Alliance Finance Co. PLC

Since 1956

Making the world a better place through sustainable finance

ALLIANCE FINANCE COMPANY PLC

Key Financial Data for the Period Ended 31st March (Audited)

In Rupees Million	Current Period		Previous Period	
	From 01/04/2025 to 31/03/2026	As of % Interest Income	From 01/04/2024 to 31/03/2025	As of % Interest Income
Interest Income	16,611	100%	14,236	100%
Interest Expense	(7,580)	46%	(6,472)	45%
Net Interest Income	**9,031**	**54%**	**7,764**	**55%**
Gains/(losses) from trading activities	73	0%	81	1%
Other Income	1,474	9%	1,375	10%
Operating Expenses (excluding Impairment)	(5,537)	33%	(4,887)	34%
Impairment	(545)	3%	(234)	2%
Profit / (Loss) Before Tax	**4,496**	**27%**	**4,099**	**29%**
Value Added Tax on Financial Services and Income Tax	(2,458)	15%	(2,364)	17%
Profit / (Loss) After Tax	**2,038**	**12%**	**1,735**	**12%**

Key Financial Data as at 31st March (Audited)

	As at			
In Rupees Million	**31/03/2026**	**As of % Total Assets**	**31/03/2025**	**As of % Total Assets**
Assets				
Cash & Bank Balance	1,247	1.3%	1,476	1.8%
Government Securities	4,956	5.1%	7,106	8.7%
Due from Related Parties	26	0.0%	13	0.0%
Leasing / Hire Purchase and Loan Receivable (Excluding related parties)	77,474	80.4%	62,503	76.6%
Investment in Equity	315	0.3%	321	0.4%
Investment Properties	204	0.2%	188	0.2%
Property, Plant and Equipment	3,459	3.4%	3,391	4.2%
Other Assets	8,675	9.3%	6,567	8.1%
Total Assets	**96,356**	**100%**	**81,565**	**100%**
Liabilities				
Due to Banks	43,395	45%	31,354	38.4%
Due to Related Parties - Deposits	400	0%	392	0.5%
Deposits from Customers	37,367	39%	36,133	44.3%
Other Liabilities	4,220	5%	4,337	5.8%
Total Liabilities	**85,382**	**89%**	**72,216**	**89%**
Equity				
Stated Capital	614	1%	614	1%
Statutory Reserve Fund	1,048	1%	1,135	1%
Retained Earnings	7,137	7%	5,656	7%
Other Reserves	2,175	2%	1,944	2%
Total Equity	**10,974**	**11%**	**9,349**	**11%**
Total Equity and Liabilities	**96,356**	**100%**	**81,565**	**100%**
Net Asset Value Per Share (Rs.)	**326**		**277**	

Note: Amounts stated are in net of impairment and depreciation.

CERTIFICATION:

We, the undersigned, being the Deputy Chairman & Managing Director, Chief Financial Officer and the Compliance Officer of Alliance Finance Company PLC certify jointly that:

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (CBSL);

(b) the information contained in these statements have been extracted from the audited financial statements of the company.

R.K.E.P. de Silva	**Dinuk Baig**	**B. Kariyawasam**
Deputy Chairman & Managing Director	Assistant General Manager-Finance	Compliance Officer

26-06-2026

ISO 9001 REGISTERED

MGMT.SYS. RvA C024

DNV Certification B.V., The Netherlands

The first Company in the Banking and Non-banking sector of Sri Lanka to be certified with ISO 9001:2015 Quality Management system and ISO 22301:2012 for Business Continuity Management Systems.

