



Vision
Value
Velocity



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VISION

To be the most trusted, admired and profitable NBFi in Sri Lanka.

MISSION

- ⦿ Consistently deliver best-in-class service experience to our clients.
- ⦿ Attract and develop best-in-class professionals who are motivated to achieve the highest level of service & performance.
- ⦿ Provide a superior return to our shareholders and invest in the communities we serve.

CORPORATE VALUES

⦿ Respect

We have the utmost respect for everyone we interact with and for the environment in which we operate. We humbly recognize that ideas can come from anywhere, and are open to listen and change our mind. We are able to admit to mistakes and are willing to learn from them.

⦿ Integrity

We will always do the right thing and demonstrate consistency between our actions and our words. We ensure honesty and fairness in all that we do. We think about the long term and build enduring relationships.

⦿ Collaboration

We actively build trusted partnerships with all the constituencies of our business - including customers, principals, partners, communities and colleagues. We harness the strengths of individuals and teams and we have an unyielding desire to win together. We work collaboratively and we hold ourselves and each other accountable.

⦿ Excellence

We have a passion to achieve extraordinary results by delighting our customers. We believe good enough, is not good enough. We aspire to the highest global standards of service excellence. We celebrate our successes but remain relentless in constantly improving.

Milestones

2006

Obtained Leasing Company License

Opened principal place of business in Borella

Opened first branch in Kurunegala, second branch in Matara and third branch in Rathnapura

2007

Opened two new branches in Negombo and Kandy

2008

Obtained Finance Company License

2011

Listed on the Diri Savi Board of the Colombo Stock Exchange

Opened three new branches in Badulla, Anuradhapura and Nugegoda

Migrated into a sophisticated state-of-the-art Leasing System

Introduced Operating Leases to the product portfolio

2012

Opened two new branches in Kuliyapitiya and Gampaha

New Service Center was opened in Avissawella

Business model changed to include financing used vehicles

Integration with SAP ERP System

2013

Total assets surpassed Rs. 5 Bn mark

Opened a fully-fledged branch in Colombo

Opened Fixed Deposits Division

Two New Service Centers were opened in Kalutara and Kiribathgoda

A Micro Finance unit was setup

Islamic Finance was introduced to the product portfolio

Launched the Company website

2014

Opened a new branch in Galle

Relocated Rathnapura, Nugegoda, Avissawella and Dambulla Branches

Became a Tier "A" NBFIs surpassing Rs. 8 Bn assets

Software module for Fixed Deposit was implemented

2015

Total assets surpassed the Rs. 9 bn mark

Opened two new service centers in Kaduwela and Mount Lavinia

Recorded highest ever Execution and Profits

Fitch Ratings Lanka Ltd upgraded the Company rating from BB- to BBB+ (four notches up)

Total Fixed Deposits surpassed Rs. 2 Bn at the end of 2015

2016

Total assets topped the Rs. 11 Bn mark

Opened a new branch in Kegalle

Two new service centers were opened in Panadura and Wattala

Relocated Badulla Branch

Celebrated 10th year anniversary

**2017**

Recorded highest ever Execution and Profits

2018

Embraced restructuring the Company's Capital Structure.

Raised Rs.3 Bn Securitization loan on Company's own balance sheet strength

2019

Best Capitalized Mid-Size NBF1

2020

Relocated Panadura & Rathnapura Branches

2021

Fitch ratings revised rating from BBB- to AA-

Introduction of Lean Management. First batch of Lean Management "Yellow Belts" graduated.

Introduced data analytics to business planning.

Development of Digital Apps to support businesses & customer convenience – Footprint on Digital Strategy

2022

Highest ever monthly loan advances achieved in March 2022

Freeze of new lending from May 2022 to preserve capital

Managed provision charge despite economic downturn in the country

Strategically managed cost of capital to face economic crisis

Strengthened the liquidity position to face economic instability

2023

Commencement of new lending in November 2023 after a freeze in May 2022.

Created comprehensive dashboards tailored for marketing & recovery purposes, providing a high-level snapshot of insights, including individual employee performance metrics

Introduced the Vault management system for ensuring the security of legal documents

2024

Established Data Analytics division

Implemented liability management dashboard

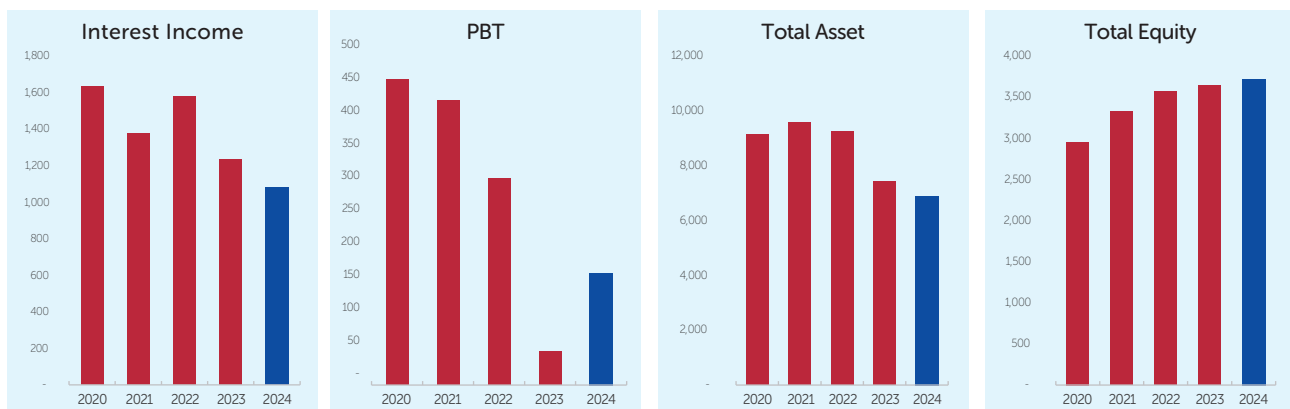
Implemented bad debt provision management module

Review of end-to-end customer onboarding process through Lean Management

Financial Highlights

Profitability Rs'000	2021	2022	2023	2024	change	%
Interest Income	1,378,303	1,580,463	1,233,674	1,079,580	(154,093)	-12%
Net Interest Income	866,874	782,063	688,462	738,136	49,674	7%
Profit Before Tax	432,786	314,494	50,845	170,078	119,233	235%
Profit After Tax	363,005	239,472	80,708	78,056	(2,652)	-3%
Financial Position Rs'000						
Total Assets	9,573,055	9,231,829	7,438,569	6,869,006	(569,563)	-8%
Lending Portfolio	8,529,430	7,398,165	4,616,364	6,167,341	1,550,977	34%
Deposits	2,175,068	1,770,849	1,370,792	1,881,212	510,420	37%
Borrowings	3,240,439	3,125,862	1,623,474	419,682	(1,203,792)	-74%
Equity	3,324,264	3,567,815	3,643,249	3,711,933	68,684	2%
Statutory Ratios						
Core Capital Ratio > 8.5	30.66%	36.53%	47.34%	39.98%		
Total Risk Weighted Capital Ratio > 12.5	30.66%	36.53%	47.34%	40.20%		
Equity to Deposits > 10	153%	201%	255%	194%		
Other Ratios						
Return of Assets	4.62%	2.55%	0.97%	3.51%		
Return on Equity	11.56%	6.95%	2.24%	2.23%		
Net Interest Margin	9.88%	8.92%	8.65%	11.26%		
Cost to Income Ratio	50.53%	66.54%	80.89%	82.09%		
Non Performing Loans	7.66%	16.23%	24.36%	14.39%		

FIVE YEAR PERFORMANCE SUMMARY



Total Assets
Rs. **6.8**
billion



PBT
Rs. **170**
million



Lending Assets
Rs. **6.1**
billion



Fitch
BBB



Chairman's Review



Looking ahead, we remain cautiously optimistic. While the global and local economic outlooks remain fluid, we are steadfast in our mission — to empower mobility and financial inclusion through responsible, adaptive, and forward-looking financial solutions.

Dear Shareholders,

I am pleased to present to you the Annual Report and Audited Financial Statements of AMW Capital Leasing and Finance PLC for the financial year ended 31 December 2024. The year under review unfolded against a backdrop of economic reforms, fiscal adjustments, and evolving global and local conditions. While signs of stability emerged, the operating environment remained challenging, testing the resilience of businesses across all sectors — particularly within financial services — due to structural shifts, policy changes, and macroeconomic pressures.

Sri Lankan Economic Landscape

The year 2024 marked another critical juncture in Sri Lanka's economic recovery — one shaped by macroeconomic stabilization, fiscal reforms, and cautious optimism across sectors.

The successful restructuring of both domestic and sovereign debt, along with the release of two tranches under the IMF loan programme, have laid a much-needed foundation for revival. In compliance with (IMF) conditions, key reforms were implemented to address the balance of payments and reduce the current account deficit. These included the removal of long-standing subsidies, particularly for fuel and fertilizer, and increases in both corporate and personal taxation.

Despite these structural adjustments, Sri Lanka benefited from favourable weather, stronger harvests, a shift toward renewable energy, and lower dependency on fossil fuels — all of which helped to maintain inflation below 5%. This, in turn, allowed the country to operate under a low interest rate regime, keeping borrowing costs in check and providing some stimulus for domestic investment.

However, some critical challenges remain. The restructuring of loss-making state-owned enterprises and high levels of public sector employment have yet to be addressed. The Government's digitalization drive, although initiated, is progressing slowly. Meanwhile, the rupee's depreciation has aided exports but dampened import capacity. Export markets for key commodities remain sluggish, and the imposition of historically high tariff and para-tariff structures on imports continues to hinder capital expenditure and infrastructure growth.

Industry Developments and Market Conditions

The easing of the vehicle import ban — though welcomed — has not fully revitalized the market. Exorbitant retail prices, driven by import costs and currency pressures, have made vehicle ownership unaffordable for a large segment of the population. As a

Chairman's Review

result, our Company, which traditionally complements our parent entity by financing customer purchases, was compelled to recalibrate its business strategy.

Operational Performance

Throughout the year, AMW Capital Leasing and Finance PLC focused on financing high-demand preowned vehicles and two-wheelers, enabling us to maintain stable operations in a constrained environment. Although our controlled approach to growth has challenged our ability to meet certain budgeted financial and operational ratios, our focus remains on long-term sustainability.

We have taken meaningful steps to improve operational efficiency. These include leveraging artificial intelligence and robotic process automation, optimizing collection controls and bad debt recovery strategies, and implementing a branch rationalization programme. While these initiatives have already begun to show encouraging results, we are confident their full impact will be more visible throughout 2025/26 and beyond.

Appreciation

At a time when talent acquisition and retention continue to be challenging across all sectors, I take this opportunity to commend our management team, ably led by the CEO and the Executive Committee, for delivering tangible outcomes under difficult conditions. Their resilience, focus, and commitment are deeply appreciated.

I also extend my sincere thanks to my fellow Directors for their continued guidance, wisdom, and support in steering the Company through a volatile period. Furthermore, we acknowledge the guidance and support provided by the Non-Bank Financial Institutions Department of the Central Bank of Sri Lanka.

Finally, I would like to express my deep appreciation to all our employees for their unwavering dedication. I would also like to thank our shareholders for their continued trust and confidence in AMW Capital Leasing and Finance PLC. Their support remains essential as we navigate through these challenging times.

We also appreciate the ongoing loyalty and commitment of our investors, depositors, and customers, which drives our efforts to empower mobility and financial inclusion.

Looking ahead, we remain cautiously optimistic. While the global and local economic outlooks remain fluid, we are steadfast in our mission — to empower mobility and financial inclusion through responsible, adaptive, and forward-looking financial solutions.



Trevine Fernandopulle

Chairman
26 March 2025

CEO's Review



"At AMW Capital Leasing and Finance PLC, we are building forward - with People, Process, and Technology at the heart of our future".

As we close the year 2024, I am reminded that resilience is not built in comfort, but in challenge. It has been a year where our agility was tested, our assumptions recalibrated, and our foundations reinforced. In this environment, AMW Capital Leasing and Finance PLC remained focused, adaptive, and forward-looking — staying true to our purpose of enabling financial mobility for our customers.

Sri Lanka's economy continued on its stabilization path under the (IMF) programme, with fiscal reforms, subsidy withdrawals, and increased taxation helping control inflation and reduce the current account deficit. Interest rates gradually declined, easing funding costs. However, import restrictions on vehicles remained firmly in place throughout 2024, limiting access to new vehicles and keeping prices at unaffordable levels for many. Although the formal relaxation of these restrictions only took effect in February 2025, the anticipation of this shift influenced market behaviour during the latter part of the year.

In response to these constraints, we made deliberate, strategic choices. We focused on fast-moving segments — particularly preowned vehicles and two-wheelers — which continued to show demand despite broader affordability pressures. While our overall growth was measured, it was driven by prudence and long-term positioning. We safeguarded portfolio quality, managed liquidity with care, and ensured that profitability was maintained despite external pressures.

Yet, 2024 was about more than financial performance. It was about readiness — operationally, culturally, and strategically.

I strongly believe that sustainable growth rests on three pillars: People, Process, and Technology. These formed the cornerstone of our efforts this year.

We invested in our people — enhancing their skills and knowledge, while giving them clarity, ownership, and recognition.

We strengthened our processes by embracing Lean Management

principles and adopting a Kaizen mindset — committing ourselves to continuous, incremental improvement across all operational areas. As part of this approach, we undertook a comprehensive end-to-end review of our customer onboarding process, focusing on enhancing speed, transparency, and customer experience. These efforts were complemented by targeted improvements in collections, recoveries, and branch-level operational discipline — all aimed at building a more agile and performance-driven organization.

We embraced technology by leveraging digital dashboards and tools to enhance visibility, speed, and decision-making across the business.

These initiatives reflect our long-term ambition to build an agile, insight-driven, and performance-oriented institution. While we acknowledge that financial and operational ratios were stretched in certain areas due to controlled growth, the underlying improvements we've

CEO's Review

made are beginning to yield results — and we expect these to compound in the years ahead.

In the field, our branch teams worked with tenacity and focus — proving that performance is possible even in constrained markets. Their commitment and resilience, particularly in a challenging environment, is deeply appreciated.

Looking ahead to 2025, we are preparing with confidence.

The formal easing of vehicle import restrictions in February 2025 opens the door to renewed activity in our core segments. We are ready to respond — with optimized structures, a high-performing team, and a customer-first mindset. Our readiness is not reactive, but intentional.

To our shareholders and parent Company — thank you for your continued belief in our journey. To our Board and our Chairman — thank

you for your guidance and governance. To our employees — thank you for bringing energy, purpose, and excellence to everything we do.

And to our customers — thank you for your trust.

To the Non-Bank Financial Institutions Department of the Central Bank of Sri Lanka — thank you for your continued regulatory guidance, constructive engagement, and support throughout the year.

At AMW Capital Leasing and Finance PLC, we are building forward. And we are doing so with People, Process, and Technology at the heart of our future.



Chamath Munasinghe
Director / Chief Executive Officer
26 March 2025

Board of Directors



**TREVINE SYLVESTER ANTHONY
FERNANDOPULLE**
Chairman

Mr. Trevine Fernandopulle has over 30 years of work experience at HSBC (Local and Overseas), retiring at the end of 2008 as the Deputy CEO. He was seconded by HSBC to work in Saudi British Bank, Saudi Arabia as Head of Credit and to restructure their Risk Management and Credit Administration functions and to manage the Loan Recoveries during his tenure with the Bank from 1996 to 1999. He was also appointed as the Group Chief Risk Officer at the Bank of Ceylon from 2009 – May 2012. From May 2012 to May 2016, he was appointed as the Chief Risk Officer/ Executive Vice President Risk at DFCC Group.

Mr. Fernandopulle is the Deputy Chairman/Director of Union Bank of Colombo PLC (retired 23 November 2024) and Director of Continental Insurance Lanka Ltd.

Mr. Fernandopulle was also appointed to several committees such as the Asset and Liability, Audit, Strategic Planning, Human Resources, Risk Management, Credit, Investment, Impairment, Information Technology during his appointments in the respective banks. Mr. Fernandopulle was a Past President of the Chartered Institute of Bankers (Sri Lanka Branch) and a Founder Member and Past Vice President Association of Banking Risk Professionals Sri Lanka.

Mr. Fernandopulle is an Associate of the Chartered Institute of Bankers London and a Fellow Member of the Chartered Institute of Bankers London. He holds a BSc (Mathematics) from the Imperial College University of London and a MSc (Statistics) from London School of Economics University of London. He joined the Board of AMW Capital Leasing and Finance PLC on 26 October 2016 and was appointed as the Chairman on 8 May 2017.



CHAMATH MUNASINGHE
Director/CEO

Mr. Chamath Munasinghe has over 28 years of experience in the banking and finance sector with over 13 years in senior leadership roles. Mr. Munasinghe counts for diverse expertise in the areas of Branch Banking, Consumer Financing, Credit, Operations, Corporate Real Estate and Security & Facilities Management.

Mr. Munasinghe is well known for pioneering lean concepts and driving transformational strategies with the objective of facilitating business growth complemented by operational efficiencies and automation during his tenure at Nations Trust Bank.

He was appointed as the Director/CEO of AMW Capital Leasing and Finance PLC on 20 March 2020.

Mr. Munasinghe holds a Master of Business Administration from Edith Cowan University of Australia and is a Certified Management Accountant (Australia). He is also a Fellow Member of the Chartered Institute of Management Accountants UK and a Chartered Global Management Accountant.

Mr. Munasinghe held the position of Senior Vice President/ Head of Operations at Nations Trust Bank PLC.

Board of Directors



INDRAJITH BOYAGODA
Senior Independent Director

Mr. Indrajith Boyagoda is the former Executive Vice President of Treasury and Investment Banking at Nations Trust Bank PLC with more than 30+ years of experience in the Financial Services industry, having worked at Citibank Sri Lanka, Samba Financial Group (Samba) in Saudi Arabia (an ex-subsiary of Citigroup), and Nations Trust Bank in Sri Lanka, holding senior and corporate management positions.

His work exposure spans Treasury, Capital Markets, Corporate Relationship Management, and Banking Operations in various geographies, coupled with highly automated Operations Support environments. This included working in partnership with businesses to provide value-added oversight to country and regional business heads, as well as direct client interactions on account, product, and process control aspects.

He was the Vice Chairman of the Assets and Liabilities Committee, and a member of the Management Committee and Country Human Resource Committee, which provided him valuable exposure to the strategic decision-making process at Citibank Sri Lanka.

Mr. Boyagoda was appointed to the Board of AMW Capital Leasing and Finance PLC (AMWCL) as an Independent Non-Executive Director on 27 June 2024 and subsequently appointed as the Senior Director of AMWCL effective from 23 November 2024. He currently serves as the Secretary General of Sri Lanka Banks' Association (Gtee) Ltd, and represents SLBA on the Director Boards of LankaPay (Pvt) Ltd and Lanka Financial Services Bureau Ltd.

He holds an MA (Econ) and a Post Graduate Diploma (Development Economics) from the University of Colombo, and a B.Sc. – (Chemistry Hons.) from the University of Peradeniya, Sri Lanka.



NIHAL KEKULAWALA
Independent Non-Executive Director

Mr. Nihal Kekulawala has over thirty years of experience in the banking profession and was appointed as a Director in October 2017. He has held senior positions at Hatton National Bank PLC, where he played a strategic role in diversifying HNB from Commercial Banking into Investment Banking, venture capital, stockbroking, and life/general insurance.

Mr. Kekulawala served as the lead consultant responsible for establishing a Commercial Banking Operation in the Solomon Islands, where he was the inaugural CEO of the bank. He currently serves on the Boards of several public companies, including Lanka Walltiles PLC, Lanka Ventures PLC, LVL Energy Fund PLC, Lanka Ceramics PLC, and Softlogic Holdings PLC.

Mr. Kekulawala is a Fellow of the Institute of Chartered Accountants UK and Sri Lanka, a Fellow of the Chartered Institute of Bankers in England and holds an MBA from the University of Manchester.

**ANDRIES BONTHUYS***Non-Independent Non-Executive Director*

Mr. Andries Bonthuys is the Group Managing Director of AMW Ltd Group. With 28 years of experience in the automotive industry, he has held senior executive roles across various brands and regions. His expertise encompasses sales, marketing, after-sales service, financial planning, and strategic management. Mr. Bonthuys has a proven track record of leading diverse teams and successfully managing large-scale projects, with specific focus currently preparing AMW Ltd organization to be well - positioned and prepared for vehicle and motorcycle importation once market re-opens in Q1 '2025.

Mr. Bonthuys was appointed to the Board of AMW Capital Leasing and Finance PLC as a Non-Independent Non-Executive Director on 25 September 2024.

**VOLKER BOEHME***Non-Independent Non-Executive Director*

Mr. Volker Boehme is a highly - experienced financial services executive with over 30 years of international expertise. He currently serves as the Managing Director of Al Futtaim Financial Services, Rental & Leasing, based in Dubai, United Arab Emirates. Throughout his career, Mr. Volker has held senior leadership roles at Honda Financial Services, overseeing operations in Germany and Spain, and managing strategic partnerships across 15 European markets. He has also led teams at Ford Financial Services and BMW Financial Services, serving as Sales Director for Austria and Greece, and General Manager for Singapore. In each of these roles, he has excelled in driving process improvements, ensuring compliance, and enhancing sales performance while focusing on customer-centric strategies to boost profitability.

Mr. Boehme was appointed to the Board of AMW Capital Leasing and Finance PLC on 19 March 2025.

Mr. Boehme holds "Study of Business Administration in Marketing and Organisation" from University of Trier, "Study of International Marketing and Languages" at Dublin City University (Ireland) / Internship at European Foundation, Dublin.

Board of Directors



BRIAN VINOD SELVANAYAGAM
Independent Non-Executive Director

Mr. Brian Selvanayagam is an Associate Member of the Chartered Institute of Management Accountants (UK), Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of the Chartered Institute of Marketing (UK), Fellow Member of the Certified Management Accountants of Sri Lanka, and Chartered Member of the Chartered Institute for Securities & Investment (UK).

He is the Past Chairman of the Chartered Institute of Marketing Sri Lanka and was a member of the Audit & Risk Committee of the Chartered Institute of Marketing (U.K.). He is presently a Non-Executive Director of Ceylon Biscuits Limited and Lanka Reality Investments PLC.

Mr. Selvanayagam was appointed to the Board of AMW Capital Leasing and Finance PLC on 20 March 2025.

He counts over 25 years of work experience in fields covering auditing, banking and financial services, property development, and education. He is also a Justice of Peace for the whole Island.



CHANDIMA NANAYAKKARA
Company Secretary

Ms. Chandima Nanayakkara serves as the Company Secretary of AMW Capital Leasing and Finance PLC, having joined the Company in July 2024. She brings over 25 years of experience in corporate secretarial practice, including more than 17 years in the finance leasing industry. Ms. Nanayakkara joined the AMW Group of Companies in 1998 and has since held several senior roles, including serving as the Company Secretary for the AMW Group. In this capacity, she provided strategic oversight of governance frameworks, ensured regulatory compliance, and managed statutory obligations across several entities within the Group. She possesses extensive knowledge of corporate governance frameworks, regulatory requirements, and Board administration relevant to licensed finance companies in Sri Lanka.

Ms. Nanayakkara is an Associate Member of the Institute of Chartered Corporate Secretaries of Sri Lanka and is registered as a Company Secretary with the Registrar General of Companies. She plays a pivotal role in supporting Board and Committee operations, ensuring adherence to corporate governance best practices and regulatory compliance.

Senior Management Team



Senior Management Team



PRAMUDITHA MENDIS

General Manager - Credit and Operations

Mr. Pramuditha Mendis has over 29 years of experience in the field of leasing/finance including 04 years of overseas exposure. After graduating, Mr. Mendis commenced his leasing career as a Credit/Marketing Executive at Lanka ORIX Leasing Company Ltd (LOLC) and worked there for 11 years holding several Executive and Managerial positions. He joined Saudi ORIX Leasing Company (SOLC) in KSA (an investment of ORIX Corporation, Japan) after resigning from LOLC and worked there for 04 years getting exposed to many new business practices including corporate credit. He held the position of Senior Manager – Credit & Marketing at SOLC when he resigned to join AMW Capital Leasing and Finance PLC (AMWCL) in 2009. Mr. Mendis currently serves as the General Manager – Credit & Operations of AMWCL and serves as the Chairman of Credit Policy Committee.

He has also served as a Director of Leasing Association of Sri Lanka (LASL). Mr. Mendis is a fellow member, a council member and had been a resource person at Sri Lanka Institute of Credit Management (SLICM).



LALITH MALAVIARACHCHI

General Manager Marketing

Mr. Lalith Malaviarachchi serves as the General Manager – Marketing of AMW Capital Leasing & Finance PLC, bringing over 21 years of experience in the banking and financial services industry. He began his career as a Banking Trainee at People’s Bank before gaining exposure in the leisure and travel sector. Since the inception of AMWCL, he has played a pivotal role in the Company’s growth, holding multiple leadership positions, and contributing significantly to its success.

Mr. Malaviarachchi holds an MBA from the Postgraduate Institute of Management (PIM-USJ) and a Bachelor’s Degree in Marketing Management from the University of Kelaniya. Additionally, he has earned a Professional Postgraduate Diploma from CIM (UK) and is a Certified Professional Marketer (CPM – Asia Pacific). He is also a Member of the Sri Lanka Institute of Marketing (MSLIM) Pacific.

PERUMAL NARESHKANTHA

General Manager – Finance

Mr. Perumal Nareshkantha has over 22 years of experience in the finance industry with a focus on strategic finance, treasury management, operations control, management information systems, compliance, and internal control systems. He has experience in various fields, including finance, automotive, and imports and exports. His present position is Finance Controller in Al Futtaim Finance - United Arab Emirates. He began working for Al Futtaim Finance in September 2009 as an MIS Accountant. In 2024, he was seconded to AMWCL as the General Manager-Finance.

In addition to being a Certified Management Accountant (Australia) and Associate Member of Chartered Institute for Securities and Investment (ACSI- UK) and a member of the Association of Accounting Technicians of Sri Lanka (MAAT), Mr. Nareshkantha has a Bachelor of Business Administration and a Master of Business Administration with a focus on accountancy.



**CHINTHAKA DE ALWIS***Head of Operations*

Mr. Chinthaka De Alwis is currently holding the post of Head of Operations at AMWCL, and he has been with the Company since its inception. He has over 31 years of experience in the non-banking financial sector. He was the Head of Division, Compliance, at People's Leasing & Finance PLC (PLC) for a period of two and a half years and he possesses 11 years' experience at Lanka Orix Leasing Company (LOLC) as a Senior Asst. Accountant attached to Finance, Micro Finance, Corporate Finance and Internal Audit divisions.

Mr. De Alwis holds an MBA from Solent University, Southampton UK.

**SUJEWA SOORIYARACHCHI***Head of Recoveries & Administration*

Mr. Sujeewa Sooriyaarachchi heads the Recovery and Administration Departments of AMWCL.

Mr. Sooriyaarachchi was an award-winning officer in the grade of Inspector in the Department of Sri Lanka Police, with over 30 years of experience in recovery and administrative management in the fields of Trading, Leasing and Manufacturing industries.

**MALINTHA RATHNAWEERA***Head of Compliance*

Mr. Malintha Rathnaweera is a seasoned compliance professional with over eight years of experience in regulatory compliance, particularly in AML/CFT. After honing his specialization at EY Sri Lanka, he served as the Compliance Officer at Senkadagala Finance PLC, where he significantly strengthened compliance frameworks and ensured adherence to evolving regulations. In 2024, he joined AMW Capital Leasing and Finance PLC.

Beyond his corporate roles, Mr. Rathnaweera is an active contributor to Sri Lanka's compliance community. Since 2022, he has served on the Executive Committee of the Compliance Forum of the FHA, collaborating with industry leaders to promote best practices and regulatory awareness. He holds an MBA from the University of West London and is a CIMA-passed finalist.



Senior Management Team



SAJANI GUNAWARDANA
Head of IT

Ms. Sajani Gunawardana has nearly 21 years of experience in the IT industry, with a focus on Banking and Financial Services. Drawing upon her deep understanding of business requirements, she has consistently delivered impactful solutions that optimize operations. Throughout her career,

Ms. Gunawardana has demonstrated remarkable proficiency in driving significant enhancements to operational efficiency, including playing a key role in Core Banking system implementations, and ensuring service reliability in her previous roles. Her adept leadership has cultivated high-performing IT teams, fostering a culture of innovation and ensuring seamless operations.

Ms. Gunawardana commenced her professional journey at Sampath IT Solutions (Pvt) Ltd and Union Bank of Colombo PLC, where she honed her extensive knowledge and skills. She holds a B.Sc. (Hons) in IT from the Sri Lanka Institute of Technology.



LALANGA SENAWEEERA
Head of Internal Audit

Mr. Lalanga Senaweera counts over 21 years of extensive experience in internal auditing, spanning various industries and professional settings. Before joining AMW Capital Leasing, he held the position of Head of Internal Audit at HNB Finance PLC.

Mr. Senaweera is a Certified Internal Auditor and a Fellow Member of the Association of Chartered Certified Accountants of UK. He is also an Associate Member of the Institute of Chartered Accountants and the Institute of Certified Management Accountants of Sri Lanka. In addition to being a member of the Chartered Institute for Securities and Investment - UK. He earned his Master's degree in financial economics from the University of Colombo.



CHAMITH PERERA
Head of Risk Management

Chamith Perera has 14 years of professional experience, with expertise in Finance, Analytics, and Risk Management. He has mainly worked in the financial services sector, covering insurance, non-banking financial institutions (NBFIs), stock brokering, and finance-focused knowledge process outsourcing (KPO).

In October 2024, Mr. Perera joined AMW Capital Leasing and Finance PLC as the Head of Risk Management. Prior to this, he served as a Senior Manager – Risk at Allianz Insurance Lanka Ltd. He is a CIMA passed finalist and has completed CFA Level 2, further enhancing his industry expertise.



**HARSHANI FERNANDO***Manager Legal*

Ms. Harshani Fernando was called to the Bar of the Supreme Court of Sri Lanka in December 2005. She possesses over 19 years professional experience as an Attorney-at-Law, specializing in the commercial and financial services industry. Prior to joining AMW Capital Leasing and Finance PLC, she was employed at several finance companies as the Senior Manager-Legal and the Head of Legal where she was a part of the Strategic Planning Team and the Tactical Management Team.

Ms. Fernando also holds an MBA in Human Resource Management from the University of Bedfordshire, UK and a Managerial Diploma in Business Administration at HRMI. She is a member of the Bar Association of Sri Lanka. She has vast experience in all aspects of money recovery matters to ensure that the debts are efficiently recovered. Apart from litigation management she has added value to the organization to mitigate risks by improving other operational activities in accordance with the prevailing laws, and regulations of the industry.



With over a decade of dedicated service within the organization, Ms. Hashani brings a wealth of knowledge, leadership, and operational expertise to her current role. Before transitioning to the Fixed Deposit Division, she played a key role in the Group's automobile sector, contributing to the growth and success of the Nissan and Datsun brands. Her diverse experience across sectors has equipped her with a deep understanding of customer dynamics and business operations, making her an invaluable asset to AMW Capital Leasing and Finance PLC.



Ms. Hashani's dedication, strategic acumen, and customer-centric approach continue to drive the Fixed Deposit Division's performance, reinforcing the Company's commitment to delivering exceptional value to its stakeholders.

**HIRIMBURAGAMAGE SASANKA HASHANI***Assistant Manager – Customer Relations and Operations (Fixed Deposit Division)*

Ms. Sasanka Hashani serves as the Assistant Manager – Customer Relations and Operations, providing strategic leadership to the Fixed Deposit Division at AMW Capital Leasing and Finance PLC. In this pivotal role, she is responsible for driving fixed deposit mobilization, enhancing customer engagement, and ensuring operational excellence, all of which contribute significantly to the Company's growth and financial stability.

Ms. Hashani holds an Advanced Diploma in Business Management from the National Institute of Business Management (NIBM) and has successfully completed the Association of Accounting Technicians (AAT) qualification. Demonstrating her commitment to continuous professional development, she has earned a Master of Business Administration (MBA) from Cardiff Metropolitan University, UK, and is currently pursuing the final stage of the Chartered Institute of Marketing (CIM) Level 7 qualification, further strengthening her expertise in strategic business and marketing management.

**THILINI ARIYARATHNA***Human Resources Business Partner*

Ms. Thilini Ariyaratna serves as the Human Resources Business Partner at AMW Capital Leasing and Finance PLC, providing strategic leadership to the Human Resource Division. In this critical role, she is responsible for aligning HR strategies with business objectives to drive organizational success. She plays a key part in the development and implementation of HR initiatives. By collaborating with all levels of leadership, she helps drive business success through effective people management.

Ms. Ariyaratna holds a Master of Business Administration (MBA) with a specialization in Human Resources Management from the University of Sri Jayewardenepura, as well as a B.Sc. Business Administration (Special) Degree from the same university. She is also a Chartered Qualification in Human Resources Management (CQHRM) holder and an Associate Member of the Chartered Institute of Personnel Management. Additionally, she is a partly qualified student of the Institute of Chartered Accountants of Sri Lanka.

With nearly 9 years of experience, Ms. Ariyaratna has a strong background in Human Resources Management across the Manufacturing, Service, and Banking industries. Prior to joining AMWCL in 2024, she served as the Assistant Manager HR at LAUGFS Lubricants Ltd.

Management Discussion and Analysis

The year 2024 marked a cautiously optimistic turn for the global economy, as it navigated the aftershocks of recent volatility and moved towards a path of steady, if uneven, growth. According to the International Monetary Fund (IMF), global GDP is estimated to grow by 3.0%, signaling a gentle rebound from the 2.7% recorded in 2023. Advanced economies such as the United States, the Eurozone, and Japan continued to grapple with the lingering effects of inflationary pressures, elevated interest rates, and sluggish consumer sentiment. These headwinds tempered economic momentum, keeping growth on a restrained trajectory. In contrast, emerging markets, especially in Asia, are expected to outpace global growth with a projected expansion rate of 4.5%, driven by strong demand in China and India.

By the second half of 2024, global markets started to stabilize, commodity prices began to ease, and financial conditions improved incrementally. Sri Lanka capitalized on this emerging calm with disciplined policy execution, a commitment to structural reform.

In the first half of 2024, Sri Lanka demonstrated resilience despite ongoing challenges. The economy endured amid global uncertainties, showing strength in key sectors. As the year progressed, political stability and the IMF-supported reform program provided the necessary foundation for recovery. Debt restructuring efforts, easing inflation, and growing investor confidence marked the transition from resilience to a more established path toward long-term economic stability.

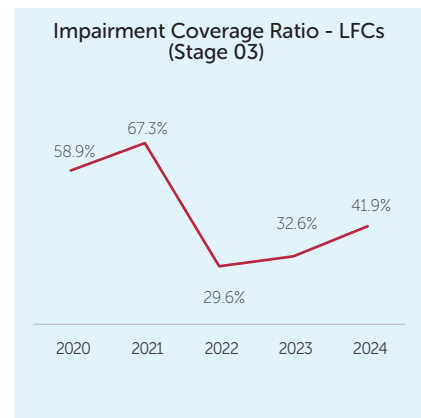
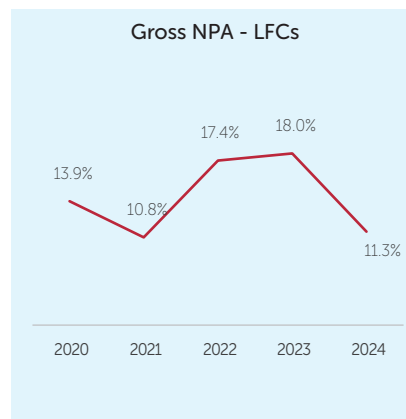
The Sri Lankan finance sector in early 2024 faced a complex and challenging landscape shaped by both domestic and global economic factors, at the end of the year economy demonstrated a remarkable recovery, achieving a 5.0% GDP growth, the highest in seven years. This resurgence was bolstered by a series of strategic reforms and stabilizing policies.

The Leasing and Finance Sector experienced a year of cautious adaptation and measured growth, amid ongoing economic challenges and uncertainty. In the face of import restrictions, the sector, which plays a pivotal role in financing both personal and business needs. The CBSL stepped up precise policy notes to bolster the rupee and reduction of interest rates in 2024.

In a strong display of recovery and renewed momentum, the NBF sector expanded its asset base to Rs. 1,931 billion in 2024 marking a robust 13.9% increase compared with 2023.



The gross Non-Performing Loan (NPL) ratio of the sector dropped sharply to 11.3% in 2024, compared to the 18.0% in 2023. This encouraging shift stands as a testament to disciplined lending practices, strategic recoveries, and a renewed focus on portfolio quality.



The progressive relaxation of import restrictions is anticipated to have a positive impact on the performance and growth trajectory of NBF sector in 2025. The easing of these restrictions is expected to revitalize demand for asset-backed lending, particularly in the leasing and loan portfolios, which constitute a substantial share of NBF balance sheets.

Our strategy

Our strategy is to create a positive, lasting impact that benefits our customers, employees, investors, and society at large. By focusing on financial resilience, innovation, sustainability, social responsibility, and strong governance, we aim to build a foundation for long-term growth that not only meets the needs of today but also lays the groundwork for a more prosperous and sustainable future.

As we move forward, we remain committed to creating value that transcends profits, contributing to a thriving economy and society in Sri Lanka.

