

Financial Statements for the Year Ended 31st March 2024

Statement of Profit or Loss and other Comprehensive Income For the Year Ended 31st March	Company			Group		
	2024 Rs.	2023 Rs.	Growth %	2024 Rs.	2023 Rs.	Growth %
Gross Income	20,029,639,311	16,704,448,424	19.9	20,281,299,842	16,688,865,786	21.5
Interest Income	18,371,636,183	15,675,717,444	17.2	18,371,636,183	15,675,717,444	17.2
Interest Expense	(11,365,023,712)	(11,013,953,929)	3.2	(11,419,214,036)	(11,013,953,929)	3.7
Net Interest Income	7,006,612,471	4,661,763,515	50.3	6,952,422,147	4,661,763,515	49.1
Fee and Commission Income	714,346,044	511,805,140	39.6	697,029,377	505,805,140	37.8
Net Fee and Commission Income	714,346,044	511,805,140	39.6	697,029,377	505,805,140	37.8
Net Gain / (Loss) from Trading	239,187	(125,888)	290.0	239,187	(125,888)	(290.0)
Net Gain / (Loss) from other Financial Instruments at FVTPL	92,010,886	125,013,492	(26.4)	106,360,511	125,013,492	(14.9)
Other Operating Income	851,407,011	392,038,236	117.2	1,106,034,584	382,455,598	189.2
Total Operating Income	8,664,615,599	5,690,494,495	52.3	8,862,085,806	5,674,911,857	56.2
Impairment (Charges) / Reversals and Other Credit Losses on Financial Assets	(437,781,236)	(97,575,003)	348.7	(437,781,236)	(97,575,003)	348.7
Net Operating Income	8,226,834,363	5,592,919,492	47.1	8,424,304,570	5,577,336,854	51.0
Expenses						
Personnel Expenses	(1,948,215,076)	(1,552,821,697)	25.5	(1,949,075,023)	(1,552,828,907)	25.5
Premises Equipment and Establishment Expenses	(359,223,347)	(291,600,035)	23.2	(332,266,473)	(291,600,035)	13.9
Other Operating Expenses	(1,274,807,182)	(985,897,827)	29.3	(1,341,009,198)	(988,916,877)	35.6
Operating Profit Before Taxes on Financial Services	4,644,588,758	2,762,599,933	68.1	4,801,953,876	2,743,991,035	75.0
Taxes on Financial Services	(1,189,389,196)	(697,119,801)	70.6	(1,190,768,334)	(697,119,801)	70.8
Profit Before Income Tax	3,455,199,562	2,065,480,132	67.3	3,611,185,542	2,046,871,234	76.4
Income Tax Expense	(1,313,646,503)	(725,907,981)	81.0	(1,556,251,107)	(719,457,930)	116.3
Profit for the Year	2,141,553,059	1,339,572,151	59.9	2,054,934,435	1,327,413,304	54.8
Profit attributable to:						
Equity holders of the Company	2,141,553,059	1,339,572,151	59.9	2,054,934,435	1,327,413,304	54.8
Non - Controlling Interest	-	-	-	-	-	-
Profit for the Year	2,141,553,059	1,339,572,151	59.9	2,054,934,435	1,327,413,304	54.8
Earnings Per Share						
Basic Earnings Per Share	9.10	5.69	59.9	8.73	5.64	54.8
Diluted Earnings Per Share	9.10	5.69	59.9	8.73	5.64	54.8

