Vallibel Finance

Financial Statements for the Year Ended 31st March 2023													
Statement of Profit or Loss and other Comprehensive Income For the Year Ended 31st March		Company			Group		Statement of Financial	Company			Group		
	2023 Rs.	2022 Rs.	Growth %	2023 Rs.	2022 Rs.	Growth %	Position As at 31st March	2023 Rs.	2022 Rs.	Growth %	2023 Rs.	2022 Rs.	Growth %
Gross Income	16,704,448,424	12,066,211,076	38.4	16,688,865,786	11,978,477,367	39.3	Assets						
Interest Income	15,675,717,444	9,930,097,982	57.9	15,675,717,444	9,930,097,982	57.9	Cash and Cash Equivalents	2,332,724,111	877,638,204	165.8	2,339,453,098	900,929,559	159.7
Interest Expense	(11,013,953,929)	(4,234,571,767)	160.1	(11,013,953,929)	(4,234,571,767)	160.1	Placements with Banks and Other Finance Companies	9,860,926,513	4.167.388.105	136.6	9.860.926.513	4.167.388.105	136.6
Net Interest Income	4,661,763,515	5,695,526,215	(18.2)	4,661,763,515	5,695,526,215	(18.2)	Reverse Repurchase Agreements	-	1,770,612,142	(100.0)	-	1,780,760,519	(100.0
Fee and Commission Income	511,805,140	672,707,103	(23.9)	505,805,140	672,707,103	(24.8)	Financial Assets Measured at Fair Value	4 400 550 000	24.4.045.400	277.0	4 504 075 205	700 404 050	00.4
Net Fee and Commission Income	511,805,140	672,707,103	(23.9)	505,805,140	672,707,103	(24.8)	Through Profit or Loss (FVTPL) Financial Assets at Amortised Cost - Loans	1,498,552,923	314,015,408	377.2	1,501,875,305	796,421,859	88.6
Net Gain / (Loss) from Trading	(125,888)	12,589	(1,100.0)	(125,888)	12,589	(1,100.0)	and Receivables to Other Customers	50,581,535,164	50,691,038,582	(0.2)	50,581,535,164	50,691,038,582	(0.2
Net Gain / (Loss) from other Financial Instruments at FVTPL	125,013,492	33,825,363	269.6	125,013,492	33,825,363	269.6	Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	10 700 000 127	14 072 225 141	(27.9)	10 700 000 127	14 072 225 141	(27.0
Other Operating Income	392,038,236	1,429,568,039	(72.6)		1,341,834,330	(71.5)	Financial Investments Measured at Fair Value	10,789,860,137	14,973,325,141	(21.9)	10,789,860,137	14,975,525,141	(27.9)
Total Operating Income	5,690,494,495	7,831,639,309	(27.3)		7,743,905,600	(26.7)	Through Other Comprehensive Income	203,800	1,737,815,264	(100.0)	203,800	1,737,815,264	(100.0
Impairment (Charges) / Reversals and	5,555,553,555	1,002,000,000	(====)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,,,	(====,	Financial Assets at Amortised Cost - Debt and other Financial Instruments	4,169,488,788	100,423,871	4,051.9	4,169,488,788	100,423,871	4,051.9
Other Credit Losses on Financial Assets	(97,575,003)	(592,488,831)	(83.5)	(97,575,003)	(592,488,831)	(83.5)	Financial Assets at Amortised Cost	4,103,400,700	100,423,671	4,051.9	4,103,400,700	100,423,871	4,051.5
Net Operating Income	5,592,919,492	7,239,150,478	(22.7)	5,577,336,854	7,151,416,769	(22.0)	- Other Financial Assets	28,698,236	13,647,730	110.3	28,698,236	13,647,730	110.3
Expenses							Investment in a Subsidiary	20	20				
Personnel Expenses	(1,552,821,697)	(1,404,669,796)	10.5	(1,552,828,907)	(1,404,866,104)	10.5	Investment Property Property, Plant and Equipment	1,179,500,000 772,845,990	1,179,500,000 756,193,121	2.2	3,974,429,790	3,208,302,588	23.9
Premises Equipment and	(004,000,005)	(004 000 000)	24.0	(004 000 005)	(004 000 000)	24.0	Right-of-use Lease Assets	748,848,409	781,224,648	(4.1)	748,848,409		(4.1
Establishment Expenses	(291,600,035)	(221,286,928)	31.8	(291,600,035)	(221,286,928)	31.8	Intangible Assets	18,458,354	28,671,530	(35.6)	18,458,354		(35.6
Other Operating Expenses	(985,897,827)	(835,514,204)	18.0	(988,916,877)	(837,435,478)	18.1	Deferred Tax Assets	107,519,914	141,914,484	(24.2)	110,488,657	143,203,176	(22.8
Operating Profit Before Taxes on Financial Services	2,762,599,933	4,777,679,550	(42.2)	2,743,991,035	4,687,828,259	(41.5)	Other Assets	234,912,249	156,802,865	49.8	227,906,193		45.3
Taxes on Financial Services	(697,119,801)	(783,809,641)	(11.1)		(783,809,641)	(11.1)	Total Assets Liabilities	82,324,074,608	77,690,211,115	6.0	84,352,172,444	79,479,982,531	6.3
Profit Before Income Tax	2,065,480,132		(48.3)		3,904,018,618	(47.6)	Bank Overdrafts	1,561,119,013	1,062,546,767	46.9	1,561,119,013	1,062,546,767	46.9