In 2024, AMWCL demonstrated resilience and adaptability in a challenging economic environment. Through strategic initiatives focused on strengthening loan book, human capital development, embracing digital transformation, diversifying products, enhancing governance, and promoting sustainability, AMWCL positioned itself for long-term success and continued value creation for its stakeholders.

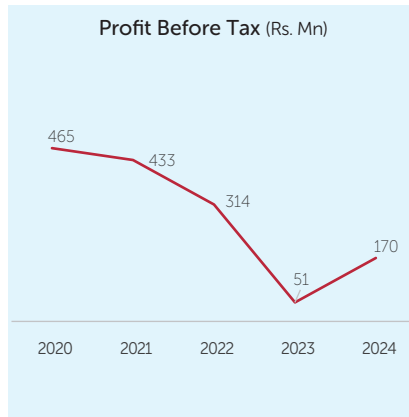
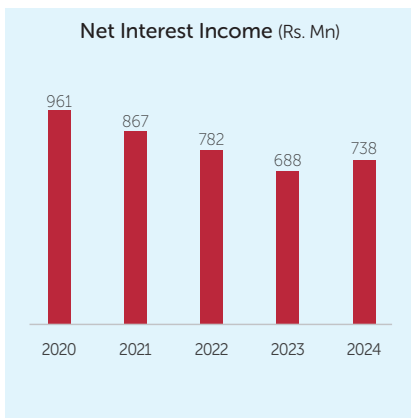
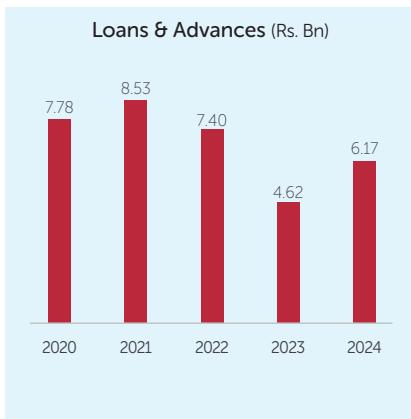
The temporary suspension of new lending between May 2022 and November 2023 had a clear and significant impact on AMWCL's 2024 financial performance. The Company faced challenges with declining revenue,



reduced asset growth, and a smaller loan book, yet responded by optimizing liquidity, maintaining cost discipline, and focusing on improving asset quality.

The strategic pause allowed AMWCL to emerge from a challenging period with a stronger capital base and a clearer path for sustainable growth moving forward.

The re-commencement of new lending activities in 2024 marked a pivotal moment for AMWCL. While the Company faced challenges during the lending freeze, the strategic decision to resume new business allowed for a positive shift in financial performance, including revenue growth, asset base expansion, and improved profitability. Moving forward, AMWCL is well-positioned to leverage its strengthened financial position and strategic focus to achieve sustained growth and deliver value to its stakeholders.



AMWCL's loan portfolio has seen 34% impressive growth in 2024, expanding from Rs. 4.62 billion in 2023 to Rs. 6.17 billion by the close of the year. The Company has recorded a comparatively healthy EBIT of Rs. 155 Mn in 2024 just after one year of business re-commencement.

New Lending

The quality of new disbursements remained high due to robust risk assessment and prudent borrower selection criteria, helping to dilute the proportion of existing non-performing assets relative to the growing total portfolio.

Selective Cash Flow-Based Lending Strategy in 2024 is a forward-thinking approach that focuses on the financial sustainability and operational resilience of borrowers rather than relying solely on collateral.

This strategy allows to support a broader spectrum of businesses, AMWCL is positioning itself to drive sustainable growth while ensuring robust risk management practices. This strategic shift is designed to foster long-term partnerships, support economic recovery, and create value for both AMWCL and its stakeholders in an evolving market. In 2024, AMWCL has continued significant strides by integrating proactive automation into its operations.

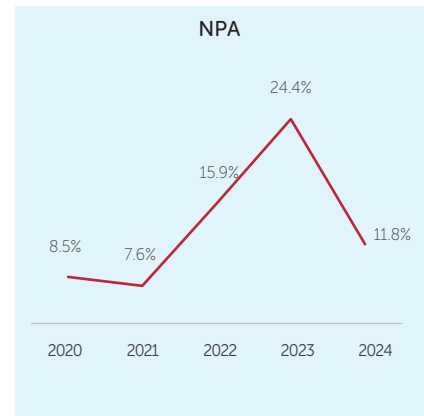
Automation is no longer just about replacing manual processes; it's about strategically using technology to anticipate needs, streamline operations, and enhance performance. AMWCL's adoption of proactive automation has

had a profound impact on its efficiency, customer service, risk management, and overall business performance.

Controlling NPAs

AMWCL demonstrated a marked improvement in asset quality, as reflected in the significant decline in its Non-Performing Loan (NPL) ratio from 24.36% in 2023 to 11.8% by year-end 2024. This reduction underscores the Company's successful implementation of targeted recovery efforts and a disciplined lending approach.

In line with Point 4.3.1 of Direction No. 1 of 2020 issued by the Central Bank of Sri Lanka, the Company has proactively initiated the early adoption of NPA computation. As per revised guidelines 14.6% was recorded as NPA as of 31st December 2024.



AMWCL placed strong emphasis on strengthening its collection mechanisms, including the deployment of dedicated recovery teams, data-driven follow-up strategies, and proactive customer engagement. These initiatives led to a marked improvement in recovery efficiency, enhanced customer responsiveness, and a more streamlined collections process, ultimately contributing to better portfolio health and reduced delinquency levels. The integration of real-time monitoring tools and performance-based tracking enabled the Company to identify delinquency risks early and act promptly, thus significantly improving recoveries from overdue accounts.

Management Discussion and Analysis

Talent Management & Retention

We believe that our people are key to our success. Our talent management strategy is centered around attracting, developing, and retaining the best talent in the industry. We are committed to providing opportunities for career growth and fostering an environment that supports both personal and professional development.

Through comprehensive training programs, leadership development, and continuous skill-building initiatives, we ensure our employees are equipped to excel in their roles and meet the evolving needs of the business. Clear career progression paths and regular performance reviews allow employees to visualize and achieve their long-term career goals within the organization. To retain top talent, we offer competitive compensation and benefits packages, along with a work culture that promotes inclusivity, flexibility, and a healthy work-life balance. Employee engagement surveys and feedback mechanisms help us stay aligned with their needs and enhance job satisfaction.

By prioritizing talent management and retention, we continue to cultivate a motivated, loyal, and high-performing workforce, driving the Company's long-term growth and success.

Salary review

In response to the increased cost of living and inflation over the past year, employee salaries were adjusted in two phases to ensure the salary structure remains competitive in the market. The second phase of the salary review was implemented in 2024, and employees were also rewarded with a bonus to further motivate and recognize their contributions. This enhanced overall employee experience and strengthened the Company's employer branding, demonstrating AMW Capital Leasing's commitment to valuing and rewarding its workforce.

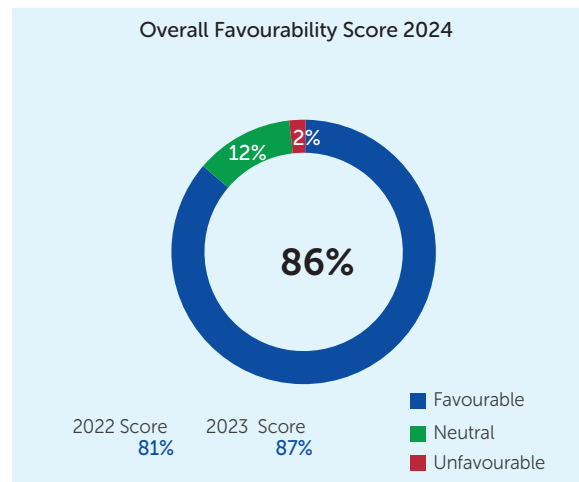
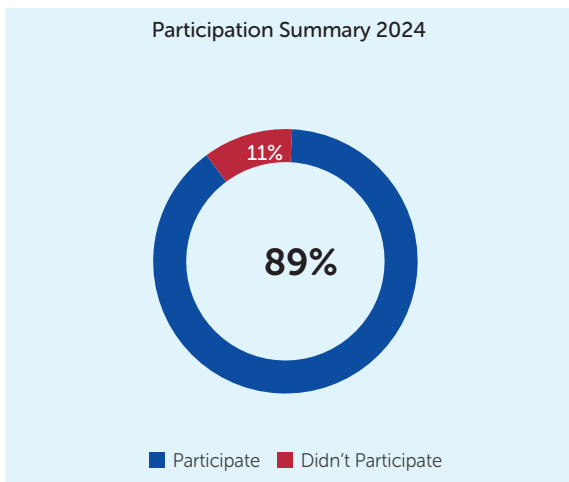
Training & Development

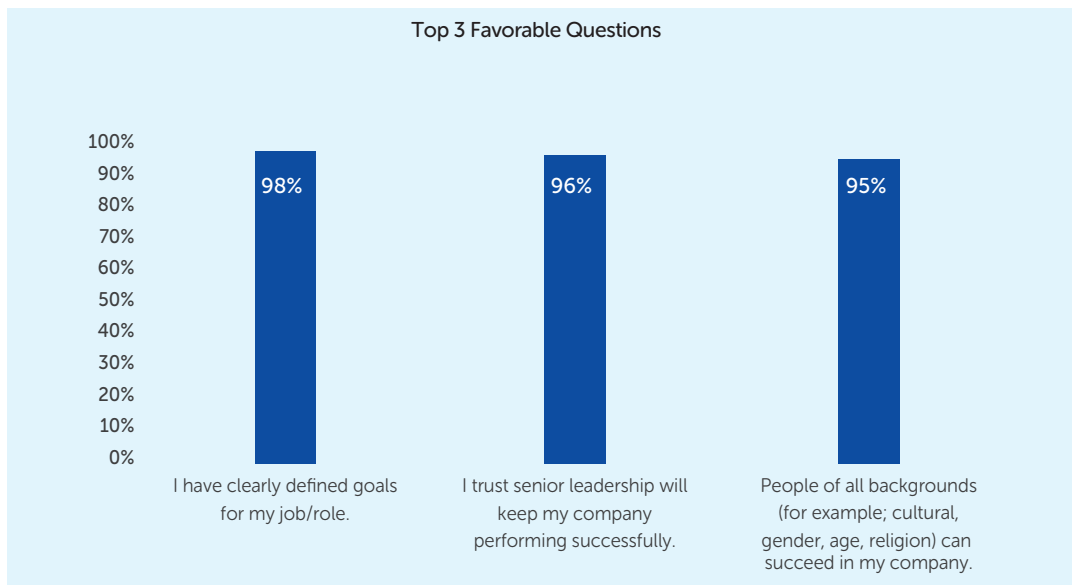
Continuous training helps employees develop new skills and stay updated with industry trends and best practices. This is essential for maintaining a competitive edge in the leasing and financial sector. Therefore, the Company made significant investments in re-skilling and training employees across various departments. Focused on areas such as compliance, risk management, marketing, and recovery, the Company dedicated time to developing employees' expertise. As compliance with industry regulations and managing risks are crucial in the financial sector, training ensured that staff understand and adhere to necessary regulations, reducing the risk of costly mistakes or legal issues.

Several training programs, including two-days outbound session, were held with active participation from the entire staff, ensuring strong alignment and commitment to the Company's future strategies. These training sessions were conducted by renowned trainers to provide high-quality learning experience. These trainings encouraged collaboration, communication, and a growth mindset across all levels of the organization.

Employee engagement survey

The Group's annual employee engagement survey yielded a score of 86%, one of the highest across the Group companies and exceeding the global benchmark. This score is a testament to the strong employee loyalty the Company has fostered.





Diverse and inclusive work environments

At AMW Capital Leasing, we are committed to fostering a diverse and inclusive work environment that values and respects individuals from all backgrounds. We believe that a diverse workforce enriches our culture and drives business success. Our approach to diversity and inclusion is embedded in our recruitment practices, employee development, and workplace culture. We prioritize creating an environment where employees feel valued, respected, and empowered to contribute their unique perspectives. Through targeted initiatives, we encourage diversity in hiring, offer training on unconscious bias and inclusion, and support a workplace that promotes equal opportunities for growth and development.

By embracing diversity and inclusion, we not only enhance employee satisfaction but also strengthen our ability to meet the needs of our diverse customer base. We recognize that our success is deeply connected to the diverse talent and inclusive culture that we nurture every day.

Encouraging Workplace Culture

We are dedicated to fostering a positive and supportive workplace culture that encourages collaboration, innovation, and mutual respect. Our culture is built on core values - Respect, Integrity, Collaboration, Excellence - that promote open communication, employee well-being, and a strong sense of community.

We believe that a healthy workplace culture is key to enhancing employee engagement, job satisfaction, and overall productivity. To this end, we actively support a work environment where employees are empowered to share ideas, collaborate across departments, and contribute to the Company's success.

By nurturing a culture that values diversity, inclusion, and growth, AMWCL continues to build a workplace where employees feel valued, motivated, and aligned with the Company's long-term goals. This positive environment not only contributes to individual success but also drives the collective success of the organization.

Employee recognition & reward

We recognize that our employees are our greatest asset, and we are committed to celebrating their hard work, dedication, and contributions to the Company's success. Our employee recognition and reward programs are designed to acknowledge achievements, motivate continued excellence, and foster a sense of pride within the organization.

We have implemented a variety of recognition initiatives, including performance-based bonuses, awards, and appreciation events, to ensure employees feel valued for their efforts.

With these recognition programs, we aim to not only celebrate individual achievements but also strengthen overall employee engagement, boost morale, and encourage a continued commitment to the Company's values and goals. At AMW Capital Leasing, recognizing and rewarding employees is integral to maintaining a motivated and high-performing workforce.

Financial Review

Economic Context

The gradual recovery of the Sri Lankan economy following the recent crisis contributed to measured growth within the financial sector in 2024. The Central Bank’s accommodative interest rate policies supported a more stable and healthier financial environment. However, persistent challenges, including continued restrictions on vehicle imports, placed pressure on leasing and hire purchase activity. As a result, the loans and advances portfolios of many Licensed Finance Companies (LFCs) remained stagnant. Asset quality across the sector improved, reflected in a declining average Non-Performing Loan (NPL) ratio. Sector liquidity remained broadly stable, though a few institutions experienced strain. Exposure to government securities increased as LFCs sought stable investment alternatives amid market volatility.

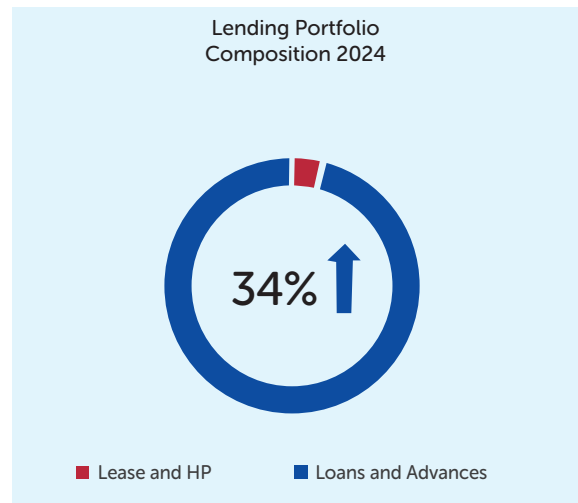
Company Overview

In 2023, AMW Capital Leasing and Finance PLC (AMWCL) recommenced its lending operations in November, after temporarily suspending new disbursements to evaluate market risks. Despite entering the market later in the year and facing economic challenges, the Company achieved notable financial performance. Compared to the previous year, profit before tax increased by 234% to Rs. 170 Mn, due to cost-saving measures, reduced interest expenses and focused collection efforts leading to provision reversal.

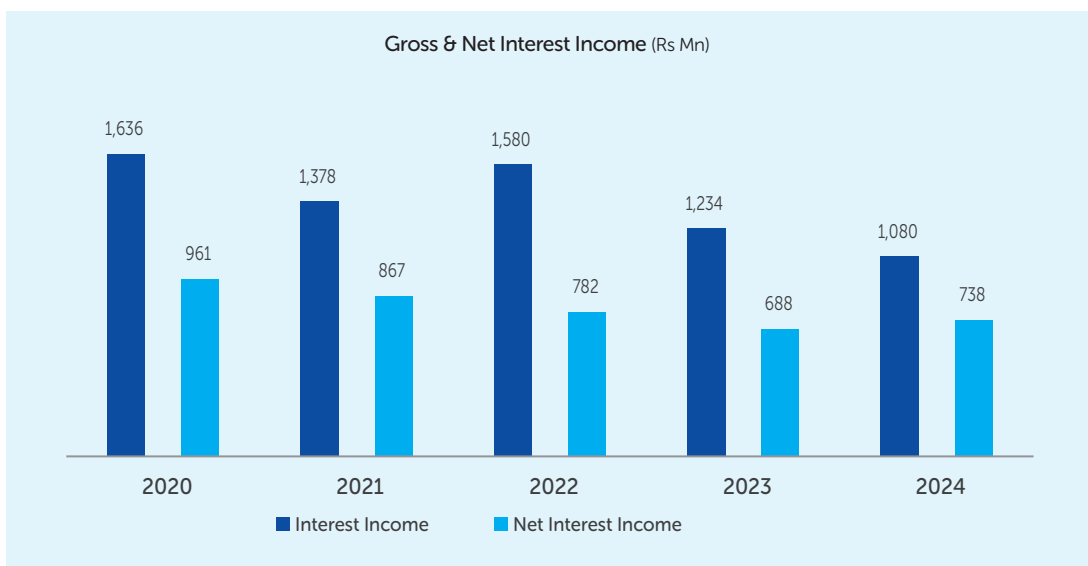
Interest Income and Portfolio Performance

Interest income remained the Company’s primary revenue source, contributing approximately 82% to total income. The overall loan portfolio expanded by 34% during the year, driven by aggressive marketing efforts while maintaining prudent credit standards. Despite this growth, legacy portfolio reductions in last two years led to a 12% year-on-year (YoY) decline in gross interest income, which totaled Rs. 1,079 Mn in 2024, compared to Rs. 1,233 Mn in 2023.

Strategic loan rescheduling with adjusted rates and extended tenors helped secure/enhance yields. Though investment income declined with the reduction in the investment portfolio, early-year high-yield securities partially offset the impact. Interest income is expected to remain under pressure in 2025 as legacy loans mature and yield normalize.



Interest expenses decreased by 37% YoY, reflecting effective liability management and declining market interest rates. As a result, the Company achieved a 7% improvement in Net Interest Margin (NIM), compared to a 5% improvement in the previous year.



Non-Interest Income

Non-interest income, mainly comprising credit-related fees, commissions, and other service charges, increased by 32% YoY compared to 2023. Notably with the resumption of the new business:

- Profit from pre-terminations rose from Rs. 92 Mn to Rs. 126 Mn (37%).
- Service-related income increased from Rs. 7 Mn to Rs. 31 Mn, in line with the expanding lending volume.

Operating Expenses and Cost Efficiency

Operating expenses rose by 122% to Rs. 251 Mn (FY 2023: Rs. 113 Mn), predominantly due to inflation adjustment.

- Salary Adjustment led to the increases in staff costs.
- Higher business promotion expenses related to re-entry into the market.
- Additional overheads linked to changes in the tax regime.

The cost-to-income ratio increased from 81% in 2023 to 90% in 2024, reflecting above factors

Impairment and Asset Quality

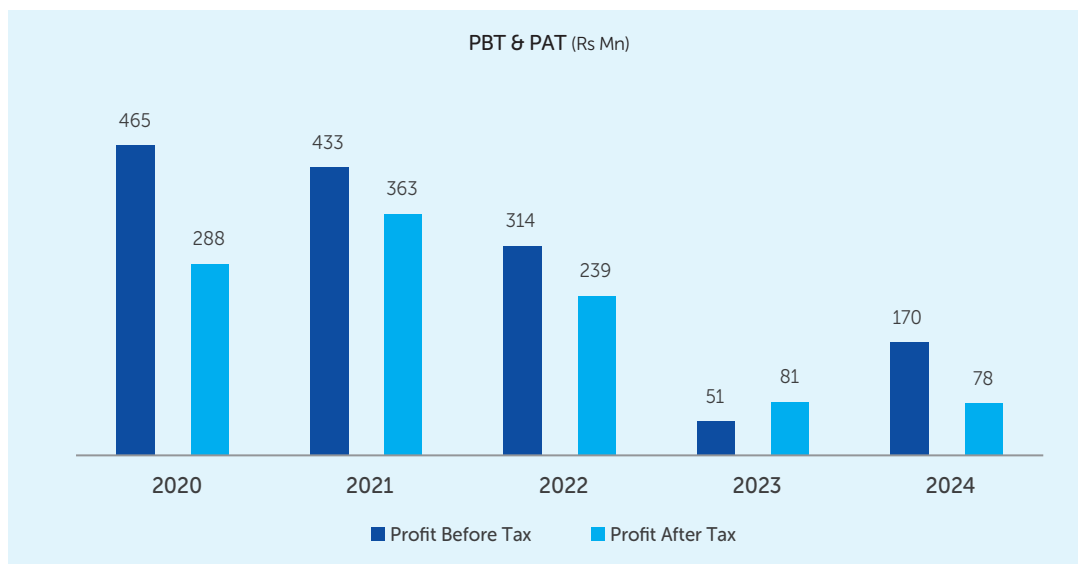
The Company recorded a reversal of impairment charges amounting to Rs. 75 Mn in 2024, compared to an impairment charge of Rs. 115 Mn in 2023. This 165% YoY improvement was driven by enhanced credit risk management, focused recovery strategies, and secured new lending.

The NPL ratio improved to 11.80% from 24.36% in 2023. Early adoption of the CBSL's new direction resulted in a 14.39% NPL, outperforming the industry average despite a shrinking portfolio.

Profitability Analysis

Profit Before Tax (PBT) increased by 234% to Rs. 170 Mn in 2024, reflecting strong portfolio management and effective repricing strategies. PAT stood at Rs. 67 Mn, a 9% decline from Rs. 75 Mn in 2023, mainly due to:

- The strategic lending halt until November 2023.
- A 417% increase in tax expenses (Rs. 92 Mn in 2024 vs. reversal of Rs. 29 Mn in 2023).

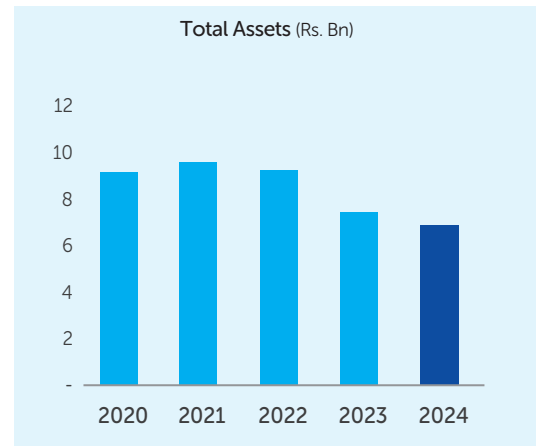
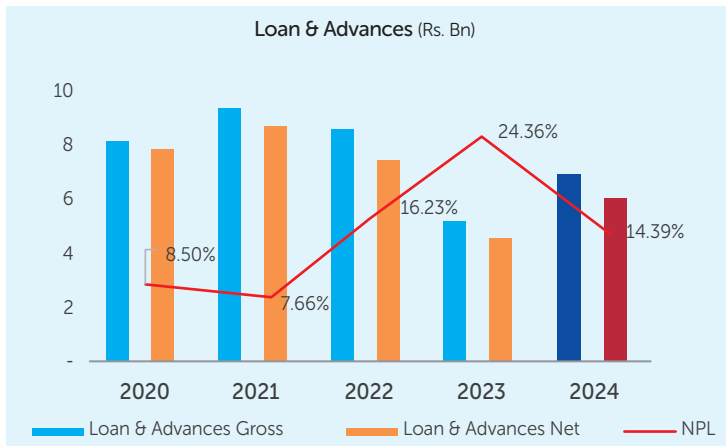


Balance Sheet Position

Total assets dropped 8% year-on-year to Rs. 6.8 Bn, with 97% being interest-earning assets (2023: 96%). The loan portfolio increased by 34% year-on-year to Rs. 6.1 Bn, mainly driven by Rs. 5.9 Bn in vehicle financing. Investment in debt instruments fell from Rs. 2,115 Mn in 2023 to Rs. 214 Mn in 2024, used for new lending and settling corporate borrowing early.

- Shareholders' equity increased marginally to Rs. 3.7 Bn (2023: Rs. 3.6 Bn).
- Borrowings from banks decreased by 74% to Rs. 420 Mn (2023: Rs. 1.6 Bn), aided by redeployment of internal funds.
- Time deposits increased from Rs. 1.4 Bn to Rs. 1.9 Bn, following targeted marketing campaigns.
- Total liabilities declined by 16% to Rs. 3.15 Bn, with bank and depositor funds comprising 73% of liabilities.

Financial Review



Capital Adequacy

The Company maintained a strong capital adequacy ratio of 40.20% in 2024 (2023: 47.34%), well above the CBSL's minimum threshold of 12.5%. AMWCL continues to remain fully compliant with capital requirements, including the Rs. 2.5 Bn minimum core capital CBSL consolidation guidelines effective from 2023.

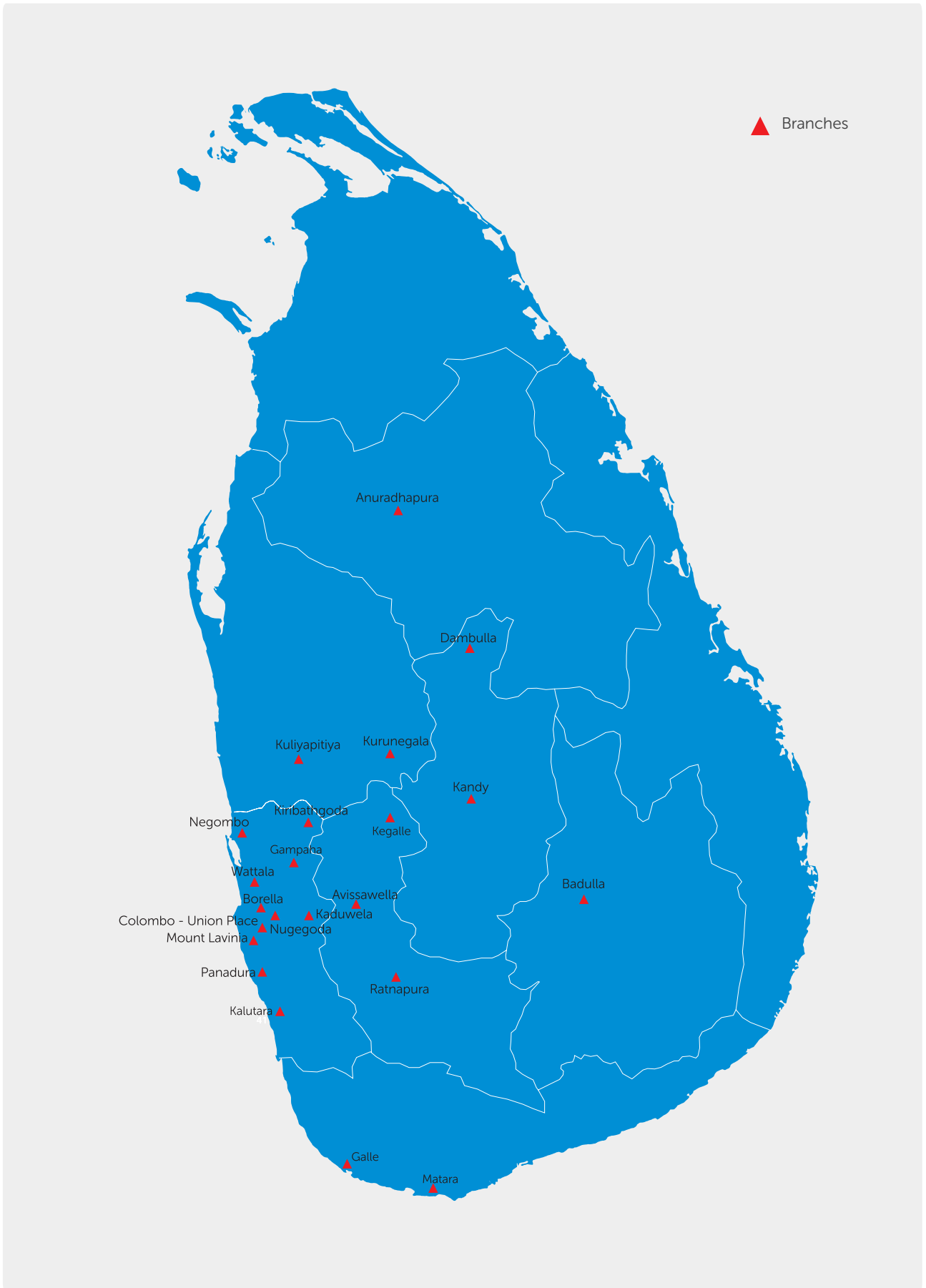
Outlook

With the reopening of the market and improved macroeconomic indicators, AMWCL is optimistic about its growth trajectory in 2025. The Company targets a loan portfolio of Rs. 7.27 Bn in 2025 and aims to expand to Rs. 27 Bn by 2027. Corresponding net earnings are projected to grow, supported by strategic lending, prudent risk management, and efficient operations.

Branch Network

Location	District	Province	Address	Contact Person	Telephone	Fax	Type of Operation
Anuradhapura	Anuradhapura	North Central	AMW Capital Leasing and Finance PLC No. 521/40, 4th Cross Road, New Town, Anuradhapura	Mr.Suranga Kulathunga	025-2227020-21-22-23	025-2227024	Branch
Awissawella	Colombo	Western	AMW Capital Leasing and Finance PLC No. 21, New Ratnapura Road, Awissawella	Mr. Krishan Hettiarachchi	036-2231110-13-14-15	036-2231116	Branch
Badulla	Badulla	Uva	AMW Capital Leasing and Finance PLC No. 16A, Railway Station Road, Badulla	Mr. Tharanga Wedaarachchi	055-2231993/94-95-96	055-2231997	Branch
Borella	Colombo	Western	AMW Capital Leasing and Finance PLC No. 445, Bauddhaloka Mawatha, Colombo 08	Mr. Nalin Mendis	011-7609608	011-2671272	Branch
Dambulla	Dambulla	Central	AMW Capital Leasing and Finance PLC No:22, 1st Floor, Kurunegala Junction, Dambulla	Mr.Thusitha Yalage	066-2285760-61-63	066-2285364	Branch
Galle	Galle	Southern	AMW Capital Leasing and Finance PLC No. 287 A, Suzuki Maruti Showroom, Wackwella Road, Galle	Mr. Sajeew Tharanga	091-2231265	091-2231267	Branch
Gampaha	Gampaha	Western	AMW Capital Leasing and Finance PLC No. 163/A, Ja-Ela Road, Gampaha	Mr. Prasanna Nissanka	033-7609608-640-41-42-43	011-2829524	Branch
Kaduwela	Colombo	Western	AMW Capital Leasing and Finance PLC No. 156/2, Old Awissawella Road, Hewagama, Kaduwela	Mr. Angelo Perera	011-2538623-631-792	011-2538795	Branch
Kalutara	Kalutara	Western	AMW Capital Leasing and Finance PLC No. 380D, Galle Road, Kalutara North	Mr. Isuru Manathunga	034-2228609-10-11-12	034-2237411	Branch
Kandy	Kandy	Central	AMW Capital Leasing and Finance PLC No. 400, Katugastota Road, Kandy	Mr. Nuwan Bandara	081-7609608-44	081-2212952	Branch
Kegalle	Kegalle	Sabaragamuwa	AMW Capital Leasing and Finance PLC No. 509, Colombo Road, Ranwala, Kegalle	Mr.Sanath Bandara	035-2232903	035-2232893	Branch
Kiribathgoda	Colombo	Western	AMW Capital Leasing and Finance PLC No. 101, Kandy Road, Kiribathgoda	Mr. L.A.A.Nipuna Weerasiri	011-2908916-17-18	011-2908914	Branch
Kuliypitiya	Kurunegala	North Western	AMW Capital Leasing and Finance PLC No:463/A, Madampe Road, Kuliypitiya	Mr. Niranjana Wijayasiri	037-7609653-56	037-7609658	Branch
Kurunegala	Kurunegala	North Western	AMW Capital Leasing and Finance PLC No. 255, Colombo Road, Wanduragala, Kurunegala	Mr. Geethika Rathnayake	037-7609608	037-2229867	Branch
Matara	Matara	Southern	AMW Capital Leasing and Finance PLC No. 215E, Galle Road, Pamburana, Matara	Mr. P.E.H. Battage	041-7609608	041-2235544	Branch
Mount Lavinia	Colombo	Western	AMW Capital Leasing and Finance PLC No. 231, Galle Road, Mount Lavinia	Mr. Pathum De Zoysa	011-2737425	011-2737632	Branch
Negombo	Gampaha	Western	AMW Capital Leasing and Finance PLC No. 262, Chilaw Road, Periyamulla, Negombo	Mr. Indika Jayamanne	031-2221775	031-2225552	Branch
Nugegoda	Colombo	Western	AMW Capital Leasing and Finance PLC No. 330, Gansaba Junction, High Level Road, Nugegoda.	Mr. Mehilan Jayawardhane	011-2829525-26	011-2829521	Branch
Panadura	Kalutara	Western	AMW Capital Leasing and Finance PLC No.201/A, Galle Road, Panadura	Mr. Randika Mendis	038-2230565	038-2230747	Branch
Ratnapura	Ratnapura	Sabaragamuwa	AMW Capital Leasing and Finance PLC No. 448, Colombo Road, Weralupa, Ratnapura	Mr. Prabath Widanapathirana	045-2121182-83	045-2226940	Branch
Union Place	Colombo	Western	AMW Capital Leasing and Finance PLC No. 185, Union Place, Colombo 2	Mr. Nadun Mudalige	011-2307739	011-2307749	Branch
Wattala	Colombo	Western	AMW Capital Leasing and Finance PLC No. 114, Negombo Road, Wattala	Mr. Indrajith Perera	011-2948736	011-2948705	Branch

Branch Network



Risk Management

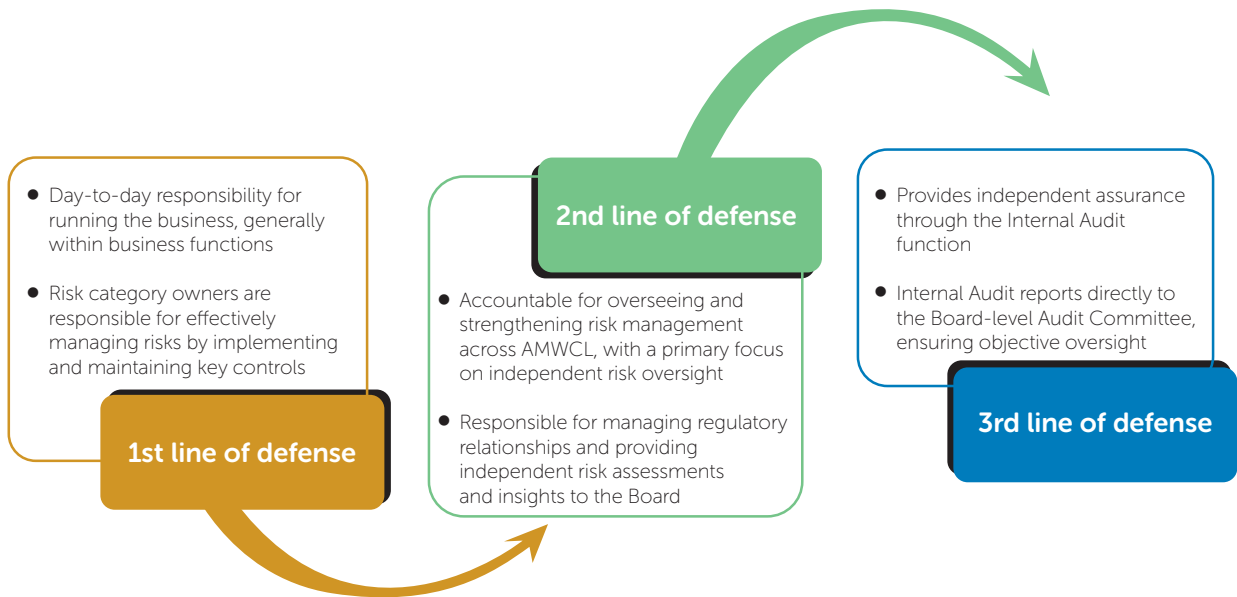
OVERVIEW

AMW Capital Leasing and Finance (AMWCL) firmly believes that a robust risk management framework is essential to support the Company’s sustainable growth strategy, ensuring long-term prosperity while effectively managing risk across its products, services, and transactions.

In 2024, Sri Lanka’s economy showed strong signs of recovery after the severe economic and political challenges of previous years. Key macroeconomic indicators improved, driven by disciplined fiscal and monetary policies, with significant support from the IMF program. Following the Extended Fund Facility (EFF) agreement with the IMF, the government introduced several economic reforms and fiscal consolidation measures.

By December 2024, Sri Lanka successfully completed debt restructuring agreements with domestic bondholders, International Sovereign Bond (ISB) holders, and creditor nations, including India, France, Japan, and China. Later in the year, Sri Lanka held both presidential and parliamentary elections. Despite a change in government, most economic reforms continued as planned, ensuring policy stability and the continued implementation of key fiscal and structural measures.

