
27. Managing Financial Crime Risks	Compliance	-
28. Expert in Advanced Excel 2019 / M365	Technical Skills	210,000
29. Mastering AI	ICT	14,000
30. PDP Act	Information Security	104,000
31. Credit Management Diploma	Credit	2,886,500
32. Two-Day Programme on Pawning and Gold Loans	Gold Loan	162,000
33. Essential Labour Laws and Their Recent Changes with Latest Judgments	HR	14,000
34. Compliance for NBFIs	Compliance	18,000
35. Estimate income tax liability for the year 2025/2026	Finance	37,500
36. Machine Learning and Data Mining	ICT	18,000
37. Symposium on Higher Purchase and Leasing	Legal	27,000

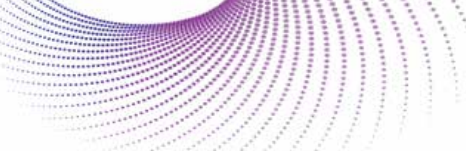


Programme	Subject Area	Actual Cost Rs.
38. Arbitration & Mediation Hybrid Conference	Legal	40,000.00
39. Professional Certificate in AI	ICT	45,000.00
40. Customer Protection Framework	Compliance	24,000.00
41. Recent Development in Labour Law	HR	19,000.00
42. Certificate Course in Future - Ready AI Skills	ICT	54,000.00
43. Managing NPL	Recoveries	447,300.00
44. External Sector Statistics	Technical Skills	32,000.00
45. Related Party Transactions	Compliance	8,000.00
46. Operations of Treasury Back Office	Operations	48,000.00
47. Awareness Program on Laws and Directions issued by CBSL for Licensed Finance Companies	Compliance	-
48. 46 th National Conference 2025	Finance	38,000
49. ISACA SL Conference 2025	ICT	27,000
50. Leading Self - CBSL	Soft Skills	63,000
51. Mastering Climate Finance Excellence	Sustainability	4,000
52. Training Programme Customer Service	Soft Skills	49,500
53. Workshop on AI for Business Leaders	ICT	25,000
54. Regulatory Framework - CBSL	Compliance	16,000
55. Integrated Risk Management	Risk	192,000
56. National Law Conference	Legal	47,500
57. Best Management Practices Company Awards 2026	Technical Skills	25,000
58. Microsoft Power BI	ICT	25,000
59. Social Bonds	Finance	9,000
60. Role of Strategic Reward Management	HR	58,000
61. Visit of Indian Delegation on AML/CFT Technical Assistance	Compliance	-
62. Mastering the Art of Internal Audit Excellence	Compliance	4,000
63. EFT & Sustainable Finance Roadmap and Green Finance Taxonomy	Sustainability	16,000
64. Novel Practices in Fraud Mitigation	Finance	64,000
65. Navigating the Government Budget	Strategy	6,500
66. Compliance Responsibility in FinNet Verification	Compliance	-
67. Annual High-level Awareness Conference for Board of Directors	Compliance	-
68. Next-Gen Banking and Payments	Finance	48,000.00
69. AML CFT Compliance	Compliance	16,000
70. Three Topics Value Creation Seminar	Legal	17,600
71. Advance Diploma in Credit Management	Credit	62,000
72. Taxation & Directors' liability	Finance	8,500
73. Climate Risk Management	Sustainability	15,000
74. KPI Mastery 2026	HR	25,000
75. Training Program on Corporate Etiquette	Soft Skills	344,000

Programme	Subject Area	Actual Cost Rs.
76. Outbound Training - KCC	Soft Skills	514,444
77. BM Meeting - October 2025	Strategy	1,147,725
78. Training Programme on NIC verification	Operations	-
79. Training on Credit and Documentation	Operations	-
80. Training on RMV Documentation	Operations	-
81. Strategic Meeting - 12th November 2025	Strategy	281,600
82. Program on Excel (Physical)	Technical Skills	250,495
83. Session on New Agreement Document Implementation	Operations	-
84. Mobile Loan Specimen Discussion	Operations -	
85. Purpose Discussion	Strategy	161,000
86. Regulatory Framework for Directors	Compliance	88,000
87. Training Program on Improving Business Writing Skills and Perfecting Email Communication	Soft Skills	466,300
88. Branch Manager's Meeting - February 2026	Strategy	472,950
89. Operational Risk Management and FBA Direction No 04 of 2024	Compliance	-
90. Business Masterclass with Professor Boris Groysberg	Technical Skills	2,100,000
91. How to lead Gen Z	HR	31,800
92. Awareness Programme on the Secured Transactions Act and the Secured Transactions Registry	Compliance	-
93. Special Programme on "Corporate Etiquette Essentials for Professionals	Soft Skills	192,000
94. AWS Cloud Foundation Online Program	ICT	75,000
95. Mastering Financial Statement Analysis	Finance	168,000
96. Two day workshop on pawn broking	Gold Loan	52,000
97. Rewards in Focus: NBFIs	HR	-
Total Cost for FY 25/26		15,303,695

Key areas of focus included:

- Digital Finance Competencies: Enhancing employee capability to operate within increasingly technology-driven financial ecosystems
- Credit and Risk Management: Strengthening analytical and decision-making capabilities in lending and portfolio monitoring
- Regulatory Compliance: Ensuring alignment with evolving Central Bank regulations and governance expectations
- Customer Service Excellence: Improving service quality, responsiveness, and customer engagement



Employee Training (GRI 2-24)

Training during the year covered a broad and well-rounded spectrum of subject areas, reflecting the Company's focus on strengthening both technical capability and organisational effectiveness. Some other areas included core functional training in operations, finance, credit, recoveries, gold loan services, cashiering and fixed deposits, alongside strong emphasis on compliance, legal, and risk management to reinforce regulatory adherence.

Digital and technical competencies were enhanced through ICT, information security and technical skills training, supporting ongoing digital transformation. Employees were equipped with soft skills, HR-related knowledge and strategic thinking capabilities to improve leadership, communication, and decision-making. Additional focus areas such as marketing, sustainability and integrated operational functions highlight the Company's commitment to developing a balanced, future-ready workforce aligned with evolving business and regulatory demands.

Employees were also encouraged to pursue professional qualifications and certifications, particularly in areas such as credit analysis, risk management, and financial services, enabling continuous professional growth and strengthening institutional expertise.

Employee Engagement and Culture (GRI 2-29)

Abans Finance fosters a workplace culture grounded in collaboration, transparency and accountability, ensuring alignment between individual performance and organisational objectives.

Key engagement mechanisms include:

- Structured performance management systems, including regular appraisals and feedback sessions
- Open communication channels, enabling employees to engage with management and contribute ideas
- Alignment with corporate goals, supported through clearly defined KPIs and performance expectations

This approach has helped cultivate a high-performance culture, where employees are empowered to take ownership of outcomes while contributing to continuous improvement and innovation.

Employee Well-being, Retention and Rewards (GRI 401-2, 403-6)

The Company recognises that employee well-being and retention are critical to sustaining operational stability and service excellence.

Key Initiatives:

- Competitive remuneration structures, aligned with industry benchmarks
- Performance-linked incentive schemes, rewarding individual and team contributions
- Work-life balance initiatives, including supportive workplace policies and flexible arrangements

Wellness and engagement programmes, aimed at enhancing employee morale and productivity

These initiatives have contributed to improved employee satisfaction, reduced turnover and continuity in service delivery. By maintaining a supportive and inclusive work environment, Abans Finance has been able to retain talent in a highly competitive financial services landscape.

Diversity, Equity and Inclusion (GRI 405-1)

The Company remains committed to fostering a diverse and inclusive workplace, recognising that diversity enhances innovation, decision-making, and organisational resilience.

Key practices include equal opportunity employment, based on merit, qualifications and performance; gender diversity promotion, ensuring balanced representation across roles; non-discrimination policies, covering all aspects of employment; and inclusive workplace culture, where all employees are respected and valued. These measures support the creation of a workplace that encourages diverse perspectives while maintaining fairness and equity across all levels of the organisation.

Human Capital and Governance (GRI 2-9, 2-12)

Strong governance of human capital is ensured through oversight by the Human Resource and Remuneration Committee, which is responsible for:

- Reviewing and approving HR policies and practices
- Ensuring fairness and transparency in remuneration structures
- Aligning human capital strategy with corporate objectives

Supporting leadership development and succession planning

Succession planning remains a key priority, ensuring leadership continuity and organisational resilience in the face of future challenges.

Human Capital as a Strategic Enabler

Human capital continues to play a critical role in driving the Company's strategic priorities. Employees are central to maintaining customer trust, through high-quality service and ethical conduct; enhancing productivity, through improved skills and operational efficiency; driving innovation, particularly in product development and customer solutions; and strengthening governance, through adherence to risk and compliance frameworks. The Company's focus on digital literacy and adaptability ensures that its workforce is well-positioned to respond to evolving technological and regulatory landscapes.

Performance Management System at Abans Finance PLC

KPI METHODOLOGY (GRI 2-20)

Abans Finance PLC adopts the Balanced Scorecard (BSC) approach to evaluate employee performance. This method enables the organization to assess performance from multiple perspectives, ensuring a balanced and comprehensive evaluation. The following key perspective will be used to evaluate the performance under BSC method.

- Financial Perspective
- Customer Perspective

- Internal systems and processors
- Learning & Growth

KPI Framework and Probation Evaluation

The Human Resources Department aims to foster a high-performance culture by establishing Key Performance Indicators (KPIs) for all employees.

At the time of recruitment, each employee is provided with:

- A detailed job description
- Clearly defined KPIs aligned with their role

These KPIs are reviewed at two key stages during the probation period:

- Mid-probation review (after six months)
- End of probation evaluation

If an employee is found to be underperforming at the six-month review, appropriate corrective actions are taken. These may include training and development programs and other performance improvement initiatives to help the employee meet the required standards.

Ongoing Performance Evaluation

In addition to probation assessments, formal performance evaluations are conducted twice during each financial year:

- Mid-year performance evaluation
- Year-end performance evaluation

This ensures continuous monitoring and provides employees with regular feedback on their performance.

To calculate the final rating of staff performance evaluation, the individual, departmental and company rating (applicable for managers and above grade) will be considered.

Further, Bonuses, salary increments, and selected employee benefits are directly tied to employees' performance levels.



Rewards & Recognition

We highly value the opportunity to recognize and reward the exceptional contributions of our employees. Our comprehensive rewards and recognition programs are designed to celebrate excellence while fostering a culture of appreciation, respect, and continuous improvement throughout the organization. These initiatives contribute to enhanced productivity, increased job satisfaction, reduced employee turnover, and a stronger sense of belonging, commitment, and loyalty among our workforce. By acknowledging outstanding performance and dedication, we motivate our employees to consistently exceed expectations, embrace innovation, and contribute meaningfully to the sustainable growth and long-term success of the organization. We firmly believe that recognizing individual and team achievements strengthens employee engagement, promotes collaboration, and reinforces our commitment to creating a positive and rewarding workplace where every employee feels valued and empowered.

Following a comprehensive review of our employee benefits framework, we identified the key advantages of being a valued employee at Abans Finance PLC. These benefits reflect our commitment to employee well-being, professional development, and financial security, and can be summarized as follows:

- Salary increments
 - Performance based incentives
 - Bonus (based on company profitability)
 - Staff loans at concessionary rates
 - Medical insurance
 - Study leave
-



*You must always overcome
your comfort zone.*

Sunday Adelaja

Award Winning Moments

Year of Excellence

CPM Awards

Abans Finance PLC was honoured with the Best Management Practices Company Award – First Runner-up in the Finance and Leasing (Private Sector) category at the Best Management Practices Company Awards, organized by the Chartered Professional Managers (CPM) Sri Lanka. This prestigious recognition reflects the Company's unwavering commitment to excellence in corporate governance, disciplined execution, and the adoption of best-in-class management practices.

The award acknowledges Abans Finance PLC's dedication to fostering a culture of accountability, transparency, ethical leadership, and operational excellence across all levels of the organization. By embedding sound governance principles into its strategic and day-to-day operations, the Company continues to strengthen stakeholder confidence while delivering sustainable value to customers, employees, shareholders, and the wider community.





This achievement stands as a testament to the collective efforts of our Board of Directors, management team, and employees, whose professionalism and commitment have enabled Abans Finance PLC to maintain high standards of integrity, resilience, and performance in an increasingly dynamic and competitive financial services landscape.

Circle of Excellence Awards (GRI 403-1)

For the first time in the history of Abans Finance PLC, we proudly celebrated the remarkable achievements, collective success, and outstanding performance of our organization during the 2024/25 financial year through the Circle of Excellence Awards. This milestone event recognized the unwavering commitment, exceptional dedication, and valuable contributions of our employees, whose efforts have been instrumental in driving the company's success.

The awards ceremony honoured our bold leaders, high-performing professionals, and unsung heroes whose passion, resilience, and commitment have fostered a culture of excellence while reinforcing the values and vision of Abans Finance PLC.

A total of 59 awards were presented across various performance and contribution categories,

recognizing excellence in business operations, support functions, and outstanding branch performance. The event celebrated achievements across all levels of the organization, highlighting the importance of teamwork, innovation, customer-centricity, and operational excellence in shaping the future of Abans Finance.

A special highlight of the evening was the enthusiastic participation of our employees, who showcased their talents through hosting, singing, dancing, and organizing the event. Their creativity and teamwork added a unique spirit to the celebration and reflected the vibrant culture within our organization.

More than an awards ceremony, the Circle of Excellence Awards served as a platform to celebrate success, inspire future achievements, and reaffirm our commitment to recognizing talent while fostering a high-performance culture for sustainable growth.





Risks and Challenges (GRI 2-23)

While human capital continues to be a defining strength of the organisation, several structural and industry-wide challenges remain evident. Talent retention within Sri Lanka's non-bank financial services sector remains highly competitive, with increasing demand for skilled professionals across credit, risk, and digital domains. At the same time, broader economic pressures have the potential to influence employee expectations and morale, necessitating a balanced and responsive approach to engagement. At the same time, the pace of digital transformation continues to accelerate, requiring sustained investment in upskilling and capability development to ensure workforce readiness.

In response, the Company is taking deliberate steps to reinforce employee engagement, expand learning and development initiatives and sustain a compelling employee value proposition.

These efforts are aimed at retaining critical talent, strengthening organisational capability, and ensuring that the workforce remains agile and aligned with the Company's long-term strategic direction.

Future Outlook

Looking ahead, Abans Finance will continue to deepen its investment in human capital, recognising its central role in sustaining growth and resilience. The focus will remain on expanding digital and analytical capabilities across the workforce; strengthening leadership pipelines through structured succession planning; and enhancing employee engagement and retention strategies; and embedding a culture of continuous learning and innovation. The Company aims to build a future-ready workforce capable of navigating industry transformation while delivering sustainable value to stakeholders.



It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong.

George Soros

Natural Capital

Abans Finance PLC continued to strengthen operational sustainability practices during FY2025/26 through targeted initiatives focused on resource efficiency, operational digitisation, energy optimisation and environmentally responsible operational management. As a financial services institution, the Company's direct environmental footprint remains comparatively limited. Nevertheless, the Company recognises the importance of progressively reducing operational resource consumption while improving efficiency across branches and Head Office functions.

The Company's natural capital priorities during the year were primarily centred on operational digitisation and automation; reduction of paper usage; energy efficiency improvements; responsible electronic waste management; exploration of sustainable financing opportunities; and operational Digitisation and Paper Reduction.

During the year under review, the Company accelerated several operational digitisation initiatives aimed at improving efficiency while reducing reliance on physical documentation and manual processes. Some key initiatives implemented:

- Expanded utilisation of the Work Hub operational platform
- Increased adoption of CEFT and digital transaction processing
- Reduction of cheque printing and manual payment processing
- Greater use of digital workflows and internal reporting systems
- Improved electronic communication and document management processes

These initiatives contributed towards reducing operational paper consumption while simultaneously improving turnaround times, process reliability and workflow efficiency.

Energy Efficiency Initiatives

The Company continued implementing operational measures to optimise energy usage across business locations. Some key highlights:

- Continued utilisation of solar panel systems to support reductions in electricity consumption
- Greater operational efficiency through digitalisation and workflow automation
- Monitoring of electricity consumption across operational locations
- Electricity consumption during the year amounted to 133,241.9 kWh.

The Company will continue evaluating opportunities to strengthen energy efficiency and improve operational sustainability across its branch network.

E-Waste Management

As digitalisation and technology adoption continue to expand across operations, the Company continued supporting responsible electronic waste management practices during the year. Electronic waste generated through operational activities was managed through the wider Abans Group collaboration with Neptune Recycles Pvt Ltd, where electronic equipment is dismantled, segregated and processed for recycling and recovery purposes. The process also includes secure destruction of confidential information where required, supporting both environmental responsibility and information security objectives.

Sustainable Finance Initiatives

During FY2025/26, the Company continued evaluating opportunities within sustainable and environmentally responsible financing segments. Discussions relating to renewable energy financing and electric mobility financing continued during the year as part of the Company's broader sustainability and ESG alignment efforts.

The Company also continued aligning operational and governance practices with the Sustainable Finance Roadmap introduced by the Central Bank of Sri Lanka. These initiatives reflect the Company's growing focus on supporting environmentally responsible economic activity while strengthening ESG integration across operations.



Environmental Awareness and Engagement

The Company continued promoting environmental awareness through operational sustainability discussions, internal engagement initiatives and broader sustainability-related activities. Employees continued supporting operational efficiency initiatives, digitisation efforts and responsible resource utilisation practices across branches and operational departments.

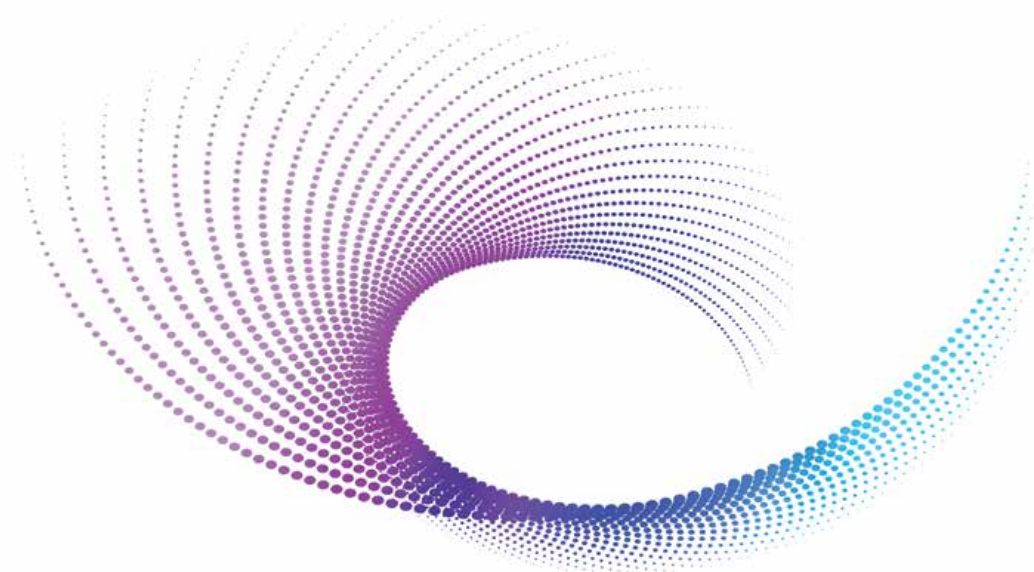
Future Priorities

Looking ahead, Abans Finance PLC intends to continue strengthening natural capital management initiatives through further operational digitisation and workflow automation; paper reduction initiatives; improved resource efficiency measures; continued support for sustainable finance opportunities; and strengthening environmentally responsible operational practices.



*Courage taught me no matter
how bad a crisis gets
any sound investment will
eventually pay off.*

Carlos Slim Helú



Social and relationship capital (GRI 2-23)

Building Trust-Centred Relationships (GRI 413, GRI 203, GRI 417, GRI 418)

Abans Finance PLC continues to position itself as a socially responsible financial institution, recognising that long-term value creation is intrinsically linked to the strength of its relationships with customers, regulators, communities and business partners. This Capital is therefore cultivated through ethical conduct, responsible financial intermediation, and sustained stakeholder engagement.

At the core of this approach lies a firm commitment to ethical lending practices, financial inclusion and transparency in all interactions. By maintaining high standards of governance and adhering to regulatory frameworks set by the Central Bank of Sri Lanka, the Company reinforces public confidence while safeguarding stakeholder interests. These practices not only strengthen reputation but also enhance resilience in an increasingly complex financial services environment.

Customer Trust and Market Confidence (GRI 417, GRI 418)

Customer trust remains a fundamental pillar underpinning the Company's growth trajectory. Through transparent communication, fair lending practices, and customer-centric service delivery, Abans Finance has strengthened its brand equity and deepened relationships across its customer base.

This trust has translated into tangible outcomes, including the expansion of both deposit mobilisation and lending portfolios. The Company's emphasis on responsible financing, clear product disclosures and efficient service delivery has enhanced customer loyalty while attracting new segments. Furthermore, adherence to data privacy and customer protection principles ensures that stakeholder confidence is preserved in an increasingly digitalised environment.

Collectively, these efforts have contributed to sustained market confidence, enabling the Company to attract new investors, retain existing stakeholders, and maintain stability in its equity base.

Strengthening Stakeholder Ecosystems (GRI 413, GRI 203)

Abans Finance continues to maintain strong and collaborative relationships with a broad spectrum of stakeholders, including regulators, shareholders, business partners, and local communities. These relationships are built on transparency, accountability and continuous engagement.

Close coordination with regulatory authorities ensures full compliance and alignment with evolving financial sector policies. At the same time, partnerships within the broader Abans Group ecosystem and with external stakeholders have enabled the Company to enhance operational efficiency, expand market reach, and strengthen its financing capabilities. These interconnected relationships have played a critical role in enabling the Company to navigate external shocks, maintain operational continuity, and deliver consistent value to stakeholders.

Community Engagement and Social Impact (GRI 413)

The Company's approach to social capital extends beyond financial services to encompass meaningful community engagement and development initiatives. Abans Finance actively invests in programmes that contribute to education, environmental sustainability, and community well-being. Key focus areas include:

- Community development: Supporting schools, vocational training centres, and youth empowerment programmes to enhance skills and livelihoods.

**Story Behind-Distribution of
School supplies to students of
'Medamahanuwara
Secondary School'
who were affected by 'Ditwah' in
Late of 2025**



- **Environmental Responsibility:** Promoting sustainability through tree planting campaigns, energy conservation awareness, and encouraging environmentally responsible practices among stakeholders.

These initiatives reflect the Company's broader commitment to inclusive growth and social progress, ensuring that its operations generate positive and lasting societal impact.

Employee-Led Social Engagement (GRI 413)

A distinctive feature of Abans Finance's social capital framework is the active participation of its employees in community initiatives. Employee volunteering programmes foster a culture of shared responsibility and strengthen the

organisation's connection with the communities it serves.

Staff engagement in CSR projects not only amplifies the reach and effectiveness of these initiatives but also reinforces internal values centred on empathy, collaboration, and social contribution. This alignment between organisational purpose and employee action enhances both internal cohesion and external impact.

Customer and Community Engagement Platforms (GRI 203, GRI 413)

The Company also leverages structured engagement platforms to deepen relationships with customers and communities. These include financial awareness seminars, product engagement forums, and community outreach events designed to improve accessibility and understanding of financial services.

Abans Finance PLC's Social Media Engagement also plays a pivotal role to strengthen customer & Community Relationships.



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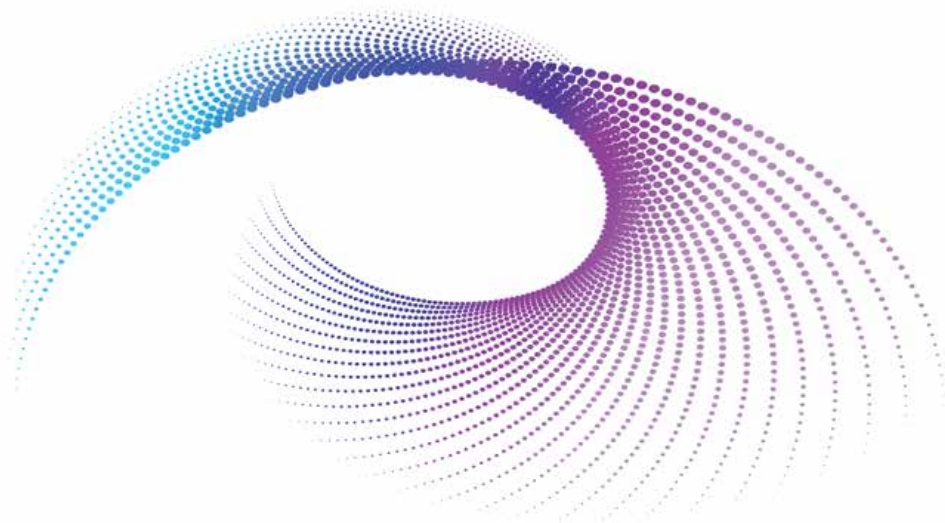
In addition, participation in national and cultural events enables the Company to remain closely aligned with Sri Lanka's social fabric, fostering goodwill and strengthening its presence across diverse communities. Strategic partnerships with NGOs and government bodies further amplify the scale and effectiveness of these initiatives, enabling broader outreach and impact.

Strategic Importance of Social Capital

Social and Relationship Capital plays a pivotal role in shaping the Company's long-term sustainability and competitive positioning. By investing in trust-based relationships, Abans Finance enhances brand loyalty, strengthens stakeholder confidence, and reinforces its reputation as a responsible financial institution. These efforts also support business resilience by ensuring continued stakeholder support during periods of economic uncertainty. Moreover, community engagement and CSR initiatives provide platforms to promote inclusivity, sustainability and ethical financial practices, aligning business objectives with broader societal goals.

Future Outlook

Looking ahead, Abans Finance remains committed to further strengthening its social capital by deepening stakeholder engagement, expanding financial literacy initiatives and enhancing community-focused programmes. The Company will continue to align its social investments with national development priorities, ensuring that its growth trajectory remains inclusive, responsible and sustainable.



Intellectual capital (GRI 2-23)

Abans Finance PLC recognises intellectual capital as a critical enabler of sustainable value creation, innovation and long-term competitiveness. During the year under review, the Company continued to strengthen its intellectual capital through investments in product development, digital transformation, brand positioning, institutional knowledge systems and strategic partnerships.

Product Development and Innovation

During the period, Abans Finance introduced several new financial products and service enhancements designed to respond to evolving customer expectations, macroeconomic realities and sectoral opportunities:

- Strengthening digital lending capabilities through enhanced online loan application systems, enabling customers to apply for financing (particularly mobile phones purchases) with faster approval timelines.
- Leasing portfolio was broadened to include increased focus on electric and hybrid vehicles, reflecting both the growing demand for sustainable transport solutions and the organisation's commitment to aligning its product strategy with emerging ESG priorities.
- New fixed deposit schemes offering competitive interest rates were rolled out to attract retail investors and strengthen liquidity resilience.



Product Launch - Savings Investment Plan





These product innovations were underpinned by structured market research. Customer surveys and feedback mechanisms helped identify pain points in loan processing and highlighted demand for more seamless digital access. Competitor benchmarking ensured that product features and pricing remained competitive within the non-bank financial institution landscape. Economic and sector analysis (including insights into SME growth trajectories and consumer interest in eco-friendly mobility) informed portfolio diversification decisions. These initiatives were further subjected to regulatory and risk assessments to ensure alignment with Central Bank requirements and prudent risk management standards.

Service Innovation and Customer Experience Enhancement

Abans Finance upgraded its mobile application to enable real-time account monitoring, loan repayment tracking and deposit management, thereby strengthening customer empowerment and convenience. Customer support capabilities were enhanced through the introduction of AI-enabled chat support alongside improvements to call centre operations, enabling faster query resolution and extended service availability. In addition, selected branches were modernised and relocated to improve accessibility and customer flow, while the introduction of digital statements and SMS/email transaction notifications enhanced transparency and reduced reliance on physical documentation.

Brand Equity

Abans Finance PLC's brand equity is built on a strong foundation of trust, resilience, innovation, and lasting customer relationships, reinforced by the Abans Group's longstanding legacy of excellence. Guided by these values, the company continues to strengthen its market presence through strategic brand-building initiatives, customer-focused engagement, and consistent delivery of high-quality financial solutions. By maintaining the highest standards of service excellence, corporate governance, and social responsibility, Abans Finance has further enhanced its reputation as a trusted and progressive financial institution, creating sustainable long-term value for all stakeholders.

During the financial year 2025/26, the company made significant progress in strengthening its brand presence through a combination of branch expansion, targeted marketing initiatives, and enhanced customer engagement. As part of its strategic growth agenda, new branches were successfully opened in Ambalangoda, Moratuwa, Horana, and Kiribathgoda, extending the company's geographical footprint and improving accessibility to its comprehensive portfolio of financial solutions.

Marketing efforts throughout the year were strategically designed to enhance both corporate brand awareness and product visibility. Recognizing the growing importance of digital engagement, Abans Finance placed



a strong emphasis on social media marketing, leveraging creative and targeted campaigns to connect with wider audiences and generate meaningful customer interactions. These digital initiatives were complemented by large-scale mega promotional campaigns and branch-level marketing activities tailored to local communities, enabling the company to build stronger relationships while supporting business growth across its branch network.

To further strengthen market visibility, the company implemented an integrated marketing communication strategy encompassing newspaper advertising, outdoor billboard campaigns, street name board branding, and other high-impact promotional platforms. These initiatives significantly enhanced brand recall and reinforced the company's presence in key markets across Sri Lanka.

The Company's marketing strategy continued to balance corporate brand building with product-focused promotions across its key offerings, including fixed deposits, savings, leasing, gold loans, and lending solutions. Through consistent messaging, customer-centric campaigns, and an expanding physical presence, Abans Finance successfully strengthened customer confidence, increased market awareness, and reinforced its position as a trusted financial partner committed to delivering accessible, innovative, and reliable financial solutions.

Technology Platforms and Digital Capability Development

Investments in technology and digital solutions were undertaken to enhance operational resilience and scalability.

Mobile and online platforms were further enhanced to enable seamless access to loans, deposits and account services. Automated loan processing systems incorporating AI-driven credit scoring and document verification reduced manual intervention and improved decision accuracy.

Cybersecurity frameworks were strengthened through multi-factor authentication protocols and advanced fraud detection systems to safeguard customer data and proprietary digital assets. The migration of selected operational processes to cloud-based platforms improved scalability and reduced system downtime.

Some measurable efficiency gains were reduction in loan approval turnaround times, decline in operational costs through reduced reliance on manual workflows and strengthening of risk management capabilities through more accurate borrower assessments. Improved system uptime and transaction accuracy further enhanced service reliability and customer confidence.

Digital transformation also enabled the Company to provide 24/7 customer access to financial services, offer personalised product recommendations through data analytics, and advance sustainability objectives through paperless operations. Integration with ecosystem partners, including automotive dealers and fintech service providers, supported the expansion of digital leasing and payment solutions. Continuous Improvement and Knowledge Management.

Abans Finance maintained a structured approach to institutional learning and continuous improvement. Lean process review sessions were conducted regularly to identify inefficiencies in loan processing, deposit mobilisation and customer service workflows. Employee capability development remained a priority, with structured training programmes focused on digital tools, regulatory compliance and relationship management. Quality circles and collaborative feedback forums enabled cross-functional teams to propose service and process improvements, fostering a culture of shared accountability and innovation. Regulatory compliance workshops ensured that employees remained updated on evolving Central Bank guidelines and sector regulations, reinforcing governance discipline.

Cross-functional meetings facilitated the exchange of insights between credit, risk, mentorship programmes enabled effective transfer of tacit knowledge from experienced staff to emerging leaders. Lessons learned from improvement initiatives were systematically documented and incorporated into training programmes, ensuring organisational learning translated into sustained performance enhancements. Performance monitoring through KPIs and feedback loops enabled management to measure impact and refine strategies accordingly.



Intellectual Property Protection and Development (GRI 417-1)

The Company continued to safeguard its intellectual property through trademark renewals and legal protections for proprietary digital platforms. Software innovations, including automated loan processing systems and enhanced mobile banking functionalities, were protected through copyright frameworks and licensing arrangements.

Cybersecurity enhancements ensured protection of proprietary algorithms, customer data and service technologies from unauthorised access or replication. Continuous monitoring ensured compliance with Sri Lankan intellectual property regulations and financial sector guidelines.

During the year, new intellectual property developments included the registration of a proprietary digital loan approval platform, upgraded mobile banking features such as real-time repayment dashboards and AI-powered customer engagement tools. These innovations strengthened Abans Finance's technological differentiation and supported scalable service delivery.

Strategic Partnerships as Catalysts for Innovation (GRI 204-1)

Strategic collaborations played an important role in enhancing intellectual capital. Partnerships with fintech providers supported advancements in digital loan processing, cybersecurity frameworks, and mobile banking platforms. Collaborations with automotive dealers facilitated the expansion of leasing solutions, particularly for hybrid and electric vehicles, aligning with sustainability priorities while strengthening portfolio diversification.

Engagements with professional training institutes and consultants enhanced employee capability in digital literacy, compliance and customer engagement. These partnerships contribute to innovation, market expansion and organisational capability building, strengthening Abans Finance's competitive positioning.

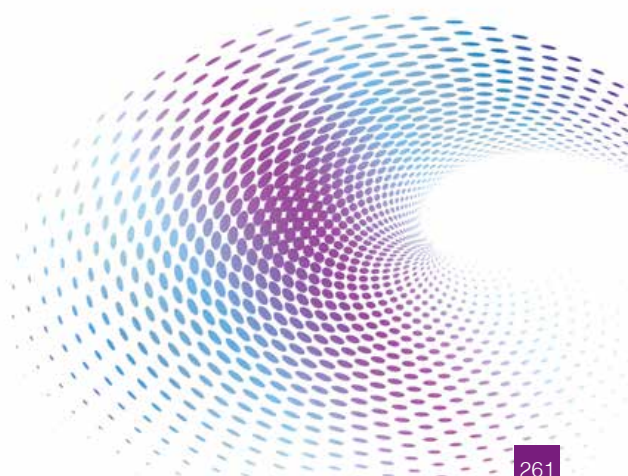
Long-Term Investments in Brand, Innovation and Technology

Over the past several years, the Company's intellectual capital investments have evolved as investment priorities shifted towards sustainability-linked products and digital innovation. In 2025/26, focus intensified on AI-driven customer support systems, automated credit scoring capabilities, and eco-friendly financing solutions. IT investment programmes during this period included core banking modernisation, mobile platform enhancements, cloud adoption and cybersecurity upgrades. While quantified brand valuation figures are not disclosed, brand equity has strengthened qualitatively through enhanced reputation, customer loyalty and market recognition as a modern, responsible financial services provider.

Future Outlook

Abans Finance aims to deepen its investments in intellectual capital as a strategic lever to enhance competitiveness and long-term value creation. The Company intends to further embed data-driven decision-making, advanced digital platforms and process automation across its operating model to strengthen customer experience, operational agility and risk management capability. Planned initiatives include the expansion of automated leasing disbursement systems, wider digitisation of deposit and savings products and the continued enhancement of mobile and online engagement channels to support seamless, real-time financial interactions.

In tandem, the organisation will pursue innovation in sustainable financing solutions, including the development of structured financing for renewable energy adoption.



Manufactured capital (GRI 2-23)

Manufactured Capital at Abans Finance PLC comprises the branch network, technology infrastructure, operational facilities and logistical assets that enable the efficient delivery of financial services, support digital transformation and enhance customer accessibility. During the financial year, the Company focused on consolidating its physical footprint while strengthening technology-enabled infrastructure to improve operational resilience, service efficiency and long-term scalability.

Branch Network Optimisation (GRI 203-1 , 203-2)

4 New branches addition were undertaken in 2026, reflecting a strong expansion strategy aimed at improving utilisation efficiency and service productivity across the existing network. However, a limited number of branch relocations were executed to optimise accessibility and better align service locations with evolving customer

demand patterns. Selected branches were renovated during the year to improve customer experience and support the integration of digital service delivery standards. These enhancements modernised customer interaction environments and enabled the deployment of digitally supported service processes. The stability of the branch network during the year reflects a conscious shift towards optimising productivity within the existing footprint rather than pursuing physical expansion.



Official opening Ceremony of Abans Finance - Moratuwa



Official opening Ceremony of Abans Finance - Horana

Property, Plant and Equipment (GRI 203-1, 203-2)

Total additions to property, plant and equipment during the year amounted to approximately LKR 180.9 million, as reported in the audited financial statements. Investments were directed towards strengthening IT infrastructure, refurbishing customer-facing facilities and modernising operational fleet assets.

Technology-related capital expenditure included upgrades to core banking platforms, cybersecurity frameworks and digital service infrastructure. Investments were also made in server capacity, software licences and the initial stages of cloud migration to improve system scalability and reliability.

Branch refurbishments and relocations enhanced service environments and supported customer-

centric delivery. Fleet modernisation initiatives involved the acquisition of new vehicles to support leasing operations and logistics functions, improving operational continuity and reducing service downtime.

Strategic Alignment

Infrastructure investments during the year supported key strategic objectives. Technology upgrades enabled faster loan processing, improved mobile banking functionality and strengthened risk management capabilities. Refurbished and relocated branches enhanced customer accessibility and service delivery standards. These initiatives reinforced the Company's customer-centric growth strategy, supported compliance with regulatory requirements and contributed to strengthened governance practices. The introduction of energy-efficient systems across facilities also aligned with the Company's sustainability agenda.

Enhancing Operational Efficiency

Efficiency enhancement initiatives were implemented across facilities and operational platforms. Upgrades to core banking systems, cybersecurity protocols and digital infrastructure improved transaction speeds and system reliability. Energy-saving equipment introduced across offices and branches reduced utility expenses and enhanced cost efficiency.

Process automation tools were deployed to streamline loan processing and improve customer service responsiveness. Routine maintenance was carried out across branch facilities, including servicing of electrical, HVAC and IT systems. Regular fleet servicing ensured reliability in leasing operations, while scheduled system updates and security patches minimised technology vulnerabilities.

Performance outcomes were tracked through reductions in operating costs, improved system uptime and enhanced customer satisfaction metrics. Strengthened IT capabilities also supported regulatory compliance.

Digital Infrastructure

Process automation solutions improved back-office efficiency and strengthened risk management workflows. Initial cloud migration initiatives supported scalability and operational flexibility.

Digital integration capabilities were strengthened through connectivity with the Credit Information Bureau of Sri Lanka and the Department for Registration of Persons, enabling real-time access to credit data and national identity verification during onboarding and credit evaluation.

The Company also initiated the deployment of Software-Defined Wide Area Network technology across its branch network to enhance connectivity performance, improve reliability and strengthen network security while enabling centralised communication management.

Digital payment capabilities were expanded to enable customers to settle loan and lease rentals using credit and debit cards via secure online channels. Integration with the LankaPay Common Electronic Fund Transfer Switch enabled real-time interbank transfers into Abans Finance savings accounts, improving transaction accessibility.

Strengthening Systems

The Company strengthened its information security framework through enhanced cybersecurity governance, improved network security controls, stronger endpoint protection mechanisms and expanded monitoring capabilities.

Data protection practices were reinforced through improved data governance structures, classification standards and access controls. Technology risk management practices were strengthened through proactive vulnerability assessments, incident response preparedness, and system hardening initiatives.

System performance remained stable during the year, with minimal disruptions reported. No major system failures occurred, and minor outages were promptly resolved through redundancy systems, responsive IT support and structured maintenance programmes. Robust infrastructure monitoring



and effective IT Service Desk operations ensured uninterrupted service delivery.

Investment in Technology Infrastructure

Technology modernisation remained a key capital allocation priority. Total investments in technology infrastructure during the year were estimated at approximately LKR 60-70 million, comprising: Core banking system upgrades for approximately LKR 25 million; Cybersecurity enhancements for approximately LKR 15 million; and Mobile and digital platform investments for approximately LKR 20-30 million. These investments strengthened digital capabilities and supported secure financial service delivery.

Return on Investment

Over the past five years, investments in manufactured capital have generated steady returns through improved operational efficiency, enhanced customer satisfaction and stronger financial performance. Reduced system downtime and faster transaction processing improved productivity, while improved branch environments and increased adoption of digital services strengthened customer experience. Infrastructure investments also contributed to steady growth in net income and improvements in cost-to-income ratios. Continued IT modernisation enhanced resilience against market volatility and regulatory change.

Capacity building & Challenges

The expansion of digital service capabilities created new infrastructure requirements during the year, particularly in relation to scalable cloud platforms, enhanced cybersecurity systems and expanded mobile and online service delivery capacity.

Challenges faced during the year included rising technology costs, increasing regulatory compliance requirements and inflation-driven increases in maintenance expenses. Retention of skilled IT and technical personnel also remained a priority. These pressures were managed through targeted investments and disciplined cost management.

Future Outlook

Looking ahead, the Company plans to expand digital service hubs and continue the refurbishment of selected branches to further enhance accessibility and service quality.

Technology innovation priorities include the introduction of AI-driven credit scoring solutions, enhanced mobile application capabilities and the expanded deployment of customer self-service. Continued investments in cloud infrastructure and cybersecurity enhancements are also planned to support scalability and strengthen system resilience.

These initiatives are expected to support customer engagement, improve operational efficiency and strengthen risk management capabilities as the Company advances its digital transformation journey and pursues sustainable growth.



Financial Capital

Sector Economic Review

Sector performance of Non-Bank Financial Institutions, Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs)

The finance company sector in Sri Lanka remains a critical component of the country's financial ecosystem, serving as an important channel for credit distribution and advancing financial inclusion. The sector has demonstrated strong resilience and sustained momentum, supported by robust credit growth, improved asset quality, and an expanding customer base. Its continued ability to mobilize funds and extend financing across diverse economic sectors underscores its significant contribution to economic development and financial stability. As at 31 December 2026, the Sri Lankan finance company sector reported a total asset base of LKR 2,777 billion, reflecting a year-on-year (YoY) growth of 44%. This expansion was primarily driven by the loans and advances portfolio, which recorded a substantial YoY increase of 56%. Finance leases and vehicle loans remained the largest segment within the credit portfolio, accounting for 64.1% of total lending while registering a strong growth rate of 56.3% during the period. Meanwhile, gold-backed lending emerged as one of the fastest-growing business segments, expanding by 64.1% YoY and representing 20.9% of the overall loan portfolio.

On the funding side, deposits and borrowings continued to constitute the sector's principal sources of financing, forming the foundation of its liability structure. Deposits were largely concentrated in time deposits, while borrowings were primarily sourced through term loans and securitization arrangements.

Over the last financial year, the sector has exhibited resilience and consistent growth, marked by notable improvements in asset quality and credit expansion. These developments reflect the sector's adaptability and its continued significance in facilitating economic activity across a broad range of market segments.

Non-Bank Financial Institutions (NBFI) Sector Review

Overview

The Non-Bank Financial Institutions (NBFI) sector demonstrated a marked improvement in performance during 2025, supported by the broader recovery in the Sri Lankan economy and strengthening macro financial conditions. Improved business sentiment, lower interest rates and expanding economic activity contributed to a more favourable operating environment, enabling finance companies to regain growth momentum.

Credit demand strengthened notably across both consumer and business segments, particularly during the first half of the year. The sector benefited from easing financial conditions, improved borrower repayment capacity and the gradual normalisation of economic activity. Importantly, the expansionary phase of the credit cycle became more evident, with increased lending volumes across financial institutions, including finance companies. In this context, the NBFI sector continued to play a critical role in financial intermediation, particularly in extending credit to underserved and niche segments such as leasing, consumer finance and SMEs.

Regulatory oversight of the NBFI sector was strengthened further in 2025, with a focus on enhancing risk management practices and improving financial system resilience. The extension of resolution frameworks to finance companies, along with strengthened governance and supervisory standards, reflects a proactive approach to safeguarding stability. Macroprudential measures, including revisions to loan-to-value (LTV) ratios, were implemented to manage credit growth and ensure prudent lending practices. These measures are particularly relevant in segments such as vehicle financing, where rapid growth has been observed. Despite the overall improvement in performance, certain risks remain. These include Rapid credit expansion and potential overheating in specific segments; Concentration risks, particularly in vehicle and gold-backed lending; and Exposure to external shocks, including geopolitical and commodity price volatility.