Income Tax Expense		(1,081,971,589)	(32.9)		(1,062,383,369)	(32.3)	Rental Received in Advance	176,943,085	227,759,381	(22.3)	, , , , , , , , , , , , , , , , , , , ,		(22.3
Profit for the Year	1,339,572,151	2,911,898,320	(54.0)	1,327,413,304	2,841,635,249	(53.3)	Financial Liabilities at Amortised Cost						
Profit attributable to:							- Deposits due to Customers Financial Liabilities at Amortised Cost	49,659,457,138	41,021,169,765	21.1	49,659,457,138	41,021,169,765	21.:
Equity holders of the Company	1,339,572,151	2,911,898,320	(54.0)	1,327,413,304	2,841,635,249	(53.3)	- Interest bearing Borrowings	13,888,909,088	20,034,340,212	(30.7)	15,954,588,101	21,835,482,493	(26.9
Non - Controlling Interest	-	-	-	-	-	-	Subordinated Term Debt	3,163,398,140	2,012,844,267	57.2	3,163,398,140		57.2
Profit for the Year	1,339,572,151	2,911,898,320	(54.0)	1,327,413,304	2,841,635,249	(53.3)	Lease Liabilities	912,495,354	858,556,285	6.3	912,495,354	858,556,285	6.3
Earnings Per Share							Current Tax Liabilities Deferred Tax Liabilities	547,185,073 284,918,764	604,894,450 142,580,571	(9.5) 99.8	547,185,073 284,918,764		(9.5) 99.8
Basic Earnings Per Share	5.69	12.37	(54.0)	5.64	12.07	(53.3)	Other Liabilities	955,904,529	989,544,615	(3.4)	947,566,765		(4.3
Diluted Earnings Per Share	5.69	12.37	(54.0)	5.64	12.07	(53.3)	Retirement Benefit Obligations	86,818,197	80,824,933	7.4	86,818,197	80,824,933	7.4
			_				Total Liabilities	71,237,148,381	67,035,061,246	6.3	73,294,489,630	68,837,147,228	6.9
Statement of Profit or Loss and		Company			Group		Equity	4 205 040 000	1 225 010 000		4 205 040 000	1 225 048 000	
other Comprehensive Income contd.		2022	Growth	2023	2022	Growth	Stated Capital Statutory Reserve Fund	1,325,918,000 1,766,773,033	1,325,918,000 1,699,794,425	3.9	1,325,918,000 1,766,773,033		3.9
For the Year Ended 31st March	Rs.	Rs.	%	Rs.	Rs.	%	Other Reserves	164,886,280	(47,934,140)	(444.0)	220,536,280		1,666.3
Profit for the Year	1,339,572,151	2,911,898,320	(54.0)	1,327,413,304	2,841,635,249	(53.3)	Retained Earnings	7,829,348,914	7,677,371,584	2.0		7,604,637,018	1.8
Other Comprehensive Income, Net of Tax	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(0.110)		_,_,_,_,_,_	(00.0)	Total Equity attributable to Equity holders	44 000 000 007	10.055.140.000	4.4	44 057 000 044	10 040 025 202	2.0
Items that will never be reclassified to							of the Company Non - Controlling Interest	11,080,920,221	10,655,149,869	4.1	11,057,082,814	10,642,835,303	3.9
Profit or Loss							Total Equity	11,086,926,227	10,655,149,869	4.1	11,057,682,814	10,642,835,303	3.9
Gains / (Losses) on remeasurement of							Total Liabilities and Equity	82,324,074,608	77,690,211,115	6.0	84,352,172,444	79,479,982,531	6.3
Defined Benefit Liability	10,848,897	125,947,705	(91.4)	10,848,897	125,947,705	(91.4)	Net Assets Value Per Share (Rs.)	47.09	45.25	4.1	46.96	45.20	3.9
Deferred Tax (Charge) / Reversal on	4 625 210	(20.227.440)	(115.2)	4 625 210	(20 227 440)	(11E 2)	Certification						
Actuarial Gains / (Losses)	4,625,210	(30,227,449)	(115.3)	4,625,210	(30,227,449)	(115.3)	These Financial Statements ha	ave been prepa	red in compliar	nce with th	e requirement	s of the Compa	anies
Net Actuarial Gains / (Losses) on Defined Benefit Liability	15,474,107	95,720,256	(83.8)	15,474,107	95,720,256	(83.8)	Act, No.07 of 2007.						
Revaluation of Land & Buildings	_	48,245,347	(100.0)		127,745,347	(100.0)	sgd.						
Deferred Tax (Charge) / Reversal on		, 2,2	,,		, -,	,,	K.D.Menaka Sameera						
Revaluation of Land & Buildings	(13,490,252)	(9,130,356)	(47.8)	(18,260,252)	(28,210,356)	35.3	Senior DGM - Finance & Admir	nistration					
Net Change in Revaluation of Land & Buildings	(13,490,252)	39,114,991	(134.5)	(18,260,252)	99,534,991	(118.3)	The Roard of Directors is recognitive	sible for the pro	naration and th	e nresento	tion of these F	inancial Statem	ente
Items that are or may be reclassified to Profit or Loss							The Board of Directors is responsible for the preparation and the presentation of these Financial Statements. Approved and signed for and on behalf of the Board;						
Deferred Tax (Charge) / Reversal on							sgd.		sgd.				
Fair Value Gains / (Losses)	226,310,672	(226,310,672)	(200.0)	226,310,672	(226,310,672)	(200.0)	S P Dondomu		C C M	10040	haku		