With the lifting of vehicle import restrictions, we anticipate growth opportunities for our business. Despite this promising outlook, we remain focused on the proactive management of key risk categories, including credit risk, liquidity risk, market risk, operational risk, compliance risk, and strategic risk. The established set of limits outlines the Company’s risk appetite across all material risk categories and its risk capital position. AMWCL’s evolving risk management function covers the identification, analysis, evaluation, treatment, monitoring, and review of risks in these areas. This ensures that AMWCL’s risk exposure remains within the limits defined by the Board of Directors (BoD) and that risk-taking decisions align with the Company’s corporate strategy and objectives.



The AMWCL’s approach to risk management is based on a three lines of defense approach which seeks to differentiate between direct responsibility for the management and control of risk, responsibility to oversee the effectiveness and integrity of the integrated risk management framework and to provide an independent assurance across the first and second lines.

INTEGRATED RISK MANAGEMENT FRAMEWORK

An organization-wide risk management framework facilitates oversight and accountability for risks at all levels and across all risk types within the organization. Key elements of the Integrated Risk Management Framework include:

- Risk Governance and Management Structure
- Risk Appetite Statements (RAS)
- Risk Management Methodology
- A culture of Risk Awareness

The integrated risk management process at AMWCL encompasses interrelated elements, including risk management, governance, internal controls, risk appetite, management tools, and a risk-based culture. These elements are interconnected, emphasizing the importance of fostering an integrated risk management culture throughout the organization.

Risk management is central to AMWCL’s strategic management process. It involves systematically addressing the risks associated with the Company’s activities. A successful risk management framework is proportionate to the organization’s risk level, aligned with

Risk Management

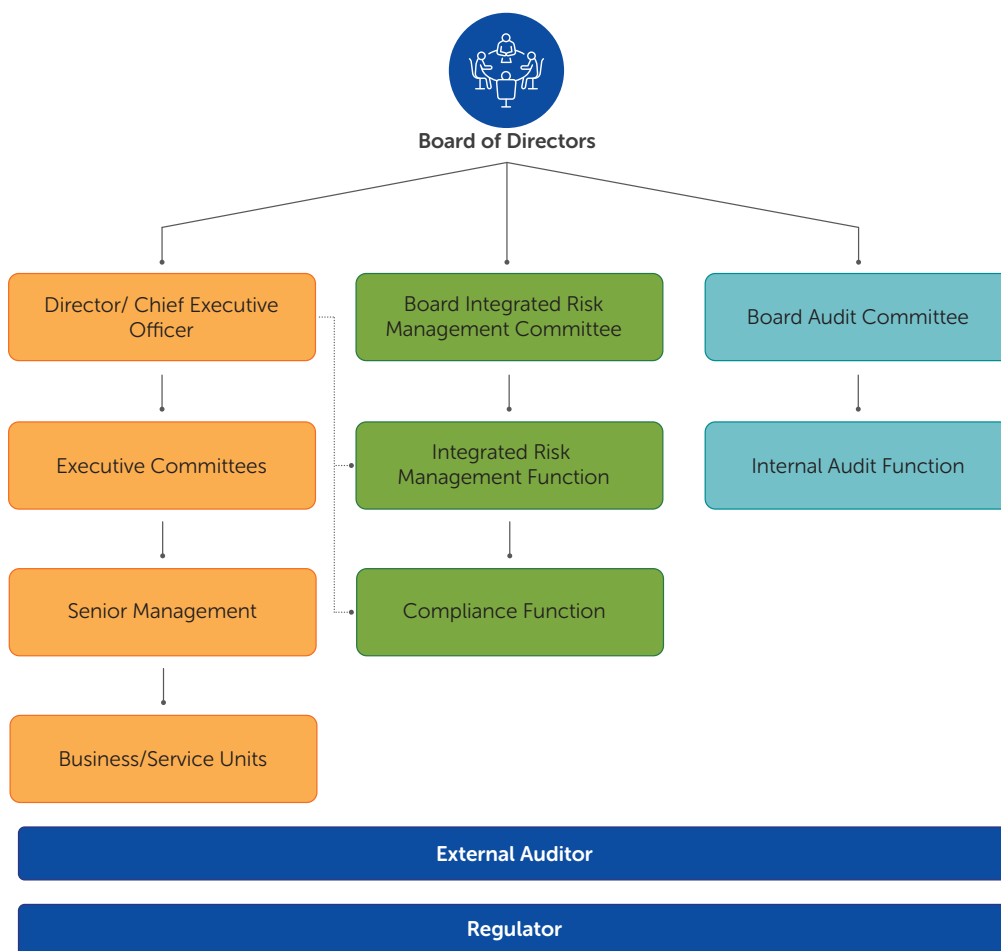
corporate objectives, comprehensive in scope, embedded in routine activities, and dynamic, adapting to changing circumstances. AMWCL's risk management focus is on assessing significant risks and implementing appropriate responses, aiming to maximize sustainable value from all organizational activities. It enhances the probability of success while minimizing both failure and uncertainty in achieving the Company's objectives.

Risk Governance and Management Structure

AMWCL's risk management structure consists of three segments: business operations, integrated risk management, and audit/compliance. These three lines of defense operate under the guidelines issued by the Board of Directors to protect the Company against unacceptable risk exposures. Key elements of this structure include oversight from the Board and senior management, policies and procedures for risk management, risk measurement, monitoring of controls, and independent audits by the third line of defense.

AMWCL has defined risk management policies and procedures for credit, market, and operational risks. These policies and systems are reviewed periodically to ensure compliance. The Company's organizational structure clearly defines roles and responsibilities related to risk-taking and risk management activities. Efforts are ongoing to internalize risk management concepts within the Company through capacity building and regular reviews.

The Company's risk management process acknowledges and incorporates risk interactions across all business activities as appropriate. To address risk interdependencies across the organization, the integrated risk management function is structured as follows.



The Board of Directors holds ultimate responsibility for overseeing the Company's risk management. It determines the risk appetite and regularly reviews the governance structure, policy framework, risk management process, and other aspects essential to effective risk management.

To support this oversight, the Board has appointed the Integrated Risk Management Committee (IRMC) to assist in overseeing the Company's risk management framework, including key policies and practices for managing credit, market, operational, and other significant risks.

The Board Audit Committee ensures that operational controls are in place and that business activities align with relevant policies, procedures, and guidelines. It also conducts credit audits in accordance with prevailing operational controls.

Additionally, the Board has delegated the oversight of major risk categories to specific committees, as outlined in Table 1.

Management Committee	Description
Credit Policy Committee (CPC)	The CPC is a management committee authorized to approve credit facilities within the delegated parameters set by the Board of Directors (BoD), subject to specific terms and conditions. Additionally, the committee recommends policies and procedures that require BoD attention. It comprises corporate management personnel and is chaired by the GM of Credit and Operations, who oversees the Company's overall credit risk management process.
Assets and Liabilities Management Committee (ALCO)	The ALCO is a management committee that serves as the top advisory unit to the Board. It is responsible for managing market risk, liquidity risk, and balance sheet structures, including capital. The committee comprises corporate management personnel, is led by the CEO, and also makes decisions on future business strategies.
Operational Risk Management Committee (ORMC)	The ORMC is responsible for assessing operational risks across AMWCL, including risks related to people, systems, internal controls, fraud, and external factors at the branch, regional, and service division levels.
IT Steering Committee (ITSC)	The ITSC ensures that AMWCL's IT strategy aligns with the Company's growth objectives and business requirements. It is primarily responsible for overseeing IT and IT security risk management. Chaired by the CEO, the committee comprises corporate management personnel.
Impairment Committee (IMP)	The IMP is responsible for ensuring the Company's compliance with provisioning requirements set by regulators and accounting standards. It is chaired by the CEO.

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Risk Appetite Statement

The Risk Appetite Statement (RAS) defines AMW Capital Leasing & Finance PLC's (AMWCL) willingness to accept risk in pursuit of its strategic objectives. It establishes the boundaries within which the organization operates in terms of risk-taking activities, providing guidance to management and stakeholders on the level of risk the Company is prepared to tolerate and the types of risks it seeks to pursue or avoid.

The RAS is mandated under the Finance Business Direction Act No. 05 of 2021 on Corporate Governance (Section 1.4: Risk Appetite, Risk Management, and Internal Controls), which requires:

- a) Establishing and reviewing the Risk Appetite Statement (RAS) in alignment with the financial institution's (FC's) business strategy and governance framework.
- b) Ensuring the implementation of appropriate systems and controls to identify, mitigate, and manage risks prudently.

AMWCL considers the RAS a critical tool for guiding risk management practices, ensuring alignment with strategic objectives while maintaining compliance with regulatory directives, including those set by the Central Bank of Sri Lanka (CBSL).

As a foundational document, the RAS articulates AMWCL's overarching principles on risk management. Its primary objectives are to establish clear risk-taking guidelines, enhance risk awareness across the organization, and provide directions to staff on acceptable and unacceptable risk-related conduct.

The RAS is embedded into the Company's operations through its policies, procedures, monitoring metrics, limit frameworks, and internal controls. It is deeply integrated into the Company's core processes, thereby influencing its operations comprehensively. Beyond qualitative statements, the RAS is supplemented by a comprehensive set of Key Risk Indicators (KRIs) with corresponding monitoring thresholds. These indicators are essential in assessing whether the Company is operating within its defined risk appetite.

Risk Management Methodology



The risk management methodology enables the identification, measurement, evaluation, monitoring, and management of risks. It employs various tools, including policies, limits, and stress testing. The risk management function is responsible for risk assessment, monitoring, and reporting to support informed decision-making and effective risk control. Regular and ad-hoc reports are submitted to management committees and the Board to support strategic decision-making.

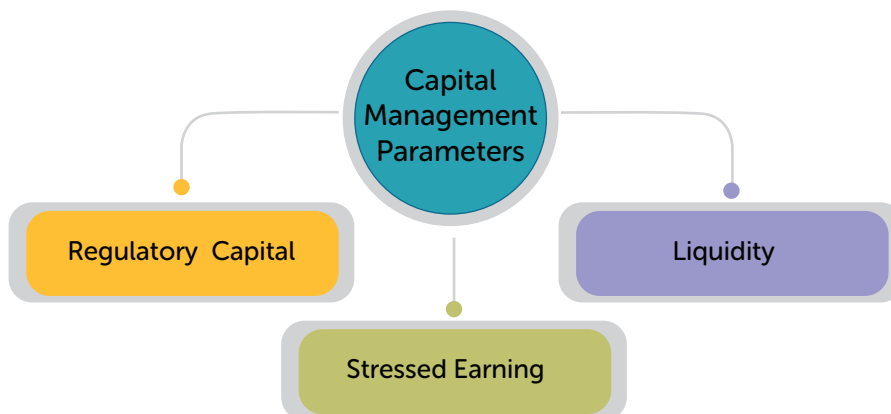
Reports containing aggregate risk measures across products and portfolios are compared against policy limits, providing a clear picture of the amounts, types and sensitivities of the risks identified.

The Company's Integrated Risk Management Framework is formulated based on Basel II, Basel III, and CBSL regulatory guidelines which clearly defines the objectives, processes, and roles in risk management.

Stress testing is conducted at both individual risk and entity levels to assess the potential impact of market fluctuations and other risk factors on earnings, capital, and liquidity. These insights inform decisions on credit risk appetite, market risk limits, and capital and funding requirements.

As of 31.12.2024, the Tier I capital ratio stands at 39.98%, while the total capital ratio is 40.20%. Both figures remain well above the industry average, demonstrating a strong capacity for risk absorption.

Capital Management Parameters are shown in the following diagrams.



A culture of Risk Awareness

Senior management ensures that the policies outlined in the Integrated Risk Management Framework are effectively communicated across all levels and embedded in the organization’s culture.

Risk tolerances for quantifiable risks are conveyed through limits or sub-limits to those responsible for risk-taking, while qualitative risk measures are communicated as guidelines and inferred from management decisions.

Business line managers are responsible for ensuring that risk-taking remains within the limits set by the Board of Directors (BOD). Any material exception to risk management policies or tolerances must be reported to senior management / the BOD, prompting corrective actions where necessary. These exceptions also serve as inputs for evaluating the effectiveness of risk management systems and procedures.

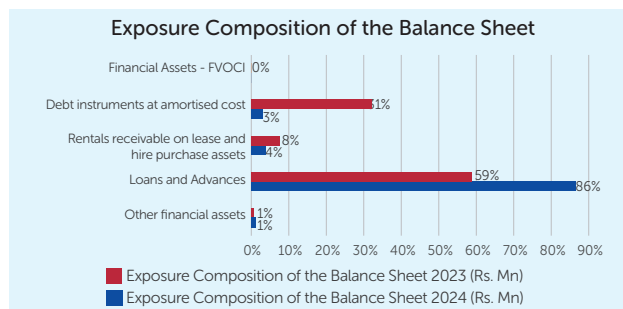
The Company aims to foster a culture of risk awareness, ensuring that employees understand the risks they take or manage and make informed decisions within the framework of the Integrated Risk Management Framework.

Credit Risk

Credit risk refers to the potential failure of AMWCL’s borrowers or counterparties to meet their contractual obligations. This risk encompasses default risk, exposure risk, concentration risk, and collateral risk. The Board defines risk appetite measures and Key Risk Indicators (KRIs) to manage credit risk effectively.

In 2024, loan advances as a percentage of total assets rebounded to 85%, up from 55% in 2023, which had been impacted by the loan disbursement freeze. This shift reflects the reallocation of funds back into lending, as evidenced by the decline in debt instrument holdings.

Additionally, total exposure to earning assets contracted by 5.0%, indicating a recovery compared to the 21.6% decline recorded in the previous year.



AMWCL Exposure to Credit Risk from Earning Assets			
	2024 (Rs. Mn)	2023 (Rs. Mn)	% change
Other financial assets	65.3	57.5	13.7%
Loans and Advances	5,918.4	4,043.3	46.4%
Rentals receivable on lease and hire purchase assets	248.9	573.0	-56.6%
Debt instruments at amortized cost	214.0	2,115.2	-89.9%
Financial Assets - FVOCI	2.4	2.2	7.9%
Total Exposure to earning assets	6,449.0	6,791.2	-5.0%

Counterparty Default Risk

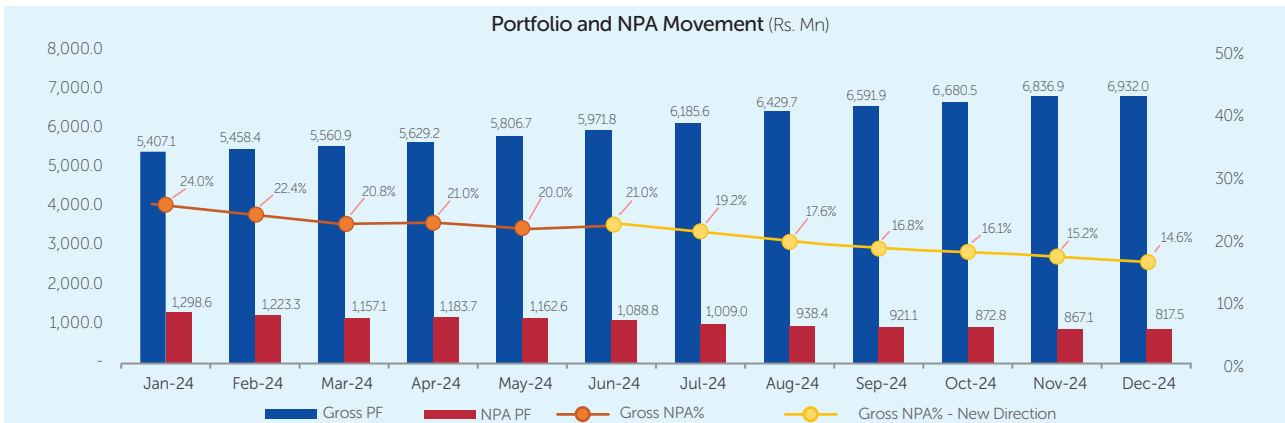
The most significant credit risk faced by AMWCL is the potential default by counterparties on their payment obligations, which could adversely affect the Company’s financial stability.

AMWCL’s total Non-Performing Assets (NPA) declined significantly to Rs. 0.82 billion in 2024, from Rs. 1.32 billion in 2023, reflecting stronger recoveries and an improvement in overall credit quality, despite portfolio growth.

The NPA ratio also improved, decreasing to 14.6% in 2024 from 24.5% in 2023. This reduction is particularly noteworthy as

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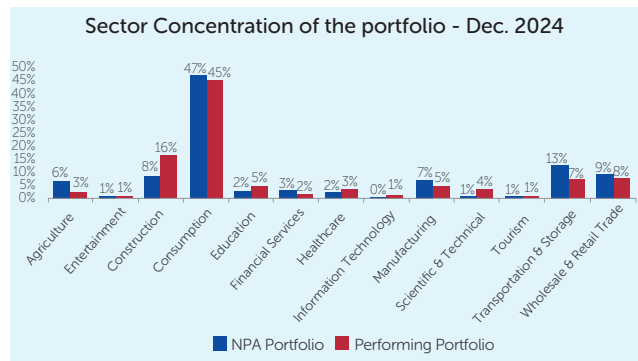
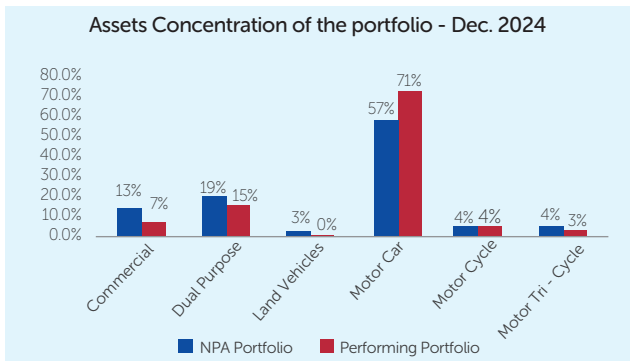
AMWCL voluntarily adopted a more stringent NPA classification methodology - mandated by the Central Bank of Sri Lanka (CBSL) under Finance Business Act Direction No. 01 of 2020 - from June 2024, ahead of the official implementation timeline of January 2025. The early adoption of this stricter regulatory standard underscores the Company's proactive stance on risk transparency and regulatory compliance.



Concentration Risk

These risks arise from the uneven distribution of exposure or adverse developments related to a specific borrower, industry, product, sector, or geography.

The Company utilizes appetite limits to measure and monitor these sub-risk categories. These limits are periodically reviewed and reported to the Board, along with recommendations to mitigate potential adverse impacts.



The Herfindahl-Hirschman Index (HHI) is a common measure of market concentration risk. An HHI value of less than 1,500 is considered to indicate low concentration, an HHI between 1,500 and 2,500 indicates moderate concentration, and an HHI of 2,500 or greater indicates high concentration.

AMWCL's asset class concentration shows an HHI of 5,107 in 2024 (down from 5,508 in 2023), indicating a high level of concentration. This is primarily driven by the dominant presence of Motor Cars and Dual-Purpose Vehicles, which together make up 86% of the performing portfolio and 76% of the Non-Performing Assets (NPA).

However, the Motor Car asset class demonstrates strong portfolio quality, comprising 71% of the performing portfolio while accounting for a lower NPA share of 57%, compared to other asset classes. In contrast, all other asset categories exhibit a higher NPA share relative to their performing portfolio share.

The HHI for sector concentration stands at 2,500, which is considered marginally moderate. Notably, this represents an improvement from 3,209 in 2023.



Credit Risk Management

The Risk Management function at AMWCL focuses on establishing acceptable credit standards for borrowers and counterparties, ensuring sound portfolio risk management, and continuously monitoring economic trends that may impact the credit standing of the Company’s counterparties.

AMWCL has developed a robust credit policy and comprehensive credit manual that outlines the principles for client selection, due diligence, risk tolerance, review and recovery procedures, and portfolio monitoring and management. These documents are aligned with the Board-approved risk appetite and serve as frameworks to effectively identify, measure, monitor, and control credit risk.

Both the credit policy and manual are subject to regular review and approval by the Board of Directors, ensuring they remain in line with AMWCL’s risk appetite and business strategy. Accountability for credit risk management is distributed across all business units, with a focus on addressing emerging trends and risks at various levels. Authority levels for credit approvals are clearly delegated within the process.

Additionally, AMWCL’s credit risk management approach adheres to industry standards, incorporating stringent processes from loan origination to approval. The strength of our credit portfolio is supported by both pre- and post-credit review processes, reinforcing our overall risk management framework.

Market Risk

Market risk, within the context of AMWCL, pertains to the potential adverse impact on the value on balance sheet positions due to fluctuations in market rates or prices. Primarily, this encompasses interest rate and liquidity risk, with particular emphasis on the volatility of financial markets, including the vehicle finance sector.

The Asset and Liability Management Committee (ALCO) assumes responsibility for overseeing and managing market risk, as well as the liquidity risk management function within AMWCL. ALCO diligently monitors the composition of the Company’s assets and liabilities, determining product pricing for deposits and advances. Moreover, the committee is tasked with establishing the required maturity profile and mix of incremental assets and liabilities.

Among its key functions, ALCO articulates interest rate movements, shapes future business strategies, and evaluates funding policies. AMWCL has implemented a Board-approved Assets and Liability Management Policy, along with a contingency funding plan, to address potential liquidity challenges effectively.

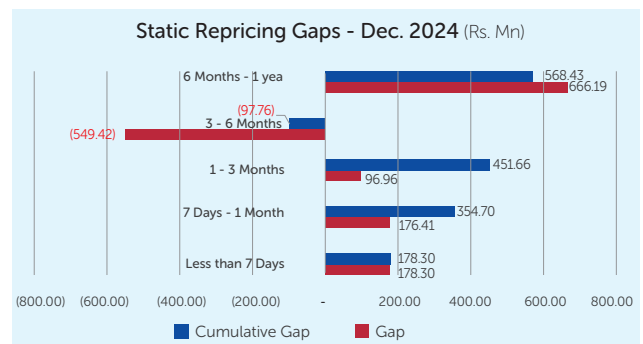
Interest Rate Risk

Interest rate risk arises when there is a mismatch between positions subject to interest rate adjustments within a specified period. AMWCL’s lending, funding, and investment activities expose the Company to interest rate risk. Fluctuations in interest rates directly impact the Company’s Net Interest Margin (NIM), thereby affecting its profitability. Interest rates also influence the funding strategy, term structure, and the mismatch between rate-sensitive assets and liabilities.

The primary source of market risk for AMWCL stems from funding through bank borrowings and deposits mobilization. Interest rate risk is managed through interest rate gaps, which measure the sensitivity of NIM to shifts in the yield curve. When there is a mismatch risk, the Company may keep interest rate gaps open to capitalize on favorable interest rate movements. AMWCL strives to minimize NIM volatility by carefully considering market tenure premiums and the pricing of its lending products.

Interest Rate Risk Management

More generally, the ALCO manages the potential impact of market interest rate fluctuations and changes in the yield curve to mitigate any adverse effects on net interest income.



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Static Repricing Gaps (Rs. '000)

As of 31 December 2024	Less than 7 Days	7- 30 days	1 - 3 months	3 - 6 months	6 - 12 months
	Rs.	Rs.	Rs.	Rs.	Rs.
Rate-sensitive assets					
Rentals receivable on lease, hire Purchase and auto loan assets	1,693	243,540	399,743	510,499	866,318
Equity Instruments at Fair Value Through Other Comprehensive Income	-	-	-	-	-
Debt instruments at amortized cost	213,969	-	-	-	-
Total rate-sensitive assets	215,662	243,540	399,743	510,499	866,318
Rate-sensitive liabilities					
Bank overdraft	20,207	-	-	-	-
Time deposits	17,159	58,138	161,604	1,035,543	153,941
Amounts due to related parties	-	-	-	-	-
Interest bearing borrowings	-	7,182	137,500	18,750	37,500
Lease liabilities	-	1,814	3,682	5,629	8,683
Total rate-sensitive liabilities	37,365	67,133	302,786	1,059,922	200,124
Gap	178,297	176,407	96,957	(549,423)	666,194
Cumulative Gap	178,297	354,703	451,661	(97,762)	568,432

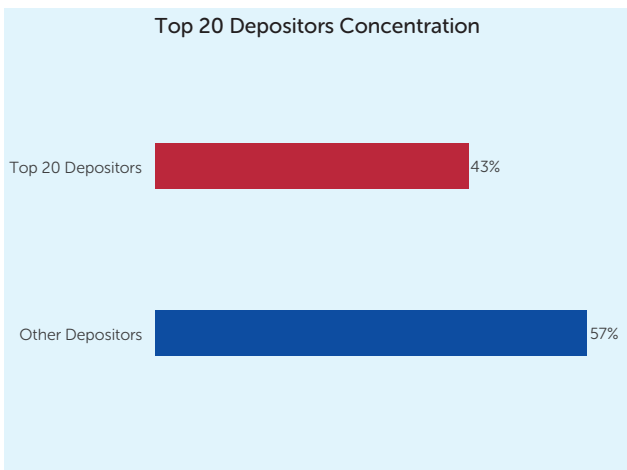
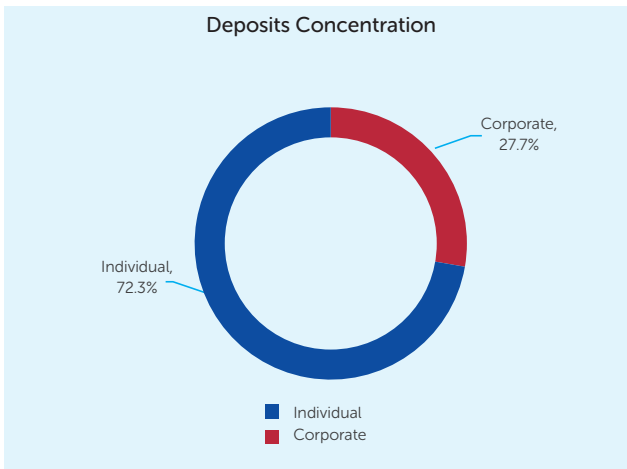
Repricing Gap impact on Maturity Mismatch of the Assets and Liabilities

	Market Rate Declining Scenario 2024		Market Rate Declining Scenario 2023	
	100 bps	200 bps	100 bps	200 bps
Net Interest Margin impact (Annual)	(5,684)	(11,369)	(18,218)	(36,436)

Liquidity Risk

Liquidity risk refers to the potential loss an institution may face due to its inability to meet obligations or fund asset growth as they become due, without incurring unacceptable costs or losses. This risk cannot be considered in isolation, as it is often triggered by other financial risks, such as credit and market risks.

Liquidity management is crucial for AMWCL, given the nature of its asset and liability profile. AMWCL monitors liquidity through key ratios that assess the composition of assets and liabilities, the diversification and stability of liabilities, and focuses on improving the quality of its credit portfolio. With an expanded branch network, access to retail deposits has increased, reducing reliance on wholesale deposits.



Liquidity Risk Management

- ❖ AMWCL monitors several liquidity ratios, which are regularly reviewed and discussed at both ALCO and the Board Integrated Risk Management Committee.
- ❖ Stress Testing and Scenario Analysis.
 - Stress Testing has become a key component of AMWCL's risk management system, helping to assess its vulnerability to unlikely but plausible events or movements in financial variables. The vulnerability is typically measured in terms of the Company's profitability, liquidity, and capital adequacy.
 - Stress scenarios at AMWCL are designed to assess the Company's vulnerability to various unforeseen financial stress situations. These scenarios are categorized as Minor, Moderate, and Major, focusing on Credit and Market risks, as well as the Company's earnings and capital adequacy.

- Quarterly Reports are submitted to the BIRMC and Board of Directors (BoD), highlighting precautionary improvements along with management and strategic actions to mitigate the risks of unforeseeable events. In general, the ALCO manages the potential impact of market rate volatility and yield curve changes to minimize any negative effects on net interest income.
- Additionally, AMWCL has a Liquidity Contingency Funding Plan in place to address potential liquidity crises. Stress testing is regularly conducted on the asset and liability profile to assess the adequacy of the contingency funding.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. It is linked to human error, system failures, and insufficient procedures and controls.

Operational Risk Management

AMWCL mitigates operational risk by enhancing policies, upgrading technology infrastructure, and streamlining procedures and controls. The Company has a comprehensive operational risk management framework that encompasses risk identification, assessment, control implementation, monitoring, and reporting.

The Company is committed to continuous systems development and improvement, which includes enhancing controls through IT systems, preventive maintenance, employee skill development, timely introduction of procedures and policies, and the use of risk transfer measures. Regular reviews of operations and activities are conducted.

Employees are trained on the correct operational procedures relevant to their roles, emphasizing the importance of compliance with these procedures. Operational risk events are reported to the risk management department by designated officers in each functional unit. Information from audit findings, reconciliation processes, branch visits, and sample-based reviews conducted by the operational risk management function also contributes to the risk identification process. Both internal and external auditors monitor compliance with Company policies.

To strengthen internal controls and enhance decision-making, the Company is investing in upgrading its information and management systems. AMWCL is also focused on expanding its market presence through alternative delivery channels, making necessary investments in people, structure, and systems to maintain a competitive advantage.

As part of its operational risk mitigation strategy, AMWCL continuously executes its Business Continuity Plan (BCP) to ensure rapid recovery from unexpected disasters with minimal loss. The Company regularly reviews its BCP, establishes the Terms of Reference (TOR) for the Operational Risk Management Committee (ORMC), conducts annual BCP

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testing, organizes fire drills at the head office with the assistance of a fire consultant, and conducts awareness programs for head office and branch staff.

Strategic Risk Management

Strategic risk refers to the potential impact on earnings or capital arising from poor business decisions, improper execution of decisions, or failure to adapt to industry changes.

The Board of Directors, along with the Chief Executive Officer and corporate management, develops the strategic plan, which is communicated throughout the organization for proper implementation. All strategic decisions made by the Board and corporate management take into account regulatory requirements, applicable laws and regulations, corporate governance standards, ethics, and industry best practices to enhance decision-making and mitigate associated risks.

Legal Risk and Compliance Risk Management

Legal risk arises from unenforceable transactions or the failure to successfully defend legal actions against the Company. AMWCL's legal department takes proactive measures to mitigate such risks and responds promptly to address any issues. If necessary, the Company seeks external legal advice to manage and reduce legal risks effectively.

Compliance risk refers to potential losses the Company may incur due to non-compliance with applicable laws, regulations, codes of conduct, and best practices. Compliance function collaborates closely with business and operational units to ensure consistent adherence to compliance requirements. For more details on the Company's Compliance Risk Management activities in 2024, please refer to the Corporate Governance section of the Annual Report.

Corporate Governance

Corporate Governance refers to the framework of rules, practices, and processes through which the Board of Directors ensures accountability, fairness, and transparency in the Company's interactions with its stakeholders, be it investors, customers, regulators, group companies, or the public.

AMW Capital Leasing and Finance PLC (AMWCL) is dedicated to upholding the highest standards of corporate governance, recognizing its fundamental role in driving sustainable success and delivering long-term value to our stakeholders.

We follow the regulatory requirements of the Central Bank of Sri Lanka (CBSL) which are fully applicable from 2024 onwards, and the Listing Rules of the Colombo Stock Exchange (CSE) which were comprehensively updated in 2024 to a full separate section on Corporate Governance. We also follow the Company Articles of Association, and the Companies Act No. 7 of 2007 to ensure good governance.

The tabulation below details the extent to which the Company strives to ensure good corporate governance, considering each regulatory aspect of the CBSL and CSE requirements.

Finance Companies (Corporate Governance) Direction No. 5 of 2021 for Licensed Finance Companies in Sri Lanka

Section	Governance Requirement	Extent of Compliance in 2024
1	BOARD'S OVERALL RESPONSIBILITIES	
1(1)	The Board shall assume overall responsibility and accountability for the operations of the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements. The Board shall carry out the functions listed in Direction 1.2 to 1.7 below, but not limited to, in effectively discharging its responsibilities.	Complied. Please refer sections 1.2 to 1.7 below.
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 Strategic Plan is created for three years and updated annually.
	b) Approving and implementing FC's governance framework commensurate with the FC's size, complexity, business strategy and regulatory requirements.	Complied. The Corporate Governance Framework document is approved by the BOD, it was last updated on 20 December 2024.
	c) Assessing the effectiveness of its governance framework periodically.	Complied. The effectiveness of the governance framework is continuously monitored by the Board. Annually it is reviewed in granular detail through the preparation, review, and approval of the CG section of the annual report.
	d) Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities	Complied. Two separate persons function as the Chairperson and the Chief Executive Officer. Their roles and responsibilities have been defined separately.
1(3)	Corporate Culture and Values	
	a) Ensuring that there is a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.	Complied. The Board of Directors plays a vital role in setting the right tone at the top, collectively driving toward achieving the right professional and ethical conduct aligned with the corporate values.

