



Green Bond Issue 2 0 2 5

**Sri Lanka's First Green Bond by a
Non-Bank Financial Institution**

INTRODUCTION

- The oldest finance company in Sri Lanka having commenced business in 1956.
- Regulated by the Central Bank of Sri Lanka.
- Business philosophy is guided by triple bottom line principles focusing on People, Planet and Profit.
- A pioneer in sustainable finance, the first financial institution in South Asia to be certified for holistic sustainability under the SSCI framework of the European Organisation for Sustainable Development, Karlsruhe Germany.
- Engaged in providing a wide range of financial services including, deposit/savings, leasing, climate financing, micro financing primarily to the MSME sector of Sri Lanka.
- Primarily serving under-banked and unbanked segments.

OUR EARLY FOCUS ON THE PEOPLE DIMENSION



Set the standards for employee benefits in Sri Lanka in 1959 surpassing statutory requirements

Description	Statutory Requirement	AFC Contribution
Provident Fund	12%	20%
Gratuity	Half Month Salary for each year of service	2 months Salary for each year of service

Profit sharing bonuses for all employees since 1959

IN 2012...



Formally adopted a triple bottom line business philosophy

OUR PURPOSE STATEMENT

**"MAKE THE WORLD A BETTER PLACE THROUGH
SUSTAINABLE FINANCE"**



OUR CORE VALUES

Trust	Our customers need to TRUST us and be happy
Teamwork	TEAMWORK will make us stronger
Ethics	ETHICS and INTEGRITY are critical
Respect	We RESPECT each other and the environment we live in
Accountability	Everyone of us is ACCOUNTABLE for our actions
Innovation	We are open, brave and willing to drive INNOVATION and CHANGE

HIGH IMPACT GOALS



Goal 1 - Lead the transition towards Sustainable Mobility Solutions



Target Facility Amount for FY 2024/25- Rs. 19,298Mn



Goal 2 - Drive financial inclusion



Target Facility Amount for FY 2024/25- Rs. 37,015Mn



Goal 3 - Promote MSME development



Target Facility Amount for FY 2024/25- Rs. 18,487Mn



Employees
1,812



Points of Presence
90



Customer Base
156,725



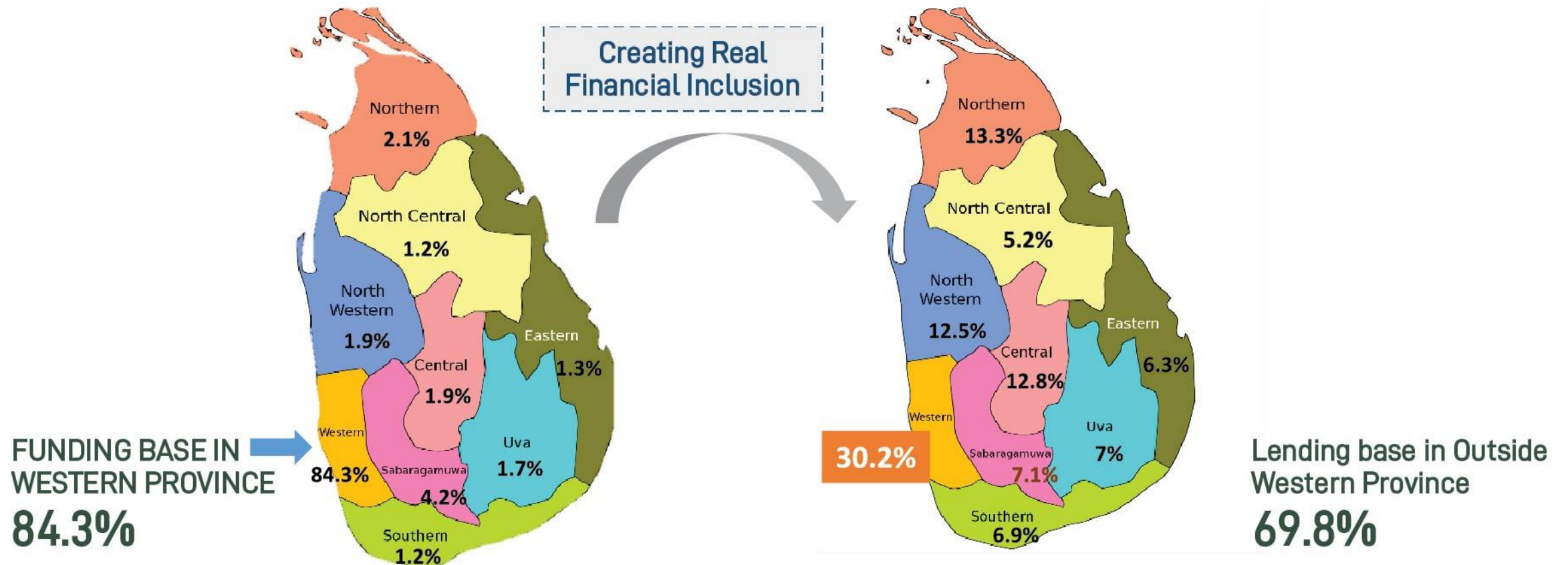
Female Customer Base
43%



Female Employee
34%

Portfolio	Profit Before Tax	Total Assets	Investment allocated for Sustainability Initiatives – 2025/26
Rs.60Bn (USD 202 Mn) 31 st December 2024	Rs.1,816Mn (USD 6.1 Mn) 3 rd quarter FY 2024/25	Rs.76Bn (USD 256Mn) 31 st December 2024	Rs.120Mn (8% from the PAT) (USD 403,826)