Share of NBFIs in total financial system credit

Financial Year	NBFI share of Total Financial System
2023/24	5.1% – 5.5%
2024/25	5.3% – 5.7%
2025/26	5.5% – 6.0 %

Source : CBSL-Annual Economic Review/Financial Stability Review

Credit Growth and Lending Dynamics

Credit expansion in the NBFI sector accelerated significantly in 2025/26, driven by improved economic conditions and lower borrowing costs. The easing of market interest rates, together with increased demand for financing, supported strong growth in lending portfolios.

A notable driver of credit growth was the relaxation of restrictions on motor vehicle imports, which led to a sharp increase in demand for vehicle-backed lending. This had a direct impact on finance companies, given their strong exposure to leasing and vehicle financing segments. Additionally, lending backed by gold gained prominence during the year, supported by rising global gold prices, which increased the attractiveness of gold-backed facilities as a financing option.

The expansion in lending was broad-based, covering both household and institutional segments. Household credit demand, in particular, strengthened and surpassed pre-crisis levels, reflecting improved income conditions and increased consumer confidence. At the same time, institutional credit also expanded, supported by improving business performance and stronger economic activity.

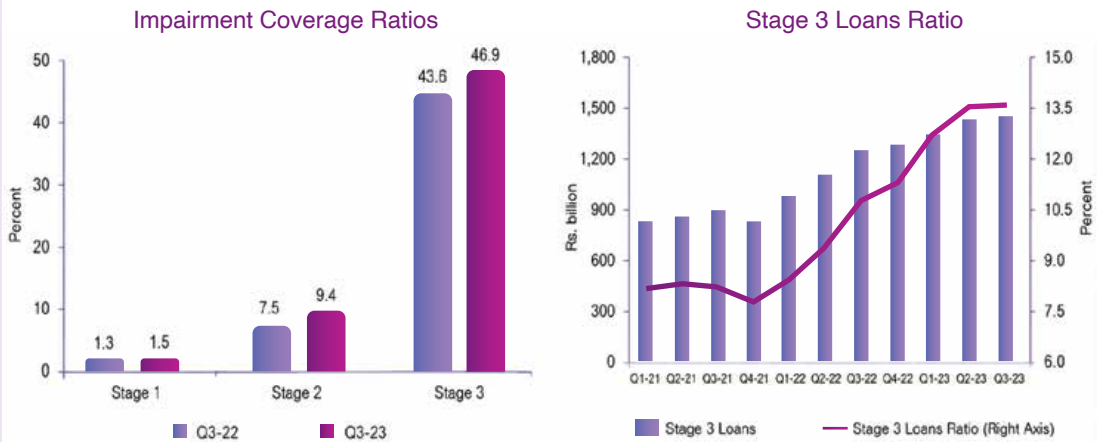
Asset Quality and Non-Performing Loans (NPLs)

Asset quality within the NBFI sector improved during 2025/26, reflecting the strengthening of borrower repayment capacity and the stabilisation of economic conditions. The ratio of Stage 3 loans (a proxy for NPLs) declined, supported by both the expansion of loan portfolios and improved performance of existing exposures.

The improvement in asset quality was particularly evident in the household sector, where NPL ratios associated with NBFI lending showed a notable decline from mid-2024 into 2025. This trend reflects the easing of financial stress among borrowers and improved cash flows as economic activity recovered.

In addition, finance companies strengthened impairment coverage, enhancing their ability to absorb potential credit losses. While asset quality trends are positive, NPL levels in certain segments remain elevated compared to historical norms, indicating the need for continued vigilance and proactive risk management.

Stage 3 loans vs Impairment Coverage Ratios

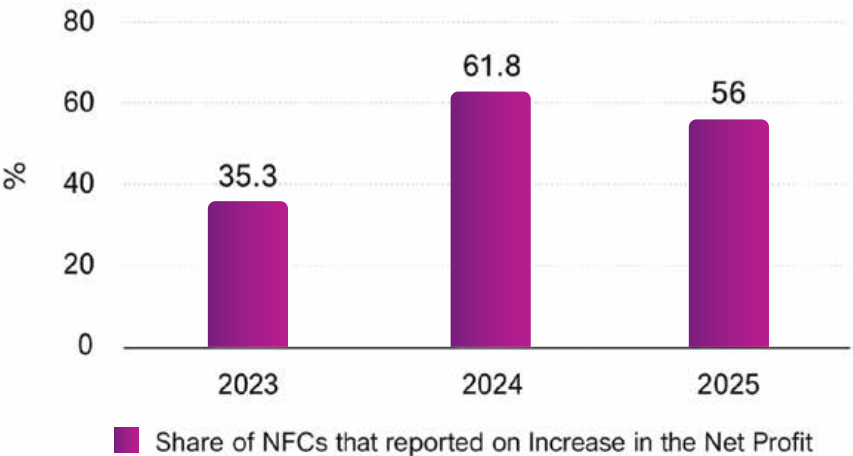


Source: CBSL Financial Stability Review

Profitability and Earnings

The NBFIs sector recorded a notable improvement in profitability during 2025/26, driven primarily by higher interest income from an expanding loan book. As lending volumes increased and funding costs declined, net interest margins improved, supporting overall earnings performance. The recovery in profitability also reflects improved asset quality and lower impairment charges compared to previous years. In addition, stronger economic conditions and increased financial activity contributed to higher revenue generation across key lending segments.

Share of NFCs that reported on Increase in the Net Profit



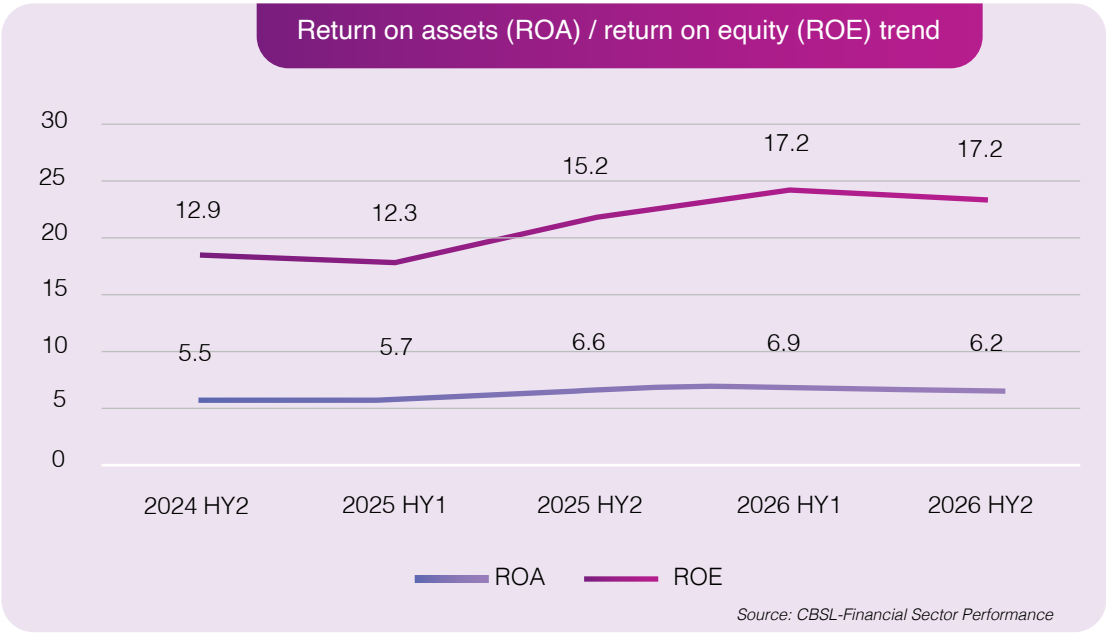
Source: Central bank Financial Stability Review



The Non-Bank Financial Institutions (NBFI) sector recorded robust profitability in 2025/26, driven by strong asset expansion, higher net interest income, and notable reversals in impairment provisions. As a result, Profit After Tax surged by 49.9%, reaching Rs. 88.5 billion compared to Rs. 59.0 billion in 2024.

Key profitability metrics reflected this momentum: Return on Assets rose to 6.7%, while Return on Equity climbed to 17.5%, up from 6.0% and 13.3%, respectively, in the previous year. In addition, the cost-to-income ratio improved significantly, declining to 46.3% in 2025 from 51.1% in 2024, underscoring enhanced operational efficiency amid the ongoing recovery in economic activity.

This performance highlights the sector's resilience and its ability to capitalize on favourable macroeconomic conditions, positioning it strongly for sustained growth.



The individual investor should act consistently as an investor and not as a speculator.

Ben Graham

Capital Adequacy and Balance Sheet Strength

Capital adequacy levels across the NBFIs sector remained broadly resilient during 2025/26. Although there was a marginal decline in capital adequacy ratios due to the rapid expansion of risk-weighted assets, overall capital buffers remained above regulatory minimum requirements. The sector's ability to maintain strong capital positions reflects prudent capital management and internal capital generation. These buffers provide an important safeguard against potential risks arising from the expansionary credit cycle.

The NBFIs sector remained strongly capitalised in 2025/26, with the capital base rising by Rs. 84.0 billion to Rs. 442.4 billion, a growth of 23.4%. However, increased lending activity expanded risk-weighted assets, leading to a moderation in capital adequacy. By year-end, the Tier 1 and Total Capital Adequacy Ratios stood at 17.3% and 18.7%, respectively, compared to 20.5% and 21.3% in 2024.

Capital Adequacy Ratios

	2024 March	2025 March	2026 March
Regulatory Capital to Risk Weighted Assets (RWCAR) %	21.9	20.9	18.4
Tier 1 Capital/Risk Weighted Assets (Tier 1 RWCAR) %	21.0	19.7	16.6

Source: CBSL-Financial Stability Review
(Financial Soundness Indicators-Finance Companies Sector)

Risk-weighted assets growth of NBFIs Sector



Liquidity and Funding Conditions

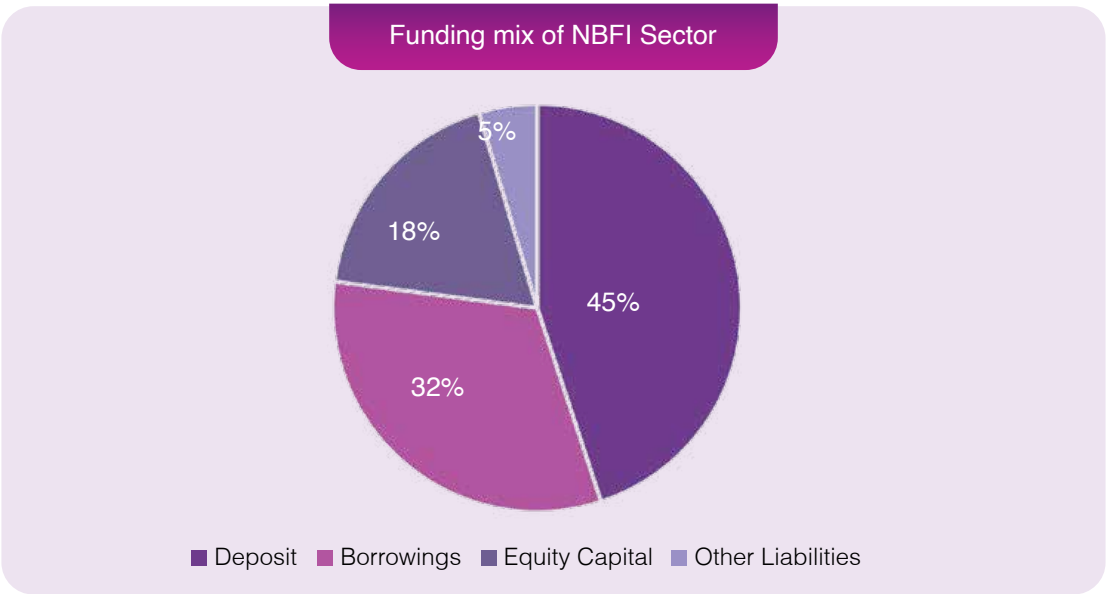
Liquidity conditions within the NBFIs sector remained stable and adequate throughout 2025/26. Liquid assets consistently exceeded regulatory thresholds, ensuring sufficient buffers to support lending growth and absorb potential shocks.

Improved deposit mobilisation and access to funding supported the sector's expansion, while overall financial system liquidity remained in surplus. This environment enabled finance companies to maintain operational flexibility and support increased lending activity.

Sector liquidity remained comfortably above regulatory thresholds in 2025. Total regulatory liquid assets reached Rs. 226.4 billion by year-end, against the minimum requirement of Rs. 152.0 billion, reflecting a surplus of Rs. 74.3 billion.

Year	Liquidity Asset to Total Assets Ratio (%)
FY 2023	14.0
FY 2024	14.8
FY 2025	11.8

Source: CBSL-Financial Soundness Indicators



Source: CBSL-Financial Soundness Indicators

Strategic Outlook

Abans Finance PLC perceives opportunities for growth in this environment, particularly in core lending segments. At the same time, the transition into an expansionary credit cycle requires careful management of risk, capital and liquidity. Sustaining this positive momentum will depend on maintaining disciplined lending practices, strengthening risk frameworks and adapting to evolving regulatory and market conditions.

AFPLC Performance During the year 2025/26

Financial Review

KEY METRICS AND PERFORMANCE INDICATORS

Metrics / Performance Indicator	2025/26	2024/25	Change
 Shareholder Funds (Rs. Mn)	4,155	3,503	 18.61%
 Lending Portfolio (Rs. Mn)	16,938	11,070	 53.00%
 Deposit Base (Rs. Mn)	11,037	8,450	 30.62%
 Total Assets (Rs. Mn)	20,807	13,485	 54.29%
 Return on Equity (%)	22.39%	12.94%	 9.45 pts
 NPL (%)	10.13%	17.17%	 7.04 pts

Marketing Plan & Strategies

Sri Lanka's economy continued its recovery during FY 2025/26, supported by improved macroeconomic stability, easing inflation, lower interest rates, and renewed business confidence. These positive economic developments created a more favourable environment for the financial services sector, resulting in increased consumer demand for financing solutions and investment products.

Abans Finance PLC continued to strengthen its position in the leasing market, with a strategic focus on registered and newly imported motorcycles, three wheelers, and four-wheelers following the relaxation of vehicle import restrictions. The company adopted a customer centric marketing approach supported by data driven decision making, enabling it to capitalize on emerging market opportunities while maintaining prudent risk management practices.

The company also expanded its gold loan business through branch network development and targeted promotional campaigns while further strengthening its fixed deposit, savings, and SME financing portfolios. Marketing initiatives were aligned with the company's strategic objective of increasing market penetration, enhancing customer experience, and delivering sustainable business growth.

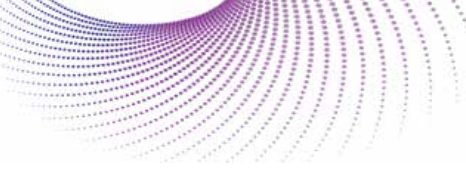
Market Penetration

Abans Finance PLC continuously reviews and refines its products, pricing strategies, and credit policies in response to changing market dynamics, customer expectations, and competitor activities. Regular market intelligence, performance analysis, and customer insights enable the company to identify new business opportunities, improve service delivery, and strengthen its competitive position.

The company also focused on deepening relationships with existing customers through cross selling, referral programs, strategic partnerships, and branch led business development initiatives while expanding its presence in high potential markets across the country.

Training

Abans Finance PLC recognizes its employees as a key driver of organizational success and remains committed to fostering their professional growth and development. The Human Resources Department continuously invests in training, leadership development, and skill enhancement initiatives to strengthen employee capabilities and address identified competency gaps. In line with Central Bank of Sri Lanka guidelines, high-potential employees are also provided with targeted training and development opportunities as part of the company's structured succession planning framework.



Marketing & Communication

During FY 2025/26, Abans Finance PLC adopted an integrated marketing communication strategy that combined digital marketing with focused BTL initiatives to maximize reach, engagement, and conversion.

Digital marketing played an increasingly important role in the company's communication strategy through social media platforms, digital advertising, search marketing, email campaigns, website optimization, and targeted online content. These initiatives enhanced brand visibility, improved customer engagement, and generated quality business leads.

Complementing its digital presence, the company continued to execute targeted BTL activities, including branch activation campaigns, community engagement programs, corporate partnerships, direct marketing, promotional events, and localized awareness campaigns. This integrated approach enabled the company to build stronger customer relationships, improve brand recall, and support sustainable business growth while ensuring efficient utilization of marketing resources.

Recovery Strategies

The financial year 2025/2026 has been another significant and successful year for the Recoveries Division of Abans Finance PLC. As a financial institution that primarily serves lower-income segments of society, particularly customers purchasing motorcycles and three-wheelers, the Division remains committed to maintaining a healthy lending portfolio while supporting customers in meeting their financial obligations. Our key objective is to minimize delinquency, maintain the Non-Performing Loan (NPL) portfolio at an optimal level, and ensure a healthy cash flow from the Company's lending operations.

During the year under review, the Recoveries Division delivered results that exceeded expectations. Through disciplined portfolio management, proactive customer engagement, and effective recovery strategies, the overall NPL ratio was significantly reduced. More notably, the current portfolio NPL declined to approximately 7%, representing one of the lowest levels among financial institutions with a comparable lending portfolio. This achievement reflects the Division's

unwavering commitment to operational excellence and prudent risk management.

The Recoveries Division is structured to achieve its recovery objectives while simultaneously strengthening customer relationships and supporting the Company's long-term business growth. Customer engagement begins with the Call Centre, where dedicated officers maintain regular communication with customers, providing timely reminders and assistance regarding their repayment obligations. Accounts requiring further attention are then managed by Recovery Executives and Team Leaders, while complex and high-risk cases are handled by the Pre-Legal Recovery Team. This well-defined recovery framework ensures that every delinquent account receives the appropriate level of attention and that no contract remains unattended.

Professionalism, integrity, and customer respect remain at the heart of the Division's operations. Continuous training, coaching, and staff development programmes are conducted to enhance technical competencies, communication skills, and ethical standards. As a result, customer complaints have been maintained at a minimal level, while many customers increasingly view timely repayment not merely as an obligation but as a responsible financial habit that contributes to their long-term financial well-being.

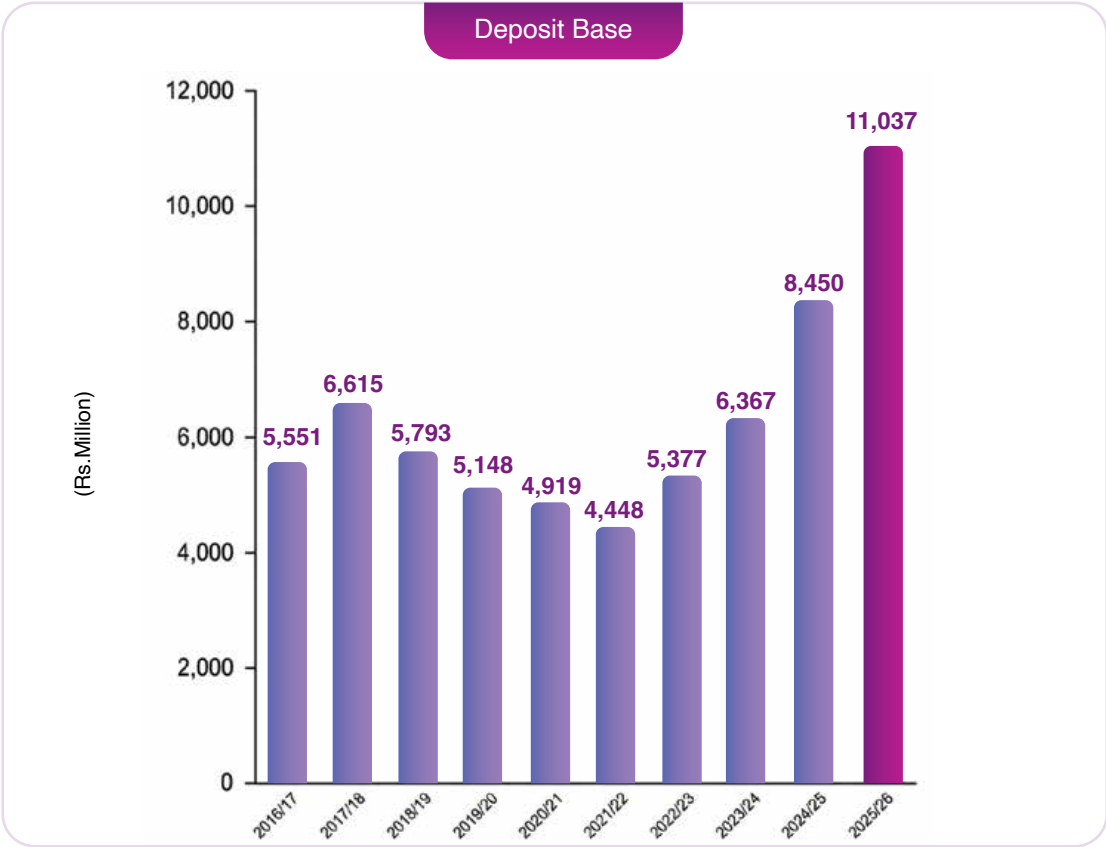
The management of the Company's repossessed vehicle yards also falls under the responsibility of the Recoveries Division. All repossessed vehicles are maintained with the highest standards of care, security, and accountability until they are either redeemed by customers or disposed of through transparent public auctions or tender procedures. These robust processes ensure fairness, transparency, and full accountability while safeguarding the value of Company assets. At present, the Company operates three strategically located vehicle yards in Ambatale, Dambulla, and Matara, all of which continue to support efficient recovery operations while contributing positively to the Company's overall financial performance.

The outstanding achievements of the Recoveries Division during the year were made possible through the dedication, professionalism, and teamwork of our employees, together with the continued support of the Management and Board of Directors. The Division remains committed to

further strengthening portfolio quality, enhancing customer engagement, and delivering sustainable value to all stakeholders. The exceptional performance achieved during the 2025/2026 financial year has laid a strong foundation for continued success and reinforces the Division's vital contribution to the overall growth, profitability, and stability of Abans Finance PLC.

Deposit Base

Customer deposits continued to maintain dominance as the main source of funding to finance the business operations of Abans Finance PLC. Deposits played the major role in funding mix during the year under review. During the financial year ended 31st March 2026, the company recorded a growth of 30.62% of the deposit base. The total new deposits including renewals reached over Rs. 11.04 billion with a net increase of Rs. 2,587Mn. The company has been able to achieve a retention ratio of 71.75% during the financial year 2025/2026

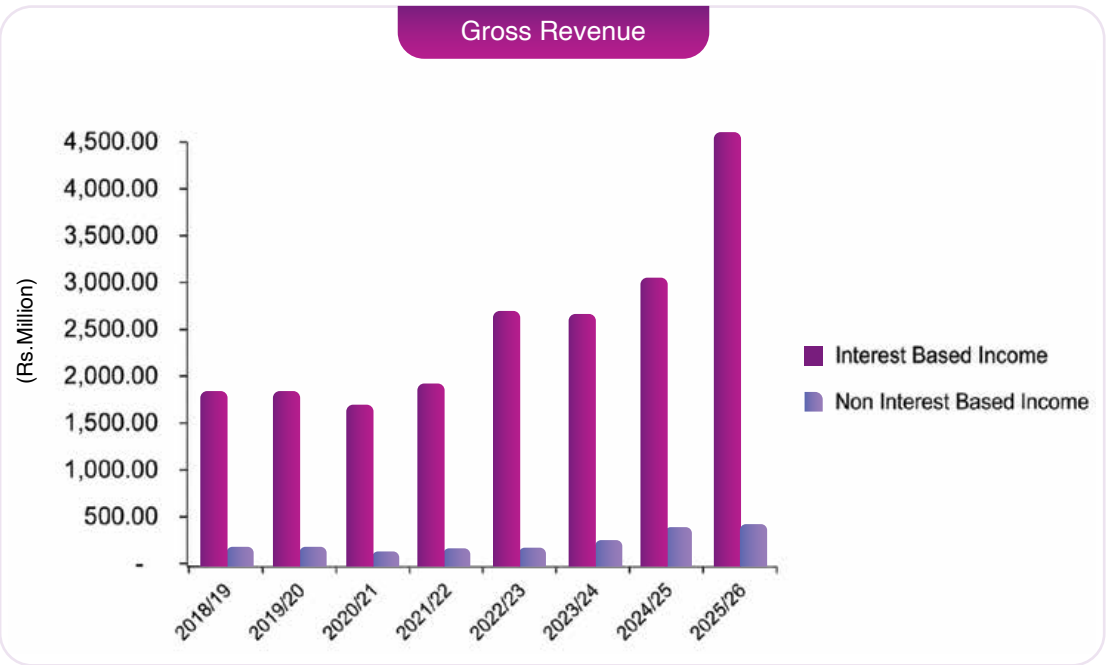


Revenue

The total aggregate Gross Revenue of the Company showed an increase of 35.16 % to reach Rs. 4.67 billion in the year under review. The components of gross revenue consist of items of income that are 'Interest based' and 'non-Interest based'.

Interest based items of the revenue consist of interest income earned from Finance leases, Loans and Advances, Gold Loan and interests earned from the investments. Non-Interest based sources of Income consist of fee and commission income, net gain/(loss) from trading and other operating income

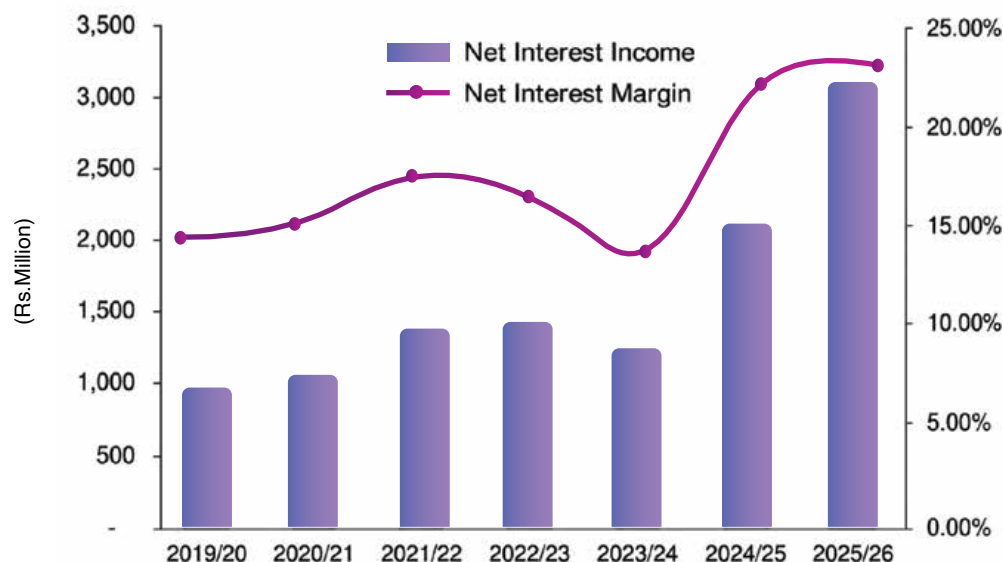
The interest earned on finance leases and loans and advances contributed 97.18% as compared to the corresponding year 95.31% to the main source of income.



Net Interest Income/Net Interest Margin

The Company managed to record a Net Interest Income (NII) of Rs.3.07 billion in 2025/26 compared to Rs. 2.09 billion in 2024/25. The company recorded a NIM of 17.89% as at March 2026, in contrast to 17.28% NIM achieved in 2024/25.

Net Interest Income & Net Interest Margin



Non-Interest based Income

The Company recorded non-Interest based income of Rs. 459.2 million during FY 2025/26, compared to Rs. 424.7 million recorded in FY 2024/25, reflecting a growth of 8.13% YoY.

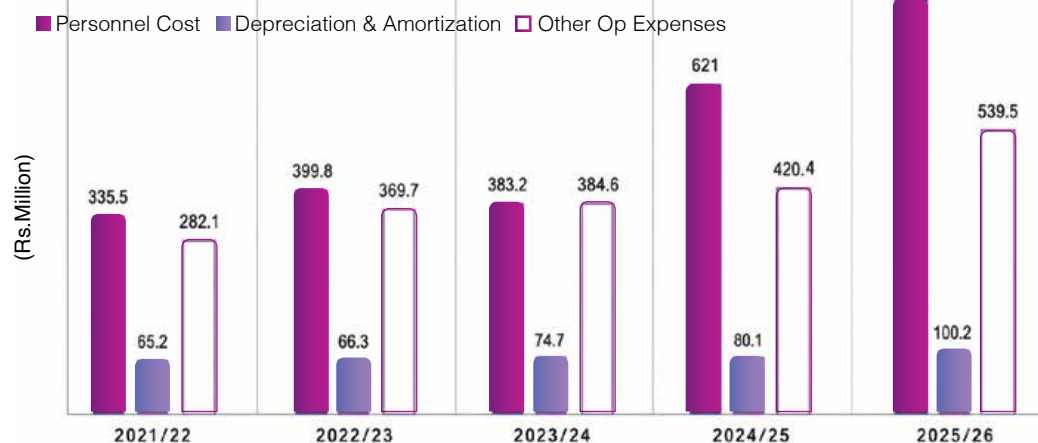
Interest Expenses

The Company's interest expense stood at Rs. 1.15 billion during FY 2025/26, compared to Rs. 941.2 million recorded in FY 2024/25, reflecting an increment of 21.77% YoY.

Operational Expenses

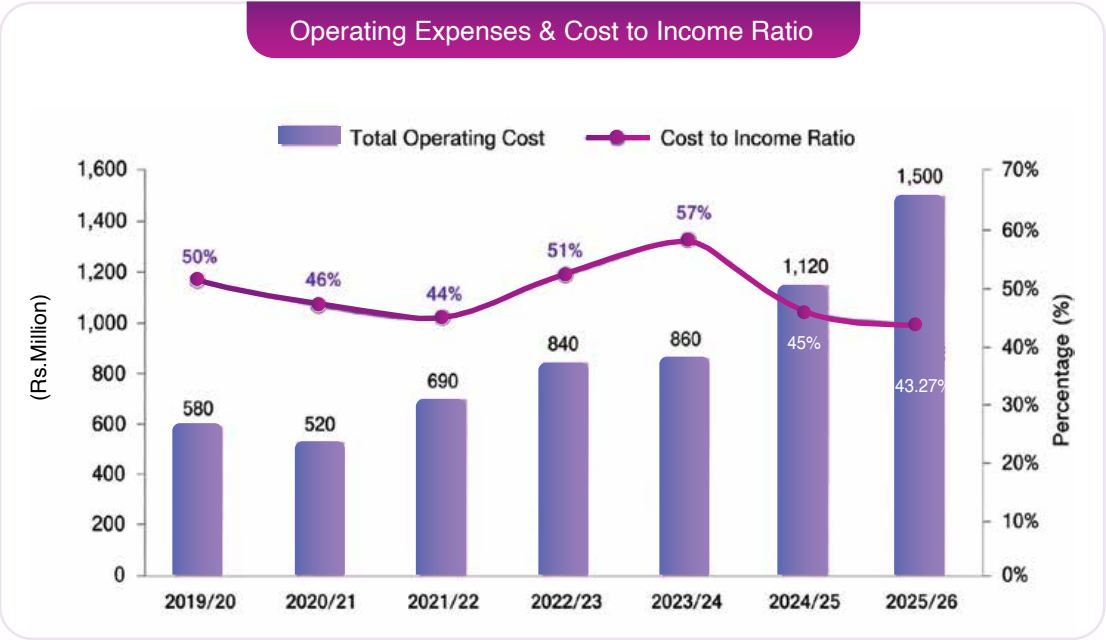
Operating Expenses including Personnel Costs, Depreciation and Amortization and Other Operating Expenses which stood at Rs. 1.12 billion in 2024/25, increased to Rs. 1.5 billion by March 2026, reflecting an increase of 33.9% due to significant increase of lending operations of the company.

Operational Expenses Breakdown



Cost to Income

The Cost to Income ratio which stood at 43.27% by March 2026 recording a decrease of 4.26% from the corresponding period ended 31st March 2025 with the value of 45.20%.

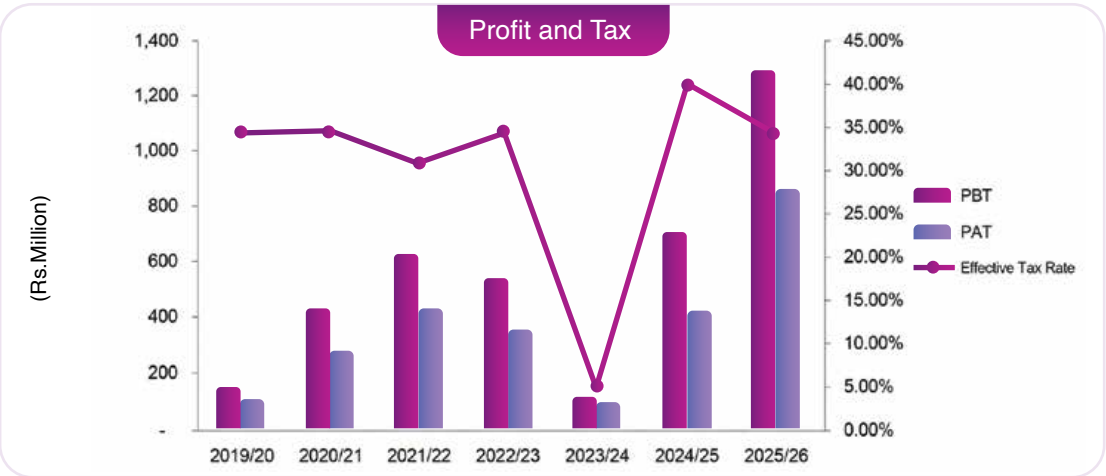


Credit loss Expense on Financial Assets

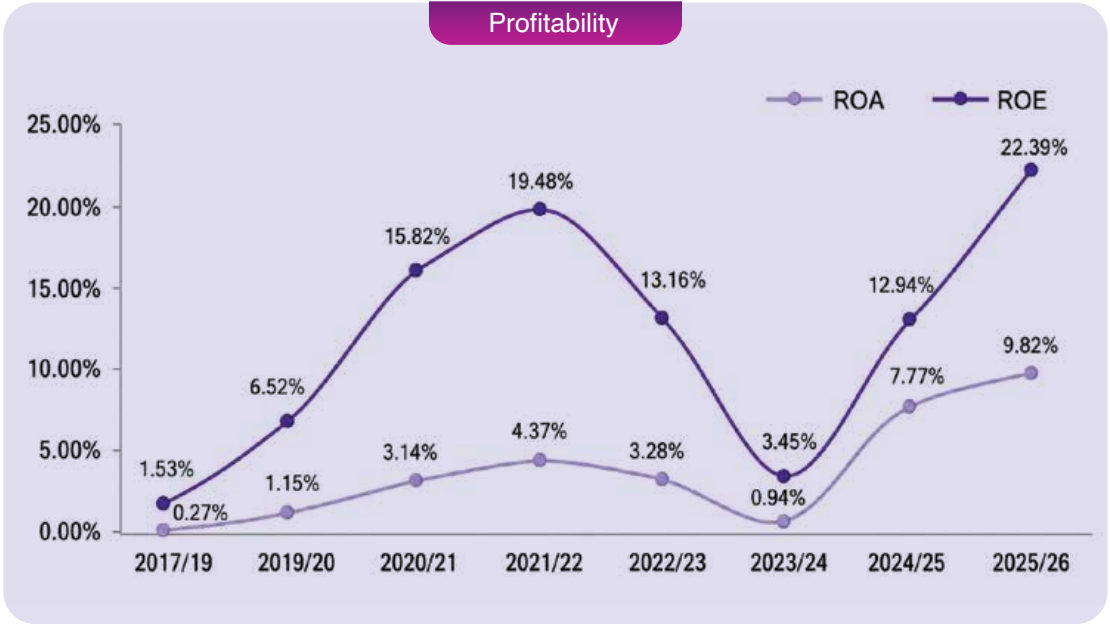
Impairment charge for the year has decreased to Rs.284.7 million from Rs.408.3 million compared corresponding period ended 31st March 2025, recording a decrease of 30.3%.

Profitability & Taxation

The profit before tax for the year reached a total of Rs.1.28 billion compared to Rs.703.6 million recorded in financial year 2024/25, recording a significant increase of 81.89% YOY. The corporate tax expense for the year amounted to Rs. 422.7 million has resulted in profit after tax to remain at Rs. 857.1 million.

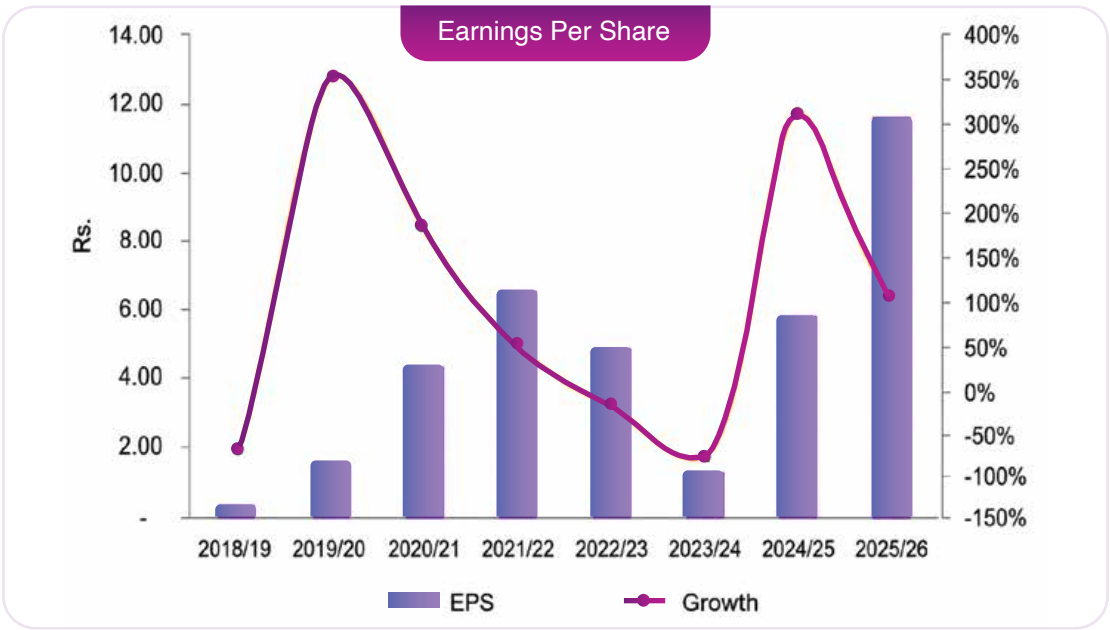


The Taxes on Financial services which include Value Added tax (VAT) increased by 63.13% amounting to Rs.404.1 million compared to Rs.247.7 million the year 2024/25. The Company has recorded Return on Total Assets (ROA) and Return on Equity (ROE) of 9.82% and 22.39% as opposed to the recorded 7.77 % and 12.94% in 2024/25.



Earnings Per Share (EPS)

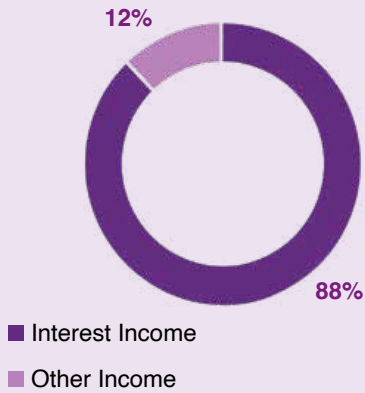
The EPS for 2025/26 stood at Rs.11.63 per ordinary share in issue, as opposed to Rs. 5.78 reported in 2024/25



Sources & Distribution of Income

Interest Income represented 90.2% of Total Income for the year 2025/26 as against 87.7% for the year 2024/25. In terms of distribution of income, interest costs absorbed a major portion with 24.5% % of Total Income (2024/25 = 27.2%) and 14.90 % distributed among the suppliers. (2024/25 = 15.49%)

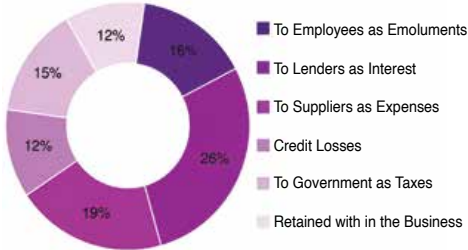
Sources of Income 2024/25



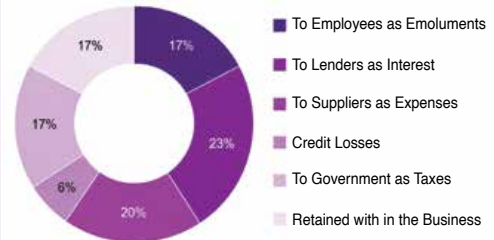
Sources of Income 2025/26



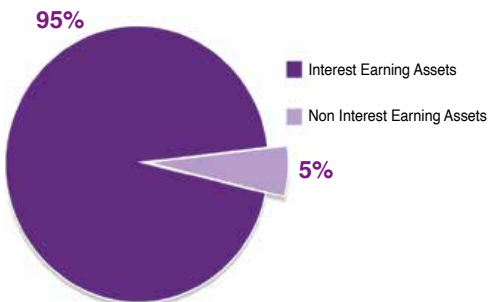
Distribution of Income 2024/25



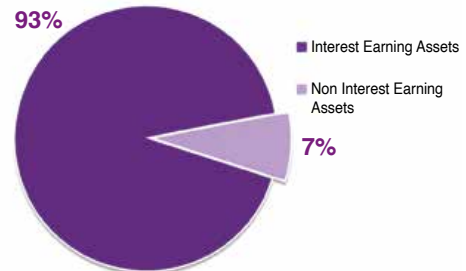
Distribution of Income 2025/26



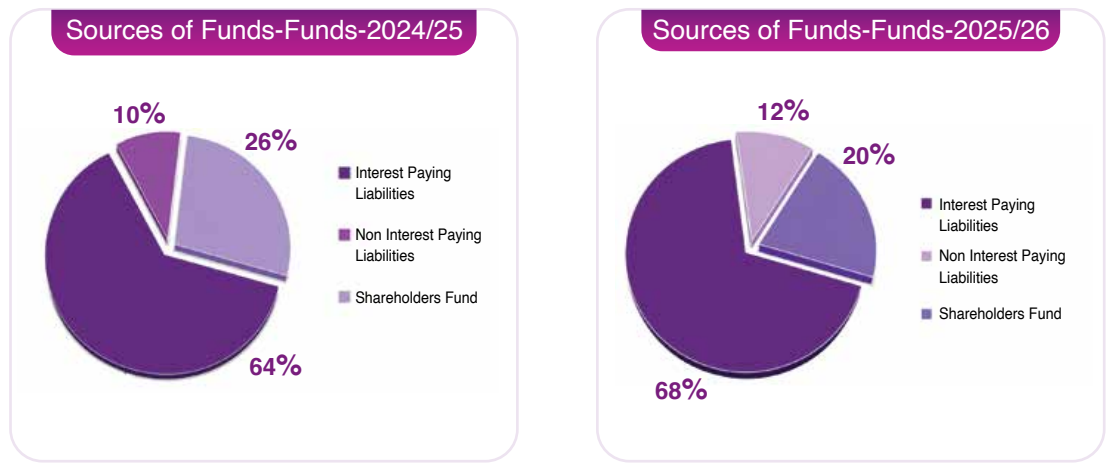
Uses of Funds-Funds-2024/25



Uses of Funds-Funds-2025/26



Interest paying liabilities accounted for 68% of funding sources for the year 2025/26, (2024/25 = 64%), whilst 93% of the funds were utilized to finance Interest Earning Assets maintaining similar levels of the FY ended 2025/26.