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Section	Governance Requirement	Extent of Compliance in 2024
	<p>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.</p> <p>c) Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.</p> <p>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 regulators</p>	<p>Complied. The Board of Directors always provide leadership and guidance to establish the right culture and values through the Company. The Code of Conduct was last approved by the Board on 25 November 2019, and it contains sections on Conflict-of-Interest resolution.</p> <p>Complied. The Environmental, Social, and Governance policy was approved by the Board on 2 December 2024. ESG considerations are incorporated into the business strategy.</p> <p>Complied. The Board-approved the Communication Policy on 22 September 2023. This policy satisfies the requirement of this Direction.</p>
1(4)	Risk Appetite, Risk Management and Internal Controls	
	<p>a) Establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework.</p> <p>b) Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.</p> <p>c) Adopting and reviewing the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically.</p> <p>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.</p>	<p>Complied. The Board approved the RAS in March 2024. This is reviewed annually.</p> <p>Complied. Implementation of the Risk Policy is being monitored by the Board Integrated Risk Management Committee (BIRMC) and the Board through a well-structured Risk Reporting mechanism. The Board addresses concerning issues on a continuous basis.</p> <p>Complied. The Board of Directors assess the adequacy and the effectiveness of the Company's internal controls over financial reporting (refer page 84) which encompasses the review of all internal controls and management information systems as well.</p> <p>Complied. The Board approved the Business Continuity Management Policy on 20 May 2022. Periodic Disaster Recovery tests are carried out</p>
1(5)	Board Commitment and Competency	
	<p>a) All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the FC</p> <p>b) All members of the Board shall possess necessary qualifications, adequate skills, knowledge, and experience</p>	<p>Complied. All Directors allocate sufficient time for preparation and participation for Board and Subcommittee meetings.</p> <p>Complied. Directors possess qualifications, and experience with credible track records and have necessary skills to bring an appropriate counsel on matters of the Company. Brief profiles of the Directors are given on pages 09 to 12 of this Annual Report.</p>

Section	Governance Requirement	Extent of Compliance in 2024
	<p>c) The Board shall regularly review and agree the training and development needs of all the members.</p> <p>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.</p> <p>e) The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the FC.</p>	<p>Partially Complied The Board Charter covers training and development of members. Further, the Directors undertake training in their personal capacity, attend forums organized by the Central Bank of Sri Lanka and other institutions.</p> <p>Complied. Self-assessments are carried out annually on individual basis, sub-committee basis, and Board as a whole; records are maintained by the Company Secretary.</p> <p>Complied. The Board Charter includes a provision to enable the Directors to seek independent professional advice at the Company's expense.</p>
1(6)	Oversight of Senior Management	
	<p>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.</p> <p>b) Defining the areas of authority and key responsibilities for the senior management.</p> <p>c) Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives.</p> <p>d) Ensuring there is an appropriate oversight of the affairs of the FC by senior management.</p> <p>e) Ensuring the FC has an appropriate succession plan for senior management.</p> <p>f) Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.</p>	<p>Complied. The Board has clearly defined Senior Management hierarchy.</p> <p>Complied. Areas of authority and key responsibilities of the Senior Management are included in the respective job descriptions and Delegation of Authority.</p> <p>Complied. Senior management possess the required skills, qualifications, knowledge and experience to execute Board directions and achieve strategic objectives. Brief profiles of the senior management is given on pages 14 to 17.</p> <p>Complied. Senior Management personnel make regular presentations to the Board on matters under their purview and are also called in by the Board to explain matters relating to their areas. Senior Management responsible for internal controls and compliance attend every BIRMC meeting. Internal Audit and Accounting functions are overseen by the Board Audit Committee (BAC). Board exercise oversight of the affairs of the Company by the Senior Management through the minutes of the meetings of the BIRMC and BAC tabled at Board meetings.</p> <p>Complied. The Succession Plan for BOD and KRPs was approved by the Board on 24 October 2024.</p> <p>Complied. The Board meets the Senior Management at the Board and Board Sub-Committee meetings on a regular basis.</p>

Corporate Governance

Section	Governance Requirement	Extent of Compliance in 2024
1(7)	Adherence to the Existing Legal Framework	
	<p>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.</p> <p>b) Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.</p> <p>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.</p>	<p>Complied. The Board of Directors always take due care to protect the interests and rights of all the stakeholders.</p> <p>Complied. Compliance with statutory regulations and ethical standards is regularly monitored by the Board. The Head of Compliance submits a quarterly compliance report which covers the compliance status of all the applicable laws, rules, regulations, directions, and any other applicable guidelines.</p> <p>Complied. The Board is aware of their liabilities and executes their duties with prudence and integrity.</p>
2	GOVERNANCE FRAMEWORK	
2(1)	<p>Board shall develop and implement a governance framework in line with these directions and including but not limited to the following.</p> <p>a) role and responsibilities of the Board</p> <p>b) matters assigned for the Board.</p> <p>c) delegation of authority.</p> <p>d) composition of the Board.</p> <p>e) the Board's independence.</p> <p>f) the nomination, election and appointment of directors and appointment of senior management.</p> <p>g) the management of conflicts of interests</p> <p>h) access to information and obtaining independent advice.</p> <p>i) capacity building of Board members,</p> <p>j) the Board's performance evaluation.</p> <p>k) role and responsibilities of the chairperson and the CEO.</p> <p>l) role of the Company Secretary,</p> <p>m) Board sub committees and their role; and</p> <p>n) limits on related party transactions.</p>	<p>Complied. Governance Framework document consists of all the mentioned points.</p>
3	COMPOSITION OF THE BOARD	
3(1)	The Board 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.	<p>Complied. Board members collectively bring a diverse range of skills, expertise, and industry knowledge to the discussions; ensuring an appropriate balance in most facets.</p>
3(2)	The number of directors on the Board shall not be less than seven (07) and not more than thirteen (13).	<p>Not Complied. There were 5 Directors on the Board as at 31 December 2024. This is due to the resignation of certain Directors during the year, and the difficulty in sourcing, assessing, and onboarding suitable persons as Directors of the Board. As of 31 March 2025 two new Directors have joined the Board, and this requirement has been complied with.</p>

Section	Governance Requirement	Extent of Compliance in 2024
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. No Director has exceeded 9 years of holding office.
3(4)	Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or who is 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 (1/4) of the total number of directors of the Board.	Not Applicable
3(5)	Executive Directors	
	<p>a) Only an employee of a FC shall be nominated, elected and appointed, as an executive director of the FC, provided that the number of executive directors shall not exceed one-third (1/3) of the total number of directors of the Board.</p> <p>b) A shareholder who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3.</p> <p>c) In the event of presence of the executive directors, CEO shall be one of the executive directors and may be designated as the managing director of the FC.</p> <p>d) All Executive directors shall have a functional reporting line in the organization structure of the FC.</p> <p>e) The executive directors are required to report to the Board through CEO.</p> <p>f) Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.</p>	<p>Complied. As at the end of the financial year there was one Executive Director who is the Chief Executive Officer. The number of Executive Directors has not exceeded one-third of the total number of Directors of the Board.</p> <p>Not Applicable. Executive Director does not hold any shares of the Company.</p> <p>Complied. CEO is one of the Executive Directors. CEO is not designated as the Managing Director.</p> <p>Complied. All functional reporting lines converge to CEO.</p> <p>Not Applicable. No other Executive Directors besides the CEO.</p> <p>Complied. CEO does not hold executive directorships or senior management positions in any other entity.</p>
3(6)	Non-Executive Directors	
	<p>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.</p> <p>b) A non-executive director cannot be appointed or function as</p>	<p>Complied. Directors' qualifications and experience are given in pages 09 to 12 of the Annual Report.</p> <p>Complied.</p>

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Section	Governance Requirement	Extent of Compliance in 2024
3(7)	<p>Independent Directors</p> <p>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.</p> <p>b) Independent directors appointed shall be of highest caliber, with professional qualifications, proven track record and sufficient experience.</p> <p>c) A non-executive director shall not be considered independent if such Director does not meet the criteria specified in the Direction.</p> <p>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.</p> <p>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.</p>	<p>Not Complied. As of 31 December 2024, the Board comprised of two (02) Independent Directors. This is due to the Chairperson turning 70 years old on 23rd November 2024 and being reclassified as a Non-Independent Director as per CSE rules.</p> <p>Complied.</p> <p>Complied. Independent Directors meet the CBSL and CSE independence requirements. Please refer pages 09 to 12 of the Annual Report for profiles of the Independent Directors.</p> <p>Complied. The Nominations & Governance Committee determines whether there are any other circumstances that might influence a Director's independence.</p> <p>Complied. Independent Directors are aware of the requirement and will immediately disclose to the Board any circumstances that might affect their independence.</p>
3(8)	<p>Alternate Directors</p> <p>a) Representation through an alternate director is allowed only in the circumstances mentioned in the Direction.</p> <p>b) The existing directors of the FC cannot be appointed as an alternate director to another existing director of the FC.</p> <p>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.</p> <p>d) An alternate director cannot be appointed to represent an executive director.</p> <p>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.</p>	<p>Not Applicable. There were no alternate Directors appointed during the year 2024.</p>
3(9)	<p>Cooling off Periods</p> <p>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.</p> <p>b) A director, who fulfills the criteria to become an independent director, shall only be considered for such appointment after a cooling off period of one year if such director has been previously considered as non-independent under the provisions of this Direction..</p>	<p>Not applicable. No persons who were employed as a CEO or Director, of another FC was considered to be appointed as a Director or CEO of AMWCL during the financial year 2024.</p> <p>Not applicable. No such occurrences during the financial year 2024</p>

Section	Governance Requirement	Extent of Compliance in 2024
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).	Complied. Directors and Senior Management are not directors of other FCs.
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.	Complied. No Director holds office of more than 20 entities.
4	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. All Directors of the Board are approved by the DSNBFI according to the Assessment of Fitness and Propriety Direction. Annual submissions are made.
4(2)	A person over the age of 70 years shall not serve as a director of a FC.	Complied. One Director who is above the age of 70 serves in the Board as per the exceptions allowed in 4.3.
4(3)	Notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2025, is permitted to continue in office as a director, exceeding 70 years of age up to maximum of 75 years of age subject to the following, a) Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction. b) Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a). c) The maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors. d) The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval	Complied. Chairperson reached 70 years of age on 23 November 2024. Company appealed for an extension following the specified requirements of the Direction. DSNBFI granted approval on 22 nd November 2024 for the Chairperson to continue acting as a Director of the Company. Only one Director of the Board is over 70 years of age as at 31 December 2024.
5	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. All appointments, resignations, removals, and changes in designations of KRPs and Directors are informed to the DSNBFI and approval is obtained as per the Assessment of Fitness and Propriety Direction.

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Section	Governance Requirement	Extent of Compliance in 2024
6	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. Responsibilities of the Chairman and the CEO have been defined in writing. Chairman's responsibilities are distinct from those of the CEO. Chairman provides leadership to the Board while the CEO manages the day-to-day operations of the Company giving effect to the strategies and policies approved by the Board.
6(2)	The chairperson shall be an independent director, subject to 6.3 below	Complied. Chairperson is a Non-Independent Non-Executive Director as per the exception under 6.3.
6(3)	In case where the chairperson is not independent, the Board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as the intermediary for other directors and shareholders. Non-executive directors including senior director shall assess the chairperson's performance at least annually.	Complied. Chairperson was declared as Non-Independent due to him reaching 70 years of age. Company obtained approval from the DSNBFI and appointed an Independent Director as the Senior Independent Director.
6(4)	Responsibilities of the Chairperson shall at least include the following: a) Provide leadership to the Board. b) Maintain and ensure a balance of power between executive and non-executive directors. c) Secure effective participation of both executive and non-executive directors. d) Ensure the Board works effectively and discharges its responsibilities. e) Ensure all key issues are discussed by the Board in a timely manner. f) Implement decisions/directions of the regulator. g) Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the Company secretary. 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.	Complied. The Board approved the list of functions and responsibilities of Chairman includes providing leadership to the Board and ensuring the effective discharge of Board functions.
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: a) Implementing business and risk strategies in order to achieve the FC's strategic objectives. b) Establishing a management structure that promotes accountability and transparency throughout the FC's operations and preserves the effectiveness and independence of control functions. c) Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.	Complied. As per the Company's organization structure, the CEO functions as the apex executive-in-charge of the day-to-day management of the Company's operations and business with the support of the members of the corporate management.

Section	Governance Requirement	Extent of Compliance in 2024
	<ul style="list-style-type: none"> d) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator. e) Strengthening the regulatory and supervisory compliance framework. f) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner. g) CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another Company, subject to Direction 3.10. 	
7	MEETINGS OF THE BOARD	
7(1)	The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible	Complied. Twelve (12) meetings were held during the year. Please refer Directors' attendance report at the end of this section on page 80.
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. Any Director can contact the Company Secretary and submit proposals or agenda items for the Board's attention.
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. Pre-set agendas for all meetings ensure the direction and control of the Company is firmly under Board control or authority. The Directors are given adequate time, at least 3 days of notice, for regular Board meetings and for all meetings a time period as set out in the respective TOR given. Any change to the schedule shall be notified to the Directors at least 3 days prior to the date of the meeting.
7(4)	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	Complied.
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. Please refer page 80 of the Annual Report. All meetings of the Board held during the year have been attended by the required number of independent Directors.
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.	Complied.
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. Approved Board Charter includes specific provisions to avoid conflicts of interest. Directors' interests are disclosed to the Board at the beginning of each meeting of the Board of Directors. If a Director has an interest in a particular matter they abstain from voting for that matter and they will not be counted in the quorum.
7(8)	A director who has not attended at least two-thirds (2/3) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors.	Complied. Details of the Directors attendance is set out on page 80 of the Annual Report.

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Section	Governance Requirement	Extent of Compliance in 2024
7(9)	Scheduled Board Meetings and Ad Hoc Board Meetings 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.
8	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 being appointed the Company secretary, such person shall become an employee of FC and shall not become an employee of any other institution.	Complied. A senior management personnel member has been appointed as the Company Secretary from 26 July 2024 onwards. Complied. The Company Secretary possesses the necessary qualifications and experience to be considered for the position.
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. All Directors have access to the advice and services of the Company Secretary.
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 Board Minutes are maintained by the Company Secretary.
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.
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 details mentioned in the Direction.	Complied. Minutes of Board Meetings are recorded in sufficient detail to enable proper assessment to be made of the depth of deliberations at the meeting.
8(7)	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Complied. The Directors have access to the Board papers and minutes.
9	DELEGATION 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. Directions to sub-committees and management are allocated through the TORs for sub-committees and management committees. Board has identified the matters reserved for the Board through the governance framework.
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. All the Board Subcommittees required by the Direction have been established.



Section	Governance Requirement	Extent of Compliance in 2024
9(3)	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	Complied. Senior Management level sub committees have been established, and the matters have been delegated to them by the Board with appropriate delegation of authority.
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 has delegated matters pertaining to the affairs of the Company to the Board Sub Committees and Management Committees within scope of the respective Board approved Terms of Reference, which does not hinder the Board's ability to discharge their 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. Delegation of Authority are allocated through TORs, and the TORs are subject to periodic review and as and when necessary.
10 BOARD SUB-COMMITTEES		
10(1)	<p>a) For the purpose of specifying the requirements for board committees, FCs are divided into two categories based on the asset base as per the latest audited statement of financial position as FCs with asset base of more than Rs. 20 bn and FCs with asset base of less than Rs. 20 bn, subject to transitional provisions stated in direction 19.3.</p> <p>b) Each Board sub-committee shall have a board approved written terms of reference specifying clearly its authority and duties.</p> <p>c) The Board shall present a report on the performance of duties and functions of each Board sub-committee, at the annual general meeting of the FC.</p> <p>d) Each sub-committee shall appoint a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee.</p> <p>e) Each Board sub-committee shall consist of at least three Board members and shall only consist of members of the Board, who have the skills, knowledge and experience relevant to the responsibilities of the committee.</p> <p>f) The Board may consider occasional rotation of members and of the chairperson of Board sub-committees, as to avoid undue concentration of power and promote new perspectives.</p>	<p>Complied. The Company has an asset base of less than Rs. 20bn. The Company has established the following five Board sub committees. 01. Board Audit Committee 02. Board Integrated Risk Management Committee. 03. Related Party Transactions Review Committee 04. Remuneration Committee 05. Nominations and Governance Committee</p> <p>Complied. For each Board Sub Committee written Terms of Reference have been approved by the Board.</p> <p>Complied A Report from each Board Sub Committee has been published in this Annual Report. Please refer pages from 85 to 91.</p> <p>Complied Company Secretary acts as the Secretary of Board Audit Committee, Integrated Board Risk Management Committee, Remuneration Committee, Related Party Transactions Review Committee, and Nominations & Governance Committee.</p> <p>Complied. Please refer page 80 and 81 for the composition of the Board Sub committees and refer pages from 09 to 12 for the profiles of the Board Members.</p> <p>Complied. Occasional rotation of members is considered by the Board. It is however held off until the Board composition is completed.</p>
10.2	Board Audit Committee (BAC)	
	<p>The following shall apply in relation to the BAC.</p> <p>a) The chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/or audit.</p>	<p>Complied. During the entirety of the financial year under review Mr. Nihal Kekulawala, Independent Non-Executive Director who is a fellow of the Institute of Chartered Accountants in England & Wales and a fellow of the ICASL, functioned as the Chairman of Board Audit Committee.</p>

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Section	Governance Requirement	Extent of Compliance in 2024
	<p>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.</p> <p>c) The secretary to the BAC shall preferably be the Chief Internal Auditor (CIA).</p> <p>d) External Audit Function</p> <p>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.</p> <p>ii. Engagement of an audit partner shall not exceed five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, FC shall not use the service of the same external audit firm for not more than ten years consecutively.</p> <p>iii. Audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.</p> <p>iv. The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.</p> <p>v. Audit partner shall not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on 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.</p> <p>vi. The BAC shall, before the audit commences, discuss and finalise 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.</p>	<p>Complied. After Chairperson was designated as a Non-Independent Non-Executive Director, Mr. Andre Bonthuys who is also a Non-Independent Non-Executive Director stepped down from the BAC to ensure that majority of the members will be independent.</p> <p>Not Complied. Company Secretary functions as the Secretary for BAC.</p> <p>Complied. The BAC has recommended the appointment of Deloitte Partners for audit services provided in compliance with the relevant statutes for the financial year.</p> <p>Complied. The BAC makes the recommendation on the service period, audit fee and any resignation or dismissal of the Auditor. The engagement of the current Audit Partner has not exceeded 5 years.</p> <p>Complied.</p> <p>Complied. BAC reviews the independence of the Auditors.</p> <p>Complied. The Board approved policy for provision of non-audit services by the External Auditor is in place.</p> <p>Complied. The BAC has discussed and finalized the nature and scope of the audit, with the External Auditors in accordance with Sri Lanka Accounting Standards.</p>



Section	Governance Requirement	Extent of Compliance in 2024
	<p>vii. The BAC shall review the financial information of the FC, in order to monitor the integrity of the financial statements of the FC in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the FC's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements</p> <p>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,</p> <p>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.</p> <p>e) The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.</p> <p>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.</p> <p>g) Internal Audit Function</p> <p>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.</p> <p>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.</p> <p>iii. The BAC shall take the following steps with regard to the internal audit function of the FC:</p> <p>(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.</p> <p>(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.</p> <p>(iii) Assess the performance of the head and senior staff members of the internal audit department.</p>	<p>Complied. Quarterly, annual financial statements are presented to BAC for review before they are submitted to the Board or published.</p> <p>Complied. The BAC discusses issues, problems and reservations arising from the interim and final audits with the External Auditors. The Committee had two discussions during the year without the Executive Management being present.</p> <p>Complied. The committee has reviewed the External Auditor's Management Letter and Management responses relating to the audit for the year ended.</p> <p>Complied Directors' Statement on Internal Control over Financial Reporting can be found on page 84.</p> <p>Complied. The BAC monitors these through regular reporting from the Internal Audit Department.</p> <p>Complied. Independent Internal Audit function is established.</p> <p>Complied. Board approved Internal Audit Charter is in place.</p> <p>Complied.</p> <p>Complied. BAC has discussed the adequacy of the scope, functions and resources of the IAD.</p> <p>Complied. BAC has reviewed and approved the Annual Internal Audit Plan.</p> <p>Not Complied. Performance evaluations are carried out by HR department. This is rectified from the year 2025 onwards.</p>

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Section	Governance Requirement	Extent of Compliance in 2024
	<ul style="list-style-type: none"> (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. <p>h) The BAC shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.</p> <p>i) Meetings of the Committee</p> <ul style="list-style-type: none"> 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. ii. Other Board members, senior management or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview. iii. BAC shall meet at least twice a year with the external auditors without any other directors/senior management/employees being present. 	<p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied. BAC reviews the draft supervisory concerns and the quarterly time bound action plan submissions.</p> <p>Complied. BAC meets every quarter, and meeting minutes are duly recorded and submitted to the Board for its information.</p> <p>Complied</p> <p>Complied The Committee met the External Auditors in relation to the audit in the absence of the Executive Management.</p>
10.3	Board Integrated Risk Management Committee (BIRMC)	
	<p>The following shall apply in relation to the BIRMC</p> <ul style="list-style-type: none"> a) The BIRMC shall be chaired by an independent director. The Board members appointed to BIRMC shall be non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee. b) The secretary to the committee may preferably be the CRO 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. 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. 	<p>Complied. The Committee is chaired by an Independent Non-Executive Director. The CEO and Head of Risk attend all BIRMC meetings and other KRPs are invited to the meetings when requested by the Committee.</p> <p>Not Complied. Company Secretary functions as the secretary to all Board sub-committees.</p> <p>Partially Complied. The Committee assesses the Company-wide risks covering all areas on a quarterly basis.</p> <p>Complied. Approved RAS is monitored by the Head of Risk and reported to the BIRMC on ongoing basis. RAS is subjected to annual review.</p>



Section	Governance Requirement	Extent of Compliance in 2024
	<p>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.</p> <p>e) The BIRMC shall review the FC's risk policies including RAS, at least annually.</p> <p>f) The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.</p> <p>g) The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.</p> <p>h) BIRMC shall annually assess the performance of the compliance officer and the CRO.</p> <p>i) Compliance Function</p> <p>i. BIRMC shall establish an independent compliance function to assess the FC's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.</p> <p>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.</p> <p>iii. For FCs with an 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.</p> <p>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;</p>	<p>Partially Complied. All the policies, including the Risk Policy, are reviewed by BIRMC annually. The policy was last reviewed in 2023 and is pending an update.</p> <p>Complied. The BIRMC assesses the adequacy of the operational level committees periodically.</p> <p>Partially Complied. BCP and DR plans are subjected to annual review. Last reviewed in 2022 and is pending an update.</p> <p>Not Complied. Performance evaluations are carried out by HR department. This is rectified from the year 2025 onwards.</p> <p>Complied. Company has established an independent division headed by a dedicated Head of Compliance.</p> <p>Not Applicable.</p> <p>Complied. The Head of Compliance is independent from operations and avoids any conflicts of interest.</p> <p>Complied. Mentioned requirements are included in the responsibilities of the Head of Compliance.</p>

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Section	Governance Requirement	Extent of Compliance in 2024
	<p>(iv) understand and apply new legal and regulatory developments relevant to the business of FC; (v) secure early involvement in the design and structuring of new products and systems, to ensure conformity with the regulatory requirements, internal compliance and ethical standards; (vi) highlight serious or persistent compliance issues and where appropriate, work with the management to ensure that they are rectified within an acceptable time; and (vii) maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with highest integrity.</p> <p>j) Risk Management Function</p> <p>i. BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the FC</p> <p>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.</p> <p>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 fulfill broader responsibilities to various stakeholders.</p> <p>iv. The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers:</p> <p>(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.</p> <p>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.</p> <p>vi. The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.</p> <p>vii. The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.</p>	<p>Complied. The Company has established an Independent Risk Management Function.</p> <p>Not Applicable, however Complied. A dedicated Head of Risk and an independent Risk Department is established. They report to the BIRMC quarterly.</p> <p>Complied. CRO's responsibilities define the mentioned requirements.</p> <p>Complied. Risk Management policy frameworks are approved and in place.</p> <p>Complied. Head of Risk participates in relevant meetings of the Company where risk can be an element.</p> <p>Complied. Head of Risk maintains a risk register.</p> <p>Complied. The risk assessment reports are submitted to the upcoming Board meeting periodically.</p>



Section	Governance Requirement	Extent of Compliance in 2024
10.4	Nomination Committee	
	<p>The following shall apply in relation to the Nomination Committee:</p> <p>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.</p> <p>b) Secretary to the nomination committee may preferably be the Company secretary</p> <p>c) The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management are to be appointed with the recommendation of CEO, excluding CIA, CRO and compliance officer</p> <p>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.</p> <p>e) The selection process shall include reviewing whether the proposed directors</p> <p>(i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board;</p> <p>(ii) have a record of integrity and good repute; and</p> <p>(iii) have sufficient time to fully carry out their responsibilities.</p> <p>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.</p> <p>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.</p> <p>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:</p> <p>(i) a brief resume of the director;</p> <p>(ii) the nature of the expertise in relevant functional areas;</p> <p>(iii) the names of companies in which the director holds directorships or memberships in Board committees; and</p> <p>(iv) whether such director can be considered as independent.</p> <p>i) The committee shall consider and recommend (or not recommend) the reelection of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.</p>	<p>Complied. Nominations & Governance Committee consists of only Non-Executive Directors and is chaired by an Independent Director. Please refer the committee details on page 81.</p> <p>Complied. Company Secretary acts as the secretary to the Nominations & Governance Committee.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied. All listed requirements are assessed when selecting new Directors to the Board</p> <p>Complied.</p> <p>Complied. The succession plan for Directors and senior management is approved by the Board. This includes the qualifications, experience and key attributes required of KRPs and Directors.</p> <p>Complied. When a new Director is appointed, the Company Secretary makes a public announcement through the CSE website.</p> <p>Complied. The committee annually recommends or not recommends Directors to continue to be members of the Board.</p>

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Section	Governance Requirement	Extent of Compliance in 2024
	<p>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.</p> <p>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.</p>	<p>Complied.</p> <p>Complied.</p>
10.5.	<p>Human Resource and Remuneration Committee</p> <p>The following shall apply in relation to the Human Resources and Remuneration Committee</p> <p>a) The committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors</p> <p>b) The secretary to the human resource and remuneration committee may preferably be the Company secretary.</p> <p>c) The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to executive directors and senior management of the FC and fees and allowances structure for non-executive directors.</p> <p>d) There shall be a formal and transparent procedure in developing the remuneration policy.</p> <p>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.</p> <p>f) 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.</p> <p>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</p> <p>h) The committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed.</p>	<p>Complied. All three members of the Committee are Non-Executive Directors.</p> <p>Complied. The Company Secretary acts as the Secretary to the committee.</p> <p>Complied. Remuneration Policy is in place.</p> <p>Complied. Remuneration Policy is developed in accordance with all the applicable directions, rules and regulations.</p> <p>Complied. The remuneration policy is periodically reviewed by the committee and approved by the Board.</p> <p>Complied. Remuneration strategies are created in line with the requirements, and follow the new guidelines on remuneration for Directors and senior management.</p> <p>Not Complied. Employee performance was measured by the HR department. This is rectified from year 2025, to include the remuneration committee in the process.</p> <p>Complied.</p>
11	INTERNAL CONTROLS	
11(1)	<p>FCs shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.</p>	<p>Complied. Well-defined internal control systems have been established covering all these areas. The Company has deployed procedures detailing the internal controls for its business activities and they are periodically reviewed.</p>

Section	Governance Requirement	Extent of Compliance in 2024
11(2)	<p>A proper internal control system shall:</p> <ul style="list-style-type: none"> (a) promote effective and efficient operations; (b) provide reliable financial information; (c) safeguard assets; (d) minimize the operating risk of losses from irregularities, fraud and errors; (e) ensure effective risk management systems; and (f) ensure compliance with relevant laws, regulations, directions and internal policies. 	<p>Complied. Objectives of each internal control process/ procedure cover these aspects.</p>
11(3)	<p>All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.</p>	<p>Complied.</p>
12 RELATED PARTY TRANSACTIONS		
12(1)	<p>Board shall establish a policy and procedures for related party transactions, which covers the following.</p> <ul style="list-style-type: none"> a) All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director and the members shall consist of non-executive directors. b) All related party transactions shall be prior reviewed and recommended by the RPTRC. (c) The business transactions with a related party that are covered in this Direction shall be the following: <ul style="list-style-type: none"> I. Granting accommodation. II. Creating liabilities to the FC in the form of deposits, borrowings and any other payable. III. Providing financial or non-financial services to the FC or obtaining those services from the FC. IV. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party. 	<p>Complied. RPTRC Chairperson is an Independent Director, all members are Non-Executive Directors.</p> <p>Complied.</p> <p>Complied. All the related party transaction details are reviewed by the RPTRC, they have been disclosed in the Financial Statements.</p>
12(2)	<p>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.</p> <ul style="list-style-type: none"> a) Directors and senior management. b) Shareholders who directly or indirectly hold 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). 	<p>Complied. A list of related parties as defined under (a) - (f) has been compiled and made available to relevant managers and staff to avoid any conflicts and facilitate reporting.</p>

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Section	Governance Requirement	Extent of Compliance in 2024
	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.	
12(3)	<p>The committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, "more favorable treatment" shall mean:</p> <ul style="list-style-type: none"> a) Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FCs regulatory capital, as determined by the committee. b) Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty. c) Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties. d) Providing or obtaining services to or from a related party without a proper evaluation procedure; or e) Maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions. 	Complied. Internal controls have been deployed to comply with these parameters. Sufficient education has been provided to relevant employees in this regard.
13.	GROUP GOVERNANCE	
13(1)	Responsibilities of the FC as a Holding Company	Not applicable. Company does not have any associates or subsidiaries.
13(2)	Responsibilities as a Subsidiary if the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.	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. A code of conduct covering these areas is in place and made available to all employees.
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.	Not Complied.
14(3)	A FC shall establish a Whistleblowing 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. Company has deployed a well-defined Whistleblowing Policy to report unethical, fraudulent and illegal activities. All incidents are investigated and reported to the BAC.

Section	Governance Requirement	Extent of Compliance in 2024				
15	CONFLICTS OF INTEREST					
15(1)	<p>a) Relationships between the directors shall not exercise undue influence or interest coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting,</p> <p>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,</p> <ol style="list-style-type: none"> i. Identify circumstances which constitute or may give rise to conflicts of interests. ii. Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest. iii. Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest. iv. Implement a rigorous review and approval process for director and senior management to follow before they engage in certain activities that could create conflicts of interest. v. Identify those responsible for maintaining updated records on conflicts of interest with related parties, and vi. Articulate how any non-compliance with the policy to be addressed. 	<p>Complied. Conflicts of interest are avoided, and the requirement is documented in the Corporate Governance Framework.</p> <p>Complied. Corporate Governance Framework documents the management of conflicts of interest in detail, including the points mentioned in the Direction.</p>				
16	Disclosures					
16.1	<p>The Board shall ensure that:</p> <p>(a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that</p> <p>(b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that at least following disclosures are made in the Annual Report of the FC.</p> <p>The Board shall ensure that at least following disclosures are made in the Annual Report of the FC.</p> <table border="1" data-bbox="256 1832 884 2145"> <thead> <tr> <th data-bbox="256 1832 564 1865">Subject</th> <th data-bbox="569 1832 884 1865">Disclosure</th> </tr> </thead> <tbody> <tr> <td data-bbox="256 1872 564 2145">i. Financial statements</td> <td data-bbox="569 1872 884 2145"> <p>In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include,</p> <ul style="list-style-type: none"> • A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting </td> </tr> </tbody> </table>	Subject	Disclosure	i. Financial statements	<p>In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include,</p> <ul style="list-style-type: none"> • A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting 	<p>Complied.</p> <p>Partially Complied. The financial statements are published in newspapers in all three languages; however the audit opinion is only published in English.</p> <p>References for each requirement are given below.</p> <p>Page Reference of the Annual Report</p> <p>Page 94</p>
Subject	Disclosure					
i. Financial statements	<p>In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include,</p> <ul style="list-style-type: none"> • A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting 					

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Section	Governance Requirement		Extent of Compliance in 2024
		<p>standards and regulatory requirements, inclusive of specific disclosures.</p> <ul style="list-style-type: none"> • A statement of responsibility of the Board in preparation and presentation of financial statements. 	<p>Page 90</p>
	<p>ii. Chairperson, CEO and Board related disclosures</p>	<ul style="list-style-type: none"> • 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. 	<p>Page 09 to 12</p>
	<p>iii. Appraisal of board performance</p>	<ul style="list-style-type: none"> • 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. 	<p>Page 80 to 81</p>
	<p>iv. Remuneration</p>	<ul style="list-style-type: none"> • An overview of how the performance evaluations of the Board and its committees have been conducted 	<p>Page 91</p>
		<ul style="list-style-type: none"> • 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) 	<p>Page 133</p>
		<ul style="list-style-type: none"> • The aggregate values of remuneration paid by the FC to its directors and senior management. 	<p>Page 133</p>

Section	Governance Requirement	Extent of Compliance in 2024
	<p>v. Related party transactions</p> <ul style="list-style-type: none"> 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. 	<p>Page 88</p> <p>Not applicable, no accommodations granted to related parties</p> <p>Page 136</p>
	<p>vi. Board appointed committees</p> <ul style="list-style-type: none"> The details of the chairperson and members of the board committees and attendance at such meetings. 	<p>Page 80 and 81</p>
	<p>vii. Group Structure</p> <ul style="list-style-type: none"> The group structure of the FC within which it operates. The group governance framework. 	<p>Page 156</p>
	<p>viii. Directors' report</p> <p>A report, which shall contain the following declarations by the Board:</p> <ul style="list-style-type: none"> The FC has not engaged in any activity, which contravenes laws and regulations. The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested. The FC has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors. The business is a going concern with supporting assumptions; and 	<p>The Group is governed by the Al-Futtaim Code of Conduct</p> <p>Page 82 to 83</p> <p>Page 84</p>

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Section	Governance Requirement	Extent of Compliance in 2024
ix. Statement on Internal Control	<ul style="list-style-type: none"> The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness. A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions 	Page 84
x. Corporate governance report	<ul style="list-style-type: none"> 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. 	Page 37 to 61

Section	Governance Requirement	Extent of Compliance in 2024
	<p>xi. Code of Conduct</p> <ul style="list-style-type: none"> • 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. <p>xii. Management report</p> <ul style="list-style-type: none"> • Industry structure and developments • Opportunities and threats • Risks and concerns • Sustainable finance activities carried out by the Company • Prospects for the future <p>xiii. Communication with shareholders</p> <ul style="list-style-type: none"> • The policy and methodology for communication with shareholders. • The contact person for such communication. 	<p>Code of Conduct is in place for employees and Directors, while the Directors are further governed by the Corporate Governance Framework.</p> <p>Page 18</p> <p>Page 63</p>

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Compliance with the new Section 9 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.2	Policies	
9.2.1	<p>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;</p> <ol style="list-style-type: none"> 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 Policy on Corporate Disclosures Policy on Whistleblowing Policy on Anti-Bribery and Corruption 	<p>Complied.</p> <p>All listed policies are established and their summaries are published on the Company website.</p>
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.	<p>Complied.</p> <p>No exceptions granted.</p>
9.2.3	<p>Listed Entities shall disclose in its Annual Report:</p> <ol style="list-style-type: none"> the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website. details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above. 	<p>Complied.</p> <p>Disclosed under point 9.2.1 of this section.</p> <p>Certain policies are combined together as follows;</p> <ul style="list-style-type: none"> Policy on the matters relating to the Board of Directors, Policy on Board Committees, and Policy on Corporate Governance, Nominations and Re-election are included together in the Corporate Governance Framework. Policy on Relations with Shareholders and Investors, and Policy on Corporate Disclosures are included together in the Communications Policy.
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	<p>Complied.</p> <p>Policies will be provided upon request.</p>
9.3	Board Committees	
9.3.1	<p>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;</p> <ol style="list-style-type: none"> Nominations and Governance Committee Remuneration Committee Audit Committee Related Party Transactions Review Committee. 	<p>Complied.</p> <p>All listed committees are established. Please refer the committee details from page 85 onwards.</p>
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.	<p>Complied.</p> <p>All requirements of composition and disclosures are complied with. Please refer the committee composition details on page 80 to 81, and committee reports from page 85 to 91.</p>

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
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. Board Chairperson is not the Chair of any of the subcommittees.
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; 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.	Complied. Records are maintained.
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 The Communications Policy is established, and a summary is available in the website. Complied Contact person is the Company Secretary, details are Ms. Chandima Nanayakkara chandima.nanayakkara@amwlttd.com No. 185, Union Place, Colombo 02. +94779833542 Complied Meetings were held following the guidelines.
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: 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 rationale 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.	Complied Policy is established. Complied. Not Applicable Chairperson and CEO are separate roles.

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CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.5.2	<p>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.</p> <p>d) stipulate the maximum number of Directors with the rationale for the same</p> <p>e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.</p> <p>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.</p> <p>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.</p> <p>h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.</p> <p>i) specify the maximum number of directorships in Listed Entities that may be held by Directors.</p> <p>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.</p> <p>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.</p>	<p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Confirmed as depicted above.</p>
9.6	Chairperson and CEO	
9.6.1	<p>The Chairperson of every Listed Entity shall be a Non Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.</p>	<p>Complied Chairperson and CEO are separate and Chairperson is a Non-Executive</p>
9.6.2	<p>Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity 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 if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules.</p> <p>Such Market Announcement shall include the rationale for appointment of an Executive Director as Chairperson and/or combining the positions of the Chairperson and CEO of the Listed Entity.</p>	<p>Not Applicable</p>
9.6.3	<p>The Requirement for a SID</p> <p>a) A Listed Entity shall appoint an Independent Director as the SID in the following instances:</p> <p>I. The positions of the Chairperson and CEO are held by the same individual.</p> <p>II. The Chairperson is an Executive Director.</p>	<p>Not Applicable However, to comply with Central Bank requirements AMWCL appointed a SID because the Chairman was declared as not independent after attaining the age of 70 as per the CSE Rules.</p>

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.6.4	<p>III. The Chairperson and CEO are Close Family Members or Related Parties.</p> <p>Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement.</p> <p>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.</p> <p>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.</p> <p>d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3. (b) and (c) above.</p> <p>e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.</p> <p>Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity.</p>	<p>This took place on 23 November 2024 and therefore the below requirements related to SID are only applicable from the year 2025 onwards.</p> <p>Not Applicable.</p> <p>Not Applicable.</p> <p>Not Applicable.</p> <p>Not Applicable.</p> <p>Complied Explained above.</p>
9.7	Fitness of Directors and CEOs	
9.7.1	<p>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.</p>	Complied
9.7.2	<p>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.</p>	Complied
9.7.3	<p>Fit and Proper Assessment Criteria as given in the CG rules of CSE</p>	<p>All Directors are appointed after assessing fitness and propriety as per the given rules. Further, CBSL rules are followed in assessing fitness and propriety as well. Prior approval from CBSL is obtained for any Director prior to being appointed.</p>
9.7.4	<p>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.</p>	<p>Complied Annual declarations are obtained.</p>
9.7.5	<p>Disclosures in the Annual Report of Listed Entities Listed Entities shall include the following disclosures/reports in the Annual Report;</p> <p>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.</p> <p>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.</p>	<p>Complied Page references given below;</p> <p>All Directors and CEO satisfy the Fit and Proper Assessment Criteria as stipulated in the Listing rules</p> <p>Not Applicable, no non-compliances.</p>

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CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
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. As at year end the Board consisted of 5 Directors.
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. Board consisted of 2 Independent Directors as at year end.
9.8.3	Criteria for determining independence:	All Independent Directors satisfy the criteria listed in these rules.
9.8.4	Definitions for 9.8.3	
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.	Complied. Complied. Complied.
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:	Not applicable No Alternate Directors were appointed during the financial year 2024.
9.10	Disclosures relating to Directors	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its 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. The maximum number is included in the policy. No Director has exceeded the number.
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; I. Board of Directors, and II. Board Committees referred to in Rule 9.3 above. The announcement shall, at a minimum, contain the details of changes including, appointments, resignations and the capacity of directorship with the effective date thereof.	Complied



CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.10.4	<p>Listed Entities shall also disclose the following in relation to the Directors in the Annual Report:</p> <ol style="list-style-type: none"> I. name, qualifications and brief profile; II. the nature of his/her expertise in relevant functional areas; III. whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; IV. whether Executive, Non-Executive and/or independent Director; V. 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; VI. number of Board meetings of the Listed Entity attended during the year; VII. names of Board Committees in which the Director serves as Chairperson or a member; VIII. Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and, IX. The terms of reference and powers of the SID (where applicable). 	<p>Complied. Refer pages 09 to 12 for Director profiles.</p> <p>Attendance and committee details are on page 80 and 81.</p> <p>TOR for Senior Independent Director is established at the appointment of SID.</p>
9.10.5	Penalties and sanctions in case of non-disclosures	<p>Not Applicable All disclosures were made as and when applicable without delay.</p>
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	<p>Composition</p> <ol style="list-style-type: none"> 1. The members of the Nominations and Governance Committee shall; <ol style="list-style-type: none"> 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. 	<p>Complied. The compositions of Board sub-committees can be referred to on page 80 and 81.</p>

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CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.11.5	<p>Functions</p> <p>The functions of the Nominations and Governance Committee shall include the following:</p> <ol style="list-style-type: none"> 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; <ul style="list-style-type: none"> • 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. 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. 	<p>Complied.</p> <p>All functions are listed in the TOR and are understood and executed by the committee members.</p>
9.11.6	<p>Disclosures in Annual Report</p> <p>The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.</p> <p>The said report shall include the following;</p> <ol style="list-style-type: none"> a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members); b) the date of appointment to the Committee; 	<p>Complied</p> <p>The Nominations and Governance Committee report is on page 91.</p> <p>The requirements listed are included in the report.</p>

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
	<p>c) whether a documented policy and processes are in place when nominating Directors;</p> <p>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;</p> <p>e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance;</p> <p>f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.</p> <p>g) The following information regarding directors who are re-elected or being proposed for re-election during the year:</p> <ul style="list-style-type: none"> • 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, • 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. <p>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</p> <p>i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity;</p> <p>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;</p> <p>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.</p> <p>l) A statement that the Directors of the Listed Entity meet the criteria for determining independence.</p> <p>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.</p>	
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.	
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. Remuneration Committee is established.
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. Remuneration is decided following the Central Bank guidelines on remuneration as well.