Statement of Profit or Loss and other Comprehensive Income Contd. For the Year Ended 31st March	Company			Group		
	2024 Rs.	2023 Rs.	Growth %	2024 Rs.	2023 Rs.	Growth %
Profit for the Year	2,141,553,059	1,339,572,151	59.9	2,054,934,435	1,327,413,304	54.8
Other Comprehensive Income, Net of Tax Items that will never be reclassified to Profit or Loss						
Gains / (Losses) on remeasurement of Defined Benefit Liability	(57,665,014)	10,848,897	(631.5)	(57,665,014)	10,848,897	(631.5)
Deferred Tax (Charge) / Reversal on Actuarial Gains / (Losses)	17,299,504	4,625,210	274.0	17,299,504	4,625,210	274.0
Net Actuarial Gains / (Losses) on Defined Benefit Liability	(40,365,510)	15,474,107	(360.9)	(40,365,510)	15,474,107	360.9
Revaluation of Land & Buildings	27,355,010	-	100.0	603,634,817	-	100.0
Deferred Tax (Charge) / Reversal on Revaluation of Land & Buildings	(8,206,503)	-	(100.0)	(181,090,445)	-	(100.0)
Deferred Tax Effect on Revaluation Surplus due to Change in Tax Rate	-	(13,490,252)	100.0	-	(18,260,252)	100.0
Net Change in Revaluation of Land & Buildings	19,148,507	(13,490,252)	241.9	422,544,372	(18,260,252)	2,414.0
Items that are or may be reclassified to Profit or Loss						
Deferred Tax (Charge) / Reversal on Fair Value Gains / (Losses)	-	226,310,672	(100.0)	-	226,310,672	(100.0)
Net Gains / (Losses) on Investment in Financial Assets at Fair Value through Other Comprehensive Income	-	226,310,672	(100.0)	-	226,310,672	(100.0)
Other Comprehensive Income for the Year, Net of Tax	(21,217,003)	228,294,527	(109.3)	382,178,862	223,524,527	71.0
Total Comprehensive Income for the Year	2,120,336,056	1,567,866,678	35.2	2,437,113,297	1,550,937,831	57.1
Attributable to:						
Equity holders of the Company	2,120,336,056	1,567,866,678	35.2	2,437,113,297	1,550,937,831	57.1
Non - Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income for the Year	2,120,336,056	1,567,866,678	35.2	2,437,113,297	1,550,937,831	57.1

Selected Key Performance Indicators (As Per Regulatory Reporting)	As at 31st March 2024		As at 31st March 2023	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)	17.06%	8.50%	17.02%	8.50%
Tier 1 Capital Adequacy Ratio	19.80%	12.50%	22.26%	12.50%
Total Capital Adequacy Ratio	24.71%	10.00%	26.84%	10.00%
Capital Funds to Deposit Liabilities Ratio				
Quality of Loan Portfolio (%)				
Gross - Stage 3 Loans Ratio	5.88%		6.16%	
Net - Stage 3 Loans Ratio	2.62%		2.96%	
Net - Stage 3 Loans to Core Capital Ratio	15.11%		17.85%	
Stage 3 Impairment Coverage Ratio	55.41%		51.85%	
Total Impairment Coverage Ratio	5.00%		4.82%	
Profitability (%)				
Net Interest Margin	8.60%		6.18%	
Return on Assets (Before Tax)	4.99%		3.45%	
Return on Equity (After Tax)	16.51%		12.32%	
Cost to Income Ratio	41.34%		49.74%	
Liquidity (%)				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	225.98%		269.24%	
Liquid Assets to External Funds	19.68%		19.94%	
Memorandum information				
Number of Branches	64		58	
External Credit Rating	BBB+ (Stable)		BBB+ (Negative)	
Regulatory penalties imposed				
Amount (Rs.)	200,000		-	

There had not been any regulatory restrictions on deposits, borrowings and lending during the year ended 31.03.2024 and 31.03.2023.