Total Assets

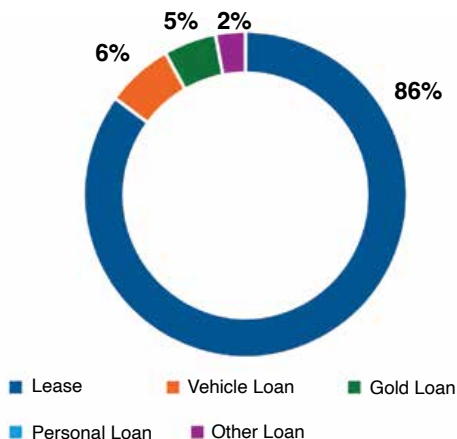
During the year under review, the company achieved its highest asset base to date, reaching LKR 20.8 billion, compared to LKR 13.5 billion in 2024/25, with a YoY growth of 54.3%, underscoring a significant strengthening of the company’s financial position.



Lending Portfolio

Lease financing dominates the portfolio with 86.2% of the total exposure, highlighting the Company's strong strategic focus on lease-based lending during the year under review. Collectively, Lease, Vehicle Loans, and Gold Loans account for approximately 97.1%(17,775 Mn) of the Company's lending portfolio.

Category	Exposure (Mn)
Lease	15,776
Vehicle Loan	1,142
Gold Loan	857
Personal Loan	78
Other Loan	443
Total	18,297



Financial Priorities

Capital Strengthening and Efficient Deployment		Reach a strong LKR 9 Bn capital base by 2029 to support sustainable business growth and regulatory compliance. Capital will be deployed efficiently to maximize returns and strengthen shareholder value.
Sustainable Balance Sheet Expansion		Grow the balance sheet sustainably to Rs. 50 bn level by 2029 by expanding the loan portfolio and deposits portfolio, while maintaining strong asset quality and stable funding
Revenue Optimization and Net Interest Margin Expansion		Increase profitability by optimizing net interest margins, improving asset-liability management, and expanding fee-based income through digital and value-added services.
Cost Efficiency and Productivity Enhancement		Improve cost efficiency through digitization, automation, and enhanced branch productivity, supported by a 100% paperless operating model.
Risk Management and Asset Quality Protection		Maintain strong asset quality through robust credit risk management, proactive portfolio monitoring, and effective recovery strategies.
Profitability and ROE Enhancement		Achieve a minimum 20% ROE through profitable asset growth, efficient capital utilization, and disciplined cost management.

External Capital formation

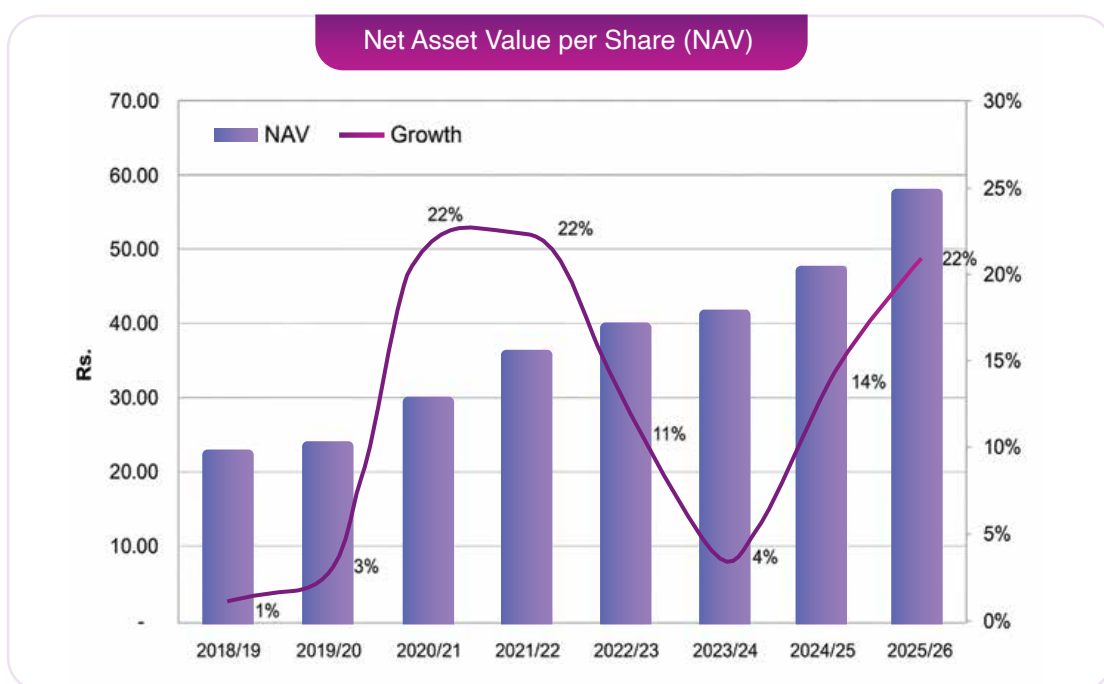
Investor capital

The return generated by the company by using its Investor's Funds with a view to maximizing and delivering value. The Stated Capital of the company as at the end of the year under review was Rs. 1,321.1 Mn. The market capitalization and share price of the Company as at 31 March 2026 was Rs.6,293.9 Mn. and Rs.85 respectively. Float Adjusted Market Capitalization was recorded at Rs.472.3 Mn. as at 31 March 2026. Further the Company continued to be listed on the Diri Savi Board of the Colombo Stock Exchange from the year 2011 onwards. Market Price of the Shares According to the Colombo Stock Exchange, the company recorded the highest market price of Rs. 120.00 and at the lowest of Rs.70.30 during the financial year of 2025/2026. The changes of market price in comparison to the previous year are given below.

Market Price	2025/26	2024/25
Highest	120.00	47.80
Lowest	70.30	38.00
Price as at 31 March(Rs.)	85.00	44.30

Net Asset Value Per Share

The company has achieved an 18.6% growth in Net Assets during the year from Rs. 3,502 million in 2024/25 to Rs.4,155 million in 2025/26. The Net Assets per Share reached upto Rs. 56.89 as at 31 March 2026.



Stakeholder Impact on Growth of Financial Capital

Stakeholder Type	Stakeholder Effect on The Growth of Financial Capital	
 Shareholders	- Expansion Enabling - Strong shareholder base	
 Managers	- Financial Planning & Budgeting - Working Capital Management - Risk Management Policies	
 Employees	- Employee Productivity - Employee Retention	
 Depositors	- Volume of Deposits - Deposit Mix	
 Lenders	- Provide debt financing - Enabling firms to expand operations	
 Suppliers/ Business Partners	- Reliable supply chains ensure operational continuity - supporting revenue growth.	
 Regulators	- Minimum capital adequacy ratios to safeguard against credit and liquidity risk - Easing Policies and Policy lift	

SWOT Analysis on Financial Capital



Credit Quality

Credit quality continues to be the main focal point throughout the organization and with this objective in mind the company implemented tight credit evaluation measures with the ultimate goal of improving the overall credit quality within the company to minimize the probability of credit risk. This involved 'out of the box' thinking and concentrating on selected customers and products, introduction of new products and expansion of the product portfolio, implementing collection strategies based on system data and effectively coordinating with financially challenged customers to restructure debt payments promptly. These strategies effectively propelled the company to significantly reduce the non-performing loans ratio from 17.17% in the financial year 2024/25 to 10.13% in the financial year 2025/26.

Overview of the Credit Process

Despite the change in government in 2024 the income level of the country did not rise significantly as expected due to surging energy costs, rising oil prices and prices of imported vehicles.

Further, the loss of human lives, livelihoods and homes as a result of floods caused by cyclone

"Ditwa" impacted the nation adversely having to rely on foreign aid for reconstruction & restoration.

Strict credit controls are implemented, closely monitored and reviewed on a regular basis to ensure that there any unforeseen contingency would be mitigated in the credit process.

In addition, the change in the number of days from 120 days to 90 days to be categorized under stage 3 of impairment was also introduced by CBSL in its Direction No. 01 of 2020 dated 14th February 2020 which was implemented during the financial year 2022/23.

The Company forged ahead in the midst of numerous challenges thanks to the collective effort of the senior management and department heads closely monitoring the performance of the Company against the behaviour of the competitors to identify areas where the Company can thrive and continue to improve in such demanding situations.

During the period in review, the Company continued its intention on further growth by lending for electric motor bikes through sustainability finance with the overall impact on the environment foremost in its mind.

With the backing of the Abans Group and its strong management team, Abans Finance has been able to diversify its lending portfolio, to reduce its funding costs and improve collections to record levels.

With the focus on diversifying its lending portfolio, the company continued its emphasis to enhance lending for gold loans and education loans as well. Further, the company introduced new schemes for defaulted customers by offering concessions on interest and aimed at collecting the balances due on their borrowing.

In addition, the company increased its focus to offer refinance facilities to existing clients with satisfactory credit worthiness and proven payment history as well.

The remarkable increase in the fixed deposit portfolio beyond expectations will further drive down the weighted average cost of capital (WACC) within the company.

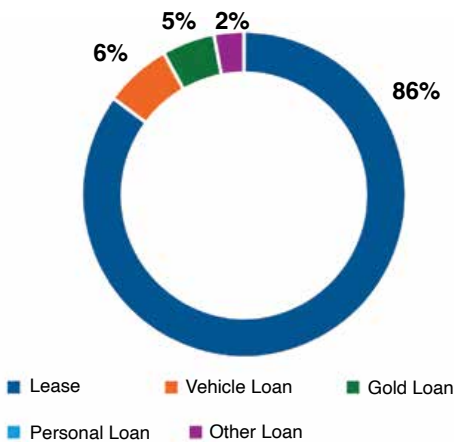


Business Activities (GRI 2-6)

Portfolio

Abans Finance PLC continued to strengthen and diversify its portfolio during the year under review, maintaining focus on core financing segments including leasing, hire purchase, personal loans, mortgage loans, gold-backed lending and deposit mobilisation. The Company's lending portfolio recorded steady expansion, supported by growing demand for consumer financing, asset-backed lending and SME-related financing activities. The Company also continued to strengthen its deposit portfolio through fixed deposits and savings products, enhancing funding stability and supporting long-term balance sheet growth. New product initiatives, including savings-linked solutions and structured investment-oriented savings products, further contributed to portfolio diversification and customer engagement.

Portfolio Breakdown



Core-Operations

Core operations remained focused on delivering efficient, customer-centric financial solutions while maintaining prudent risk management and operational discipline. During the year, the Company strengthened its operational framework through improved credit evaluation processes, enhanced recovery mechanisms, centralized monitoring and stronger compliance oversight. Operational efficiency improvements were driven through workflow automation, process optimization and enhanced coordination across

the branch network and Head Office functions. The Company also expanded operational accessibility through branch conversions and the broader reach of the Abans Group network.

Innovation & Research & Development

Innovation continued to play a central role in enhancing operational capability and customer experience. The Company accelerated digital transformation initiatives through the implementation and enhancement of technology-driven systems including WorkHub, CRIB API integration and NIC API verification platforms. These initiatives improved operational speed, reduced manual processing, strengthened credit risk management and enhanced customer onboarding procedures. The Company also aims to explore opportunities in renewable energy financing, electric mobility financing and digital financial solutions as part of its evolving product and sustainability strategy. Continuous improvements in operational reporting tools, cybersecurity frameworks and workflow systems further supported the Company's modernization agenda and long-term scalability.

Supply Chain

As a financial services institution, Abans Finance PLC's operational ecosystem is supported by strategic partnerships, technology providers, operational vendors and the wider Abans Group distribution network. The Company continued to strengthen relationships with key stakeholders while ensuring operational continuity, compliance and service reliability across its value chain. The integration with Abans Group companies, particularly in consumer and asset financing segments, continued to support customer acquisition, market penetration and business growth. Simultaneously, the Company maintained oversight over outsourced and technology-related service providers to ensure operational integrity, information security and compliance with internal standards and regulatory requirements.

Management Performance Review

Output-At Company's end

Customer Experience

Abans Finance PLC continued to prioritize customer experience through improved accessibility, service efficiency and customer-centric product offerings. Operational enhancements and digital integration initiatives significantly improved turnaround times, credit processing efficiency and customer convenience. The Company's expanding branch network and access to over 400 Abans Group outlets strengthened customer reach and service accessibility across Sri Lanka. Tailored financing products, personalized customer engagement and responsive service delivery further reinforced customer trust, loyalty and long-term relationships.

Long Term Value Creation

The Company's business model remains focused on generating sustainable long-term value for stakeholders through balanced growth, prudent risk management and responsible governance. Financial stability, operational resilience, portfolio diversification and customer-centric innovation continue to support sustainable profitability and balance sheet strength. Simultaneously, investments in human capital, digital transformation, governance enhancement and ESG-aligned initiatives strengthen the Company's long-term competitiveness and resilience.

Strategic Alignment

The Company's operational activities remain closely aligned with its strategic priorities of sustainable growth, operational efficiency, customer engagement, digital transformation and governance excellence. Resource allocation, business expansion and product development initiatives are undertaken within the framework of the Company's risk appetite and long-term strategic objectives. Operational and strategic decision-making processes are supported through governance oversight, integrated risk management, regulatory compliance and stakeholder engagement mechanisms. This alignment enables the Company to respond effectively to changing market conditions while preserving financial resilience and stakeholder value.

Social and Environmental Effect

Abans Finance PLC continued to integrate social responsibility and environmental awareness into its operations and stakeholder engagements. The Company supported community-focused initiatives relating to education, disaster relief, social welfare and community upliftment, reinforcing its commitment to social capital development. Operationally, the Company continued promoting digitalization and paperless processes to improve efficiency and reduce resource consumption. The exploration of renewable energy financing and electric mobility financing also reflects the Company's growing alignment with sustainable finance practices and evolving ESG expectations.

Internal Outcome

Organisational Reputation

The Company continued to strengthen its reputation as a stable, customer-focused, and responsibly governed financial institution. Strong regulatory compliance, governance standards, operational resilience and customer trust contributed to enhanced stakeholder confidence and market credibility. The Company's Fitch Ratings rating of A- (Ika) Stable Outlook further reinforced its reputation for financial stability and disciplined management.

Revenue and Cash Flows

Operational growth, portfolio expansion and improved income generation contributed positively to the Company's revenue performance and cash flow stability during the year under review. Growth in interest income, fee-based income and lending activities supported overall profitability, while disciplined liquidity and funding management strengthened operational resilience. The continued growth of the deposit base, alongside prudent cost management and improved operational efficiency enabled the Company to maintain stable funding and support ongoing business expansion.





Financial Performance

Cash flow performance

Operating Activities Performance

Abans Finance PLC recorded a net cash outflow from operating activities of Rs. 2.13 billion in FY 2025/26, compared with a net cash outflow of Rs. 572.19 million in FY 2024/25, reflecting increased cash absorption arising from business growth. This occurred despite a strong improvement in profitability, with profit before income tax rising by 81.9% to Rs. 1.28 billion from Rs. 703.63 million in the previous year. The decline in operating cash flow was primarily attributable to higher working capital requirements, including an increase in loans and advances of Rs. 1.03 billion, lease rent receivables and stock out on hire of Rs. 5.12 billion. Furthermore, higher interest payments of Rs. 110.01 Million and tax payments of Rs. 436.25 million contributed to the increased operating cash outflow. The performance indicates that a significant portion of earnings generated during the year was reinvested to support the expansion of the Company's lending and leasing operations.

Investing Activities Performance

Investing activities generated a net cash inflow of Rs. 131.95 million in FY 2025/26, slightly higher than the Rs. 122.90 million inflow recorded in FY 2024/25. During the year, the Company increased its investment in long-term assets, with acquisitions of property, plant and equipment amounting to Rs. 180.91 million and intangible assets totalling Rs. 29.99 million, compared to Rs. 39.09 million and Rs. 4.55 million, respectively, in the previous year. Despite the higher capital expenditure, the Company maintained a positive investing cash flow position, supported by cash inflows from distributions of Rs. 324.18 million, proceeds from the disposal of assets, and a reduction in fixed deposits. This reflects prudent management of investment activities while continuing to strengthen operational capabilities.

Financing Activities Performance and Overall Cash Flow Position

Financing activities remained the key source of liquidity during the year, generating a net cash inflow of Rs. 2.89 billion, significantly higher than the Rs. 406.07 million outflow reported in

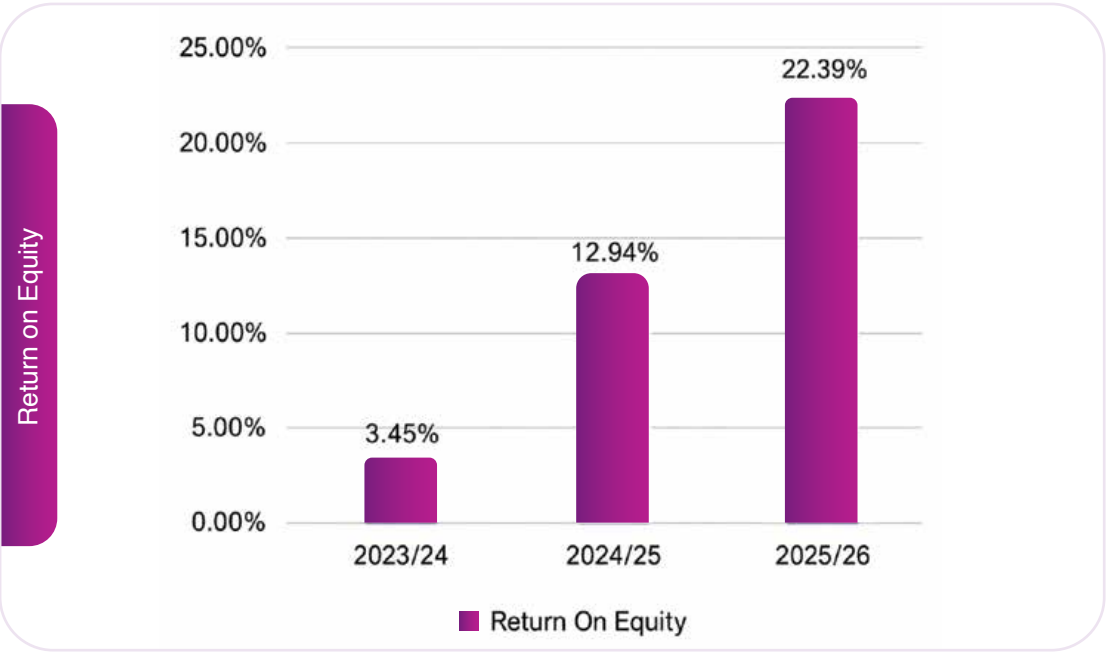
FY 2024/25. The increase was driven primarily by new borrowings, including Rs. 600.06 million in bank borrowings and Rs. 2.53 billion in other borrowings, partially offset by repayments and lease liability settlements. These financing inflows more than compensated for the operating cash deficit and supported the Company's growth initiatives. As a result, cash and cash equivalents increased by Rs. 892.39 million, reversing the decline of Rs. 855.36 million recorded in the previous year. Consequently, the year-end cash balance strengthened to Rs. 2.16 billion, compared with Rs. 1.26 billion at the end of FY 2024/25, demonstrating an improved liquidity position and providing a solid foundation for future business expansion.



Key Ratios

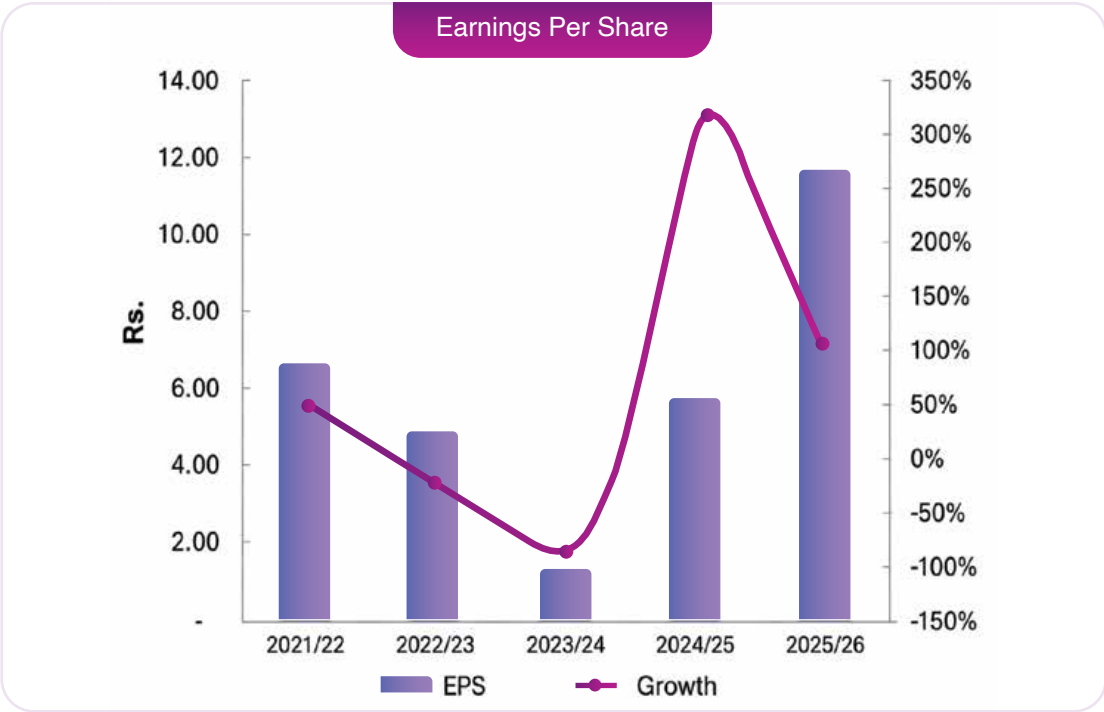
Return on Equity (ROE)

ROE reflects the company's ability to generate profits from shareholders' equity. For the year ended 2025/26, ROE was 22.39% compared to 12.94% in 2024/25. This change indicates 73% increase in efficiency of equity utilization. delivery further reinforced customer trust, loyalty and long-term relationships



Earnings Per Share (EPS)

EPS represents net earnings attributable to each outstanding share. The company reported EPS of Rs.11.63 in 2025/26, compared to Rs.5.78 in 2024/25, reflecting over 101% growth in shareholder value creation



Financial freedom is available
to those who learn about it
and work for it.

Robert Kiyosaki

Operational Performance

Productivity, Efficiency and Innovation

During the year under review, Abans Finance PLC continued to strengthen operational productivity and efficiency through disciplined process improvements, digital integration and enhanced internal coordination. The Company focused on streamlining workflows, improving turnaround times and strengthening operational controls across its branch network and support functions. Key initiatives included the continued implementation of the WorkHub system, which enabled improved workflow management, centralized processing and better coordination between branches and Head Office. The integration of CRIB API and NIC API systems further enhanced operational efficiency by enabling real-time credit verification and customer identity validation, reducing manual intervention and improving processing accuracy.

Operational efficiency was also supported through stronger cost management practices, centralized operational monitoring, improved resource utilization and enhanced reporting capabilities. Simultaneously, the Company continued to invest in innovation through product diversification, including the introduction of new savings products and the expansion of gold-backed lending and consumer financing solutions.

Customer Satisfaction

Abans Finance PLC maintained a strong customer-centric approach throughout the year, focusing on accessibility, service reliability and relationship-driven financial solutions. The Company continued to enhance customer engagement through its expanding branch network and the wider reach of the Abans Group distribution network. Continuous improvements were made to service standards, processing speed and customer convenience through digital integration and operational enhancements. The Company also introduced customer-focused savings and financing products designed to improve accessibility and strengthen long-term customer relationships.

Progress on Digital Transformation and Modernisation Initiatives

Digital transformation remained a strategic priority for Abans Finance PLC during the year under review. The Company continued to modernize operational processes and strengthen digital capabilities to improve efficiency, scalability, compliance and customer experience. Substantial progress was achieved through the implementation and enhancement of the process automation platform, enabling improved workflow automation, documentation management and centralized operational monitoring. The integration of CRIB API enhanced real-time access to customer credit information, strengthening credit evaluation processes and reducing approval turnaround times.

The implementation of NIC API integration strengthened customer onboarding and Know Your Customer (KYC) procedures by improving the accuracy and reliability of identity verification processes. The Company also continued enhancing internal dashboards, reporting systems and cybersecurity controls to support operational resilience and digital governance.





ESG Performance



ENVIRONMENTAL GOALS

Reducing Climate Impact

We will focus on lowering our carbon footprint by supporting projects that will cut greenhouse gas emissions and move towards a greener economy.

Adapting to Climate Change

We will support projects that help communities and businesses adapt to climate change, like proving infrastructure to handle extreme weather.

Preventing Pollution

We will work to reduce pollution and manage waste more effectively, supporting practices that keep our environment clean.

Conserving Resources

We will promote the responsible use of resources. Our goal is to back initiatives that conserve nature and use resources efficiently



SOCIAL GOALS

Diversity and Inclusion

We hire and promote people from various backgrounds to create a more inclusive workplace.

Community Support

We donate to local charities and fund community projects like schools and Hospitals.

Employee Well Being

We offer wellness programs, flexible work hours, and mental health supports for our employees.

Fair Labour Practices

We ensure fair wages and safe working conditions for everyone in our supply chain.



GOVERNANCE GOALS

Transparency

We regularly share clear and honest updates about our business practices and financial status.

Ethical Conduct

We follow strict rules to prevent corruption and ensure fair dealing in all our business activities.

Board Oversight

We have a diverse and independent board that makes sure we're following our policies and managing risks properly.

Data Security

We protect customer and employees data with strong security measures and comply with privacy laws.

Stakeholder Communication

We actively listen to feedback from customers, investors and the public to make sure our business practices align with their expectation.

Governance Effectiveness

Governance effectiveness at Abans Finance PLC underpins its ESG performance through strong oversight, transparency, and regulatory compliance aligned with Central Bank of Sri Lanka requirements. A well-structured Board and key committees such as the Audit and Risk Management Committees ensure effective monitoring of financial integrity, risk management, and sustainability-related matters.

The Company's governance framework promotes responsible lending by integrating risk considerations into credit decisions, including financial, social, and emerging environmental risks. Strong compliance practices, including AML and KYC adherence, further strengthen accountability and reduce regulatory and reputational risks.

Overall, effective governance enhances ESG outcomes by supporting ethical decision-making, financial inclusion, and sustainable lending practices. This strengthens stakeholder confidence and reinforces Abans Finance PLC's long-term resilience in Sri Lanka's financial services sector.

SDG Targets

Abans Finance PLC remains committed to aligning business growth with sustainable development priorities. The Company will continue supporting

financial inclusion, customer accessibility, responsible financing, and environmentally sustainable initiatives aligned with relevant United Nations Sustainable Development Goals (SDGs).

Strategic sustainability-related focus areas include:

- Supporting financial inclusion and economic participation
- Expanding environmentally responsible financing initiatives
- Strengthening digital operations to reduce resource consumption
- Enhancing employee development and workplace inclusivity
- Strengthening governance, transparency, and compliance practices

From a financial perspective, the Company remains focused on balance sheet expansion, strengthening profitability, maintaining healthy liquidity and capital adequacy levels, improving portfolio quality and delivering sustainable returns to shareholders.

The table below depicts the progress made by Abans Finance to meet selected UN SDG Goals, driven by an ambition to fully comply with all these SDGs within the next five years.





SDG Goal	Capitals Most affected	Notes	Company Performance
No Poverty 	Human Capital Social Capital Financial Capital	Poverty reduction improves human well-being, strengthens social systems, and requires financial resources	Human Capital Financial inclusion: Expands customer base Financial Capital Poverty reduction: Lowers credit risk, improves repayment Economic growth: Creates new demand for financial products Social Capital ESG alignment: Attracts investors, enhances reputation Policy support: Strengthens regulatory relationships
Zero Hunger 	Natural Capital Human Capital Social Capital	Agriculture depends on natural capital (soil, water), human nutrition, and community food systems.	Natural Capital Agricultural credit: Expands loan portfolio Food supply chains: Strengthens SME financing Human Capital Health & nutrition: Builds productive, resilient workforce Employment: Provides livelihoods Social Capital Community impact: Enhances reputation, attracts ESG investors Policy alignment: Opens doors to incentives and partnerships

SDG Goal	Capitals Most affected	Notes	Company Performance
Good Health and Well-Being 	Human Capital Social Capital Financial Capital	Health outcomes strengthen human capital; financing healthcare systems is critical.	Human Capital Employee health programs: Higher productivity, lower HR costs Social Capital Community well-being focus: Stronger brand reputation, customer loyalty ESG alignment: Improved investor confidence, stable ratings Financial Capital Compliance with health standards: Reduced regulatory risk
Quality Education 	Human Capital Intellectual Capital Social Capital	Builds human skills, intellectual capital, and social equity.	Human Capital Employee training & education: Higher productivity, lower turnover Intellectual Capital Customer financial literacy: Reduced defaults, stronger loyalty Community education programs: Enhanced reputation, CSR value Social Capital ESG & regulatory alignment: Improved investor confidence, compliance stability



SDG Goal	Capitals Most affected	Notes	Company Performance
Gender Equality 	Human Capital Social Capital Intellectual Capital	Equal participation enhances human potential, social fairness, and knowledge diversity.	Human Capital Women-focused financial products: Expanded customer base, stronger inclusion Social Capital ESG alignment: Improved investor confidence, capital access Intellectual Capital Gender-balanced workforce: Higher productivity, lower turnover Social Capital ESG alignment: Improved investor confidence, capital access Intellectual Capital Gender-balanced workforce: Higher productivity, lower turnover
Clean Water and Sanitation 	Natural Capital Manufactured Capital Human Capital	Water resources (natural), infrastructure (manufactured), and health (human).	Natural Capital Reduced Carbon Footprint: Helps conserve ecosystems and reduce reliance on fossil fuels Stakeholder Trust: Demonstrating commitment to natural capital enhances reputation among regulators, customers, and ESG-focused investors Manufactured Capital Technology Integration: Leveraging digital platforms and energy-efficient systems strengthens resilience and modernizes financial service delivery

SDG Goal	Capitals Most affected	Notes	Company Performance
Clean Water and Sanitation	Natural Capital Manufactured Capital Human Capital	Water resources (natural), infrastructure (manufactured), and health (human).	Financial Capital Operational Efficiency & Cost Reduction: oversee sustainable finance activities and reduce energy consumption in operations Financing Renewable Energy Projects: The company prioritizes sustainable finance sectors, including renewable energy, under its ESG framework
Decent Work and Economic Growth 	Human Capital Financial Capital Manufactured Capital	Workforce skills, financial systems, and industrial infrastructure.	Human Capital Employee Development: Abans Finance invests in staff development programs, enhancing skills and productivity Workplace Well-being: Promoting decent work conditions improves employee satisfaction and retention Financial Capital Investor Confidence: Enhances ESG ratings and attracts socially responsible investors Credit Rating Stability: reinforcing financial credibility (A- Ika)



SDG Goal	Capitals Most affected	Notes	Company Performance
Industry Innovation and Infrastructure 	Human Capital Financial Capital Manufactured Capital	Workforce skills, financial systems, and industrial infrastructure.	Manufactured Capital Operational Efficiency: A motivated workforce supports better use of technology and infrastructure, improving service delivery Process Innovation: Abans Finance is driving towards to modernize systems (digital banking, mobile platforms)
Reduced Inequalities 	Human Capital Social Capital Financial Capital	Equal opportunities strengthen human and social capital, supported by financial redistribution.	Human Capital Inclusive Employment: Encourages fair hiring practices, equal pay, and opportunities for women, youth, and marginalized groups Employee Engagement: A culture of fairness and inclusivity fosters innovation and collaboration Social Capital Reputation: Enhances Our image as a socially responsible institution, attracting customers and partners Stakeholder Collaboration: Partnerships with NGOs, government, and community organizations to reduce inequalities expand the company's social reach Financial Capital Investor Confidence: Commitment to reducing inequalities strengthens ESG ratings, attracting socially responsible investors and maintaining credit rating stability

SDG Goal	Capitals Most affected	Notes	Company Performance
Sustainable Cities and Communities 	Social Capital Natural Capital	Urban planning affects infrastructure, community cohesion, and environmental resources.	Social Capital Inclusive Finance: Offering loans and leasing facilities for affordable housing and community projects strengthens social equity Natural Capital Energy Efficiency: Supporting renewable energy and green building initiatives lowers carbon emissions and conserves resources
Responsible Consumption and Production 	Natural Capital Manufactured Capital Financial Capital	Sustainable production reduces strain on natural capital, reshapes industries, and financial flows	Natural Capital Waste Reduction: Encouraging responsible consumption through sustainable lending (e.g., loans for energy-efficient appliances) helps conserve resources Environmental Stewardship: Supporting businesses that prioritize sustainable production protects ecosystems and aligns with Sri Lanka's climate goals Manufactured Capital Digital Transformation: Promoting paperless transactions and online platforms reduces material use while improving customer service Financial Capital Cost Savings: Resource efficient operations reduce overheads, improving profitability Investor Confidence: Alignment with SDG 12 enhances ESG ratings, attracting socially responsible investors and supporting credit rating stability



SDG Goal	Capitals Most affected	Notes	Company Performance
Climate Action 	Natural Capital Social Capital Financial Capital	Protects ecosystems, requires collective action, and financial investment in resilience.	Natural Capital Resilience: Climate-conscious financing protects natural resources and reduces exposure to climate-related risks Sustainable Lending: Supporting businesses that prioritize climate-friendly operations helps conserve ecosystems and aligns with Sri Lanka's climate commitments Social Capital Reputation: Aligning with SDG 13 enhances Abans Finance's image as a socially responsible institution, building trust among customers, regulators, and investors Financial Capital Cost Efficiency: Energy-efficient operations lower overheads, improving profitability Investor Confidence: Commitment to climate action strengthens ESG ratings, attracting sustainable investment funds and supporting credit rating stability.
Life Below Water 	Natural Capital Social Capital	Marine ecosystems (natural) and coastal communities (social).	Natural Capital Risk Management: Their ESG risk framework identifies environmental risks such as water pollution and biodiversity loss, ensuring financing does not support activities harmful to aquatic ecosystems.

SDG Goal	Capitals Most affected	Notes	Company Performance
Life Below Water	Natural Capital Social Capital	Marine ecosystems (natural) and coastal communities (social).	Social Capital Employee Capital: Sustainability training and capacity building foster a culture of responsibility among staff, reinforcing internal social capital Reputation & Trust: Aligning with global sustainability goals strengthens brand credibility, which is crucial in the financial services sector where trust drives deposits and investments
Life on Land 	Natural Capital Human Capital Social Capital	Biodiversity protection sustains ecosystems, human livelihoods, and community resilience.	Natural Capital Sustainable Land Use: Supporting businesses that adopt eco-friendly agriculture, waste management, or renewable energy indirectly preserves Sri Lanka's land resources. Human Capital Workplace Culture: A focus on sustainability fosters pride and purpose among employees, improving retention and motivation. Social Capital Reputation & Trust: Demonstrating commitment to protecting terrestrial ecosystems enhances credibility with regulators, investors, and customers



SDG Goal	Capitals Most affected	Notes	Company Performance
Peace, Justice, and Strong Institutions 	Social Capital Intellectual Capital Financial Capital	Governance builds trust (social), requires knowledge systems, and financial stability.	Social Capital Trust & Transparency: Clear disclosures and ethical practices strengthen trust among customers, regulators, and communities Stakeholder Relationships: Collaboration with regulators, auditors, and communities reinforces institutional credibility Intellectual Capital Innovation in Governance: Developing internal policies aligned with SDG 16 fosters innovation in ethical finance and ESG reporting Reputation as a Thought Leader: By embedding justice and strong institutions into its operations, Abans builds intellectual credibility in Sri Lanka's financial sector Financial Capital Risk Reduction: Transparent operations and compliance with regulations lower the likelihood of fines, fraud, or reputational damage Investor Confidence: Strong governance and adherence to justice principles reduce corruption risks, making Abans more attractive to investors
Partnerships for the Goals 	Social Capital Financial Capital Intellectual Capital	Collaboration strengthens social ties, mobilizes finance, and shares knowledge.	Social Capital Community Engagement: Collaborations with local organizations amplify Abans' impact on social development projects

SDG Goal	Capitals Most affected	Notes	Company Performance
	Social Capital Financial Capital Intellectual Capital	Collaboration strengthens social ties, mobilizes finance, and shares knowledge.	Stakeholder Trust: Partnerships demonstrate commitment to collective progress, strengthening relationships with regulators, communities, and customers Financial Capital Access to Funding: Partnerships with local & international development agencies, banks, and investors can open new financing channels Shared Risk & Cost Efficiency: Collaborations reduce the financial burden of sustainability initiatives by pooling resources Intellectual Capital Capacity Building: Employees gain exposure to best practices in sustainable finance through collaborative training and workshops

- Green Financing
- Corporates transitioning to greener operations.

Abans Finance PLC has begun integrating sustainability into its financial services, offering green financing options that support eco-friendly projects such as energy-efficient vehicles, and environmentally responsible business practices. While details are limited, the company is aligning with Sri Lanka’s push for sustainable finance and Fitch-rated stability (A-(lka)/Stable).

Green Financing at Abans Finance PLC

Focus Areas:

- Leasing for electric and hybrid vehicles to reduce carbon emissions.
- Financing for energy-efficient appliances and machinery.

Target Customers:

- Individuals investing in sustainable personal assets (EVs, solar panels).

Why It Matters

- Sri Lanka’s Sustainable Finance Roadmap: The Central Bank of Sri Lanka encourages financial institutions to integrate environmental, social, and governance (ESG) principles into lending. Abans Finance’s green financing aligns with this national agenda.
- Environmental Impact: By financing low-emission transport Abans Finance helps reduce reliance on fossil fuels and supports climate resilience.
- Investor Confidence: Fitch Ratings has given Abans Finance PLC an A-(lka)/Stable rating, signalling financial stability and credibility for long-term sustainability initiatives



Outlook

Market Trends

The improving macroeconomic environment in Sri Lanka is expected to create renewed opportunities for the financial services sector. Gradual economic stabilization, easing inflationary pressures, improving market confidence and lower interest rate conditions are expected to support increased demand for consumer finance, leasing, gold-backed lending and SME-related financing activities. At the same time, increasing digital adoption, evolving customer expectations and heightened regulatory focus on governance, compliance and sustainability are expected to continue reshaping the non-bank financial services sector. The growing emphasis on green finance and sustainable business practices is also expected to create new opportunities within renewable energy and environmentally responsible financing segments.

Strategic Priorities

Looking ahead, Abans Finance PLC will continue to focus on sustainable portfolio growth, operational efficiency, digital transformation and disciplined risk management. Strategic priorities include expanding the lending portfolio, strengthening deposit mobilization, enhancing customer engagement and improving service accessibility across the branch network. The Company also intends to deepen investments in digital systems, workflow automation, cybersecurity and operational modernization to support long-term scalability and service excellence. Moreover, focus will remain on strengthening governance frameworks, regulatory compliance and ESG integration across operations.

Resource Plans

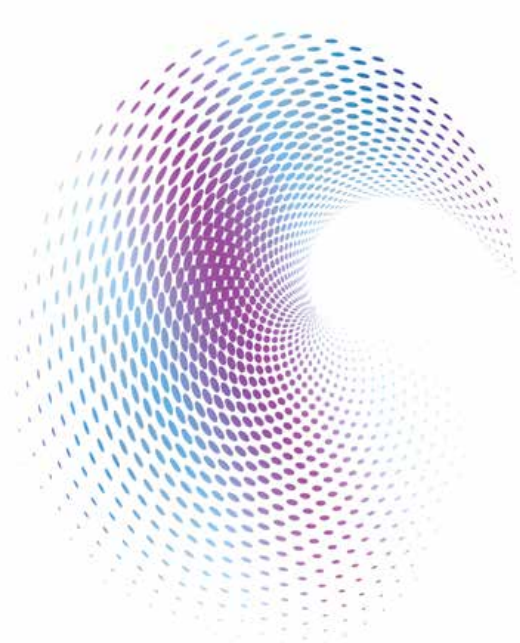
The Company's future resource allocation strategy will prioritize investments in technology, branch expansion, human capital development and operational infrastructure. Continued investments in digital systems, information security and process automation are expected to improve operational agility and strengthen customer experience. Human capital development will remain a key

focus area, with continued emphasis on training, leadership development, compliance awareness and technical capability enhancement to support a future-ready workforce. Resource allocation will also support the expansion of customer access points, new product development and sustainable financing initiatives.

Stakeholder Value

Abans Finance PLC remains committed to creating sustainable value for all stakeholders through responsible growth, operational resilience, and customer-focused financial solutions. The Company's integrated approach balances financial performance with governance, human capital development, customer engagement, and social responsibility.

Customers benefit from accessible and reliable financial solutions, employees benefit from development and engagement opportunities, shareholders benefit from sustainable growth and governance strength, while communities benefit from financial inclusion and social impact initiatives.



Financial Statements

Directors' Responsibility for Financial Reporting

Section 150 of companies Act No. 7 of 2007 requires the board of directors of the company to ensure that within six months or within such extended period as may be determined by the Registrar General of Companies after the balance sheet date of the company, financial statements that comply with the requirements of Section 151 are:

- a) completed in relation to the company and;
- b) certified by the person responsible for the preparation of the financial statements that it is in compliance with the requirements of that Act; and
- c) dated and signed on behalf of the board by two directors of the company.

Section 151 of the Companies Act states that financial statements of a company shall give a true and fair view of ;

- a) the state of affairs of the company as at the balance sheet date; and b) the profit or loss or income and expenditure, as the case may be, of the company for the accounting period ending on that balance sheet date.

It also states that the financial statements of the company shall comply with;

- a) any regulations made under the Companies Act which specifies the form and content of financial statements ; and
- b) any requirements which apply to the company's financial statements under any other law.

Section 06 of the Accounting and Auditing Standards Act No. 15 of 1995 require the company to prepare its accounts in compliance with Sri Lanka Accounting and Auditing Standards and take all necessary measures to ensure that its accounts are audited in accordance with Sri Lanka Auditing Standards with object of presenting a true and fair view of the financial performance and financial condition of the company.

Section 148 of the Companies Act requires the company to keep accounting records which correctly record and explain the company's transactions, and will;

- a) at any time enable the financial positions of the company to be determined with reasonable accuracy ;
- b) enable the directors to prepare financial statements in accordance with this Act; and
- c) enable the financial statements of the company to be readily and properly audited.

The relevant section also states that the accounting records shall contain ;

- a) entries of money received and expended each day by the company and the matters in respect of which such money was spent;
- b) a record of the assets and liabilities of the company;
- c) if the company's business involves dealing in goods
 - i. a record of goods bought and sold, except good sold for cash in the ordinary course of carrying on retail business that identifies both the goods and buyers and sellers and relevant invoices;
 - ii. a record of stock held at the end of the financial year together with records of any stock taking during the year;
- d) if the company's business involves providing services, a record of services provided and relevant invoices.

Section 189 of the Companies Act states that a person exercising powers or performing duties as a director of a company;

- a) shall not act in a manner which is reckless or grossly negligent; and

- b) shall exercise the degree of skill and care that may reasonably be expected of a person of his knowledge and experience.

Section 190 (1) of the Companies Act states the subject to the provisions of subsection (2), a director of company may rely on reports, statements, and financial data and other information prepared or supplied, and on professional or expert advice given by any of the following persons;

- a) and employee of the company;
- b) a professional advisor or expert in relation to matters which the director believes to be within the person's professional or expert competence;
- c) any other director or committee of directors in which the director did not serve, in relation to matters within the directors or committee's designated authority.

Section 190 (2) states that provisions of subsection (1) shall apply to a director, if, and only if, the director ;

- a) acts in good faith;
- b) makes proper inquiry where the need for inquiry is indicated by the circumstances; and
- c) has no knowledge that such reliance is unwarranted.

The Board of Directors of the company is of the view that the Board has discharged its responsibilities accordingly.



K. J. Cecil Perera

Chairman

15th July 2026



*If we command our wealth,
we shall be rich and free. If
our wealth commands us,
we are poor indeed*

Edmund Burke

Assurance report on the director's statement on internal control



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Independent Auditors' Assurance Report on the Directors' Statement on Internal Control TO THE BOARD OF DIRECTORS OF Abans Finance PLC

Report on the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Abans Finance PLC ("the Company") to provide assurance on the Director's Statement on Internal Control ("the 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/Finance Leasing 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 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.