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CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
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. Non-Executive Directors are given a nominal sitting fee and not paid salary.
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	<p>Composition</p> <ol style="list-style-type: none"> 1. The members of the Remuneration Committee shall; <ol style="list-style-type: none"> 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 Remuneration Committee by the Board of Directors. 	Complied. The compositions of Board sub-committees can be referred to on page 80 and 81.
9.12.7	<p>Functions</p> <ol style="list-style-type: none"> 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. All functions are listed in the TOR and are understood and executed by the committee members.
9.12.8	<p>Disclosure in Annual Report</p> <p>The Annual Report should set out the following:</p> <ol style="list-style-type: none"> a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members; b) A statement regarding the remuneration policy; and, c) The aggregate remuneration of the Executive and Non-Executive Directors. 	Complied The Remuneration Committee report is on page 87. The requirements listed are included in the report.
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. A Board Integrated Risk Management Committee is established separately.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Complied.
9.13.3	<p>Composition</p> <ol style="list-style-type: none"> 1. The members of the Audit Committee shall; <ol style="list-style-type: none"> 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. 	Complied. The compositions of Board sub-committees can be referred to on page 80 and 81.

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.13.3	<ol style="list-style-type: none"> 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. 4. An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 5. 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. 6. 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. 	
9.13.4	<p>Functions</p> <ol style="list-style-type: none"> 1. The functions of the Audit Committee shall include the following: <ol style="list-style-type: none"> 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. 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: <ol style="list-style-type: none"> 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 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: <ol style="list-style-type: none"> 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. 	<p>Complied. All functions are listed in the TOR and are understood and executed by the committee members.</p>

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CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.13.4	<p>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.</p> <p>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.</p> <p>VIII. Review the risk policies adopted by the Entity on an annual basis.</p> <p>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.</p> <p>X. Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.</p> <p>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.</p> <p>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.</p> <p>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</p> <p>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</p>	
9.13.5	<p>Disclosures in Annual Report</p> <p>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.</p> <p>2. The Audit Committee Report shall contain the following disclosures:</p> <p>a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members;</p> <p>b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable).</p> <p>c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.</p> <p>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.</p>	<p>Complied</p> <p>The Audit Committee report is on page 85.</p> <p>The requirements listed are included in the report.</p>

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
	<ul style="list-style-type: none"> 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 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. Related Party Transactions Review Committee is established.
9.14.2	<p>Composition</p> <p>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.</p>	Complied. The compositions of Board sub-committees can be referred to on page 80 and 81.
9.14.3	<p>Functions</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	Complied. All functions are listed in the TOR and are understood and executed by the committee members
9.14.4	<p>General Requirements</p> <p>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.</p>	Complied. All requirements are listed in the TOR and are understood and executed by the committee members

Corporate Governance

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.14.5	<p>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, should obtain appropriate professional and expert advice from an appropriately qualified person.</p> <p>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.</p> <p>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:</p> <ol style="list-style-type: none"> be present while the matter is being considered at the meeting; and, vote on the matter. <p>Review of Related Party Transactions by the Related Party Transactions Review Committee</p> <ol style="list-style-type: none"> 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. 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. 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: <ol style="list-style-type: none"> the Related Party's relationship to the Listed Entity and interest in the transaction; the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction; the benefits of the proposed Related Party Transaction to the Listed Entity; the availability of other sources of comparable products or services; and 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. 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: <ol style="list-style-type: none"> the facts and circumstances made available to it as set out above, 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 	<p>Complied</p> <p>Related party transactions are reviewed by the committee following the guidelines mentioned in the rules.</p>



CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.14.6	<p>II. whether the Related Party Transaction requires immediate market disclosure, as set out in these Rules.</p> <p>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.</p> <p>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.</p> <p>Shareholder Approval</p> <p>1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transactions:</p> <p>A. If a non-recurrent transaction;</p> <p>I. Any Related Party Transaction of a value equal to, or more than:</p> <p>a) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity; or</p> <p>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.</p> <p>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.</p> <p>B. If a recurrent transaction;</p> <p>Any recurrent Related Party Transaction of a value equal to, or more than:</p> <p>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</p> <p>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 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;</p> <p>And;</p> <p>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 favorable to the Related Party than those generally available to the public.</p>	<p>Not Applicable</p> <p>Such transactions did not take place during the year, therefore no shareholder approval was sought.</p>

Corporate Governance

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
9.14.7	<p>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.</p> <p>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.</p> <p>Disclosures</p> <p>1. Immediate Disclosures A Listed Entity shall make an immediate Market Announcement to the Exchange;</p> <p>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</p> <p>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.</p> <p>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.</p> <p>The Market Announcement to the Exchange shall include:</p> <p>I. the date of the transaction or the period where applicable</p> <p>II. the name of the relevant Related Party</p> <p>III. the relationship between the Listed Entity and the Related Party</p> <p>IV. details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at</p> <p>V. the rationale for entering into the transaction</p> <p>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."</p> <p>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.</p>	Complied Immediate disclosures are made if required, with the information listed herein.
9.14.8	<p>Disclosures in the Annual Report</p> <p>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 information must be presented in the Annual Report in the tabular format as set out in the rules.</p>	Complied References below. Not Applicable



CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
	<p>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 tabular format as set out in the rules.</p> <p>2. The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following:</p> <ul style="list-style-type: none"> • 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. <p>3. 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.</p>	<p>Not Applicable</p> <p>Complied The Related Party Transactions Review Committee report is on page 88.</p> <p>The requirements listed are included in the report.</p> <p>Complied Committee report includes the statement.</p>
9.14.9	<p>Acquisition and Disposal of Assets from/to Related Parties</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>3. Rule 9.14.9(1) does not apply to:</p> <ul style="list-style-type: none"> • a transaction between the Listed Entity and a wholly owned subsidiary. • a transaction between wholly owned subsidiaries of the Listed Entity. • 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. 	<p>Not applicable</p> <p>Such transactions did not take place during the year.</p>

Corporate Governance

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
	<p>4. The members of the Related Party Transactions Review Committee should obtain 'competent independent advice' from an independent professional expert 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 the relevant Related Party shall not be eligible to give such advice.</p> <p>For the purpose of this Rule; "Independent professional expert" shall mean an individual or entity who/which:</p> <ol style="list-style-type: none"> I. does not have a shareholding carrying 10% or more of the voting rights of the Listed Entity or the Related Party; or, II. does not have an income/non-cash benefits from the Listed Entity, or the Related Party equivalent to twenty percent (20%) of the individual's or entity's annual income. <p>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.</p> <p>6. The competent independent advice required in terms of Rule 9.14.9 (4) shall include:</p> <ol style="list-style-type: none"> 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; 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. 	
<p>9.14.10</p>	<p>Exempted Related Party Transactions</p> <p>The following Related Party Transactions shall not fall within the ambit of these Rules:</p> <ol style="list-style-type: none"> a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favorable to the Related Party than those generally available to the public. b) The payment of dividend, issue of Securities by the Listed Entity by way of a capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares. c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Rule 5.6 of these Rules). 	<p>Complied</p> <p>Certain transactions are not considered as related party transactions as indicated.</p>

CSE Rule No.	Governance Requirement	Extent of Compliance in 2024
	<ul style="list-style-type: none"> d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction. e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, finance companies or insurance companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka. f) Directors' fees and remuneration, and employment remuneration. 	
9.16 Additional Disclosures		
	<p>The following declarations by the Board of Directors to be included in the Annual Report:</p> <ul style="list-style-type: none"> 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; 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. 	<p>Complied Page references below Page 83.</p> <p>Page 84.</p> <p>Page 84.</p> <p>Not applicable, no material non-compliances.</p>

Corporate Governance

ATTENDANCE AT THE MEETINGS OF THE BOARD & SUB-COMMITTEES HELD DURING THE FINANCIAL YEAR 2024

Board Meetings

Names	Members	Number of Meetings
Number of meetings held		12
Mr. T S A Fernandopulle (Status changed to Non-Independent w.e.f:23/11/24)	Chairman (Non-Independent Non-Executive Director)	12/12
Mr. J D N Kekulawala	Independent Non-Executive Director	12/12
Mr. R C J De Silva Munasinghe	Executive Director/CEO	12/12
Mr. A Maas (Resigned w.e.f : 31/10/24)	Non-Independent Non-Executive Director	10/10
Mr. D Bogatyrev (Resigned w.e.f:29/03/24)	Non-Independent Non-Executive Director	2/3
Mr. I Boyagoda (appointed 27/06/24 and appointed as the Senior Director in November '24))	Independent Non-Executive Director	6/6
Mr. A P J Bonthuys (Appointed w.e.f: 25/09/24)	Non-Independent Non-Executive Director	3/3

Board Audit Committee

Names	Members	Number of Meetings
Number of meetings held		04
Mr. J D N Kekulawala	Chairman	4/4
Mr. T S A Fernandopulle (Status changed to Non-Independent w.e.f:23/11/24)	Member	3/4
Mr. I Boyagoda (Appointed w.e.f :21/08/24)	Member	3/3
Mr. A Maas (Resigned from the Board effective 31/10/24)	Member	2/2
Mr. A P J Bonthuys (Appointed w.e.f:18/10/24)	Member	1/1

Board Integrated Risk Management Committee

Names	Members	Number of Meetings
Number of meetings held		04
Mr. I Boyagoda (Appointed w.e.f:21/08/24, later in November appointed as the Chairman)	Chairman	2/2
Mr. T S A Fernandopulle (Status changed to non-independent w.e.f:23/11/24)	Previous Chairman	3/4
Mr. J D N Kekulawala	Member	4/4
Mr. A Maas (Resigned from the Board effective 31/10/24)	Member	3/3
Mr. A P J Bonthuys (Appointed w.e.f:18/10/24)	Member	1/1

Related Party Transactions Review Committee

Names	Members	Number of Meetings
Number of meetings held		04
Mr. J D N Kekulawala	Chairman	4/4
Mr. T S A Fernandopulle (Status changed to Non-Independent w.e.f:23/11/24)	Member	3/4
Mr. I Boyagoda (Appointed w.e.f :21/08/24)	Member	2/2
Mr. A Maas (Resigned from the Board effective 31/10/24)	Member	3/3
Mr. A P J Bonthuys (Appointed w.e.f:18/10/24)	Member	1/1

Remuneration Committee

Names	Members	Number of Meetings
Number of meetings held		03
Mr. J D N Kekulawala	Chairman	3/3
Mr. T S A Fernandopulle (Status changed to Non-Independent w.e.f:23/11/24)	Member	3/3
Mr. I Boyagoda (Appointed w.e.f : 21/08/24)	Member	1/1
Mr. A Maas (Resigned from the Board effective 31/10/24)	Member	1/1
Mr. A P J Bonthuys (Appointed w.e.f:18/10/24)	Member	1/1

Nominations and Governance Committee

Names	Members	Number of Meetings
Number of meetings held		02
Mr. I Boyagoda (Appointed w.e.f : 21/08/24 & appointed as Chairman in November 2024)	Chairman	1/1
Mr. J D N Kekulawala	Member	2/2
Mr. T S A Fernandopulle (Status changed to Non-Independent w.e.f:23/11/24)	Member	2/2
Mr. A Maas (Resigned from the Board effective 31/10/24)	Member	2/2
Mr. A P J Bonthuys (Appointed w.e.f:18/10/24)	Member	1/1

Report of the Directors

The Board of Directors of AMW Capital Leasing and Finance PLC (AMWCL) is pleased to present their Report for the Financial Year Ended 31 December 2024 together with the Audited Statement of Financial Position and the Statement of Comprehensive Income for the period under review.

AMWCL has not engaged in any activity which contravenes the applicable laws and regulations to the Company.

Review of the Period

The Chairman's Review along with the CEO's Review highlights the Company's performance during the period under review.

Financial Statements

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No.7 of 2007 are given on pages 98 to 151 in this Annual Report.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 90.

Independent Auditors Report

The Auditors Report on the Financial Statements is given on pages 94 to 97 in this report.

Accounting Policies and Rules & Regulations

The Accounting Policies adopted in preparation of the Financial Statements are given on pages 102 to 112. Company has been complied for all the applied rules and regulation of the country.

Stated Capital

The Stated Capital of the Company on 31 December, 2024 was Rs.200,000,000/- and was unchanged during the period.

Statutory Payments

All known statutory payments have been made by the Company.

Post Balance Sheet Events

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements.

Meetings of the Board of Directors

Twelve scheduled monthly meetings were held during the year. A schedule of Directors Attendance at Board Meetings and Sub Committee Meetings is on pages 80 to 81.

Corporate Governance

The Board of Directors is committed to adhering to the Corporate Governance Framework which includes the procedures and processes governing the different stakeholders in the organization such as the Board, Executive Management Staff, Middle Management and other staff, Shareholders and others to ensure that the highest principles of Corporate Governance principles are maintained across all constituents. The Company has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors.

In adopting the aforesaid Corporate Governance Framework, the Board has ensured that the Company is compliant with the Listing Rules of Colombo Stock Exchange (CSE) and the Finance Companies (Corporate Governance) Direction No. 5 of 2021 and the transitional provisions. The measures taken in this regard are set out in the Corporate Governance Report on pages 37 to 79 of this Annual Report.

Board Sub Committees

In compliance with regulatory guidelines and best practices, the Board has formed the following sub committees

- ❖ Audit Committee
- ❖ Integrated Risk Management Committee
- ❖ Remuneration Committee
- ❖ Related Party Transactions Review Committee
- ❖ Nominations and Governance Committee

The mandate of each of these sub committees is provided by their regulatory guideline or Board approved Terms of Reference. The composition of these committees is as prescribed by the relevant regulation (where applicable) or as deemed most appropriate for effective functioning of the Committee.

The reports of the respective Committees are included in this Report on pages 85 to 91.

The Board sub committees are empowered to call for additional

information, and also to invite key management personnel to provide further details, or to facilitate a dialogue. This enables the Board to ensure that proposed initiatives, changes to procedures or enhancing of controls are practical and also clearly communicated to the senior management. Committee Meeting minutes are tabled at Board meetings. Thus, while the entire Board is aware of Committee deliberations and decisions, they have the assurance of knowing that matters receive the focused attention of sub committees.

Directors

The Board of Directors of AMW Capital Leasing and Finance PLC consists of Directors with financial and commercial experience. The Directors are subject to an annual assessment of their fitness and propriety to continue as Directors in terms of the Direction No. 06 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons) of the Finance Business Act.

A brief profile of the Directors with their qualifications and experience is detailed on pages 09 to 12 of this Report.

The following were the Directors of the Company during the year

- ❖ Mr. Trevine Fernandopulle
Chairman
In accordance with the Finance Business Act Directions No. 05 of 2021 (Corporate Governance), Mr. Trevine Fernandopulle's position was reclassified as a Non-Independent Non-Executive Director with the approval of the Monetary Board of the Central Bank of Sri Lanka, upon reaching the age of 70 years on 23/11/2024.
- ❖ Mr. Nihal Kekulawala
Independent Non-Executive Director (Appointed in 2017 and retiring in December 2025)
- ❖ Mr. Chamath Munasinghe
Director/CEO
- ❖ Mr. Indrajith Boyagoda
Senior Independent Director
In accordance with the Finance Business Act Directions No. 05 of 2021 (Corporate Governance), Mr. Indrajith Boyagoda was appointed as the Senior Independent Director with the approval of the Monetary Board of the Central Bank of Sri



Lanka, following the reclassification of Mr. T. S. A. Fernandopulle as a Non-Independent Non-Executive Chairman on 23/11/24.

The changes to the Directorate during the year under review and the changes subsequent thereto are set out below together with the respective dates of changes:

- ❖ Mr. Dmitrii Bogatyrev
Resigned w.e.f : 29/03/24
- ❖ Mr. Alexander Maas
Resigned w.e.f : 31/10/24

Appointment of Directors

Messrs. A.P.J. Bonthuys, V.H.R. Boehme, and B.V. Selvanayagam were appointed to the Board as Non-Independent Non-Executive Directors and an Independent Non-Executive Director, respectively, on 25/09/24, 19/03/25, and 20/03/25, following the last Annual General Meeting. Their appointments align with the Company's governance framework and regulatory requirements.

Retirement of Directors

In accordance with the Finance Business Act Directions No. 05 of 2021 (Corporate Governance) issued by the Central Bank of Sri Lanka (CBSL), Mr. Trevine Fernandopulle will retire from the Board on 26 October 2025, upon completing nine years of service as Chairman and Non-Independent Non-Executive Director.

Furthermore, in compliance with the Finance Business Act Directions No. 05 of 2021 (Corporate Governance), Mr. Nihal Kekulawala will retire as an Independent Non-Executive Director upon reaching the age of 70 years on 8 December 2025, in line with regulatory requirements.

Directors' Interests

The Directors' Interest in Contracts of the Company have been included in the Notes to the Accounts.

Related Party Transactions

The Directors have disclosed the transactions that could be classified as related party transactions in terms of Sri Lanka Accounting Standard 24, "Related

Party Disclosures", in the Financial Statements, and accordingly given in Note 30 on page 136 of this Annual Report. Directors have abstained from voting on matters in which they were materially interested. The Directors confirm that the transactions carried out with the related parties during the year ended 31 December 2024 are in line with the provision contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and there were no related party transactions exceeding the threshold of 10% of equity or 5% of total assets as per the Audited Financial Statements of the Company during the year. All related party transactions have been reviewed by the Related Party Transactions Review Committee and observations of the Committee have been duly communicated to the Board.

Directors' Remuneration

Details of the remuneration received by the Directors are set out in Note 30.2 to the Financial Statements on page 137.

Auditors

Messrs. Deloitte Partners, Chartered Accountants have expressed their willingness to continue in office as Auditors of the Company for the year ending 31 December 2025. A resolution pertaining to their re-appointment and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Going Concern

The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

By Order of the Board

Chandima Nanayakkara
Company Secretary
26 March 2025

Directors' Statement on Internal Control Over Financial Reporting

RESPONSIBILITY

In compliance with the transitional provisions of the Finance Business Act (Corporate Governance) Direction No. 5 of 2021, the Board of Directors presents this report on Internal Control over Financial Reporting. The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at AMW Capital Leasing and Finance PLC ("Company"). The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company, which includes the system of Internal Control over Financial Reporting. This process is regularly reviewed by the Board.

The Board believes that the system of Internal Control over Financial Reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of Financial Reporting and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements. The management assists the Board in implementing the Board's policies and procedures pertaining to Internal Control over Financial Reporting.

In assessing the Internal Control System over Financial Reporting, identified officers of the Company have collated all procedures and controls associated with significant accounts and disclosures of the Financial Statements of the Company and continue to review and update them annually. These are observed and checked by the Internal Audit Department of the Company for suitability of design and effectiveness on an ongoing basis.

KEY FEATURES OF THE PROCESS ADOPTED IN APPLYING AND REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

Key processes established in reviewing the adequacy and integrity of the system of Internal Controls concerning financial reporting include:

- ❖ Various Committees established by the Board ensure the effectiveness of the Company's daily operations and that these operations align with corporate objectives, strategies, the

annual budget, as well as approved policies and business directions.

- ❖ The Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of Internal Control systems on an ongoing basis using samples and rotational procedures, highlighting significant findings in cases of non-compliance. Audits are performed on all branches, with frequency determined by assessed risk levels, to provide independent and objective reports. The annual audit plan is reviewed and approved by the Board Audit Committee, which reviews findings from the Internal Audit Department at their periodic meetings.
- ❖ The Board Audit Committee reviews internal control issues identified by the Internal Audit Department, External Auditors, regulatory authorities, and Management; and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions, focusing on audit scope and quality. Minutes of the Board Audit Committee meetings are periodically forwarded to the Board. Further details of the activities undertaken by the Board Audit Committee are detailed in the Board Audit Committee Report on page 85.
- ❖ The Company adopted new Sri Lanka Accounting Standards (LKAS and SLFRS) in 2012, with processes initially applied to adopt these standards further strengthened from 2013 to 2023.

Necessary steps were taken by the Company to review requirements of the Sri Lanka Accounting Standard — SLFRS 9 (Financial Instruments). Processes and controls were designed, models were implemented, and training and awareness sessions were conducted for stakeholders (including the Board and Senior Management). The Audit Committee regularly advises management on strengthening processes and controls required in management information systems to maintain compliance with SLFRS 9 and related disclosures.

- ❖ The Company adopted SLFRS 16 - Leases during 2018 and took necessary steps to assess its impact

on financial statements and design suitable internal controls.

- ❖ Comments made by External Auditors in connection with the internal control system over financial reporting in previous years were reviewed and appropriate steps were taken to rectify them. Recommendations made by the External Auditors during the auditing process of the Financial Statements for 2024 will be addressed in the future.

CONFIRMATION

Based on the above processes, the Board 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 in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

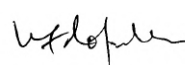
REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Deloitte Partners, have reviewed the above Directors' Statement on Internal Control Over Financial Reporting included in the Annual Report of the Company for the year ended 31 December 2024, and reported to the Board that nothing has come to their attention that causes them to believe the statement is inconsistent with their understanding of the process adopted by the Board in the review, design, and effectiveness of the Internal Control over financial reporting by the Company.

By order of the Board



Nihal Kekulawala - Chairman
Board Audit Committee



Trevine Fernandopulle - Director
26 March 2025



Report of the Board Audit Committee

The Board Audit Committee, during the year under review, comprised the following members:

- ❖ Mr. Nihal Kekulawala – Chairman
Independent Non-Executive Director
- ❖ Mr. Indrajith Boyagoda – Member
Independent Non-Executive Director
- ❖ Mr. Trevine Fernandopulle – Member
Non-Executive Director

During the year, Mr. Andries Bonthuys, a Non-Executive Director, was appointed to the Committee on 18 October 2024. He subsequently resigned on 20 February 2025 to ensure compliance with Listing Rule 9.13.3(1)(a) – majority shall be independent directors. Additionally, Mr. Alexander Maas, who was a member of the Committee, resigned from the Board on 31 October 2024.

Secretary to the Committee

The Company Secretary serves as the Secretary to the Committee.

The Board defined the Objectives of the Committee in the Audit Committee TOR as:

1. To ensure effective, accurate, and timely Financial Reporting and generation of Management control information.
2. Management of Internal Controls.
3. Ensure the effective utilization of resources and report on conflicts of interest.
4. Assessing the independence of External Auditors and monitoring the External Audit function.
5. Ensure compliance with the Finance Business Act and the attendant Directions, Rules, Determinations, Notices, and Guidelines issued by the Central Bank of Sri Lanka.

Meetings

The Committee met on Four (04) occasions during the year. Minutes on the proceedings, findings, and recommendations of the Audit Committee are made available to the Board of Directors after each meeting. Refer page 80 for the Directors' attendance details of the Audit Committee meetings.

The Director/CEO, along with General Manager – Credit and Operations, General Manager - Marketing, General Manager - Finance, Head of Risk, Head of Compliance, and Head of Internal Audit, attend the Audit Committee meetings by invitation.

Internal Audit

The Internal Audit Division of the Company carries out the Internal Audit functions, and they report directly to the Audit Committee. The Head of Internal Audit presented the Audit plan for the year 2024 to the Committee during the 1st Quarter of last year for approval. Quarterly Internal Audit reports are presented to the Committee as per the approved presentation format. It includes a report on Compliance with Accounting Standards, and Reports on Internal controls on the Operational and Business processes and transactions. In addition to the above, the Quarterly Internal Audit reports include a Balance Sheet audit. The branches are selected during the year for review of the Operational and Business procedures based on risk categorization, further, all audit reports from the Internal Audit Division are tabled along with Management responses. The Committee also monitors the submission of mandatory reports to the Regulator.

External Audit

The Board Audit Committee is primarily responsible for making recommendations to the Board on the appointment, re-appointment, or removal of External Auditors in line with professional standards and regulatory requirements.

The Committee reviewed the services provided by the External Auditors, Messrs. Deloitte Partners, to evaluate their independence and the basis for determining their independence, the Committee is satisfied with their independence based on their objectivity, the work carried out by them, and the fees paid to them for Audit and Non-audit services. There have been non-audit services performed by the external auditors during the year, the fees paid to auditors are given under note 25 on page 133. Messrs. Deloitte Partners have been the auditor of AMWCL for the past 5 years and the audit partner Mr. H.A. Chathumin Hasinthaka Gunarathne took over the audit in 2024,

making this their first audit after partner rotation. Written assurance was obtained from the external auditors, 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.

The Committee also reviewed, agreed, and discussed their audit plan, including their assessment on key audit matters.

Functions and Duties

Positions and movements in Non-Performance Loans and Arrears are brought to the attention of the Board by the Committee.

The Committee obtained assurance from the Chief Executive Officer and the General Manager – Finance regarding the integrity of the financial statements, confirming that the records provide a true and fair view of the operations and financial position of the Company.

The Committee also ensured that the Company complies with all regulatory and legal requirements, including financial reporting requirements, CBSL Directions, information and disclosure requirements under SEC Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.

The Committee is satisfied that the Risk Management and Control Environment is adequate to support the Business Process. The Management regularly evaluates the Business Process to ensure that it meets the needs of the market. Any changes brought about in the process will necessitate a review of the Control Environment.

Nihal Kekulawala
Chairman – Board Audit Committee
26 March 2025

Report of the Board Integrated Risk Management Committee

The Board Integrated Risk Management Committee (BIRMC), during the year under review, comprised the following members:

- ❖ Mr. Indrajith Boyagoda – Chairman Independent Non-Executive Director
- ❖ Mr. Nihal Kekulawala – Member Independent Non-Executive Director
- ❖ Mr. Trevine Fernandopulle – Member Non-Executive Director

Mr. Indrajith Boyagoda was appointed to the Committee on 21 August 2024 and subsequently appointed as Chairman on 23 November 2024. Mr. Andries Bonthuys, a Non-Executive Director, was appointed to the Committee on 18 October 2024.

Mr. Alexander Maas, who was a member of the Committee, resigned from the Board on 31 October 2024.

Secretary to the Committee

The Company Secretary serves as the Secretary to the Committee.

Charter of the Committee

The Board of Directors established the BIRMC in compliance with Corporate Governance Directions for Finance Companies issued by the Central Bank of Sri Lanka.

The Board has approved the BIRMC charter in which it sets out the membership, source of authority, duties, and responsibilities of the BIRMC. The functions of the BIRMC in managing the risks of the Company have been discussed in detail under the "Risk Management" from page 27 to page 36 of this Annual Report.

Committee Meetings and Methodology

The BIRMC met 04 times during the year ended 31 December 2024, and its deliberations and conclusions were reported to the Board of Directors. The BIRMC assists the Board of Directors in performing its oversight function in relation to different types of risks faced by the Company in its business

operations and ensures adequacy of the effectiveness of the risk management framework of the Company.

The scope of the Committee was based on the guidelines defined by the Central Bank. In particular, the Committee reviewed risks flowing from the business plan in relation to strategic, economic, credit, market, liquidity, and operational risks, as well as interest rate risk of the balance sheet.

Activities and Functions of the Committee

- ❖ Assess the impact of risks, including credit, market, liquidity, operational, strategic, compliance, and technology through appropriate risk indicators and management information. Make recommendations on risk strategies and the risk appetite to the Board.
- ❖ Develop risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate risk levels and types of risk that AMWCL will accept or avoid in order to achieve strategic business objectives.
- ❖ Review the AMWCL's risk policies, including RAS, at least annually.
- ❖ Review the adequacy and effectiveness of senior management level committees (CPC, ALCO, ITSC, IMP, and ORMC) to address specific risks and manage those within quantitative risk limits and qualitative risk criteria set by the Committee.
- ❖ Assess all aspects of risk management, including updated business continuity and disaster recovery plans.
- ❖ Assess the performance of the Compliance Officer and the Head of Risk.
- ❖ Monitor the independent compliance function to assess AMWCL's level of compliance with laws, regulations, directions, rules, regulatory guidelines, and approved policies on business operations.

- ❖ Monitor the independent risk management function responsible for managing risk-taking activities across the AMWCL.
- ❖ Take appropriate actions against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the Committee.
- ❖ Submit a risk assessment report to the Board of Directors seeking Board's views, concurrence, and/or specific directions.
- ❖ Consider proposed material changes to the Company's risk profile or Risk Appetite arising from planned new or increased business.

In particular, the BIRMC discussed, analyzed, and advised on the various macro and micro level risks that could impact the business.



Indrajith Boyagoda
Chairman
Board Integrated Risk Management Committee
26 March 2025



Report of the Remuneration Committee

The Remuneration Committee has been appointed by the Board of Directors of AMW Capital Leasing and Finance PLC. It functions under its Terms of Reference, adhering to the Finance Business Act Direction No. 05 of 2021 and the corporate governance provisions of the CSE Listing Rules.

Composition of the Committee

The Committee, during the year under review, comprised the following members:

- ❖ Mr. Nihal Kekulawala – Chairman Independent Non-Executive Director
- ❖ Mr. Indrajith Boyagoda – Member Independent Non-Executive Director
- ❖ Mr. Trevine Fernandopulle – Member Non-Executive Director

During the year, Mr. Andries Bonthuys, a Non-Executive Director, was appointed to the committee on 18 October 2024. Additionally, Mr. Alexander Maas, who was a member of the committee, resigned from the Board on 31 October 2024.

The composition of the Committee is in compliance with the Listing Rules of the Colombo Stock Exchange. The profiles of the members are detailed on pages 09 to X11 of this Annual Report.

Secretary

The Company Secretary functions as the Secretary to the Board Remuneration Committee.

Invitees

Director/CEO, Human Resources Business Partner and Head of Compliance participated in the meetings by invitation.

Terms of Reference

The Remuneration Committee operates under the Board-approved Terms of Reference and supports the Board of Directors in ensuring the effectiveness of the Company's remuneration framework. The Committee is authorized to review matters within its scope and make recommendations to the Board for informed decision-making. Its role

and functions are governed by relevant statutory and regulatory requirements.

Remuneration Policy

The Company's remuneration policy is designed to attract, reward, recognize, motivate and compensate employees for their services to the Company's success in line with market practice.

The policy encompasses the component of compensation and structured career progression through job evaluations and re-banding. It also supports succession planning.

The Committee provides oversight of the policy's implementation, ensuring compliance with regulatory requirements and best governance practices while aligning compensation strategies with the Company's long-term objectives.

Functions

The Committee upholds the principles of accountability and transparency, ensuring a clear link between reward and performance. It reviews and oversees the Remuneration Policy, aligning it with industry best practices, regulatory requirements, and internal equity. The Committee oversees setting up the remuneration framework for Key Responsible Persons (KRP), including Managerial Staff, and evaluates the performance of the CEO and senior management in line with corporate governance requirements, providing recommendations to the Board. Additionally, the Committee reviews key human resource strategies, including succession planning, to support long-term business objectives.

Meetings and Attendance

During the year, the Committee held four (02) meetings, and the attendance of the Committee Members at these meetings is given in the table on page 81 of the Annual Report.

Total Aggregate Remuneration

Aggregate remuneration paid to Non-Executive Directors and Executive Directors is disclosed in Note 30.2 to the financial statements on page 137, in

accordance with the requirements of Section 16 (1) (iv) of the Finance Business Act Direction No. 5 of 2021 and following the Guidelines on Remuneration Policies and Disclosure Requirements issued by the Central Bank of Sri Lanka. It is also declared in accordance with the section 9.12.8 of the CSE Listing Rules section 9 on Corporate Governance.

The Remuneration Committee is committed to upholding the highest standards of governance, ensuring that the Company's compensation framework supports long-term business success while maintaining fairness and transparency.

Nihal Kekulawala
Chairman - Remuneration Committee
26 March 2025

Report of the Related Party Transactions Review Committee

The Board-appointed Related Party Transactions (RPT) Review Committee comprises of four Directors. Two Independent Non-Executive Directors, Mr. Nihal Kekulawala as Chairman, and Mr. Indrajith Boyagoda, along with two Non-Executive Directors, Mr. Trevine Fernandopulle and Mr. Andries Bonthuys. Mr. Alexander Maas, who was a member of the committee, resigned from his position effective 31st October 2024.

The Company Secretary functions as the Secretary to the Committee.

The Committee met on Four (04) occasions during the financial year and attendance during the said Meetings can be referred to on page 81.

Terms of Reference of the Committee

The Committee was mandated by the Terms of Reference approved by the Board of Directors for the purpose of reviewing in advance all proposed related party transactions and communicating its comments and observations to the Board.

The committee also ensured that

1. the transparency and fairness to all stakeholders of all transactions.
2. adherence of Related Party Transactions to the Accounting Standards, Rules issued by the SEC, and the Directions issued by the Central Bank of Sri Lanka.

Methodology Used by The Committee – Avoiding Conflicts of Interest

The Committee avoids “conflicts of interest” which may arise from any transaction entered into between the Company and any person, and ensure that related party dealings are carried out in an arm’s length.

Summary of Activities

Discharging the duties entrusted to the Committee within its Terms of Reference, the Committee has reviewed all the related party transactions engaged into by the Company during the period under review, and has duly reported same to the Board of Directors and shareholders where necessary.

During the period under review, the Committee has reviewed various transactions falling within the categories as set out below:

- ❖ Transactions with the Parent
- ❖ Recurrent Related Party Transactions
- ❖ Non-Recurrent related Party Transactions
- ❖ Transactions with the KMPs and Directors of the Company;

Self-declarations from the Directors and KMPs are obtained in terms of the related party transaction guide for identifying parties related to them. Based on these declarations, information on related parties has been included in the core systems used by the Company.

There are no financial, business, family, or other material/relevant relationships between the Chairperson and the CEO, nor among members of the Board.

The Committee continuously focuses on identifying gaps in the existing policy and processes and will strengthen the processes on an ongoing basis.

Related Party Transactions During 2024

Details of related party transactions during the period under review are disclosed under Note 30 on pages 136 to 137 of the Audited Financial Statements.

Name of the related party	Relationship	Nature of the Transaction	Closing Balance as at 31.12.2024	Aggregate value of related party transactions entered into during the financial year (Rs.)	Aggregate value of related party transactions as a % of Gross Interest Income	Terms and conditions of the related party transactions
Associated Motorways Private Limited	Parent	Shared Services - Vehicle Repair Cost	158,834,420	2,361,257	0.22%	Normal commercial terms
				73,977,724	6.85%	As per the Agreement
		- Fuel/IT/ Other Cost Reimbursement		9,581,545	0.89%	As per the Agreement
		- Rent Cost				
Orient Insurance Limited	Sister Company	Insurance Services	8,452,589	28,689,055	2.66%	Normal commercial terms
		Fixed Deposit	350,000,000			
Key Management Personnel	Key Management Personnel with close family members	Fixed Deposit Transactions	404,367,444			
		- New Fixed Deposits		35,767,560	3.31%	Normal commercial terms
		- FD Renewals and Withdrawals Loan Facilities		26,659,205	2.47%	Normal commercial terms
			2,952,690			

Declaration

The declaration by the Board of Directors in the Annual Report as an affirmative statement of compliance with Listing Rules pertaining to Related Party Transactions is given on page 83 of this Annual Report..



Nihal Kekulawala
Chairman
Related Party Transactions Review Committee
26 March 2025

Directors' Responsibility for Financial Reporting

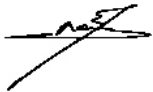
The Financial Statements are prepared in conformity with generally accepted accounting principles and the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. The Financial Statements reflect a true and fair view of the state of affairs of the Company as of 31 December, 2024 and provide the information required by the Companies Act No. 7 of 2007. The Financial Statements have been prepared on the going concern basis as the Board is satisfied that the Company will continue its operations in the foreseeable future.

The Board of Directors have instituted an effective and comprehensive system of internal checks, internal audits, and the whole system of financial and other controls required to carry on the business of the Company in an orderly manner, safeguard its assets and ensure as far as practicable the accuracy and reliability of the records. These controls are regularly reviewed.

The Company Auditors, Messrs. Deloitte Partners, Chartered Accountants, carry out reviews and test checks the effectiveness of internal controls as they consider appropriate and necessary for providing their opinion on the financial statements.

The Board of Directors oversees the Management's responsibilities for financial reporting at their regular meetings.

By Order of the Board



Chandima Nanayakkara
Company Secretary
26 March 2025



Report of the Nominations and Governance Committee

The Nominations and Governance Committee has been appointed by the Board of Directors of AMW Capital Leasing and Finance PLC on 20 February 2024. It functions under its Terms of Reference, adhering to the Finance Business Act Direction No. 05 of 2021 and the corporate governance provisions of the CSE Listing Rules. The Committee follows the Corporate Governance framework which is approved by the Board when nominating Directors and KRPs.

Composition of the Committee

The Committee, during the year under review, comprised the following members, appointed by the Board of Directors:

- ❖ Mr. Indrajith Boyagoda – Chairman (Independent Non-Executive Director)
- ❖ Mr. Nihal Kekulawala – Member (Independent Non-Executive Director)
- ❖ Mr. Trevine Fernandopulle – Member (Non-Independent Non-Executive Director)
- ❖ Mr. Andries Bonthuys - Member (Non-Independent Non-Executive Director)

Mr. Alexander Maas, who was a member of the committee, resigned from the Board on 31st October 2024.

Brief Profiles of the Directors are given on pages 09 to 12 in this report.

Director/CEO participates in the meetings by invitation. In addition, the committee has authority to invite any other management members or external experts to the committee meetings if they deem necessary.

Secretary

The Company Secretary functions as the Secretary to the Committee.