Lanka Rating Agency (SL) BBB with stable outlook

Selected Key Performance Indicators

Item	As at 31/03/2026		As at 31/03/2025	
Regulatory Capital Adequacy (%)	**Actual**	**Required**	**Actual**	**Required**
Tier 1 Capital Adequacy Ratio	12.35%	8.50%	11.60%	8.50%
Total Capital Adequacy Ratio	17.37%	12.50%	16.06%	12.50%
Capital Funds to Deposit Liabilities Ratio	28.59%	10.00%	25.33%	10.00%

Item	As at 31/03/2026	As at 31/03/2025
Quality of Loan Portfolio (%)		
Gross Stage 3 Loan Ratio	5.86%	4.70%
Net Stage 3 Loan Ratio	3.64%	2.25%
Net Stage 3 Loan Ratio to Core Capital Ratio	32.64%	19.59%
Stage 3 Impairment Coverage Ratio	37.99%	52.21%
Total Impairment Coverage Ratio	2.77%	2.99%
Profitability (%)		
Net Interest Margin	10.97%	12.10%
Return on Assets (Before Tax)	3.77%	4.36%
Return on Equity (After Tax)	20.06%	19.85%
Cost to Income Ratio	52.18%	53.11%
Liquidity (%)		
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	153.57%	175.67%
Liquid Assets to External Funds	7.83%	9.85%
Memorandum information		
Number of Branches and other centers	92	90
External Credit Rating (Lanka Rating)	BBB (Stable)	BBB (Stable)

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALLIANCE FINANCE COMPANY PLC
Report on the Audit of the Financial Statements

Deloitte Associates
Chartered Accountants
No. 11, Castle Lane, Colombo 04,
Sri Lanka.
Tel: +94 11 2580409, 5444400
Fax: +94 11 2582452
www.deloitte.com

Opinion

We have audited the financial statements of Alliance Finance Company PLC ("the Company") and the consolidated financial statement of the company and its subsidiary ("the Group") which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and Group as of 31 March 2026, and of their financial performance and 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 and Group 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.

Impairment of loans and receivables	
Refer to the accounting policy section 2.11.3 Impairment of financial assets and Notes 25 and 26 to the financial statements. As at 31 March 2026, total amount of lease receivables, loans and advances amounted to LKR 77,500 million, with a total allowance for impairment of LKR 1,979 million. Total net amount of loans and receivables contribute 80% to the total assets. Management assesses whether the credit risk of loans and receivables to customers have increased significantly since their initial recognition and applies a three-stage impairment model to calculate their Expected Credit Loss (ECL). 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 and discount rates. Individual impairment is determined using discounted cash flows: The impairment of loans and receivables using the ECL model was considered as a key audit matter due to factors such as: • The ECL model involves complex calculations with key variables used in the model requiring significant management judgment and use of assumptions. • The magnitude of the reported amounts of loans and receivables to customers and the impairment allowances thereof. • The determination of expected loss rates in an uncertain economic environment	The audit procedures performed to assess the adequacy of the impairment allowance for credit losses on loans and receivables to customers in line with SLFRS 9 adopted, included the following: • Understanding, evaluating and testing the design and operating effectiveness of key controls in the lending and credit risk mitigation process (including evaluation of impairment of loans and receivables), and underlying information systems. • Assessing the appropriateness of the criteria used by management to determine whether customer credit facilities are impaired. • Assessing the appropriateness of the criteria 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. • Checking the reasonability of the macro-economic and other forward-looking information used by management, by comparing them against reliable publicly available information. • To test the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed as to whether there was a need to classify such loans requiring impairment. • For loans and receivables individually impaired, assessing the reasonability on a sample basis, future cash flows forecasted by management and the discount rates supporting the loss allowance computation. • Checking the underlying calculations and data on a sample basis for accuracy and completeness. • Assessing the accuracy and sufficiency of related disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's / Group'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 / Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group'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 of the Company and the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group'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 doubts on the Company's and Group'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 of the Company and the consolidated financial statements of the Group -, 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 Group 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 of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

• Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 Company and the consolidated financial statements of the Group of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3991.

Deloitte Associates

Deloitte Associates
Chartered Accountants
Colombo

26 June 2026