Statement of Financial Position As at 31st March	Company			Group		
	2024 Rs.	2023 Rs.	Growth %	2024 Rs.	2023 Rs.	Growth %
Assets						
Cash and Cash Equivalents	1,952,377,006	2,332,724,111	(16.3)	1,958,980,732	2,339,453,098	(16.3)
Placements with Banks and Other Finance Companies	8,322,519,888	9,860,926,513	(15.6)	8,322,519,888	9,860,926,513	(15.6)
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	3,652,151,999	1,498,552,923	143.7	4,181,479,931	1,501,875,305	178.4
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	57,895,030,197	50,581,535,164	14.5	57,895,030,197	50,581,535,164	14.5
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	10,346,936,570	10,789,860,137	(4.1)	10,346,936,570	10,789,860,137	(4.1)
Financial Investments Measured at Fair Value Through Other Comprehensive Income	203,800	203,800	-	203,800	203,800	-
Financial Assets at Amortised Cost - Debt and other Financial Instruments	5,048,103,209	4,169,488,788	21.1	5,048,103,209	4,169,488,788	21.1
Financial Assets at Amortised Cost - Other Financial Assets	34,318,758	28,698,236	19.6	34,318,758	28,698,236	19.6
Investment in a Subsidiary	20	20	-	-	-	-
Investment Property	1,178,000,000	1,179,500,000	(0.1)	1,100,225,000	-	-
Property, Plant and Equipment	968,055,891	772,845,990	25.3	4,477,237,217	3,974,429,790	12.7
Right-of-use Lease Assets	1,746,894,661	748,848,409	133.3	744,153,575	748,848,409	(0.6)
Intangible Assets	20,325,110	18,458,354	10.1	21,450,110	18,458,354	16.2
Deferred Tax Assets	644,011,716	107,519,914	499.0	373,281,789	110,488,657	237.8
Other Assets	1,358,620,425	234,912,249	478.4	307,260,400	227,906,193	34.8
Total Assets	93,167,549,250	82,324,074,608	13.2	94,811,181,176	84,352,172,444	12.4
Liabilities						
Bank Overdrafts	1,913,963,888	1,561,119,013	22.6	1,913,963,888	1,561,119,013	22.6
Rental Received in Advance	197,788,433	176,943,085	11.8	216,238,433	176,943,085	22.2
Financial Liabilities at Amortised Cost - Deposits due to Customers	58,643,446,021	49,659,457,138	18.1	58,643,446,021	49,659,457,138	18.1
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	10,786,680,538	13,888,909,088	(22.3)	12,747,146,583	15,954,588,101	(20.1)
Subordinated Term Debt	3,331,609,018	3,163,398,140	5.3	3,331,609,018	3,163,398,140	5.3
Lease Liabilities	1,989,370,134	912,495,354	118.0	967,091,730	912,495,354	6.0
Current Tax Liabilities	642,304,471	547,185,073	17.4	642,304,471	547,185,073	17.4
Deferred Tax Liabilities	739,933,605	284,918,764	159.7	881,723,481	284,918,764	209.5
Other Liabilities	1,791,324,976	955,904,529	87.4	2,048,995,557	947,566,765	116.2
Retirement Benefit Obligations	157,335,587	86,818,197	81.2	157,335,587	86,818,197	81.2
Total Liabilities	80,193,756,671	71,237,148,381	12.6	81,549,854,769	73,294,489,630	11.3
Equity						
Stated Capital	1,325,918,000	1,325,918,000	-	1,325,918,000	1,325,918,000	-
Statutory Reserve Fund	1,873,850,686	1,766,773,033	6.1	1,873,850,686	1,766,773,033	6.1
Other Reserves	184,034,787	164,886,280	11.6	643,080,652	220,536,280	191.6
Retained Earnings	9,589,989,106	7,829,348,914	22.5	9,418,477,069	7,744,455,501	21.6
Total Equity attributable to Equity holders of the Company	12,973,792,579	11,086,926,227	17.0	13,261,326,407	11,057,682,814	19.9
Non - Controlling Interest	-	-	-	-	-	-
Total Equity	12,973,792,579	11,086,926,227	17.0	13,261,326,407	11,057,682,814	19.9
Total Liabilities and Equity	93,167,549,250	82,324,074,608	13.2	94,811,181,176	84,352,172,444	12.4
Net Assets Value Per Share (Rs.)	55.10	47.09	17.0	56.32	46.96	19.9

Certification
These Financial Statements have been prepared in compliance with the requirements of the Companies Act, No.07 of 2007.

sgd.

K.D.Menaka Sameera
Senior DGM - Finance & Administration

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 :

sgd.

S.B. Rangamuwa Managing Director	S.S. Weerabahu Executive Director
--	---

3rd June 2024,
Colombo.

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

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
Internet : www.kpmg.com/lk

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

Basis for Opinion
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLASs). 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 the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
We have audited the financial statements of Vallibe 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 2024, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 198 to 298 of this Annual Report.

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

Allowance for impairment losses for loans and receivables, lease rental and hire purchase receivables
Refer note 29, 30, 31 and 32.2.1 to the financial statements and the accounting policies in the note 6.1.10.

Risk Description	Our Response:
As at 31 March 2024, 73% of total assets of the Company consisted of loans and receivables, lease and hire purchase receivables totaling to Rs 69.2 Bn, net of impairment allowance of Rs 3.8 Bn. 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 are 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 (