Functions of the Committee

The Committee's main function is to evaluate and recommend to the Board the appointment of new Directors, the CEO, and other Key Responsible Persons. They will also maintain formal procedures for this purpose. New Directors are assimilated to the Board

through an informal induction by physical meeting and involving them in the routine discussions on corporate governance, Listing Rules, securities market regulations, and other applicable laws and regulations.

In discharging the duties and responsibilities vested in the NGC, the Committee obtained declarations from the Directors through a prescribed format, confirming their status of independence. During the reporting period, there were no major issues that needed to be communicated to the Independent Directors.

Directors should be re-elected annually, following the applicable fitness and propriety assessments, which are reviewed by the Committee. Directors who were members of the Board as at 31 December 2024 have been recommended for re-election at the AGM to continue as Directors as per Articles of Association of the Company in 2025 in the same positions.

The Chairman of the Board, previously an Independent Director, was declared non-independent upon reaching the age of 70 on 23 November 2024, in compliance with CSE Listing Rule 9.8.3 (ix). Other Independent Directors continue to meet the criteria for independence. Attendance details for Board and Committee meetings are provided on pages 80 to 81.

As at the year end the Board was below the minimum requirement from CBSL on the number of Directors, however this has been subsequently rectified within the first quarter of 2025. The Board consists of members who possess a wide range of expertise, knowledge, and relevant qualifications, hailing from various backgrounds, which add to the depth and perspective of Board decisions. However, the Board consists of male members only and are yet to diversify in terms of gender.

Fit and Proper Assessment

As part of its mandate, the Committee ensures that all Directors and the Chief Executive Officer satisfy the Fit and Proper Assessment Criteria as stipulated in the Listing Rules of the Colombo Stock Exchange. The Committee has obtained declarations through a prescribed format confirming each

Director's and the CEO's compliance with these criteria.

During the reporting period, there have been no instances of non-compliance with the Fit and Proper Assessment Criteria.

During the year under review, the NGC held two (02) meetings.

A detailed breakdown of the compliance with CSE Corporate Governance rules can be referred to on page 37 onwards.

Indrajith Boyagoda
Chairman
Nominations and Governance Committee
26 March 2025





Financial Reports

Independent Auditors' Report
Statement of Financial Position
Statement of Comprehensive Income
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements

Independent Auditors' Report



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Independent Auditor's Report

To the Shareholders of AMW Capital Leasing and Finance PLC

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of AMW Capital Leasing and Finance PLC (the Company). The financial statements of the Company comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended.
- the statement of changes in equity for the year then ended.
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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.

Key audit matter	How our audit addressed the Key audit matter
<p>Impairment of loans and advances and rentals receivable on lease and hire purchase assets.</p> <p>Refer accounting policy Section 2.2.2: Impairment losses on loans and receivables and Notes 7, 8 and 24 to the financial statements.</p>	<p>The audit procedures performed to assess the adequacy of the impairment allowance for credit losses on loans and advances and rentals receivable on lease and hire purchase assets in line with SLFRS 9 adopted, included the following:</p>

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, W D A S U Perera ACA, L A C Tillekeratne ACA, D C A J Yapa ACA

Independent Auditor’s Report

To the Shareholders of AMW Capital Leasing and Finance PLC (Contd.)

Report on the audit of the financial statements (Contd.)

Key Audit Matters (Contd.)

Key audit matter	How our audit addressed the Key audit matter
<p>As at 31 December 2024, total gross amount of loans and advances and rentals receivable on lease and hire purchase assets amounted to Rs. 6,869 million, with a total allowance for impairment of Rs. 729 million. Total net amount of loans and advances represent 86% of the total assets.</p> <p>Management assesses whether the credit risk of loans and advances to customers and rentals receivable on lease and hire purchase assets have increased significantly since their initial recognition and applies a three-stage impairment approach to calculate the Expected Credit Loss (ECL) by grouping the portfolio into different segments, namely motor car, motorcycle, dual purpose, land vehicles and other assets. ECL is calculated on either an individual basis or a collective basis. Collective impairment is calculated incorporating key parameters, including probability of default, loss given default, exposure at default, discount factor for the period and economic factor adjustment. Individual impairment is determined using discounted cash flows. The impairment of loans and advances and rentals receivable on lease and hire purchase assets using the ECL model was considered as a key audit matter due to: - The complex calculations with key variables being used in the ECL model requiring significant management judgment and use of assumptions; - The magnitude of the reported amounts of loans and advances and rentals receivable on lease and hire purchase assets and the impairment allowances thereof; and - The determination of ECL in an uncertain economic environment.</p>	<ul style="list-style-type: none"> - Understanding, evaluating, and testing the design and operating effectiveness of key controls in lending and credit risk mitigation process. - Assessing the appropriateness of the criteria (E.g.: days past due, industry segments) used by management to determine whether customer credit facilities are impaired. - Assessing the appropriateness of the design and implementation of the ECL model, including the reasonableness of significant judgement made and assumptions used by management respectively, which included, cash flow estimates, discount rates, expected recoveries when defaults occur and management overlays. - Checking the reasonability of the macro-economic and other forward-looking information used by management, by comparing them against reliable publicly available information. - Checking the underlying calculations and data on a sample basis for accuracy and completeness; and - Assessing the accuracy and sufficiency of related financial statement disclosures. Based on our procedures, we found the methodology adopted to be appropriate, and the estimates and assumptions within the ECL model to be reasonable. We also found the disclosures in the financial statements in respect of the impairment to be adequate.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 31 December 2024 (“the Annual Report”) (but does not include the financial statements and our auditor’s report thereon). The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent Auditor's Report

To the Shareholders of AMW Capital Leasing and Finance PLC (Contd.)

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 judgement 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.

Independent Auditor's Report

To the Shareholders of AMW Capital Leasing and Finance PLC

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 6355.

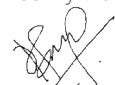


CHARTERED ACCOUNTANTS
CA Sri Lanka membership number - 6355
COLOMBO
26 March 2025

Statement of Financial Position

As at 31 December		2024	2023
	Note	Rs.	Rs.
ASSETS			
Cash and bank	3	198,265,641	351,426,579
Other financial assets	4	65,311,288	57,450,811
Other non-financial assets	5	48,114,125	44,285,625
Deferred tax assets	6	64,677,217	152,683,085
Rentals receivable on lease and hire purchase assets	7	248,893,692	573,045,893
Loans and advances	8	5,918,447,431	4,043,318,206
Equity instruments at fair value through other comprehensive income	9	2,358,001	2,185,042
Debt instruments at amortised cost	10	213,969,129	2,115,153,299
Property, plant and equipment	11	57,510,116	38,252,067
Intangible assets	12	6,527,970	-
Right-of-use assets	13	44,931,548	60,768,227
Total assets		6,869,006,158	7,438,568,834
EQUITY AND LIABILITIES			
Liabilities			
Bank overdraft	3	20,206,510	10,036,142
Trade and other payables	14	696,220,842	610,924,538
Time deposits	15	1,881,211,682	1,370,792,048
Interest bearing borrowings	16	419,682,138	1,623,474,231
Lease liabilities	13	56,917,361	73,304,734
Income tax payable	17	35,222,026	75,298,712
Employee benefit obligation	18	47,613,081	31,489,810
Total liabilities		3,157,073,640	3,795,320,215
Equity			
Stated capital	19	200,000,000	200,000,000
Retained profit		3,325,796,751	3,260,711,358
Fair value through OCI reserve		1,665,652	1,492,693
Statutory reserve fund	20	184,470,115	181,044,568
Total equity		3,711,932,518	3,643,248,619
Total equity and liabilities		6,869,006,158	7,438,568,834

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



General Manager Finance

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the Board by:



Director

26 March 2025



Director

26 March 2025

Accounting policies and notes on pages 102 to 151 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Comprehensive Income

Year ended 31 December	Note	2024 Rs.	2023 Rs.
Interest income	21	1,079,580,121	1,233,673,550
Less : Interest expenses	22	(341,444,432)	(545,211,432)
Net interest income		738,135,689	688,462,118
Other operating income	23	238,716,152	181,193,308
Total operating income		976,851,841	869,655,426
Credit loss reversal /(expense)	24	75,783,470	(115,341,776)
Net operating income		1,052,635,311	754,313,650
Less: Operating expenses			
Administration cost		(408,269,221)	(341,972,768)
Personnel cost		(334,110,790)	(264,525,372)
Distribution cost		(59,548,079)	(34,811,467)
Operating profit before Value Added Tax (VAT) on financial services		250,707,221	113,004,043
Less: Value Added Tax on financial services		(80,629,000)	(62,158,927)
Profit before taxation	25	170,078,221	50,845,116
Income tax (expenses)/credit	26	(92,022,404)	29,862,877
Profit for the year		78,055,817	80,707,993
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial loss on employee benefit obligation	18	(13,561,413)	(7,600,172)
Fair value gain on equity instruments	9	172,959	64,813
Income tax relating to other comprehensive income	26	4,016,536	2,260,607
Other comprehensive income for the period, net of tax		(9,371,918)	(5,274,752)
Total comprehensive income for the year		68,683,899	75,433,241
Basic / diluted earnings per share	27	3.90	4.04

Accounting policies and notes on pages 102 to 151 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Changes in Equity

	Note	Stated Capital Rs.	Retained Profit Rs.	Statutory Reserve Fund Rs.	Fair Value through OCI Reserve Rs.	Total Equity Rs.
Balance as at 01 January 2023		200,000,000	3,189,378,330	177,009,168	1,427,880	3,567,815,378
Total comprehensive income for the year		-	75,368,428	-	64,813	75,433,241
Transfers	20	-	(4,035,400)	4,035,400	-	-
Balance as at 31 December 2023		200,000,000	3,260,711,358	181,044,568	1,492,693	3,643,248,619
Total comprehensive income for the year	20	-	68,510,940	-	172,959	68,683,899
Transfers		-	(3,425,547)	3,425,547	-	-
Balance as at 31 December 2024		200,000,000	3,325,796,751	184,470,115	1,665,652	3,711,932,518

The Company has certain debt instruments measured at FVOCI, as explained in Note 9.1. For these investments, changes in fair value is accumulated within the FVOCI reserve within equity. Accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or impaired.

Statement of Cash Flows

Year ended 31 December	Note	2024 Rs.	2023 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before income tax		170,078,221	50,845,116
Adjustments for :			
Interest income on debt instruments at amortized cost	21	(152,518,400)	(273,574,975)
Accrued loan interest	16	77,902,538	286,540,254
Dividend income	23	(268,900)	(199,467)
Retiring gratuity - charge for the year	18	8,089,480	8,611,038
Interest on lease liabilities	13	13,450,538	10,321,292
Depreciation and amortization	11	43,037,844	35,872,202
Operating profit before changes in working capital		159,771,321	118,415,460
Increase in trade and other payables		85,296,304	169,014,797
Increase / (decrease) in other financial assets and non-financial assets		(11,688,977)	27,599,964
Net settlements from lease, hire purchase and loans and advances		(1,550,977,025)	2,781,800,707
Net deposit settlement to customers		510,419,634	(400,056,918)
Net cash used in operations		(807,178,743)	2,696,774,010
Gratuity paid	18	(5,527,623)	(13,815,758)
Income tax paid	17	(40,076,687)	(115,281,581)
Net cash used in operating activities		(852,783,053)	2,567,676,671
CASH FLOWS USED IN INVESTING ACTIVITIES			
Dividends received	23	268,900	199,467
Acquisition of plant, equipment and intangible assets	11	(41,210,813)	(9,318,238)
Net investments made during the year		1,901,184,171	(937,175,378)
Interest received from debt instruments at amortized cost	21	152,518,400	273,574,975
Net cash used in investing activities		2,012,760,658	(672,719,174)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Lease payments during the year	13	(41,614,279)	(34,670,029)
Loans obtained	16	800,000,000	500,000,000
Loan settlements made	16	(2,081,694,632)	(2,288,927,746)
Net cash used in financing activities		(1,323,308,911)	(1,823,597,775)
Net increase (decrease) in cash and cash equivalents		(163,331,306)	71,359,722
Cash and cash equivalents at the beginning of the year		341,390,437	270,030,715
Cash and cash equivalents at the end of the year	3	178,059,131	341,390,437

Accounting policies and notes on pages 102 to 151 form an integral part of these financial statements. Figures in brackets indicate deductions.

Notes to the Financial Statements

1. CORPORATE INFORMATION

AMW Capital Leasing and Finance PLC (Previously known as "AMW Capital Leasing PLC") was incorporated on 23 February 2006 under the Companies Act No. 17 of 1982 and was re-registered under the New Companies Act No. 07 of 2007 on 27 June 2007. The new Registration Number of the Company is PB14PQ.

The registered office of the Company is located at No. 185, Union Place, Colombo 02 and principal place of business of the Company is located at No. 445, Bauddhaloka Mawatha, Colombo 08.

During the year, the principal activities of the Company were granting Lease facilities, Hire Purchase facilities, Mortgage Loans and acceptance of Deposits.

The financial statements for the year ended 31 December 2024 were authorised for issue by the Directors on 26 March 2025.

The immediate holding Company of AMW Capital Leasing and Finance PLC is Associated Motorways (Pvt) Limited which is incorporated in Sri Lanka and ultimate Parent Company is Al-Futtaim Engineering LLC, Dubai.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation of financial statements in conformity with Sri Lanka Accounting

Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The financial statements have been also prepared in compliance with the requirements of the Companies Act No. 7 of 2007 and provide appropriate disclosures as required by the Central Bank of Sri Lanka (CBSL) and listing rules of Colombo Stock Exchange (CSE).

The financial statements include the following components:

- ❖ A statement of financial position as at 31 December 2024;
- ❖ A statement of comprehensive income for the year then ended;
- ❖ A statement of changes in equity for the year then ended;
- ❖ A statement of cash flows for the year then ended; and
- ❖ Notes to the financial statements comprising accounting policies and other explanatory information.

2.1.2 Historical Cost Convention

The financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value.

2.1.3 Presentation of Financial Statements

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the Note 33. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

2.1.4 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of these financial statements.

2.1.5 Approval of Financial Statements

The financial statements of the Company for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 26 March 2024. The Directors have the power to amend and reissue the financial statements.

2.2 Material Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements 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.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

2.2.1 Going Concern

The Company's management has made an assessment of the Company's ability to continue as a Going Concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast

significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.2.2 Impairment Losses on Loans and Receivable and Rentals Receivable on Lease and Hire Purchase Assets

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgement, 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 are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. 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 an ECL basis and the related qualitative assessment;
- ❖ The segmentation of financial assets when their ECL is assessed on a collective basis;
- ❖ Development of ECL 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 (PD), exposure at default (EAD) and loss given default (LGD); and
- ❖ election of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The Company reviews its individually significant loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss. In particular, Management Judgment

is required when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

ECL principles

The Company has 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 as described below:

- ❖ **Stage 1:** When loans are first recognised, the Company recognises an allowance based on 12 month 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 life time ECLs. Stage 2 loans also include facilities, where the credit risk has improved, presumed if interest and/or principal repayments are 30 days past due and the loan has been reclassified from stage 3.
- ❖ **Stage 3:** Loans considered credit-impaired, the Company records an allowance for the life time ECLs.

The calculation of ECLs

The Company calculates ECLs based on aging based approach with rebuttable presumption of 90 days past due to identify the point of default for the purpose of formulating impairment models.

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 drawdowns 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 realization of any collateral. It is usually expressed as a percentage of the EAD.

Definition of Default

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.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of factors that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.2.3 Employee Benefit Obligations

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are given in Note 18.

Notes to the Financial Statements

2.2.4 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 includes the use of mathematical models. The valuation of financial instrument is described in Note 35 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 35 the financial statements.

2.2.5 Taxation

Income Taxes

Judgment is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognise liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred income tax provisions in the period in which such determination is made.

Deferred Income Tax Assets

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgment regarding future financial performance of a particular entity in which the deferred income tax asset has been recognised.

2.2.6 Estimated useful lives of property, plant and equipment (PPE)

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE carrying value.

2.2.7 Commitment and Contingent Liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency. The Company consult with legal counsel on matters related to litigation and other experts both within and outside the Company with respect to matters in the ordinary course of business.

2.3 Events after the Reporting Period

All material events after the reporting period have been considered and appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.4 Changes in Accounting Policies and Disclosures

2.4.1 New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024.

a. Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements

The amendments add a disclosure objective to LKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, SLFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

b. Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or

non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

c. Amendments to LKAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

It also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

d. Amendments to SLFRS 16 Leases - Lease Liability in a Sale and Leaseback

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SLFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SLFRS 16.

2.4.2 Accounting standards/ amendments issued but not effective.

The new amended standards and interpretations that are issued, but not effective for annual reporting period ending 31 December 2024, up to the date of issuance of the Company's Financial Statements will be not expected to have a material impact on the Companies' financial statements.

a. Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency

within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The Company anticipates that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

b. Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset

meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The Company anticipates that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

c. IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Company anticipates that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

Notes to the Financial Statements

d. IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements. The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The Company anticipates that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

e. Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting

Standards;
IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
IFRS 9 Financial Instruments;
IFRS 10 Consolidated Financial Statements; and
IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

The Company anticipates that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

2.5 Summary of Material Accounting Policies

The following are the material accounting policies applied by the Company in preparing its financial statements.

2.5.1 Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Lankan Rupees (Rs.), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other operating income/ (expenses).

Non-monetary items that are measured at fair value in a foreign currency are

translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2.5.2 Recognition of Income and Expense

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Expenses are recognised in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income.

For the purpose of presentation of the statement of profit or loss, the "function of expense method" has been adopted on the basis that it represents fairly the elements of Company's performance.

a) Interest Income and Interest Expense

Under SLFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost and financial instruments designated at FVTPL. Interest income on interest bearing financial assets measured at FVOCI under SLFRS 9 is recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. Interest income is recognized using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, 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) is recognized.

Interest and Similar Income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', 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 as a reversal of interest income. For purchased or originated credit-impaired (POCI) financial assets, the Company calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortized cost of the asset.

The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI assets.

Revenue – other

SLFRS 15 became effective for financial periods beginning on or after 1 January 2018. The core principle of SLFRS 15 is that an entity have to recognise revenue to depict the transfer of promised goods or services to customers. This core principle is delivered in a five-step model framework as disclosed below.

- ❖ Identify the contract(s) with a customer
- ❖ Identify the performance obligations in the contract
- ❖ Determine the transaction price
- ❖ Allocate the transaction price to the performance obligations in the contract
- ❖ Recognise revenue when (or as) the entity satisfies a performance obligation.

b) Dividends

Income is recognised when the Company's right to receive the payment is established.

c) Rental Income

Rental income arising from operating leases on motor vehicles is accounted for on a straight-line basis over the lease term.

d) Fee and Commission Income

Fee and commission income is recognized on an accrual basis. The Company recognises fees earned on transaction-based arrangements at a point in time when we have fully provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

e) Other Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the statement of profit or loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

2.5.3 Tax

a) Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date under the Inland Revenue Act No.24 of 2017 is effective from 1 April 2018 onwards.

b) Deferred Tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the financial statements.

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.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes related to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax (i.e. withholding tax), except:

- ❖ Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- ❖ Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Value Added Tax on Financial Services

Value Added Tax on Financial Services is calculated in accordance with the amended Value Added Tax Act No. 7 of 2003. The amount of Value Added Tax on Financial Services is charged in determining the profit for the year.

Notes to the Financial Statements

2.5.4 Property, Plant & Equipment

Cost

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation.

All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computer Equipment	20%
Office Equipment	20%
Furniture & Fittings	20%
Motor Vehicles	20%
Motor Vehicles on Hire	20%
Fixtures	20%

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5.5 Right-of-use Assets and Lease Liabilities

The Company leases various offices. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described in Note 13.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ❖ fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- ❖ variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- ❖ amounts expected to be payable by the Group under residual value guarantees;
- ❖ the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- ❖ payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar

economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- ❖ where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- ❖ uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- ❖ makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- ❖ the amount of the initial measurement of lease liability;
- ❖ any lease payments made at or before the commencement date less any lease incentives received;
- ❖ any initial direct costs, and
- ❖ restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company may revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.5.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognized.

Amortization

Amortization on computer software is calculated on a straight-line basis over the estimated useful life of 5 years.

2.5.7 Lease and Hire Purchase Receivables

Finance and Operating Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance Leases

Agreements which transfer to counterparties substantially all the risks

and rewards incidental to the ownership of assets, but not necessarily legal title are classified as finance leases. When the Company is the lessor under finance leases, the amounts due under the leases, after deduction of unearned income are included in Lease Receivables. The finance income receivable is recognized in "Interest Income" over the period of the leases based on the interest rate implicit in the lease so as to give a constant rate of return on the net investment in the leases.

Operating Leases

All other leases are classified as operating leases. When acting as lessor, the Company includes the assets subject to operating leases in "Property, plant and equipment" and accounts for them accordingly. Rentals receivable under operating leases are accounted for on a straight-line basis over the period of the leases.

Hire Purchase

Assets hired to customers under hire purchase agreements, which transfer all the risks and rewards incidental to ownership as well as the legal title at the end of such contractual period, are classified as hire purchase receivables. Such assets are accounted for in a similar manner as finance leases.

2.5.8 Financial Instruments

The Company recognizes financial assets or financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or a liability (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial asset or liability, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit or loss. Financial assets and liabilities are offset and the net amount is presented when, and only when the Company has a legal right to offset the amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial Assets

a) Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss or amortized cost based on the Company's business model and cash flow characteristics of the financial asset.

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 FVTPL, transaction costs are added to, or subtracted from, this amount.

b) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. Subsequent to initial recognition, all assets within the scope of SLFRS 9 are measured at:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss. (FVTPL)

Financial Assets at Amortized cost:

The Company only measures loans, receivables, and other financial investments at amortized 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; and
- 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 at amortized cost consist of cash and bank balances, securities purchased under repurchase agreements, lease receivables, hire purchase receivables, loan receivables and other assets.

The details of the above conditions are outlined below.

Notes to the Financial Statements

Business model assessment

The Company determines its business model at the level that best reflects 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 value of the assets managed or on the contractual cash flows collected); and
- ❖ 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 realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The 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 that introduce a more than the minimum 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 FVTPL.

Debt instruments at FVOCI

The Company applies the new category under SLFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- ❖ The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- ❖ The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

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 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.

c) Derecognition of Financial Assets

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 recognized 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 POCI.

When assessing whether or not to derecognize a loan to a customer, amongst others, the Company considers following factors:

- ❖ Change in currency of the loan
- ❖ Introduction of an equity feature
- ❖ Change in counterparty

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.

In that case, the Company also recognises an 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 that the Company could be required to repay.

Financial liabilities**a) Initial recognition and measurement**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings at amortized cost, plus directly attributable transaction costs.

The financial liabilities include trade and other payables, Company overdrafts, loans and borrowings, time deposits, amounts due to related parties.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit or loss.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When 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, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.5.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.5.10 Cash and Bank Balances

Cash and Bank balances in the statement of financial position comprise cash at banks and in hand. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown separately within

liabilities in the statement of financial position.

2.5.11 Post-Employment Benefits**Employee Benefit Obligation**

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds, and that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The employee defined benefit plan comprises the gratuity provided under the payment of Gratuity Act No.12 of 1983.

Defined Contribution Plan - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and Employees' Trust Fund respectively. The contribution paid and payable is recognized as an expense during the year.

Notes to the Financial Statements

2.5.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.5.13 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

2.5.14 Stated capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.5.15 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the

discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.5.16 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- ❖ the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- ❖ by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- ❖ the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- ❖ the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.5.17 Related party transactions

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures". Disclosure has been made in respect of the related party transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged or not.

According to LKAS 24 - "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors has been classified as Key Management Personnel of the Company. Emoluments paid to Key Management Personnel have been disclosed in Note 31.2.

2.5.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company which assesses the financial performance and position of the Company, and makes strategic decisions has been identified as being the chief operating decision maker.

The Company's reportable segments comprise of Finance Lease, Hire Purchase, Term Loans and Unallocated.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Expenses that cannot be directly identified to a particular segment are allocated on bases decided by the management and applied consistently throughout the year.

	2024 Rs.	2023 Rs.		
3. CASH AND BANK				
Cash in hand	90,781,067	85,330,509		
Cash at bank	107,484,574	266,096,070		
	198,265,641	351,426,579		
Bank overdraft	(20,206,510)	(10,036,142)		
Cash and cash equivalents	178,059,131	341,390,437		
3.1 Net debt reconciliation				
This section sets out an analysis of net debt and movements in net debt for each of the periods presented.				
Cash and cash equivalents	178,059,131	341,390,437		
Borrowings				
- Interest bearing borrowings	(419,682,138)	(1,623,474,231)		
- Lease liabilities	(56,917,361)	(73,304,734)		
Net debt	(298,540,368)	(1,355,388,527)		
Cash and cash equivalents	178,059,131	341,390,437		
Gross debt – fixed interest rates	(181,917,361)	(1,196,276,630)		
Gross debt – variable interest rates	(294,682,137)	(500,502,335)		
Net debt	(298,540,367)	(1,355,388,528)		
	Liability from financing activities	Assets	Total	
	Borrowings	Lease Liabilities	Cash and Cash Equivalents	
Net debt as at 1 January 2023	(3,125,861,723)	(73,060,622)	270,030,715	(2,928,891,630)
Cash flows	-	-	71,359,722	71,359,722
Securitization loans obtained from banks	(500,000,000)	-	-	(500,000,000)
Securitization loan interest	(286,540,253)	-	-	(286,540,253)
Repayment of securitization loans	2,288,927,746	-	-	2,288,927,746
Interest charge on lease liabilities	-	(10,321,292)	-	(10,321,292)
New lease liabilities	-	(24,592,852)	-	(24,592,852)
Lease payments during the year	-	34,670,029	-	34,670,029
Net debt as at 31 December 2023	(1,623,474,230)	(73,304,737)	341,390,437	(1,355,388,530)
Recognised on adoption of SLFRS 16 (see Note 12)	-	-	-	-
	(1,623,474,230)	(73,304,737)	341,390,437	(1,355,388,531)
Cash flows	-	-	(163,331,306)	(163,331,306)
Securitization loans obtained from banks	(800,000,000)	-	-	(800,000,000)
Securitization loan Interest	(77,902,537)	-	-	(77,902,537)
Repayment of securitization Loans	2,081,694,630	-	-	2,081,694,630
Interest charge on lease liabilities	-	(13,450,538)	-	(13,450,538)
New lease liabilities	-	(17,188,634)	-	(17,188,634)
Adjustments made during the year	-	5,412,277	-	5,412,277
Lease payments during the year	-	41,614,279	-	41,614,279
Net debt as at 31 December 2024	(419,682,137)	(56,917,353)	178,059,131	(298,540,359)

Notes to the Financial Statements

	2024 Rs.	2023 Rs.
4. OTHER FINANCIAL ASSETS		
Portfolio related financial assets		
VAT receivable on lease rentals	26,107	7,071
Insurance receivable on lease and hire purchase	6,500,228	10,637,325
Insurance receivable on loans and advances	24,283,584	22,394,358
RMV charges receivable	1,989,807	2,010,585
Seizing charges receivable	220,722	366,158
Lawyer fee receivable	161,593	263,433
Other financial assets		
Refundable deposits	24,357,394	21,257,394
Other Receivable - Related parties (Note 4.1)	3,002,607	3,002,607
Insurance commission receivable	25,147,264	15,628,519
Miscellaneous receivables	10,335,040	9,809,508
Less : Impairment provision for Other Financial Assets (Note 4.2)	(30,713,058)	(27,926,147)
	65,311,288	57,450,811
4.1 Other Receivable - Related parties		
Associated Motorways (Pvt) Ltd	3,002,607	3,002,607
Parent		
	3,002,607	3,002,607
4.2 Impairment provision for other financial assets		
Balance as at 01 January	27,926,147	51,739,587
Provision / (Reversal of provision) made during the year	2,786,911	(23,813,440)
Balance as at 31 December	30,713,058	27,926,147
5. OTHER NON-FINANCIAL ASSETS		
Input VAT receivable	7,040,123	17,303,968
Other prepayments	41,074,002	33,881,717
	48,114,125	51,185,685
Less: Impairment provision for other non-financial assets	-	(6,900,060)
	48,114,125	44,285,625
5.1 Impairment provision for other non-financial assets		
Balance as at 01 January	6,900,060	6,900,060
Provisions made during the year	(6,900,060)	-
Balance as at 31 December	-	6,900,060

	2024 Rs.	2023 Rs.
6. DEFERRED TAX (ASSETS) / LIABILITIES		
Balance as at the beginning of the year	(152,683,085)	(86,151,258)
Further recognition of deferred tax assets during the year	92,022,402	(64,271,220)
Reversal for the year through Statement of other comprehensive income	(4,016,535)	(2,260,607)
Balance as at 31 December	(64,677,217)	(152,683,085)
6.1 Deferred Tax (Assets) / Liabilities		
The closing deferred tax assets balance relates to the following		
Accelerated depreciation for tax purposes	3,464,006	2,589,996
Employee benefit obligations	(14,283,924)	(9,446,943)
Expected credit loss expenses	(46,928,300)	(142,696,579)
Fair value gain on equity instruments	683,280	631,393
Lease liabilities	13,479,464	18,230,468
Right-of-use assets	(17,075,208)	(21,991,420)
	(60,660,682)	(152,683,085)

6.2 Composition of deferred tax assets and liabilities

	2024		2023	
	Temporary difference	Deferred tax	Temporary difference	Deferred tax
Deferred tax liabilities				
Property, plant and equipment	11,546,688	3,464,006	8,633,319	2,589,996
Equity securities - FVOCI	2,277,601	683,280	2,104,642	631,393
Right-of-use assets	44,931,548	13,479,464	60,768,227	18,230,468
Deferred tax assets				
Retirement benefit obligations	(47,613,081)	(14,283,924)	(31,489,811)	(9,446,943)
Provision for expected credit loss expenses	(156,427,668)	(46,928,300)	(475,655,263)	(142,696,579)
Lease liabilities	(56,917,361)	(17,075,208)	(73,304,734)	(21,991,420)
	(202,202,273)	(60,660,682)	(508,943,620)	(152,683,085)

Deferred tax has been computed according to the provisions of the Inland Revenue Act No. 24 of 2017. The Company is liable to income tax at 30% per annum on taxable profits.

Notes to the Financial Statements

	2024 Rs.	2023 Rs.
7. RENTALS RECEIVABLE ON LEASE AND HIRE PURCHASE ASSETS		
7.1 Rentals receivable on lease assets		
Receivable after five years		
Rentals receivable	-	759,136
Unearned income	-	(40,574)
	-	718,562
Receivable from one to five years		
Rentals receivable	123,058,049	373,900,652
Unearned income	(16,975,837)	(56,562,901)
	106,082,212	317,337,751
Receivable within one year		
Rentals receivable	177,648,915	379,720,969
Unearned income	(33,197,211)	(84,645,059)
	144,451,704	295,075,910
Overdue rental receivable		
Rentals receivable	119,834,616	130,856,171
	119,834,616	130,856,171
Total		
Future rentals receivable	300,706,964	754,380,757
Overdue rentals receivable	119,834,616	130,856,171
Total rentals receivable	420,541,580	885,236,928
Unearned income	(50,173,048)	(141,248,534)
	370,368,532	743,988,394
Less : Provision for credit loss expenses	(121,561,067)	(170,942,501)
Balance as at 31 December	248,807,464	573,045,893
7.2 Rentals receivable on hire purchase assets		
Receivable after five years		
Rentals receivable	-	-
Unearned income	-	-
	-	-
Receivable from one to five years		
Rentals receivable	-	-
Unearned income	-	-
	-	-
Receivable within one year		
Rentals receivable	-	-
Unearned income	-	-
	-	-
Overdue rental receivable		
Rentals receivable	733,037	476,806
	733,037	476,806
Total		
Future rentals receivable	-	-
Overdue rentals receivable	733,037	476,806
Total rentals receivable	733,037	476,806
Unearned income	-	-
	733,037	476,806
Less : Provision for credit loss expenses	(646,809)	(476,806)
Balance as at 31 December	86,228	-

	2024 Rs.	2023 Rs.
7. RENTALS RECEIVABLE ON LEASE AND HIRE PURCHASE ASSETS (Contd...)		
Total rentals receivable on lease assets and hire purchase assets		
Future rentals receivable	300,706,964	754,380,757
Overdue rental receivable	120,567,652	131,332,977
Total rentals receivable	421,274,616	885,713,734
Unearned income	(50,173,048)	(141,248,534)
	371,101,568	744,465,200
Less : Provision for credit loss expenses (7.3)	(122,207,876)	(171,419,307)
Balance as at 31 December	248,893,692	573,045,893
7.3 Provision for credit loss expenses		
Balance as at 01 January	171,419,307	419,832,380
(Reversal) / Provisions made during the year	(49,211,431)	24,002,575
Writeoff during the year	-	(272,415,648)
	122,207,876	171,419,307
Balance as at 31 December	122,207,876	171,419,307
7.4 Maturity analysis of lease rentals receivable on lease and hire purchase assets		
Less than 1 year	177,648,915	379,720,970
1 to 2 years	89,801,535	233,343,073
2 to 3 years	25,422,467	109,476,788
3 to 4 years	7,204,414	24,381,770
4 to 5 years	629,633	6,699,020
More than 5 years	-	759,136
	300,706,963	754,380,757
Less: Unearned interest income	(50,173,048)	(141,248,534)
Gross rentals receivable	250,533,915	613,132,223
Overdue rental receivable	120,567,652	131,332,977
Less : Provision for credit loss expenses	(122,207,876)	(171,419,307)
Balance as at 31 December	248,893,690	573,045,893

7.5 Assumptions used and sensitivity analysis

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and collateral values change etc. are monitored and reviewed on a quarterly basis.

The forward-looking economic indicators used for ECL estimate with a sensitivity analysis of the estimate as at 31 December 2024 are set out below .

The Company assumes that there is a direct relationship between the economy of the country and the Company's default probabilities.

	Sensitivity on provision for impairment losses	
	1% Increase	1% Decrease
GDP Growth (%)	(174,084)	173,553
Inflation (YoY Average)	52,054	(52,103)
Interest Rate (PLR)	69,899	(69,988)
Unemployment (% of Labour Force)	2,831,817	(2,980,837)

Notes to the Financial Statements

7. RENTALS RECEIVABLE ON LEASE AND HIRE PURCHASE ASSETS (Contd...)

The Company assesses significant customer exposures to determine whether there are any signs of impairment. The present value of the expected future cash flow method has been used to determine credit loss for the individually impaired customers. Individually tested but not impaired customer exposures collectively assessed in the ECL model.

The Company has made improvements to its impairment model during the this year after the regular revision of the model. Under the updated ECL model, the following improvements made compared to previous years' impairment model;

Implication on foreign exchange rate on credit loss has not been considered.

Sector Parameter such as credit growth and sector NPL rate has not been considered to the model.

Impact on following qualitative factors considered to the model;

- Government policies
- Status of the industry business
- Management outlook
- Regulatory impact

Considering the uncertain economic situation in the country the Company has applied a 10% economic model overlay with a view to manage macroeconomic forecast uncertainty in the model. The sensitivity of profit before tax and net assets of the Company to the management overlay assumption is as follows :

	Sensitivity on provision for impairment losses	
	1% Increase	1% Decrease
Impact to the provision for credit loss expenses	203,864	(203,864)

7.6 Capital outstanding on non performing assets as at 31.12.2024 amounts to Rs. 170,721,067/- (As at 31.12.2023 amounts to Rs. 214,051,471/-)

7.7 Motor vehicles and equipment are held as collaterals against lease and hire purchase receivables.

	2024 Rs.	2023 Rs.
8. LOANS AND ADVANCES		
8.1 Instalments Receivable on Auto Loans		
Receivable after five years		
Instalments receivable	1,630,219	16,786,690
Unearned income	(63,593)	(683,162)
	1,566,626	16,103,528
Receivable from one to five years		
Instalments receivable	5,303,157,468	3,505,828,125
Unearned income	(1,142,227,105)	(657,416,277)
	4,160,930,363	2,848,411,848
Receivable within one year		
Instalments receivable	2,892,032,342	2,006,544,452
Unearned income	(933,749,797)	(597,228,875)
	1,958,282,545	1,409,315,577
Overdue instalment receivable		
Instalments receivable	378,059,386	331,920,419
	378,059,386	331,920,419
Total		
Instalments receivable	8,196,820,029	5,529,159,267
Overdue instalments receivable	378,059,386	331,920,419
Total instalments receivable	8,574,879,415	5,861,079,686
Unearned income	(2,076,040,495)	(1,255,328,314)
	6,498,838,920	4,605,751,372
Less: Provision for credit loss expenses (8.3)	(608,059,417)	(585,182,280)
Balance as at 31 December	5,890,779,503	4,020,569,092

	2024 Rs.	2023 Rs.
8. LOANS AND ADVANCES (Contd...)		
8.2 Loans against fixed deposits	27,667,928	22,749,114
Total loans and advances	5,918,447,431	4,043,318,206
8.3 Provision for credit loss expenses		
Balance as at 01 January	585,182,280	501,406,286
written off	-	(87,471,075)
Provisions made during the year	22,877,137	171,247,069
Balance as at 31 December	608,059,417	585,182,280
8.4 Maturity analysis of loans and advances		
Less than 1 year	2,892,032,342	2,006,544,452
1 to 2 years	2,215,529,960	1,588,658,993
2 to 3 years	1,548,085,963	1,194,536,816
3 to 4 years	1,006,907,897	532,215,518
4 to 5 years	532,633,648	190,416,798
More than 5 years	1,630,219	16,786,690
	8,196,820,029	5,529,159,267
Less: Unearned interest income	(2,076,040,495)	(1,255,328,314)
Gross instalments receivable	6,120,779,534	4,273,830,953
Overdue instalments receivable	378,059,386	331,920,419
Loans against fixed deposits	27,667,928	22,749,114
Less : Provision for credit loss expenses	(608,059,417)	(585,182,280)
Balance as at 31 December	5,918,447,431	4,043,318,206

8.5 Assumptions used and sensitivity analysis

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs and how collateral values change etc. are monitored and reviewed on a quarterly basis.