S.B. Rangamuwa Managing Director

S.S. Weerabahu

Executive Director

6th June 2023, Colombo.



(226,310,672)

(31,055,425)

As at 31st March

2022

3.93%

1.68%

11.23%

57.27%

4.28%

9.08%

7.19%

30.91%

31.43%

187.16%

12.59%

54

BBB+ (Stable)

Actual

14.58%

18.52%

29.98%

2,810,579,824

200.0

(819.8)

(44.8)

(44.8)

(44.8)

Required

7.00%

11.00%

10.00%

(Chartered Accountants) 32A, Sir Mohamed Macan Markar Mawatha, P. O. Box 186, Colombo 00300, Sri Lanka.

To the Shareholders of Vallibel Finance PLC **Report on the Audit of the Financial Statements**

Opinion
We have audited the financial statements of Valilbel Finance PLC ("the Company") and the consolidated financial statements
of the Company and its subsidiaries ("the Group), which comprise the statement of financial position as at 31 March 2023,
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 a summary of significant accounting policies and
other explanatory information as set out on pages 196 to 295 of this Annual Report.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, 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 Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled in the Code of Ethics will be supported by the Code of Ethics. We believe that the audit evidence we have obtained

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the Company financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements and the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for Impairment losses for Ioans and receivables, lease rental and hire purchase receivables Refer note 29, 30.1.1 and 30.2.1 to the financial statements and the accounting policies in the note 6.1.10.

The Company uses the Expected Credit Loss (ECL) model to calculate the allowance for impairment loss in accordance with SLFRS 9- Financial Instruments (SLFRS 9).

A high degree of complexity and judgment is involved in estimating ECL. There are also a number of key assumptions made by the Company in applying the requirements of SLFRS 9 to the models including the identification of loss stage, forward looking probability of default (PD), loss given default (LGD), macroeconomic scenarios including their weighting and judgments over the use of data inputs required. Additional subjectivity and judgement have been introduced into the Company's measurement of ECL due to the heightened uncertainty associated with the impact of the prevailing uncertain economic outlook on the Company's customers, increasing our audit effort thereon.

receivables, lease and hire purchases receivables balances to these financial statements, the inherent complexity of the Company's ECL models used to measure ECL allowances and level of required disclosures set out by the requirements of SLFRS 7 financial instruments: Disclosures.