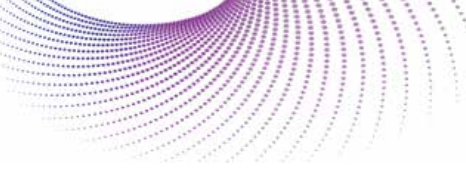
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M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekera FCA

Principals: S.R.I. Perera FCMA (UK), LL.B, Attorney-at-Law, H.S. Gooneratne ACA, Ms. E. R. Ziyad ACA, FCMA (UK), FCI, K. Somesundaram ACMA (UK), Ms. D. Cosma Dhanesathne



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 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 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.
- (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 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 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, (which did not cover the "statement on prudential requirements, regulations and law") nothing has come to our attention that causes us to believe that the Statement included on pages 307 to 308 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 Company.



Chartered Accountants

Colombo
30th July 2026

Directors' Statement on Internal Control Over Financial Reporting

The Board of Directors ("Board") of Abans Finance PLC presents this report on Internal Control over Financial Reporting, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021 — Corporate Governance.

This statement describes the Company'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.

The Board is responsible for the implementation of an adequate and effective internal control mechanism and the continuous reviewing of its design and effectiveness. An ongoing process has been established within the Company to identify, evaluate and manage the significant risks faced by the company which is inclusive of enhancing the system of Internal controls over Financial Reporting as and when there are changes to the business environment or regulatory guidelines. These processes are regularly reviewed by the Board and Board - appointed sub committees.

The board's policies and procedures pertaining to internal control over financial reporting have been documented. The implementation of such policies and procedures is carried out with the assistance of the management. In assessing the Internal control system over Financial Reporting, identified officers of the company collated all procedures and controls that relate to significant accounts and disclosures of the Financial Statements of the company. These in turn are being observed and checked by the Internal Audit Department of the company for suitability of design and effectiveness on an on-going basis.

KEY INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

- Establishment of various Committees of Board to assist the Board with a view of ensuring the effectiveness of the company's daily operations and such operations conform to the company's corporate objectives, strategies and the annual budget as well as policies and business directions approved by the Board.
- The Internal Audit Division of the company checks for compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. All departments and branches are subjected to audits, the frequency of which is determined by the level of risk assessed by the internal audit, to provide an independent and objective report on operational and management activities of these departments and branches. The Internal Audit Department submits the Annual Audit Plan for review and approval of the Board Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings.
- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Department, the External Auditors, Regulatory Authorities, and the Management; and evaluates the adequacy and effectiveness of risk management and internal control systems. It also reviews the internal audit function with particular emphasis on the scope of audits and quality of the same. Further details of the activities undertaken by the Board Audit Committee of the Company are set out in the Audit Committee Report.
- To assess the internal control systems, all procedures and controls which relate to significant accounts and disclosures of the Financial Statements of the Company are continuously reviewed and updated by identified officers of the Company. The Internal Audit Department verifies the suitability of design and effectiveness of such procedures and controls, on an ongoing basis.
- The observations made by the External Auditors in connection with the internal control system during the financial year 2025/2026 will be taken into consideration and appropriate steps will be taken to address them as appropriate during the ensuing year.





Company adopted SLFRS 9, the Sri Lanka Accounting Standards on Financial Instruments and continuous monitoring is being carried out and steps are being taken to make improvements to the processes where required, to enhance effectiveness and efficiency. In addition, the required improvements in the controlling process are being carried out in respect to the Management Information System and its reports. The Board will continuously strengthen the processes required for validation and compliance with SLFRS 9.

CONFIRMATION

Based on the above processes, the Board of Directors confirms that the Financial Reporting System of the Company has been designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors, KPMG, have reviewed the above Directors' Statement on Internal Control over financial reporting for the year ended 31 March 2026 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system of the Company.

STATEMENTS ON PRUDENTIAL REQUIREMENTS, REGULATIONS AND LAWS

There were no instances of non-compliance with prudential requirements, regulations and laws and there was no material non-compliance with internal control.

There was no supervisory concern on lapses in the Company's Risk Management Systems or non-compliance with the Act, and rules and directions which led to them being pointed out by the Director of Non-Bank Supervision of the Central Bank of Sri Lanka and which have caused the Monetary Board to give directions that they be disclosed to the public.

By order of the Board,



K.J.C. Perera
Chairman



Yudhishtan Kanagasabai
Chairman Audit Committee
30th July 2026

Independent Auditors Report to the Shareholders of the Abans Finance PLC



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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abans Finance PLC ("the Company"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 31 March 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.

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01. Allowances for Expected Credit losses - loans and advances and finance lease receivable

Refer to note 19 & 20 to these Financial Statements.

Risk Description	Our response
As at 31 March 2026, 81% of its total assets of the Company consisted of loans and advances and finance lease receivables amounting to Rs. 17 Bn. Higher degree of complexity and judgement are involved in estimating Expected Credit loss (ECL) amounting to Rs. 1.4 Bn as at the reporting date. Allowance for expected credit losses is a key audit matter due to the significance of the loans and receivables and finance lease receivable balances to the financial statements and the inherent complexity of the Company's ECL models used to measure ECL allowances. These models are reliant on data and a number of estimates including the impact of multiple economic scenarios and other assumptions such as defining a significant increase in credit risk (SICR). SLFRS 9 Financial Instruments requires the Company to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post-model adjustments are made by the Company to address known ECL model limitations or emerging trends in the loan and lease receivable portfolios. Management exercise significant judgement when evaluating the economic scenarios used and the judgmental post model adjustments. The Company's criteria selected to identify a SICR are key areas of judgement within the Company's ECL methodology as these criteria determine if a forward-looking 12 month or lifetime allowance is recorded. Additional subjectivity and judgement have been introduced into the Company's measurement of ECL due to the heightened uncertainty associated with the impact of the economic outlook to the Company's customers, increasing our audit effort thereon. The disclosures regarding the Company's application of SLFRS 9 are key to explaining the key judgements and material inputs to the SLFRS 9 ECL results.	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 of loans and advances and finance lease receivables, and the measurement of provisions for impairment. ● Assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default exposure at default, discount rate, adjustments for forward looking information and other management adjustments and assessing the reasonableness of key management judgement. ● Evaluating the model methodology and key assumptions by testing the completeness and accuracy of key inputs into models and assessed the appropriateness of other assumptions. We substantially tested the completeness and accuracy of key inputs into models and assessed the appropriateness of assumptions, particularly in light of extreme volatility in economic scenarios caused by the current economic uncertainty and government responses. ● Recalculating the amount of credit loss allowance for loans and advances and finance lease receivables to verify the calculation accuracy of the credit loss allowance. ● We have involved our FRM specialist to assess the reasonability of the adjustments made by the Company to the forward looking macro-economic factors and assumptions used in the ECL model. ● We involved our FRM specialist to assess the logic and compilation of the overdue information of loans and advances, finance lease receivables and hire purchase receivables. ● Assessing the adequacy and the appropriateness of related disclosures in the financial statements using our understanding obtained from our testing and against the requirements of Sri Lanka Accounting Standards.

02. IT systems and controls over financial reporting

Risk Description	Our response
The Company's businesses utilize many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. The Controls over access and changes to IT systems are critical to the recording of financial information and the preparation of financial statements which provides a true and fair view of the Company's financial position and performance. The IT systems and controls, as they impact the recording and reporting of financial transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Company's IT controls.	We worked with our internal IT specialists to perform audit procedures to test the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which link the technology-enabled business processes Our further audit procedures included: ● Assessing the design, implementation, and operating effectiveness of key internal controls over the information technology in relation to financial accounting and reporting systems, including system access and system change management, monitor system integrity, program development and computer operations. ● Examining the framework of governance over the Company's IT organization and the controls over program development and changes, access to programs and data and IT operations, including compensating controls when required. ● Evaluating the design, implementation and operating effectiveness of the significant accounts related to IT process controls by assessing the operating effectiveness of IT application controls by assessing the operating effectiveness of certain automated controls and system calculations which are relevant to the company's compliance activities and assessing the consistency of data transmission and data migration. ● Assessing the availability and stability of key operating systems, taking into consideration the rapid development of business types and transactions volumes as well as IT projects that have a significant impact on business continuity. ● On sample basis, re-performed selected automated computations and compared our results with those from the system and the general Ledger. ● On sample basis, testing the access rights given to staff by checking them to approved records and inspecting the reports over the granting and removal of access rights ● Testing preventative controls designed to enforce segregation of duties between users within particular systems.



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 auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
29th May 2026

Financial Calendar

	2025/26	2026/27
Annual General Meeting	28th September 2026 (20th AGM)	To be Announced (21st AGM)
Annual Accounts Signed/To be Signed	27 May 2026	Before 31st May
Financial Statement Publication		
Bi-Annual Reports		
First 6 months ended on 30/09/2025	30/10/2025	-
Second 6 months ended on 31/03/2026	29/05/2026	-
Bi-Annual Reports		
First 6 months ended on 30/09/2026	-	Before 31/12/2026
Second 6 months ended on 31/03/2027	-	Before 30/06/2027
Annual Report Publication	Before 30/08/2026	Before 30/08/2027
Interim Financial Statements publication*		
Q1 ended on 06/30	29/07/2025	Before 31/08/2026
Q2 ended on 09/30	03/11/2025	Before 31/11/2026
Q3 ended on 12/31	30/01/2026	Before 28/02/2027
Q4 ended on 03/31	29/05/2026	Before 30/05/2027

*Interim FS publication deadline is 45 days apart from the relevant quarter end date

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 st March	Notes	2026 Rs.	2025 Rs.
Income	5	4,672,931,273	3,457,209,812
Interest Income	5.1	4,213,725,906	3,032,532,615
Interest Expense	5.2	(1,146,048,790)	(941,158,915)
Net Interest Income		3,067,677,116	2,091,373,700
Fee and Commission Income	6.1	375,313,695	350,540,958
Fee and Commission Expense	6.2	(56,791,298)	(34,838,272)
Net Fee and Commission Income		318,522,397	315,702,686
Net Gain/(Loss) from Trading	7	8,823,845	39,151,386
Other Operating Income (net)	8	75,067,827	34,984,853
Total Operating Income		3,470,091,185	2,481,212,625
Credit Loss Expense on Financial Assets	9	(284,738,398)	(408,337,325)
Net Operating Income		3,185,352,787	2,072,875,300
Operating Expenses			
Personnel Costs	10	(861,585,806)	(620,951,326)
Depreciation & Amortization	11	(100,270,615)	(80,117,199)
Other Operating Expenses	12	(539,493,238)	(420,440,399)
Operating Profit before Taxes on Financial Services		1,684,003,128	951,366,376
Taxes on Financial Services	13	(404,146,689)	(247,738,710)
Profit before Taxation from Operations		1,279,856,439	703,627,666
Provision for Income Taxation	14.1	(422,753,397)	(277,872,043)
Profit for the Year		857,103,042	425,755,623
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
Actuarial Gains/(Losses) on Defined Benefit Plan	36.1	(5,334,850)	(10,589,044)
Deferred Tax Effect on Actuarial Gains/(Losses)	14.1	1,600,455	3,176,713
Gain from Fair Value of Financial Assets Measured at FVOCI	22	2,424,728	-
		(1,309,667)	(7,412,331)
Items that will be reclassified to profit or loss			
Losses from Revaluation of Property, Plant & Equipment	28.1	(3,572,500)	7,145,000
Deferred Tax Effect on Revaluation of Property, Plant & Equipment	14.1	1,071,750)	(2,143,500)
		(2,500,750)	5,001,500
Other Comprehensive (Loss) /Profit for the Year, Net of Tax		(3,810,417)	(2,410,831)
Total Comprehensive Income for the Year		853,292,625	423,344,792
Earnings Per Share : Basic / Diluted (Rs.)	15.1	11.63	5.78

Accounting Policies and Notes from pages 319 to 391 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 st March	Notes	2026 Rs.	2025 Rs.
Assets			
Cash and Bank Balances	16	688,959,509	315,577,083
Placement With Banks	17	479,664,558	469,476,605
Repurchase Agreements	18	212,083,868	4,403,264
Loans and Advances	19	2,285,858,574	1,272,403,552
Lease Rentals Receivable & Stock out on Hire	20	14,652,133,950	9,797,524,125
Financial Investments at Fair Value through P&L	21	1,647,762	317,071,437
Equity Instruments at Fair Value through OCI	22	2,505,128	80,400
Debt Instruments at Amortised Cost	23	928,051,561	631,753,297
Other Financial Assets	24	657,584,956	142,823,271
Real Estate Stock	25	39,483,688	39,483,688
Other Non Financial Assets	26	139,809,649	86,656,745
Intangible Assets	27	42,764,093	19,469,643
Property, Plant & Equipment	28	335,288,938	208,255,870
Right-of- use Assets	29	248,603,599	179,947,895
Deferred Tax Assets	30	92,772,057	-
Total assets		20,807,211,890	13,484,926,875
Liabilities			
Due to Banks	31	567,212,652	4,664,275
Due to Customers	32	11,037,171,800	8,449,847,230
Other Borrowed Funds	33	2,588,695,058	150,362,272
Other Financial Liabilities	34	1,915,532,297	958,596,511
Other Non Financial Liabilities	35	130,465,279	94,622,412
Current Tax Liabilities		342,310,832	265,712,395
Retirement Benefit Liability	36	70,513,552	58,658,560
Total Liabilities		16,651,901,470	9,982,463,655
Shareholders' Funds			
Stated Capital	37	1,321,097,699	1,321,097,699
Retained Earnings	38.1	2,399,938,400	1,741,428,099
Other Reserves	38.2	434,274,321	439,937,422
Total Shareholders' Funds		4,155,310,420	3,502,463,220
Total Liabilities and Shareholders' Funds		20,807,211,890	13,484,926,875

Accounting Policies and Notes from pages 319 to 391 form an integral part of these Financial Statements.

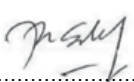
I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


B.G.P. Samantha
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board,


Director

27 May 2026
Colombo


Director

Statement of Changes in Equity

For the year ended 31 st March	Stated Capital Rs.	Statutory Reserve Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Regulatory Loss Allowance Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31 March 2024	1,321,097,699	300,139,225	65,066,685	-	480,490,707	912,324,112	3,079,118,428
Total Comprehensive Income For the Year							
Net Profit for the year	-	-	-	-	-	425,755,623	425,755,623
Other Comprehensive Income net of tax	-	-	-	-	-	(7,412,331)	(7,412,331)
Transfer to Statutory Reserve Fund	-	21,287,781	-	-	-	(21,287,781)	-
Revaluation Gain From Land Revaluation	-	-	5,001,500	-	-	-	5,001,500
Transfer from Regulatory Risk Allowance Reserve	-	-	-	-	(432,048,476)	432,048,476	-
Balance as at 31 March 2025	1,321,097,699	321,427,006	70,068,185	-	48,442,231	1,741,428,099	3,502,463,220
Total Comprehensive Income For the Year							
Net Profit for the year	-	-	-	-	-	857,103,042	857,103,042
Dividends	-	-	-	-	-	(200,445,425)	(200,445,425)
Other Comprehensive Income net of tax	-	-	-	-	-	(3,734,395)	(3,734,395)
Transfer to Statutory Reserve Fund	-	42,855,152	-	-	-	(42,855,152)	-
Revaluation Loss From Land Revaluation	-	-	(2,500,750)	-	-	-	(2,500,750)
Other Comprehensive Income-Fair Value Measured at OCI	-	-	-	2,424,728	-	-	2,424,728
Transfer from Regulatory Loss Allowance Reserve	-	-	-	-	(48,442,231)	48,442,231	-
Balance as at 31 March 2026	1,321,097,699	364,282,158	67,567,435	2,424,728	-	2,399,938,400	4,155,310,420

Accounting Policies and Notes from pages 319 to 391 form an integral part of these Financial Statements.

Statement of the Cash Flows

For the year ended 31 st March	Notes	2026 Rs.	2025 Rs.
Cash Flows From / (Used in) Operating Activities			
Profit before Income Tax Expense		1,279,856,439	703,627,666
Adjustments for			
Depreciation	28.2	46,419,888	27,188,157
Amortization of Intangible Assets	27	6,697,547	7,253,603
Amortization of Right to use assets	29	47,153,180	45,675,440
Interest Expense on Borrowings	5.2	128,347,194	64,556,676
Interest Expense on Lease Liability	29.2	27,873,816	25,114,860
Loss/(Profit) on early termination of Lease Assets		(1,472,467)	(1,605,133)
Impairment charge/(reversal) for the year	9	284,738,398	408,337,325
Decrease / (Increase) in fair value of Real stock		-	789,700
Loss/(Profit) from Sale of Unit Trust	7	(8,576,325)	(38,922,821)
Loss/(Profit) on Disposal of Property & Equipment	8	(14,795,630)	-
Provision/(Reversal) for Defined Benefit Plans	10	16,550,312	13,115,855
Dividend Received		(247,520)	(228,565)
Operating Profit before Working Capital Changes		1,812,544,832	1,254,902,763
(Increase)/Decrease in Loans and Advances		(1,032,083,415)	(395,180,916)
(Increase)/Decrease in Lease Rentals Receivable & Stock out on hire		(5,120,719,830)	(3,392,062,295)
(Increase)/Decrease in Other Financial Assets		(514,761,686)	(45,013,136)
(Increase)/Decrease in Other Non Financial Assets		(53,152,904)	(24,217,831)
Increase/(Decrease) in Amounts Due to Customers		2,587,324,570	2,082,999,556
Increase/(Decrease) in Other Financial Liabilities		709,796,593	196,325,559
Increase/(Decrease) in Other Non Financial Liabilities		35,842,867	29,848,796
Cash Generated from / (Used in) Operations		(1,575,208,973)	(292,397,504)
Interest Expense Paid		(110,045,407)	(185,598,309)
Retirement Benefit Liabilities Paid	36	(10,030,170)	(6,331,169)
Taxes Paid		(436,254,811)	(88,092,041)
Dividend Received		247,520	228,565
Net Cash (Used in)/From Operating Activities		(2,131,291,841)	(572,190,458)
Cash Flows from / (Used in) Investing Activities			
Acquisition of Property, Plant & Equipment	28.1	(180,911,325)	(39,089,551)
Acquisition of Intangible Assets	27	(29,991,997)	(4,550,692)
Proceeds from Sales of Property, Plant & Equipment		18,681,499	-
Cash Flow (Used in)/ from Fixed Deposits		(6,370)	5,609,180
Sale/(Purchase) of Debt Instruments at Amortised Cost		324,179,415	160,929,897
Net Cash Flows Generated from/(Used in) Investing Activities		131,951,222	122,898,833
Cash Flows from / (Used in) Financing Activities			
Cash Inflow from Bank Borrowings	31	600,063,830	-
Cash Outflow Bank Borrowings	31.1	(33,332,000)	-
Cash Inflow from Other Borrowings	33.2	2,526,405,088	-
Cash outflow from Other Borrowings	33.2	(168,000,000)	(368,738,095)
Lease Capital Paid	29.2	(33,409,731)	(37,331,015)
Net Cash Flows from/(Used in) Financing Activities		2,891,727,187	(406,069,109)
Net Increase in Cash and Cash Equivalents		892,386,568	(855,360,734)
Cash and Cash Equivalents at the beginning of the year	16.1	1,263,673,295	2,119,034,029
Cash and Cash Equivalents at the end of the year		2,156,059,863	1,263,673,295

Note: Dividend Income from Investing Activities reclassified to Operating Activities.

Accounting Policies and Notes from pages 319 to 391 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31st March 2026

1. CORPORATE INFORMATION

1.1 General (GRI 2-1)

Abans Finance PLC is domiciled, public limited liability company incorporated in Sri Lanka on 08 April 2005 under the Companies Act No. 17 of 1982, The Company was reregistered under the Companies Act No.7 of 2007 on 15 June 2009. It is a Licensed Finance Company registered under the Finance Business Act No.42 of 2011. The Company was listed on the Colombo Stock Exchange in 2011.

The registered office of the Company is located at No. 498, Galle Road, Colombo 03 and the principal place of business is situated at No. 456, R.A. De Mel Mawatha, Colombo 03.

1.2 Principal Activities and Nature of Operations

The Company provides a comprehensive range of financial services encompassing Acceptance of Fixed Deposits, Maintenance of saving Deposits, Providing Finance Leases, Hire Purchase, Mortgage Loans, Gold Loans, Personal Loans and Other Credit Facilities.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent company is Abans PLC and the ultimate parent company is Abans International (Pvt) Limited which are incorporated in Sri Lanka.

1.4 Approval of Financial Statements by Directors

The Financial Statements of Abans Finance PLC for the year ended 31 March 2026 was authorized for issue in accordance with a resolution of the Board of Directors on 27 May 2026.

1.5 Directors' Responsibility Statement

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 the Sri Lanka Accounting Standards comprising LKASs and SLFRSs (hereafter "SLFRS").

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company (Statement of Financial Position and Statement of profit or loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes) as at 31 March 2026 are prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRSs and LKASs (hereafter referred as SLFRSs), as laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) further, these statements compliance with the requirements of the Companies Act No. 07 of 2007. The presentation of these Financial Statements is also in compliance with the requirements of Finance Business Act No 42 of 2011, Listing Rules of the Colombo Stock Exchange and the CBSL guidelines.

2.2 Basis of Measurement

The Financial Statements of the Company have been prepared on a historical cost basis, except for the following items in the Statement of Financial Position.

- Financial Assets at fair value through other comprehensive income at fair value (Note 22)
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation (Note 36)
- Financial Assets at Fair value through Profit or Loss (FVPL) (Note 21)
- Freehold land, which is measured at cost at the time of acquisition subsequently, measured at revalued amounts, which are the fair values at the date of revaluation.



2.3 Functional and Presentation Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees (Rs.), which is the currency of the primary economic environment in which Abans Finance PLC operates. The Financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee except where otherwise indicated as permitted by the Sri Lanka Accounting Standard LKAS 01 on "Presentation of Financial Statements". There was no change in the Company's presentation and functional currency during the year under review.

2.4 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements. An analysis on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (noncurrent) is presented in Note 42.

2.5 Materiality and Aggregation

In compliance with 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 if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial position only when there is an 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 required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

2.6 Comparative Information

The comparative information is re-classified whenever necessary to confirm the current year's presentation.

2.7 Statement of Cash Flow

The cash flow statement has been prepared by using the indirect method in accordance with the Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash Flows), whereby operating, investing and financial activities have been separately recognized. Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash in hand, balances with banks, placements with banks (less than 3 months), net of unfavourable bank balances and securities purchased under repurchase agreement (less than three months).

2.8 Events After the Reporting Date

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorized for issue.

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the financial statements, other than those disclosed in Note 46 to the Financial Statements.

2.9 Significant Accounting Judgements, Estimates and Assumptions

The preparation of Financial Statements requires the application of certain critical accounting and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation 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, are described below. The Company based these assumptions and estimates on parameters available at the time Financial Statements were prepared. Existing circumstances and assumptions about future developments, these may change due to market changes or circumstances arising beyond the control of the Company. Such changes are taken into consideration in the assumptions when they occur.

I. Going Concern

The Directors have made an assessment of the company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

II. Defined Benefit Plans

The cost of defined benefit pension plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date as disclosed in Note 36.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality

tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company. The sensitivity of assumptions used in actuarial valuations are set out in Note 36.5 to the Financial Statements.

III. Impairment losses on Loans and Advances (FinanceLeases, Hire Purchases, Mortgage Loans, Revolving Loans and Business/ Personal Loans)

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 and the assessment of a significant increase in credit risk. These estimates driven by a number of factors, changes which can result in different levels of allowances.

Accordingly, the Company reviews its individually significant loans and advances at each financial reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgment was required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates were based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics such as instrument type.

As per SLFRS 09, the Company's expected credit loss (ECL) calculations are output of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The elements of the ECL models that are considered accounting judgements and estimates include.

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for



financial assets should be measured on a lifetime expected credit loss (LTECL) basis and the qualitative assessment

- The segmentation of financial assets when their fair values when their ECL is assessed on a collective basis
- Development of ECLs, models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on probability of default (PDs), Exposure at default (EADs) and loss given default (LGDs).
- Selection of forward – looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It is the Company's policy to regularly review its models in the context of actual loss experience and adjust whenever necessary.

IV. Fair Value of Financial Instruments

The determination of fair value of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The valuation of financial instrument is described in Note 40 to the Financial Statements. The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is also given in Note 40.1 to the Financial Statements.

V. Financial Assets and Financial Liabilities Classification

The Company's accounting policies provide scope for assets and liabilities to be classified, at inception, into different accounting categories. The classification of financial instruments is given in Note 40 "Analysis of Financial Instruments by Measurement Basis".

VI .Useful life of Property, Plant and Equipment and Intangible Assets

The Company reviews the assets' residual values, useful lives and methods of depreciation and amortization of Property, Plant, Equipment and Intangible Assets at each reporting date. Judgment by the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

VII. Taxation

The Company is subject to income tax and judgment is required to determine the total provision for current, deferred, and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

The Company has adopted the requirements of the New Inland Revenue Act 24 of 2017 which was effective from 1 April 2018 and deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

Further, deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

VIII. Provisions, Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote. Refer Note 43.2 for more details on Commitments and Contingencies.

IX. Revaluation of Free Hold Land (Property, Plant and Equipment)

Prior to 31st March 2021, the Company's accounting policy was to measure Free Hold Land under the cost model in LKAS 16 Property, Plant and Equipment (LKAS 16) whereby, after initial recognition, free hold land was carried at its historical cost less accumulated impairment losses, if any.

At the period ended 31 March 2021 the Company changed its accounting policy to measure the Company's free hold land from a cost model to revaluation model, where free hold land is measured at fair value less accumulated impairment losses recognized after the date of revaluation ("revaluation model"), in accordance with LKAS 16. The Company determined that the land constitute separate class of property, plant and equipment, based on their nature, characteristics and risks. The Company engages an independent valuation specialist to determine the fair value of freehold land in terms of Sri Lanka Accounting Standard of Fair Value Measurement (SLFRS 13).3.

The Company believes that a revaluation model provides more relevant information to the users of its financial statements as it is aligned to accounting practices adopted by its parent. In addition, available valuation techniques provide reliable estimates of the free hold land fair value where, the results of the revaluation were brought into the Financial Statements ensures that the carrying amount of such freehold land

reflects the market price prevailed at that time.

Revaluation Model

The Company applies the revaluation model to the entire class of freehold land. Such properties are carried at a revalue amount, being the fair value at the date of revaluation less any subsequent accumulated impairment losses.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements of the company unless otherwise indicated.

3.1 Financial Instruments – Initial Recognition, Classification and Subsequent Measurement

3.1.1 Date of Recognition

All financial assets and liabilities are initially recognised on the trade date. i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades". Regular way trade means purchases or sales



of financial assets within the time frame generally established by regulation or convention in the marketplace.

3.1.2 Initial measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for “Day 1 profit or loss”, as described below.

3.1.3 Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Company recognises the difference between the transaction price and fair value (a ‘Day 1’ profit or loss) in the Income Statement over the tenor of the financial instrument using effective interest rate method. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Income Statement when the inputs become observable, or when the instrument is derecognized.

3.1.4 Measurement categories of Financial Assets and Financial Liabilities

As per SLFRS 9, the Company classifies all its financial assets based on the business model for managing the assets and the assets’ contractual terms measured at either; On initial recognition, a financial asset is classified as measured at,

- Amortised Cost,
- Fair Value Through Other Comprehensive Income (FVOCI) or
- Fair value Through Profit or Loss. (FVPL)

The subsequent measurement of financial assets depends on their classification.

Financial liabilities are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

3.1.4 (a)(i). Financial Assets at Amortised cost:

The Company only measures loans, receivables, and other financial investments, at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial Assets consist of cash and bank balances, securities purchased under repurchase agreements, placement with banks, lease rentals receivable & stock out on hire, loan receivables, and other financial assets.

The details of the above conditions are outlined below.

Business model assessment

The Company determines its business model at the level that best reflect how it manages groups of financial assets to achieve its business objective. The Company’s business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity’s Key Management Personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is

- Based on the fair values of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

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 realised 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.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at 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).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms of that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

3.1.4 (a)(ii) Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify

irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

3.1.4 (a) (iii) Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The company does not have a compound financial instrument which contains both a liability and an equity component and require separation as at the date of the issue. Currently, the Company has recorded Debt issued and other borrowed funds as Financial Liabilities at Amortised Cost in the form of term loans, short term loans, debentures.

3.1.4 (a)(iv) Fair value Through Profit or Loss. (FVPL)

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor



held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy.

Attributable transaction costs and net trading profit or loss are recognised in statement of profit or loss as incurred. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss and the net trading.

Financial assets at fair value through profit or loss comprises of unit trusts.

3.1.5 Cash and Bank balances

Cash and bank balances comprise cash in hand, balances with banks, loans at call and at short notice that 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. Details of cash and bank balances are given in Note 16 to Financial Statements.

3.1.6 Classification and Subsequent Measurement of Financial Liabilities

Financial liabilities, other than loan commitments and financial guarantees, are classified as,

- 1) Financial liabilities at Fair Value through Profit or Loss (FVTPL)
 - a) Financial liabilities held for trading
 - b) Financial liabilities designated at fair value through profit or loss
- 2) Financial liabilities at amortised cost, when they are held for trading and derivative instruments or the fair value designation is applied.

The subsequent measurement of financial liabilities depends on their classification.

1) Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial Liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at FVTPL are fair value, and changes therein recognized in Income Statement. No such liabilities as at the reporting date.

2) Financial Liabilities at Amortised Cost

Financial liabilities issued by the Company that are not designated at FVTPL are classified as financial liabilities at amortised cost under "Due to banks", "Due to customers" and "Other borrowed fund, 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. After initial measurement, financial liabilities are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Currently, the Company has recorded Due to Banks & Other borrowed funds as Financial Liabilities at Amortised Cost in the form of term loans, short term loans and securitizations.

3.1.7 Reclassifications of Financial assets and Financial Liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company

acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

3.1.8 Derecognition of Financial assets and Financial Liabilities

3.1.8 (a) Derecognition due to substantial modification of terms and conditions

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit impaired at the date of inception.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Introduction of an equity feature
- Change in counter party
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

3.1.8 (b) Derecognition other than for substantial modification

(b)(i) Derecognition of Financial Assets

A financial asset (or, where applicable, apart of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The company has transferred the financial asset, if and only if either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset Or
- It retains the rights to cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company can not sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset



The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognizes as associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(b)(ii) Derecognition of Financial Assets

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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

derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

3.1.9 Determination of Fair Value

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

3.1.9 Determination of Fair Value

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair

value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The disclosure of fair value of financial instruments is disclosed in Note 40 to the Financial Statements.

3.1.10 Impairment of Financial Assets

3.1.10(i)a. Overview of the expected credit loss (ECL) principles

The Company recognizes expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under SLFRS 9. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 41.4.1(b)

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below.

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent



that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

b. The Calculation of Expected Credit Loss (ECL)

The Company calculates ECLs based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash short fall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

PD : The probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanisms of the ECL method are summarized below.

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation of the original EIR.

Stage2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. For such facilities set at 100% PD has been applied.

The Company recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at Fair Value through Profit and Loss (FVTPL):

- financial assets that are debt instruments.
- finance lease receivables.
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognized on equity investments.

c. Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs such as:

- GDP growth
- Unemployment rate
- Central Bank base rates
- Inflation

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Scenario Probability Weighting applied in measuring Expected Credit Loss. The assigned Probability Weightage when measuring ECL for Best case, Base case and Worst Case are 5%, 40% and 55% (2025 – 10%, 10% and 80%) respectively.

Macro-economic factors information which were used in the ECL computation for the current year are : 5 years average of GDP : 0.75% 5 years average of Inflation: 13.86%, 5 years average of Interest Rate: 13.57% and 5 years average of Unemployment 4.75%.

3.1.10 (ii) Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the income statement.

3.1.10 (iii) Renegotiated Loans

The Company makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company

considers a loan renegotiated when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Renegotiated loans may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of the terms. It is the Company's policy to monitor renegotiated loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 renegotiated asset until it collected or written off.

3.1.10 (iv) Write-off of Financial Assets at Amortised Cost

Financial Assets (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security.

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.

3.1.10 (v) Collateral Valuation

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, securities, letter of credit/guarantees, real estate, receivables, inventories, other non-financial assets



and credit enhancements such as netting arrangements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

To the extent possible, the Company uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have readily determinable market value are valued using models.

Nonfinancial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers, Audited Financial Statements and other independent sources.

3.1.10 (vi) Collateral repossessed

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations will be transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

3.1.10(vii) Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements; therefore, the related assets and liabilities are presented gross in the Statement of Financial Position.

Income and expenses are presented on a net basis only when permitted under LKAS/SLFRS, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

3.1.11 Other Financial Assets

Other Financial Assets includes the Other Receivables and Refundable Deposits.

Refundable Deposits are initially recorded at Fair value and subsequently measured and amortized cost.

3.1.12 Other Financial Liabilities

Other Financial Liabilities including Due to Customer (Deposits), Due to Banks, Other borrowed funds are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortised cost using the Effective Interest Rate method.

Amortised cost is calculated by taking in to account any discount or premium on the issue and costs that are an integral part of the Effective Interest Rate.

3.1.13 Borrowings

Borrowings obtained by the Company that are not designated at fair value through profit or loss, are classified as liabilities under 'Borrowings', 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 own equity instruments. After initial measurement, borrowings are subsequently measured at amortised cost using the Effective Interest Rate. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the Effective Interest Rate.

a) Leases

3.2.1 Identification of a Lease

The Company assesses at the inception of a contract, whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used. After the assessment

of whether a contract is, or contains, a lease, the Company determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16. Accordingly, the right to use of an identifying asset is a separate lease component if the lessee can benefit from the use of underlying asset either on its own or together with other resources readily available to the lessee and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

3.2.1.1 Company as a lessee

As per SLFRS 16, when the Company has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. At the commencement date, the Company recognizes right-of-use of an asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. Lease payments are discounted using the Incremental Borrowing Rate.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the commencement date to the

earlier of the end of the useful life of the right of use asset or the end of the lease term. Details of "Right-of-use asset" are given in Note 29.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Company as a lessor

Similar to above, at the commencement of the contract, the Company determines whether the contract contains a lease component and one or more additional lease components or non-lease components. When there is one or more additional lease or non-lease component, the Company allocates consideration based on the guidelines given in SLFRS 15.

3.2.1.2.1 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 recognises assets held under finance lease in the SOFP and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease is 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 to the fair value of the underlying asset and initial direct costs. The finance income receivable is recognised in “interest income” over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases.

3.3 Real Estate Stock

Real Estate stock comprises all costs of purchase, cost of conversion and other costs incurred in bringing the real estate to its saleable condition.

Purchase Cost – Land Cost with Legal Charges.

Cost of Conversion – Actual Development Costs.

Real Estate stocks are valued at the lower of cost and net realisable value, after making due allowances for slow moving items. Net realisable value is the price at which the real estate stocks can be sold in the ordinary course of business less estimated cost necessary to make the sale.

3.4 Non-Financial Assets

3.4.1 Property, Plant & Equipment

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes, and are expected to be used during more than one year.

Property, Plant & Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 on Property, Plant & Equipment. Initially property and equipment are measured at cost.

Basis of Recognition and Measurement - Cost Model

An item of property, plant & equipment that qualifies for recognition as an asset is initially measured at its costs. Costs include expenditure that is directly attributable to the acquisition of the asset and cost is 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 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.

When parts of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

The Company applies the cost model to property, plant & equipment except the freehold land and records at cost of purchase or construction together with any incidental expense thereon less accumulated depreciation and any accumulated impairment losses.

Changes in the expected useful life are accounted by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

- Revaluation Model

The Company applies the revaluation model to the entire class of freehold land. Such properties are carried at a revalued amount, being the fair value at the date of revaluation less any subsequent accumulated impairment losses. Freehold land of the Company is revalued once in every year, if the fair values are substantially different from carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date. The Company has revalued its freehold land as at 31.03.2026 and details of the revaluation are given in Note 28.7 to the Financial Statements.

On revaluation of an asset, any increase in the carrying amount is recognized in Other comprehensive income and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease

relating to the same asset, which was charged to the Income Statement. In these circumstances, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognized as an expense in the Income Statement or debited to the other comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.

The decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing property, plant and equipment are charged to the Statement of Comprehensive Income.

Repairs and Maintenance

Repairs and maintenance are charged to the profit or loss 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.

Depreciation

The provision for depreciation is calculated by using the straight-line method over the useful life of the assets on cost or valuation of the Property & Equipment other than freehold land,

commencing from when the assets are available for use. The rates of depreciations are given below;

Asset Category	Rate of Depreciation (per annum)
Furniture & Fittings	12.5% -33.33%
Office Equipment	12.5%
Motor Vehicle	12.5%
Computer Equipment	25.0%

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

De-recognition

Property and equipment is 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 recognized in 'Other operating income' in the income statement in the year the asset is derecognised.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

3.4.2

Intangible Assets

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. The cost of intangible assets acquired in business combination is their fair value as at the date of acquisition. Following initial recognition,



intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses if any.

Subsequent Expenditure

Subsequent expenditure on Intangible Asset 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 life, Amortization and Impairment

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset 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 the expense category consistent with the function of the intangible asset.

Intangible Assets

Amortization

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual value over their estimated useful life as follows:

Asset Category	Useful life
Computer software	10 Years

The residual value of the intangible asset is zero.

The unamortized balances of Intangible assets with finite lives are reviewed for impairment whenever there is an indication for impairment and

recognised in profit or loss to the extent that they are no longer probable of being recovered from the expected future benefits.

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.

3.4.2 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or Cash Generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU 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 the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

3.5 Retirement Benefit Obligations

3.5.1 Defined Benefit Plan - Gratuity

All the employees of the Company are eligible for gratuity under the Payment of Gratuity Act No.12 of 1983, at the rate of one half of the Gross Salary applicable to the last month of the financial year in

which the employment is terminated or resigned, for each year of completed service, for those who have served in excess of 5 years.

The Company measures the present value of the promised retirement benefits for gratuity which is a defined benefit plan with the advice of an independent professional actuary using projected unit credit actuarial cost method as required by Sri Lanka Accounting Standard – LKAS 19 on “Employee Benefits”.

The item is stated under other liabilities in the Statement of Financial Position.

Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognized in Other Comprehensive Income in the year in which they arise

Interest Cost

Interest cost is the expected increase due to interest during the period in the present value of the planned liabilities because the benefits are one year closer to settlement

Recognition of Past Service Cost (Applicable only when a plan has been changed)

Past Service Costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already been vested, immediately following the introduction of, or changes to the plan, past service costs are recognized immediately.

Funding Arrangements

The Gratuity liability is not externally funded.

3.5.2

Defined Contribution Plans

The Company also contributes defined contribution plans. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense under ‘Personnel expenses’. Unpaid contributions are recorded as a liability.

The Company contributes to the following Schemes:

Employees’ Provident Fund

The Company and employees contribute 12% and 8% respectively of the employee’s total earnings (as defined in the Employees’ Provident Fund) to the Employees’ Provident Fund.

Employees’ Trust Fund

The Company contributes 3% of the employee’s total earnings (as defined in the Employees’ Trust Fund) to the Employees’ Trust Fund.

3.6

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with Sri Lanka Accounting Standard–LKAS 37 on ‘provision, contingent liabilities and contingent assets.

The amount recognised 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 obligations at that date.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement.

3.7

Recognition of Interest Income Interest Expense

3.7.1

Interest income and Interest Expense

Under SLFRS 9, interest income and interest expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate

that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The EIR (and therefore, the amortised cost of the asset/liability) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges)

If expectations regarding the cash flows on the financial asset/liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Statement of Financial Position with an increase or reduction in interest income/interest expense. The adjustment is subsequently amortised through Interest income/Interest expense in the income statement.

When a financial asset becomes credit-impaired (asset out in Note 41 and is, therefore, regarded as 'Stage3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognized using the contractual interest rate under net interest income.

3.7.2 Interest Income on Overdue Rentals

Interest from overdue rentals has been accounted when they are received.

3.8

Fee and Commission Income and Expenses

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Fee and Commission income – including account Credit related fees & commission, Service charge, Transfer Fees and other fees income – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

Fees earned for the provision of services over a period of time are accrued over that period

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3.9

Dividend Income

Dividend income is recognized when the right to receive income is established.

3.10

Income from Government Securities and Securities purchased under Re-Sale Agreement

Discounts/ premium on Treasury bills & Treasury bonds are amortised over the period to reflect a constant periodic rate of return. The coupon interest on treasury bonds is recognised on an accrual basis. The interest income on securities purchased under resale agreement is recognised in the Income Statement on an accrual basis over the period of the agreement.

3.11

Net Trading Income

Net trading income includes all gains and losses from changes in fair value and related dividends for financial assets and financial liabilities 'held for trading' other than interest income.

3.12

Recovery of Bad Debts Written Off

Recovery of amounts written off as bad

and doubtful debts is recognised upon received.

3.13 Personnel Expenses

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit – sharing plans if the Company has a present legal or constructive obligation to pay all employee benefits relating to employee services in the current and prior periods and the obligation can be estimated reliably.

3.14 Other Operating Expenses

Other operating expenses are recognized in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earnings of the specific items of the income. All the expenditure incurred in the running business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit of the year.

3.15 Taxes

As per Sri Lanka Accounting Standard – LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income.

3.15.1 Current tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year, using the tax rates and tax laws enacted or substantially enacted on the reporting date and any adjustment to the tax payable in respect of prior years.

Accordingly, The Company computed the income tax liability for the year of assessment 2025/2026 by applying the income tax rate of 30%.

3.15.2 Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability



is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

3.15.3 Value Added Tax on Financial Services (VATFS) and Social Security Contribution Levy (SSCL)

VAT on Financial Services is calculated in accordance with Value Added Tax Act No 14 of 2002 and subsequent amendments there to. The base for the computation of Value Added Tax on Financial Services is the accounting profit before VATFS and income tax adjusted for the economic depreciation and emoluments of employees including cash, non-cash benefits and provisions relating to terminal benefits, computed on prescribed rate.

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No.25 of 2022 (SSCL Act), at the rate of 2.5%, with effect from 01 October 2022. SSCL is payable on 100% of the Value Addition attributable to financial services.

3.16 Segment Reporting

The Company's segmental reporting is based on the following operating segments identified based on products and services;

- Leasing
- Hire Purchase
- Term Loans
- Others

A segment is a distinguishable component of a Company that is engaged in providing products and services. (Business segment, which is subject to risks and rewards that are different from those of other segments). Segment results, assets and liabilities

include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The accounting policies adopted for segment reporting are those accounting policies adopted for preparing the financial statements of the Company.

3.17

Regulatory provisions

a) Statutory Reserve Fund

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 issued by Central Bank of Sri Lanka. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly, 5% of the net profit for the year transferred to Reserve Fund as required by Section 3 (b) ii of the said Direction.

b) Deposit Insurance and Liquidity Support Scheme

In terms of the Finance Company's Act Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27 September 2010 and subsequent amendments there to all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No 1 of 2010 issued under Sections 32E of the Monetary Law Act with effect from 1st October 2010. The said scheme was renamed as the "Sri Lanka Deposit Insurance and Liquidity Support Scheme" as per the Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulation No 1 of 2013.