The forward-looking economic indicators used for ECL estimate with a sensitivity analysis of the estimate as at 31 December 2024 are set out below..

The Company assumes that there is a direct relationship between the economy of the country and the Company default probabilities.

	Sensitivity on provision for impairment losses	
	1% Increase	1% Decrease
GDP Growth (%)	(2,854,746)	2,840,916
Inflation (YoY average)	582,732	(583,318)
Interest Rate (PLR)	687,739	(688,850)
Unemployment (% of labour force)	42,307,197	(46,249,752)

The Company has made improvements to its impairment model during the this year after the regular revision of the model. Under the updated ECL model, the following improvements made compared to previous years' impairment model;

The Company assesses significant customer exposures to determine whether there are any signs of impairment. The present value of the expected future cash flow method has been used to determine credit loss for the individually impaired customers. Individually tested but not impaired customer exposures collectively assessed in the ECL model.

Notes to the Financial Statements

8. LOANS AND ADVANCES (Contd...)

Implication on foreign exchange rate on credit loss has not been considered.

Impact on following qualitative factors considered to the model;

- Government policies
- Status of the industry business
- Management outlook
- Regulatory impact

Considering the uncertain economic situation in the country the Company has applied a 10% economic model overlay with a view to manage macroeconomic forecast uncertainty in the model. The sensitivity of profit before tax and net assets of the Company to the management overlay assumption is as follows :

	Sensitivity on provision for impairment losses	
	1% Increase	1% Decrease
Impact to the provision for credit loss expenses	1,773,156	(1,773,156)

8.6 Capital outstanding on non performing assets as at 31.12.2024 amounts to Rs. 718,655,320/- (As at 31.12.2023 Rs. 946,829,938/-).

8.7 Motor vehicles are held as collaterals against loans and advances.

9. Equity Instruments At Fair Value Through Other Comprehensive Income

	Holding %	No of shares		2024	2023
		2024	2023	Rs.	Rs.
Unquoted Investments					
Credit Information Bureau of Sri Lanka	0.04%	100	100	2,358,001	2,185,042
				2,358,001	2,185,042

Unquoted equity investment includes shares of Credit Information Bureau of Sri Lanka which is carried at adjusted net asset value, which is assumed to approximate its fair value.

9.1 Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2023 and 31 December 2024:

Opening balance as at 1 January 2023	2,120,229
Gains recognised in other comprehensive income	64,813
Closing balance as at 31 December 2023	2,185,042
Gains recognised in other comprehensive income	172,959
Closing balance as at 31 December 2024	2,358,001

9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Contd..)

9.2 Valuation inputs and relationship to fair value

The following table summaries the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value		Unobservable input / Valuation technique	Range of inputs		Relationship of unobservable inputs to fair value
	2024	2023		2024	2023	
Unlisted equity securities	2,358,001	2,185,042	Adjusted net assets value per share	23,580	21,850	2024: increasing / decreasing adjusted net assets per share by 8% would change the fair value by Rs 172,960. 2023: increasing / decreasing adjusted net assets per share by 5% would change the fair value by Rs 109,252.

9.3 Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss and other comprehensive income:

	2024 Rs.	2023 Rs.
Gains/(losses) recognised in other comprehensive income Related to equity investments	172,959	64,813
Dividends from equity investments held at FVOCI recognised in profit or loss in Other operating income (see Note 23)	268,900	199,467
10. DEBT INSTRUMENTS AT AMORTISED COST		
Investments	-	-
Government debt securities	213,969,129	2,115,153,299
Treasury bills repurchase agreements	213,969,129	2,115,153,299

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2024	As at 01.01.2024	Additions during the year	Disposals during the year	As at 31.12.2024
Cost	Rs.	Rs.	Rs.	Rs.
Computer equipment	18,735,340	12,213,000	-	30,948,340
Office equipment	51,224,594	16,840,253	-	68,064,847
Furniture and fittings	50,652,418	5,575,640	-	56,228,058
Motor vehicles	85,000	-	-	85,000
Motor vehicles on hire	19,620,536	-	-	19,620,536
	140,317,888	34,628,893	-	174,946,781

	As at 01.01.2024	Charge for the year	Disposals during the year	As at 31.12.2024
Depreciation	Rs.	Rs.	Rs.	Rs.
Computer equipment	16,347,803	3,954,329	-	20,302,132
Office equipment	29,061,812	7,749,346	-	36,811,158
Furniture and fittings	36,950,670	3,667,169	-	40,617,839
Motor vehicles	85,000	-	-	85,000
Motor vehicles on hire	19,620,536	-	-	19,620,536
	102,065,821	15,370,844	-	117,436,665

As at 31 December 2023	As at 01.01.2023	Additions during the year	Disposals during the year	As at 31.12.2023
Cost	Rs.	Rs.	Rs.	Rs.
Computer equipment	18,735,340	-	-	18,735,340
Office equipment	42,814,453	8,410,141	-	51,224,594
Furniture and fittings	49,744,321	908,097	-	50,652,418
Motor vehicles	85,000	-	-	85,000
Motor vehicles on hire	19,620,536	-	-	19,620,536
	130,999,650	9,318,238	-	140,317,888

11. PROPERTY, PLANT AND EQUIPMENT (Contd...)

	As at 01.01.2023	Charge for the year	Disposals during the year	As at 31.12.2023
Depreciation	Rs.	Rs.	Rs.	Rs.
Computer equipment	14,326,653	2,021,150	-	16,347,803
Office equipment	22,618,381	6,443,431	-	29,061,812
Furniture and fittings	33,790,513	3,160,157	-	36,950,670
Motor vehicles	85,000	-	-	85,000
Motor vehicles on hire	19,620,536	-	-	19,620,536
	90,441,083	11,624,738	-	102,065,821

Written down value	2024 Rs.	2023 Rs.
Computer equipment	10,646,208	2,387,537
Office equipment	31,253,689	22,162,782
Furniture and fittings	15,610,219	13,701,748
	57,510,116	38,252,067

- 11.1** During the financial year, Company acquired plant and equipment to the aggregate value of Rs.34,628,892/- (2023 - Rs.9,318,238/-). Cash payments amounting to Rs.34,628,892/- (2023 - Rs.9,318,238/-) were made during the year for purchase of plant and equipment.
- 11.2** Gross carrying amount of fully depreciated property, plant and equipment still in use is Rs.153,372,929/- (2023 - Rs.150,210,759/-)
- 11.3** None of the property, plant and equipment have been pledged as securities against borrowings as at the reporting date.

Notes to the Financial Statements

12. INTANGIBLE ASSETS

As at 31 December 2024	As at 01.01.2024 Rs.	Additions during the year Rs.	Disposals during the year Rs.	As at 31.12.2024 Rs.
Cost/carrying value				
Computer software	73,320,660	6,581,920.00	-	79,902,580
	73,320,660	6,581,920.00	-	79,902,580
	As at 01.01.2024 Rs.	Amortization during the year Rs.	Disposals during the year Rs.	As at 31.12.2024 Rs.
Amortization				
Computer software	73,320,660	53,950	-	73,374,610
	73,320,660	53,950	-	73,374,610
			2024 Rs.	2023 Rs.
Written down value				
Computer software			6,527,970	-
			6,527,970	-
As at 31 December 2023	As at 01.01.2023 Rs.	Additions during the year Rs.	Disposals during the year Rs.	As at 31.12.2023 Rs.
Cost/carrying value				
Computer software	73,320,660	-	-	73,320,660
	73,320,660	-	-	73,320,660
	As at 01.01.2023 Rs.	Amortization during the year Rs.	Disposals during the year Rs.	As at 31.12.2023 Rs.
Amortization				
Computer Software	73,058,314	262,346	-	73,320,660
	73,058,314	262,346	-	73,320,660
			2024 Rs.	2023 Rs.
Written down value				
Computer Software			-	-
			-	-

12.1 During the financial year, Company has acquired intangible assets amounting to Rs. 6,581,920 (2023 - Rs. Nil). Cash payments have been made during the year is 6,581,920.

12.2 Gross carrying amount of fully amortised intangible assets still in use is Rs. 73,320,060 (2023 - Rs.73,320,060).

	2024 Rs.	2023 Rs.
13. LEASES		
13.1 Amounts recognised in the statement of financial position		
Right-of-use assets		
Buildings		
Balance as at 01 January	60,768,227	60,422,841
Additions during the year	17,188,634	24,592,849
Amortisation during the year	(27,613,051)	(24,247,463)
Any other adjustments to the carrying value of ROU assets	(5,412,262)	-
Balance as at 31 December	44,931,548	60,768,227
Lease liabilities		
Balance as at 01 January	73,304,734	73,060,622
Additions during the year	17,188,634	24,592,849
Payments during the year	(41,614,279)	(34,670,029)
Early termination	(5,412,266)	-
Interest on lease liabilities	13,450,538	10,321,292
Balance as at 31 December	56,917,361	73,304,734
Current	19,807,130	24,364,193
Non-current	37,110,231	48,940,541
	56,917,361	73,304,734

13.2 Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets		
Buildings	27,613,051	24,247,463
Interest on lease liability	13,450,538	10,321,292
The total cash outflow for leases	41,614,279	34,670,029

13.3 Maturity analysis of undiscounted cash flows of lease liability

Less than 1 year	29,525,170	34,452,407
1 to 5 years	46,710,907	61,508,444
More than 5 years	(19,318,715)	1,980,000
	56,917,361	97,940,851

13.4 Extension and termination options

Extension and termination options are included in a number of property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable only by the Company and not by the respective lessor..

13.5 Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the Financial Statements

				2024	2023
				Rs.	Rs.
14	TRADE & OTHER PAYABLES				
	Trade creditors - Related parties (14.1)			580,738	580,738
	- Non-related parties			35,583,265	30,542,738
	Other payables - Related parties (14.2)			184,747,034	143,234,242
	- Non-related parties - Advances received from customers			29,032,570	41,488,355
	- Non-related - Other parties			446,277,235	395,078,465
				696,220,842	610,924,538
14.1	Trade creditors - Related parties	Relationship			
	Associated Motorways (Pvt) Limited	Parent		580,738	580,738
				580,738	580,738
14.2	Other payables - Related parties	Relationship	Nature of Transactions		
	Other payable - Associated Motorways (Pvt) Ltd.	Parent	Rent and shared overhead expenses	158,253,682	125,757,295
	Insurance payable - Orient Insurance Limited	Other related party	Customers insurance premiums payments	8,452,589	8,963,695
	AL Futtaim Private CO. LLC	Other related party	Shared overhead expenses	18,040,763	8,513,252
				184,747,034	143,234,242
15.	TIME DEPOSITS				
	Balance as at 01 January			1,280,877,416	1,650,342,373
	Fixed deposits during the year			1,221,148,149	102,971,308
	Interest capitalized for renewals			32,440,627	40,490,555
	Top up's (additions by customer to original deposit)			4,882,543	1,985,000
	Withdrawals during the year			(747,322,121)	(514,911,820)
	Balance as at 31 December			1,791,526,614	1,280,877,416
	Interest payable			89,685,068	89,914,632
	Balance as at 31 December			1,881,211,682	1,370,792,048



16. INTEREST BEARING BORROWINGS

	2024		2024		2023 Total Rs.
	Within One Year Rs.	After One Year Rs.	2024 Rs.	2024 Total Rs.	
Securitization Loan (16.1)	200,932,137	218,750,000	419,682,137	1,122,971,896	
Short Term Loan (16.2)	-	-	-	500,502,335	
	200,932,137	218,750,000	419,682,138	1,623,474,231	

	As at 01.01.2024 Rs	Loans obtained Rs.	Accrued interest Rs.	Repayment Rs.	As at 31.12.2024 Rs.	Term of the loan	Interest rate	Security offered
	16.1 Securitization loan							
Securitization (NDB) 1500 M	497,971,896	-	6,134,160	(504,106,056)	-	60 months	IRR at 10.70%	Lease Portfolio
Securitization (HNB) 1500 M	625,000,000	-	38,655,235	(538,655,235)	125,000,000	36 Months	12.15%	Auto Loan Portfolio
Securitization (DFCC) 900 M	-	300,000,000	2,720,301	(8,038,164)	294,682,137	24 Months	AWPLR + 1.25%	Auto Loan Portfolio
	1,122,971,896	300,000,000	47,509,696	(1,050,799,455)	419,682,137			

	As at 01.01.2024 Rs	Loans obtained Rs.	Accrued interest Rs.	Repayment Rs.	As at 31.12.2024 Rs.	Term of the loan	Interest rate	Security offered
	16.2 Short term loan							
Hatton National Bank	500,502,335	500,000,000	30,392,842	(1,030,895,177)	-	12 Months	Market rate (AWPLR - Weekly reviewed)	Auto Loan Portfolio
	500,502,335	500,000,000	30,392,842	(1,030,895,177)	-			

	Type of facility	Interest rate	Rs.	Security offered	Conditions
16.3 Unutilised funding facilities					
Commercial Bank	Over draft/STL	AWPLR + 2%	200,000,000	Auto loan portfolio - Note 33	Combined outstanding of overdraft and STL should be within the limit.
Hatton National Bank	Short Term Loan	Market Rate	500,000,000	Auto loan portfolio - Note 33	Average utilization should not be less than 50% of the sanctioned limit.
DFCC Bank	Long Term Loan	AWPLR + 1.25%	600,000,000	Auto loan portfolio - Note 33	Pledged Auto loan portfolio should be less than 60 days arrears.
			1,300,000,000		

Notes to the Financial Statements

	2024 Rs.	2023 Rs.
17. INCOME TAX PAYABLE		
Balance as at 01 January	75,298,713	159,746,842
Provision for the year	-	34,408,343
Over provision in respect of previous year	-	(3,574,894)
	75,298,713	190,580,290
Payments made during the year	(40,076,687)	(115,281,578)
Balance as at 31 December	35,222,026	75,298,712
18. EMPLOYEE BENEFIT OBLIGATION		
Balance as at 01 January	31,489,810	29,094,358
Current service cost	4,203,396	4,191,678
Interest for the year	3,886,086	4,419,360
Benefits paid	(5,527,623)	(13,815,758)
Actuarial loss	13,561,413	7,600,172
Balance as at 31 December	47,613,081	31,489,810

Employee benefit plan of the Company is not externally funded.

The employee benefit obligations is based on the actuarial valuation carried out as at 31 December 2024 by Milliman Limited. The principal assumptions used in determining the cost of employee benefits were:

	2024	2023
a) Discount rate (the rate of interest used to discount the future cash flows in order to determine the present value)	10.90%	13.70%
b) Future salary increase	8%	10%
c) Staff turnover	20%	20%
d) Retirement age	60	60
e) Company will continue as a going concern		

In addition to the above, demographic assumptions such as mortality, withdrawal and disability and retirement age were considered for the actuarial valuation. "A67/07 Mortality Table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the Company.

	2024		2023	
A sensitivity of the defined benefit obligation to changes in the principal assumptions is as follows.				
Effect on the present value of defined benefit obligation	+1%	-1%	+1%	-1%
One percentage point change in the discount rate	(2,094,620)	2,296,265	(1,254,527)	1,365,869
One percentage point change in the salary escalation rate	2,348,682	(2,176,821)	1,430,194	(1,331,989)

Information about maturity profile of the defined benefit obligations

	2024 Rs.	2023 Rs.
Future working life time		
Within the next 12 months	6,756,208	5,869,380
Between 1-5 years	19,934,848	14,457,255
Between 5-10 years	14,761,587	7,104,400
Beyond 10 years	6,160,438	4,058,775
	47,613,081	31,489,810

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur and changes in some of assumptions may be correlated. When calculating the Sensivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected until credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The employee defined benefit comprises the gratuity provided under the payment of Gratuity Act No.12 of 1983.

	2024 Rs.	2023 Rs.
19. STATED CAPITAL		
Number of ordinary shares issued and fully paid	20,000,000	20,000,000
Balance as at 01 January	200,000,000	200,000,000
Balance as at 31 December	200,000,000	200,000,000

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

	2024 Rs.	2023 Rs.
20. STATUTORY RESERVE FUND		
Balance as at 01 January	181,044,568	177,009,168
Transfers during the year	3,425,547	4,035,400
Balance as at 31 December	184,470,115	181,044,568

The Company's statutory reserve fund is maintained in accordance with Direction No. 9 of 1991 as amended by Direction No. 1 of 2003 issued by the Central Bank of Sri Lanka.

	2024 Rs.	2023 Rs.
21. INTEREST INCOME		
Leases	80,093,606	163,206,158
Term loans	843,023,290	789,011,767
FD loan interest	3,944,825	7,880,650
Interest income on debt instruments at amortized cost	152,518,400	273,574,975
	1,079,580,121	1,233,673,550
22. INTEREST EXPENSES		
Securitization loan	78,210,872	254,422,803
Interest on time deposits	249,783,022	280,467,337
Interest on lease liabilities	13,450,538	10,321,292
	341,444,432	545,211,432
23. OTHER OPERATING INCOME		
Overdue interest income	33,624,626	45,719,665
Profit from pre-termination	126,537,506	92,223,299
Dividend income	268,900	199,467
Commission from insurance	26,416,849	28,043,988
Income from additional charges	30,923,381	6,525,763
Bank charges claimed on cheque returns	913,135	-
Other income	20,031,755	8,481,126
	238,716,152	181,193,308

Notes to the Financial Statements

24. CREDIT LOSS EXPENSE

The table below shows the ECL charges on financial instruments for the year recorded in the income statement.

Total financial assets as at 31.12.2024	Stage 1	Stage 2	Stage 3	Total
Loans and advances				
Motor car	3,502,047,476	699,243,530	509,399,432	4,710,690,438
Motor cycle	201,470,299	30,977,193	27,460,057	259,907,549
Motor tricycle	133,124,276	32,537,427	13,235,655	178,897,358
Dual purpose	834,324,967	220,641,955	189,958,412	1,244,925,334
Other	82,409,366	23,837,826	2,405,426	108,652,618
Lease and hire purchase				
Motor car	23,370,288	13,404,603	9,930,551	46,705,442
Motor cycle	11,477,269	2,307,439	13,199,760	26,984,468
Motor tricycle	8,485,145	5,973,940	22,144,060	36,603,145
Dual purpose	68,683,964	57,471,250	79,709,520	205,864,734
Other	15,573,803	4,847,174	30,262,272	50,683,249
Cash at bank	107,484,574	-	-	107,484,574
Other financial assets	65,311,288	-	-	65,311,288
Loans against fixed deposits	27,667,928	-	-	27,667,928
Debt instruments at amortised cost	213,969,128	-	-	213,969,128
Total financial assets as at 31.12.2024	5,295,399,771	1,091,242,337	897,705,145	7,284,347,253
Total financial assets as at 31.12.2023				
Loans and advances				
Motor car	1,997,843,499	966,535,367	748,879,111	3,713,257,977
Motor cycle	43,090,430	25,509,765	30,102,879	98,703,074
Motor tricycle	13,030,976	6,476,157	11,643,685	31,150,818
Dual purpose	277,201,191	188,142,756	146,956,437	612,300,384
Other	45,027,625	40,910,564	63,923,352	149,861,541
Lease and hire purchase				
Motor car	100,479,511	41,474,698	15,724,420	157,678,629
Motor cycle	14,175,704	11,644,409	27,008,458	52,828,571
Motor tricycle	13,784,309	20,133,216	26,420,680	60,338,205
Dual purpose	78,371,354	55,206,168	73,290,069	206,867,591
Other	91,298,790	74,003,282	101,982,710	267,284,782
Cash at bank	85,330,509	-	-	85,330,509
Other financial assets	57,450,811	-	-	57,450,811
Loans against fixed deposits	22,749,114	-	-	22,749,114
Equity instruments at fair value through other comprehensive income	2,185,042	-	-	2,185,042
Debt instruments at amortised cost	2,115,153,299	-	-	2,115,153,299
Total financial assets as at 31.12.2023	4,957,172,164	1,430,036,383	1,245,931,801	7,633,140,348

24. CREDIT LOSS EXPENSE (Contd...)

Impairment allowance and credit loss expense

	Stage 1	Stage 2	Stage 3	Total
Impairment allowance as at 31st December 2022	181,753,752	180,666,048	610,558,451	972,978,252
Loans and advances				
Motor car	(55,347,578)	(25,401,135)	117,744,508	36,995,795
Motor cycle	(671,450)	941,808	10,769,257	11,039,615
Motor tricycle	715,263	478,198	4,229,444	5,422,905
Dual purpose	(8,720,197)	3,423,107	25,706,105	20,409,015
Other	(4,190,486)	(2,089,050)	(496,485)	(6,776,021)
Lease and hire purchase				
Motor car	(25,086,777)	(2,683,391)	(19,642,894)	(47,413,062)
Motor cycle	(26,043,779)	(3,036,037)	(54,896,914)	(83,976,730)
Motor tricycle	(7,328,538)	(2,132,174)	(1,269,384)	(10,730,096)
Dual purpose	(16,339,556)	1,210,725	781,694	(14,347,137)
Other	(19,183,282)	(3,229,150)	(52,865,315)	(75,277,747)
Other Financial Assets	3,352,906	(496,787)	(26,653,175)	(23,797,056)
Total impairment loss for the year ended 31.12.2023	(158,843,474)	(33,013,886)	3,406,841	(188,450,519)
Write-off during the year	-	-	359,604,219	359,604,219
Impairment of interest income			(55,811,924)	(55,811,924)
Credit loss expense for the year ended 31.12.2023	(158,843,474)	(33,013,886)	307,199,136	115,341,776
Impairment allowance as at 31st December 2023	22,910,278	147,652,162	613,965,292	784,527,733
Impairment allowance as at 31st December 2023	22,910,278	147,652,162	613,965,292	784,527,733
Loans and advances				
Motor car	68,555,929	(53,514,691)	(60,434,539)	(45,393,301)
Motor cycle	2,761,495	563,992	7,407,305	10,732,792
Motor tricycle	3,487,321	4,028,890	5,518,183	13,034,394
Dual purpose	(2,087,734)	245,105	36,303,115	34,460,486
Other	(489,444)	60,507	9,937,577	9,508,640
Lease and hire purchase				
Motor car	(894,285)	(915,897)	137,190	(1,672,992)
Motor cycle	(656,697)	(369,233)	(4,317,778)	(5,343,708)
Motor tricycle	(1,969,907)	(383,568)	(1,175,479)	(3,528,954)
Dual purpose	(7,312,760)	(5,360,047)	(3,942,474)	(16,615,281)
Other	(12,053,918)	(7,444,745)	(2,889,427)	(22,388,090)
Other Financial Assets	(1,060,685)	675,597	4,043,721	3,658,633
Total impairment loss for the year ended 31.12.2024	48,279,315	(62,414,090)	(9,412,606)	(23,547,381)

Notes to the Financial Statements

	Stage 1	Stage 2	Stage 3	Total
24. CREDIT LOSS EXPENSE (Contd...)				
(Recovery)	-	-	(11,391,485)	(11,391,485)
Impairment of interest income	-	-	-	(40,844,606)
Credit Loss Expense for the year ended 31.12.2024	48,279,315	(62,414,090)	(20,804,091)	(75,783,472)
Impairment Allowance as at 31st December 2024	71,189,593	85,238,072	604,552,686	760,980,351
24.1 Stage Transition				
	Stage 1	Stage 2	Stage 3	Total
Impairment Allowance as at the beginning of the year	298,520,878	177,134,385	308,872,470	784,527,733
<i>Changes due to loans and receivables recognised in opening balance that have:</i>				
Transferred to/(from) Stage 1	(16,946,648)	44,314,401	143,667,133	171,034,886
Transferred to/(from) Stage 2	(160,868,533)	(121,875,183)	237,489,503	(45,254,213)
Transferred to/(from) Stage 3	(49,516,103)	(14,335,529)	(85,476,420)	(149,328,052)
Net remeasurement of loss allowance	(227,331,284)	(91,896,311)	295,680,216	(23,547,379)
Impairment Allowance as at the end of the year	71,189,594	85,238,074	604,552,686	760,980,354

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. There are no POCI assets as at the reporting date.

	2024 Rs.	2023 Rs.
25. PROFIT BEFORE TAXATION		
is stated after charging :		
Staff salaries	234,520,864	186,961,541
Defined contribution plan cost - E.P.F & E.T.F	36,068,694	29,395,559
Directors' emoluments and key managerial persons' remuneration	110,304,675	203,942,773
Auditors' remuneration		
- Audit	3,903,071	2,770,620
- Non audit	295,853	412,108
Management fees	-	1,200,000
Defined benefit plan - expense	8,089,482	8,611,038
Provision for impairment losses	(75,783,470)	115,341,776
Depreciation and amortization	43,037,846	35,872,204

26. INCOME TAX

The major components of income tax expense for the years ended 31 December are as follows :

	2024 Rs.	2023 Rs.
Current income tax		
Current income tax charge (26.1)	-	34,408,343
Deferred income tax		
Deferred taxation charge / (reversal) (26.2)	92,022,404	(64,271,220)
Income tax expense reported in the income statement	92,022,404	(29,862,876)
Income tax expense recognised in other comprehensive income		
(Reversal) / charge on deferred tax	(4,016,536)	(2,260,607)
	(4,016,536)	(2,260,607)
26.1 Reconciliation of accounting loss to income tax expense		
Profit before taxation	170,078,221	50,845,116
Disallowable expense	70,387,489	246,500,886
Allowable expenses	(300,293,112)	(170,113,484)
Taxable profit for the year	(59,827,402)	127,232,518
Business profit for the year	(59,827,402)	127,232,518
Non business income	-	199,467
Taxable income/(loss)	(59,827,402)	127,431,985

Notes to the Financial Statements

	2024 Rs.	2023 Rs.
26.1 Reconciliation of accounting loss to income tax expense (Contd...)		
Current income tax expense		
Current tax at 14%	-	-
Current tax at 15%	-	29,920
Current tax at 24%	-	-
Current tax at 30%	-	38,169,756
Under / (over) provision in respect of previous year	-	(3,791,333)
Current income tax expense for the year	-	34,408,343
Deferred tax	92,022,404	(64,271,220)
Income tax expense	92,022,404	(29,862,876)
Tax losses carried forward		
Tax losses brought forward	Nil	Nil
Tax losses carried forward	(59,827,402)	Nil
26.2 Deferred tax		
Income statement		
Deferred tax arising from		
Accelerated depreciation for tax purposes	874,010	174,946
Future rental receivable	-	(7,497,983)
Employee benefit obligation	(4,836,981)	1,561,416
Right-of-use assets and lease liabilities	165,208	30,382
Expected credit loss expenses	95,768,278	(58,539,981)
Fair value gain on equity instruments	51,887	-
	92,022,402	(64,271,220)
Other comprehensive income		
Actuarial (loss) / gain on employee benefit obligations	(4,068,423)	(2,280,051)
Fair value gain on equity instruments	51,886	19,444
	(4,016,536)	(2,260,607)
	88,005,866	(66,531,827)

Income tax has been computed according to the provisions of the Inland Revenue Act No. 24 of 2017. The Company is liable to income tax at 30%.

27. BASIC EARNINGS PER SHARE

27.1 Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

27.2 The following reflects the income and share capital data used in the basic earnings per share computation.

	2024 Rs.	2023 Rs.
Amounts used as the numerators:		
Net profit attributable to ordinary shareholders	78,055,817	80,707,993
Number of ordinary shares used as denominators for basic earnings per share		
Weighted average number of ordinary shares in issue		
Applicable to basic earnings per share	20,000,000	20,000,000
27.3 Basic /diluted earnings per share	3.90	4.04

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

28. CAPITAL COMMITMENTS AND CONTINGENCIES

28.1 Capital commitments

There were no material capital commitments, which require adjustment to or disclosure in the financial statements as at reporting date.

29. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

Notes to the Financial Statements

30. RELATED PARTY DISCLOSURES

	2024	2023
	Rs.	Rs.
30.1 Transaction with related entities		
Associated Motorways Private Limited - Parent		
Transactions during the period		
Management fees paid	-	1,200,000
Salary/fuel/ maintenance expense reimbursements	2,361,257	21,131,711
	2,361,257	22,331,711
Amounts due to - Associated Motorways Private Limited		
Trade creditors	580,738	580,738
Other payable	158,253,682	125,757,295
	158,834,420	126,338,033
Amounts due from - Associated Motorways Private Limited		
Other Receivable	3,002,607	3,002,607
	3,002,607	3,002,607
Orient Insurance Limited - Other Related Company		
Transactions during the Year		
Insurance commission income	26,416,849	12,241,892
Insurance premium paid	2,272,206	1,005,611
	28,689,055	13,247,503
Amounts due to Orient Insurance Limited		
Insurance premium payable	8,452,589	8,963,695
	8,452,589	8,963,695
Fixed deposit	350,000,000	300,000,000

	2024 Rs.	2023 Rs.
30. RELATED PARTY DISCLOSURES (Contd...)		
30.2 Transactions with Key Management Personnel and close family members of Key Personnel		
Transactions with Key Management Personnel		
Directors' emoluments and key management persons' remuneration	110,304,675	203,942,773
New fixed deposits made	24,500,825	1,000,000
Fixed deposits withdrawn/renewal	12,300,113	4,347,828
	2024 Rs.	2023 Rs.
Amounts Due to Key Management Personnel		
Fixed Deposits	54,367,444	5,214,803
	2024 Rs.	2023 Rs.
Transactions with close family members of Key Personnel		
New fixed deposits made	15,666,735	3,400,000
Fixed deposits withdrawn/Renewal	20,163,920	1,457,000

30.3 Terms and conditions of transactions with related parties

Transactions with related parties have been conducted under mutually agreed commercial terms.

Notes to the Financial Statements

31. FINANCIAL REPORTING BY SEGMENT

For management purposes, the Company is organized into four operating segments as follows.

Finance Lease - Assets leased to customers, which transfer substantially all the risks and rewards associated with ownership other than legal title (absolute ownership).

Term Loans - Loans given to individual and institutional customers.

Unallocated - Operations that cannot be specifically identified into above classifications.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income Taxes are managed on entity basis and are not allocated to operating segments.

	Finance Lease			Term Loans			Unallocated			Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Interest income	80,093,606	152,277,225	846,968,115	807,821,350	152,518,400	273,574,975	1,079,580,121	1,233,673,550			
Other operating income	18,022,937	22,929,185	142,139,195	115,013,779	78,554,020	43,250,344	238,716,152	181,193,308			
Total revenue	98,116,543	175,206,410	989,107,310	922,835,128	231,072,420	316,825,319	1,318,296,273	1,414,866,858			
Interest expenses	(13,779,579)	(91,553,907)	(327,664,853)	(453,657,525)	-	-	(341,444,432)	(545,211,432)			
Depreciation and amortization	-	-	-	-	(43,037,844)	(35,872,204)	(43,037,844)	(35,872,204)			
Unallocated expenses	-	-	-	-	(839,519,246)	(667,596,330)	(839,519,246)	(667,596,330)			
Credit loss expense	57,179,208	(30,446,824)	10,871,411	(119,787,797)	7,732,852	34,892,845	75,783,470	(115,341,776)			
Profit before tax							170,078,221	50,845,116			
Taxation							(92,022,405)	29,862,877			
Profit after tax							78,055,816	80,707,993			
Segment assets	248,893,692	573,045,893	5,918,447,431	4,043,318,206	-	-	6,167,341,124	4,616,364,099			
Unallocated assets	-	-	-	-	701,665,035	2,822,204,735	701,665,035	2,822,204,735			
Total assets	248,893,692	573,045,893	5,918,447,431	4,043,318,206	701,665,035	2,822,204,735	6,869,006,159	7,438,568,834			
Segment liabilities	120,953,734	504,084,773	2,876,160,928	2,497,783,647	-	-	2,997,114,662	2,355,390,269			
Unallocated liabilities	-	-	-	-	159,958,978	793,451,796	159,958,978	1,439,929,946			
Total liabilities	120,953,734	504,084,773	2,876,160,928	2,497,783,647	159,958,978	793,451,796	3,157,073,640	3,795,320,215			

32. MATURITY OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	2024			2023		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets						
Cash and bank	198,265,641	-	198,265,641	351,426,579	-	351,426,579
Other financial assets	40,953,894	24,357,394	65,311,288	36,193,417	21,257,394	57,450,811
Other non-financial assets	48,114,125	-	48,114,125	44,285,625	-	44,285,625
Rentals receivable on lease and hire purchase assets	78,296,692	170,597,000	248,893,692	328,224,692	244,821,200	573,045,893
Loans and advances	784,228,431	5,134,219,000	5,918,447,431	1,539,050,337	2,504,267,870	4,043,318,206
Debt instruments at amortised cost	213,969,129	-	213,969,129	2,115,153,299	-	2,115,153,299
Equity instruments at fair value through other comprehensive income	-	2,358,001	2,358,001	-	2,185,042	2,185,042
Deferred tax assets	-	64,677,217	64,677,217	-	152,683,085	152,683,085
Property, plant & equipment	-	57,510,116	57,510,116	-	38,252,067	38,252,067
Intangible assets	-	6,527,970	6,527,970	-	-	-
Right-of-use assets	18,204,023	26,727,525	44,931,548	22,928,127	37,840,100	60,768,227
As at 31 December	1,382,031,934	5,486,974,223	6,869,006,158	4,437,262,076	3,001,306,759	7,438,568,834
Liabilities						
Bank overdraft	20,206,510	-	20,206,510	10,036,142	-	10,036,142
Trade & other payables	510,893,070	-	510,893,070	442,694,298	24,415,260	467,109,558
Time deposits	1,467,099,814	414,111,868	1,881,211,682	973,395,850	397,396,198	1,370,792,048
Amounts due to related parties	185,327,772	-	185,327,772	143,814,980	-	143,814,980
Interest bearing borrowings	194,682,138	225,000,000	419,682,138	1,623,474,231	-	1,623,474,231
Lease liabilities	19,807,130	37,110,231	56,917,361	24,364,193	48,940,541	73,304,734
Provision for income tax	35,222,026	-	35,222,026	75,298,712	-	75,298,712
Employee benefit obligations	6,756,208	40,856,873	47,613,081	31,489,810	-	31,489,810
As at 31 December	2,439,994,668	717,078,971	3,157,073,640	3,324,568,216	470,752,000	3,795,320,215

Notes to the Financial Statements

33. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of assets	Nature of Liability	Carrying Amount Pledged		Included Under
		2024 Rs.	2023 Rs.	
Rentals receivables	Bank Overdraft-Commercial	184,632,492	233,383,087	Rentals Receivable on Lease Assets
Rentals receivables	Contingency Fund-HNB	417,451,261	430,095,542	Rentals Receivable on Auto Loan Assets
Rentals receivables	Securitization Loan- NDB 1.5Bn	107,162,876	933,963,686	Rentals Receivable on Lease Assets and Auto Loan Assets
Rentals receivables	Securitization Loan- DFCC	1,010,769,519	-	- Rentals Receivable on Lease Assets and Auto Loan Assets

The lender has the rights to the future rentals and collaterals relating to the rental receivables in case of a default by the Company.

34. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

Set out below is a comparison, by class, of the carrying amounts and 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.

Financial Assets	31 December 2024		31 December 2023	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Financial Assets				
Rentals receivable on lease and hire purchase assets	248,893,693	421,274,616	573,045,893	885,713,734
Loans and advances	5,918,447,431	8,574,879,415	4,043,318,205	5,861,079,686
Debt instruments at amortised cost	213,969,129	213,472,188	2,115,153,299	2,088,841,407
Total financial assets	6,381,310,252	9,209,626,219	6,731,517,398	8,835,634,827
Financial Liabilities				
Time Deposits	1,881,211,682	1,791,526,614	1,370,792,048	1,280,877,416
Interest Bearing Borrowings	419,682,138	418,750,001	1,623,474,231	1,612,500,001
Total Financial Liabilities	2,300,893,820	2,210,276,615	2,994,266,279	2,893,377,417

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

34. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (Contd...)

Fair value of financial assets and liabilities not carried at fair value

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities (other than assets and liabilities with maturities within 12 months) carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

All of the resulting fair value estimates are included in level 2 of the fair value hierarchy, except for fair value hierarchies disclosed elsewhere in the financial statements, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

35. RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Risk Management

Risk-taking is an inherent aspect of the finance business, and profits serve as the reward for successful risk-taking. The primary objective of risk management in the Company is to ensure that risk-taking activities align with the Company's strategies and risk appetite while maintaining an appropriate balance between risk and reward to maximize shareholder wealth. The Company is primarily exposed to credit risk, interest rate risk, liquidity risk, operational risk, and compliance risk in its business activities, while also facing business and strategic risks in the formulation and execution of its strategic direction.

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Impact of Economic Uncertainty

In 2024, Sri Lanka's economy showed significant signs of recovery following the severe economic and political turmoil of previous years. Macroeconomic indicators improved, driven primarily by disciplined fiscal and monetary policies, influenced in part by the IMF program. Following the Extended Fund Facility (EFF) agreement with the IMF, the government implemented a series of economic reforms and fiscal consolidation measures. These included the introduction of formula-based fuel and electricity pricing, tax increases, the restructuring of state-owned enterprises (SOEs), and legislative reforms to enhance the autonomy and accountability of the Central Bank of Sri Lanka.