CREATING REAL FINANCIAL INCLUSION



66% OF OUR PORTFOLIO NOW CONTRIBUTES TOWARDS 12 UN SDGS

01. Goal 1 – No Poverty
02. Goal 2 – Zero Hunger
03. Goal 5 – Gender Equality
04. Goal 6 – Clean Water And Sanitation
05. Goal 7 – Affordable And Clean Energy
06. Goal 8 – Decent Work And Economic Growth
07. Goal 10 – Reduced Inequalities
08. Goal 12 – Responsible Consumption And Production
09. Goal 13 – Climate Action
10. Goal 15 – Life On Land
11. Goal 16 – Peace, Justice And Strong Institutions
12. Goal 17 – Partnerships For The Goals



FOREIGN FUNDING SLIDE - HEADING SHOULD BE "STRONG FOOTING WITH IMPACT INVESTORS ACROSS THE GLOBE"

DFI PARTNERS

Triodos
Investment
Management

 **IFC** | International
Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

 DEVELOPING
WORLD
MARKETS

FMO
Entrepreneurial
Development
Bank

EQ
Enabling
Capital

 **symbiotics**

DFI RELATIONSHIPS

Triple  Jump

IMPACT FINANCE


**AGENTS
FOR
IMPACT**
EST. 2018

finnfund
Rabo Foundation 

BIO
Investing
in a Sustainable Future

SAISON
Investment Management

 **BlueOrchard**
Microfinance Investment Managers

 **responsAbility**

- Currently AFC has raised USD 66 Million foreign borrowing from above lenders.

INAUGURAL GREEN BRAND OF THE YEAR AT THE SLIM BRAND EXCELLENCE AWARD 2023.





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OUR MOTIVATION

01. **Industry Leadership** – Pioneering the NBFI sector with Sri Lanka's first Green Bond, solidifying AFC's position as a sustainability leader.
02. **Encouraging Green Investments** – Mobilizing public and private capital for sustainable financing.
03. **Green Funding for Green Assets** – Channeling dedicated financing exclusively into environmentally sustainable projects, strengthening AFC's leadership in green finance.
04. **Transitioning to a Green Economy** – Promoting sustainable investments and reducing reliance on brown assets.
05. **Diversifying Investment Opportunities** – Offering investors an alternative, sustainable asset class.
06. **Expanding Funding Sources** – Strengthening AFC's access to green finance markets.

CHALLENGES AND LESSONS LEARNED

01. **Pricing Complexity** – Balancing investor expectations and economics.
02. **Knowledge Gap** – Enhancing awareness and expertise in green bond mechanisms.
03. **Extended Process** – At the time of issuance and ongoing.
04. **Investor Appetite** – Identifying and engaging sustainability-focused investors.
05. **Stakeholder Support** – Securing backing from regulators, auditors, and financial institutions.

AFC Green Bond Framework

Supporting a Sustainable Future



Green Bond Framework

Purpose:

- Finance clean energy projects (mainly rooftop solar)

The Green Bond is structured around the following 4 principles;

- Use of Proceeds
- Project Selection & Evaluation
- Management of Proceeds
- Reporting & Transparency

Use of Proceeds:

- Rooftop solar energy projects
- Financing solar equipment vendors..

Contributing towards following SDGs



SDG 7: Affordable & Clean Energy



SDG 12: Responsible Consumption



SDG 13: Climate Action

Project Selection & Fund Management

Project Selection Process

Branch-level
inspection

Task force
evaluation

Credit Committee
approval

ESG screening ensures alignment with sustainability goals

Fund Management:

Proceeds tracked
separately

Transparent allocation
& reporting

Annual external
audits

Impact & Reporting

Monitoring & Reporting:

- Annual reporting on energy generated (kWh), CO2 reduction
- External verification by Deloitte Sri Lanka for transparency

Expected Impact:

- Supports Sri Lanka's goal of 70% renewable energy by 2030
- Reduces dependency on fossil fuels
- Contributes towards national carbon neutrality by 2050

BENEFITS

01. Elevating AFC's reputation as a trailblazer in sustainable finance, cementing its position at the forefront of the industry's green transformation.
02. Diversifies AFC's capital base through access to the green finance market.
03. Differentiates AFC from competitors by offering innovative financial solutions.
04. Supports compliance with sustainability regulations and green finance frameworks.
05. Attracts ESG-focused investors looking for sustainable investment opportunities.
06. Global recognition through listing on the Luxembourg Stock Exchange's Green Platform.
07. Collaborated with regulatory bodies and sustainability-focused organizations.
08. Developed in-house capabilities in green finance structuring and reporting.
09. Established a strong foundation for scaling sustainable financing solutions.



Thank You

PEOPLE • PLANET • PROFIT
Sri Lanka's pioneering triple bottom line financial institution



Alliance Finance Co. P.L.C.
Making the world a better place through sustainable finance