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following;

- a) Deposit liabilities to member institutions

- b) Deposit liabilities to Government of Sri Lanka
- c) Deposit liabilities to Directors, key management personnel and other related parties as defined in Banking Act Direction No 11 of 2007 on Corporate Governance of Licensed Commercial Banks
- d) Deposit liabilities held as collateral against any accommodation granted
- e) Deposit liabilities falling within the meaning of abandoned property in terms of the Banking Act and dormant deposits in terms of the Finance Companies Act funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% on total amount of eligible deposits as at end of the month with in a period of 15 days from the end of the respective month

c) Crop Insurance Levy (CIL)

In terms Section 15 of the Finance Act No 12 of 2013 all institutions under the purview of Banking Act No 30 of 1988, Finance Companies Act No 78 of 1988 and Regulation of Insurance Industry Act No 43 of 2000 are required to pay 1% of the profit after tax as Crop Insurance Levy to the National Insurance Trust Fund Board effective from 01 April 2013.

d) Regulatory Loss Allowance Reserve

Where the loss allowances for expected credit loss falls below the regulatory provisions (i. e., provision and accrued interest in NPL) Company shall maintain the additional loss allowance in a non-distributable regulatory loss allowance reserve (RLAR) through and appropriation of its retained earnings. The additional loss allowance shall be maintain in the RLAR at all times. When loss allowance for expected credit

losses exceeds the regulatory provision, the Company may transfer the excess amount in the RLAR to its retained earnings. Company has provided the difference of regulatory provision and impairment provision as per SLFRS 09

3.18 Earnings per Share (EPS)

Basic EPS is calculated by dividing the net profit or loss attributable to ordinary equity share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares if any.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Institute of Chartered Accountants of Sri Lanka has issued several new accounting standards and amendments/improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards is allowed, but the Company has not early adopted any of the new or amended standards in the preparation of the financial statements.

4.1 SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable for annual reporting periods beginning on or after 01 January 2027. The new accounting standard introduces the following key new requirements.

- a) Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.



b) Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

c) Enhanced guidance is provided on how to group information in the financial statements.

In addition, 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 in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements.

4.2 SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures

- **SLFRS S1 General requirements for disclosure of sustainability related financial information**

SLFRS S1 General Requirements for disclosure of sustainability related financial information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- **SLFRS S2 Climate-related disclosures**

SLFRS S2 Climate-related Disclosures Climate-related disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- These standards will become effective for the Company from 1st January 2027. No financial impact is expected on the Company except for additional disclosures.

4.3

Other accounting standards

Annual improvements to SLFRS Accounting Standards – Volume 11

The amendments apply for annual reporting periods beginning on or after 1st January 2026. These changes are not expected to have a significant impact on the Company's Financial Statements.

Notes to the Financial Statements

For the year ended 31st March

5. INCOME

	2026 Rs.	2025 Rs.
Interest Income	4,213,725,906	3,032,532,615
Fee & Commission Income	375,313,695	350,540,958
Net Gain/(Loss) from Trading	8,823,845	39,151,386
Other Operating Income	75,067,827	34,984,853
	4,672,931,273	3,457,209,812

5.1 Interest Income

Loans and Advances	244,898,609	178,590,386
Lease Rentals Receivable & Stock out on Hire	3,850,320,959	2,711,888,243
Financial Investments in Government Securities	56,087,557	78,646,389
Interest Income on Debt Securities	3,462,482	-
Other Financial Assets	34,814	13,825
Placement with Banks	58,921,485	63,393,772
Total Interest Income	4,213,725,906	3,032,532,615

5.2 Interest Expenses

	2026 Rs.	2025 Rs.
Due to Banks	3,176,935	198,583
Due to Customers	989,827,780	851,487,379
Other Borrowed Funds	125,170,259	64,358,093
Leased Assets (Note 29.2)	27,873,816	25,114,860
Total Interest Expenses	1,146,048,790	941,158,915

6. NET FEE AND COMMISSION INCOME

6.1 Fee and Commission Income

	2026 Rs.	2025 Rs.
Credit Related Fees and Commissions	223,335,774	191,766,771
Service Charge	103,889,587	115,209,005
Transfer Fees	47,559,441	42,987,289
Other Fees	528,893	577,893
Total Fee and Commission Income	375,313,695	350,540,958

6.2 Fee and Commission Expenses

Brokerage Fees	56,791,298	34,838,272
Total Fee and Commission Expenses	56,791,298	34,838,272
Net Fee and Commission Income	318,522,397	315,702,686

7. Net Gain/(Loss) from Fair Value Changes

7.1 Net Gain/(Loss) from Fair Value Through OCI

Dividend Income from Financial Investments	247,520	228,565

7.2 Net Gain/(Loss) from Fair Value Through PL

Income- Unit trust investments	8,576,325	38,922,821
	8,823,845	39,151,386

Notes to the Financial Statements

For the year ended 31st March

8. OTHER OPERATING INCOME

	2026 Rs.	2025 Rs.
Profit on disposal of Property & Equipment	14,795,630	-
Bad Debt Recoveries	30,972,515	13,352,111
Others	29,299,682	21,632,742
Total Other Operating Income	75,067,827	34,984,853

9. CREDIT LOSS EXPENSE ON FINANCIAL ASSETS AND OTHER LOSSES

9.1 The table below shows the expected credit loss (ECL) charges for Financial Instruments for the year 2025/2026 recorded in the income statement.

	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Loans and Advances	6,784,191	10,005,364	1,838,838	18,628,393
Lease Rentals Receivable & Stock Out on Hire	35,984,699	17,256,812	212,868,494	266,110,005
	42,768,890	27,262,176	214,707,332	284,738,398

9.2 The table below shows the expected credit loss (ECL) charges for Financial Instruments for the year 2024/2025 recorded in the income statement.

	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Loans and Advances	743,288	(6,138,668)	43,782,512	38,387,132
Lease Rentals Receivable & Stock Out on Hire	67,808,029	(2,607,013)	304,749,177	369,950,193
	68,551,317	(8,745,681)	348,531,689	408,337,325

10. PERSONNEL COSTS

	2026 Rs.	2025 Rs.
Salaries and Bonus	555,877,623	415,491,241
Employer's Contribution to EPF	46,280,503	36,402,038
Employer's Contribution to ETF	11,570,126	9,100,510
Gratuity Charge/ (Reversals) for the Year (Note 36.1)	16,550,312	13,115,855
Other Allowances & Staff Related Expenses	231,307,242	146,841,682
	861,585,806	620,951,326

11. DEPRECIATION & AMORTIZATION

	2026 Rs.	2025 Rs.
Depreciation of Property Plant & Equipment	46,419,888	27,188,157
Amortization of intangible assets	6,697,547	7,253,602
Depreciation of Leased Assets (Note 29.1)	47,153,180	45,675,440
	100,270,615	80,117,199

Notes to the Financial Statements

For the year ended 31st March

12. OTHER OPERATING EXPENSES

	2026 Rs.	2025 Rs.
Directors' Emoluments	24,710,000	13,305,000
Auditors Remuneration	3,516,096	3,174,000
- Audit	1,555,759	5,297,302
-Non Audit	19,733,696	6,067,212
Professional & Legal Expenses	281,924,440	252,756,786
Office Administration & Establishment Expenses	37,385,211	20,374,497
Advertising & Business Promotion Expenses	13,869,650	10,331,773
Deposit Insurance premium	156,798,386	109,133,829
Others	<u>539,493,238</u>	<u>420,440,399</u>

13. TAXES ON FINANCIAL SERVICES

	2026 Rs.	2025 Rs.
Value added tax on financial services for the year	345,653,968	208,356,638
Under/ (Over) provision of current taxes in respect of previous years	-	1,139,308
	<u>345,653,968</u>	<u>209,495,946</u>
Social Security Contribution Levy	<u>58,492,721</u>	<u>38,242,764</u>
	<u>404,146,689</u>	<u>247,738,710</u>

14. TAXATION

14.1 The major components of income tax expense for the years ended 31 March are as follows.

	2026 Rs.	2025 Rs.
(A) Statement of Profit or Loss		
Current Income Tax		
Income Tax for the year	512,853,248	299,847,532
Under/ (Over) provision of current taxes in respect of previous years	-	(4,514,147)
Deferred Tax		
Deferred Taxation Charge/ (Reversal) (Note 30)	(90,099,851)	(17,461,342)
	<u>422,753,397</u>	<u>277,872,043</u>
(B) Other Comprehensive Income		
Deferred Tax		
Deferred Taxation Charge/ (Reversal) (Note 30)	(2,672,205)	(1,033,213)
	<u>(2,672,205)</u>	<u>(1,033,213)</u>
(C) Total Tax Expense for the year	<u>420,081,192</u>	<u>276,838,830</u>

14.2 Reconciliation of Accounting Profit and Taxable Income

A reconciliation between the tax expense and the accounting profit multiplied by the tax rate as per the Inland Revenue Act for the Years ended 31 March 2026 and 2025 is as follows.

	2026 Rs.	2025 Rs.
Accounting Profit Before Income Taxation	1,279,856,439	703,627,666
At the statutory income tax rate of 30%	383,956,932	211,088,300
Tax Effect on		
Disallowable Expenses	241,486,350	223,090,621
Tax Deductible Expenses	(105,504,191)	(134,262,819)
Non-taxable Income/ Losses	(7,085,843)	(68,570)
Claim on Carried Forward Tax Losses	-	-
Income Tax	512,853,248	299,847,532
Under/ (Over) provision of current taxes in respect of previous years	-	(4,514,147)
Deferred Taxation Charge/(Reversal) (Note 30)	(90,099,851)	(17,461,342)
Total Tax Expense (Note 14.1 (A))	<u>422,753,397</u>	<u>277,872,043</u>
Effective tax rate	33%	39%

Notes to the Financial Statements

For the year ended 31st March

15. EARNINGS PER ORDINARY SHARE

The Company presents basic and diluted Earnings per Share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity share holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting both the profit attributable to the ordinary equity share holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares if any.

15.1 Earnings per Share: Basic / Diluted

Amount used as the numerator

Profit after tax for the year attributable to equity holders (Rs.)

No. of ordinary shares used as the denominator

Number of ordinary shares (Note 37.1)

Basic / diluted earnings per ordinary share (Rs.)

2026 Rs.	2025 Rs.
857,103,042	425,755,623
73,693,171	73,693,171
11.63	5.78

There were no potentially diluted shares as at 31st March 2026 and as at 31st March 2025 and there have been no transaction involving ordinary shares / potential ordinary shares as at reporting date which would require restatement of EPS.

As at 31st March

16. CASH AND BANK BALANCES

Cash in Hand

Balances with Banks

2026 Rs.	2025 Rs.
62,226,587	43,173,867
626,732,922	272,403,216
688,959,509	315,577,083

16.1 Cash and Cash Equivalents in the Cash Flow Statement

Cash and Bank Balances

Bank Overdrafts

Treasury Bills and Repurchase Agreements

Placement with Banks

Investment in Debt Securities

**Total Cash and Cash Equivalents for the purpose of
Cash Flow Statements**

2026 Rs.	2025 Rs.
688,959,509	315,577,083
-	(4,664,275)
734,283,369	483,386,196
479,555,874	469,374,291
253,261,111	-
2,156,059,863	1,263,673,295

Notes to the Financial Statements

As at 31st March

17. PLACEMENT WITH BANKS

	2026 Rs.	2025 Rs.
Fixed Deposit Investments	479,664,558	469,476,605
	479,664,558	469,476,605

Fixed Deposit Investments include Investments amounting to Rs.106,651.68/- that have been Pledged for facilities obtained from Banks.

18. SECURITIES PURCHASED UNDER REPURCHASE AGREEMENT

	2026 Rs.	2025 Rs.
Repurchased Agreements	212,083,868	4,403,264
	212,083,868	4,403,264

19. LOANS AND ADVANCES

	2026 Rs.	2025 Rs.
Real Estate Loans	-	47,513
Mortgage Loans	136,581,142	139,230,662
Personnel Loans	29,688,924	57,751,196
Loans against Fixed Deposits	150,791,194	151,953,132
Staff Loans	17,364,651	31,865,359
Revolving Loans	53,985,156	71,883,469
Auto draft	643,240,716	525,695,431
Business Loans	22,205,738	188,077,270
Gold Loan	856,962,309	29,083,192
Other Loans	575,308,843	454,016,973
	2,486,128,673	1,649,604,197
Other Charges Receivable	34,408,109	44,619,189
	2,520,536,782	1,694,223,386
Less : Allowance for Impairment Losses (Note 19.2)	(234,678,208)	(421,819,834)
Net Loans and Advances	2,285,858,574	1,272,403,552

The growth in loans and advances during the year was mainly driven by the expansion of the gold loan portfolio, which was introduced towards the end of the previous financial year.

19.1 Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2026

	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Individually Impaired Loans and Advances	-	-	175,527,601	175,527,601
Loans and Advances subject to Collective Impairment	1,683,765,204	538,697,930	122,546,047	2,345,009,181
Allowances for Expected Credit Losses	(25,295,822)	(18,471,218)	(190,911,168)	(234,678,208)
	1,658,469,382	520,226,712	107,162,480	2,285,858,574

Analysis of Loans and Advances on Maximum Exposure to credit Risk as at 31 March 2025

	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Individually Impaired Loans and Advances	-	-	368,544,913	368,544,913
Loans and Advances subject to Collective Impairment	958,211,208	202,662,410	164,804,855	1,325,678,473
Allowances for Expected Credit Losses	(18,511,631)	(8,465,854)	(394,842,349)	(421,819,834)
	939,699,577	194,196,556	138,507,419	1,272,403,552

19.2 Allowance for Impairment Losses

	2026	2025
As at 01 April	421,819,834	382,638,025
Reclassification during the year	-	794,677
Charge / (Reversal) for the year	18,628,393	38,387,132
Amounts written off	(205,770,019)	-
As at 31 March	234,678,208	421,819,834
Individual Impairment	101,893,138	258,506,591
Collective Impairment	132,785,070	163,313,243
	234,678,208	421,819,834
	175,527,601	368,544,913

Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance.

Notes to the Financial Statements

As at 31st March

19. LOANS AND ADVANCES (Contd...)

19.3 Movement in Allowance for Expected Credit Loss (ECL)	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Balance as at 01 April 2025	18,511,632	8,465,854	394,842,348	421,819,834
Charge/(Reversal) to Income Statement	6,784,191	10,005,364	1,838,838	18,628,393
Amounts written off	-	-	(205,770,019)	(205,770,019)
Balance as at 31 March 2026	<u>25,295,823</u>	<u>18,471,218</u>	<u>190,911,167</u>	<u>234,678,208</u>

Expected credit loss amounting to Rs.159,618,733 /- is associated with legal enforcement activities as at 31 March 2026.

Movement in Allowance for Expected Credit Loss (ECL)	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Balance as at 01 April 2024	17,768,344	14,604,522	350,265,159	382,638,025
Reclassification during the year	-	-	794,677	794,677
Charge/(Reversal) to Income Statement	743,288	(6,138,668)	43,782,512	38,387,132
Balance as at 31 March 2025	<u>18,511,632</u>	<u>8,465,854</u>	<u>394,842,348</u>	<u>421,819,834</u>

In 2024/2025, the company had reclassified the provision on aged facilities amounting to Rs.794,677/- to the allowance for expected credit loss which was previously presented under interest suspense under loan and advances.

20. LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE

Gross rentals receivables

	2026 Rs.	2025 Rs.
-Lease Rentals	21,740,003,134	14,564,962,465
-Amounts Receivable form Hirers	19,276,024	21,998,135
	<u>21,759,279,158</u>	<u>14,586,960,600</u>
Unearned Income	(6,216,451,572)	(3,980,424,810)
Net rentals receivables	<u>15,542,827,586</u>	<u>10,606,535,790</u>

Other Charges Receivable

	2026 Rs.	2025 Rs.
	15,542,827,586	10,606,535,790
	233,527,579	219,642,221
	<u>15,776,355,165</u>	<u>10,826,178,011</u>
Allowance for Impairment Losses (Note 20.1)	(1,124,221,215)	(1,028,653,886)
Total Net Rentals Receivable	<u>14,652,133,950</u>	<u>9,797,524,125</u>

20.1 Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2026

	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Individually Impaired Lease Receivables	-	-	102,635,997	102,635,997
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	11,837,090,537	2,416,606,034	1,420,022,597	15,673,719,168
Allowances for Expected Credit Losses	(233,054,251)	(88,570,260)	(802,596,704)	(1,124,221,215)
	<u>11,604,036,286</u>	<u>2,328,035,774</u>	<u>720,061,890</u>	<u>14,652,133,950</u>

Analysis of Lease Rental Receivable & Stock Out on Hire on Maximum Exposure to credit Risk as at 31 March 2025

	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Individually Impaired Lease Receivables	-	-	94,838,255	94,838,255
Lease Rental Receivable & Stock out of Hire subject to Collective Impairment	7,533,443,784	1,702,443,322	1,495,452,650	10,731,339,756
Allowances for Expected Credit Losses	(197,069,552)	(71,313,448)	(760,270,886)	(1,028,653,886)
	<u>7,336,374,232</u>	<u>1,631,129,874</u>	<u>830,020,019</u>	<u>9,797,524,125</u>

Notes to the Financial Statements

As at 31st March

20. LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE (Contd...)

20.2 Allowance for Impairment Losses

	2026 Rs.	2025 Rs.
As at 01 April	1,028,653,886	855,579,354
Reclassification during the year	-	30,437,719
Charge / (Reversal) for the year	266,110,005	369,950,193
Amounts written off	(170,542,675)	(227,313,380)
As at 31 March	1,124,221,216	1,028,653,886
Individual Impairment	93,566,996	81,634,620
Collective Impairment	1,030,654,220	947,019,266
	1,124,221,216	1,028,653,886
Gross amount of lease and hire purchase rental receivables individually determined to be impaired, before deducting the individually assessed impairment allowance	102,635,997	94,838,255

	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Balance as at 31 March 2025	197,069,553	71,313,448	760,270,885	1,028,653,886
Charge/(Reversal) to Income Statement	35,984,699	17,256,812	212,868,494	266,110,005
Amounts written off	-	-	(170,542,675)	(170,542,675)
Balance as at 31 March 2026	233,054,252	88,570,260	802,596,704	1,124,221,216

Expected credit loss amounting to Rs.342,419,722 /- is associated with legal enforcement activities as at 31 March 2026.

	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total Rs.
Balance as at 31 March 2024	129,261,523	73,920,461	652,397,370	855,579,354
Reclassification during the year	-	-	30,437,718	30,437,718
Charge/(Reversal) to Income Statement	67,808,029	(2,607,013)	304,749,177	369,950,194
Amounts written off	-	-	(227,313,380)	(227,313,380)
Balance as at 31 March 2025	197,069,552	71,313,448	760,270,885	1,028,653,886

In 2024/2025, the company had reclassified the provision on aged facilities amounting to Rs.30,437,719/- to the allowance for expected credit loss which was previously presented under interest suspense under loan and advances.

	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.
20.4 As at 31 March 2026				
Gross rentals receivables				
-Lease Rentals	10,447,532,571	11,292,470,563	-	21,740,003,134
-Amounts Receivable form Hirers	19,276,024	-	-	19,276,024
	10,466,808,595	11,292,470,563	-	21,759,279,158
Less: Unearned Income	(3,431,949,583)	(2,784,501,989)	-	(6,216,451,572)
Net rentals receivables	7,034,859,012	8,507,968,574	-	15,542,827,586

Other Charges Receivable				15,542,827,586
				233,527,579
Less : Allowance for Impairment Losses				15,776,355,165
Total net rentals receivable				(1,124,221,215)
				14,652,133,950

	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.
As at 31 March 2025				
Gross rentals receivables				
-Lease Rentals	7,651,590,547	6,913,371,918	-	14,564,962,465
-Amounts Receivable form Hirers	21,155,249	842,886	-	21,998,135
	7,672,745,796	6,914,214,804	-	14,586,960,600
Less: Unearned Income	(2,356,894,090)	(1,623,530,719)	-	(3,980,424,809)
Net rentals receivables	5,315,851,706	5,290,684,085	-	10,606,535,791

Other Charges Receivable				219,642,220
				10,826,178,011
Less : Allowance for Impairment Losses				(1,028,653,886)
Total net rentals receivable				9,797,524,125

Notes to the Financial Statements

As at 31st March

	2026 Rs	2025 Rs
21. FINANCIAL INVESTMENTS -FAIR VALUE THROUGH PROFIT AND LOSS		
Unit trust investments	1,647,762	317,071,437
	1,647,762	317,071,437
21.1 Movement of Financial Investments -Fair Value Through Profit And Loss		
As at 01 April	317,071,437	591,848,876
Purchases	300,000,000	766,298,740
Fair value gain	8,576,325	38,923,821
Withdrawal	(624,000,000)	(1,080,000,000)
As at 31 March	1,647,762	317,071,437
22. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OCI		
No.Ordinary Shares		
Credit Information Bureau-Unquoted Equities *	100	
	2,505,128	80,400
	2,505,128	80,400

The net asset value per share of the investment is considered to represent the fair value of unquoted equity shares as at 31 March 2026. In 2024/2025, purchasing cost had been used as an approximation to the fair value.

The company designated the investments as equity securities at FVOCI because these equity securities represents that the company intended to hold for long term for strategic purposes as net gains and losses are recognized in OCI

*No Strategic investments were disposed of during 2025/2026.

*During the period the amounting to Rs.247,520/- dividends has been received.

	2026 Rs	2025 Rs
23. DEBT INSTRUMENTS AT AMORTISED COST		
Government of Sri Lanka Treasury Bills	674,790,449	631,753,297
Investment in Debt Securities	253,261,112	-
	928,051,561	631,753,297
23.1 MOVEMENT OF DEBT INSTRUMENTS AT AMORTISED COST		
As at 01 April	631,753,297	430,455,264
Purchases	643,557,430	2,186,914,603
Int. Income	19,174,019	69,559,483
Derecognition	(619,694,297)	(2,055,176,052)
As at 31 March	674,790,449	631,753,298

The Company did not have any defaults of principal or interest or breaches with respect to its debt securities during the year ended 31 March 2026 and 31 March 2025.

	2026 Rs	2025 Rs
24. OTHER FINANCIAL ASSETS		
Reposessed Stock	37,268,224	31,221,535
Other Receivables	611,247,355	106,918,458
	648,515,579	138,139,993
Less : Allowance for Impairment Losses (Note 24.1)	(37,268,224)	(31,221,535)
	611,247,355	106,918,458
Deposit	22,989,278	26,489,998
Due From Related Parties	23,348,323	9,414,815
	657,584,956	142,823,271

Reposessed stock of the Company and the corresponding ECL allowances are grouped under Stage 3.

	2026 Rs	2025 Rs
24.1 Allowance for Impairment Losses		
As at 01 April	31,221,535	50,241,961
Charge / (Reversal) for the year	376,312,694	227,313,380
Amounts written off	(370,266,005)	(246,333,806)
As at 31 March	37,268,224	31,221,535
Individual Impairment	-	-
Collective Impairment	37,268,224	50,241,961
	37,268,224	50,241,961

The Contractual amount outstanding on financial assets of Rs.370,266,005/- written off during the year ended 31 March 2026 are being considered for enforcement activities

Notes to the Financial Statements

As at 31st March

24. OTHER FINANCIAL ASSETS (Contd...)

24.2 Movement in Allowance for Expected Credit Loss (ECL)

	Stage 03 Rs.	Total Rs.
Balance as at 01 April 2025	31,221,535	31,221,535
Charge/(Reversal) to Income Statement	376,312,694	376,312,694
Amounts written off	(370,266,005)	(370,266,005)
Balance as at 31 March 2026	<u>37,268,224</u>	<u>37,268,224</u>

Movement in Allowance for Expected Credit Loss (ECL)

	Stage 03 Rs.	Total Rs.
Balance as at 01 April 2024	50,241,961	50,241,961
Charge/(Reversal) to Income Statement	227,313,380	227,313,380
Amounts written off	(246,333,806)	(246,333,806)
Balance as at 31 March 2025	<u>31,221,535</u>	<u>31,221,535</u>

25. REAL ESTATE STOCK

	2026 Rs	2025 Rs
Real Estate Stocks	39,483,688	39,483,688
	<u>39,483,688</u>	<u>39,483,688</u>

26. OTHER NON FINANCIAL ASSETS

	2026 Rs	2025 Rs
Advances	68,118,102	43,535,331
Pre-paid Staff Cost (Note 26.1)	7,665,182	13,597,182
Other Receivables	1,155,250	-
Pre-Paid Expenses	62,871,115	29,524,232
	<u>139,809,649</u>	<u>86,656,745</u>

26.1 The movement in the Pre-Paid Staff Cost(Staff Loan IFRS Adjustment)

	2026 Rs	2025 Rs
Balance as at 1 April	13,597,182	21,158,135
Adjustment for new grants (net of settlements)	(2,330,646)	(3,079,528)
Charge to Personnel Expenses	(3,601,354)	(4,481,425)
Balance as at 31 March	<u>7,665,182</u>	<u>13,597,182</u>

27. INTANGIBLE ASSETS

	2026 Rs	2025 Rs
Cost		
Cost as at 01 April	95,279,330	90,728,638
Additions	29,991,997	4,550,692
As at 31 March	<u>125,271,327</u>	<u>95,279,330</u>

Amortisation & Impairment:

As at 1 April	75,809,687	68,556,084
Amortisation Charge for the year	6,697,547	7,253,603
As at 31 March	<u>82,507,234</u>	<u>75,809,687</u>

Net book value:

As at 31 March	<u>42,764,093</u>	<u>19,469,643</u>

Nature and Amortization Method

Intangible Assets represent acquisition of computer software from third parties. These software are amortized over the estimated useful life of 10 years on a straight line basis.

During the financial year, the Company acquired intangible assets value of Rs.29,991,997 /- (Computer Software) (2024/2025 - Rs.4,550,692 /-).

Notes to the Financial Statements

As at 31st March

28. PROPERTY, PLANT AND EQUIPMENT

28.1 Gross Carrying Amounts

Cost /Valuation	Balance As at 31.03.2025 Rs.	Additions Rs.	Revaluation (Loss)/ Gain Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
Freehold Assets					
Land	125,037,500	-	(3,572,500)	-	121,465,000
Furniture & Fittings	98,246,387	49,925,016	-	(5,301,020)	142,870,383
Office Equipment	37,774,669	34,884,564	-	(3,703,834)	68,955,399
Motor Vehicles	9,924,000	22,101,356	-	(9,800,000)	22,225,356
Computer Hardware	128,459,878	74,000,389	-	(2,460,004)	200,000,263
Total Value of Depreciable Assets	399,442,434	180,911,325	(3,572,500)	(21,264,858)	555,516,401

Gross Carrying Amounts

Cost /Valuation	Balance As at 31.03.2024 Rs.	Additions Rs.	Revaluation Gain/(Loss) Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
Freehold Assets					
Land	117,892,500	-	7,145,000	-	125,037,500
Furniture & Fittings	83,803,208	14,443,179	-	-	98,246,387
Office Equipment	27,804,659	9,970,010	-	-	37,774,669
Motor Vehicles	9,924,000	-	-	-	9,924,000
Computer Hardware	113,783,516	14,676,362	-	-	128,459,878
Total Value of Depreciable Assets	353,207,883	39,089,551	7,145,000	-	399,442,434

28.2 Depreciation

	Balance As at 31.03.2025 Rs.	Charge for the Period Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
Furniture & Fittings	(71,416,340)	(16,765,855)	5,301,020	(82,881,175)
Office Equipment	(19,683,281)	(4,617,899)	3,697,132	(20,604,048)
Motor Vehicles	(4,968,458)	(1,744,501)	5,920,833	(792,126)
Computer Hardware	(95,118,485)	(23,291,633)	2,460,004	(115,950,114)
	(191,186,564)	(46,419,888)	17,378,989	220,227,463

	Balance As at 31.03.2024 Rs.	Charge for the Period Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
Depreciation				
Furniture & Fittings	(63,049,860)	(8,366,480)	-	(71,416,340)
Office Equipment	(16,957,920)	(2,725,361)	-	(19,683,281)
Motor Vehicles	(3,727,958)	(1,240,500)	-	(4,968,458)
Computer Hardware	(80,262,669)	(14,855,816)	-	(95,118,485)
	(163,998,407)	(27,188,157)	-	(191,186,564)

28.3 Net Book Values

At Cost/Valuation	2026 Rs.	2025 Rs.
Land	121,465,000	125,037,500
Furniture & Fittings	59,989,208	26,830,047
Office Equipment	48,351,351	18,091,388
Motor Vehicles	21,433,230	4,955,542
Computer Hardware	84,050,149	33,341,393
Total Carrying Amount of Property, Plant & Equipment	335,288,938	208,255,870

Notes to the Financial Statements

As at 31st March

28.4 The useful lives of the assets are estimated as follows;

Furniture & Fittings
Office Equipment
Motor Vehicles
Computer Hardware

2026

3 - 8 Years
8 Years
8 Years
4 years

2025

3 - 8 Years
8 Years
8 Years
4 years

28.5 During the Financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs. 180,911,324 /-(2024/2025 - Rs. 39,089,551/-)

28.6 Cost of fully depreciated assets of the company as at 31 March 2026 is Rs. 201,419,568.73/-(2024/2025- Rs.161,714,895.88/-)

28.7 Fair value related disclosures of freehold land

Fair value of the land was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 31 March 2026, the lands' fair values are based on valuations performed by H.R De Silva, a professionally qualified independent valuer.

Reconciliation of carrying amount

Revalued amount (carrying value) as at 31.03.2025
Revaluation gain recognized during the year
Revaluation losses recognized during the year
Carrying Value and fair value as at 31 March 2026

2026
Rs.

125,037,500
-
(3,572,500)
121,465,000

2025
Rs.

Revalued amount (carrying value) as at 31.03.2024
Revaluation gain recognized during the year
Revaluation losses recognized during the year
Carrying Value and fair value as at 31 March 2025

117,892,500
7,145,000
-
125,037,500

Fair value hierarchy

The fair value the Company's freehold land was determined using the market comparable method. This means that valuations performed are based on prices of transactions involving properties of a similar nature, location and condition. Since this valuation was performed using a significant non-observable input, the fair value was classified as a Level 3 measurement.

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of freehold land, as well as the significant unobservable inputs used.

Name of the Professional Valuer/Location	Extent	Method of Valuation and Significant Unobservable Inputs	Valued in 31 March 2026 Valuation Rs.
H.R De Silva Freehold land at Awissawella Road, Galwana, Mulleriyawa	71.45 perches	Market Comparable Method-Estimated price per perch: Rs.1,700,000/-	121,465,000

The carrying value of Company's revalued freehold land, if it was carried at cost, would be as follows.

	2026 Cost Rs.	2026 Carrying Value Rs.	2025 Cost Rs.	2025 Carrying Value Rs.
Freehold Land	24,940,093	24,940,093	24,940,093	24,940,093
	24,940,093	24,940,093	24,940,093	24,940,093

28.8 There were no items of property plant and equipment pledge as security for Liabilities of the company as at the reporting date.

28.9 There was no temporarily ideal property plant and Equipment as at 31 March 2026.

Notes to the Financial Statements

As at 31st March

29. RIGHT-OF-USE-ASSETS

Set out below are the carrying amounts of right-of-use-assets recognised and movements during the year.

29.1 Cost

	2026 Rs.	2025 Rs.
Balance as at 01 April	429,164,343	363,976,574
Additions and Improvements	117,778,520	104,810,984
Derecognize	(15,179,906)	(39,623,215)
Cost as at 31 March	<u>531,762,957</u>	<u>429,164,343</u>
Accumulated Amortisation		
Balance as at 01 April	249,216,448	221,527,460
Charge for the year (Note 11)	47,153,180	45,675,440
Derecognize	(13,210,270)	(17,986,452)
Accumulated Amortisation as at 31 March	<u>283,159,358</u>	<u>249,216,448</u>
Net Book Value as at 31 March	<u>248,603,599</u>	<u>179,947,895</u>

29.2 Lease Liability

Set out below are the carrying amounts of Lease Liabilities (Included under Other Financial Liabilities in Note 34) and movements during the year.

	2026 Rs.	2025 Rs.
Balance as at 01 April	213,523,501	169,285,428
Additions & Derecognize	80,103,499	81,569,088
Accretion of Interest (Note 5.2)	27,873,816	25,114,860
Payments- Interest	(27,873,816)	(25,114,860)
Capital	(33,409,731)	(37,331,015)
Balance as at 31 March	<u>260,217,269</u>	<u>213,523,501</u>
29.3 Maturity Analysis of Lease Liability		
As at 31 March		
Less than 01 year	1,582,035	1,756,813
01 to 05 years	59,713,657	84,940,043
More than 05 years	198,921,577	126,826,645
	<u>260,217,269</u>	<u>213,523,501</u>

29.4 Sensitivity of Right-of use Assets /Lease Liability to Key Assumptions

Sensitivity to Discount Rates

1% increase/(Decrease) in discount rate as at 31 March 2026 would have increased/(decreased) the lease liability by approximately Rs.7,864,042/- with a similar increase/(decrease) in the Right- of-use Assets. Had the Company increased/(decreased) the discount rate by 1% the Company's profit before tax for the year would have increased/(decreased) by approximately Rs.119,702/-

29.5 Amounts Recognised in Profit or Loss

	2026 Rs.	2025 Rs.
Depreciation expense on Lease Assets	47,153,180	45,675,440
Interest Expense	27,873,816	25,114,860

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As at 31st March

30. DEFERRED TAXATION

Deferred Tax Assets, Liabilities and Income Tax relates to the followings.

	Statement of Financial Position		Recognized in Statement of Other Comprehensive Income		Recognized in Statement of Profit or Loss	
	2026 Rs	2025 Rs	2026 Rs	2025 Rs	2026 Rs	2025 Rs
Deferred Tax Liability						
Capital Allowances for Tax Purposes						
-Property Plant & Equipment	7,206,324	4,507,822	-	-	2,698,502	659,727
-Intangible Assets	3,639,222	4,101,001	-	-	(461,779)	(1,427,034)
-Leased Asset	425,941	464,040	-	-	(38,099)	(57,442)
Revaluation of Land-Previous Year	30,029,222	30,029,222	-	-	-	-
Revaluation of Land -Current Year	-	-	-	-	-	-
Right-of-use-assets	74,581,080	53,984,369	-	-	20,596,711	11,249,634
Define Benefit Plan- Other Comprehensive Income	-	-	-	-	-	-
	115,881,789	93,086,454	-	-	22,795,335	10,424,886
Deferred Tax Assets						
Defined Benefit Plans- Income Statement	(17,524,463)	(15,568,420)	-	-	(1,956,042)	(3,182,971)
Define Benefit Plan- Other Comprehensive Income	(3,629,603)	(2,029,148)	(1,600,455)	(3,176,713)	-	-
Provision for Impairment on Financial Assets	-	-	-	-	-	-
Leased Assets-SLFRS 16	(78,065,181)	(64,057,050)	-	-	(14,008,130)	(13,271,422)
Revaluation of Land -Current Year	(1,071,750)	-	(1,071,750)	-	-	-
Brought Forward Tax Losses	-	-	-	-	-	-
Provision for impairment on loan and lease receivables	(108,362,849)	(11,431,835)	-	-	(96,931,014)	(11,431,835)
	(208,653,846)	(93,086,454)	(2,672,205)	(3,176,713)	(112,895,186)	(27,886,228)
Deferred income tax charge/(reversal)						
Net Deferred Tax Liability/ (Asset)	92,772,057	-	(2,672,205)	(3,176,713)	(90,099,851)	(17,461,342)

Deferred Tax Assets and Liabilities are Measured at the Tax Rate of 30% (2024/2025-30%)

31. DUE TO BANKS	2026 Rs.	2025 Rs.	Repayments			
			As at 01.04.2025	Loans Obtained	Interest Recognized	Capital Interest
Bank Overdrafts	-	4,664,275	-	600,063,830	14,265,012	33,332,000
Bank Facilities	567,212,652	-	-	-	-	-
(Notes 31. 1)	567,212,652	4,664,275	-	600,063,830	14,265,012	33,332,000
32. DUE TO CUSTOMERS	2026 Rs.	2025 Rs.				
Fixed Deposits	10,964,211,641	8,344,633,322				
Savings Deposits	72,960,159	105,213,908				
	11,037,171,800	8,449,847,230				

Notes to the Financial Statements

As at 31st March

33. OTHER BORROWED FUNDS

Securitization Loan (Note 33.2)
Borrowings on Commercial Papers
(Note 33.2)

2026 Rs	2025 Rs
1,973,436,976	150,362,272
615,258,082	-
2,588,695,058	150,362,272

33.1 Other Borrowed Funds

Securitized Borrowings
Borrowings on Commercial Papers

Amount repayable within 1 year Rs.	2026 Amount repayable after 1 year Rs.	Total Rs.
841,110,512	1,132,326,465	1,973,436,976
615,258,082	-	615,258,082
1,456,368,594	1,132,326,465	2,588,695,058

33.2 Other Borrowed Funds

Securitized Borrowings 13
Securitized Borrowings 14
Securitized Borrowings 15
Securitized Borrowings 16
Borrowings on Commercial Papers

As at 01.04.2025 Rs.	Loans Obtained Rs.	Interest Recognized Rs.
150,362,272	1,405,088	1,974,389
-	500,000,000	29,996,387
-	750,000,000	43,109,523
-	675,000,000	20,566,866
-	600,000,000	15,258,082
150,362,272	2,526,405,088	110,905,247

Repayment Capital Rs.	Interest Rs.
125,000,000	28,741,749
43,000,000	2,235,800
-	-
-	-
-	-
168,000,000	30,977,549

As at 31.03.2026 Rs.	Period Rs.	Security Rs.
-	19 Months	Lease Portfolio
484,760,587	24 Months	Lease Portfolio
793,109,523	36 Months	Lease Portfolio
695,566,866	32 Months	Lease Portfolio
615,258,082	Below 12 Months	Unsecured
2,588,695,058		

As at 01.04.2024 Rs.	Loans Obtained Rs.	Interest Recognized Rs.
380,201,426	-	30,122,887
234,825,716	-	34,235,207
615,027,142	-	64,358,094

Repayment Capital Rs.	Interest Rs.
268,738,095	141,586,218
100,000,000	18,698,651
368,738,095	160,284,869

As at 31.03.2025 Rs.	Period Rs.	Security Rs.
-	20 Months	Lease Portfolio
150,362,272	19 Months	Lease Portfolio
150,362,272		

Notes to the Financial Statements

As at 31st March

34. OTHER FINANCIAL LIABILITIES

	2026 Rs.	2025 Rs.
Trade Payables - Related Parties (Note 34.1)	133,138,550	36,709,815
Non Trade Payables - Related Parties (Note 34.2)	3,944,061	3,152,445
Trade Payables - Other Parties	706,765,194	341,644,641
Lease Liability (Note 29.2)	260,217,269	213,523,501
Accrued Expenses	811,467,223	363,566,109
	1,915,532,297	958,596,511

34.1 Trade Payables to Related Parties

Relationship

Abans PLC	Parent Company	1,163,005	637,400
Abans Auto (Pvt)Ltd	Affiliate Company	131,975,545	36,072,415
		133,138,550	36,709,815

34.2 Non Trade Payables to Related Parties

Abans PLC	Parent Company	1,397,684	357,359
Abans Environmental Services	Affiliate Company	121,026	587,660
ABS Gardner Dixon Hall International (Pvt) Ltd	Affiliate Company	614,959	723,882
AB Securitas (Pvt) Ltd	Affiliate Company	1,526,850	1,229,565
ABS Courier (Pvt) Ltd	Affiliate Company	283,542	253,978
		3,944,061	3,152,444

35. OTHER NON FINANCIAL LIABILITIES

	2026 Rs.	2025 Rs.
VAT on Financial Services & NBT	88,843,138	63,394,700
VAT Payable	9,682,341	11,328,894
SSCL Payable	15,558,584	13,162,676
Others	16,381,216	6,736,142
	130,465,279	94,622,412

36. RETIREMENT BENEFIT OBLIGATIONS

	2026 Rs.	2025 Rs.
Retirement Benefit Obligations - Gratuity		
Balance at the beginning of the year	58,658,560	41,284,829
Current Service Cost	10,097,870	8,161,676
Payments made during the year	(10,030,170)	(6,331,168)
Interest Charged/(Reversed) for the year	6,452,442	4,954,179
Due to change in Demographic Assumptions	81,895	2,825,648
Due to change in Financial Assumptions	3,617,970	964,592
Experience Adjustment	1,634,985	6,798,804
Balance at the end of the year	70,513,552	58,658,560

Notes to the Financial Statements

As at 31st March

36.1 Expenses on Defined Benefit Plan

Current Service Cost for the year
Interest Charge for the year

2026 Rs.	2025 Rs.
10,097,870	8,161,676
6,452,442	4,954,179
16,550,312	13,115,855

Amount Recognized in the Other Comprehensive Income

Gain/Loss arising from changes in the assumption (Note 36.2)

5,334,850	10,589,044
5,334,850	10,589,044

36.2 (Gain) / Loss arising from the changes in the assumption

Due to change in Demographic Assumptions
Due to change in Financial Assumptions
Experience Adjustment

81,895	2,825,648
3,617,970	964,592
1,634,985	6,798,804
5,334,850	10,589,044

36.3 Actuarial valuation of Retiring Gratuity Obligation as at 31 March 2026 was carried out by Messrs. Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries using "Project Unit Credit Method" as recommended by LKAS 19-'Employee Benefits'.

36.4 Assumptions

Discount Rate
Salary Increment Rate
Staff Turnover
Retirement Age

2026	2025
10.00%	11.00%
10.00%	10.00%
17.00%	14.00%
60 Years	60 Years

Assumptions regarding future mortality are based on 1967/70 Mortality Table and issued by the Institute of Actuaries, London.

**The minimum retirement age has been extended up to 60 years with effect from 17 November 2021 as per the "Minimum Retirement Age of Workers Act, No. 28 of 2021".

**The long term bond rate has been used to discount the future liabilities taking into consideration remaining working life of employees.

36.5 Sensitivity of Assumptions in Actuarial Valuation of Retiring Gratuity Obligation

The following table demonstrates the sensitivity to a possible change in key assumptions employed with all other variables held constant in the Retiring Gratuity Obligations measurement. The sensitivity of the Statement of Financial position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate and salary increment on the profit or loss and Retiring Gratuity obligation for the year.

		2026		2025	
Increase/(Decrease) in Discount Rate	Increase/(Decrease) in Salary Escalation Rate	Sensitivity Effect on Statement of Comprehensive Income	Sensitivity Effect on Defined Benefit Obligation	Sensitivity Effect on Statement of Comprehensive Income	Sensitivity Effect on Defined Benefit Obligation
1%		3,624,423	(3,624,423)	2,591,084	(2,591,084)
-1%		(4,033,195)	4,033,195	(2,850,882)	2,850,882
	1%	(4,328,380)	4,328,380	(3,129,420)	3,129,420
	-1%	3,957,655	(3,957,655)	2,891,826	(2,891,826)

36.6 Maturity Profile of the Defined Benefit Obligation Plan

Maturity Profile of the Defined Benefit Obligation Plan as at the reporting date is given below;

	2026 Years	2025 Years
Weighted Average Duration of the Defined Benefit Obligation	5.90	5.00
Average Time to Benefit Payout	5.50	4.90

Notes to the Financial Statements

As at 31st March

36. RETIREMENT BENEFIT OBLIGATIONS (Contd....)

36.7 Distribution of Defined Benefit Obligation Over Future Lifetime

The following table demonstrates distribution of the future working lifetime of the Defined Benefit Obligation as at the reporting period.

	2026 Rs.	2025 Rs.
Less than 1 year	10,311,124	10,760,836
Between 1-5 years	27,484,014	25,108,728
Between 5-10 years	18,352,779	13,521,050
Over 10 years	14,365,635	9,267,947
	70,513,552	58,658,561

37. STATED CAPITAL

37.1 Issued and Fully Paid-Ordinary shares As at 31 March

	2026		2025	
	No. of Shares	Rs.	No. of Shares	Rs.
	73,693,171	1,321,097,699	73,693,171	1,321,097,699
	73,693,171	1,321,097,699	73,693,171	1,321,097,699

37.2 Rights of Shareholders

The holders of ordinary shares confer their right 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.