By December 2024, Sri Lanka successfully finalized debt restructuring agreements with domestic bondholders, International Sovereign Bond (ISB) holders, and creditor nations, including India, France, Japan, and China. As a result, key macroeconomic indicators such as inflation, interest rates, foreign exchange reserves, and the exchange rate showed notable improvement compared to previous years. In the latter part of the year, Sri Lanka held both presidential and parliamentary elections. Despite the change in government, most economic reforms have continued without deviation from the IMF program, ensuring policy stability and the continuation of key fiscal and structural measures.

Credit risk management

AMWCL faces significant credit risk as it serves as the primary business function of the Company. The ongoing economic challenges have substantially affected the income levels and repayment capabilities of both existing and potential customers of AMWCL. In compliance with the SLFRS 9 framework, the Company is required to provision for loan customers, necessitating the estimation of Expected Credit Loss (ECL) based on prevailing and projected economic conditions. To gauge ECL amidst forecasted economic scenarios, AMWCL employs a spectrum of scenarios reflecting varying degrees of severity, each weighted appropriately to encompass a broad spectrum of potential economic outcomes.

In response to the prevailing uncertainties, AMWCL has rigorously evaluated the potential impacts on input variables and assumptions for SLFRS 9 ECL measurement, utilizing available information. The Company conducts regular assessments of its financial assets across diverse customer segments with similar loss patterns, adjusts scenario weightings for each product category based on forward-looking projections, and continuously monitors historical default rates. These ongoing reviews ensure a nuanced and accurate depiction of the Company's ECL assessment concerning its financial assets.

Loan Portfolio has grown to nearly LKR 7bn in 2024 cf. LKR 5.4bn it stood at the end of 2023. The Company implemented various risk mitigation strategies to alleviate credit risk, including restructuring credit facilities to minimize the impact on customers while effectively managing risk exposure.

Notes to the Financial Statements

35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

Liquidity risk management

The Company has implemented several measures to manage liquidity risk effectively. Regular cash flow monitoring and forecasting ensure sufficient liquidity by tracking inflows and outflows. Asset-Liability Management (ALM) is conducted through the Asset-Liability Committee (ALCO), which reviews the maturity profiles of assets and liabilities to maintain a balanced liquidity position. Additionally, the Company relies on diversified funding sources, including customer deposits, bank borrowings, and internal cash generation, to reduce dependency on a single source and enhance financial stability.

As a consequence, AMWCL has maintained a healthy liquidity position during the year and a positive net current asset position as at the date of the consolidated interim statement of financial position.

Operational risk management

AMWCL has implemented a series of proactive risk mitigation measures aimed at minimizing operational risk and prioritizing employee safety. This includes securing comprehensive insurance coverage to protect both personnel and assets. Additionally, the Company has rigorously tested its Business Continuity Plan (BCP) to ensure seamless operations in the face of potential disruptions.

Moreover, AMWCL maintains a steadfast commitment to upholding procedural integrity and strict adherence to internal guidelines across all facets of its operations. Any instances of escalation are promptly addressed through remedial actions, underscoring the Company's unwavering dedication to risk management.

Central to these efforts is the Operational Risk Management Committee (ORMC), entrusted with overseeing and implementing necessary tools and analyses to mitigate operational risk effectively. This includes the development and utilization of Risk Grid frameworks tailored to individual functional departments.

35.1.1 Board Integrated Risk Management Committee

The Company has set up a Board Integrated Risk Management Committee (BIRMC), appointed by the Board of Directors as per the CBSL Direction No.5 of 2021 on Corporate Governance with the broad objective of assessing all risks, including credit risks to the Company. The BIRMC has the following key objectives;

- ❖ Assess the impact of risks, including credit, market, liquidity, operational, strategic, compliance, and technology through appropriate risk indicators and management information, and make recommendations on the risk strategies and the risk appetite to the Board.
- ❖ Develop risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level, and types of risk that AMWCL accepts or avoids to achieve strategic business objectives.
- ❖ Review the adequacy and effectiveness of senior management level committees (such as credit, ALCO, ITSC, and operational) to address specific risks and manage those within quantitative and qualitative risk limits as specified by the Committee.
- ❖ Review the AMWCL's risk policies, including RAS, at least annually.
- ❖ Assess all aspects of risk management, including updated business continuity and disaster recovery plans.
- ❖ Establish an independent risk management function responsible for managing risk-taking activities across the AMWCL.

The BIRMC comprises Independent Directors, and the Committee has the authority to invite any officer of the Company to the BIRMC meeting. The BIRMC acts as the second line of defence of the Company.

The Risk Management Division is responsible for implementing and maintaining risk-related policies and procedures to ensure a risk awareness culture is in place within the Company. The Division works closely with the BIRMC to ensure that procedures are compliant with the overall risk management framework.

35.1.2 Asset and Liability Committee (ALCO)

The Chief Executive Officer chaired the ALCO. GM-Finance, GM-Credit & Operation, GM-Marketing, Head of Risk & Compliance, and Head of Deposits are the other members of the Committee that meet at least twice a month to monitor and manage assets and liabilities of the Company and also the overall liquidity position. Decisions taken by ALCO are referred to BIRMC for ratification.

35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

35.1.3 Credit Policy Committee

The Credit Policy Committee (CPC) is responsible for managing the credit risk of the Company. The GM-Credit and Operations chair the Committee. The Chief Executive Officer, GM-Finance, GM-Marketing, Head of Risk & Compliance, Head of Operation, and Head of Recovery are the other members of the CPC. The Committee meets at least twice a month to monitor and manage credit risk, and decisions taken at CPC are referred to BIRMC for ratification.

35.1.4 Operational Risk Management Committee (ORMC)

The Operational Risk Management Committee (ORMC) is responsible for assessing operational risks, including people, systems, internal controls, fraud, and external risks of AMWCL at Branch, Region and Service divisions. The Chief Executive Officer, GM-Credit and Operations, GM-Finance, GM-Marketing, Head of Risk Management, Head of Operation, Head of IT, Head of Compliance, HRBP, and Head of Internal Audit are the other members of the ORMC. The Committee meets quarterly to monitor and manage credit risk, and decisions taken at CPC are referred to BIRMC for ratification.

35.2 Credit Risk

35.2.1 Overview

Credit risk is the likelihood that a customer or counterparty is unwilling or unable to pay interest or repay the principal according to the terms specified in a credit agreement resulting in a loss to the Company. Credit risk is managed through a properly defined credit policy manual which considers target market norms, specific credit selection criteria (both financial and non-financial), concentration limits, delegation of approval authority, credit pricing, segregation of marketing and credit approval and administration and active portfolio monitoring.

Concentration risk can arise from uneven distribution of exposures to its borrowers, products, sectors or geographical locations. Concentration risk can amplify the Company's credit risk exposure. To mitigate this, the Company regularly assesses concentration risk and reports its findings to the BIRMC to manage potential impacts effectively.

35.2.2 Portfolio analysis: Product-wise

The lending portfolio primarily consists of auto loans, accounting for 94.60% of the total exposure, while finance leasing and hire purchase make up 5.40% and 0%, respectively, as of 31 December 2024.

Notes to the Financial Statements

35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)

35.2.2.1 Exposure based on Product class	As at 31 Dec 2024		As at 31 Dec 2023	
	Product	Exposure Rs.Mn	%	Exposure Rs.Mn
Finance Leasing	370	5.39%	1,498	24.54%
Hire Purchase	0.7	0.01%	0.5	0.01%
Auto Loans	6,499	94.60%	4,606	75.45%
Total	6,870	100%	6,104	100%

35.2.2.2 Portfolio Analysis: Exposure Based on Asset type

The risk profile based on the asset class is monitored regularly basis to identify trends in the type of assets financed and the impact on the lending portfolio. Certain types of assets are more sensitive to general macroeconomic and business cycles in addition to borrower risk profile, and hence monitored to gauge to potential impact on the risk profile and expectations of stress to the quality of the portfolio.

Product	As at 31 Dec 2024		As at 31 Dec 2023	
	Exposure Rs.Mn	%	Exposure Rs.Mn	%
Motor Cars	4,758	72.35%	3,871	72.35%
Two Wheeler	285	2.83%	152	2.83%
Three Wheeler	216	1.72%	92	1.72%
Dual Purpose vehicles	1,081	15.30%	817	15.30%
Commercial vehicles	507	7.20%	385	7.20%
Equipment	1	0.01%	1	0.01%
Agricultural Tractors	22	0.59%	32	0.59%
Total	6,870	100%	5,350	100%

35.2.2.3 Non-Performing Portfolio

As at 31 Dec	Rs. Mn	
	2024	2023
Non-Performing Portfolio	992	1,303
Total Advances	6,897	5,350
Non-Performing %	14.39%	24.36%
Loan Loss Provisions	730.27	756.60

35.2.2.4 Impairment Assessment

For accounting purposes, the Company uses collective and individual impairment method and Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and Economic Factor Adjustment (EFA) are taken in to consideration. Allowances are assessed collectively for losses on leases, auto loans and hire purchase facilities with similar characteristics. Individually significant leases, auto loans and hire purchase accommodations are assessed on individual basis.

Impairment made at the end of reporting period, 31 December 2024 amounts to Rs.730.28Mn (2023 - Rs.756.60 Mn).

35.2.2.5 Fair Value of Collateral and Credit Enhancements held

The Company endeavors to obtain adequate collateral to secure its credit facilities. The Company continuously monitor the quality of such collateral to mitigate credit losses. A reasonable margin of safety is maintained in collateral values to absorb fall in value of collateral. In General Company has obtained cash deposits, machinery, equipment and vehicles as collateral.

The Company uses collateral to mitigate its risks on financial assets. The collateral comes in various forms such vehicles, letters of guarantees and fixed deposit certificates. The fair value of collateral is generally assessed at the inception 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.

Repossession of collaterals is resorted to in extreme situations where the action is necessitated to recover the dues. The repossessed assets are disposed, in an orderly and transparent manner through public auctions, and the proceeds are used to reduce or recover the outstanding claims. The amount recovered in excess of the dues is refunded to the customer.

The following table shows the fair value of collateral and credit enhancements held by the Company as at 31 December 2024.

	Maximum Exposure to Credit Risk (Rs.)	Net Exposure to Credit Risk (Rs.)
Cash and cash equivalents (excluding cash in hand)	107,484,574	107,484,574
Other financial assets	65,311,288	65,311,288
Loans and receivables	6,167,341,124	6,167,341,124
Debt instruments at amortised cost	213,969,129	213,969,129
	6,554,106,115	6,554,106,114

Carrying value of financial assets as at 31 December	2024 Rs.	2023 Rs.
Other financial assets	65,311,288	57,450,811
Cash and cash equivalents (excluding cash in hand)	107,484,574	266,096,070
Rentals receivable on lease and hire purchase assets	248,893,692	573,045,893
Loans and advances	5,918,447,431	4,043,318,206
Equity instruments at Fair Value Through Other Comprehensive Income	2,358,001	2,185,042
Debt instruments at amortised cost	213,969,129	2,115,153,299
	6,556,464,115	7,057,249,321

Fair value of collateral held and Net exposure of credit impaired assets as at 31.12.2024		
	Fair Value of Collateral (Rs.)	Net Exposure to Credit Risk (Rs.)
Credit impaired assets	15,350,000	52,840,000

The collateral held as security on financial assets that are credit-impaired at the reporting date amounts to Rs. 15,350,000 and therefore, net exposure of those credit impaired assets as at 31.12.2024 is Rs.14,384,412/- Collateral amount disclosed only for the repossessed vehicles.

Collateral details;

Nature of the collateral	Quality of the collateral	Loss allowance
Movable Property (Repossessed vehicles.)	Good in condition	Impairment allowance made based on the CBSL direction for collateral.

There are no changes to Company's policy on collaterals.

There are no significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period;

Notes to the Financial Statements

35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)

35.2.3 Collections and recovery

The tables below shows the age analysis of the installments in arrears for all Financial Assets exposed to credit risk. The amounts presented are gross receivable amounts.

35.2.3.1 Age analysis of past due based on product class (Rs. '000)

As at 31 December 2024	Leases		Hire Purchase		Auto Loans		Total	
	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding
1- 29 days	18,261	48,384	0.19	-	63,432	1,230,571	81,694	1,278,955
30- 59 days	4,940	47,800	-	-	35,634	610,401	40,574	658,201
60- 89 days	5,126	32,132	-	-	32,967	325,098	38,093	357,230
90- 179 days	6,816	26,230	-	-	34,440	191,751	41,256	217,981
180- 365 days	10,427	21,130	-	-	48,571	130,410	58,998	151,540
Over 365 days	68,332	20,895	477	-	140,146	77,287	208,955	98,182
As at 31 December 2023	Leases		Hire Purchase		Auto Loans		Total	
Arrears Bucket	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding
1- 29 days	17,549	128,732	36	36	43,059	885,116	60,644	1,013,884
30- 59 days	9,347	110,702	-	-	42,436	774,028	51,783	884,730
60- 89 days	9,796	84,382	-	-	37,985	427,457	47,781	511,839
90- 179 days	15,213	70,804	-	-	55,021	461,428	70,234	532,232
180- 365 days	17,448	61,803	-	-	47,491	246,998	64,939	308,801
Over 365 days	61,324	78,966	477	359	105,516	178,668	167,316	257,993



35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)

35.2.3.2 Age analysis of past due based on Financial Assets (Rs. '000)

As at 31 December 2024	Not Past due Rs.	Past due						Total Rs.
		1-29 days Rs.	30- 59 days Rs.	60- 89 days Rs.	90- 179 days Rs.	180- 365 days Rs.	Over 365 days Rs.	
ASSETS								
Cash and Bank (Excluding Cash in Hand)	107,485	-	-	-	-	-	-	107,485
Other Financial Assets	65,311	-	-	-	-	-	-	65,311
Rentals Receivable on Lease and Hire Purchase Assets	60,152	66,645	52,740	37,258	33,046	31,557	89,704	371,102
Less : Credit Loss Expenses	-	-	-	-	-	-	-	(122,208)
Loans and Advances	3,605,799	1,294,003	646,035	358,065	226,191	178,981	217,433	6,526,507
Less : Credit Loss Expenses	-	-	-	-	-	-	-	(608,059)
Debt Instruments at Amortised Cost	213,969	-	-	-	-	-	-	213,969
	4,052,715	1,360,648	698,774	395,322	259,237	210,537	307,136	6,554,106
As at 31 December 2023	Not Past due Rs.	Past due						Total Rs.
		1-29 days Rs.	30- 59 days Rs.	60- 89 days Rs.	90- 179 days Rs.	180- 365 days Rs.	Over 365 days Rs.	
ASSETS								
Cash and Bank (Excluding Cash in Hand)	266,096	-	-	-	-	-	-	266,096
Other Financial Assets	57,451	-	-	-	-	-	-	57,451
Rentals Receivable on Lease and Hire Purchase Assets	77,493	146,353	120,049	94,178	86,017	79,252	141,125	744,465
Less : Credit Loss Expenses	-	-	-	-	-	-	-	(171,419)
Loans and Advances	1,323,296	928,175	816,464	465,442	516,449	294,488	284,185	4,628,500
Less : Credit Loss Expenses	-	-	-	-	-	-	-	(585,182)
Debt Instruments at Amortised Cost	2,115,153	-	-	-	-	-	-	2,115,153
	3,839,488	1,074,529	936,513	559,620	602,466	373,739	425,309	7,055,065

Notes to the Financial Statements

35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

35.3 Liquidity Risk

35.3.1 Overview

Liquidity Risk arises when a financial institution is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due. It arises in the functions of lending, trading and investment activities. It includes both the risk of unexpected increases in the cost of funding assets due to unanticipated funding requirements and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company diversified funding sources and manage maturity mismatch to manage Liquidity Risk. Additionally future cash flows, funding requirement and liquidity is monitored regularly. The Company has a sound Contingency Funding Plan. There are committed lines of credit from Banks which could be drawn upon at short notice.

35.3.1.1 Contractual Maturities of undiscounted cash flows of financial assets and liabilities (Rs.'000)

As at 31 December 2024	Less than 1 Month Rs.	1 to 3 Months Rs.	3 to 12 Months Rs.	1 to 3 Years Rs.	3 to 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Financial assets							
Cash and bank	198,266	-	-	-	-	-	198,266
Other financial assets	40,954	-	6,340	26,242	3,198	-	76,734
Rentals receivable on lease and hire purchase assets	31,243	45,019	52,208	94,126	76,471	-	299,067
Loans and advances	308,889	536,126	2,015,255	3,541,292	1,591,296	1,631	7,994,489
Total undiscounted financial assets	579,352	581,145	2,073,803	3,661,660	1,670,965	1,631	8,568,556
Financial liabilities							
Bank overdraft	20,207	-	-	-	-	-	20,207
Trade and other payables	696,221	-	-	-	-	-	696,221
Time deposits	75,569	164,455	1,249,138	635,500	9,429	224	2,134,315
Interest bearing borrowings	9,890	143,215	74,250	178,200	72,050	-	477,605
Lease liabilities	2,754	5,491	21,280	38,162	8,549	1,980	78,216
Total undiscounted financial liabilities	804,641	313,161	1,344,668	851,862	90,028	2,204	3,406,564
GAP	(225,289)	267,984	729,135	2,809,797	1,580,937	(573)	5,161,992
Cumulative GAP	(225,289)	42,695	771,830	3,581,627	5,162,564	5,161,991	

35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

35.3.1.1 Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities (Rs.'000) (Contd...)

As at 31 December 2023	Less than 1 Month Rs.	1 to 3 Months Rs.	3 to 12 Months Rs.	1 to 3 Years Rs.	3 to 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Financial assets							
Cash and bank	351,427	-	-	-	-	-	351,427
Other financial assets	56,802	150	499	-	-	-	57,451
Rentals receivable on lease and hire purchase assets	364,676	71,160	109,477	31,081	308,561	759	885,714
Loans and advances	1,926,885	367,870	1,211,735	719,110	1,642,714	16,787	5,885,101
Total undiscounted financial assets	2,699,790	439,180	1,321,711	750,191	1,951,275	17,546	7,179,693
Financial liabilities							
Bank overdraft	10,036	-	-	-	-	-	10,036
Trade and other payables	610,925	-	-	-	-	-	610,925
Time deposits	30,841	58,112	144,669	169,989	107,841	-	511,452
Interest bearing borrowings	6,449	1,685,169	405,500	127,455	-	-	2,224,573
Lease liabilities	2,953	8,914	22,585	42,658	18,850.90	1,980	97,941
Total undiscounted financial liabilities	661,204	1,752,195	572,754	340,102	126,692	1,980	3,454,927
GAP	2,038,587	(1,313,015)	748,957	410,088	1,824,583	15,566	3,724,767
Cumulative GAP	2,038,587	725,572	1,474,529	1,884,617	3,709,201	3,724,767	

The Asset and Liability Committee (ALCO) meet on a regular basis and discusses the liquidity profile of the operations and considers the dynamic liquidity impact based on the future funding requirements of the Company's operations.

35.4 Interest Rate Risk

35.4.1 Overview

Interest rate risk is the risk that changes in market interest rates adversely affect the Company's financial condition. It is the risk of potential volatility in earnings and capital value resulting from changes in market interest rates.

The Company continuously monitors the behaviour of interest rates to manage interest rate risk. The Company also manages the interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. The Company also prepares static gap analysis and dynamic interest rate gap analysis on monthly basis to measure the risk.

The table below analyses the Company's interest rate risk exposure on its non-traded assets and liabilities. The assets and liabilities are included at carrying amount and categorized by the earlier of contractual re-pricing or residual maturity dates.

Notes to the Financial Statements

35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

35.4.1.1 Interest Rate Sensitivity Gaps (Rs. '000)

As at 31 December 2024	Less than 7 days Rs.	8 - 30 days Rs.	1 - 3 months Rs.	3 - 6 months Rs.	6 - 12 months Rs.	Over 1 year Rs.	Total Rs.
Sensitive assets							
Rentals receivable on lease, hire purchase and auto loan assets	1,693	243,540	399,743	510,499	866,318	4,145,548	6,167,341
Debt instruments at amortised cost	213,969	-	-	-	-	-	213,969
Cash at Bank	107,485						107,485
Total sensitive assets	323,147	243,540	399,743	510,499	866,318	4,145,548	6,488,795
Sensitive liabilities							
Bank overdraft	20,207	-	-	-	-	-	20,207
Time deposits	17,159	58,138	161,604	1,035,543	153,941	454,827	1,881,212
Interest bearing borrowings	-	7,182	137,500	18,750	37,500	218,750	419,682
Lease liabilities	-	1,814	3,682	5,629	8,683	37,110	56,918
Total sensitive liabilities	37,366	67,134	302,786	1,059,922	200,124	710,687	2,378,019
Gap	285,780	176,405	96,957	(549,424)	666,194	3,434,861	4,110,776
Cumulative Gap	285,780	462,185	559,142	9,718	675,912	4,110,775	

Note : Fixed interest bearing assets and liabilities have also taken into consideration in arriving at the interest rate sensitivity gaps.

As at 31 December 2023	Less than 7 days Rs.	8 - 30 days Rs.	1 - 3 months Rs.	3 - 6 months Rs.	6 - 12 months Rs.	Over 1 year Rs.	Total Rs.
Sensitive assets							
Rentals receivable on lease and auto loan assets	2,784	205,065	340,801	392,060	721,509	2,954,145	4,616,364
Debt instruments at amortised cost	291,799	1,023,144	800,211	-	-	-	2,115,154
Cash at bank	266,096						266,096
Total sensitive assets	560,679	1,228,209	1,141,012	392,060	721,509	2,954,145	6,997,614
Sensitive liabilities							
Bank overdraft	10,036	-	-	-	-	-	10,036
Time deposits	6,897	27,874	65,139	736,243	112,827	421,811	1,370,792
Interest bearing borrowings	-	497,972	125,000	625,502	250,000	125,000	1,623,475
Lease liabilities	-	2,388	4,291	5,402	11,152	50,073	73,306
Total sensitive liabilities	16,933	528,234	194,430	1,367,147	373,979	596,884	3,077,608
Gap	543,746	699,976	946,582	(975,087)	347,530	2,357,261	3,920,007
Cumulative Gap	543,746	1,243,722	2,190,303	1,215,216	1,562,746	3,920,007	

Note : Fixed interest bearing assets and liabilities have also taken into consideration in arriving at the interest rate sensitivity gaps.

35.4.1.2 Income impact from change in interest rates within one month

(Rs.'000)	Increase in funding cost 2024		Increase in funding cost 2023	
	100 bps	200 bps	100 bps	200 bps
P&L impact (Monthly)	4,622	9,244	7,567	15,134

Assumptions and method

- ❖ All other variables are remain constant at the time of preparing sensitivity analysis.
- ❖ The analysis is based on the carrying value of the financial assets and financial liabilities as at the reporting date.

The Company has used same method and assumptions in preparing sensitivity analysis for both current and comparative period.

The Company expose no market risk other than the interest change.

35.5 Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through optimization of the debt and equity balance. Furthermore, the Company continues to maintain higher level of capital adequacy than the regulatory minimum required which is 37.61%.

External capital requirements are enforced and regulated by the Central Bank of Sri Lanka. These requirements are established to ensure sufficient capital and reserves are maintained. The Company maintained capital and reserves of Rs. 3,711,932,516/- as at 31 December 2024 which is above the minimum regulatory requirement as at that date.

36 ECONOMIC CONDITIONS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**Implications of current / economic crisis**

The country's current macroeconomic climate is being closely tracked by the management, which urges the Company to adopt a strategy that maximizes resources effectively for positive results. Due to the aforementioned, this year concluded with the profit.

At the end of 2024, Sri Lanka's GDP growth improved to 5.0%, up from 1.6% in 2023, marking the highest economic expansion in seven years. Interest rates declined significantly, with the Prime Lending Rate (PLR) dropping to 8.5% from 27.2% the previous year, while inflation stood at 1.7% compared to 57.5% in 2023. These improved economic conditions boosted confidence among Licensed Finance Companies (LFCs), enabling them to perform better. The strong recovery has encouraged LFCs to expand their lending operations to meet growing demand. In response, the Company plans to resume lending cautiously, guided by a robust underwriting policy to ensure credit quality.

With the scheduled lifting of vehicle import restrictions in early 2025, the Company is well-positioned to expand its business, leveraging the anticipated growth of its parent Company, AMW.

The management is certain that the firm has taken the necessary actions to effectively handle the aforementioned issues and maintain sustainable growth, based on the proactive analyses and measures implemented, the Company's financial strength, and the support of the Group.

Five Year Summary

FIVE YEARS AT A GLANCE - FINANCIAL PERFORMANCE

For the Year ended 31 Dec	2020	2021	2022	2023	2024
	Rs	Rs	Rs	Rs	Rs
Interest Income	1,636,284	1,378,303	1,580,463	1,233,674	1,079,580
Less : Interest Expenses	(674,855)	(511,430)	(798,400)	(545,211)	(341,444)
Net Interest Income	961,430	866,874	782,063	688,462	738,136
Rental Income from Operating Leases	-	-	-	-	-
Other Operating Income	292,222	358,636	208,439	181,193	238,716
Total Operating Income	1,253,651	1,225,509	990,502	869,655	976,852
Credit loss expense	(270,538)	(173,415)	(16,897)	(115,342)	75,783
Net Operating Income	983,113	1,052,094	973,605	754,314	1,052,635
Less: Operating Expenses					
Administration Cost	(204,781)	(227,262)	(315,860)	(341,973)	(408,269)
Personnel Cost	(197,324)	(245,845)	(206,728)	(264,525)	(334,111)
Distribution Cost	(21,699)	(31,129)	(34,785)	(34,811)	(59,548)
Operating Profit	559,309	547,858	416,232	113,004	250,707
Less: Value Added Tax on Financial Services	(92,669)	(115,073)	(101,739)	(62,159)	(80,629)
Debt Repayment Levy	(2,040)	-	-	-	-
Profit Before Taxation	464,599	432,786	314,494	50,845	170,078
Taxation	(176,499)	(69,780)	(75,022)	29,863	(92,022)
Profit for the year	288,101	363,005	239,472	80,708	78,056

FIVE YEARS AT A GLANCE - FINANCIAL POSITION

For the Year ended 31 Dec	2020	2021	2022	2023	2024
	Rs	Rs	Rs	Rs	Rs
ASSETS					
Cash and Bank	432,495	288,455	337,097	351,427	198,266
Other Financial Asset	73,534	80,332	80,238	57,451	65,311
Other Non Financial Assets	4,903	43,406	49,098	44,286	48,114
Deferred tax assets	-	39,338	86,151	152,683	64,677
Rentals Receivable on Lease and Hire	2,797,075	1,954,076	1,118,908	573,046	248,894
Purchase Assets					
Loans and Advances	4,983,139	6,575,354	6,279,257	4,043,318	5,918,447
Equity Instruments at Fair Value Through Other Comprehensive Income	2,098	2,101	2,120	2,185	2,358
Debt Instruments at Amortised Cost	759,225	470,753	1,177,978	2,115,153	213,969
Property, Plant and Equipment	20,958	26,713	40,559	38,252	57,510
Intangible Assets	744	262	-	-	6,528
Right of Use Assets	73,237	92,265	60,423	60,768	44,932
Total Assets	9,147,407	9,573,055	9,231,829	7,438,569	6,869,006
EQUITY AND LIABILITIES					
Liabilities					
Bank Overdraft	114,216	44,566	67,066	10,036	20,207
Trade and Other payables	401,334	433,701	438,335	610,925	696,221
Time Deposits	2,099,864	2,175,068	1,770,849	1,370,792	1,881,212
Amounts due to Related Parties	99,337	-	-	-	-
Interest Bearing Borrowing	3,011,583	3,240,439	3,125,862	1,623,474	419,682
Lease Liability	73,514	97,341	73,061	73,305	56,917
Provision for Income Tax	288,441	227,817	159,747	75,299	35,222
Deferred Tax Liabilities	69,929	-	-	-	-
Employee Benefit Obligation	33,991	29,860	29,094	31,490	47,613
Total Liabilities	6,192,209	6,248,791	5,664,013	3,795,320	3,157,074
Equity					
Stated Capital	200,000	200,000	200,000	200,000	200,000
Retained Profit	2,606,860	2,957,693	3,189,378	3,260,711	3,325,797
Fair Value through OCI Reserve	1,453	1,536	1,428	1,493	1,666
Statutory Reserve Fund	146,885	165,036	177,009	181,045	184,470
Total Equity	2,955,198	3,324,264	3,567,815	3,643,249	3,711,933
Total Equity and Liabilities	9,147,407	9,573,055	9,231,829	7,438,569	6,869,006

Five Year Summary

FINANCIAL INDICATORS

	2020	2021	2022	2023	2024
Return on Assets % (Before Tax)	5.08%	4.62%	2.55%	0.97%	3.51%
Return on Equity % (After Tax)	9.75%	11.56%	6.95%	2.24%	2.23%
Net Interest Margin %	11.26%	9.88%	8.92%	8.65%	11.26%
Total Capital Ratio %	29.72%	30.62%	36.53%	47.34%	40.20%
Loans and Advances %	85.05%	89.10%	80.14%	62.05%	89.79%
Investments %	8.32%	4.94%	12.78%	28.46%	3.15%
Other Assets %	6.62%	5.96%	7.08%	9.49%	7.07%
Gross NPA Ratio %	8.48%	7.57%	16.23%	24.36%	14.39%
EPS	14.41	18.15	11.97	4.04	3.9
DPS	0.00	0.00	0.00	0.00	0.00

Share Information

Stock Exchange

The Ordinary Shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange.

Ordinary Shares as at 31 December 2024: 20,000,000

(Stated Capital of the Company solely represents voting ordinary shares.)

Distribution of Shareholders

There were 3 registered shareholders as at 31 December 2024, distributed as follows.

Distribution of shareholders	As at 31st December 2024				As at 31st December 2023			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
Shares								
1 – 1,000	1	0.01	1	0.01	1	0.01	1	0.01
Over 1,000,000	2	99.99	19,999,999	99.99	2	99.99	19,999,999	99.99
Total	3	100	20,000,000	100	3	100	20,000,000	100

Analysis of Shareholders

Resident/Non-Resident

Category	As at 31st December 2024				As at 31st December 2023			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
Resident	2	90	18,000,001	90	2	90	18,000,001	90
Non-Resident	1	10	1,999,999	10	1	10	1,999,999	10
Total	3	100	20,000,000	100	3	100	20,000,000	100

Shareholders	As at 31 December 2024		As at 31 December 2023	
	No. of Shares	%	No. of Shares	%
Associated Motorways (Private) Limited	18,000,000	90.00	18,000,000	90.00
Trading Enterprises Company LLC	1,999,999	9.99	1,999,999	9.99
A A De Silva	1	0.01	1	0.01

Shareholders	As at 31 December 2024		As at 31 December 2023	
	No. of Shares	%	No. of Shares	%
Public	2,000,000	10	2,000,000	10
Controlled Companies	18,000,000	90	18,000,000	90
Total	20,000,000	100	20,000,000	100

Share Information

DIRECTORS' AND CEO'S SHARE HOLDINGS

Name	Position	No. of shares as at 31 December 2024	No. of shares as at 31 December 2023
Mr. T S A Fernandopulle	Chairman	-	-
Mr. R C J De Silva Munasinghe	Director/CEO	-	-
Mr. J D N Kekulawala	Director	-	-
Mr. A Maas (Resigned w.e.f : 31/10/24)	Director	-	-
Mr. D Bogatyrev (Resigned w.e.f : 29/03/24)	Director	-	-
Mr. I Boyagoda (appointed w.e.f: 27/06/24)	Director	-	-
Mr. A P J Bonthuys (appointed w.e.f: 25/09/24)	Director	-	-

SHARE PRICES FOR THE YEAR

31.12.2024
Rs.

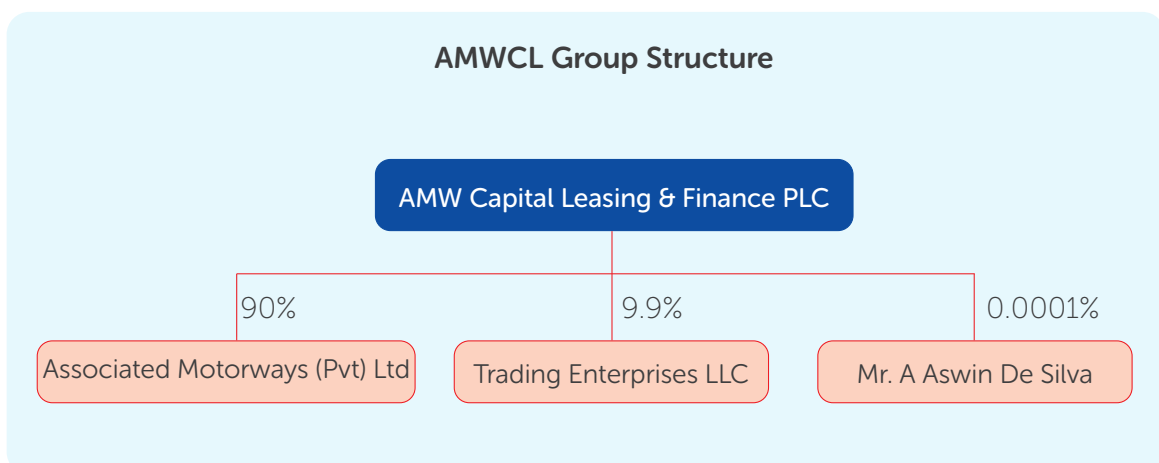
Market price per share
Highest
Lowest
As at end

Rs.22.40 *Not Traded
Rs.22.40 *Not Traded
Rs.22.40 *Not Traded

Float adjusted market capitalization – Rs.44,800,000/-
Number of Public Shareholders – Two (2) Shareholders

Steps to be adopted by the entity to comply with the Minimum Public Holding Requirement will be notified in due course.

KEY RATIOS	31.12.2024	31.12.2022
Dividend Per Share (Rs.)	0.00	0.00
Dividend Payout Ratio	0.00	0.00
Net Asset Value Per Share (Rs.)	186.04	182.16



Corporate Information

Date of Incorporation	: 23 February 2006	Board Audit Committee	: Mr. J D N Kekulawala - Chairman Mr. T S A Fernandopulle - Member Mr. A Maas - Member (resigned w.e.f: 31/10/24) Mr. I Boyagoda - Member (appointed w.e.f: 21/08/24) Mr. A P J Bonthuys - Member (appointed w.e.f: 18/10/24 & resigned w.e.f: 20/02/25)
Date of Re-registration	: 27 June 2007		
Company Registration No	: PB14PQ		
Important Dates	: <ul style="list-style-type: none">• Formed as a Leasing Establishment in July 2006• Obtained Finance Company Licence in November 2008• Listed on the Diri Savi Board of the Colombo Stock Exchange w.e.f: 08 June 2011		
Principal Activity	: Leasing Auto Loans Acceptance of Deposits	Board Integrated Risk Management Committee	: Mr. I Boyagoda - Chairman (appointed w.e.f: 23/11/24 & appointed as a member w.e.f: 21/08/24) Mr. T S A Fernandopulle - Member Mr. J D N Kekulawala - Member Mr. A Maas - Member Mr. A P J Bonthuys - Member (appointed w.e.f: 18/10/24)
Stated Capital	: Rs. 200,000,000/- (20,000,000 shares)		
Legal Form	: Quoted on the Diri Savi Board of the CSE with Limited Liability		
Board of Directors	: Mr. T S A Fernandopulle - Chairman Mr. R C J De Silva Munasinghe - Director/CEO Mr. J D N Kekulawala - Member Mr. A Maas - Member (appointed w.e.f: 03/11/22 & resigned w.e.f: 31/10/2024) Mr. D Bogatyrev - Member (appointed w.e.f: 21/08/23 & resigned w.e.f: 29/03/24) Mr. I Boyagoda - Member (appointed w.e.f: 27/06/24) Mr. A P J Bontuys - Member (appointed w.e.f: 25/09/24)	Remuneration Committee	: Mr. J D N Kekulawala - Chairman Mr. T S A Fernandopulle - Member Mr. A Maas - Member (resigned w.e.f: 31/10/24) Mr. I Boyagoda - Member (appointed w.e.f: 21/08/24) Mr. A P J Bonthuys - Member (appointed w.e.f: 18/10/24)
Company Secretary	: Ms. Chandima Nanayakkara (appointed w.e.f: 26.07.2024) M/s. Jacey and Company (resigned w.e.f: 26.07.2024)	Related Party Transactions Review Committee	: Mr. J D N Kekulawala - Chairman Mr. T S A Fernandopulle - Member Mr. A Maas - Member (resigned w.e.f: 31/10/24) Mr. I Boyagoda - Member (appointed w.e.f: 21/08/24) Mr. A P J Bonthuys - Member (appointed w.e.f: 18/10/24)
Auditors	: M/s. Deloitte Partners, Chartered Accountants		
Bankers	: Bank of Ceylon Commercial Bank of Ceylon PLC Hongkong & Shanghai Banking Corporation PLC People's Bank Sampath Bank PLC DFCC Bank PLC Pan Asia Banking Corporation PLC National Development Bank PLC Hatton National Bank PLC Cargills Bank Limited	Nominations & Governance Committee	: Mr. I Boyagoda - Chairman (appointed w.e.f: 21/08/24) Mr. T S A Fernandopulle - Member Mr. J D N Kekulawala - Member Mr. A Maas - Member (resigned w.e.f: 31/10/2024)
Registered Office	: AMW Capital Leasing and Finance PLC No. 185, Union Place, Colombo 02.		



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