Our Response:

- Assessing the methodology inherent within the impairment models against the requirements of SLFRS 9, especially
 taking into consideration the prevailing uncertain and volatile macro-economic environment; Challenging the key assumptions in the ECL models, including staging, PD, and LGD and evaluating the rea
 of Management's key judgments and estimates;
- Testing the accuracy and completeness of the data inputs to the systems and ECL models and challenging the economic information used within, and weightings applied to, forward looking scenarios; Recalculating the ECL on a sample basis, by using the key assumptions used in the models, such as PD and LGD;
- Assessing the reasonableness of the Company's considerations of the prevailing uncertain and volatile macre

Assessing the adequacy of disclosures made in the financial statements in compliance with relevant accounting

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.

conclusion with our audit of the financial statements, our responsibility is to read the other information 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 fee from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company and the 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 and the Group or to cease operations, or has no realistic alternative but to do so.

ose charged with governance are responsible for overseeing the Company and the 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 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 detection at 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: Lefentify and assets 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 deterting a material instatement 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

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

discossures have by intelligenters.

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 to that attention in addition and a second of the control of the c 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.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 eithical requirements in accordance with the Code of Ethics regarding independence, and ocumunicate with then all relationships and other matters that may reasonably be thought to beer on our independence, and where applicable, related safeguards.

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 disclosures about the matter or when, in externelly 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 outweight the public interest benefits of such communication.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 259

Kmw CHARTERED ACCOUNTANTS

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English Company limited by a guarantee. All rights reserverd.

C.P. Jayatilake FCA
Ms. S. Joseph FCA
Ms. S. Joseph FCA
Ms. S. Joseph FCA
Ms. S. Joseph FCA
Ms. S. J. Ms. Jayasekara FCA
Ms. B. K. D.T. N. Rodrigo FCA
Rills. B. K.D.T. N. Rodrigo FCA
Rills. B. K.D.T. N. Rodrigo FCA
R. Rajan FCA
R. Rajan FCA
M. N. M. S. T. Ms. P. Rajankoon ACA
Ms. P. Ms. S. Sumanasekara
Ms. P. Ms. S. Sumanasekara
Ms. P. Ms. S. Sumanasekara

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyard FCMA (UK), FTII

There had not been any regulatory penalties or regulatory restrictions on deposits, borrowings and lending during the year ended 31.03.2023 *As per CBSL Direction No. 01 of 2020 - Classification and Measurement of Credit Facilities, (effective from 01.04.2022)

Net Gains / (Losses) on Investment in

Financial Assets at Fair Value through

Other Comprehensive Income for the

Total Comprehensive Income for the Year

Total Comprehensive Income for the Year

Selected Key Performance Indicators

226,310,672

228,294,527

1,567,866,678

1,567,866,678

1.567.866.678 2.820.422.895

(226,310,672)

(91,475,425)

2,820,422,895

2,820,422,895

200.0

(349.6)

(44.4)

(44.4)

(44.4)

Actual

17.02%

22.26%

26.84%

As at 31st March

2023

6.16%*

2.96%*

17.85%

51.85%

4.82%

6.18%

3.45%

12.32%

269.24%

19.94%

58

BBB+ (Negative)

Required

8.50%

12.50%

10.00%

226,310,672

223,524,527

1,550,937,831

1,550,937,831 2,810,579,824

1,550,937,831 2,810,579,824

Other Comprehensive Income

Equity holders of the Company

Non - Controlling Interest

(As Per Regulatory Reporting)

Tier 1 Capital Adequacy Ratio **Total Capital Adequacy Ratio**

Quality of Loan Portfolio (%)

Gross - Stage 3 Loans Ratio

Net - Stage 3 Loans Ratio

Profitability (%) Net Interest Margin

Regulatory Capital Adequacy (%)

Capital Funds to Deposit Liabilities Ratio

Net - Stage 3 Loans to Core Capital Ratio

Available Liquid Assets to Required Liquid Assets (Minimum 100%)

Stage 3 Impairment Coverage Ratio

Total Impairment Coverage Ratio

Return on Assets (Before Tax)

Liquid Assets to External Funds

Memorandum information

Number of Branches

External Credit Rating

Return on Equity (After Tax)

Cost to Income Ratio

Liquidity (%)

Year. Net of Tax

Attributable to:

Vallibel Finance

No. 310, Galle Road, Colombo 03. Tel: 2 370 990