38. RETAINED EARNINGS AND OTHER RESERVES

38.1 Retained Earnings

	2026 Rs.	2025 Rs.
As at 01 April	1,741,428,099	912,324,112
Dividends	(200,445,425)	-
Profit/(Loss) for the Year	857,103,042	425,755,623
Other Comprehensive Income net of tax	(3,734,395)	(7,412,331)
Transfers to Statutory Reserve Fund	(42,855,152)	(21,287,781)
Transfers from Regulatory Risk Allowance Reserve	48,442,231	432,048,476
As at 31 March	2,399,938,400	1,741,428,099

Retained Earnings represents the undistributed earnings held by the Company to be used in the Company's operations. This could be used to absorb future possible losses or dividends payable.

38.2 Other Reserves

	2026 Rs.	2025 Rs.
Statutory Reserve Fund	364,282,158	321,427,006
Revaluation Reserve	67,567,435	70,068,185
Regulatory Risk Allowance Reserve	-	48,442,231
Fair Value Reserves	2,424,728	-
	434,274,321	439,937,422

Notes to the Financial Statements

As at 31st March

38.2.1 Statutory Reserve Fund

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 issued by Central Bank of Sri Lanka. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly 5% of the net profit for the year transferred to Reserve Fund as required by Section 3(b) ii of the said Direction.

	2026 Rs.	2025 Rs.
Balance as at 01 April	321,427,006	300,139,225
Transfers to/(from) during the year	42,855,152	21,287,781
Balance as at 31 March	364,282,158	321,427,006

38.2.2 Revaluation Reserve

	2026 Rs.	2025 Rs.
Balance as at 01 April	70,068,185	65,066,685
Revaluation Losses (Net of Tax)	(2,500,750)	5,001,500
Balance as at 31 March	67,567,435	70,068,185

*Revaluation losses is the result of land revaluation.

38.2.3 Regulatory Risk Allowance Reserve

In terms of the section 7.0 on Classification and Measurement of Credit Facilities Direction No. 01 of 2020, ensure the following.

Section 7.1.3

Where the loss allowances for expected credit loss falls below the regulatory provisions (i.e., provision and accrued interest in NPL), Company shall maintain the additional loss allowance in a non-distributable regulatory loss allowance reserve (RLRA) through an appropriation of its retained earnings. The additional loss allowance shall be maintained in the RLAR at all times. When loss allowance for expected credit losses exceeds the regulatory provision, the Company may transfer the excess amount in the RLAR to its retained earnings. The aggregate ECL allowance as at 31.03.2026 exceeds the regulatory provision. Accordingly, the Company not require to provided the difference to regulatory provision .

	2026 Rs.	2025 Rs.
As at 01 April	48,442,231	480,490,707
Transfer/ (Reversal) to Regulatory Risk Allowance Reserve for the year	(48,442,231)	(432,048,476)
As at 31 March	-	48,442,231

Notes to the Financial Statements

As at 31st March

39. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

39.1 As at 31 March 2026

	Amortised Cost Rs.	Financial Investments FVP&L	Equity Instruments -FVOCI	Total
Assets				
Cash and Bank Balances	688,959,509	-	-	688,959,509
Placement With Banks	479,664,558	-	-	479,664,558
Repurchase Agreements	212,083,868	-	-	212,083,868
Loans and Advances	2,285,858,574	-	-	2,285,858,574
Lease rentals receivable & Stock out on Hire	14,652,133,950	-	-	14,652,133,950
Financial Investments at Fair Value through P&L	-	1,647,762	-	1,647,762
Equity instruments at fair value through OCI	-	-	2,505,128	2,505,128
Debt Instruments at Amortised Cost	928,051,561	-	-	928,051,561
Other Financial Assets	657,584,956	-	-	657,584,956
Total Financial Assets	19,904,336,976	1,647,762	2,505,128	19,908,489,866
Liabilities				
Due to Banks	567,212,652	-	-	567,212,652
Due to Customers	11,037,171,800	-	-	11,037,171,800
Other Borrowed Funds	2,588,695,058	-	-	2,588,695,058
Other Financial Liabilities	1,915,532,297	-	-	1,915,532,297
Total Financial Liabilities	16,108,611,807	-	-	16,108,611,807

There were no reclassifications or transfers of Financial Assets during the year.

39.2 As at 31 March 2025

	Amortised Cost Rs.	Financial Investments FVP&L	Equity Instruments -FVOCI	Total
Assets				
Cash and Bank Balances	315,577,083	-	-	315,577,083
Placement With Banks	469,476,605	-	-	469,476,605
Repurchase Agreements	4,403,264	-	-	4,403,264
Loans and Advances	1,272,403,552	-	-	1,272,403,552
Lease rentals receivable & Stock out on Hire	9,797,524,125	-	-	9,797,524,125
Financial Investments at Fair Value through P&L	-	317,071,437	-	317,071,437
Equity instruments at fair value through OCI	-	-	80,400	80,400
Debt Instruments at Amortised Cost	631,753,297	-	-	631,753,297
Other Financial Assets	142,823,271	-	-	142,823,271
Total Financial Assets	12,633,961,197	317,071,437	80,400	12,951,113,034
Liabilities				
Due to Banks	4,664,275	-	-	4,664,275
Due to Customers	8,449,847,230	-	-	8,449,847,230
Other Borrowed Funds	150,362,272	-	-	150,362,272
Other Financial Liabilities	958,596,511	-	-	958,596,511
Total Financial Liabilities	9,563,470,288	-	-	9,563,470,288

Other than disclosed in Notes 19.2 and 20.2 there were no reclassifications or transfers of Financial Assets during the year.

Notes to the Financial Statements

As at 31st March

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Instruments Recorded at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Company's estimate of assumptions that a market participant would make when valuing the financial instruments.

The unit trust investments are valued based on the market value which is published by the unit trust itself on daily basis.

40.1 Determination of Fair Value and Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation techniques.

Level 1 :Quoted (unadjusted) prices in active markets for identical assets or liabilities in the active Market.

Level 2: Valuation technique using observable inputs: Quoted prices for similar assets and liabilities in active markets or quoted prices for identical or similar assets and liabilities in active markets and are valued using models where all significant inputs are observable.

Level 3: Valuation techniques with significant unobservable inputs: assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

Assets and Liabilities Measured at Fair Value - Fair Value Hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy in to which the fair value measurement is categorized.

As at 31 March 2026	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total
Financial Assets				
Financial Investments at Fair Value through P&L				
Investment in Unit trust	1,647,762	-	-	1,647,762
Equity Instruments at Fair Value through OCI				
Unquoted Equities	-	-	2,505,128	2,505,128
Total Financial Assets measured at fair value	1,647,762	-	2,505,128	4,152,890
Non Financial Assets				
Freehold land & buildings (included under Property, Plant & Equipment)	-	-	121,465,000	121,465,000
Total Non - Financial Assets measured at fair value	-	-	121,465,000	121,465,000
As at 31 March 2025	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets				
Financial Investments at Fair Value through P&L				
Investment in Unit trust	317,071,437	-	-	317,071,437
Equity Instruments at Fair Value through OCI				
Unquoted Equities	-	-	80,400	80,400
Total Financial Assets	317,071,437	-	80,400	317,151,837
Non Financial Assets				
Freehold land & buildings (included under Property, Plant & Equipment)	-	-	125,037,500	125,037,500
Total Non - Financial Assets measured at fair value	-	-	125,037,500	125,037,500

There were no financial liabilities recorded at fair value as at 31 March 2026 & 2025.

There were no transfers between Level 1 and Level 2 during 2026 & 2025.

Notes to the Financial Statements

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40. FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd...)

40.2 Fair Value of Financial Assets and Liabilities Not Carried at Fair Value

Set out below is the comparison, by class, of the carrying amounts of Fair Values of the Company's Financial Instruments that are not carried at Fair Value in the Financial Statements. This table does not include the Fair Values of Non- Financial Assets and Non- Financial Liabilities.

	Carrying Amount Rs.	2026				2025			
		Fair Value				Fair Value			
		Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	Total Rs.	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	Total Rs.
Financial Assets									
Loans and Advances	2,285,858,574	-	-	2,417,206,051	2,417,206,051	-	-	1,671,820,216	1,671,820,216
Lease rentals receivable &									
Stock out on Hire	14,652,133,950	-	-	14,728,892,690	14,728,892,690	-	-	10,494,199,969	10,494,199,969
Debt instruments at amortised cost	928,051,561	-	-	928,051,561	928,051,561	-	-	631,753,297	631,753,297
Other Financial Assets	657,584,956	-	-	657,584,956	657,584,956	-	-	142,823,271	142,823,271
	18,523,629,040	-	-	18,731,735,258	18,731,735,258	-	-	12,940,596,753	12,940,596,753
Financial Liabilities									
Due to Banks									
Due to Banks	567,212,652	-	-	576,315,867	576,315,867	-	-	4,664,275	4,664,275
Due to Customers	11,037,171,800	-	-	11,109,764,912	11,109,764,912	-	-	8,747,911,345	8,747,911,345
Other Borrowed Funds	2,588,695,058	-	-	2,669,159,936	2,669,159,936	-	-	150,362,272	150,362,272
	14,193,079,510	-	-	14,355,240,715	14,355,240,715	-	-	8,902,937,892	8,902,937,892

The following describes the methodologies and assumptions used to determine the Fair Values for those Financial Assets & Liabilities which are not already recorded at fair value in the Financial Statements.

Fixed Rate Financial Instruments

Carrying amounts are considered as Fair Values for short term credit facilities. All credit facilities with fixed interest rates were fair valued using market rates at which fresh credit facilities were granted during the last month of the reporting year. Conversely, fixed deposits with remaining tenors above one year and interest paid at maturity were discounted using current market rates offered to customers during the last month of the reporting year.

Assets & Liabilities for which Fair Value Approximates Carrying Value

The Following is a list of Financial Investments whose carrying amount is a reasonable approximation of Fair Value. Because for example, they are short-term in nature or repurchase to current market rates Frequently:

Assets	Liabilities	Reclassification of Financial Assets
Cash and Bank Balances	Other Financial Liabilities	There have been no reclassifications
Placement With Banks		during 2025/2026
Repurchase Agreements		



Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES

41.1 Introduction

Risk is inherent in a financial business and such risks are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is exposed to credit risk, interest rate risk, liquidity risk, operational risk, the latter being subdivided into regulatory & compliance risk, reputation risk and environmental risk. The independent risk control process does not include business risks such as changes in the environment, technology and industry.

The Company's policy is to monitor those business risks through the Company's strategic planning process.

41.2 Risk Management Structure

The Board is primarily responsible for risk management initiatives. Integrated Risk Management Committee (IRMC), which is a sub-committee of the Board has been established and delegated risk management responsibilities. This Committee plays a vital role in establishing best practices in relation to risk policies and practices within the company.

The quantum and level of risks that the Company is willing to accept is decided at the IRMC level, and the decisions made by this Committee are communicated to the Board of Directors. The Board ratifies the risk policies and risk tolerance levels agreed at the Integrated Risk Management Committee meetings.

The Committee fulfils the requirement set out in the Finance Companies Direction No. 5 of 2021 on Corporate Governance issued by Central Bank of Sri Lanka (CBSL) under Finance Business Act No. 42 of 2011.

The Committee consists of Five Non Executive Directors and the Chairman of the committee is an Independent Non executive Director who is one of Three members.

IRMC is supported by two sub committees such as Assets and Liabilities Committee (ALCO) and Credit Committee (CC). ALCO is entrusted with the identification and managing of Market Risk and Liquidity Risk where as CC is responsible for managing Assets Quality and credit policy of the Company.

The Company's policy is to ensure that risk management processes throughout the Company are audited by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit division discusses the results of all assessments with management, and reports its findings and recommendations to the Board Audit Committee.

41.3 Risk measurement & Reporting System and Risk Mitigation

The positioning map of each risk component is placed within the risk grid. Tolerance levels are set by using sustainable measurements and these are discussed at risk management meetings. The risk console indicates the severity of each component of risk.

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.4 Credit Risk

Credit risk refers to the risk that borrowers will default on any type of debt by failing to disruption to cash flows, and increased collection costs. The loss may be complete or partial and can arise in a number of circumstances to make payments they are obligated to do. The risk of loss of principal or loss of a financial reward stems from a borrower's failure to repay a loan or otherwise meet a contractual obligation. The risk is primarily that of the lender and includes lost principal and interest.

Credit risk is closely tied to the potential return, the most notable being that the yields on portfolios correlate strongly to their perceived credit risk. The strategy of Company is not to eliminate risk, but to maintain the same within pre-determined acceptance levels. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

41.4.1 Impairment Assessment

The methodology of the impairment assessment has explained in Note 3.1.10 under Accounting policies. The references below should be read in conjunction with those Accounting policies.

41.4.1 (a) Definition of default and Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and expert credit assessment and including forward looking information. The Company considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due.

Credit-Impaired Financial Assets At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Company considers treasury and interbank balances defaulted and takes immediate action when the required intra day payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal assessment of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Company
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Company

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.4.1 (a) Definition of default and Significant increase in credit risk (Contd...)

- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

This approach ensures the volume of exposures in stage 2 reflects a forward-looking view of the economy and not just what is observable as at the reporting date.

Credit-Impaired Financial Assets At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

The post-model adjustments considered evaluating management overlays by assessing the aged facilities with the age of more than 3 years for the 100% provisioning. The post model adjustment as at 31 March 2025 increased the loss-allowance by Rs. 514,120,699/- in previous year. The management's policy for recognition of 100% impairment on aged facilities has been modified to 3 years in arrears from 8 years in arrears during the financial year 31 March 2025. As a result additional provision amount into Rs.346,477,880 has been charged in 2025.

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.4.1 (c) Assessment of Expected Credit Losses

41.4.1(c) Analysis of the total allowance for expected credit losses is as follows.

2026				
	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total
Loans and Advances	(25,295,822)	(18,471,218)	(190,911,168)	(234,678,208)
Lease Rentals Receivable & Stock Out on Hire	(233,054,251)	(88,570,260)	(802,596,704)	(1,124,221,215)
Other Debtors	-	-	(37,268,224)	(37,268,224)
Total Allowance for Expected Credit Losses	(258,350,073)	(107,041,478)	(1,030,776,096)	(1,396,167,647)

2025				
	Stage 01 Rs.	Stage 02 Rs.	Stage 03 Rs.	Total
Loans and Advances	(18,511,632)	(8,465,854)	(394,842,348)	(421,819,834)
Lease Rentals Receivable & Stock Out on Hire	(197,069,552)	(71,313,448)	(760,270,886)	(1,028,653,886)
Other Debtors	-	-	(31,221,535)	(31,221,535)
Total Allowance for Expected Credit Losses	(215,581,184)	(79,779,302)	(1,186,334,769)	(1,481,695,255)

The methodology used in the determination of expected credit losses is explained in Note 3.1.10 to Financial Statements.

41.4.1 (d) Analysis of gross carrying amount contribution to the change in ECL allowance

	STAGE 1		STAGE 2		STAGE 3		TOTAL	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
Balance as at 01 April 2025	8,491,805,293	215,581,184	1,905,105,731	79,779,303	2,123,490,373	1,186,334,770	12,520,401,399	1,481,695,255
New assets originated or purchased	10,047,664,175	186,311,686	1,727,533,208	61,876,562	220,128,546	72,201,786	11,995,325,929	292,330,332
Payments and assets derecognised	(4,067,015,198)	(137,267,085)	(1,189,331,497)	(39,645,509)	(592,222,680)	141,260,956	(5,848,569,375)	(450,961,724)
Write-off	-	-	-	-	(370,266,005)	(370,266,005)	(370,266,005)	(740,532,010)
Transfers to stage 1	482,639,942	32,209,445	(454,257,407)	(21,675,411)	(28,382,535)	(10,534,034)	-	(38,916,569)
Transfers to stage 2	(1,182,890,862)	(31,691,048)	1,212,224,732	38,114,112	(29,333,870)	(6,423,064)	-	(35,756,934)
Transfers to stage 3	(251,347,609)	(6,794,108)	(245,970,803)	(11,407,578)	497,318,412	18,201,686	-	515,520,098
Balance as at 31 March 2026	13,520,855,741	258,350,074	2,955,303,964	107,041,479	1,820,732,241	1,030,776,095	18,296,891,947	1,396,167,648

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.4.1 (c) Assessment of Expected Credit Losses (Contd...)

41.4.1(d) Analysis of gross carrying amount contribution to the change in ECL allowance.

	STAGE 1		STAGE 2		STAGE 3		TOTAL	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
Balance as at 01 April 2024	4,441,446,897	147,029,866	1,453,688,901	88,524,984	3,034,103,372	1,052,904,490	8,929,239,171	1,288,459,340
New assets originated or purchased	6,784,399,002	171,441,633	1,189,072,671	54,777,898	224,421,557	74,400,482	8,197,893,230	300,620,013
Payments and assets derecognised	(2,445,230,267)	(116,516,538)	(943,250,419)	(68,606,358)	(971,916,511)	324,072,605	(4,360,397,196)	138,949,708
Write-off	-	-	-	-	(246,333,806)	(246,333,806)	(246,333,806)	(246,333,806)
Transfers to stage 1	443,503,112	39,345,000	(360,181,252)	(22,369,254)	(83,321,859)	(16,975,745)	-	-
Transfers to stage 2	(630,516,193)	(22,108,405)	704,493,180	36,772,341	(73,976,987)	(14,663,936)	-	-
Transfers to stage 3	(101,797,258)	(3,610,372)	(138,717,350)	(9,320,308)	240,514,607	12,930,680	-	-
Balance as at 31 March 2025	8,491,805,293	215,581,184	1,905,105,731	79,779,303	2,123,490,373	1,186,334,770	12,520,401,399	1,481,695,255

41.4.1(e) Movement of the total allowance for expected credit losses during the period

	2026	2025
Balance as at 01 April	1,481,695,255	1,288,459,340
Charge/(Reversal) to Income Statement (Note 9)	284,738,398	408,337,325
Reclassification	-	31,232,396
Write-off during the year	(370,266,005)	(246,333,806)
Balance as at 31 March	1,396,167,648	1,481,695,255

41.4.1(f) Sensitivity Analysis : Impact of increase/(Decrease) of loss rate by 1% on collective allowance for expected credit losses

If the loss rates used by the Company in determining collective impairment has increased / decreased by below mentioned rates, ECL provision of the company as at 31 March 2026 would have increased / decreased as follows.

Scenario	Increase to the ECL provision	Decreased to the ECL provision
Changing of loss rate used by the Company - 1%	40,268,819	(40,268,819)
Changing of loss rate used by the Company - 2%	80,537,638	(80,537,638)

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

CREDIT RISK (Contd...)

41.4.1(g) Loans past due but not impaired

A loan is considered past due when a counterparty has not made a payment by the contractual due date. The following table presents the carrying value of loans that are contractually past due but not classified as impaired because they are less than 90 days past due. Loans past due 30 days or less are not presented in this analysis as they are not administratively considered past due.

As at 31 March 2026

	2026		
	31-60 Days Rs.	61-89 Days Rs.	Total Rs.
Loans and Advances	421,018,788	117,679,143	538,697,931
Lease Rentals Receivable & Stock Out on Hire	1,622,282,508	794,323,526	2,416,606,034
	2,043,301,296	912,002,669	2,955,303,965

As at 31 March 2025

	2025		
	31-60 Days Rs.	61-89 Days Rs.	Total Rs.
Loans and Advances	131,744,660	70,917,747	202,662,407
Lease Rentals Receivable & Stock Out on Hire	1,142,708,504	559,734,817	1,702,443,322
	1,274,453,164	630,652,564	1,905,105,728

41.4.1(h) Overview of rescheduled loans and advances (except individually impaired loans and advances)

As at 31 March 2026	2026				
	Gross Carrying Value		Allowance for ECL		Net Carrying Value
	Stage 3	Total	Stage 3	Total	
Loans and Advances	15,958,139	15,958,139	10,292,560	10,292,560	5,665,579
Lease Rentals Receivable & Stock Out on Hire	95,254,778	95,254,778	39,940,899	39,940,899	55,313,879
	111,212,917	111,212,917	50,233,459	50,233,459	60,979,458

As at 31 March 2025	2025				
	Gross Carrying Value		Allowance for ECL		Net Carrying Value
	Stage 3	Total	Stage 3	Total	
Loans and Advances	33,007,105	33,007,105	17,883,424	17,883,424	15,123,681
Lease Rentals Receivable & Stock Out on Hire	183,910,797	183,910,797	50,840,950	50,840,950	133,069,847
	216,917,901	216,917,902	68,724,374	68,724,374	148,193,528

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

CREDIT RISK (Contd...)

41.4.2 Maximum Exposure to Credit risk

The following table shows the maximum exposure to credit risk by class of Financial Asset and the value of Financial Assets covered by the collateral

Type of Collateral As at 31 March 2026	Percentage of Exposure that is subject to collateral %	Maximum Exposure to Credit Risk Rs.	Fair Value of Collateral Held			Total Collateral Value Rs.	Net Exposure to Credit Risk Rs.
			Cash / Near Cash Rs.	Property Mortgages Rs.	Moveable Assets * Rs.	Other ** Rs.	
Cash and Bank Balances (Excluding cash in hand)	-	626,732,922	-	-	-	-	626,732,922
Placement With Banks	-	479,664,558	-	-	-	-	479,664,558
Repurchase Agreements	-	212,083,868	-	-	-	-	212,083,868
Loans and Advances	99	2,520,536,782	381,539,117	526,673,000	3,573,991,665	496,685,684	-
Lease rentals receivable & Stock out on hire	100	15,776,299,391	-	-	28,542,853,431	1,365,000	-
Equity instruments at fair value through OCI	-	2,505,128	-	-	-	-	2,505,128
Debt instruments at amortised cost	-	928,051,561	-	-	-	-	928,051,561
Other Financial assets	-	657,584,956	-	-	-	-	657,584,956
		21,203,459,167	381,539,117	526,673,000	32,116,845,096	498,050,684	2,906,622,993

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

CREDIT RISK (Contd...)

41.4.2.1 Collateral of credit impaired assets

	Exposure to Credit Risk Rs.	Cash / Near Cash Rs.	Property Mortgages Rs.	Moveable Assets * Rs.	Other ** Rs.	Total Value Rs.	Net Exposure to Credit Risk Rs.
As at march 2026	278,163,598	-	436,700,000	624,637,142	369,625,000	1,430,962,142	-
As at march 2025	463,383,168	-	253,975,000	24,275,000	26,400,000	304,650,000	194,771,191

Type of Collateral As at 31 March 2025	Percentage of Exposure that is subject to collateral %	Fair Value of Collateral Held				Total Collateral Value Rs.	Net Exposure to Credit Risk Rs.
		Cash / Near Cash Rs.	Property Mortgages Rs.	Moveable Assets * Rs.	Other ** Rs.		
Cash and Bank Balances (Excluding cash in hand)	-	-	-	-	-	-	272,403,216
Placement With Banks	-	-	-	-	-	-	469,476,605
Repurchase Agreements	-	-	-	-	-	-	4,403,264
Loans and Advances	99	348,374,351	616,510,000	2,216,522,811	664,919,844	3,846,327,006	-
Lease rentals receivable & Stock out on hire	100	-	-	18,590,271,849	37,055,220	18,627,327,069	-
Equity instruments at fair value through OCI	-	-	-	-	-	-	80,400
Debt instruments at amortised cost	-	-	-	-	-	-	631,753,297
Other Financial assets	-	-	-	-	-	-	142,823,271
		348,374,351	616,510,000	20,806,794,660	701,975,064	22,473,654,075	1,520,940,053

* Movable assets includes absolute ownership/ mortgage over motor vehicles and Machinerries & Equipments.

** Other collateral includes secured by consumer durables & title deed transfers (Real Estate Loans).

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.4.2.2 Financial Investments

(a) Placement with Banks

As at 31st March

	2026 Rating	2025 Rating	2026 Rs.	2025 Rs.
Seylan Bank	A+	A+	479,555,875	256,116,164
BOC Bank	AA-	AA-	108,683	102,314
DFCC Bank		A		101,017,123
People's Leasing & Finance		A	-	101,017,123
Sampath Bank		AA-	-	11,223,881
			479,664,558	469,476,605

(b) Cash and Bank Balances

Cash and cash equivalents comprise of cash in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments. The cash and cash equivalents are held with the following commercial banks.

Bank	Rating
BOC	AA-
CARGILS	A
COMMERCIAL	AA-
DFCC	A
HNB	AA-
NDB	A
NTB	A
PABC	BBB
SAMPATH	AA-
SEYLAN	A+
UNION	BBB-
PEOPLES	AA-
HDFC	BB+

41.4.3 Credit Quality by Class of Financial Assets

The amounts presented are gross of Impairment allowances.

As at 31 March 2026	Neither Past Due nor Individually Impaired Rs.	Past Due Not Individually Impaired Rs.	Individually Impaired Rs.	Total Rs.
Assets				
Cash and Bank Balances	688,959,509	-	-	688,959,509
Placement With Banks	479,664,558	-	-	479,664,558
Repurchase Agreements	212,083,868	-	-	212,083,868
Loans and Advances	1,218,198,890	1,126,810,291	175,527,601	2,520,536,782
Lease Rentals Receivable & Stock Out on Hire	8,623,546,630	7,050,172,538	102,635,997	15,776,355,165
Debt instruments at amortised cost	928,051,561	-	-	928,051,561
Other Financial Assets	611,247,355	37,268,224	-	648,515,579
Total	12,761,752,371	8,214,251,053	278,163,598	21,254,167,022

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.4 Credit Risk (Contd...)

41.4.3 Credit Quality by Class of Financial Assets (Contd...)

As at 31 March 2025	Neither Past Due nor Individually Impaired Rs.	Past Due Not Individually Impaired Rs.	Individually Impaired Rs.	Total Rs.
Assets				
Cash and Bank Balances	315,577,083	-	-	315,577,083
Placement With Banks	469,476,605	-	-	469,476,605
Repurchase Agreements	4,403,264	-	-	4,403,264
Loans and Advances	633,373,116	692,305,357	368,544,913	1,694,223,386
Lease Rentals Receivable & Stock Out on Hire	5,324,394,896	5,406,944,859	94,838,255	10,826,178,011
Debt instruments at amortised cost	631,753,297	-	-	631,753,297
Other Financial Assets	106,918,458	31,221,535	-	138,139,993
Total	7,485,896,719	6,130,471,751	463,383,168	14,079,751,638

41.4.3.1 Aging Analysis of past due(i.e. facilities in arrears of 1 day and above) but not individually impaired loans by class of Financial Assets as at the end of the relevant financial period.

As at 31 March 2026	Past Due but Not Individually Impaired				Total Rs.
	1 to 30 Days Rs.	31 to 60 Days Rs.	61 to 90 Days Rs.	More than 91 Days Rs.	
Loans and Advances	320,025,268	344,181,196	344,181,196	118,422,631	1,126,810,291
Lease Rentals Receivable & Stock Out on Hire	3,242,225,640	1,610,468,734	792,298,926	1,405,179,238	7,050,172,538
Other Financial Assets				37,268,224	37,268,224
	3,562,250,908	1,954,649,930	1,136,480,122	1,560,870,093	8,214,251,053

Aging Analysis of past due(i.e. facilities in arrears of 1 day and above) but not individually impaired loans by class of financial assets as at the previous financial period.

As at 31 March 2025	Past Due but Not Individually Impaired				Total Rs.
	1 to 30 Days Rs.	31 to 60 Days Rs.	61 to 90 Days Rs.	More than 91 Days Rs.	
Loans and Advances	324,838,095	131,744,660	70,917,747	164,804,855	692,305,357
Lease Rentals Receivable & Stock Out on Hire	2,209,048,888	1,142,708,504	559,734,817	1,495,452,650	5,406,944,859
Other Financial Assets				31,221,535	31,221,535
	2,533,886,983	1,274,453,164	630,652,564	1,691,479,040	6,130,471,751

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.4 CREDIT RISK (Contd...)

41.4.4 Analysis of Risk Concentration

The following table shows the risk concentration by sector for the Financial Assets components of the Statement of Financial Position.

As at 31 March 2026

Purpose wise Breakdown	Cash and Bank Balances Rs.	Placement With Banks Rs.	Securities Purchased under Repurchase agreement (Rs.)	Loans and Advances Rs.	Lease rentals receivable & Stock Out on Hire Rs.	Financial Investment at fair value through P&L Rs.	Equity instruments at fair value through OCI Rs.	Debt instruments at amortised cost Rs.	Other Financial Assets Rs.	Total Financial Assets Rs.
Agriculture	-	-	-	285,187,666	2,926,292,476	-	-	-	-	3,211,480,142
Manufacturing	-	-	-	234,781,617	2,025,306,037	-	-	-	-	2,260,087,654
Construction	-	-	-	91,506,882	1,213,628,945	-	-	-	-	1,305,135,827
Financial Services	688,959,509	479,664,558	-	164,517,985	157,282,979	1,647,762	2,505,128	-	-	1,494,577,921
Trading	-	-	-	212,716,714	1,374,620,043	-	-	-	-	1,587,336,757
Government	-	-	212,083,868	-	-	-	-	928,051,561	-	1,140,135,429
Hotels	-	-	-	48,543,375	525,395,475	-	-	-	-	573,938,850
Services	-	-	-	342,435,649	1,580,397,938	-	-	-	-	1,922,833,588
Others	-	-	-	1,140,846,894	5,973,431,272	-	-	-	657,584,957	7,771,863,123
Total	688,959,509	479,664,558	212,083,868	2,520,536,782	15,776,355,165	1,647,762	2,505,128	928,051,561	657,584,957	21,267,389,290

STATEMENT OF FINANCIAL POSITION

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.4 CREDIT RISK (Contd...)

41.4.4 Analysis of Risk Concentration (Contd...)

As at 31 March 2025

Purpose wise Breakdown	Cash and Bank Balances Rs.	Placement With Banks Rs.	Securities Purchased under Repurchase agreement (Rs.)	Loans and Advances Rs.	Lease rentals receivable & Stock Out on Hire Rs.	Financial Investment at fair value through P&L Rs.	Equity instruments at fair value through OCI Rs.	Debt instruments at amortised cost Rs.	Other Financial Assets Rs.	Total Financial Assets Rs.
Agriculture	-	-	-	22,424,492	1,326,648,025	-	-	-	-	1,349,072,517
Manufacturing	-	-	-	89,734,928	658,953,508	-	-	-	-	748,688,436
Construction	-	-	-	109,225,743	585,137,853	-	-	-	-	694,363,596
Financial Services	315,577,083	469,476,605	-	34,011,109	70,898,711	317,071,437	80,400	-	-	1,207,115,345
Trading	-	-	-	114,247,224	378,216,237	-	-	-	-	492,463,461
Government	-	-	4,403,264	-	-	-	-	631,753,297	-	636,156,561
Hotels	-	-	-	15,308,272	134,015,709	-	-	-	-	149,323,981
Services	-	-	-	396,423,609	561,059,796	-	-	-	-	957,483,405
Others	-	-	-	912,848,009	7,111,248,172	-	-	-	142,823,271	8,166,919,452
Total	315,577,083	469,476,605	4,403,264	1,694,223,386	10,826,178,011	317,071,437	80,400	631,753,297	142,823,271	14,401,586,754



Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.5 Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows and / or the fair values of financial instruments. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Excessive movements in market interest rate could result in severe volatility to company's net interest income and net interest margin. Company's exposure to interest rate risk is primarily associated with factors such as;

- Reprising risk arising from a fixed rate borrowing portfolio where reprising frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve.

Assets and Liabilities Committee of the company is having the primary responsibility of managing the Interest Rate Risk. Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Company conducts periodic reviews and re-prices its assets accordingly.

- The company borrowings rate with associated with the fixed rate.

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.5 INTEREST RATE RISK (Contd...)

41.5.2 Interest Rate Risk

Interest Rate Risk Exposure on Non Trading Financial Assets & Liabilities

The table below analyses the company's interest rate risk exposure on non- trading financial assets & liabilities. The company's assets & liabilities are included at carrying amount categorized by the earlier of contractual reprising or maturity dates as at the end of the relevant financial period.

ASSETS	Up to 03 Months		03-12 Months		01-03 Years		03-05 Years		Over 05 Years		Non interest bearing		Total as at 31 March 2026 Rs.
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		
Cash and Bank Balances	416,498,968	-	-	-	-	-	-	-	-	-	272,460,541	-	688,959,509
Placement with Banks	479,555,876	108,683	-	-	-	-	-	-	-	-	-	-	479,664,558
Securities Purchased under Repurchase Agreement	212,083,868	-	-	-	-	-	-	-	-	-	-	-	212,083,868
Loans and Advances	1,692,768,405	189,785,675	259,413,012	141,265,179	946,447,393	2,626,303	-	-	-	-	-	-	2,285,858,574
Lease Rentals Receivable & Stock out on Hire	1,881,835,092	4,490,539,109	7,333,312,357	-	-	-	-	-	-	-	-	-	14,652,133,950
Financial Investments at Fair Value through P&L	1,647,762	-	-	-	-	-	-	-	-	-	-	-	1,647,762
Debt instruments at amortised cost	775,460,613	152,590,949	-	-	-	-	-	-	-	-	-	-	928,051,561
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	657,584,956	-	657,584,956
TOTAL FINANCIAL ASSETS	5,459,850,583	4,833,024,416	7,592,725,369	1,087,712,572	2,626,303	930,045,497	19,905,984,739						
LIABILITIES													
Due to Banks	50,122,933	150,177,308	300,232,411	66,680,000	-	-	-	-	-	-	-	-	567,212,652
Due to Customers	2,928,970,668	3,196,379,279	4,202,048,492	709,773,362	-	-	-	-	-	-	-	-	11,037,171,801
Other Borrowed Funds	-	197,761,642	1,750,614,822	640,318,594	-	-	-	-	-	-	-	-	2,588,695,058
Other Financial Liabilities	-	-	-	-	-	-	-	-	-	-	1,915,532,297	-	1,915,532,297
TOTAL FINANCIAL LIABILITIES	2,979,093,601	3,544,318,229	6,252,895,725	1,416,771,956	-	1,915,532,297	16,108,611,808						
TOTAL INTEREST SENSITIVITY GAP	2,480,756,983	1,288,706,187	1,339,829,644	(329,059,384)	2,626,303	(985,486,799)	3,797,372,931						

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.5 INTEREST RATE RISK (Contd...)

41.5.2.1 Interest Rate Risk (Contd...)

Interest Rate Risk Exposure on Non Trading Financial Assets & Liabilities

The table below analyses the company's interest rate risk exposure on non- trading financial assets & liabilities. The Company's assets & liabilities are included at carrying amount categorized by the earlier of contractual reprising or maturity dates as at the end of the previous financial period.

ASSETS	Up to 03 Months		03-12 Months		01-03 Years		03-05 Years		Over 05 Years		Non interest bearing		Total as at 31 March 2025 Rs.
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		
Cash and Bank Balances	162,963,860		-		-		-		-		152,613,223		315,577,083
Placement with Banks	469,374,292		102,314		-		-		-		-		469,476,605
Securities Purchased under Repurchase Agreement	4,403,264		-		-		-		-		-		4,403,264
Loans and Advances	839,875,213		97,080,213		218,196,147		114,014,552		3,237,427		-		1,272,403,551
Lease Rentals Receivable & Stock out on Hire	1,811,489,709		2,930,760,105		4,465,251,915		590,022,397		-		-		9,797,524,126
Financial Investments at Fair Value through P&L	317,071,437		-		-		-		-		-		317,071,437
Debt instruments at amortised cost	478,982,810		152,770,487		-		-		-		-		631,753,297
Other Financial Assets	-		-		-		-		-		142,823,271		142,823,271
TOTAL FINANCIAL ASSETS	4,084,160,585		3,180,713,119		4,683,448,062		704,036,948		3,237,427		295,436,494		12,951,032,634
LIABILITIES													
Due to Banks	4,664,275		-		-		-		-		-		4,664,275
Due to Customers	2,533,675,021		4,060,711,090		1,442,925,092		412,536,028		-		-		8,449,847,231
Other Borrowed Funds	-		150,362,272		-		-		-		-		150,362,272
Other Financial Liabilities	-		-		-		-		-		958,596,511		958,596,511
TOTAL FINANCIAL LIABILITIES	2,538,339,296		4,211,073,361		1,442,925,092		412,536,028		-		958,596,511		9,563,470,288
TOTAL INTEREST SENSITIVITY GAP	1,545,821,289		(1,030,360,243)		3,240,522,970		291,500,921		3,237,427		(663,160,017)		3,387,562,346

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.6 Liquidity Risk

Liquidity risk refers to the availability of sufficient cash balances to meet the demand on deposits and new lending targets as well as provide a flow of net liquid assets to meet contractual borrowings and other commitments. Liquidity risk is financial risk due to uncertain liquidity. An institution might lose liquidity if it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with or lending to the institution. A firm is also exposed to liquidity risk if markets on which it depends are subject to loss of liquidity. The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the asset and liability management committee (ALCO) analyses and monitors liquidity risk, and maintains an adequate margin of safety in liquid assets.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs. In addition, the Company maintains the liquidity ratio prescribed by Central Bank of Sri Lanka.

41.6.1 Statutory Liquid Asset Ratio

As per the requirements of Finance companies (Liquid Assets) Direction No.4 of 2013 the Company has to maintain minimum liquid assets comprises of 10% of Time Deposits and Certificates of Deposits at the close of the business on such day and 15% of Savings Deposits at the close of the business on such day. In addition to the above, with effect from 01st July, 2014 the company needs to maintain 10% on Borrowings which are not included in the Tier –II capital base and borrowings which are not secured by mortgage of any assets. Further the Company has to maintain liquid assets in the form of Sri Lanka Government Securities not less than 7.5% of average month end total deposit liabilities and the above said borrowings of twelve months of the preceding financial year.

The Company maintained a healthy statutory liquid asset ratio throughout the year. The Company considers cash balances, Favourable Balances held with Commercial Banks on demand deposits, Placement with banks in the form of Time Deposits and Savings, Investment in Treasury Bills, Securities Purchased under Repurchase Agreement are considered as Liquid Assets for the purpose Statutory Liquid Asset Ratio calculation.

Statutory Liquid Asset Ratio

	2026	2025
Maximum	21.21%	28.47%
Minimum	14.48%	13.34%
Average	17.33%	22.39%
Closing	17.63%	15.92%

41.6.2 Advances to Deposit Ratio

The Company stresses the importance of maintaining an adequate Customer Deposit Base such as Time and Savings Deposits as sources of funds to finance Loans and Advances. They are monitored using the Advances to Deposits ratio which comprises accommodations to customers as a percentage of customer deposits.

Advances to Deposits Ratio

	2026	2025
Maximum	165.60%	138.53%
Minimum	130.99%	122.48%
Average	146.72%	132.02%
Closing	153.51%	132.32%

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd....)

41.6.3 Contractual Maturities of Undiscounted Cash Flows of Financial Assets & Financial Liabilities

41.6.3.1 The table below analyses the maturity profile of the undiscounted cash flows of the Company's Financial Assets & Liabilities as at the end of relevant financial period.

ASSETS	On Demand	Up to 03 Months		03-12 Months		01-02 Years		02-03 Years		03-04 Years		04-05 Years		Total as at 31 March 2026 Rs.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cash and Bank Balances	688,959,509	-	-	-	-	-	-	-	-	-	-	-	-	688,959,509
Placement With Banks	-	486,576,341	113,851	-	-	-	-	-	-	-	-	-	-	486,690,192
Securities Purchased under Repurchase Agreement	-	212,083,868	-	-	-	-	-	-	-	-	-	-	-	212,083,868
Loans and Advances	1,284,630,780	433,510,517	253,989,505	202,392,098	152,731,068	102,600,429	61,010,889	2,797,350	2,493,662,636					2,493,662,636
Lease rentals receivable & Stock out on Hire	386,511,117	2,027,123,492	7,162,923,291	6,721,145,877	3,247,138,855	938,406,020	177,532,806	-	20,660,781,458					20,660,781,458
Financial Investments at Fair Value through P&L	1,647,762	-	-	-	-	-	-	-	1,647,762					1,647,762
Equity instruments at fair value through OCI	-	-	-	-	-	-	-	-	2,505,128					2,505,128
Debt instruments at amortised cost	-	2,535,371	165,000,000	-	-	-	-	-	167,535,371					167,535,371
Other Financial Assets	-	25,229,729	613,377,355	6,146,793	-	1,100,000	11,195,000	536,080	657,584,957					657,584,957
Total Financial Assets	2,361,749,168	3,187,059,318	8,195,404,002	6,929,684,768	3,399,869,923	1,042,106,449	249,738,695	5,838,558	25,371,450,881					
LIABILITIES														
Due to Banks	63,830	44,807,671	1,361,621,091	485,877,225	270,142,317	-	-	-	2,162,512,134					2,162,512,134
Due to Customers	72,960,159	2,885,748,333	3,341,567,600	1,816,634,746	2,864,725,163	390,263,043	337,722,985	-	11,709,622,529					11,709,622,529
Other Borrowed Funds	-	21,660,546	893,228,151	228,435,316	112,262,480	69,294,709	-	-	1,324,821,182					1,324,821,182
Other Financial Liabilities	-	58,340,813	1,173,888,504	330,156,079	15,600,343	20,746,356	22,757,342	93,597,435	1,715,086,872					1,715,086,872
Total Financial Liabilities	73,023,989	3,010,557,863	6,770,305,346	2,861,103,366	3,262,730,283	480,244,108	360,480,327	93,597,435	16,912,042,717					
	2,288,725,179	176,501,455	1,425,098,656	4,068,581,402	137,139,640	561,862,341	(110,741,633)	(87,758,878)	8,459,408,164					

Notes to the Financial Statements

As at 31st March

41. RISK MANAGEMENT DISCLOSURES (Contd...)

41.6.3 Contractual Maturities of Undiscounted Cash Flows of Financial Assets & Financial Liabilities

41.6.3.2 The table below analyses the maturity profile of the undiscounted cash flows of the Company's Financial Assets & Liabilities as at the end of previous financial period.

ASSETS	On Demand	Up to 03 Months		03-12 Months		01-02 Years		02-03 Years		03-04 Years		04-05 Years		Over 05 Years		Total as at 31 March 2025 Rs.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cash and Bank Balances	315,577,083	-	-	-	-	-	-	-	-	-	-	-	-	-	-	315,577,083
Placement With Banks	-	469,374,291	102,314	-	-	-	-	-	-	-	-	-	-	-	-	469,476,605
Securities Purchased under Repurchase Agreement	-	4,403,264	-	-	-	-	-	-	-	-	-	-	-	-	-	4,403,264
Loans and Advances	798,403,042	61,784,408	148,920,454	169,686,993	126,040,914	90,644,358	38,236,222	3,461,854	-	-	-	-	-	-	-	1,437,178,245
Lease rentals receivable & Stock out on Hire	813,595,482	1,721,583,419	4,578,538,273	4,104,414,286	1,886,545,171	549,647,142	146,437,976	-	-	-	-	-	-	-	-	13,800,761,749
Financial Investments at Fair Value through P&L	317,071,437	-	-	-	-	-	-	-	-	-	-	-	-	-	-	317,071,437
Equity instruments at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,400
Debt instruments at amortised cost	-	478,982,810	152,770,487	-	-	-	-	-	-	-	-	-	-	-	-	631,753,297
Other Financial Assets	-	10,850,715	107,293,458	3,160,000	12,116,793	900,000	2,085,000	6,617,305	-	-	-	-	-	-	-	142,823,271
Total Financial Assets	2,244,647,044	2,746,778,907	4,987,624,986	4,277,261,279	2,024,702,878	641,191,500	186,759,198	10,159,559	17,119,125,351	10,159,559	10,159,559	10,159,559	10,159,559	10,159,559	10,159,559	17,119,125,351
LIABILITIES																
Due to Banks	4,664,275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,664,275
Due to Customers	105,213,908	2,458,848,510	4,250,504,038	1,173,694,469	337,115,711	273,646,595	149,693,092	-	-	-	-	-	-	-	-	8,748,716,323
Other Borrowed Funds	-	150,362,272	-	-	-	-	-	-	-	-	-	-	-	-	-	150,362,272
Other Financial Liabilities	-	14,948,529	598,189,183	231,706,384	32,534,677	18,771,617	21,464,361	105,462,303	1,023,077,053	-	-	-	-	-	-	1,023,077,053
Total Financial Liabilities	109,878,183	2,624,159,311	4,848,693,221	1,405,400,853	369,650,388	292,418,212	171,157,453	105,462,303	9,926,819,923	171,157,453	171,157,453	171,157,453	171,157,453	171,157,453	171,157,453	9,926,819,923
Operational Risk	2,134,768,861	122,619,596	138,931,765	2,871,860,426	1,655,052,490	348,773,288	15,601,745	(95,302,744)	7,192,305,428	15,601,745	15,601,745	15,601,745	15,601,745	15,601,745	15,601,745	7,192,305,428

41.7 Operational Risk

An operational risk is the risk arising from execution of a company's business functions. The concept of operational risk is broad and focuses on the risks arising from the people, systems and processes through which a company operates. It also includes other categories such as fraud risks, regulatory and compliance risks, reputation and physical or environmental risks.

41.8 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company, as at the reporting date, do not hold 'Financial instruments' denominated in currencies other than its functional / reporting currency, hence do not get exposed to currency risk arising from translation of such balances in to the functional / reporting currency, which is Sri Lankan Rupees.

Notes to the Financial Statements

As at 31st March

42. MATURITY ANALYSIS (CONTRACTUAL)

42.1 An analysis of the Total Assets employed and Total Liabilities at the year end, based on the remaining term at the date of the Statement of Financial Position to the contractual maturity dates are given below.

ASSETS	On Demand Rs.	Up to 03 Months Rs.	03-12 Months Rs.	01-03 Years	03-05 Years	Over 05 Years	Total as at 31 March 2026 Rs.
Cash and Bank Balances	688,959,509	-	-	-	-	-	688,959,509
Placement With Banks	-	479,555,875	108,683	-	-	-	479,664,558
Securities Purchased under Repurchase Agreement	-	212,083,868	-	-	-	-	212,083,868
Loans and Advances	1,284,630,780	408,137,626	189,785,675	259,413,012	141,265,178	2,626,303	2,285,858,574
Lease rentals receivable & Stock out on Hire	386,511,117	1,495,323,974	4,490,539,109	7,333,312,357	946,447,393	-	14,652,133,950
Financial Investments at Fair Value through P&L	1,647,762	-	-	-	-	-	1,647,762
Equity instruments at fair value through OCI	-	-	-	-	-	2,505,128	2,505,128
Debt instruments at amortised cost	-	775,460,613	152,590,948	-	-	-	928,051,561
Other Financial Assets	-	25,229,729	613,377,355	6,146,793	12,295,000	536,080	657,584,956
Real Estate Stock	-	-	-	39,483,688	-	-	39,483,688
Other Non Financial Assets	-	51,087,744	59,260,209	29,461,696	-	-	139,809,649
Property, Plant & Equipment	-	16,480,625	42,526,170	88,093,253	37,630,046	150,558,844	335,288,938
Intangible Assets	-	1,782,298	5,347,803	12,334,007	8,146,349	15,153,636	42,764,093
Right-of- use Assets	-	86,305,279	32,272,078	48,399,739	35,669,301	45,957,203	248,603,599
Deferred tax assets	-	-	-	-	-	92,772,057	92,772,057
Total Assets	2,361,749,168	3,551,447,631	5,585,808,030	7,816,644,545	1,181,453,267	310,109,250	20,807,211,890
LIABILITIES							
Due to Banks	63,830	50,059,103	150,177,308	300,232,411	66,680,000	-	567,212,652
Due to Customers	72,960,159	2,856,010,509	3,196,379,278	4,202,048,492	709,773,362	-	11,037,171,800
Other Borrowed Funds	-	197,761,642	1,750,614,822	640,318,594	-	-	2,588,695,058
Other Financial Liabilities	-	258,786,238	1,173,888,504	345,756,422	43,503,698	93,597,435	1,915,532,297
Other Non Financial Liabilities	-	130,465,280	-	-	-	-	130,465,279
Current Tax Liabilities	-	150,000,000	192,310,832	-	-	-	342,310,832
Retirement Benefit Liability	-	-	10,311,124	27,484,014	18,352,779	14,365,635	70,513,552
Total Liabilities	73,023,989	3,643,082,772	6,473,681,869	5,515,839,933	838,309,839	107,963,070	16,651,901,470

Notes to the Financial Statements

As at 31st March

41. MATURITY ANALYSIS (CONTRACTUAL) (Contd...)

42.1.a LKAS 1 requirements: The entity is required to disclose the amount expected to be recovered or settled within 12 months and after 12 months for each asset and liability line item that combines amounts expected to be recovered or settled:

	Within 12 months		After 12 months		As at 31 March 2026 Rs.	As at 31 March 2025 Rs.
	2026	2025 Rs.	2026 Rs.	2025		
ASSETS						
Cash and Bank Balances	688,959,509	315,577,083	-	-	688,959,509	315,577,083
Placement With Banks	479,664,558	469,476,605	-	-	479,664,558	469,476,605
Securities Purchased under Repurchase Agreement	212,083,868	4,403,264	-	-	212,083,868	4,403,264
Loans and Advances	1,882,554,081	936,955,427	403,304,493	335,448,125	2,285,858,574	1,272,403,552
Lease rentals receivable & Stock out on Hire	6,372,374,200	4,742,249,813	8,279,759,750	5,055,274,312	14,652,133,950	9,797,524,125
Financial Investments at Fair Value through P&L	1,647,762	317,071,437	-	-	1,647,762	317,071,437
Equity instruments at fair value through OCI	-	-	2,505,128	80,400	2,505,128	80,400
Debt instruments at amortised cost	928,051,561	631,753,297	-	-	928,051,561	631,753,297
Other Financial Assets	638,607,084	117,944,174	18,977,873	24,879,098	657,584,957	142,823,272
Real Estate Stock	-	-	39,483,688	39,483,688	39,483,688	39,483,688
Other Non Financial Assets	110,347,953	76,437,365	29,461,696	10,219,380	139,809,649	86,656,745
Property, Plant & Equipment	59,006,795	-	276,282,143	208,255,870	335,288,938	208,255,870
Intangible Assets	7,130,101	-	35,633,992	19,469,642	42,764,093	19,469,642
Right-of- use Assets	118,577,356	41,793,149	130,026,243	138,154,746	248,603,599	179,947,895
Deferred tax assets	-	-	92,772,056	-	92,772,056	-
Total Assets	11,499,004,828	7,653,661,614	9,308,207,062	5,831,265,261	20,807,211,890	13,484,926,875
LIABILITIES						
Due to Banks	200,300,241	4,664,275	366,912,411	-	567,212,652	4,664,275
Due to Customers	6,125,349,946	6,594,386,110	4,911,821,854	1,855,461,120	11,037,171,800	8,449,847,230
Other Borrowed Funds	1,948,376,464	150,362,272	640,318,594	-	2,588,695,058	150,362,272
Other Financial Liabilities	1,432,674,742	596,968,610	482,857,555	361,627,901	1,915,532,297	958,596,511
Other Non Financial Liabilities	130,465,280	94,622,412	-	-	130,465,280	94,622,412
Current Tax Liabilities	342,310,832	265,712,395	-	-	342,310,832	265,712,395
Retirement Benefit Liability	10,311,124	10,760,836	60,202,428	47,897,724	70,513,552	58,658,560
Total Liabilities	10,189,788,629	7,717,476,910	6,462,112,842	2,264,986,745	16,651,901,471	9,982,463,655

Notes to the Financial Statements

As at 31st March

42. MATURITY ANALYSIS (CONTRACTUAL) (Contd...)

42.2 An analysis of the Total Assets employed and Total Liabilities at the year end, based on the remaining term at the end of the previous financial period to the respective contractual maturity dates are given below

ASSETS	On Demand	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Total as at 31 March 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances	315,577,083	-	-	-	-	-	315,577,083
Placement With Banks	-	469,374,291	102,314	-	-	-	469,476,605
Securities Purchased under Repurchase Agreement	-	4,403,264	-	-	-	-	4,403,264
Loans and Advances	798,403,042	41,472,172	97,080,213	218,196,147	114,014,551	3,237,427	1,272,403,552
Lease rentals receivable & Stock out on Hire	813,595,482	997,894,226	2,930,760,105	4,465,251,915	590,022,397	-	9,797,524,125
Financial Investments at Fair Value through P&L	317,071,437	-	-	-	-	-	317,071,437
Equity instruments at fair value through OCI	-	-	-	-	-	80,400	80,400
Debt instruments at amortised cost	-	478,982,810	152,770,487	-	-	-	631,753,297
Other Financial Assets	-	10,650,715	107,293,458	15,276,793	2,985,000	6,617,305	142,823,271
Real Estate Stock	-	-	-	39,483,688	-	-	39,483,688
Other Non Financial Assets	-	58,362,244	18,075,121	10,219,380	-	-	86,656,745
Property, Plant & Equipment	-	-	-	681,668	-	208,255,870	208,255,870
Intangible Assets	-	-	-	62,402,358	9,803,542	8,984,432	19,469,642
Right-of- use Assets	-	11,263,579	30,529,570	26,312,010	26,312,010	49,440,378	179,947,895
Total Assets	2,244,647,044	2,072,403,301	3,336,611,268	4,811,511,949	743,137,500	276,615,812	13,484,926,874
LIABILITIES	4,664,275	-	-	-	-	-	4,664,275
	105,213,908	2,428,461,113	4,060,711,089	1,442,925,092	412,536,028	-	8,449,847,230
	-	150,362,272	-	-	-	-	150,362,272
	-	10,590,045	586,378,565	242,215,564	25,099,257	94,313,080	958,596,511
	-	94,622,412	-	-	-	-	94,622,412
	-	-	265,712,394	-	-	-	265,712,394
	-	-	10,760,836	25,108,728	13,521,050	9,267,946	58,658,560
Total Liabilities	109,878,183	2,684,035,842	4,923,562,885	1,710,249,384	451,156,335	103,581,026	9,982,463,654

Notes to the Financial Statements

As at 31st March

43. COMMITMENTS AND CONTINGENCIES

43.1 Commitments

There were no significant capital commitments which have been approved or contracted for by the Company as at the reporting date except for the following.

Operating Lease Commitments

As at 31st March

Future Rentals of Operating Lease

2026 Rs.	2025 Rs.
426,822,282	350,053,016

43.2 Contingent Liabilities

There is no Contingent Liabilities as at 31st March 2026.

43.3 Capital Commitments

The Company has no commitments for acquisition of Property, Plant & Equipment and Intangible assets incidental to the ordinary course of business.

44. CAPITAL

The Company maintains an activity managed capital basis to cover risks inherent in the business and meet the capital adequacy requirements of Central Bank of Sri Lanka. The adequacy of the company's capital is monitored based on the measures, rules and ratios adopted by Central Bank of Sri Lanka.

44.1 Capital Management

The primary objective of Company's capital management policy is to ensure that the company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Company has complied with all capital-related regulatory requirements applicable under the previous regulatory framework as at 31 March 2026.

44.2 Capital Adequacy

Capital adequacy is a measure of financial institution's financial strength and stability. This is a widely accepted concept, tries to specify the limit up to which a business can expand in terms of its risk-weighted assets. Finance companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits keeping a hold on company's exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The Capital Adequacy ratio is calculated as a percentage on company's capital to its risk weighted assets as specified by the direction No 03 of 2018 with effect from 1st July 2018 .

Notes to the Financial Statements

As at 31st March

44. COMMITMENTS AND CONTINGENCIES

44.2 Capital Adequacy (Contd...)

Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 Billion need to be have minimum Core Capital Ratio (Tier-I) of 8.5% and a Total Capital Ratio of 12.5% with effect from 1st July 2022.

The Core Capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

Capital Adequacy ratio

As at 31st March

	2026 Rs.	2025 Rs.
Core Capital ratio	18.30	22.68
Total Capital ratio	18.30	22.68

45. ASSETS PLEDGED

Total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at 31 March '2026 and '2025 is shown as follows,

Carrying Amount of Pledged Assets

Nature of Assets	Nature of Liability	2026 Rs.	2025 Rs.	Included Under
Placement With Banks	Lien	106,652	65,860,533	Placement With Banks
Lease & Hire Purchase Receivables	Securitized Borrowings	2,493,620,974	333,439,988	Lease Rental Receivables
	Bank Borrowings	1,033,149,169	-	and Stock Out on Hire
	Bank Overdraft	277,688,553	-	
		3,804,565,348	399,300,521	

**The Company has received collaterals that it is permitted to sell or repledge in the absence of default.

Notes to the Financial Statements

As at 31st March

46. EVENTS AFTER THE REPORTING DATE

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date of the financial statements are authorised for issue.

Except for matters disclosed in Note 46.1 and 46.2 to the Financial Statements, there are no material events as at the date of the Auditor's Report which require adjustment to or disclosure in the Financial Statements.

46.1 Interim Dividend Subsequent to the reporting date

The Board of Directors has recommended a interim dividend of Rs.2.72 Per share for the financial year ended 31st March 2026 subject to regulatory approvals. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors for the interim dividend. In accordance with the Sri Lanka Accounting Standard – LKAS 10 (Events After the Reporting Period), this proposed interim dividend has been recognised as a liability as at 31 March 2026. Further, the regulatory approval has been received on 22/4/2026 and the company has announced 4th May 2026 as the XD date, 5th May 2026 as the record date and 21st May 2026 as the payment date.

46.2 Debenture Issue Subsequent to the reporting date

Subsequent to the reporting date and prior to the authorization of these financial statements for issue, the Company issued senior unsecured redeemable debentures amounting to Rs.1,338,400,000 on 30th April 2026.

The debentures carry an fixed interest rate of 12.50% p.a value amounting Rs.1,336,380,000 and floating coupon rate of AWPLR+2.00% p.a.value amounting Rs.2,020,000 and interest paid on periodically and capital paid at maturity after 5 year. The proceeds of the issue will be utilized for accelerating the expansion of the Company's lending portfolio in alignment with its future growth strategy.

The above event is considered a non-adjusting event after the reporting period in terms of LKAS 10 – Events after the Reporting period and therefore has not been recognized in the financial statements as at 31 March 2026.

47. RELATED PARTY TRANSACTIONS

The Company carried out transactions with key management and their related concerns and other related entities in the ordinary course of its business with the parties who are defined as Sri Lanka Accounting Standard No.24 Related Party Disclosure, details of which are reported below. such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

Outstanding balances as at the year-end are unsecured, interest free, and due on demand. There have been no guarantees provided or received for any related party receivables or payables.

Details of related party transactions during the year are as follows:

47.1 The Parent

Abans PLC owns 50.22% (2025- 50.22%) shareholding of the Company.

47.2 The Ultimate Parent

Abans International (Pvt) Ltd is the ultimate parent of Abans Finance PLC.

Notes to the Financial Statements

As at 31st March

47 RELATED PARTY TRANSACTIONS

47.3 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard-LKAS 24 (Related Party Disclosures), Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. According to the above definition a person cannot be considered as a KMP unless such person has both the authority and responsibility to carry out all of the three activities mentioned in the above definition (i.e. planning, directing and controlling the activities of the entity). Such KMPs include the Board of Directors of the Company and Chief Executive Officer (CEO) and the KMPs of Abans PLC..

Other related parties include CFMs of the KMPs who are family members who may be expected to influence or be influenced by that KMP in their dealings with the entity.

Compensation to Key Management Personnel

	2026 Rs.	2025 Rs.
Short Term Employee Benefits	35,000,360	35,399,748
Post-employment benefits	4,620,000	2,250,000
	39,620,360	37,649,748

Other transactions with Key Management Personnel

		2026 Rs.	2025 Rs.
For the year ended 31 March	Reported Under		
Statements of Financial Position			
Assets			
Loans and Advances granted			
Outstanding on facilities granted to KMPs	Loans and Advances	2,208,271	-
Liabilities			
Deposits held with the Company	Due to Customers	216,558,352	205,982,515
Statements of Profit or Loss			
Interest income	Interest income	246,650	-
Interest expense	Interest expense	17,584,092	12,909,400

In addition to the above, the Company has also provided non-cash benefits such as vehicle & fuel allowance to Key Management Personnel in line with the approved employment benefits of the Company.

Notes to the Financial Statements

As at 31st March

47. RELATED PARTY TRANSACTIONS (Contd..)

47.4 Transactions with entities that are controlled, jointly controlled or significantly influenced by Key Management Personnel or their close member of family, or shareholders who have either control, significant influences or joint control over entity.

[illegible]

***Other Related Parties include the following companies**

Abans Graphics (Pvt) Ltd
Abans Retail (Pvt) Ltd
Abans Electricals PLC (Service Department)
AB AB Logistics (Pvt) Ltd
ABS Gardner Dixon Hall International (Pvt) Ltd
Abans Environment Services (Pvt) Ltd
ABS Courier (Pvt) Ltd
Abans Office Automation (Pvt) Ltd
AB Creation (Pvt) Ltd
Add Outdoor Advertising (Pvt) Ltd
Advantages Technologies (Pvt) Ltd
Abans Marketing (Pvt) Ltd
Ironwood Investments Holdings (Pvt) Ltd
Elizabeth Moir School
TATARA CAPITAL (PVT) LTD
Abans Logistics (Pvt) Ltd

Other Related Parties are companies controlled / jointly controlled / significantly influenced by Key Management Personnel.

Notes to the Financial Statements

As at 31st March

48. FINANCIAL REPORTING BY SEGMENT

	Leasing		Hire purchase		Term Loans		Others		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest Income	3,848,919,834	2,711,455,154	1,401,125	433,089	244,898,609	178,590,386	118,506,338	142,053,986	4,213,725,906	3,032,532,615
Fee Based Income & Others	349,107,658	311,929,173	5,585,604	13,736,550	14,310,415	9,429,493	6,557,537	15,674,306	375,561,214	350,769,522
Unallocated Income	-	-	-	-	-	-	83,644,153	73,907,675	83,644,153	73,907,675
Total Revenue	4,198,027,492	3,023,384,327	6,986,729	14,169,639	259,209,024	188,019,879	208,708,028	231,635,967	4,672,931,273	3,457,209,812
Interest Expenses	(900,904,806)	(682,811,521)	(1,466,557)	(1,670,800)	(131,325,920)	(90,367,598)	(112,351,506)	(166,308,996)	(1,146,048,790)	(941,153,915)
Fee Based Expenses & Others	(9,969,125)	(5,120,366)	-	-	2,098,100	226,065	(48,920,272)	(29,943,971)	(56,791,298)	(34,838,272)
Impairment Reversal / (Provision)	(265,782,839)	(369,193,827)	(327,166)	(756,366)	(18,628,393)	(38,387,132)	-	-	(284,738,398)	(408,337,325)
Net Operating Income	3,021,370,722	1,965,258,613	5,193,006	11,742,473	111,352,810	59,491,214	47,436,250	35,383,000	3,185,352,787	2,072,875,300
Unallocated Expenses	-	-	-	-	-	-	-	-	(1,905,496,348)	(1,369,247,634)
Profits/(Loss) before Tax	3,021,370,722	1,965,258,613	5,193,006	11,742,473	111,352,810	59,491,214	47,436,250	35,383,000	1,279,856,439	703,627,666
Income Tax expenses	-	-	-	-	-	-	-	-	(422,753,397)	(277,872,043)
Net Profit/(Loss) for the period	3,021,370,722	1,965,258,613	5,193,006	11,742,473	111,352,810	59,491,214	47,436,250	35,383,000	857,103,042	425,755,623
Other Comprehensive Income	-	-	-	-	-	-	-	-	(3,810,417)	(2,410,831)
Total Comprehensive Income for the Year	3,021,370,722	1,965,258,613	5,193,006	11,742,473	111,352,810	59,491,214	47,436,250	35,383,000	853,292,625	423,344,792
Segment Assets	14,632,941,605	9,776,980,249	19,192,345	20,543,876	2,285,858,574	1,272,403,552	1,621,447,749	1,422,704,602	18,559,440,272	12,492,632,279
Unallocated Assets	-	-	-	-	-	-	-	-	2,247,771,617	992,294,596
Total Assets	14,632,941,605	9,776,980,249	19,192,345	20,543,876	2,285,858,574	1,272,403,552	1,621,447,749	1,422,704,602	20,807,211,889	13,484,926,875
Unallocated Liabilities	-	-	-	-	-	-	-	-	16,651,901,470	9,982,463,655
Total Liabilities	-	-	-	-	-	-	-	-	16,651,901,470	9,982,463,655
For the Year ended 31 March	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Additions to non-current assets	139,820,416	36,184,071	183,386	76,032	21,841,794	4,709,096	15,493,228	5,265,352	177,338,825	46,234,551
Additions to intangible assets	23,646,787	3,561,462	31,015	7,484	3,693,940	463,499	2,620,254	518,249	29,991,997	4,550,692
Additions to right of use assets	92,860,893	82,027,142	121,795	172,360	14,506,097	10,675,242	10,289,735	11,936,241	117,778,520	104,810,984
Cash flows from operating activities	(1,680,388,449)	(447,807,530)	(2,203,972)	(940,955)	(262,498,850)	(58,278,924)	(186,200,570)	(65,163,048)	(2,131,291,841)	(572,190,458)
Cash flows from investing activities	104,035,170	96,183,049	136,451	202,105	16,251,666	12,517,531	11,527,935	13,996,148	131,951,222	122,898,833
Cash flows from financing activities	2,279,943,492	(317,797,689)	2,990,339	(667,772)	356,157,259	(41,359,080)	252,636,096	(46,244,569)	2,891,727,187	(406,069,109)

Notes to the Financial Statements

As at 31st March

48. COMPARATIVE FIGURES

The presentation and classification for the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year. The management has reclassified certain balances as elaborated in the table given below.

There are no any material prior year adjustments should be identified on the retained earnings due to above reclassification.

The following comparative figures have been reclassified for consistency with the current year presentation.

	Note	As reported previously Rs.	Adjustments Rs.	Current presentation Rs.
Personnel Costs	10	569,215,317	51,736,009	620,951,326
		569,215,317	51,736,009	620,951,326
Other Operating Expenses	12	472,176,408	(51,736,009)	420,440,399
		472,176,408	(51,736,009)	420,440,399

- 48.1** During the year, the Company reassessed the classification of Manager incentive and ME incentive which were presented under other operating expenses for the year ended 31 March 2025. As a result an amount of Rs. 51,736,009 /- was reclassified from Other "operating expenses" to "personnel costs".

Statement of Comprehensive Income - 10 Year Summary

Supplementary Information

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Income	4,672,931,273	3,457,209,812	2,863,207,931	2,857,850,498	2,122,022,274	1,841,057,823	2,037,875,523	1,978,548,890	1,917,670,594	1,620,506,380
Interest Income	4,213,725,906	3,032,532,615	2,606,301,957	2,651,738,774	1,932,052,226	1,686,328,068	1,838,845,339	1,820,102,486	1,711,585,707	1,494,673,696
Interest Expense	(1,146,048,790)	(941,158,915)	(1,393,853,695)	(1,230,834,777)	(547,034,438)	(654,608,734)	(876,732,041)	(860,326,072)	(813,594,238)	(623,639,761)
Net Interest Income	3,067,677,116	2,091,373,700	1,212,448,262	1,420,903,996	1,385,017,788	1,031,719,333	962,113,298	959,776,414	897,991,469	871,033,935
Fee and Commission Income	375,313,695	350,540,958	208,700,499	190,985,038	161,686,573	129,899,513	185,760,201	144,729,403	185,717,691	104,114,176
Fee and Commission Expenses	(56,791,298)	(34,838,272)	(30,402,970)	(26,548,114)	(21,674,477)	(22,341,043)	(13,633,994)	(74,074,243)	(143,550,479)	(84,747,252)
Net Fee and Commission Income	318,522,397	315,702,686	178,297,529	164,436,924	140,012,096	107,558,470	172,126,207	70,655,160	42,167,212	19,366,924
Net Gain/(Loss) from Trading	8,823,845	39,151,386	31,415,061	2,650,600	6,443,343	320,000	240,800	206,400	1,676,964	948,394
Other Operating Income(Net)	75,067,827	34,984,853	16,790,414	12,476,087	21,840,132	24,510,242	13,029,183	13,510,601	18,690,232	20,770,114
Total Operating Income	3,470,091,185	2,481,212,625	1,438,951,266	1,600,467,606	1,553,313,359	1,164,108,045	1,147,509,488	1,044,148,576	960,525,877	912,119,367
Impairment(Charge)/(Reversal										
Prov .For Bad Debts	(284,738,398)	(408,337,325)	(382,424,952)	(82,156,789)	(130,500,395)	(108,266,753)	(333,253,807)	(301,980,973)	(223,102,119)	(189,369,393)
Net Operating Income	3,185,352,787	2,072,875,300	1,056,526,314	1,518,310,818	1,422,812,964	1,055,841,292	814,255,682	742,167,602	737,423,758	722,749,974
Less: Operating Expenses										
Personnel Cost	(861,585,806)	(569,215,317)	(383,236,706)	(399,834,362)	(335,541,769)	(273,473,301)	(269,968,327)	(239,637,004)	(256,394,681)	(217,088,659)
Other Operating Expenses	(639,763,853)	(552,283,607)	(459,241,749)	(435,981,286)	(347,329,713)	(259,488,534)	(308,552,961)	(321,369,195)	(289,425,141)	(252,936,224)
Operating Profit before										
VAT on FS	1,684,003,128	951,366,376	214,047,858	682,495,168	739,941,482	522,879,458	235,734,393	181,161,404	191,603,937	252,725,091
Value Added Tax on										
Financial Services	(404,146,689)	(247,738,710)	(104,635,017)	(149,266,744)	(124,703,277)	(95,713,451)	(81,785,541)	(70,281,850)	(58,654,511)	(55,318,763)
Profit before Taxation										
from Operations	1,279,856,439	703,627,666	109,412,841	533,228,423	615,238,205	427,166,007	153,948,852	110,879,553	132,949,426	197,406,328
Income Tax Expenses	(422,753,397)	(277,872,043)	(5,074,791)	(178,165,932)	(184,929,414)	(139,975,056)	(50,521,758)	(87,158,231)	(38,085,738)	(63,842,188)
Profit for the year	857,103,042	425,755,623	104,338,050	355,062,491	430,308,791	287,190,951	103,427,095	23,721,323	94,863,688	133,564,140

Statement of Financial Position - 10 Year Summary

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Assets										
Cash and Bank Balances	688,959,509	315,577,083	160,835,567	371,545,331	183,803,274	226,092,543	146,941,688	263,517,684	405,474,541	376,968,804
Placements with Banks	479,664,558	469,476,605	1,266,431,226	433,981,434	485,662,416	207,264,972	204,354,154	249,659,017	550,601,090	384,100,772
Investment in Government Securities	1,140,135,429	636,156,561	745,749,497	985,023,965	842,208,469	955,919,868	504,564,284	517,451,563	601,878,210	489,382,853
Financial Investment-Held for Trading	1,647,762	317,071,437	591,848,876	8,613,335	291,202,975	-	-	-	-	7,624,408
Loans and Advances	2,285,858,574	1,272,403,552	915,609,768	1,019,648,501	1,109,139,474	1,379,508,592	1,920,095,538	2,127,780,588	2,447,085,638	2,145,676,031
Lease Rentals Receivable & Stock Out on Hire	14,652,133,950	9,797,524,125	6,775,412,023	7,787,483,346	6,999,758,895	6,027,133,949	5,854,327,613	5,261,624,352	4,547,537,098	3,679,965,646
Equity Instruments at Fair Value Through OCI	2,505,128	80,400	80,400	80,400	80,400	80,400	80,400	80,400	80,400	80,400
Real Estate and Vehicle Stock	39,483,688	39,483,688	40,273,387	38,488,202	32,066,726	31,066,726	39,313,213	50,793,213	58,049,675	66,050,693
Other Assets	797,394,605	229,480,016	160,249,049	200,827,629	168,781,661	149,132,408	160,440,683	235,590,140	163,968,168	149,232,541
Tax Recoverable	-	-	-	-	-	-	-	0	19,422,858	20,800,270
Intangible Assets	42,764,093	19,469,843	22,172,553	23,126,958	27,950,766	33,866,422	29,339,420	32,758,835	21,098,350	22,681,042
Property, Plant & Equipment	335,288,938	208,255,870	189,209,476	168,485,710	152,722,069	146,041,713	70,332,907	85,287,696	89,641,860	85,843,673
Right-of-use Assets	248,603,599	179,947,895	142,449,114	151,375,431	175,125,283	62,490,871	81,250,333	-	-	-
Deferred Tax Assets	92,772,057	-	-	-	-	9,815,140	45,073,647	35,767,246	52,586,166	57,800,324
Total Assets	20,807,211,890	13,484,926,875	11,010,320,936	11,188,660,242	10,468,502,408	9,228,413,605	9,056,113,880	8,860,310,735	8,957,424,054	7,486,207,457
Liabilities										
Due to Banks & Other Financial Institutions	3,155,907,710	155,026,547	663,297,904	1,955,110,922	2,690,704,192	1,590,866,771	1,459,510,044	932,354,136	218,381,026	213,738,920
Due to Customers	11,037,171,800	8,449,847,230	6,866,847,674	5,376,613,892	4,448,008,287	4,918,802,137	5,148,142,044	5,792,986,524	6,615,159,367	5,550,552,545
Other Financial Liabilities	2,045,997,576	1,053,218,923	782,806,494	621,375,096	688,692,524	551,484,161	743,854,696	574,636,384	537,343,013	496,511,915
Retirement Benefit Liability	70,513,552	58,658,560	41,284,829	37,432,542	27,600,613	27,014,926	19,435,147	17,471,181	18,912,720	15,138,320
Current Tax Liabilities	342,004,173	265,712,395	58,471,051	214,913,360	175,080,456	147,245,448	47,853,948	8,822,247	-	-
Deferred Tax Liability	-	-	18,494,556	13,251,026	13,298,360	-	-	-	-	-
Total Liabilities	16,651,901,470	9,982,463,655	7,931,202,508	8,218,696,839	8,043,384,432	7,235,413,443	7,418,795,879	7,326,250,472	7,389,796,126	6,275,941,700
Shareholders' Funds Stated Capital	1,321,097,699	1,321,097,699	1,321,097,699	1,321,097,699	1,121,412,955	1,121,412,955	1,121,412,955	1,121,412,955	1,121,412,955	844,073,080
Retained Earnings	2,399,938,400	1,741,428,100	912,324,112	535,358,397	966,131,917	610,075,860	382,235,796	299,663,476	337,975,406	276,925,848
Other Reserves	434,274,321	439,937,422	845,696,617	1,113,507,307	347,573,104	261,511,347	133,669,250	112,983,832	108,239,567	89,266,829
Total Shareholders' Funds	4,155,310,420	3,502,463,220	3,079,118,428	2,969,963,403	2,425,117,976	1,993,000,162	1,637,318,001	1,534,060,263	1,567,627,928	1,210,265,757
Total Liabilities and Shareholders' Funds	20,807,211,890	13,484,926,875	11,010,320,936	11,188,660,242	10,468,502,408	9,228,413,605	9,056,113,880	8,860,310,735	8,957,424,054	7,486,207,457

QUARTERLY STATEMENT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended	Q4-31/03/2026	Q3-31/12/2025	Q2-30/09/2025	Q1- 30/06/2025
Income	4,672,931,273	3,300,064,607	2,129,678,229	1,018,861,661
Interest Income	4,213,725,906	2,985,224,130	1,917,293,491	917,752,817
Interest Expense	(1,146,048,790)	(798,212,377)	(508,165,016)	(245,964,374)
Net Interest Income	3,067,677,116	2,187,011,753	1,409,128,475	671,788,443
Fee and commission Income	375,313,695	277,136,004	184,837,596	89,034,559
Fee and commission Expense	(56,791,298)	(34,293,734)	(21,613,143)	(8,935,212)
Net Fee and commission Income	318,522,397	242,842,270	163,224,453	80,099,347
Net Gain/(Loss) from Trading	8,823,845	8,788,589	8,715,558	5,145,479
Other Operating Income(Net)	75,067,827	28,915,885	18,831,585	6,928,807
Total Operating Income	3,470,091,185	2,467,558,497	1,599,900,071	763,962,076
Credit Loss Expense On Financial Assets	(284,738,398)	(241,429,257)	(181,161,989)	(99,158,392)
Net Operating Income	3,185,352,787	2,226,129,240	1,418,738,082	664,803,684
Operating Expenses				
Personal Costs	(861,585,806)	(557,586,812)	(363,369,186)	(177,972,012)
Depreciation and Amotization	(100,270,615)	(69,821,343)	(44,324,689)	(20,920,600)
Other Operating Expenses	(539,493,238)	(462,235,387)	(307,323,897)	(146,080,794)
Operating Profit before taxes on Financial Services	1,684,003,128	1,136,485,698	703,720,310	319,830,278
Taxes on Financial Services	(404,146,689)	(276,984,934)	(174,421,016)	(80,284,962)
Profit before taxation from operations	1,279,856,439	859,500,764	529,299,294	239,545,315
Income tax Expense	(422,753,397)	(337,302,417)	(212,114,540)	(108,011,781)
Profit For the Period	857,103,042	522,198,347	317,184,754	131,533,534
Other Comprehensive(Loss)/Profit for the Year	(3,810,417)	-	-	-
Total Comprehensive Income for the Period	853,292,625	522,198,347	317,184,754	131,533,534
Earnings Per Share	11.63	7.09	4.30	1.79

QUARTERLY STATEMENT

STATEMENT OF FINANCIAL POSITION

	Q4- as at 31/03/2026	Q3- as at 31/12/2025	Q2- as at 30/09/2025	Q1- as at 30/06/2025
Assets				
Cash and Bank Balances	688,959,509	482,380,622	165,310,148	292,446,305
Placement with Banks	479,664,558	470,695,391	777,695,505	640,437,992
Repurchase Agreement	212,083,868	205,040,549	12,002,308	3,000,577
Loans and Advances	2,285,858,574	1,744,269,149	1,351,271,182	1,264,737,360
Lease Rentals Receivable & Stock out on Hire	14,562,133,950	13,555,697,812	12,110,907,186	10,708,923,561
Financial Investments at Fair Value through P&L	1,647,762	1,612,505	25,539,475	322,216,916
Equity Instruments at Fair Value through OCI	2,505,128	80,400	80,400	80,400
Debt instrumrments at Amortised Cost	928,051,561	674,853,262	661,844,204	648,835,146
Other Financial Assets	657,584,956	438,604,196	243,003,057	118,735,150
Real Estate Stock	39,483,688	39,483,688	39,483,688	39,483,688
Other Non Financial Assets	139,809,649	132,555,949	122,023,043	105,429,967
Property, Plant & Equipment	42,764,093	280,769,377	273,499,033	212,854,374
Intangible Assets	335,288,938	24,403,232	23,072,378	18,430,329
Right-of-use Assets	248,603,599	154,734,112	166,320,092	168,156,203
Delered Tax Asset	92,772,057	32,563,450	20,193,567	
Total Assets	20,807,211,890	18,237,743,694	15,992,245,267	14,543,767,967
Liabilities				
Due to Banks	567,212,652	967,911,175	152,423,835	2,423,087
Due to Customers	11,037,171,800	9,238,849,959	9,286,013,458	9,140,677,652
Other Borrowed Funds	2,588,695,058	1,806,729,513	508,269,302	-
Other Financial Liabilities	1,915,532,297	1,698,955,270	1,829,165,596	1,290,110,095
Other Non Financial Liabilities	130,465,279	81,730,922	99,474,460	80,479,023
Retirement Benefit Liability	70,513,552	67,443,422	63,606,619	59,676,560
Current Tax Liabilities	342,310,832	351,461,865	233,644,022	336,404,796
Total Liabilities	16,651,901,470	14,213,082,126	12,172,597,292	10,909,771,213
Shareholders' Funds				
Stated Capital	1,321,097,699	1,321,097,699	1,321,097,699	1,321,097,699
Retained Earnings	2,399,938,400	2,312,068,678	2,107,055,085	1,921,403,865
Other Reserves	434,274,321	391,495,191	391,495,191	391,495,190
Total Shareholders' Funds	4,155,310,420	4,024,661,568	3,819,647,975	3,633,996,754
Total Liabilities and Shareholders' Funds	20,807,211,890	18,237,743,694	15,992,245,267	14,543,767,967
Commitments and Contingencies				
Net Asset Value Per Share	56.39	54.61	51.83	49.31

Statement of Profit or Loss and Other Comprehensive Income - USD

For the year ended 31 st March	2026 USD	2025 USD
Income	14,834,702	11,671,088
Interest Income	13,376,908	10,237,434
Interest Expense	(3,638,250)	(3,177,229)
Net Interest Income	9,738,658	7,060,204
Fee and Commission Income	1,191,472	1,183,380
Fee and Commission Expense	(180,290)	(117,609)
Net Fee and Commission Income	1,011,182	1,065,771
Net Gain/(Loss) from Trading	28,012	132,170
Other Operating Income (net)	238,311	118,104
Total Operating Income	11,016,163	8,376,249
Credit Loss Expense on Financial Assets	(903,931)	(1,378,493)
Net Operating Income	10,112,231	6,997,756
Operating Expenses		
Personnel Costs	(2,735,193)	(2,096,251)
Depreciation & Amortization	(318,319)	(270,465)
Other Operating Expenses	(1,712,677)	(1,419,352)
Operating Profit before Taxes on Financial Services	5,346,042	3,211,689
Taxes on Financial Services	(1,283,005)	(836,334)
Profit before Taxation from Operations	4,063,036	2,375,355
Provision for Income Taxation	(1,342,074)	(938,060)
Profit for the Year	2,720,962	1,437,295
Other Comprehensive Income (OCI)		
Items that will not be reclassified to profit or loss		
Actuarial Gains/(Losses) on Defined Benefit Plan	(16,936)	(35,747)
Deferred Tax Effect on Actuarial Gains/(Losses)	5,081	10,724
Gain from Fair Value of Financial Assets Measured at FVOCI	7,698	-
	(4,158)	(25,023)
Items that will be reclassified to profit or loss		
Losses from Revaluation of Property, Plant & Equipment	(11,341)	24,121
Deferred Tax Effect on Revaluation of Property, Plant & Equipment	3,402	(7,236)
	(7,939)	16,884
Deferred Tax Effect from Fair Value of Financial Assets Measured at FVOCI		
Other Comprehensive (Loss) /Profit for the Year, Net of Tax	(12,097)	(8,139)
Total Comprehensive Income for the Year	2,708,865	1,429,157

USD Selling rate as at 31/3/2026 was LKR 315 per USD

USD Selling rate as at 1/4/2025 was LKR 296.22 per USD

The Statement of Financial Position is presented purely for the convenience of the stakeholders including shareholders, investors, bankers and other users of financial information & does not form part of Financial Statements

Statement of Financial Position - USD

As at 31 st March	2026 USD	2025 USD
Assets		
Cash and Bank Balances	2,187,173	1,065,347
Placement With Banks	1,522,745	1,584,892
Repurchase Agreements	673,282	14,865
Loans and Advances	7,256,694	4,295,468
Lease Rentals Receivable & Stock out on Hire	46,514,711	33,075,161
Financial Investments at Fair Value through P&L	5,231	1,070,392
Equity Instruments at Fair Value through OCI	7,953	271
Debt Instruments at Amortised Cost	2,946,195	2,132,717
Other Financial Assets	2,087,571	482,153
Real Estate Stock	125,345	133,292
Other Non Financial Assets	443,840	292,542
Intangible Assets	135,759	65,727
Property, Plant & Equipment	1,064,409	703,045
Right-of- use Assets	789,218	607,481
Deferred Tax Assets	294,514	-
Total assets	66,054,641	45,523,350
Liabilities		
Due to Banks	1,800,675	15,746
Due to Customers	35,038,641	28,525,580
Other Borrowed Funds	8,218,080	507,603
Other Financial Liabilities	6,081,055	3,236,096
Other Non Financial Liabilities	414,175	319,433
Current Tax Liabilities	1,086,701	897,010
Retirement Benefit Liability	223,853	198,024
Total Liabilities	52,863,179	33,699,492
Shareholders' Funds		
Stated Capital	4,193,961	4,459,853
Retained Earnings	7,618,852	5,878,834
Other Reserves	1,378,649	1,485,171
Total Shareholders' Funds	13,191,462	11,823,858
Total Liabilities and Shareholders' Funds	66,054,641	45,523,350
Commitments and Contingencies	-	-

USD Selling rate as at 31/3/2026 was LKR 315 per USD

USD Selling rate as at 1/4/2025 was LKR 296.22 per USD

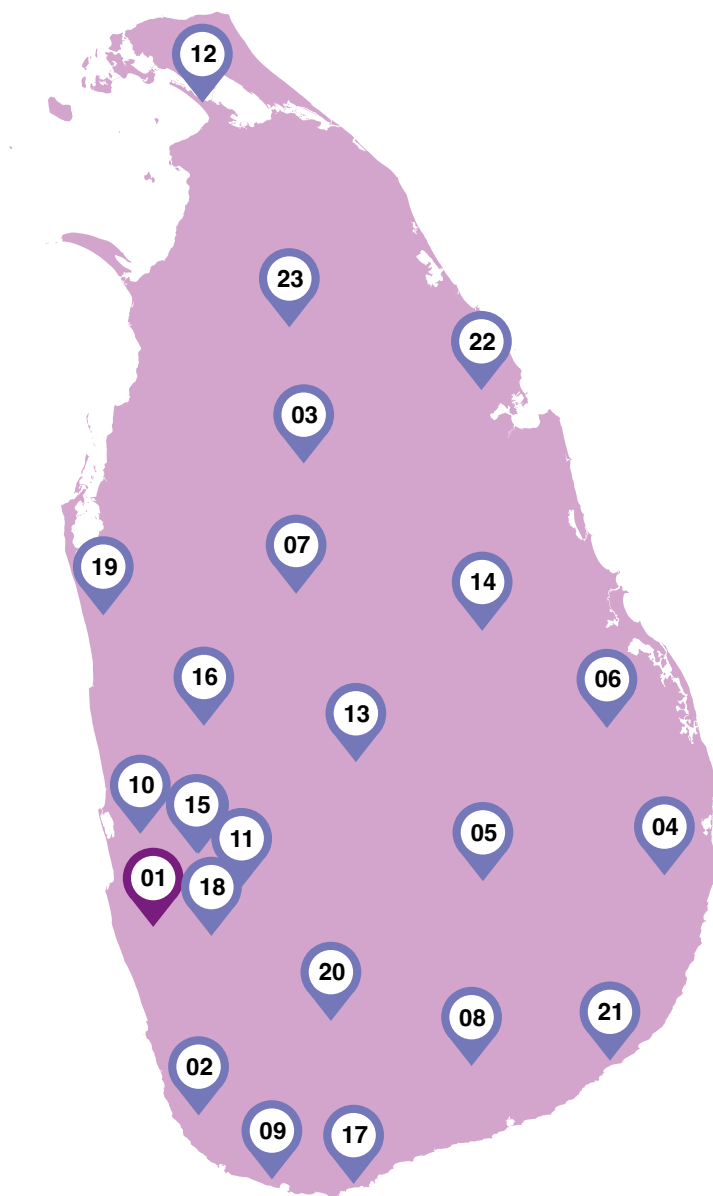
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Branch Contact Details

No	Branch	Category	Location Address	Tel Number
01	Colombo	HO	No. 456, R.A. De Mel Mawatha, Colombo 03	011-2208888
02	Ambalangoda	Branch	No.14, Galle Road, Ambalangoda	091-2210980/ 091-2210983
03	Anuradhapura	Branch	No.03,Maithripala Senanayaka Mawatha, Anuradhapura.	025-2220679/ 025-2220680
04	Ampara	Branch	No 71, Kalmunai Road, Ampara	063 2050544
05	Badulla	Branch	No. 05, New Muthiyanganaya Road , Badulla	055-2228180
06	Batticaloa	Branch	No 395, Trinco Road, Batticaloa	065-2052795
07	Dambulla	Branch	"Sujatha Building",Kurunegala Junction, Dambulla.	066-2285004 / 066-2285006
08	Embilipitiya	Branch	No. 125A, New Town Road, Embilipitiya.	047-2230267/ 047-2230276
09	Galle	Branch	No.02, Malwatta Road, Kaluwella, Galle.	091-2235888 091-2230495
10	Gampaha	Branch	No. 95, Colombo Road, Gampaha	033-2215073 / 033-2234970
11	Horana	Branch	443, Pandura Road, Horana	034-2205742
12	Jaffna	Branch	285,Stanly Road, Jaffna	021-3207686
13	Kandy	Branch	No 136, E.L. Senanayake Street, Kandy	081-2220744 081-2220745
14	Kaduruwela	Branch	No.16, Near Police Station, Kaduruwela	027-3900995
15	Kiribathgoda	Branch	No 182,Kandy Road, Kiribathgoda	011-2918514 / 011-2918516
16	Kurunegala	Branch	No, 193/A, Colombo Road, Kurunegala	037-2228115 / 037-2225502
17	Matara	Branch	No 641, Galle Rd, Walgama, Matara	041-2228570 / 041-2228571
18	Moratuwa	Branch	No 61, Galle Road, Moratuwa	011-2611053 / 011-2611086
19	Puttalam	Branch	No. 138/138A Kurunegala Road,Puttalam	032-3295105
20	Ratnapura	Branch	No. 176, Main Street, Rathnapura	045-2221226/ 045-2226873
21	Tissamaharama	Branch	No.211 A, Hambantota Road, Kachcheriyagama, Tissamaharama	047-2237933
22	Trincomalee	Branch	No.123, Inner Harbour Road, Trincomalee.	026-3207333 / 026-3207334
23	Vavuniya	Branch	No 39/A, 2 nd Cross Street, Vavuniya	024-2228322

Fax Number	E-mail Address	Branch Manager	Code
-	headoffice@abansfinance.lk dineshd@abansgroup.com	Mr.Isuru Ariyathilaka Mr. Dinesh Dabare	HO
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-	anuradhapura@ abansfinance.lk	Mr. Indira Basnayake	AP
063-2223141	ampara@abansfinance.lk	Mr. Darshana Padma Kumara	AM
055-2222101	badulla@abansfinance.lk	Mr. Hemantha Pushpakumara	BD
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024-2228222	vavuniya@abansfinance.lk	Mr.Sivalingam Kobi	VY

Branch Network



Head Office

01. Colombo



Branches

- 02. Ambalangoda
- 03. Anuradhapura
- 04. Ampara
- 05. Badulla
- 06. Batticaloa
- 07. Dambulla
- 08. Embilipitiya
- 09. Galle
- 10. Gampaha
- 11. Horana
- 12. Jaffna
- 13. Kandy
- 14. Kaduruwela
- 15. Kiribathgoda
- 16. Kurunegala
- 17. Matara
- 18. Moratuwa
- 19. Puttalam
- 20. Ratnapura
- 21. Tissamaharama
- 22. Trincomalee
- 23. Vavuniya

Value Addition

Economic Impact

VALUE CREATED TO STAKEHOLDERS (GRI 3-3 , GRI 201-1)

	2026 Rs.	%	2025 Rs.
Economic Value Added/Generated			
Interest Income	4,213,725,906	38.9%	3,032,532,615
Fee Commission Income	375,313,695	7.1%	350,540,958
Net Gain/(Loss) From Trading	8,823,845	-77.5%	39,151,386
Other Operating Income	75,067,827	114.6%	34,984,853
Total Economic Value Generated	4,672,931,273	35.2%	3,457,209,812
Economic Value Distributed			
To Employees			
Employees Salaries & Benefits	861,585,806	38.8%	620,951,326
To Depositors and Lenders			
Interest Expenses	1,146,048,790	21.8%	941,158,915
Payments to Providers of Capital			
Dividend to Shareholders	200,445,425	100%	-
Interest to Debt Holders	110,045,407	-40.7%	185,598,309
	310,490,832	67.3%	185,598,309
Payment to Government			
Income Tax Expenses	422,753,397	52.1%	277,872,043
VAT on Financial Services	404,146,689	63.1%	247,738,710
Crop Insurance Levy	8,324,550	91.6%	4,343,696
	835,224,636	57.6%	529,954,449
Operating Costs			
Depreciation & Amortisation Set Aside	100,270,615	25.2%	80,117,199
Impairment Charge for Loans and Other Losses	284,738,398	-30.3%	408,337,325
Training Cost	13,414,215	76.5%	7,617,924
Other Operating Expenses	539,493,238	28.3%	420,440,399
	937,946,466	2.3%	916,512,847
Total Economic Value Distributed	4,091,296,530	28.1%	3,194,175,846
Economic Value Retained	581,634,743	121.1%	263,033,966

Economic Value Added (EV)

Responsibility towards economic value addition is the core of our business strategy, serving as the guiding principle that ensures we continuously create and deliver value to all our stakeholders. This commitment extends beyond financial performance to encompass equity holders who trust in our growth, customers who rely on our innovative financial solutions, employees whose dedication drives our success, and ultimately the wider community that benefits from our contributions to sustainable development and social progress

For the Year Ended 31 st March	2026 Rs.'000	2025 Rs.'000
Shareholders' funds	4,155,310	3,502,463
Accumulated Provision for Impairment Charges	1,396,168	1,481,695
	5,551,478	4,984,158
Profit Attributable to		
Shareholders	857,103	425,756
Add-Impairment Provision	284,738	408,337
	1,141,841	834,093
Economic Cost		
Average Treasury Bill Rate+2 % Risk Premium	10.52%	11.50%
Economic Cost	584,015	573,178
Economic Value Addition	557,826	260,915

Economic Value Added (EV)



Capital Adequacy

For a financial institution, capital is a safeguard against insolvency. It is available to absorb unpredicted losses consequently the Company can continue in business. The Central Bank of Sri Lanka (CBSL) sets and monitors capital requirements for licensed finance companies in Sri Lanka. Thus, the Company's operations are directly supervised by the CBSL, and the Company is required to comply with Directions on Risk Weighted Capital Adequacy Ratio issued by CBSL. Licensed Finance Companies in Sri Lanka need to maintain a minimum Capital Adequacy Ratio (CAR) of 12.5% and a Core Capital Ratio (Tier 1) of at least 8.5%.

$$\text{Tier 1 Capital Ratio} = \frac{\text{Tier 1 Capital}}{\text{Total Risk Weighted Assets}} \times 100\%$$

$$\text{Total Capital Ratio} = \frac{\text{Total Capital}}{\text{Total Risk Weighted Assets}} \times 100\%$$

Tier I -Core Capital

This represents core capital of the company representing shareholders equity and reserves.

Tier II-Supplementary capital

This represents supplementary capital such as instruments containing characteristics of equity and debt, revaluation gain and general provisioning/impairment allowances.

	2025/26	2024/25
Total Tier 1 Core Capital (,000)	3,949,782	3,364,483
Total Capital (,000)	3,949,782	3,364,483
Total Risk Weighted Capital Ratio %	18.30	22.68
Total Risk Weighted Amount for Credit Risk (,000)	18,373,503	14,832,484
Risk Weighted Amount for Operational Risk (,000)	3,212,225	2,210,542
Core Capital Tier 1 Capital ratio %	18.30	22.68
Regulatory Minimum tier 1 ratio %	8.50	8.50
Total Capital ratio %	12.50	12.50

Both Tier Capital ratio and Total Capital ratio stood at 18.30% as of 31st March 2026.

Distribution of Equity As at 31-03-2026

No: of Shares Held	No: of Shareholders		No: of Shares	
	No: of Holders	Percentage (%)	Total Holdings	Percentage (%)
1-1,000	917	81.58	155,283	0.21
1,001-10,000	164	14.59	500,797	0.67
10,001-100,000	32	2.85	975,972	1.32
100,001-1,000,000	9	0.80	4,310,241	5.85
Over 1,000,000	2	0.18	67,750,878	91.93
Grand Total	1124	100.00	73,693,171	100.00

Analysis of Shareholders As at 31-03-2026

Category	No: of Shareholders	Percentage (%)	Total Holdings	Percentage (%)
Resident	1,120	99.64	73,688,991	99.99
Non-Resident	4	0.36	4,180	0.01
Total	1,124	100.00	73,693,171	100.00

Composition of Shareholdings As at 31-03-2026

Category	No: of Shareholders	Percentage (%)	Total Holdings	Percentage (%)
Individual	1,075	95.64	3,434,760	4.66
Institutional	49	4.36	70,258,411	95.34
Total	1,124	100.00	73,693,171	100.00

Directors' Shareholding-Abans Finance PLC-As at 31-03-2026

Directors	As at 31-03-2026 Rs.	As at 31-03-2025 Rs.
Mr.K.J.C.Perera	Nil	Nil
Mr. Hiran Embuldeniya	Nil	Nil
Mr. Thulci Aluwihare	Nil	Nil
Mr. Pasan Wanigasekara	Nil	Nil
Ms. S.C Kulasinghe	Nil	Nil
Mr. Danushka De Silva	Nil	Nil
Mr. Yudhishtan Kanagasabai	Nil	Nil

AFPLC Debenture Issue

Information on Listed Debentures

Abans Finance First Ever Listed Debenture Issue

Debenture Type- Rated, Unsecured, Redeemable, Senior, Listed

Debenture Issue size - Rs.1,338,400,000.00

Number of debenture holders

	No.-of Debentures	Per Value (Rs.)	Value (Rs.)	No-of Applications
Type A	13,363,800	100	1,336,380,000.00	40
Type B	20,200	100	2,020,000.00	02
Total	13,384,000		1,338,400,000.00	42

Listing details

Debenture Type	Security ID	ISIN
Type A -5-Year fixed coupon rate of 12.50% p.a. (AER 12.50%), payable annually	AFSL-BD-30/04/31-C2630-12.5	LK0388D26308
Type B - 5-Year floating coupon rate of AWPLR + 2.00% p.a., payable semi-annually	AFSL-BD-30/04/31-C2631	LK0388D26316

Listing details

	Debenture Value(Rs)	Rate	Value (Rs.)
Type A	1,336,380,000.00	12.50%	2,171,617,500.00
Type B	2,020,000.00	AWPLR +2%	2,379,851.00

For more details refer - [Debenture Issue – Abans Finance](#)

Top 20 Shareholders

	Name of the Shareholder	Amount	Percentage (%)
01	Abans Plc	37,010,472	50.22%
02	Ironwood Investment Holding Pvt Ltd	30,740,406	41.71%
03	Logirite (Private) Limited	983,142	1.33%
04	Able Investments (Private) Limited	892,818	1.21%
05	Ms. A.H. Mathew	626,349	0.85%
06	Mr. M.M. Roche	626,348	0.85%
07	Mr. K. Kunenthiran	516,832	0.70%
08	Mr R. Pestonjee	220,660	0.30%
09	Mrs. S. Dubash	213,039	0.29%
10	AB Securitas (Private) Limited	159,428	0.22%
11	Cleantech Pvt Ltd	159,428	0.22%
12	Mes A B Cold Storage (Pvt) Limited	159,239	0.22%
13	Mr. S. Vasudevan	98,576	0.13%
14	Mrs. A. Pestonjee	80,000	0.11%
15	Mrs. H.I. Salgado (Deceased)	66,600	0.09%
16	Mr.G.C. Goonetilleke	48,105	0.07%
17	Mrs. B.M.N.N.R. Basnayaka	36,576	0.05%
18	Dr. K. Poologasundram	36,000	0.05%
19	Sampath Bank PLC/Mr. Abishek Sithampalam	31,882	0.04%
20	Mr. B.H. Adhihetty	24,401	0.03%
	Others	963,270	1.31%
	Total	73,693,571	100%

GRI Content Index with Reference

Statement of Use	Abans Finance PLC has reported in accordance with the GRI Standards for the period 1 st April 2025 to 31 st March 2026
GRI 1 Used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Page No	Disclosure
General Disclosures 2021			
GRI 2: General Disclosures 2021	2-1 Organizational details	76, 319, 430	
	2-2 Entities included in the organization's sustainability reporting	04	
	2-3 Reporting period, frequency and contact point	04, 76	
	2-4 Restatements of information		No restatement of information from the previous annual report has been required.
	2-5 External assurance	05, 305	
	2-6 Activities, value chain and other business relationships	76, 284	
	2-7 Employees	240	
	2-8 Workers who are not employees	242	
	2-9 Governance structure and composition	71, 72, 78, 247	
	2-10 Nomination and selection of the highest governance body	72	
	2-11 Chair of the highest governance body	71, 73, 178, 247	
	2-12 Role of the highest governance body in overseeing the management of impacts	71-74, 247	
	2-13 Delegation of responsibility for managing impacts	203	
	2-14 Role of the highest governance body in sustainability reporting	71-74	
	2-15 Conflicts of interest	74	
	2-18 Evaluation of the performance of the highest governance body	238	
	2-19 Remuneration policies	239	
	2-20 Process to determine remuneration	122, 247	



GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio		The Company does not publicly disclose detailed compensation breakdowns due to the sensitive and confidential nature
	2-22 Statement on sustainable development strategy	46	
	2-23 Policy commitments	69, 240, 253, 255, 258, 262	
	2-24 Embedding policy commitments	246	
	2-27 Compliance with laws and regulations	03	
	2-28 Membership associations	03	
	2-29 Approach to stakeholder engagement	44, 246	
	2-30 Collective bargaining agreements		The Company has no collective bargaining agreements
Economic performance 2016			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	400	
	201-2 Financial implications and other risks and opportunities due to climate change	220	
	201-3 Defined benefit plan obligations and other retirement plans	357-359	
Indirect Economic Impacts 2016			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	262	
	203-2 Significant indirect economic impacts	262	

Procurement Practices 2016			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	261	
Anti-corruption 2016			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	243	
	205-3 Confirmed incidents of corruption and actions taken		No such Significant incident was reported

Anti-competitive Behaviour 2016			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		No such incident was reported
Tax 2019			
GRI 207: Tax 2019	207-1 Approach to tax	345	
	207-2 Tax governance, control, and risk management	215-216, 76-81	
	207-3 Stakeholder engagement and management of concerns related to tax	44, 76-81, 315-316	
Energy 2016			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	49	
Water and Effluents 2018			
GRI 303: Water and Effluents 2018	303-5 Water consumption	16	
Employment 2016			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	240, 242	
Occupational health and safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	250	
	403-6 Promotion of worker health	246	
Training and education			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	242	
	404-2 Programs for upgrading employee skills and transition assistance programs	243-245	
Diversity and equal opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	241, 246	



Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		No such incident was reported
Freedom of association and 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		No such incident was reported
Child Labor			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour		No such incident was reported
Forced or Compulsory Labor 2016			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour		No such incident was reported
Local communities			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	255-257	
Marketing and labelling			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	09, 261	
	417-2 Incidents of non-compliance concerning product and service information and labelling		No such incident was reported
Customer privacy			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		No such incident was reported



Integrated Reporting Content Index

IR Reference	Description	Page No:
1. Using the <IR> Framework		
1A	The Integrated Report Should be prepared in accordance with <IR> Framework	03-04
1C	Primary Purpose of Integrated Report	03
1D	Quantitative and Qualitative Information	13,16
1G	An IR should include a statement from those charged with governance	18
2. Fundamental Concepts		
2A	An integrated report aims to provide insight about external environment, resources and the relationships used and affected by the organisation and how the organisation interacts with the external environment and the capitals to create	08-45, 47, 53-62, 65-69, 240-265
2B	Value Creation of the Organization	47, 65
2C	Categories of the Capitals	240, 281
2D	Business Model and Business Activities	66, 68, 76, 284, 325
3. Guiding Principles		
3A	Strategic focus and future orientation	20-21, 69, 302
3B	Connectivity of information - An integrated report should show a holistic picture	Through out the report
3C	Stakeholder Relationship	44
3D	Materiality	04, 49
3E	An integrated report includes sufficient context to understand organisation's strategy, governance, performance and prospects without being burden with less relevant information	69, 71, 286-290
3F	Reliability and completeness	Through out the report
3G	Consistency & Comparability	Through out the report
4. Content Elements		
4A	Organisational overview and external environment	08-45
4B	Governance	71-239
4C	Business model	68
4D	Risks and opportunities	62, 219
4E	Strategy and resource allocation	69
4F	Performance	286-290
4G	Outlook	302
4H	Basis of preparation and presentation	04-05



SLFRS S1 and S2 Disclosures Content Index

Section	Requirement Summary	Page Reference
Governance	Disclosures on governance is to enable users of general-purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities and Climate related risk and opportunities.	71-239
Strategy	Disclosures on how sustainability-related and climate-related risks and opportunities impact the business model, strategy, and financial planning over the short, medium, and long term, including: ● identification of risks and opportunities ● Impact on business model and value chain ● Effects on strategy and decision-making ● Effect on financial performance, position, and cash flows ● Resilience - Disclose a qualitative and quantitative assessment of the resilience of its strategy and business model	62, 66, 68, 69, 271, 286, 325
Risk Management	Disclose the processes used to identify, assess, prioritize, and monitor sustainability-related and climate-related risks and opportunities, including integration with the overall risk management process	219-237
Metrics and Targets	Disclose the metrics and targets used to assess performance in relation to sustainability-related and climate-related risks and opportunities, including progress toward targets entity has set and level of achievement	46-52, 62, 65-69, 219-237, 240-265, 290
Scenario Analysis & Climate Resilience	Disclose the resilience of strategy and business model to climate related changes and uncertainties, considering defined climate-related risks and opportunities. Scenario analysis should be applied	220
Materiality	Disclose material sustainability-related and climate-related risks and opportunities that could influence the assessments and decisions of primary users of financial reports	48, 292-301

Notice of Meeting

NOTICE IS HEREBY GIVEN that the TWENTIETH ANNUAL GENERAL MEETING of ABANS FINANCE PLC will be held on 28th September at 10.00 am as a fully virtual meeting for the following purposes:

1. To receive and adopt the Report of the Directors, the Audited Financial Statements of the Company for the year ended 31st March 2026 and the Report of the Auditors thereon.
2. To re-appoint Messrs. KPMG Chartered Accountants of No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03 as the Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
3. To inform of non-compliance with the Minimum Public Holding Requirement in terms of Rule No. 7.6.iv (a) of the listing rules of CSE and the adopted / proposed remedial action.
4. To authorize the Board of Directors to determine contributions to charities and other donations for the financial year ended 31st March 2026.

By Order of the Board



R. Priyadharshini
Company Secretary

28th August 2026

Notes:

1. A member unable to attend the above meeting is entitled to appoint a proxy, who need not be a member, to attend and vote in his/her place.
2. The completed Form of Proxy should be deposited at the office of the Company Secretary at No. 456, R. A. De Mel Mawatha, Colombo 03 not less than 48 hours before the time fixed for the meeting.



Guidelines and Registration Process for the Annual General Meeting (AGM) VIA Online Meeting Platform

Shareholders / Proxy holders who wish to participate in the Annual General Meeting of Abans Finance PLC to be held via an Online Meeting Platform (Virtual AGM), could do so by using a smart phone or a desktop computer.

If a Shareholder / Proxy holder intends to join the Virtual AGM via a smart device, it is necessary for him/her to download the "Zoom Mobile App" onto his /her smart device

Similarly, if a Shareholder / Proxy holder wishes to attend the Virtual AGM via a Laptop / desktop computer, the link can be opened by downloading the "Zoom Desktop App" to the respective Laptop / Desktop computer (compatible web browser: Google Chrome).

01. Shareholder who wishes to participate in the Virtual AGM of Abans Finance PLC either by themselves or through their Proxies are requested to forward their details to the Company Secretary as per the attached REGISTRATION FORM.
02. The duly completed and signed REGISTRATION FORM should be delivered to the Company Secretary office at No. 456, R. A. De Mel Mawatha, Colombo 03 or to the email address, priyadharshini@abansfinance.lk to be received by the Secretary by 10.00 a.m. on 26th Sep 2026 If participation in the meeting through a Proxy, the duly completed and signed FORM OF PROXY should accompany the REGISTRATION FORM.

NOTE:

If a Proxy is appointed, the information set out in the REGISTRATION FORM pertaining to the Proxy holder should tally with the information indicated in the duly completed FORM OF PROXY submitted by the Shareholder.

03. The Company will verify all registration requests and identification details received as aforesaid, against the details of Shareholders set out in the Shareholders' Register and accept the registrations for the Virtual AGM if it is satisfied with the request and supporting documents (if any). Shareholders whose registration requests are accepted will receive an email confirmation from the Company acknowledging the acceptance of their request.
04. The Shareholders whose registration requests have been accepted will receive a further email from the Company 24 hours prior to the commencement of the AGM. This email will provide a web link for online registration referred to as "Virtual AGM Registration". If the Shareholder has appointed a valid Proxy this email will be forwarded to the relevant Proxy holder.
- 05 (i) The Shareholders / Proxy holders are requested to use the web link, which will be forwarded by the Company as referred to in 4 above and click on the "Virtual AGM Registration" in order to complete online registration for the Virtual AGM.
- (ii) On clicking the link "Virtual AGM Registration", Shareholders / Proxy holders will be redirected to an interface where they will be requested to enter their first name, last name, email address, re- enter email address and NIC No. / Passport No. / Co. Reg. No (In entering these details the participants are required to ensure that correct details as included in the REGISTRATION FORM referred to in 2 above are entered in the said online registration process, since any mismatch will be considered as an unsuccessful log in)

- (iii) After successful completion of entering of the details as referred to in 5 (ii) above, the participants are requested to click on “REGISTER” which will be prompted on their screens enabling them to receive the meeting link.

06. The Shareholders who successfully complete their online registration as set out in 5 above, will receive the log in link for participation in the meeting referred to as ‘Click here to Join the Virtual Meeting’ and credentials.
07. In order to join the Virtual AGM, participants are required to click on ‘Click here to Join the Virtual Meeting’ In some instances the system calls for the credentials and if that is required, please enter the credentials to gain access to the Virtual AGM.
08. On completion of this process, you will be directed to the Virtual AGM Zoom Platform, where you can participate in the Virtual AGM.

It is recommended that the Shareholders / Proxy holders complete the process outlined in 5, 6, 7 and 8 above and join the AGM at least ten (10) minutes before the starting of the AGM. The Online Meeting Platform will be active thirty (30) minutes before the time appointed for the commencement of the meeting.

09. Shareholders / Proxy holders may use the Q & A tab or the Hand Raise (🙋) icon appearing on the screen respectively, to submit their questions or concerns in typed format or verbally. The system will allow a pop-up message to unmute the microphones and to allow video options.
10. After completion of the process outlined in 7 above in respect of all eligible Shareholders and Proxy holders, the Company will forward a separate email to the Shareholders / Proxy holders or representatives (as applicable) who are entitled to vote, providing a separate link to vote on all resolutions included in the Notice of Annual General Meeting dated 28th August 2026
11. Shareholders / Proxy holders who intend participating in the meeting are requested to open the said link and be prepared to cast their vote when each resolution is taken up for voting by the Chairman. Participants are advised to “refresh” the voting page and cast the vote as per their discretion in the given space and click “SUBMIT” enabling the Company to receive the responses.
12. When declaring the voting on a resolution, Chairman will take in to account the voting of the Shareholders/ Proxy holders participating virtually.
13. 60 seconds will be allocated for Shareholders/ Proxy holders to cast their vote in respect of each resolution.
14. The results will be processed and announced by the Chairman 30 seconds after the end of the time slot allocated for voting.
15. In a situation where a Poll is demanded and Shareholders are required to vote on the Poll, a mechanism similar to that referred for voting, will be applicable. This will be moderated by the Chairman of the meeting.

It is advised to check the online AGM access at least 3 hours prior and also ensure that your devices have an audible sound system so that you could participate in the AGM comfortably.

Form of Proxy

I/We*
 (NIC/Passport No./Co Reg No.) of
 being a shareholder/shareholders* of ABANS
 FINANCE PLC, hereby appoint;

Mr. K. J. C. Perera of Colombo or failing him
 Mr. H. C. Embuldeniya of Colombo or failing him
 Mr. Thulci Aluwihare of Colombo or failing him
 Mr. P. T. Wanigasekara of Colombo or failing him
 Ms. S. C. Kulasinghe of Colombo or failing her
 Mr. S. D. I. De Silva of Colombo or failing him
 Mr. Y. Kanagasabai of Colombo or failing him

.....of.....
 (National Identity Card Number
) as my/our* proxy to represent me/us* and to vote as indicated hereunder for me/us*
 and on my/our* behalf at the Annual General Meeting of the Company to be held on 28th September
 2026 at 10.00 am and at every poll which may be taken in consequence of the aforesaid meeting and
 at any adjournment thereof.

		FOR	AGAINST
01	To receive and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31 st March 2026 and the Report of the Auditors there on.		
02	To re-appoint Messrs. KPMG, Chartered Accountants of No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03 as the Auditors of the Company for the ensuring year and to authorize the Directors to determine their remuneration.		
03	To inform of non-compliance with the Minimum Public Holding Requirement in terms of Rule No. 7.6.iv (a) of the listing rules of CSE and the adopted / proposed remedial action.		
04	To authorize the Board of Directors to determine contributions to charities and other donations for the financial year ending 31 st March 2026.		

Signed this day of 2026

.....
 Signature of Shareholder

* Please delete the inappropriate words.

Instructions for the Completion of the Form of Proxy

1. Please perfect the Form of Proxy after filling in legibly your name and address and by signing in the space provided and inserting the date of signature.
 2. Please return the completed Form of Proxy to the Office of the Company Secretary at No. 456, R.A.Del Mel Mawatha, Colombo 3 after crossing out one or the other of the alternative words indicated by the asterisks on the body of the form. The Form of Proxy shall be lodged with the Secretary not less than Forty Eight (48) hours before the time appointed for holding the Meeting.
 3. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the completed Form of Proxy for registration, if a Power of Attorney has not already been registered with the Company.
 4. If the shareholder is a company or body corporate, the Form of Proxy should be under its Common Seal in accordance with its Articles of Association or Constitution.
 5. If there is any doubt as to the manner in which the proxy holder should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/ he thinks fit.
-

Abans Finance Annual General Meeting-2026

Registration of Shareholder Details for Online Virtual Meeting

To : Abans Finance PLC, No.456, R. A. De Mel Mawatha, Colombo 03

01. Full Name of the Shareholder
02. Shareholder's Address.....
03. Shareholder's NIC No. / Passport No. / Co. Reg No.
04. Shareholder's Contact No.: (Residence)(Mobile)
05. Name of the Proxy Holder:
06. Proxy holder's NIC No. / Passport No. / Co. Reg. No. :
07. Proxy holder's Contact No.: (Residence) (Mobile)
08. Shareholder's/ Proxy holder's E-mail :
09. Participation at the AGM via an online platform: YES /NO
10. Name of Joint holder/s (If any) (i).....
- (ii).....
11. National Identity Card number/s of Joint holder/s: : (i)
- (ii)

.....
Shareholder's signature
Date :

.....
1st Joint holder's signature
Date :

.....
2nd Joint holder's signature
Date :

NOTE:

- 1) Shareholders are requested to provide their email address in the space provided in order to forward the Virtual AGM Zoom link & necessary instruction, if they wish to attend the AGM through the online platform.
- 2) In the case of a Company/Corporation, the Shareholder details form must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
- 3) In the case of a Power of Attorney, the Shareholder Details Form signed by the Power of Attorney must be deposited at the Registered Office of the Company for registration.



Annual Report 2025/2026

- A QR Code containing the Annual Report information is forwarded herewith.
- All documents relating to the AGM must be forwarded to the Company by post or by email to the following email address suresh@abansfinance.lk or nipunis@abansfinance.lk 48 hours prior to the time fixed for the meeting.
- The Notice of meeting, Form of Proxy, and other related documents will also made available on the website of the Colombo Stock Exchange (<https://www.cse.lk/company-profile?symbol=AFSL.N0000>) The Company will endeavour to dispatch the aforementioned documents by ordinary post to the shareholders in due course provided the postal services are duly operational.

DOCUMENTS ATTACHED

The following documents are attached to this circular to shareholders:

- Notice of Meeting
- Form of Proxy
- Circular to Shareholders giving Guidelines & Regulations Process for the Annual General Meeting.
- Online meeting Registration Form

By Order of the Board of Abans Finance PLC

R. Priyadharshini

Company Secretary of Abans Finance PLC

28th August 2026



Method of Holding the AGM/Electronic Platform

Only the key officials who are essential for the administration of the formalities of the meeting will be physically present in the Board Room of the Company and all others including shareholders will participate via an online meeting platform in line with the guidelines issued by the Colombo Stock Exchange (CSE) for conducting of virtual AGMs.

Registration Procedure

Those Shareholders and Proxy holders, who wish to participate via the Online Meeting Platform, should notify the Company of such intention by completing the attached Registration of Shareholders Details Form.

Registration of Shareholders Details Form. Will also be made available on the website of the Colombo Stock Exchange (<https://www.cse.lk/company-profile?symbol=AFSL.N0000>). Arrangements will be made for shareholders who wish to participate in the AGM via an online meeting platform, with log-in information being forwarded to shareholders in advance of the meeting.

In order to enable such facilities, shareholders who wish to participate in the AGM via the online meeting platform are requested to forward us their details, by duly completing the annexure 1, (Registration of Shareholders Details Form.) by way of emailing it to the Company to the emailing address suresh@abansfinance.lk or nipunis@abansfinance.lk or send the duly completed form, by post to reach the company, 48 hours prior to the time fixed for the meeting to the registered address of the Company Secretary as stated below;



R.Priyadharshini

Company Secretary of Abans Finance PLC

No. 456, R A De Mel Mawatha,
Colombo 3

Appointment of Proxy Holders

The Shareholders may vote by Proxy through the appointment of a Proxy to present, speak and vote at the meeting on his/her behalf in line with instructions contained herein.

The Form of Proxy will also be made available on the corporate website of the Company and the website of the CSE and those shareholders who wish to submit their Form of Proxy should duly complete the same as per the instructions given here in.

The duly completed Form of Proxy should be forwarded to the Company by way emailing it to the Company emailing addresses priyadharshini@abansfinance.lk or send the duly completed Form, by post to Company Secretary, No. 456, R.A. De Mel Mawatha, Colombo 3 to reach the Company Secretary, 48 hours prior to the time fixed for the meeting to the registered address of the company.

Queries of Shareholders

Shareholders who are unable to participate at the virtual meeting via the designated online meeting platform are invited to forward their suggestions, questions & concerns (if any) relating to items on the agenda, to the following email address priyadharshini@abansfinance.lk to reach Company 48 hours prior to the time fixed for the meeting, the Board will ensure that they are discussed and addressed at the AGM, if relevant.

Accessing the Annual Report

In keeping with circular 04/2022 dated 27th May 2022, issued by the Colombo Stock Exchange, the Company will not be circulating the Annual Report for the Financial Year 2025/2026 in printed form, to the Shareholders.

Shareholders may access the Annual Report in the CSE website and from the Company's corporate website. You may contact Mr.Dushan Suresh if you require assistance in accessing the above link any time between 9.00 am to 5.00 pm on working days on the number of 011-2208888 ext: 413, 415



Glossary

A

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and Presenting Financial Statements.

Accrual Basis

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalents.

Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Available for Sale (AFS)

AFS are those non-derivative financial assets that are designed as available for sale or are not classified as loans and receivable, held –to-maturity investment or financial assets at fair value through profit or loss.

C

Capital Adequacy

The percentage of risk-adjusted assets supported by capital as defined under the framework of risk-based capital standards developed by the Bank for International Settlement (BIS) and as modified to suit local requirements by the Central Bank of Sri Lanka.

Capital Reserves

Capital Reserves consist of revaluation reserves arising from revaluation of properties owned by the Company and Reserve Fund set aside for specific purposes defined under the Business Finance Act No.42 of 2011 which is not available for distribution.

Cash Equivalents

Short-term highly liquid investments those are readily convertible to known amounts of cash and which subject to an insignificant risk of changes in value.

Collective Impairment

Impairment is measured on a collective basis for homogeneous groups of lending facilities that are not considered as individually significant.

Contingencies

A condition or situation existing at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more future events.

Commitments

Credit facilities approved but not yet utilized by the clients as at the Balance Sheet Date.

Corporate Governance

The Process by which corporate entities are governed. 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.

Credit Risk

Credit risk or default risk is most simply defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

Cost to income ratio

Operating expenses excluding loan/ lease loss provision as a percentage of total operating income.

Credit ratings

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

D

Dealing Securities

These are marketable securities acquired and held with the intention to resale over a short period of time.

Deferred Tax

Sum set aside in the financial statements for taxation that may become payable 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 recognized financial assets or financial 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 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.

E**Earnings per Share (EPS)**

Profit attributable to ordinary shareholders, divided by the number of ordinary shares in issue.

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 expressed as a percentage of Profit Before Tax.

Events after Reporting Date

Transactions that are not recognized as assets or liabilities in the statement of financial position, but which give rise to the contingencies and commitments.

Expected Credit Loss (ECL)

A regulatory calculation of the amount expected to be lost on an exposure using a 12-month time horizon and downturn loss estimates. ECL is calculated by multiplying the Probability of Default (a percentage) by the Exposure at Default (an amount) and Loss Given Default (a percent- age).

F**Fair Value**

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Finance Lease

A contract whereby a lessor conveys to the lessee the right to use asset for rent over an agreed period of time which is sufficient to amortize the capital outlay of the lessor. The lessor retains ownership of asset but transfers substantially all the 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 Instruments

Contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortize the capital outlay of the lessor. The lessor retains the ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

Financial instrument

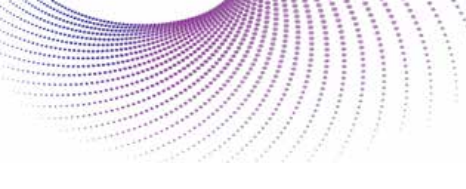
Any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

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

E**Held for Trading**

Debt and equity investments that are purchased with the intent of selling them within a short period of time.



Held to Maturity Investment

A non-derivative financial asset with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

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

Impairment

This occurs when recoverable amount of an asset is less than the carrying amount.

Individual Impairment

Impairment is measured on an individual basis for non-homogeneous groups of lending facilities that are considered as individually significant.

Intangible Asset

An identifiable non-monetary asset without physical substance held for use in production/supply of goods/services or for rental to others or for administrative purposes.

Interest Bearing Liabilities

Liabilities on which the Company is paying interest.

Interest Margin

Net interest income as a percentage of average interest earning assets.

Interest Rate Risk

The risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

Investment Securities

Securities acquired and held for yield or capital growth purposes and are usually held to maturity.

Interest Spread

This represents the difference between the average interest rate earned and the average interest rate paid on funds.

Interest in Suspense

Interest suspended on Non-Performing Loans, Lease, hire purchase and advances (as per CBSL Guidelines).

K

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

L

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks and bills of exchange and Treasury Bills.

Lifetime Expected Credit Losses

The Expected Credit Losses that result from all possible default events over the expected life of a Financial Instrument.

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Loan/Credit Losses and Provision

Amount set aside against possible losses on loans, advances and other credit facilities as a result of such facilities becoming partly or wholly uncollected.

Loss Given Default (LGD)

The estimated ratio (percentage) of the loss on an exposure to the amount outstanding at default (EAD) upon default of counterparty.

M

Market Capitalization

Number of ordinary shares in issues multiplied by the market value of a share as at the year end.

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 Statements.

Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as

interest rates, exchange rates, equity prices and commodity prices.

N

Net-Interest Income (NII)

The difference between what a Company earn on assets such as loans and securities and what it pays on liabilities such as deposits refinance funds and other borrowings.

Non-Performing Loans (NPL)

All loans classified as non-performing when a payment of capital and/or interest is in arrears for 6 months or more.

NPL Ratio (Gross)

Total Non-Performing Advances as a percentage of total advances portfolio (Net of interest in suspense).

NPL Ratio (Net)

Total Non-Performing Advances as a percentage of total advances portfolio (Net of interest in suspense and Loan loss provision).

O

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

P

Past Due

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Price Earnings Ratio

A valuation ratio of a company's current share price to its per share earnings. It can be calculated by dividing the market Value per share by Earnings per share.

Probability of Default (PD)

An internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

Prudence

Inclusion of a degree of caution in the exercise of judgement needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

R

Return on Average Assets (ROA)

Net income expressed as a percentage of average total assets, used along with ROE, as a measure of profit-ability and as a basis of intra-industry performance comparison.

Revenue Reserve

Reserves set aside for future distribution and investment.

Return on Equity (ROE)

Net income, less preferred share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Related Parties

Parties where one party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Related Party Transactions

A transfer of resources, services, obligations between related parties, regardless of whether a price is charged or not.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specific date and price.

Right-of-use asset (ROU asset)

Right-of-use asset is lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payment made to the lessor before the lease commencement date, plus any initial direct cost incurred, minus any lease incentives received.

Risk Weighted Assets

On Balance Sheet Assets and the credit equivalent of off-Balance Sheet Assets multiplied by the relevant risk weighting factors as specified by Central Bank of Sri Lanka.



Risk Adjusted Asset

Used the calculation of risk-based capital ratio. The face amount of lower risk assets is discounted using risk weighted factor in order to reflect a comparable risk per-rupee among all type of asset.

S

Segmental Analysis

Analysis of financial information by segments of an enterprise specifically the different industries and the different geographical areas in which it operates.

Shareholders' Funds

Total of issued and fully paid share capital and capital and revenue reserves.

Statutory Reserve Fund

A capital reserve created as per the provisions of the Finance Business Act No. 42 of 2011.

T

Tier 1 Capital

Core Capital representing permanent Shareholders' equity and reserve created or increased by appropriation of retained earnings or other surpluses.

Tier 2 Capital

Tier 2 Capital or Supplementary Capital represents total value of Re-valuation reserves, General provisions and subordinated Debt.

Transaction Costs

They are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

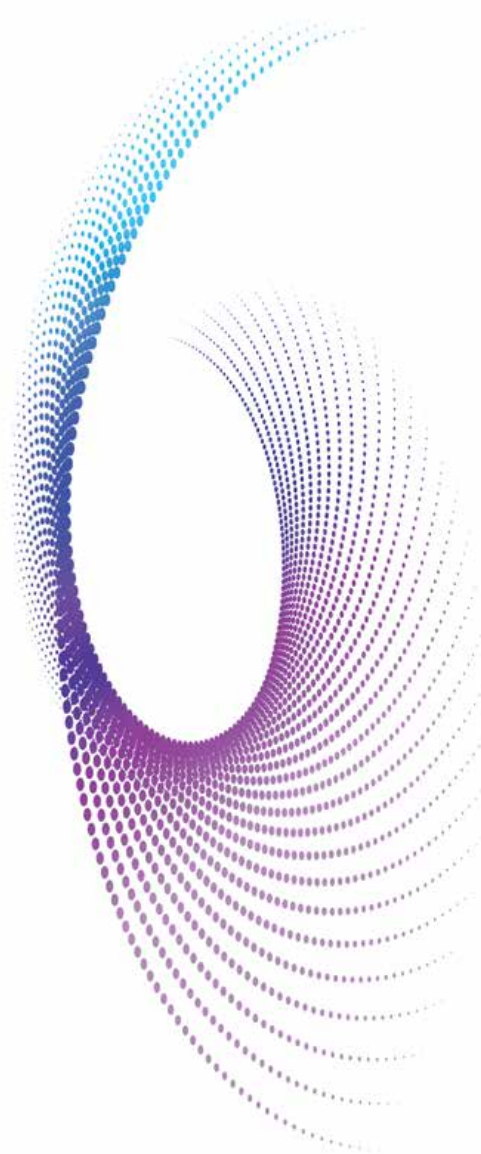
Value Added

Value of wealth created by providing financial and other related services less the cost of providing such services.

Y

Yield

Rate of return on an investment in percentage terms, taking in to account annual income and any changes in capital value.



List of Abbreviations

AFPLC	- Abans Finance Public Limited Company	ECL	- Expected Credit Loss
AFS	- Available for Sale	GDP	- Gross Domestic Product
AML	- Anti-Money Laundering	GRI	- Global Reporting Initiative
ALCO	- Asset and liability committee	IFRS	- International Financial Reporting Standards
AWCMR	- Average Weighted Call Money Rate	IASB	- International Accounting Standards Board
AWDR	- Average Weighted Deposit Rate	ISA	- International Standards on Auditing
AWFDR	- Average Weighted Fixed Deposit Rate	LFC	- licensed finance companies
AWLR	- Average Weighted Lending Rate	LKAS	- Sri Lanka Accounting Standards
AWNDR	- Average Weighted New Fixed Deposit Rate	LGD	- Loss Given Default
AWNDR	- Average Weighted New Deposit Rate	OPR	- Overnight Policy Rate
AWSR	- Average Weighted SME Rate	NII	- Net-Interest Income
BIRMC	- Board Integrated Risk Management Committee	NIM	- Net interest margin
CAR	- Capital Adequacy Ratio	NPL	- Non-Performing Loans
CCPI	- Colombo Consumer Price Index	PD	- Probability of Default
CPI	- Consumer Price Index	ROA	- Return on Average Assets
CSR	- Corporate Social Responsibility	ROE	- Return on Equity
DLP	- Data Loss Prevention	ROU	- Right-of-use asset
EPS	- Earnings per Share	SDFR	- Standing Deposit Facility Rate
EIR	- Effective Interest Rate	SLFR	- Sri Lanka Financial Reporting Standards

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Notes

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Corporate Information

NAME OF THE COMPANY (GRI 2-1)

Abans Finance PLC LEGAL FORM A Public Limited Liability Company Incorporated in Sri Lanka on 8 April 2005 under the Companies Act No. 17 of 1982. Re-registered on 15 June 2009 in terms of the Companies Act No. 7 of 2007. A Finance Company licensed by the Monetary Board of the Central Bank of Sri Lanka in terms of The Finance Business Act No. 42 of 2011. A Registered Finance Leasing Establishment under the Finance Leasing Act No. 56 of 2000. An approved Credit Agency under the Mortgage Act No. 6 of 1949 and the Trust Receipts Ordinance No. 12 of 1947

REGISTRATION NUMBER

PB 1015 PQ

STOCK EXCHANGE LISTING

The Ordinary Shares are listed on the Colombo Stocks Exchange of Sri Lanka

REGISTERED OFFICE

No. 498, Galle Road, Colombo 03.

HEAD OFFICE

No. 456, R.A.De Mel Mawatha, Colombo 3.
Tel. 011- 2208888
E-mail : inquiries@abansfinance.lk

AUDITORS

M/s KPMG Chartered Accountants, No. 32A, Sir Mohamed Macan Marker Mawatha, Colombo 03.

INTERNAL AUDITORS

Chief Internal Auditor, Abans Finance PLC
No. 456, R. A. De Mel Mawatha,
Colombo 03.

COMPANY SECRETARY

R. Priyadharshini
Comapny Secretary

LAWYERS

Varners Level 14, West Tower, World Trade Centre, Echelon Square, Colombo 1.

BANKERS

- Bank of Ceylon
- Seylan Bank
- People's Bank
- Commercial Bank
- Pan Asia Bank
- Union Bank
- Sampath Bank
- Hatton National Bank
- Cargills Bank
- Nations Trust Bank
- National Development Bank
- DFCC Bank
- National Savings Bank
- HDFC Bank

TAX IDENTIFICATION NUMBER

134012439-0000

Board of Directors

- Mr. K. J. C. Perera - Chairman
- Mr. H. C Embuldeniya - Non Independent Non Executive Director
- Mr. Thulci Aluwihare - Independent Non Executive Director
- Mr. P. T. Wangasekara - Independent Non Executive Director
- Ms. S. C. Kulasinghe - Independent Non Executive Director
- Mr. S. D. I. De Silva - Non Independent Non Executive Director
- Mr. Y. Kanagasabai - Independent Non Executive Director (Appointed to the board w.e.f 30th May 2025)



ABANS FINANCE PLC

N0, 456, R.A De Mel Mawatha, Colombo 03, Sri Lanka

Tel: +94 11 2208888 **Fax:** +94 11 2375517

Fitch Credit Rating A-(lka) Stable Outlook

Email: inquires@abansfinance.lk

Web: www.abansfinance.lk

A Finance Company Licensed by the monetary board of
the Central Bank of Sri Lanka under the
Finance Business Act No. 42 of 2011